





Indonesia's Future Towards Green Economy

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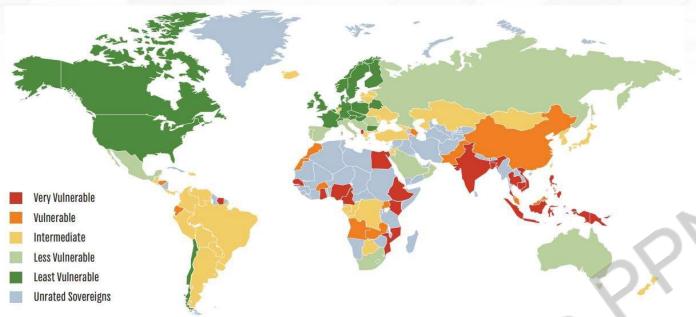
Jakarta, 5th June 2023





CLIMATE CHANGE IS IMMEDIATELY CHALLENGING





Climate Change may increase the risk of hydrometeorological disasters, which currently reach

80% of the total disasters that occurred in Indonesia.

Source: NDC, 2016

Indonesia's potential economic loss could reach 0.66% to 3.45% of GDP in 2030.

Source: Adapted from Roadmap NDC, 2020

RISK FROM CLIMATE CHANGE



Source: Standard and Poor's, 2014

WATER SCARCITY

Rising flood rates and severe drought will exacerbate clean water scarcity.



HEALTH QUALITY DECREASE

Floods can cause the spread of vectorborne diseases and death from drowning. An increase in temperature can cause death from heat stroke.



SOIL ECOSYSTEM DAMAGE

It is scientifically predicted that there will be severe forest fires. This can lead to loss of ecosystems, biodiversity, and changes in Biomass.



MARINE ECOSYSTEM DAMAGE

Rising sea surface temperatures cause the extinction of coral reefs, seaweed, mangroves, some biodiversity and marine ecosystems.



FOOD SCARCITY

Changes in the production of biomes and ecosystems can lead to food scarcity for all living things.

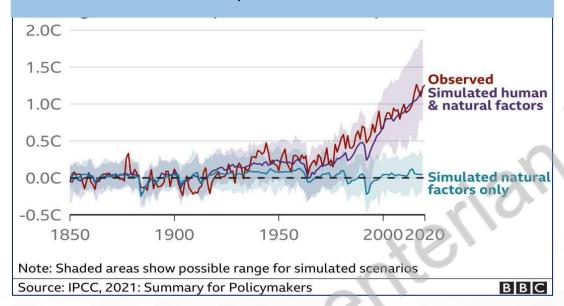


THE URGENCY OF THE TRANSITION TO GREEN GROWTH

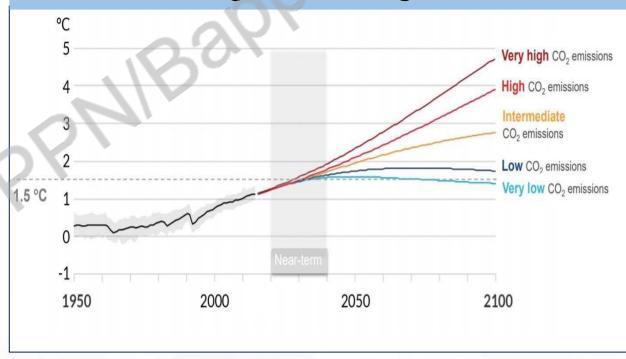


Human influence has warmed the climate

Change in average global temperature to 1850-1900, showing observed temperatures and computer simulations



Future increases in emissions lead to additional global warming





Global temperatures were **1,090C higher** in the ten years between 2011-2020 than in 1850-1900.



Human influence (90%)

has been the main reason for melting glaciers globally since the 1990s.



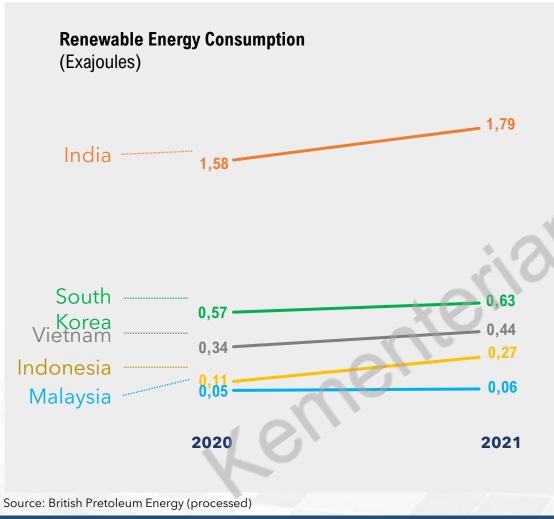
The rate of **sea level rise** has recently nearly tripled compared to 1901-1971



