

# Establishing a Sustainable Financial Mechanism for Water Services and Conservation in Sultan Adam Grand Forest Park

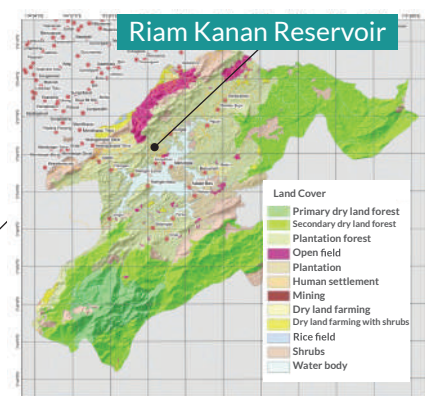
South Kalimantan, Indonesia

## Sultan Adam Grand Forest Park, South Kalimantan

The Sultan Adam Grand Forest Park (Tahura) is a biodiversity hotspot in South Kalimantan. With 113,716 ha of land cover, it is the province's largest conservation area. It provides drinking water to over 2 million people and other essential ecosystem services to the entire landscape. The forest park's high ecological and social significance has also led to its inclusion in the currently proposed UNESCO Global Geopark, the Meratus Geopark.



South Kalimantan

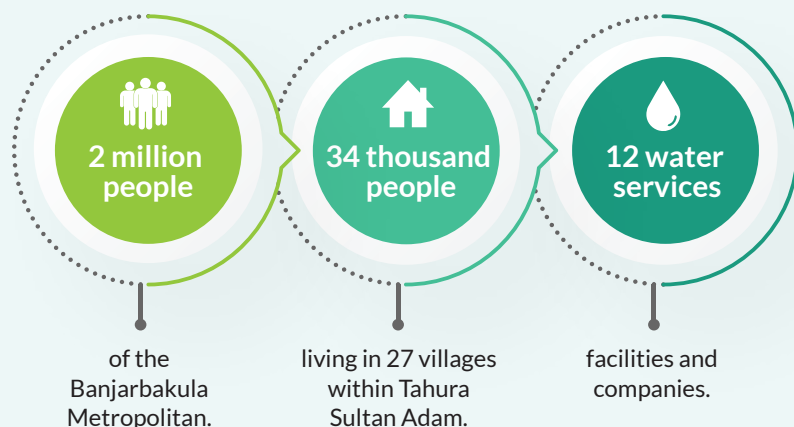


Land cover map of Tahura Sultan Adam

Source: Dinas Kehutanan Tahura Sultan Adam, 2020

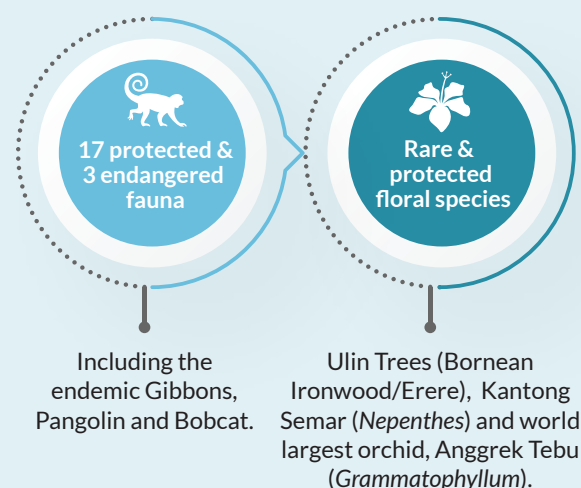
## Social Importance

Entities relying on the forest's ecosystem services, mainly for clean water:



## Ecological Significance

The forest is home to rare and endangered species:



Sultan Adam Grand Forest Park is facing significant conservation and forest ecosystem challenges, given the increased economic activities in and around the landscape.

## Threats

- Illegal logging
- Shifting agricultural activities
- Expansion of tourism activities
- Land-use change
- Freshwater fisheries

## Water issues

- **Water quantity** — low water infiltration ability can cause extreme water level: flooding or long dry period.
- **Water quantity** — household and tourism pollutants, high sedimentation level due to erosion and fishing.

## Challenges

- Low forest cover
- Household and visitor waste
- Fishery waste sedimentation
- Erosion

## GGGI Project Overview

GGGI is supporting the restoration of the Sultan Adam Grand Forest Park for securing its ecosystem services and eco-tourism potential. To sustain and enhance project results a sustainable financing mechanism will be established hosted by the Grand Forest Park. Local stakeholders will be incentivized for forest and watershed rehabilitation and preservation, thereby becoming ecosystem service providers to the local hydropower station of the national electricity company, the water utility, and drinking water bottling companies.

## Key Figures

<b>Financial Instrument</b>	TBD, potentially a trust fund hosted by the Regional Technical Implementation Unit – Public Service Entity (UPTD-BLUD) of Tahura Sultan Adam
<b>Executing Entity</b>	UPTD-BLUD of Tahura Sultan Adam
<b>Sources of Funds</b>	TBD, potentially seed funding from National Electricity Company's (PLN) CSR funds, local government's budget, contributions from water bottling companies' associations.
<b>Potential Impact</b>	<ul style="list-style-type: none"><li>• Rehabilitation of approx. 45.727 ha of critical forest land, a direct contribution to the province's flagship program: The Green Revolution aiming to rehabilitate 500,000 ha of critical land.</li><li>• Establishment of a sustainable funding mechanism, e.g., a targeted USD 5 million blended fund, to support conservation activities in Tahura Sultan Adam.</li></ul>
<b>Key Project Component</b>	Investment in establishing programs to incentivize local communities to conserve Tahura Sultan Adam and maintain the quantity and quality of water services.

