



# INDONESIA EFFORT OVERVIEW ON LOWERING CARBON GROWTH: *A PRIVATE SECTOR PERSPECTIVE*

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# Indonesia Background

- 17.000 islands, 1.200 different ethnics, 700 different languages with 34 autonomous Provincial Governance
- Enjoying for the past 10 years an average of economic growth in between 5% – 6% each year
- Population growth in about 2% per year is expected to stabilized and start to declined after 2024
- 80% of GDP comes from Sumatera, Java and Bali
- For the last 10 years, Indonesia experiencing Bio-composition degradation in Sumatera, Java and Bali
- Conservative energy resources have declined rapidly
- Indonesia aims to reach out for 7% economic growth, doubling the GDP every 5 years in order to escape from the possible Middle Income Trap when the demographic bonus ended after 2030
- Indonesia need to manage well their aim of economic growth at the same time to keep its environment sustained to secure healthy growth



# Indonesian Government Commitment on Lowering Carbon Growth

- 1992 ratification of UNFCCC
- G20 Summit, London 2009:
  - ▣ President Yudhoyono stated that Indonesia would reduce 26% its carbon emission by 2020
  - ▣ Establishment of Indonesia Climate Change Council
  - ▣ National Action Plan for GHG Emission Reduction
  - ▣ State Budget allocated for Green Development and GHG Emission Reduction
- ICCTF (Indonesia Climate Change Trust Fund):
  - ▣ Established in 2013
  - ▣ First exercise of Project funding in 2014
- Examples of Policies on Green Development
  - ▣ Energy sector:
    - 2nd 10.000MW Fast Track with 70% power generation from new and renewable source
  - ▣ Forestry Moratorium (supported by Norway)
  - ▣ Reduction of Fossil Fuel usage
  - ▣ Reduction of electricity usage especially in Governmental buildings

# What is needed felt by Private Sector

Strategy to support a ***pro-growth, pro-jobs, pro-poor and pro-green*** development:

- ***Regional Integration.*** The need for much improved regional integration and inter-island connectivity within the national system of the country.
- ***Demographic Bonus.*** The need to use the current boom in population growth to build growth that will then be sustained as the population ages.
- ***Governance.*** The need for improved system of public governance, to make new policies enforceable.
- ***Valuing Natural Resources.*** The need for natural resources and environmental sustainability to be properly valued in development planning and budgeting.
- ***Food, Energy, Water.*** The importance of recognising the natural resource scarcity and constraints associated with the linkages between food, energy and water.

# GOI Green Planning Budget Concentration for Lowering Carbon Growth

- 21 priorities in 6 Clusters:
  - ▣ Forestry, Peatland & Coral Reefs:
    - Forest protection, peatland rehabilitation and coral reefs protection, trust-fund for natural/biodiversity conservation
  - ▣ Agriculture:
    - Climate adapted crops, oil palm plantation reforms and irrigation rehabilitation
  - ▣ Energy and Industry:
    - Energy efficiency, new & renewable energy, resource efficiency in industry, energy and fuel pricing, large scale power, sustainable mining, and corporate social responsibility
  - ▣ Transport, Urban and Regional Development:
    - Public transport, waste management, climate proofing infrastructure, regional development, urban and spatial planning
  - ▣ Education and Health:
    - Green education, climate change sensitive health services
  - ▣ Other supporting priorities:
    - Natural disaster insurance, disaster reduction management, inter-ministerial coordination, governance & capacity building



# Private Sector Initiatives to meet GOI strategy

## *some examples*

- Indonesia Chambers of Commerce and Industries since 2005:
  - ▣ Environment, Climate Change and Sustainable Development
  - ▣ Establishment of IBCSD (Indonesia Business Council for Sustainable Development)
- Indonesia Vision 2050 on Sustainable Development with focus on:
  - ▣ Population growth
  - ▣ Economic condition
  - ▣ Environment impact
  - ▣ Energy
- Private sector self direct participation for green development:
  - ▣ Holcim Cement on geo-cycle, green energy energy and resources efficiency to build ECOHOME
  - ▣ The utilization of Solar PV by HSBC for ATMs
  - ▣ Medco Group on waste to energy program
  - ▣ Sintesa Group, Meppogen Project on Combine Cycle Power Plant
  - ▣ Great Giant Pineapple gas capture and waste to energy
  - ▣ Garuda Indonesia fleet rejuvenation
- SME activities more to the spirit of 4R:
  - ▣ Reduce, Reuse, Recycle and Recover
- Investment bank:
  - ▣ Green Project as priority



# Lesson learnt in the effort to speed up the progress on Lowering Carbon Growth

- ❑ Forgetting the local wisdom values that has kept most nature preserves in the past for economic hunger
- ❑ Lacking of public education on Environmental Issues
- ❑ Lacking of good control in commercialization in almost all sectors
- ❑ Lacking of correct and implementable Technologies
- ❑ Unclear regulatory framework to create some policies not implementable
- ❑ Social and Politic volatility on almost every environmental issues
- ❑ Coordination problem between Central Gov vs Local Gov



## Some Added Value provided by Private Sector

- Reducing the threat of bio composition degradation
- Involvement in public education and participation through CSR projects and others
- Targeting better living condition
- Contribution in the development of Short Term Strategy on Green Development State Budget:
  - ▣ Regionally integrated PPP efforts
  - ▣ Demographic Bonus better profiting
  - ▣ Re-evaluation on Natural Resources values
  - ▣ Sustainability assurance on: Food, Water and Energy
  - ▣ Good Governance exercise



# How JCM would help

- Speed up growth of the low carbon society
- Complement to CDM program and potentially to replace when CDM program ended
- Better direct communication and partnering relation between proposer and sponsor → a potential risk sharing possibility in technology investment and application
- Opportunity to gain access to technology and products that provide low carbon growth
- Direct contribution to the ultimate objective of the UNFCCC on GHG emission reduction



# Anticipated Technology Transfer through JCM program

- Simple technology:
  - ▣ Waste treatment and recycling process
  - ▣ Waste to energy
  - ▣ Low wattage equipment
  - ▣ GHG emission control and capture equipment
- Complex technology:
  - ▣ Integrated Energy Management System
- Potential new technology development
  - ▣ New energy resources
  - ▣ More efficient machineries and systems

# CLOSING: So near but yet so far

- Indonesia has been experiencing many opportunity and try to grab some of those:
  - CDM → not so success due to unready of the regulatory body when needed most
  - CDM today → effort could cost more than the revenue
  - JCM → plenty on plate and some are on their way to piloting and proof of concept
- Exercise of Government backed funding and change of regulation need to be further proven workable
- A success of a good workable win-win incentive program is still yet to be seen implemented that may create good example to follow

ありがとうございます  
THANK YOU



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