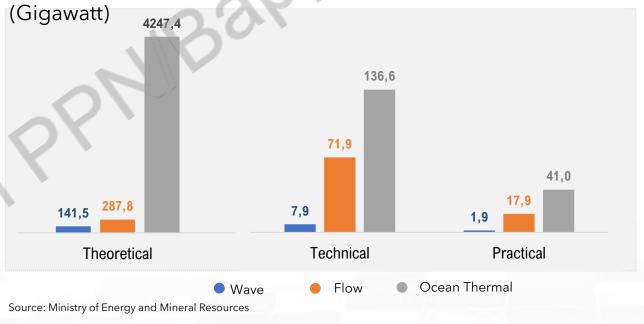
TRANSITION TO NEW RENEWABLE ENERGY IS RELATIVELY SLOW



Indonesia's transition to new and renewable energy is relatively slow compared to comparable countries, only ahead of Malaysia. Utilization of the potential of EBT is still constrained by the lack of direct research between potential and practice, one of which is in the marine sector.







HIGHLIGHT

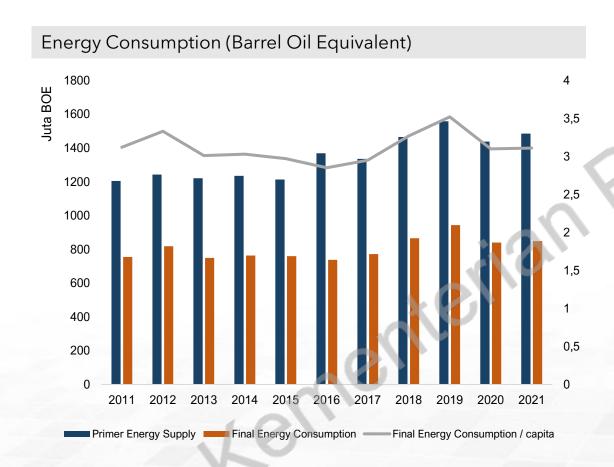
- Theoretically, Indonesia has **great New Renewable Energy potential**.
- However, the technical and practical potential is still relatively limited.
- The difference is due to **the level of accuracy** and **the lack of direct research** to measure the practical potential of an area.

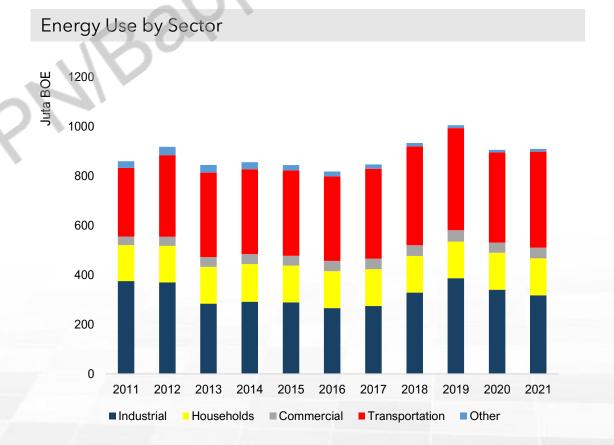


HIGH ENERGY CONSUMPTION, TRANSITION MUST MEET ENERGY DEMAND



By sector, the largest energy consumption is the industrial and transportation sectors. The energy transition needs to accommodate energy needs in crucial sectors so as not to create high inflation due to increased production costs





Source: MEMR, 2021



UTILIZATION OF NEW RENEWABLE ENERGY NEEDS MORE ATTENTION



Indonesia has many abundant natural resources to support the implementation of green industry, but the utilization is still minimal

Potency and Installed Capacity New Renewable Energy

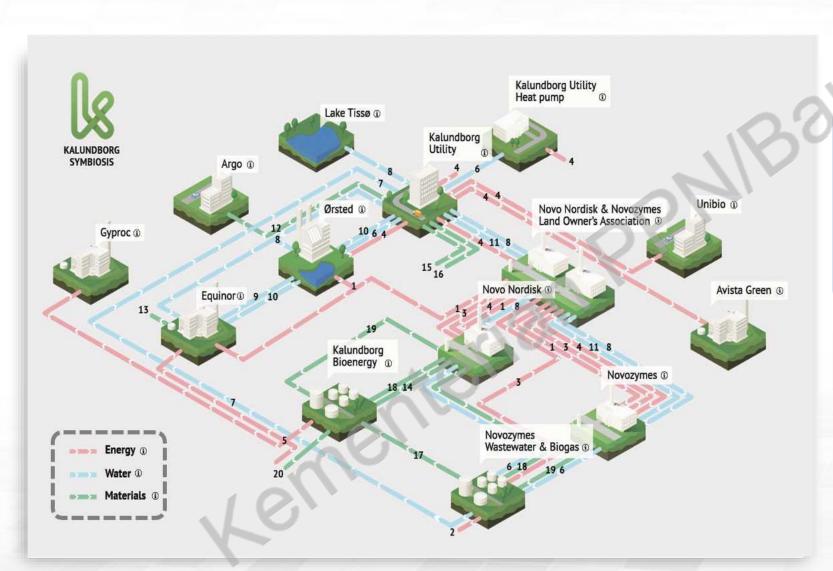
Category	Potency	Installed capacity	Utilization
Geothermal	29544 MW	1438.5 MW	4.9%
Hydro	75091 MW	4826.7 MW	6.4%
Mini-Micro Hydro	19385 MW	197.4 MW	1%
Bioenergi	32654 MW	1671 MW	5.1%
Solar	207898 MW (4,8 kWh/m2/day	78.5 MW	0.04%
Wind	60647 MW (≥ 4m/s)	3.1 MW	0.01%
Ocean Wave	17989 MW	0.3 MW	0.002%





