



Green growth rhetoric versus reality: Insights from Indonesia



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ARTICLE INFO

Article history:

Received 26 March 2015

Received in revised form 14 February 2016

Accepted 18 February 2016

Available online xxx

Keywords:

Green growth

Green economy

Oil palm

REDD+

Environmental Governance

East Kalimantan

ABSTRACT

By 2030 Indonesia aims to reduce its CO₂ emissions by 29% while maintaining a 7% annual GDP growth rate, thus making “green economy” a reality. Based on a review of literature and secondary data and interviews with key informants, this article examines the gap between these national ambitions and the reality on the ground, with particular attention to the challenges of multi-scalar environmental governance. It first introduces the green economy concept and discusses the main green growth policies and initiatives at the national level. The article then examines green growth ambitions at the provincial level in East Kalimantan province. Our findings suggest that existing plans to further expand oil palm plantations are at odds with provincial efforts to reduce emissions. This highlights a key paradox we identify at the heart of the green economy concept as it is developing in Indonesia: between a development trajectory based on resource extraction and agro-industrial development, and ‘green’ aspirations linked to environmental protection and greenhouse gas emissions reductions. We conclude that the main challenges to address these contradictions are related to the lack of coordination between different governance scales and a political economy that is not conducive to reforms in the land-based sector. There is a need to align investment, planning, and green growth policies, based on a strong political commitment and an awareness of social and environmental trade-offs. On a more general level the article shows that the green economy concept refers to a form of environmental governance in which authorities and interests may overlap and come into conflict at different scales. Hence, differing priorities may lead the material expression of the green economy to diverge significantly from policy as it is initially laid out.

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1. Introduction

1.1. The green economy and ecological modernization

According to the UN Environment Programme a green economy is an economy that results in ‘improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities’ (UNEP, 2011: 16). The concept has recently taken center stage in discussions on international development, and was one of the four agenda items at the United Nations Conference on Sustainable Development (Rio+20) in 2012 (UN, 2012). Although the idea is not new, the growing attention is

related to concerns about the increasing scarcity of natural resources and ever growing greenhouse gas (GHG) emissions, partly caused by rapid growth in emerging economies such as Brazil, China, India and Indonesia. The green economy is proposed as a way to overcome the negative effects of conventional development, for example through increasing investments in low-carbon technologies, shifting energy-use towards renewable sources, and more sustainably management of natural resources such as fisheries and forests (OECD, 2011; UNEP, 2011). One of the basic principles underlying the concept is that the market can provide incentives to companies to operate in environmentally benign ways without curtailing growth (Reilly, 2012). This requires companies and states to see climate change mitigation strategies as preparation for longer-term business and development opportunities rather than a source of short-term costs.

In many ways the concept of the green economy is a continuation of the agenda of ‘ecological modernization’ (EM) as developed by a variety of scholars (see: Spaargaren and Mol, 1992; Hajer, 1995; Mol and Spaargaren, 2000; Mol and Sonnenfeld,

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2000). Ecological modernization emerged in the 1980s as a counter to regulatory approaches to sustainability and environmental management based on the idea of limiting growth and continued capitalist expansion (see Meadows et al., 1972), and has become the primary perspective underlying attempts to address anthropogenic climate change and other environmental crises such as biodiversity loss and industrial pollution (Oels, 2005). These attempts rest on the idea of ‘de-coupling’ negative environmental and social ‘externalities’ from continued economic growth and rely on market reform, industrial advancement and consumer preference to drive social and ecological change. The concept of the green economy is the most recent iteration of this discourse.

The reliance on market-based approaches to tackle environmental problems has been critiqued on a number of fronts. By focusing only on the marketable aspects of the natural environment, EM and the green economy concept do not address issues of social justice, or nature-society relations (Gouldson and Murphy, 1996; Fisher and Freudenburg, 2001; Baker, 2007; McAfee, 2011; Bumpus and Livermann, 2008; Lohmann 2009; Sullivan 2013; Robertson, 2004, 2006). Likewise, several scholars doubt whether it is realistic to expect that the problems caused by unrestrained development can be solved through further commodification and market expansion (Igoe and Brockington, 2007; Brockington et al., 2008; Corson and MacDonald 2012; McCarthy and Prudham 2004; Castree, 2008a,b; Bakker 2005; Mansfield 2004). There are concerns that the EM discourse obscures the role that economic growth and resource-intensive technological development play in degrading the environment, and therefore lessens the political will needed to make substantive environmental reforms (Hajer, 1995). As such, the adoption of EM principles may be seen as merely a ‘symbolic’ commitment to sustainability (Baker, 2007), and a form of ‘green-washing’; allowing businesses and states to appear proactive in the face of anthropogenic climate change, while continuing processes of accumulation and resource extraction unrestrained (Kenis and Lievens, 2014; Klein, 2007; Fletcher, 2010).

