

SUMMARY



Murung Raya

GREEN GROWTH STRATEGY



District overview

Murung Raya district, part of Indonesia's Central Kalimantan province, lies at the very center of the island of Borneo.

(p.02-03)



Green growth sectors

The strategy includes green growth interventions in four key sectors: forestry, mining, plantations and energy.

(p.07)



Implementation: Next steps

The strategy requires support from the district government budget, and other public and private partners.

(p.08)



Green growth is a pathway that allows Murung Raya to balance economic growth and environmental sustainability, and will ultimately deliver prosperity for our people.



— DRS. PERDIE, MA
District Head of Murung Raya



Murung Raya's green growth vision

A sustainable economy that delivers prosperity equitably to the people of Murung Raya while minimizing greenhouse gas emissions and maintaining our natural capital stocks for future generations.

The five desired outcomes of green growth

The desired outcomes were identified following extensive stakeholder engagement as part of the GoI-GGGI Green Growth Program.



01.

SUSTAINED ECONOMIC GROWTH



02.

HEALTHY AND PRODUCTIVE ECOSYSTEM



03.

INCLUSIVE AND EQUITABLE GROWTH



04.

SOCIAL, ECONOMIC AND ENVIRONMENTAL RESILIENCE



05.

GREENHOUSE GAS EMISSION REDUCTION

INTRODUCTION

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OVERVIEW

Murung Raya's Green Growth Strategy outlines and explores the opportunity for the district to shift to a new economic growth pathway that delivers prosperity while simultaneously reducing poverty and achieving environmental sustainability. The strategy identifies and outlines green growth interventions across four of Murung Raya's key sectors: forestry, mining, plantations and energy. Each intervention aims to support efficient, productive economic activity, job creation, and social inclusion, while minimizing environmental risks.

BACKGROUND

This strategy is the result of a partnership between the Murung Raya district government and the Global Green Growth Institute (GGGI), an international organization with its headquarters in Seoul, Republic of Korea. This work has been carried out as part of the Government of Indonesia's (GoI) collaboration with GGGI, known as the GoI-GGGI Green Growth Program. The objective of this program is to promote green growth in Indonesia that recognizes the value of natural capital, improves resilience, builds local economies and is inclusive and equitable.

The collaboration between Murung Raya and GGGI was launched in February 2014 when the first district-level Green Growth Visioning Workshop took place in Puruk Cahu, district capital of Murung Raya.

DISTRICT OVERVIEW

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BIOPHYSICAL ENVIRONMENT

Murung Raya district, part of Indonesia's Central Kalimantan province, lies at the very center of the island of Borneo. As Central Kalimantan's largest and northernmost district, Murung Raya borders West and East Kalimantan provinces to the north and North Barito, Kapuas and Gunung Mas districts, all in Central Kalimantan, to the south. Murung Raya covers approximately 2.37 million hectares (ha), three quarters the size of Belgium, and comprises 10 sub-districts, 115 villages and nine hamlets. Straddling the equator, Murung Raya is primarily covered in tropical lowland forest and sub-mountainous highland forest. The district lost 78,706 ha of forest cover between 2000 and 2012 at an average of 6,559 ha/year, equivalent to less than 0.3% of the district's total area. This deforestation primarily took place in the southern half of the district.

