

# Sustainable Landscape Investment Partnership in Indonesia



<b>Project Location:</b>	Asia / Indonesia
<b>Project Period:</b>	January 2024 - March 2027
<b>Project Funding:</b>	up to GBP 16,250,000
<b>Theme:</b>	Sustainable Landscape Investment Partnership in 3 components: Social Forestry, Multi-purpose Forestry Business, and Biodiversity Conservation
<b>Project Code:</b>	ID24

## Government Counterpart



## Implementing Partner on Social Forestry



## Resource Partner



## Project Summary

The Sustainable Landscape Investment Partnership in Indonesia (KIBAR) project aims to support the design, finance, and implementation, including scale-up of increases in Natural Capital Asset (NCA) private and public initiatives across Indonesia. The project enables, incentivizes, and mobilizes investments in sustainable landscapes in ways that significantly contribute to national Forest and Land Use (FOLU) Net Sink 2030 targets.

The scope of the project supports the Government of Indonesia's enables policies for specific investments and mobilizing finance from public and private sources for priority programs in three focus components, such as Social Forestry (PS), Multipurpose Forestry Business (MUK), and Biodiversity Conservation. Investment will be triggered by technical assistance, capacity building, and capital support in form of non-monetary grant from project, targeting improved business models and blended finance schemes that attract collaboration and potential cooperation with investors, financiers, and donors.

KIBAR's geographical footprint covers key Indonesian landscapes, engaging diverse ecosystems and communities. Specifically:

- 174 targeted social forestry community groups identified for direct or indirect project benefits
- Over 200,000 hectares of land targeted for project impact.

## Project Goal and Objectives

The project aims to increase the value of natural capital assets in the forestry areas by:

- Enhancing local communities or forest-dependent communities' capacity for financial literacy and access to finance from public and private financial institutions.
- Raising awareness of sustainable usage of forest products and ecological-based practices in managing forest landscapes for business owners, consumers, and the government.
- Enhancing government capacities to develop enabled policies for NCA investment and increase the ability to develop and mobilize resources for NCA projects.
- Increasing incentives for forest and conservation, ensuring fair distribution of environmental goods and services from conservation areas that benefit all stakeholders.



## Business Development of Social Forestry (PS)

The project supports social forestry license transition, builds community capacity, and develops business opportunities by linking social forestry groups to finance and markets. In collaboration with the Ministry of Forestry (DG PS) and IEF, it promotes Integrated Area Development (IAD) development, blended finance initiative, product diversification, and improved access to market and finance for social forestry groups (KUPS)., NCA is also enhancement through better area management. The project empowers social forestry entrepreneurs through financial literacy and capacity-building to access public and private financing. It directly supports 7 regions across 5 provinces, while IEF covers an additional 7 regions in 7 provinces, bringing the total to 12 provinces benefiting from social forestry blended finance initiatives.



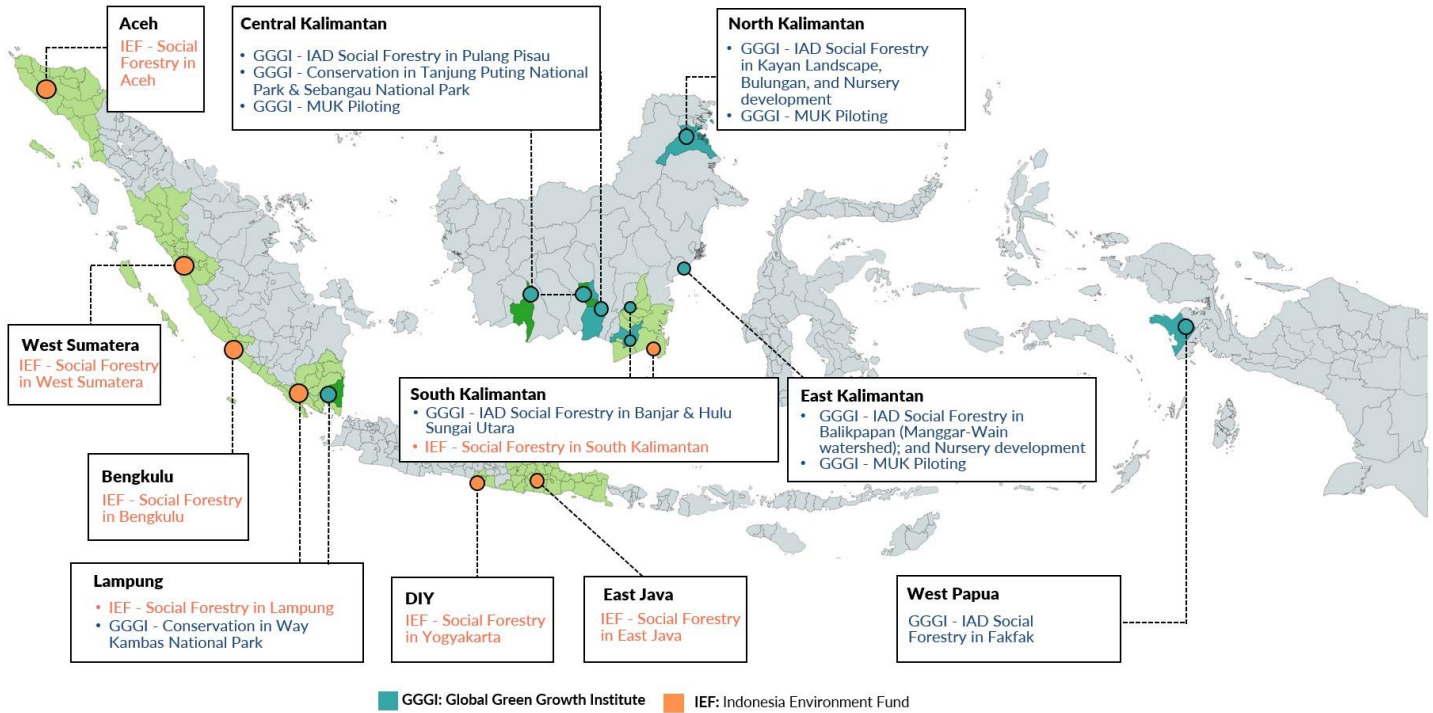
## Multi-Purpose Forestry Business (MUK)