LESSON LEARNED: ECO-INDUSTRIAL PARK DEVELOPMENT SUCCESS STRATEGY (1/3)





Learn from Eco-Industrial Park Kalundborg, Denmark (since 1959)

The key to success in developing ecoindustrial parks is **collaboration**. Every company incorporated in the industrial area should mutually use **the rest of the company's products, share resources with one another, and put forward a common vision.**













LESSON LEARNED: ECO-INDUSTRIAL PARK DEVELOPMENT SUCCESS STRATEGY (2/3)



Learn from Burnside Eco-industrial Park, Nova Scotia, Canada (since 1970)



One of Canada's largest and most successful industrial parks



Major concentrations of **industrial and commercial** since completion of the bridge



The construction of the **A. Murray MacKay Bridge** resulted in a **boom in development** in the area, as it **provided a quick link** to the Halifax Peninsula



Collaboration is the key to success, where companies complement each other in solve the challenges

Burnside EIP's Cooperative Partners





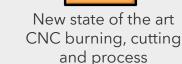














14 acres in Burnside Industrial Park in Dartmouth



1,000 employers



equipment



regularly work

Source: Cherubini Group, 2023



LESSON LEARNED: MO INDUSTRIAL PARK, NORWAY (3/3)

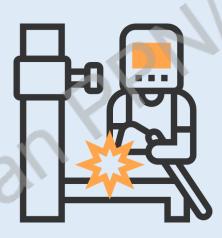




Powered by local hydroelectricity



Largest recycling center for scrap steel in Norway



Core Business

Metallurgy and steel production



Recycles

400 GWh

every year



Recycling Energy, By-products, and Waste

Developed an efficient, circular energy system where waste heat from Elkem and carbon gas from Ferroglobe is put to use either by companies, homes, and offices.



LONG TERM STRATEGY ON LOW CARBON AND CLIMATE RESILIENCE





In 2015, the Government of Indonesia pledged to reduce emissions from 2020-2030 by 29% (unconditional) up to 41% (conditional) against the 2030 business as usual scenario



UN CLIMATE CHANGE CONFERENCE UK 2020

COP 26 agreement in dealing with the impacts of climate change is **more ambitious** than the Paris Agreement



- Enhanced ambition on adaptation as elaborated in the programmes, strategies and actions to achieve economic, social and livelihood, and ecosystem and landscape resilience
- 2 Enhanced clarity on mitigation by adopting the Paris Agreement rule book (Katowice Package) on information to be provided in NDC
- National context that relates the existing condition, milestones along with national development for the period of 2020-2024 and long-term vision
- 4 Enhance the effectiveness and efficiency of the implementation Paris Agreement according to the rule book



LINKING TO PLANNING DOCUMENT





As an archipelagic country, Indonesia is vulnerable to climate change risks



Sea level rise 0.8-1.2 cm/year, while around 65% of the population lives in coastal areas. (Bappenas, 2020)



Indonesia ranks 5th with the highest number of disasters from 2000-2019 (UN, 2020)



Indonesia's GDP could shrink 16.7–30.2% due to climate change impacts. (Swiss Re, 2021)



2000-2019, average carbon emissions increased by 1.16 million gigagrams per year



Article 3.4 UNFCCC: All climate measures should be integrated into National Development Program

Nationally Determined Contribution (NDC)

RPJMN 2020-2024



Through the ratification of the Paris Agreement and the submission of the NDC to the UNFCCC, Indonesia is committed to reducing greenhouse gas (GHG) emissions by:

- √ 29 percent Business as Usual
- √ 41 percent Not Business as Usual

Emission
Reduction Target
per Sector (MTon
CO2e)

	Forestry	Energy and Transportation	Waste	Agricultu	re IPPU
29%	497	314	11	9	3
41%	692	446	40	4	3,25