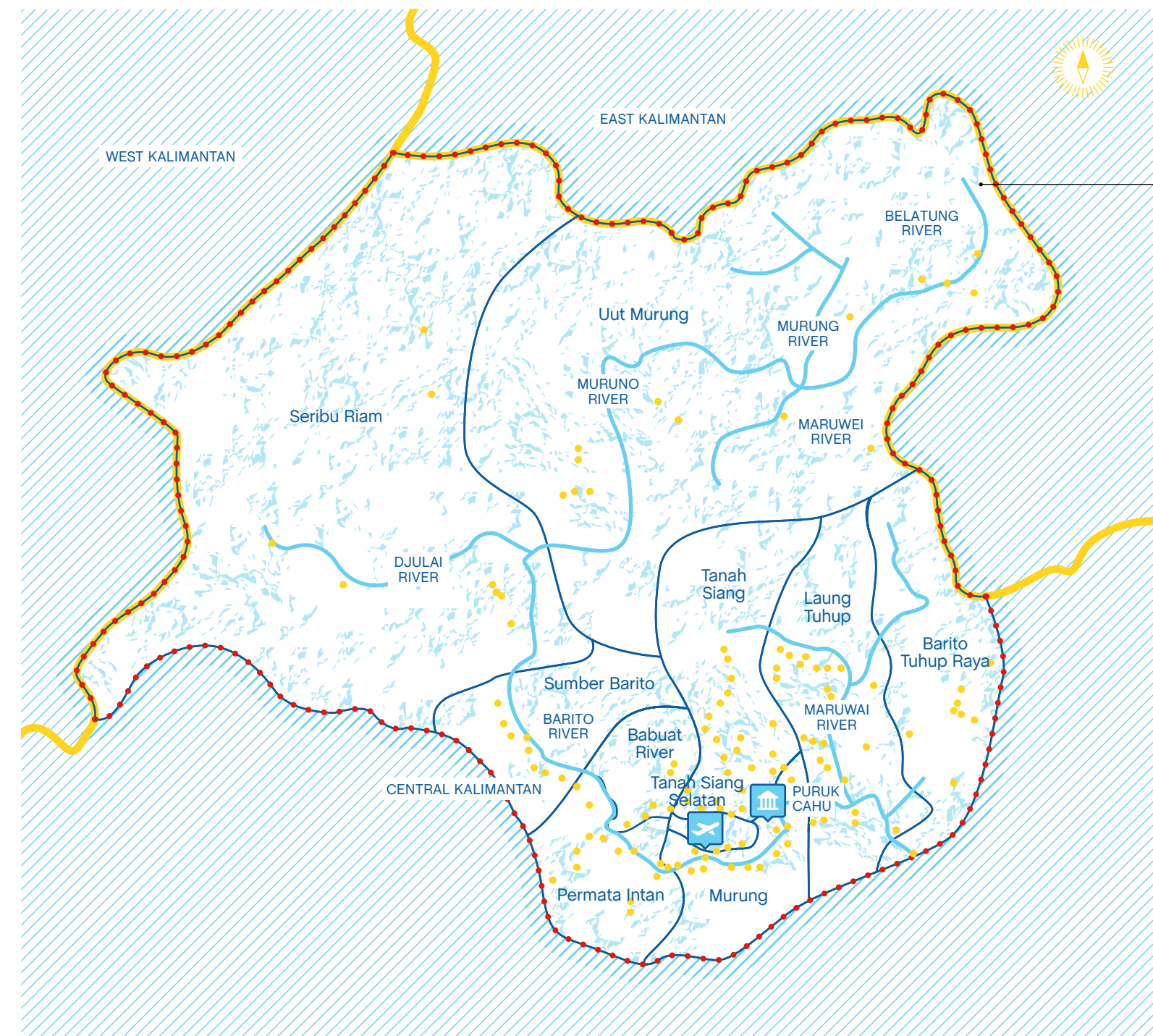
SOCIO-ECONOMIC PROFILE

Murung Raya achieved annual growth in gross domestic product (GDP) of 6.67% in 2013, resulting in a GDP of just below IDR 1.08 trillion (constant price) in the same year. The district government is aiming for an annual GDP growth rate of 6-7%.

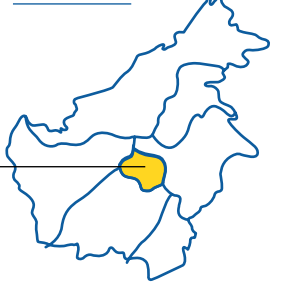
The mining sector is the main economic engine for Murung Raya and now accounts for 36.3% of GDP and 18% of formal employment in 2011. Until fairly recently, forestry was the dominant economic sector but timber companies have nearly stopped operations and the sector now only contributes 6.1% of the district's GDP. The land-based commodity sector is also an important part of Murung Raya's economy and the main product is rubber, which contributes 8.2% to GDP and provides work for about 70% of the working population in the district.

