

**STAKEHOLDER GROUP (S): MULTISTAKEHOLDER (GOVERNMENT, DONORS, NGOS, ACADEMIA, MEDIA)**

**Location of consultation:** Hotel Borobudur, Jakarta, Indonesia

**Date:** November 19, 2009

**Participants (please attach list of participants and their affiliations):**  
*[if long list, simply attach]*

**World Bank Participants and Role:**

Dr. Joe Leitmann (presenter)	Lead Environment Specialist EASER
Dr. Tim Brown (moderator)	Senior Natural Resources Management Specialist EASIS
Ms. Ina Pranoto	Sr. Environmental Specialist EASIS
Mr. Juha Seppaelae (presenter)	Jr. Professional Officer EASIS
Mr. Eri Indrawan	Consultant EASIS
Mr. Gary Kleiman	Consultant EASIS
Mr. Mubariq Ahmad	Consultant EASIS
Mr. Guntur Prabowo	ETC EASIS
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Mr. Virza S. Sasmitawidjaja	ETC EASIS
Ms. Yulita Soepardjo	Team Assistant EACIF

**How did the process fit into ongoing country dialogue (if relevant; for international meetings, please explain how it fit into the topic of that meeting)?**

The process was very timely taking into account that the new government has just been sworn in with ministers preparing their “100 day plans”, and being arranged just some two weeks prior to the COP15.

The launch of the Country Environmental Analysis – Investing in a More Sustainable Indonesia report served as the perfect backdrop to hold the Consultations. The CEA report identifies environmental and sustainable development challenges for Indonesia and highlights the upstream policy challenges that Indonesia faces in attaining environmental sustainability, and thus freeing up funds for better development outcomes. The Country Environmental Analysis examines the economic costs of environmental degradation and offers options on how best to address priority issues of environmental governance and climate change mitigation and adaptation. The report was compiled through extensive consultations with the Indonesian government, non-government organizations and research institutes.



### **What were the key issues/themes raised by participants?**

1. Developing countries must cope with poverty alleviation and without new technology and financial support, climate change costs will divert efforts from poverty alleviation.
2. WB should not only support central governments but also local governments through funding/lending options.
3. The WB should help countries define their development priorities.
4. Capacity building is important.
5. WB should continue its coordinating role amongst donors and speak out when other donors may be reluctant to do so.
6. WB should consider spreading out to government institutions/ministries to provide direct support alongside government officials.



Respondent Type	Consultation Response <sup>1</sup>	Preliminary World Bank Group Response* (may be addressed in final reporting back)
<b>1. The World Bank Group is a relatively small source of finance for major economic transformation in developing countries. What should the role of the Bank be in helping developing countries to address the challenges and opportunities they face in achieving environmentally sustainable development?</b>		
[Government]	WB can help potential clients that currently do not have enough “bankability”, e.g. [local power utility] PLN and communities.	Local governments cannot borrow money directly from WB without government support. Current rules of the Ministry of Finance make sub-national lending difficult for the WB in Indonesia.
	The Ministry of Finance has initiated a rewards program to encourage local governments to perform better, which will start next year. Suggest that WB provide better capacity building for local governments.	
	Support the development of education in Indonesia. With good education, it will be easier to achieve sustainable development	
	Develop scientific research capacity with the universities in order to analyze the most appropriate theories.	
Directorate of Electricity and Energy utilization / Ministry of Energy and Mineral Resources	WBG should improve environment performance: by doing more cross-sectoral and ecoregional work and being active on the field.	

<sup>1</sup> Summary of main points raised. All participants and stakeholders are invited to send more detailed comments via the website. Please provide your name, title and organization if you would like your comments to be posted on the external consultations website.