INDUSTRY AND GREEN DEVELOPMENT ASPECTS ARE INCLUDED IN THE 2024 RKP POLICY DIRECTIONS

















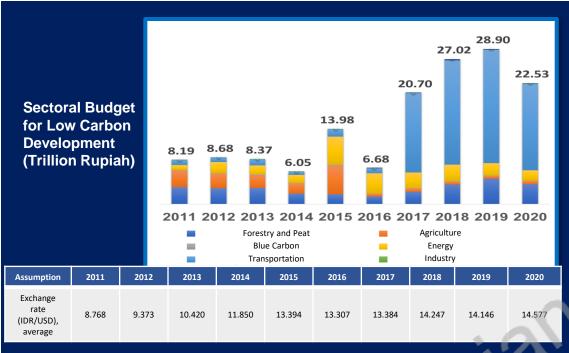


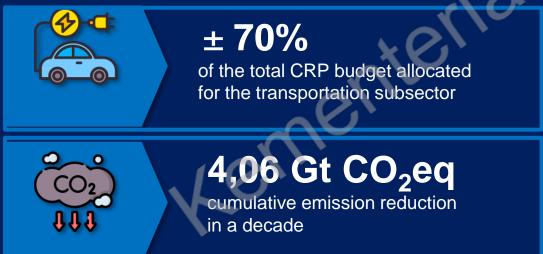




STATE BUDGET FUNDING AND CLIMATE FINANCING SCHEMES







Alternative Green Public Fund Management Scheme



Green PPP - Public Private Partnership (PPP)

A form of development cooperation between the Government and the private sector in providing infrastructure facilities or public services in order to address the issue of climate change



SDG Financing Hub

Platform managed by BAPPENAS to develop funding for SDG projects through various schemes such as PPP, blended finance, equity financing etc



Ecology-Based Budget Transfer (TANE/TAPE/TAKE)

Public fund allocation schemes from the National, Provincial, to District/Village levels that have agreed on ecological performance indicators to implement low-carbon development



HIGHLIGHT: CARBON TAX POLICY TO SUPPORTS A GREEN ECONOMY



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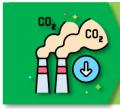
Application Purpose

1



Changing behavior to switch to low-carbon green economic activities.

2



Support GHG emission reduction targets in the medium and long term

3



Encouraging the development of carbon markets, technological innovations, and investments that are more efficient, low-carbon and environmentally friendly

Carbon Tax Roadmap

2021

2022

2025

Piloting of carbon trading (cap & trade) in the power sector by the Ministry of Energy and Mineral Resources, with an average price of Rp. 30.000/ton CO2eq

The application of a carbon tax (cap & tax) on coalfired power plants, with a tariff of Rp. 30,000/ton CO2eq, the amount of which will be evaluated periodically with world carbon prices Expansion of the carbon trading sector (cap & trade) and carbon tax (cap & tax), as well as the full implementation of carbon trading through the carbon exchange

Source: BKF, 2022



HIGHLIGHT: FISCAL INCENTIVES AND INVESTMENT FACILITIES FOR GREEN INVESTMENT





Tax Allowance

Provision of net Income Tax (PPh) reduction for 6 years by 5% per year or 30% of the investment value (PP No. 18 of 2015 j.o PP ESDM No. 16 of 2015)



Import Duty Exemption

Incentives in the form of 2 years of exemption from import duty on raw materials if the company uses local production of 30% (PMK No. 176 of 2009)



Tax Holiday

Tax relief for 5-20 years with a minimum investment value of Rp. 500 billion (PMK No. 35 of 2011 and BKPM Regulation)



Application of 0% PPnBM for EV

Applies to motorized vehicles that use battery electric vehicle (BEV) or fuel electric cell vehicle technology (PP No. 74 of 2021)



Bulk tariff incentives for Public Electric Vehicle Charging Stations (SPKLU)

In order to accelerate the construction of public electric vehicle charging (SPKLU) infrastructure, a bulk incentive of Rp. 715/kWh for SPKLU Business Entities, with a maximum sales rate of Rp. 2.467/kWh



GREEN INDUSTRY DEVELOPMENT TARGETS IN RPJMN 2020-2024





Sustainable Energy **Development**

19,5%

The share of new and renewable energy in the national energy mix

0,8 SBM/M Rp

Final energy intensity decrease

133,8 SBM/M Rp

Primary energy intensity



Sustainable Land Recovery

1,6 million ha

Area of degraded peatland restored

2,1 million ha

Nationally increased forest cover area

100%

LP2B area for agricultural land needs



Green Industry Development

10% Medium and large manufacturing companies certified by the Green Industry standard (SIH) (%)



Low Carbon Coastal and Marine

50.000 ha

Total Area of Mangrove Forest Rehabilitation (ha)