Sector contribution to Murung Raya's GDP in 2013

Mining	36.3%
Agriculture	23.8%
Services	11.4%
Trade, hotel and restaurant	10.9%
Construction	6.4%
Transportation and communication	5.2%
Processing industry	3.0%
Finance, leasing and company services	2.5%
Electricity, gas and water	0.5%
Total	100%



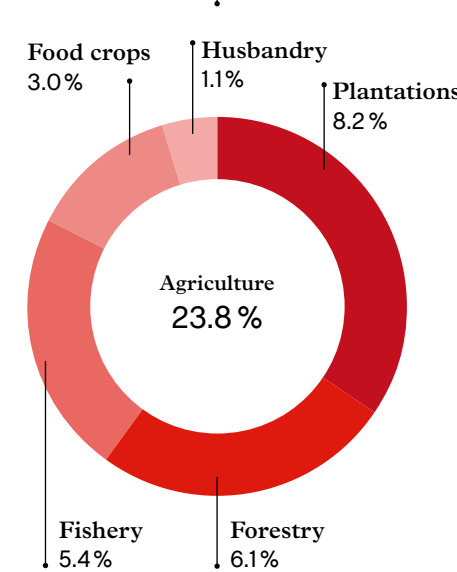
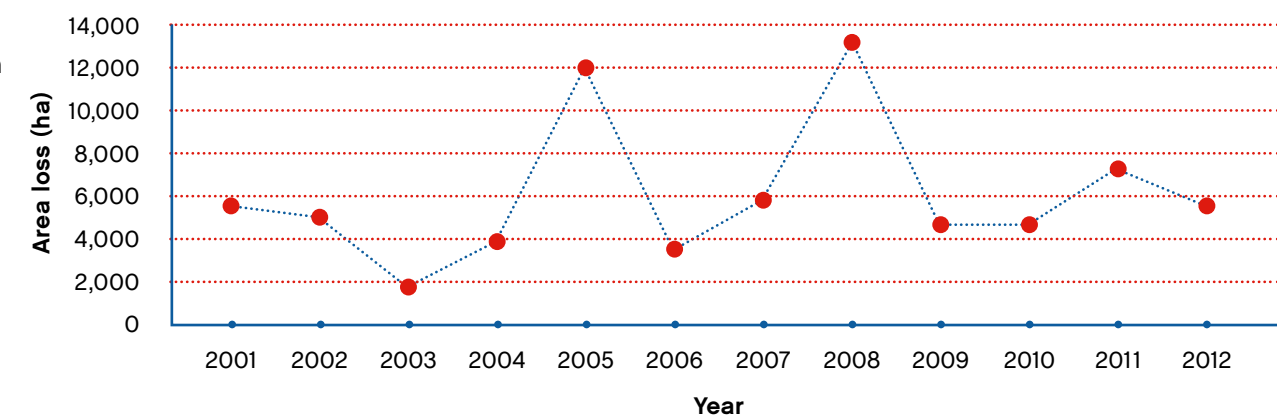
Murung Raya district



Country
Indonesia
Province
Central Kalimantan
Capital
Puruk Cahu
Area
2.37 million ha
Sub-districts
10
Villages
115
Population
105,100
Population density
4.4 people/km²

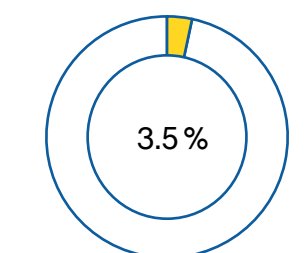
Puruk Cahu (Capital) Puruk Cahu Airport Province Murung Raya District Sub-districts Rivers Villages

Forest cover loss in Murung Raya district in 2001-2012

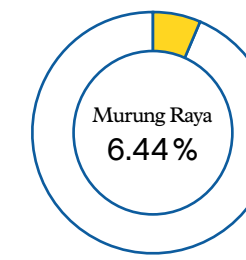


Murung Raya's population profile

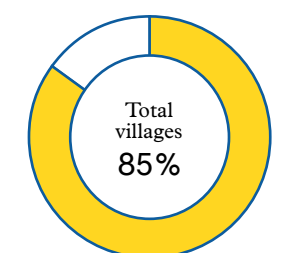
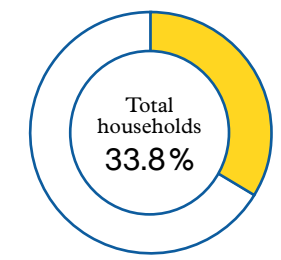
Unemployment rate