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[Legislature]		
[Representatives from Civil Society]	WB can help in promoting appropriate technologies and awareness building among developing countries to improve their understanding on environmental issues.	
	How can WB promote renewable energy? Also need to support improved awareness, from the basic level.	
	WB could help to prioritize the usual 'shopping-list' of country demands?	
	Should implement activities that could produce higher achievements.	
	Suggest to work together with Local Governments, provide capacity building and technical assistance.	
	[WB should assist in] harmonizing central-local government [cooperation]	
	Policy analysis for good governance; help government with analysis, studies and research.	
	Challenge when plans lack scientific basis. Could WB help to intermediate?	
	Environmental education should be promoted at grade school level.	
	In order to deal with the challenge and the opportunity to environmental sustainability, the WB should support developing countries such as Indonesia to improve their infra structure (roads, bridges, electricity) to increase the agricultural productivity. Promote new forms of energy (geothermal, micro hydro power, bio-fuel and clean water. Enhance opportunities for SME support.	
	Facilitate, organize and develop a global partnership with religious organizations in its client countries as well as with other donors.	
	Work together directly with civil society and religious institutions in its client countries	



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Mr. Rohmat Fatsol, GNKL PBNU	Facilitate the capacity building of local institutions and religious organizations in Indonesia	
Ms. Uswatun Hasanah, University of Indonesia	WB must sharpen its role in reaching and communicating with communities, otherwise its role in Indonesia will not be understood.	
	WBG should continue to serve as information provider and increase its advocacy for knowledge based-decision making	
	It would be worthwhile for WB to increase its absorptive capacities by ensuring that lessons learned from the regions are effectively captured (e.g. through the Special Office for Eastern Indonesia - SOfEI experience)	
	<p>The link between biodiversity and poverty/MDGs should receive stronger emphasis.</p> <p>At COP-9 (CBD) there was decision IX-9 (f): “The Plan should highlight the importance of biodiversity for poverty eradication and the achievement of the Millennium Development Goals, taking into account that conservation and the sustainable use of biodiversity should contribute to poverty eradication at the local level and not harm the livelihoods of the poor”. Thus:</p> <ol style="list-style-type: none"> <li>i. Guidance and support is necessary to facilitate the mainstreaming process of biodiversity conservation into development and poverty reduction and vice-versa (see also point c).</li> <li>ii. Biodiversity concerns are being integrated into relevant sector or cross-sector plans, programs, and policies at the national, regional and sub-regional levels</li> <li>iii. Support biodiversity conservation and human well-being, including mechanisms that address market failures to adequately internalize ecosystem services, at national and international level.</li> <li>iv. Biological resources that support sustainable livelihoods, local food</li> </ol>	



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	<p>security, health care, adaptation to climate change and resilience to natural disasters, especially for poor people, maintained.</p> <p>NOTE: Equitable access to the benefits from conservation is presently restricted to the sharing of benefits from genetic resources. There is a need therefore to introduce these additional targets in order to address equitable access to goods and services from biodiversity and ecosystems more generally. These considerations are especially important given the increased attention being given to Payment for Ecosystem Services (PES) and the transfer of payments envisaged under schemes for Reducing Emissions from Degradation and Deforestation (REDD).</p>	
	<p>In line with the objectives of integrating biodiversity and poverty alleviation (above), the WBG also has the capacity to formulate and mainstream key supporting mechanisms:</p> <ul style="list-style-type: none"> <li>i. Science/Evidence-based national level data and evidence on the importance of biodiversity for local and national development, livelihoods and human well-being should be made available. This should include insights from local knowledge and experiences and be linked to national development priorities.</li> <li>ii. Guidelines for the identification of key actors and stakeholders and their engagement need to be developed and implemented with the goal of linking biodiversity conservation, development and poverty reduction.</li> <li>iii. Communication: National strategies should be developed for engagement and communicating the evidence and arguments for integrating environment and development to various actors (addressing priorities of different target groups, using appropriate language, making linkages, and with special attention to actors that are not usually greatly interested in biodiversity or who have failed to appreciate its relevance). Loss of institutional memory by changes in governments and staff need to be taken into consideration.</li> <li>iv. Coordination: All stakeholders should be involved in a meaningful way as early as possible in the process of biodiversity conservation, sustainable</li> </ul>	