Waste Management & implementation of circular economy

69,8 million ton

Amount of Waste that is managed nationally

409.078 HH

served by Reduce, Reuse, Recycle

494.152 HH

served by Integrated Waste Disposal Site

3.885.755 KK

Served by landfill with Sanitary Landfill Standards

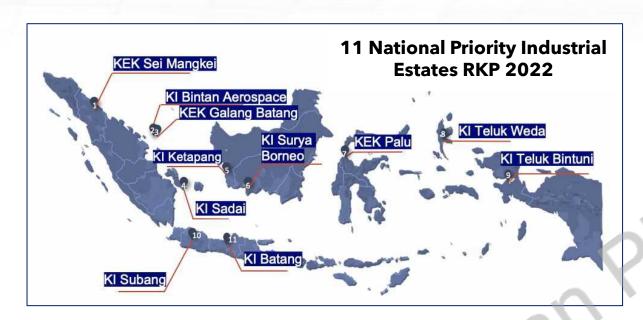
Kedeputian Bidang Ekonomi

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INDONESIA DEVELOPS GREEN INDUSTRIAL AREA FOR IMPLEMENTING GREEN AND CIRCULAR ECONOMY







The 11 National Priority Industrial Areas have the potential to implement the concept of a green industry/eco-industrial park. However, comprehensive planning is needed, also integrated from upstream to downstream, and involving all parties to implement this concept, especially industry as the main subject in this matter.

Green Industrial Area Development Policy/Eco-Industrial Park

- Promote cleaner production processes in industry so that materials can be reused.
- Guarantee the quality of production and increase the economic value of the material.
- Encouraging sustainable green products through accelerating the process of exchanging waste and resources.
- The implementation of industrial estate management that pays attention to economic, social and environmental aspects simultaneously.

Green Investment



Green Industrial
Area
Development
Policy/EcoIndustrial Park

Industrial areas supported by green investment are able to encourage the creation of a sustainable Green Industry

Green Economy dan Green Investment dapat diarahkan untuk

- 1. Development and use of environmentally friendly materials
- 2. Application of the concepts of reuse, reduction and recovery
- 3. Utilization of low carbon technology
- 4. Skilled workforce with resource efficiency knowledge
- 5. Alternative energy use



GOVERNMENT AS REGULATOR MAKES A PROGRESS IN ARRANGING STANDARD OF GREEN INDUSTRY IMPLEMENTATION





Assessment of the Green Industry Standard (SIH) by the Ministry of Industry

Based on Law No. 3/2014 concerning industry

1032

Companies have received the green industry award from 2010 - 2021

Implementation of the Green Industry in 2019 had saved :



Energy up to IDR 3.5 trillion



Water up to Idr 228.9 billion

Production Process (Weight: 70%) Waste/Emission
Management
(Weight: 20%)

Company Management (Weight: 10%)

*Source: Green Industry Award, 2019

28 types of Industry already have a Green Industry Standard that can be used as a reference

- Green Industry Standard For Instant Coffee
 Processing
- 2. Plastic and Bioplastic Shopping Bags or Bags Industry
- . Toughened Safety Glass Industry
- 4. Coated Safety Glass Industry
- 5. Organic Solvent Based Paint Industry
- Solid Nitrogen, Phosphorus and Potassium Fertilizer Industry
- 7. Corrugated Paper and Paperboard Industry
- 8. Glass Packaging Industry
- 9. Mineral Water Industry
- 10. Ceramic Home Appliance Industry
- 11. Industrial Vehicle Parts and Accessories for Four or More Wheel Motorized Vehicles
- 12. Flat Glass Industry
- 13. Biscuits and Other Pastry Products Industry
- 14. Ceramic Sanitary Equipment Industry
- 15. White Crystal Sugar Industry

- 16. Cooking Oil from Palm Oil
- 17. Cultural Paper Industry
- 18. Batik Industry
- 19. Water Based Paint Industry
- 20. Tanning Industry of Cows, Buffaloes, Sheep and Goats
- 21. Textile Dyeing, Stamping and Finishing Industry
- 22. Ceramic Tile Industry
- 23. Pulp Industry and Paper Pulp Industry Integrated
- 24. Rubber Suctioning Industry in the Form of Ribbed Smoked Sheet Rubber
- 25. Crumb Rubber Industry
- 26. Industry of Urea Fertilizer, SP-36 Fertilizer, And Ammonium Sulfate Fertilizer
- 27. Milk Powder Processing Industry
- 28. Portland Cement Industry

12 other Green Industry Standard are being developed and/or reviewed

- 1. Basic oleochemical industry sourced from vegetable oil
- 2. Manufacture of other goods of glass
- 3. Wheat flour industry
- 4. Home rubber industry (crum rubber)
- Rubber smoking industry in the form of ribbed smoked sheet rubber
- 6. Snack product industry

