

# Indonesia

Supporting Indonesia's Ambition for a  
Green, Just, and Resilient Economy



Photo: Kynan Tegar



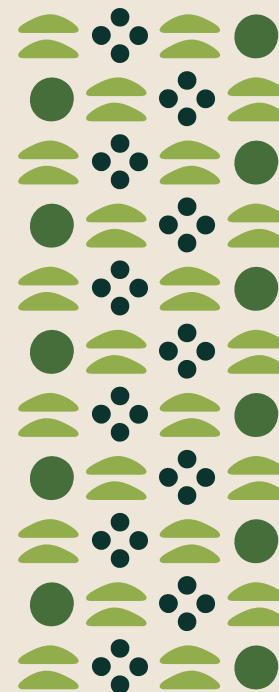
Forests, People, Climate (FPC) is a collaborative of philanthropic funders, civil society, and community-based organizations seeking to halt and reverse tropical deforestation while supporting just, sustainable development. We focus on equitable and enduring solutions that safeguard tropical forests and support those stewarding them, in particular Indigenous Peoples, Local Communities, and Afro-descendants in tropical forest countries. For more information, please contact us at [info@forestspeopleclimate.org](mailto:info@forestspeopleclimate.org)

# Why Indonesia?

Indonesia is among the world's richest centers of biodiversity and is home to 60 million Indigenous People, the vast majority of whose ancestral territorial domains remain not legally recognized. Around 47.3% of the country is covered by tropical forests. While they have consistently been explored to expand commodity-based industries, the country has made short-term progress in protecting forests. A concerted effort is required to secure green development that benefits forests and people.

While the recent success in decreasing deforestation in Indonesia is widely recognized, the specific decreases in deforestation rates vary between sources depending on the definition and methods applied for calculating deforestation. According to the Ministry of Environment and Forestry, the deforestation rate in the period 2019–2020 decreased by 75% to 115 thousand hectares, the lowest rate since 1990<sup>1</sup>. For these numbers, the Ministry defines deforestation as a “permanent alteration from a forested area into a non-forested area as a result of human activities”. Meanwhile, other sources may suggest a slightly lower decrease of deforestation rate due to differences in definition and methodology<sup>2</sup>.

Indonesia has also embarked on major land reform, including a commitment to award 12.7 million hectares of social forestry licenses, granting land-use rights for communities within the forest estate, and formalizing land ownership under the National Land Reform Program for 9 million hectares of land located outside the forest estate.



<sup>1</sup> The State of Indonesia's Forest 2022

<sup>2</sup> <https://www.globalforestwatch.org/dashboards/country/IDN/>

With the Indonesian government finalizing the next National Long Term Development Plan 2025–2045, which will be the basis for medium-term plans at national and sub-national levels, there is important momentum for supporting a green, just, and resilient economy.

Yet, significant risks exist that could increase pressure on forests and affect the positive trend, including the revision of licensing regulations and environmental safeguards. To strengthen the favorable conditions for just and sustainable development in the country, ongoing support for Indigenous Peoples and Local Communities, and for a strong civil society are fundamental. A path to halting and reversing deforestation in Indonesia can be achieved through a set of actions that prioritizes provinces and districts with significant areas of forest or peatland, as well as localities where local livelihoods are highly dependent on the survival of forests or peatlands. These priorities also need to focus on the critical work at the national level with governments, businesses, and investors.



*Photo: Kynan Tegar*

# Our Goal

Help Indonesia achieve a tipping point by 2030, where economic, political, and social incentives favor a green development path that ends deforestation, promotes ecosystem restoration, and respects the rights of Indigenous Peoples, Local Communities, and smallholder farmers.

To succeed, investments are needed that help Indonesian civil society, academic organizations, environmentally progressive business entities, Indigenous Peoples, youth, and smallholder groups in their ability to engage in government policies and business decisions. Funding can also create an 'innovation ecosystem' to support a new and diverse generation of green entrepreneurs and businesses, and help attract commercial capital for sustainable businesses that contribute to green development.

The effect could be new economic incentives to make forest protection profitable. By aligning such incentives, the progress towards reduced deforestation in Indonesia can be replaced by 'self-sustaining' progress towards environmental, economic, and social goals.

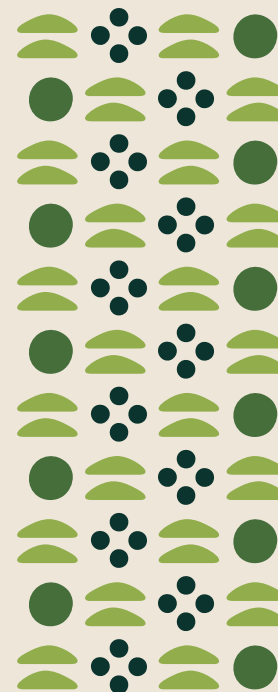


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# Focus Areas

To stimulate incentives that favor forest conservation and restoration, FPC's strategic priorities in Indonesia focus on five interconnected areas:

- 01. Secure the Rights and Well-Being of IPs and LCs** Support Indigenous Peoples and Local Communities' tenure and resource rights, resulting in enhanced welfare, improved quality of life, forest protection, and green development policies.
- 02. Strengthen Civil Society and Social Resilience** Improve the resilience of civil society organizations and support the space for social movements, civic organizations, and youth to further social, environmental, and economic goals of green development.
- 03. Mainstream Narratives** Elevate green development as the leading economic and social development vision, capturing the attention and garnering widespread support from the public, decision-makers, businesses, and investors.
- 04. Catalyze the Transition to a Green Economy** Significantly increase the capacity of government, businesses, Indigenous groups, and smallholders to conduct research, advocacy, and the implementation of green development strategies that favor forest and peat protection, leading to a shift to sustainable economic activities as green development path is chosen.
- 05. Foster Political Support for Standing Forests** Stimulate political and economic incentives for protecting and restoring forests, and ensure understanding of how green development can be carried out while supporting synergies between national and sub-national levels.

# Further Information

FPC's strategic priorities in Indonesia seek to establish a path to a green, just, and resilient land-based economy. This overview draws on a longer strategy that was developed through a participatory process with representatives from communities in the region.

## About FPC Strategies

FPC has nine strategies – three regional strategies in the Brazilian Amazon, Congo Basin, and Indonesia, and six cross-cutting thematic strategies: Enabling Conditions, Indigenous Peoples, Local Communities, & Afro-Descendants (IP, LC, & AD), Supply Chains, Strategic Communications, Private Finance, and Carbon Markets Integrity.

The primary purpose of the FPC strategies is to provide a roadmap for grantmaking, action, monitoring progress, and learning. The strategies are also a tool to align a number of actors around strategic goals, whether it's where FPC focuses on implementation or funding. These are 'living strategies' that FPC intends to iteratively update to respond to changing contexts.