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	<p>use and equitable access, so that projects are true joint, collaborative endeavors and not 'unilateral' projects associated exclusively with sector-specific agencies (e.g. Ministries of Environment).</p> <p>v. Governance: Promote and provide guidance on multi-stakeholder fora, institutional frameworks and governance mechanisms for biodiversity mainstreaming that support the linkage/integration of biodiversity with poverty reduction and development within plans and strategies.</p> <p>vi. Social assessment and indicators: A comprehensive social assessment framework (that includes specific indicators) need to be developed. This should provide an integrated monitoring mechanism on the contribution of biodiversity conservation towards sustainable development, well-being and poverty reduction that includes the services provided by biodiversity (regulating, supporting, cultural, security) and the effectiveness of stakeholder engagement and governance systems (empowerment).</p> <p>vii. New and innovative financial instruments: Identify and develop market and non-market based financial mechanisms and tools (that also provide user guidelines, toolkits, and a communication strategy) to build capacity for mainstreaming biodiversity into development/poverty reduction strategies and vice versa.</p> <p>viii. Mainstreaming: Key national policies (including Poverty Reduction Strategy Plans, sector policies, National Development Plans) should clearly recognize the links between environment/biodiversity and development/poverty reduction and identify concrete actions, institutional frameworks, legal reform and financial instruments to deliver outcomes.</p>	
	<p>In line with the objectives for integrating biodiversity and poverty alleviation (above), the WBG has also the capacities to formulate and mainstream guidelines, including:</p> <p>i. Guidelines on NBSAPS formulation:</p> <ul style="list-style-type: none"> <li>- to be formulated by all stakeholders</li> <li>- to include sector-oriented tools for mainstreaming biodiversity</li> </ul>	

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	<p>conservation and its links to poverty reduction (including green economics)</p> <ul style="list-style-type: none"> <li>- process-oriented tools to achieve mainstreaming (including green economics);</li> </ul> <p>ii. Guidelines for good governance to implement the NBSAPS within a multi-sector stakeholders base.</p> <p>iii. Guidelines for social assessment of the implementation of the Convention at several levels.</p> <p>iv. Guidelines for equitable benefit distribution in relation to biodiversity and ecosystem services.</p> <p>v. Guidelines for ensuring access by all sectors of society to vital ecosystem services.</p> <p>vi. Guidelines to mainstream development and poverty reduction into the 7 Programs of Work.</p> <p>vii. Guidelines on pro-poor Payments for Ecosystem Service, as a mechanism for poverty reduction.</p> <p>viii. Guidelines on economic methods which more effectively account for the immediate and long-term values of natural resources (and costs of their degradation and loss).</p> <p>ix. Guidelines and tools for operationalising the Ecosystem Approach.</p>	
[Private sector]	Capacity building should target institutions outside the government as well, such as university, local consultants etc. The WB also has the capacity to channel bilateral funds.	
	The WB should serve as the facilitator/investor for development programs in the Environment and Energy fields.	
[Media]		
[Donors]	WB staff should work inside government institutions in the fashion of donors/consultants alongside government officials while simultaneously building the capacity of government staff and local consultants. This way, the	

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	WB could also facilitate inter-ministerial cooperation. Helping to change the mindset (in terms of cooperation) is also important for both central and local government staff.	
	WB has the role to work with government, have policy dialogue, including issues that may be too sensitive for bilateral partners. WB could share best practices with the Government of Indonesia and other donors.	
	The WB should bring intellectual rigor to development analysis, sector analysis, economic and cross-sector integration.	
	Sometimes rely on WB to coordinate donors, as per the Paris/Accra agenda.	
	Build local capacity by bringing in world-class knowledge and expertise.	
	Be a channel for bilateral funds, both receiving individual country contributions and multi-donor initiatives.	
	Strategic Environmental Assessments (SEAs) are required by the new [Indonesian] environment law for all major activities. Coordinate activity with donors and WB to support SEA.	
<p><b>2. The World Bank Group has worked to become a country/client driven organization. What should be the balance in the Bank's Groups role between addressing country/client specific priorities and the global public goods agenda ?</b></p>		
[Government]	To get ownership and support from local institutions, the focus should be more on local than global issues.	
	WB has become the center of knowledge at the global level. It, however, should be strengthened at the national level.	
	Be more objective and try to gather all data, while avoiding politicization during implementation.	
Directorate of Electricity and	All issues are related to the public goods agenda, e.g. fighting poverty improves environmental quality.	