## Potential project activities

GGGI has identified around 3.000 ha of Tahura Sultan Adam that requires restoration but is hindered by a lack of funding & capacity. Hence, the project aims to

do replanting and restoration in line with the Green Revolution Program Initiative, a flagship program in South Kalimantan. The activities include:



**Assisted natural regeneration and land rehabilitation.**



**Developing technical design of planting in the context of ecosystem recovery starting from site preparation, provision of seedlings, planting, maintenance, and monitoring and evaluation.**

Along with other parallel activities such as:

### Conservation partnership

Facilitation, assistance, and capacity building to generate added value and ensure communities livelihoods from agroforestry and silvopasture.

### Collaborative management

Maintain rehabilitation areas with the involvement of communities surrounding and within forest areas.

### Land tenurial assessment

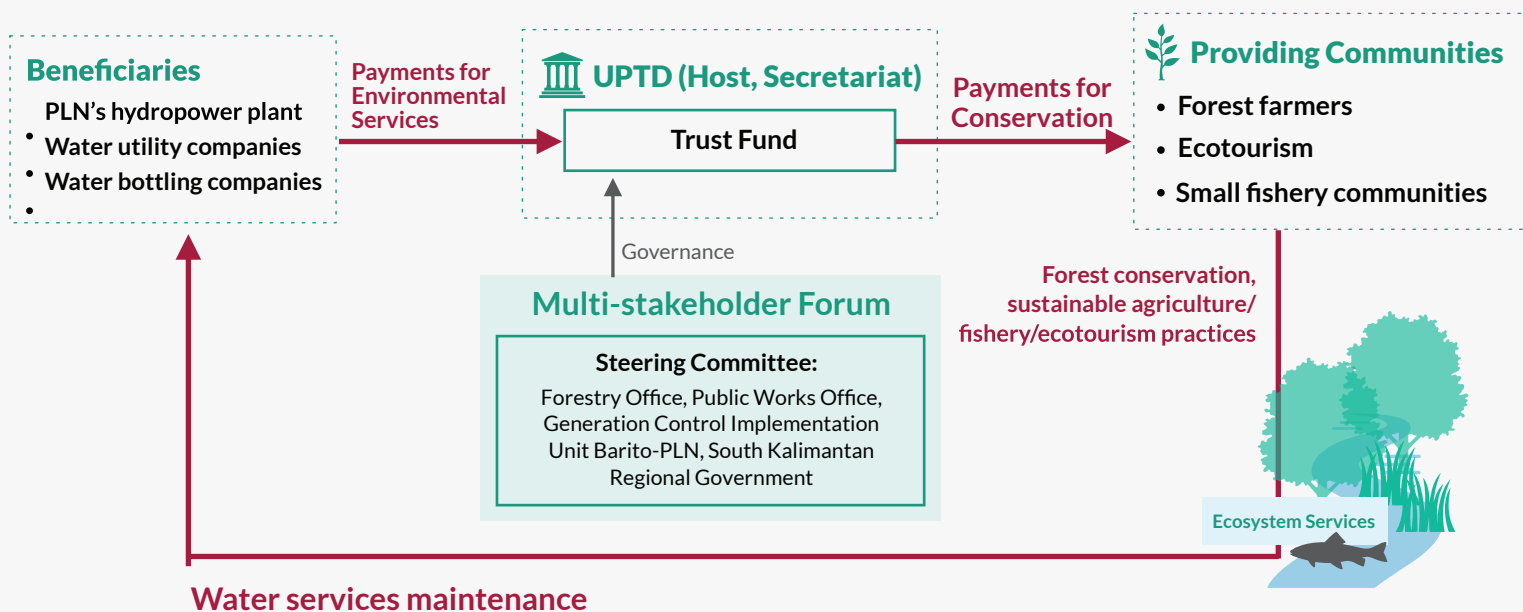
Support the improvement of operationalizing governance policy in conservation areas, while ensuring the rights of existing stakeholders in Tahura Sultan Adam.

## Impact Opportunity

- Increase forest conservation and rehabilitation of at least 45,000 ha in Tahura Sultan Adam
- Establish a payment for ecosystem services-based funding mechanism between the key water beneficiaries and local communities to achieve landscape sustainability, e.g., reducing sedimentation in the reservoir for smoother operations of the hydropower plant
- Support the maintenance of Riam Kanan reservoir to meet water demand of more than 2 million people
- Support sustainable local economic development by including local water bottling companies, smallholder fishing and agriculture-based communities, and local tourism operators

# Sustainable Financial Mechanism for Water Services and Conservation

## Potential Financing Mechanism Design



The information presented in this document is based on a scoping study by GGGI.

## Involved Stakeholders

### Providing Communities

- Forest farmer groups
- Ecotourism communities
- Small community fisheries
- Forest patrol community

### Intended beneficiaries and partners

- National Electricity Company's (PLN) hydropower station
- Water utility companies
- Water bottling companies

## Key Partners

### South Kalimantan Provincial Government



- UPTD-BLUD Tahura Sultan Adam
- Forestry Office
- Public Works Office
- Marine and Fisheries Office



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