- 7. Manufacture of spare parts and accessories for four or more wheeled motor vehicles
- 8. Leather preservation industry from cows, buffaloes, sheep and goats
- 9. Goods refinement industry
- 10. Textile printing, dyeing and finishing (review) industry
- 11. Ceramic tile industry (review)
- 12. Portland cement industry (review)



Indonesia's Long Term Development Agenda: The Vision of Golden Indonesia 2045











RANCANGAN AWAL
RENCANA PEMBANGUNAN
JANGKA PANJANG NASIONAL
2025-2045

II INI 2023

KEMENTERIAN PERENCANAAN PEMBANGUNAN NASIONAL BADAN PERENCANAAN PEMBANGUNAN NASIONAL

2045 Vision:

A Sovereign, Advanced and Sustainable Archipelagic Nation



Negara Nusantara

Negara kepulauan yang memiliki ketangguhan politik, ekonomi, keamanan nasional, dan budaya/peradaban bahari sebagai poros maritim dunia



Berdaulat

Ketahanan, Kesatuan, Mandiri, Aman



Maju

Berdaya, Modern, Tangguh, Inovatif, Adil



Berkelanjutan

Lestari dan seimbang antara pembangunan ekonomi, sosial, dan lingkungan







8 Agenda of Indonesia's Transformation towards 2045

Transforming Indonesia

- 1. Social Transformation
- 2. Economic Transformation
- 3. Governance Transformation

Foundation of Transformation

- 4. Law, Stability and Diplomacy
- 5. Social Culture and Ecological Resilience



Implementation of Transformation

- 6. Just and Quality Regional Development
- 7. Sustainable Infrastructure Development
- 8. Sustained Development





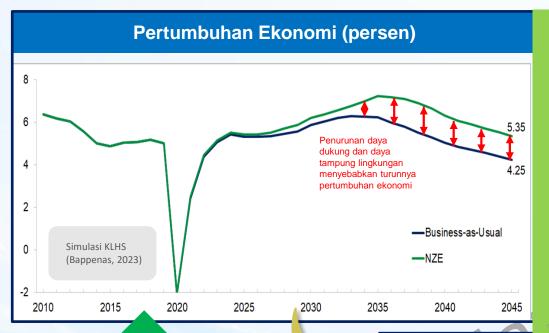
5 Targets of Golden Indonesia 2045...



Kementerian PPN/Bappenas (2023)

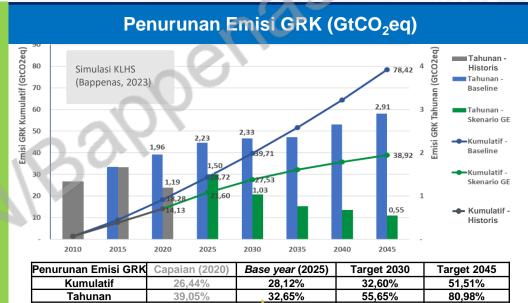
Reducing the GHG Emission Intensity towards Net Zero Emissions (NZE)





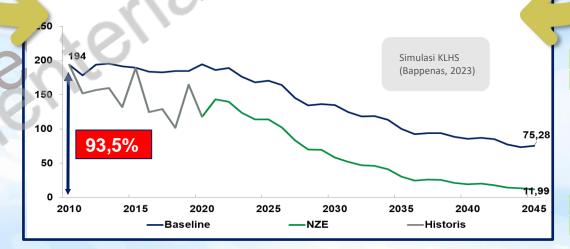


Intensitas emisi adalah banyaknya emisi GRK yang dihasilkan per satuan output aktivitas ekonomi



Penurunan Intensitas emisi

Intervensi Ekonomi Hijau dengan Pembangunan Rendah Karbon akan meningkatkan daya dukung lingkungan dan menurunkan emisi GRK seiring mendorong pertumbuhan PDB rata-rata Indonesia tahun 2025-2045 mencapai 6,22%.