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Energy utilization / Ministry of Energy and Mineral Resources		
[Legislature]		
[Representatives from Civil Society]	WB needs to focus on scientific data collection, analysis and recommendations, capacity building.	
	WB should support projects that develop the productivity and welfare of communities and which do not damage the environment, e.g. supporting research on alternative fuels which require human resource development.	
	Collaboration with local law enforcement in client countries to improve implementation of public policies.	
Mr. Rohmat Fatsol, GNKL PBNU	WB should include other stakeholders in the project planning and implementation process, especially letting them play the role of supervisors/observers.	
Uswatun Hasanah, University of Indonesia	There are cross-cutting issues that touch on both local and global environmental quality. In the case of Indonesia, the debt trap can be ameliorated by debt-for-nature-swaps.	
[Private sector]	Engage in more dialogue to achieve consensus and identify win-win solutions.	
[Media]		
[Donors]	Should be country-driven while engaging government and non-government stakeholders to advocate for the global public goods agenda.	

**3. What should be the role of IFC and MIGA be in helping private sector stakeholders to achieve higher levels of**

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<b>performance in pursuing environmental sustainability?</b>		
[Government]	It all can work dynamically as long as the objective is for the better future while avoiding politicization.	
	Be more objective and try to gather all data.	
Directorate of Electricity and Energy utilization / Ministry of Energy and Mineral Resources	Communicate and disseminate information more effectively to stakeholders.	
[Legislature]		
[Representatives from Civil Society]	Collaboration with local law enforcement in client countries to adapt the existing public schemes and agendas.	
Mr. Rohmat Fatsol, GNKL PBNU	It is good to participate in client countries but it will be better if the WB could include other stakeholders in the process and let them play the role of supervisors/observers.	
	One naturally limiting factor to be taken on board: there will be values and culture that will set nations apart, and their direct implications to sovereignty and human rights should be seriously considered.	
[Private sector]	Need collaboration to support Solar Home Systems Project approach (a WB project from the late '90s in Indonesia that subsidized credit for purchasing home and SME PV systems).	
	Provide affordable financing that includes technical support.	
[Media]		



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[Add rows as necessary]		
<b>4. How can the WBG put in place a systematic approach to assess environmental sustainability in sector portfolios?</b>		
[Government]	Increase activities for environmental seminars, environmental research and monitoring that involves educational institutions	
	All Bank activities should include participation from the Government.	
[Legislature]		
[Representatives from Civil Society]	WB should assist in mapping conflicting policies.	
	The forestry sector is key for environmental sustainability in Indonesia. The WBG should deal with the forest concessions system. WBG has major role in influencing the government to change policy.	
	Need to determine if environment impact analysis has been done well, especially monitoring the results of the follow-up action (mitigation measures). Measure the impact from development projects on the environment and its supporting ecosystems.	
	Support partnerships with religious organization, e.g. dialogue between different religions on climate change issues or addressing crisis in a specific region.	
Uswatun Hasanah, University of Indonesia	WB should map the main government agenda to see if it is synchronized or if it has conflicting agendas, such as coal-fired power vs. renewable energy.	
Uswatun Hasanah,	WB should help its clients and projects to avoid conflicts of interest.	