Despite these criticisms, the green economy has become popular among politicians and international organizations such as the OECD (e.g., OECD, 2011), the UNEP (e.g., UNEP, 2010) and the World Bank (e.g., World Bank, 2012). Its popularity is not surprising as it promises continued growth and job creation in addition to environmental protection—an attractive offer in a period of economic crisis and rising unemployment (Reilly, 2012; Van der Ploeg and Withagen, 2013). But there are still many unanswered questions about the envisioned shift to a green economy, such as: What role can or should the market versus the state play in planning and regulation? What is the likelihood or the possibility of vested interests blocking reforms? And, to what degree are state agencies or key actors committed to green economy related reforms (McAfee, 2011; Brand, 2012; Brockington, 2012)? These questions are sharpened by the reality that the global demand for raw natural resources and plantation commodities continues to surge, while governments of developing nations are committed to achieving and maintaining high economic growth rates, based largely on the exploitation of land-based natural resources.

1.2. The case of Indonesia

Indonesia – one of the emerging economic giants (World Bank, 2013) – provides an excellent case for pursuing the above-mentioned questions. The country is currently the fifth largest emitter of GHGs globally (WRI, 2014). Much of this is the result of Indonesia’s high rate of deforestation and land-use change (Margono et al., 2014; Hansen et al., 2013), which in turn is closely associated with increasing international and domestic demand for land-based commodities produced in Indonesia (PWC, 2012), particularly linked to Indonesia’s booming oil palm sector

(Miettinen et al., 2012; Carlson et al., 2012; Seymour, 2014). Busch et al. (2015) found that between 2000 and 2010, 19.9% of deforestation in Indonesia occurred within oil palm concessions, and resulted in 1.77 GtCO₂e, or 20.6%, of the total emissions for this period. Still, the Indonesian government plans to increase the area under palm oil plantations, mostly in Kalimantan and Papua (USDA, 2010; Coordinating Ministry For Economic Affairs, 2011; Carlson et al., 2012; Kongsager and Reenberg, 2012; BisInfofocus, 2012; Sawit Watch, 2014). There are concerns that this expansion will take place in areas currently covered with forest, exacerbating GHG emissions (Boucher et al., 2011; Colchester and Chao, 2011). Continued expansion of oil palm plantations in Kalimantan alone could constitute about one-fifth of Indonesia’s GHG emissions in 2020, with a disproportionate contribution from peatlands (Seymour, 2014).

In the time span of 3 months between August and the end of October 2015, forest and peat fires in Indonesia emitted more than 1 billion tons of CO₂ Eq and by doing so eclipsed the annual GHG emissions of the world’s largest economy—the United States (Butler, 2015). Most of these fires occurred due to land clearing for oil palm plantations—both large scale estates as well as small-scale land holdings (Retaduari, 2015; Nugraha, 2015). Thus, the question is whether Indonesia can combine its oil palm expansion plans with its green growth ambitions. These ambitions were firmly established in 2009 when Indonesian President Susilo Bambang Yudhoyono publicly committed to reducing Indonesia’s emissions between 26 and 41% against business-as-usual by 2020. In 2013 the Indonesian government launched a countrywide Green Growth Program, confirming and reinforcing the government’s intention to stimulate low-carbon investments, and the Indonesian Planning Agency (BAPPENAS) has stated that ‘green agriculture’ should be a main component of efforts to achieve a green economy (Rusono, 2014; Leimona et al., 2015), and in practice, this refers to government ambitions to reduce the negative environmental effects of oil palm production.

Many of the challenges to ‘greening’ Indonesian agriculture – and the oil palm sector in particular – are related to Indonesia’s decentralized political context (in which conflicts of authority between different state agencies are common), and a lack of political accountability of local officials that has led to networks of corruption and clientelism (McCarthy and Zen, 2010; McCarthy, 2004). Also, the political and economic power of the coalition of interests active in the oil palm sector affects the capacity of the state to address some of the excesses associated with the sector (Cramb and McCarthy, forthcoming). The fragmented nature of governance in Indonesia has led corporations to continue externalizing environmental costs (McCarthy and Zen, 2010), while powerful local elites have used land control and access as opportunities for rent-seeking. These issues highlight a key paradox we identify at the heart of the green economy concept: between the green aspirations of developing countries like Indonesia, and the imperative of economic development, particularly in the context of systematic corruption and rent-seeking tied to natural resource exploitation and land-based sector.

There are efforts to address some of these issues through a new regional governance law (UU/23/2014) that is designed to improve the management of natural resource extraction through a ‘recentralization’ of permitting processes and oversight from the district level to the provincial and national levels, and a new law on village governance (UU/06/2014) that directs new sources of funding to village governments, and enhances their ability to regulate and manage local government affairs, natural resource management, and customary and traditional rights. Law No. 23/2014 specifically strengthens the role of provincial governors as representatives of the central government, and is intended to reduce incongruities and enhance coordination across scale

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