Poverty rate



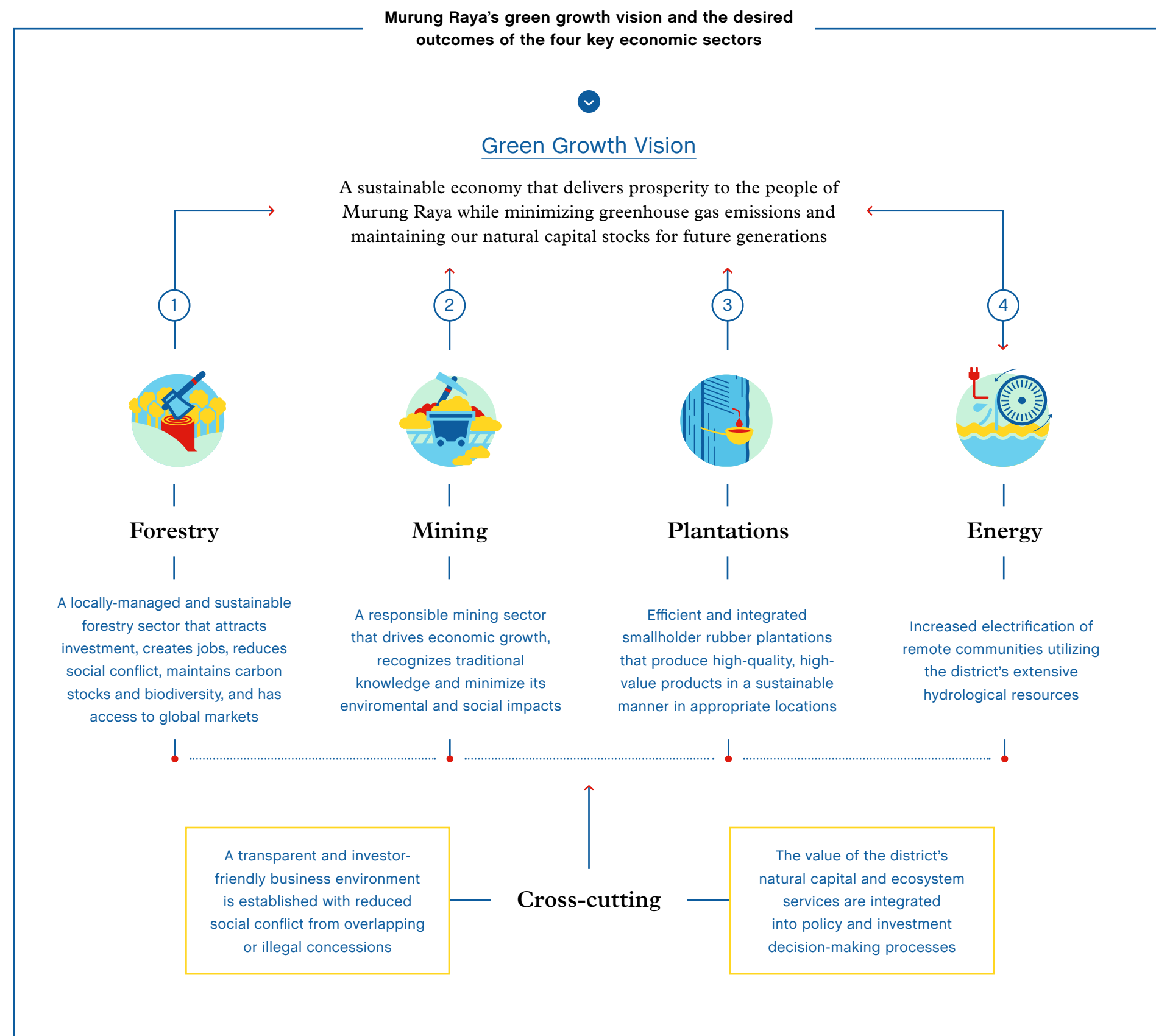
Access to electricity



GREEN GROWTH VISION AND OUTCOMES

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Economic development in Murung Raya is no simple matter. Positioned at the very center of the island of Borneo, the district is the largest and most remote in Central Kalimantan. It is also sparsely populated, landlocked and mountainous, with abundant untapped natural resources, including coal and gold. Murung Raya district has the largest area under forest in the province, most of which is still in a relatively healthy state, storing millions of tons of carbon and hosting an incredible array of biological diversity.