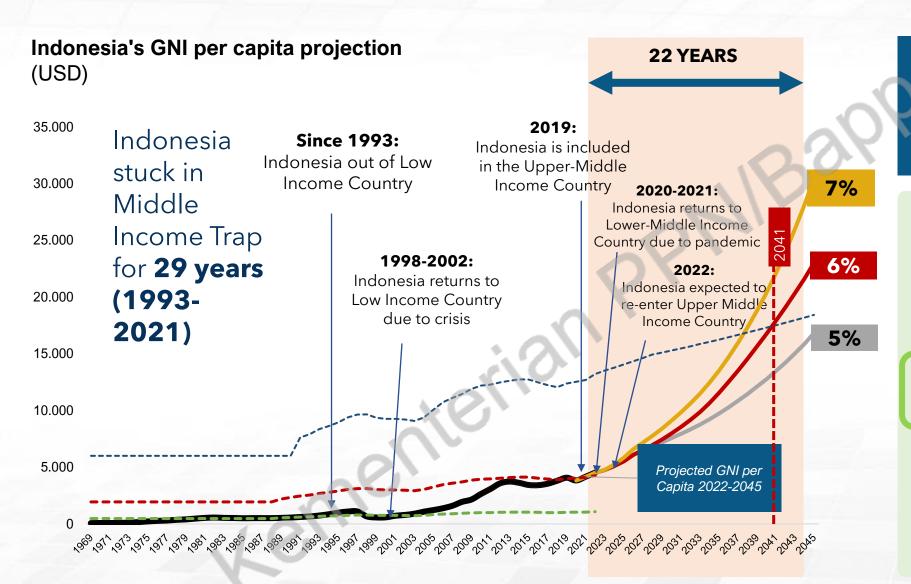
Emisi GRK diharapkan menurun sebesar 51,51% secara kumulatif tahun 2010-2045, atau secara tahunan sebesar 80,98% (di tahun 2045) di bawah skenario Business as Usual, untuk dapat menuju Net Zero Emissions di tahun 2060.

Hal ini akan berdampak pada penurunan intensitas emisi sebesar 93,5% di tahun 2045 dibawah level 2010



.... SUSTAINABLE ECONOMIC DEVELOPMENT IS ONE OF PILLARS TO ACHIEVE INDONESIA VISION 2045





Economic growth of at least 6-7
percent per year is needed to get
out of the Middle Income Trap and
become a high-income country
before 2045

Indonesian Development Pillars 2045



Human Development and acquisition of knowledge and technology



Development of Sustainable Economy



Equitable Development



Assurance for National Defense and Governance



GREEN ECONOMY AS ONE OF GAME CHANGERS FOR INDONESIA'S INCLUSIVE & SUSTAINABLE ECONOMIC TRANSFORMATION



"Build forward better with SDGs as main instruments"

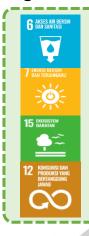
7 "game changers" towards Indonesia 2045



#1 Strategy

Competitive & Prosperous Human Resources

- Healthcare system
- Education (education system & character building)
- Social protection
- Research & innovation



#3 Strategy Green Economy

- Low carbon economy
- Energy transition
- Circular economy
- Green Transportation



#5 Strategy

Domestic Economic Integration (economic powerhouse)

- Connectivity infrastructure: superhub, marine hubs, airline hubs
- Economic zones/corridors
- Domestic value chain
- Logistics



#2 StrategyEconomic Sector Productivity

- Industrialization
- MSMEs productivity
- · Agriculture modernization
- Services sector modernization
- Blue Economy



#4 Strategy Digital Transformation

- Human resources
- Digital infrastructure
- Digital development
- Digital utilization



#6 Strategy Capital City and New Cities Development

- New sources of growth
- Dissipating regional disparities

#7 Strategy - Enabling Environment:

Macroeconomic stability, Financial system, Competitive markets, Bureaucratic Reforms



INDONESIA'S GREEN STRATEGIES





Energy Transition

- 1. Improvement of electricity investment regulations
- 2. Increase technical and financial capacity of the renewable energy power plan project
- 3. Improvement of funding schemes and sustainability of technology research and development



Clean Transportation

- 1. Provision of motorized vehicle units and infrastructure
- Increased production of biofuels through regulation improvement
- 3. Transportation system efficiency through integrated transportation mode



Sustainable Farming and Food Security

- 1. Sustainable agricultural development
- 2. Strengthening food security
- 3. Strengthening ICT System
- 4. Agriculture market development



Sustainable Forest

- Acceleration of restoration and conservation of forest resources
- 2. Strengthening monitoring system to establish sustainable forest
- Forest use to stimulate local economic development



Resource

Sustainable Water

- 1. Water pollution reduction program
- Establish integrated management system of river, lake, and groundwater
- Improvement of water access through pipes and quality of water services



Sustainable Coastal and Marine

- Sustainable and integrated coastal and marine management system
- 2. Ecotourism development
- Improvement of marine spatial planning and coastal zoning
- 4. Improvement welfare of small-scale fishermen



Circular Economy

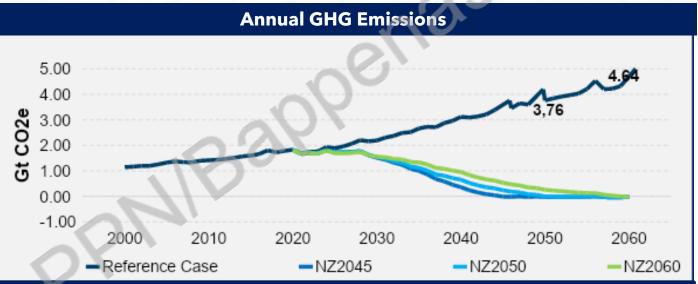
- 1. Strengthening community participation for waste sorting
- Integrated regional waste management system development
- 8. Financing with incentive schemes
- 4. Development of circular economy in industry and industrial estates