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University of Indonesia		
Uswatun Hasanah, University of Indonesia	The welfare of local communities should be taken as the yardstick of success or failure; if a local community is losing while government is benefitting financially, better policies should be reconsidered.	
	<p>a. At the policy level:</p> <p>i. Mainstreaming measures needs to be done through development planning processes, especially ensuring that goals and objectives are captured in the planning dialogue at national and regional levels. There is therefore a need to provide support to processes that ensure that M &amp; E functions are explicitly outlined at the five-year development plans at national and regional scales (RPJM and RPJMD ), taking into account that a new cycle (2010 – 14) is around the corner following the completion of the present one.</p> <p>ii. Develop capacity among the national parliament to issue laws that provide cornerstone references for the regions.</p> <p>iii. Develop capacity among regents, regional legislature and civil society (including local media and academicians), enabling them to define specific incentives for sustainability in the regions and prompting them to provide the implementing regulations at the local level.</p>	
	<p>b. At the institution level,</p> <p>i. In line with inputs from the Ministry of Environment (Meneg LH), develop the capacity of the National Planning Board BAPPENAS and DG Regional Development of the Ministry of Home Affairs (DEPDAGRI - DG BANGDA) towards effectively providing guidelines and standards of environmental sustainability in the regions, through at least, ministerial decrees.</p> <p>ii. Work with the Ministry of Public Works and ensure that they provide guidelines for sustainability, and means of M &amp; E, for reference in the region. In addition, work with select public work agencies in the regions to ensure</p>	

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	<p>mainstreaming of environmental sustainability.</p> <p>iii. Support the Ministry of Finance towards harnessing environmental sustainability as part of performance based budgeting in the region, subject to the existence of a regulatory framework and technical guidance through a ministerial decree.</p> <p>iv. Take into account the decentralized function of Provincial Government, to provide support and capacity building for provincial agencies with supervisory and monitoring function, especially through the Watershed Management Agency (Badan Pengelola Daerah Aliran Sungai, BPDAS), the Provincial Monitoring Agency (Badan Pengawas Propinsi, Bawasprop) and the Provincial Agency for Monitoring Finance and Development (Badan Pengawas Keuangan dan Pembangunan Propinsi).</p>	
[Private sector]	Mainstream the environment in sector investment portfolios.	
[Media]		
[Add rows as necessary]		
<b>5. How should short term and long term trade-offs between development and environmental sustainability be balanced?</b>		
[Government]	Short Term: Invest in the education of Indonesian citizens.	
	Short term: WB can help people to be more educated and environmentally aware. Long term: Help ensure that there are no foreign companies that damage the environment of Indonesia anymore.	
Directorate of Electricity and Energy utilization / Ministry of Energy and Mineral	There is no trade-offs between short term and long-term. All projects should be environmentally sustainable.	



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Resources		
	WB should engage with Ministry of Finance in environmental issues as well.	
[Legislature]		
[Representatives from Civil Society]	WB should understand the present situation, before pursuing longer-term goals.	
	Analyze the flow of finances between federal government, province and district governments. Public financial flows should be linked to sustainability indicators.	
	Environmental development programs should also lead to improved livelihoods in the short term.	
	The trade-off should rest in the establishment of good governance in the regions, simply because good governance is a prerequisite for effective environmental management	
Uswatun Hasanah, University of Indonesia	Each policy has its own risks. It is important to be consistent with the choice. If economic development is chosen as a priority, a plan should be in place as how to make environment better gradually. People need to fulfill their basic needs first and then are able to move to tertiary needs.	
[Private sector]		
[Media]		
[Add rows as necessary]		
<b>7. Any other issues?</b>		
[Government]		
[Legislature]		

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[Representatives from Civil Society]	We should set policies for renewable energy tariffs in order to reach the President's 26% emission reduction target [in Indonesia].	
	WB can help by supporting a study on second generation biofuels [in Indonesia].	
	Good governance and law enforcement are priorities.	
	Religious leaders and religious institutions need to be more involved in climate change and natural resource management issues.	
Uswatun Hasanah, University of Indonesia	WB should go to the grassroots level to understand the real problems in society.	
[Private sector]	Rural electrification is a national priority.	
	New energy sources such as geothermal, micro-hydro power and bio-fuel could be developed and operated with financial support from the World Bank to increase the agricultural, industrial, fishery, and forestry productivity.	
[Media]		
[Add rows as necessary]		