The obstacles facing Murung Raya's economic development, primarily its terrain and remoteness, also are the basis for its enormous potential to deliver green growth. To date the district has generally avoided the rapid, short-term exploitation, seen in other parts of Kalimantan, and it is still host to numerous pristine ecosystems of immense natural beauty. Murung Raya's ecological resources, its natural capital, play a critical role in underpinning its own economy, along with those of downstream areas. Integrating the value of this natural capital into policy and investment decisions will ensure that the district achieves sustained economic development.

With significant new infrastructure links being proposed, Murung Raya is on the cusp of greater connectivity and economic opportunity. As a result, the next few years will define the district's pathway to prosperity. Achieving the vision of Murung Raya's medium-term development plan, "the realization of a prosperous community that is independent, dignified and based on rural development" requires a strategy that avoids 'business as usual' growth where unsustainable exploitation leads to social conflict and environmental damage. Green growth offers an alternative approach based on efficient and equitable land-based sectors that produce high-quality, high-value products, while utilizing the district's resources through appropriate technology and planning systems to ensure the ongoing provision of valuable ecosystem services.



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The collaboration between Murung Raya and GGGI was launched in February 2014 when the district-level Green Growth Visioning Workshop took place in Puruk Cahu. This used an interactive and highly visual process to explore green growth within Murung Raya's unique context.



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Murung Raya is covered by significant areas of lowland and sub-mountainous forests that contain a wealth of biodiversity and a variety of ecosystems. More than 95% of the district is classified as state forest area and most of Murung Raya's forests are still in good condition.



© FFI

Murung Raya has an extensive network of rivers that provide considerable potential for micro-hydro facilities to generate electricity for rural communities. Previous attempts to establish micro-hydro plants have been unsuccessful due to inadequate maintenance and poor upstream watershed management.



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“The green growth strategy outlines a clear set of actions that will drive future growth of our key economic sectors and ensure that Murung Raya’s natural resources are preserved and enhanced for future generations.”

GREEN GROWTH SECTORS



FORESTRY

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In order to revitalize Murung Raya’s forest sector, this strategy proposes three coordinated interventions to support green growth. These are targeted in the southern half of the district, where there is greater forest loss due to the higher population density and increased economic activity.

Desired outcomes

The ambition of this strategy is to create a locally-managed and sustainable forestry sector that attracts investment, creates jobs, reduces social conflict and has access to global markets.

Interventions

- F1** Resolve land-tenure conflicts and enable community-based forest management
- F2** Operationalize a production forest management unit (KPH-P)
- F3** Shift the commercial forestry sector toward certification



MINING

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The mining sector is still relatively under-developed, despite being the largest economic sector in Murung Raya. As the district is home to significant mineral deposits, it is critical that the mines are managed in a responsible and, where possible, environmentally friendly manner in order to achieve green growth.

Desired outcomes

This strategy aims to create a responsible mining sector that drives economic growth, recognizes traditional knowledge and minimizes its environmental and social impacts.

Interventions

- M1** Optimize road planning within and between mining concessions
- M2** Support small-scale mines to improve their environmental performance
- M3** Ensure effective mine land reclamation and rehabilitation



PLANTATIONS

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The land-based commodity sector is central to Murung Raya’s economy and the main product is rubber, which provides work for about 70% of the working population. The recent price downturn presents an opportunity to improve the sector’s performance and sustainability.

Desired outcomes

This strategy aims to create efficient and integrated smallholder rubber plantations that produce high-quality, high-value products in a sustainable manner in appropriate locations.

Interventions

- P1** Support the sustainable and resilient expansion of rubber production
- P2** Promote better management practices (BMP) to increase rubber productivity
- P3** Support an inclusive business model to improve the rubber value chain



ENERGY

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In 2012, only 33.8% of the total households in the district had access to electricity from the state electricity company. Considering Murung Raya’s mountainous terrain and good hydrological resources, there is considerable potential to increase rural electrification by establishing a network of micro-hydro power facilities.