GGGI with the Ministry of Forestry, through Directorate General of Sustainable Forest Management, focus on accelerating MUK implementation through commodity-and-service driven focus. This includes removing regulatory barriers to enable the sustainable utilization of timber, NTFPs, and ecosystem services by forestry companies/concessionaires. This is supported by policy improvements, business model pilots, market facilitation, and improved access to finance. Robust forest resources inventory and targeted capacity building for Forest Management Units (FMUs) in MUK areas are also prioritized to strengthen FMUs-concessionaire collaboration, promote community-partnership, and leverage continuous technical support from FMUs.



## Biodiversity Conservation

The project supports conservation through development and enhances national park financing and ecosystem restoration in conservation areas, with strong community engagement to increase local ownership around conservation areas. It aims to strengthen wildlife corridors, improve livelihoods to reduce illegal activities, and foster multi-stakeholder conservation partnership. With the Ministry of Forestry, through DG KSDAE, the project seeks collaboration with public and private financiers, investors, or donors for national park financing through initiatives during project such as wildlife bond, eco-tourism, conservation partnership, PES, endowment fund, debt-nature-swap, and faith-based financing.



## Context and Background

Natural Capital Assets (NCA) are typically divided into five pillars: land (including forests and soil), freshwater (both ground and surface water), oceans, biodiversity, and climate. Natural capital provides services or benefits to the people and economies of Indonesia and is integral to achieving the Sustainable Development Goals (SDGs). Economic and business activities should adhere to sustainability while simultaneously driving growth, and thus, conservation and restoration of natural capital are imperative as businesses rely on natural resources.

Investing in NCA sustainably will generate and secure additional forest landscape values, reduce greenhouse gas emissions, enable more robust adaptation, and leverage additional finance to achieve Indonesia's FOLU Net Sink 2030 target.

The project focuses on NCA investment in three key components: Social Forestry (SF), Multi-Purpose Forestry Business (MUK), and Biodiversity Conservation.

## Project Outcomes

- Increased climate and green finance mobilized for FOLU approaches from public and private sources.
- An enabling environment for communities and financial institutions with improved access to finance and social forestry approaches.
- Government systems strengthened to better track and monitor NCA investment projects.

## Mobilizing investments for Indonesia's Forest and Land Use (FOLU) Net Sink 2030

The Government of Indonesia has set an ambitious target to achieve a condition where Indonesia's forestry and land use sector (FOLU) absorbs more greenhouse gas emissions than what it produces by 2030, also known as FOLU Net Sink 2030. However, there is a large gap in funding opportunities to meet this target.

There is potential to address this financial shortfall through investments in Natural Capital Assets (NCA) within the forestry sector. These investments offer a promising solution as they can generate sustainable increases in net revenues and incomes, creating a self-perpetuating cycle of financial support for climate change mitigation efforts.

Nature-based or ecosystem-based solutions can open access to finance at the ground level if regulatory barriers, lack of reliable data, and limited human resources capacity to monitor and maintain forest management are overcome. To ensure the sustainability of investment interventions at the operational level, it is essential that community capacity in accessing capital, market, and technology for sustainable use of forest and natural resources be increased and that concession holders are ready and eligible to access green finance.

"This partnership will strengthen the local economy through increased productivity, forest-based business development, and institutional strengthening of Social Forestry Business Groups (KUPS)."

– Raja Juli Antoni, Minister of Forestry



### GGGI in Indonesia

Address: Jalan Taman Patra Raya  
Nomor 10, Kuningan, Jakarta 12950  
Email: [indonesianews@gggi.org](mailto:indonesianews@gggi.org)

### GGGI Headquarters

Address: 19F Jeongdong Building, 21-15 Jeongdong-gil,  
Jung-gu, Seoul, Republic of Korea 04518  
Email: [communications@gggi.org](mailto:communications@gggi.org)

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