Desired outcomes

This strategy aims for increased electrification of remote communities utilizing the district’s extensive hydrological resources.

Intervention

- E1** Establish a network of micro-hydropower facilities



CROSS CUTTING

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While this strategy proposes a range of a sectoral interventions, achieving green growth also requires a number of cross-cutting actions that support productive and sustainable activities in all economic sectors.

Desired outcomes

A transparent and investor-friendly business environment is established with reduced social conflict from overlapping or illegal concessions.

The value of the district’s natural capital and ecosystem services are integrated into policy and investment decision-making processes.

Interventions

- Improve the licensing system
- Carry out a High Conservation Value (HCV) assessment
- Establish a community-based Payment for Ecosystem Services (PES) scheme
- Conduct a strategic environmental impact assessment of the spatial plan

IMPLEMENTATION: NEXT STEPS

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Implementing this strategy will require coordinated action from the district government, private companies, local communities and non-governmental organizations. All of these actions need financial support, which must come from a range of different public and private sources.

DISTRICT GOVERNMENT BUDGET



1. Through the annual development planning and budgeting processes

Every year the 'musrenbang' process allows residents to discuss the issues facing their communities and decide upon priority development needs. This bottom-up process presents an opportunity for green growth actions to be discussed within communities and, potentially, included in the district's annual work plan and budget.

2. Through the district government's budget revision process

Every three months local governments hold a meeting to track and evaluate the progress of implementing the district's annual work plan. Every August, the local government agencies can change their activities and budget allocations, which is an opportunity for small-scale green growth actions to be budgeted.

3. Adoption into medium-term development plans and strategic plans

When Murung Raya's next RPJMD is being developed, this strategy can be used as a basis to ensure that the district's development priorities are aligned with green growth. The green growth vision and sector rationales could be included in the RPJMD's analysis of strategic issues and the logical framework provides potential indicators and targets for green growth.

OTHER SOURCES OF FINANCE



1. International donors and development partners

The green growth interventions and actions in this strategy can be packaged into program proposals and submitted to developed country governments, multilateral development partners and international NGOs working in Indonesia on green growth-related work. The logical framework provides a starting point for developing operational program proposals.



2. Private sector companies

The implementation of this strategy will require private companies operating in Murung Raya's forestry, mining, plantations and energy sectors to commit their own resources and expertise. This will only happen if the green growth opportunities present an attractive return on investment with a suitable and manageable level of risk.



3. Provincial and national government

There are many opportunities within the Government of Indonesia's internal funding mechanisms to support green growth activities in Murung Raya that are outside of the district government's budget.

MEASURING GREEN GROWTH

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It is vital that the Murung Raya government establishes a robust monitoring system to assess the district's performance towards its green growth vision. This requires a measurement framework that captures the comprehensive and integrated nature of the five desired outcomes of green growth, and a set of performance indicators to track the district's progress.

The table to the right outlines a 'dashboard' of 12 districtwide green growth indicators for Murung Raya. In addition, each sector chapter in this strategy includes a set of specific indicators to measure the green growth performance of that sector. Annex 1 of the Green Growth Strategy for Murung Raya includes a definition of each of these 12 districtwide indicators and the strategy's logical framework, which includes indicators for each sector, intervention and action.

A dashboard of green growth performance indicators for Murung Raya

No.	Indicator	Desired GG outcome
1	Annual GDP growth rate (%)	Sustained economic growth
2	GDP per capita (IDR)	
3	Gross capital formation (IDR)	
4	Employment/population ratio (%)	Inclusive and equitable growth
5	Population below the poverty line (%)	
6	GINI coefficient	
7	Greenhouse gas (GHG) emissions per capita (tons of CO ₂ e)	GHG emissions reduction
8	Net annual change in above and below ground carbon stocks (tons of CO ₂ e)	
9	High Conservation Value Area (HVCA) (ha)	Healthy and productive ecosystems
10	Environmental Quality Index (EQI)	
11	Fiscal capital index	Social, economic and environmental resilience
12	Household Vulnerability Index (HVI)	

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