ACHIEVING NET ZERO EMISSIONS WITH LOW CARBON DEVELOPMENT



Net Zero Emission Strategy 2045 2050 Scenarios are defined based on scientific and holistic process with consideration in political, technical and institutional aspects Scenarios consist of similar low carbon development strategies, with different level of acceleration on target achievement Scenarios are aligned with the government efforts in GHG emission reduction



With Net Zero Emissions policy implementation, GHG peak emissions will happen in 2024 (1,8Gt CO_2e), then decreased gradually.

In period of 2021-2060, NZE scenario will decrease emissions 87-98 Gt CO_2e .

Low Carbon Development Policies to support NZE



- Declining energy intensity (by energy efficiency implementation) 1% - 6% per year gradually
- Close to 100% renewable energy by 2060
- Transition to electric vehicle (up to 95%)
- Land
- · Reforestation up to 250 thousand hectare per year
- · Peatland restoration and mangrove rehabilitation
- · Prevent deforestation from land conversion
- · Increase potential carbon sequestration in cities



- Resource efficiency in production and waste management through circular economy
- Decrease on liquid waste up to zero by 2060

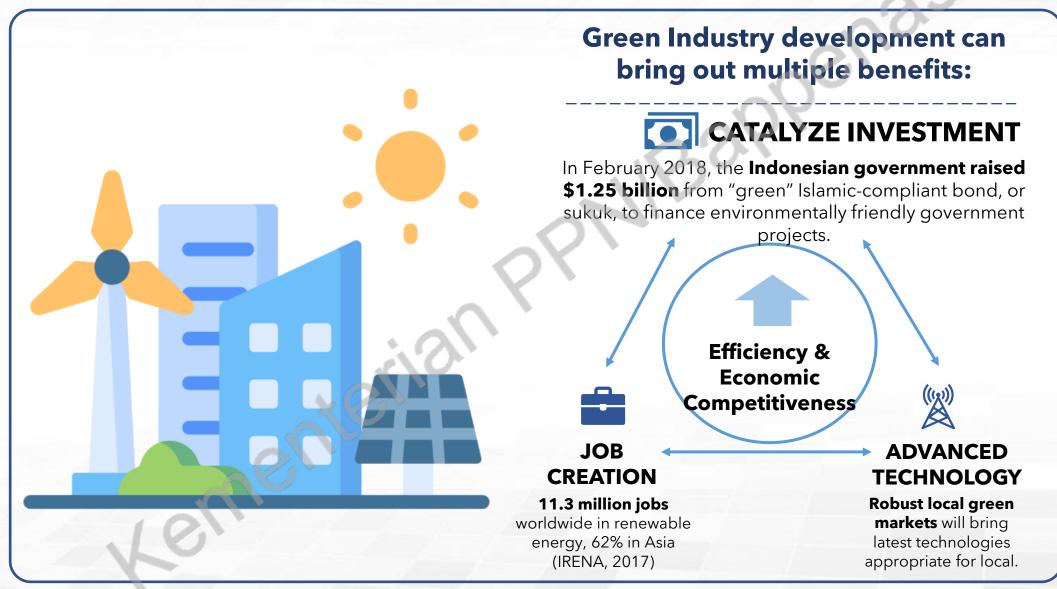


- Energy subsidy elimination by 2030
- · Implementation of carbon tax policy



GREEN INDUSTRY DEVELOPMENT WILL BE AMONG THE MOST IMPORTANT ASPECT FOR THE VISION 2045





Source: World Bank



WHAT BENEFITS WILL INDONESIA GAIN FROM GREEN INDUSTRY?





87-96 billion tonnes CO₂e GHG emissions saved over 2021-2060



Average GDP growth of 6.1-6-5% Per year until 2050



Almost 68% reduction in emission intensity by 2045



Reaching Net Zero Emissions by 2060 or sooner



25-34% higher Gross National Income (GNI) by 2045



1.8 million additional green jobs in 2030



INDONESIA'S TRANSITION TOWARDS GREEN ECONOMY REQUIRES MULTI-STAKEHOLDERS COLLABORATION AND SUPPORT





- Harmonization of regulations to support the application of green industries.
- Encouraging the implementation of green investment and green economy thereby encouraging the provision of fiscal incentives.
- Collaborating with the central and regional Ministries/Agencies to promote sustainable development.



- Applying up to green industry certification.
- Conducting R&D to improve the efficiency of production processes, raw materials, and energy.
- Prepare for the development of an integrated and collaborative Green Industrial Estate.



and Academics

- Increasing environmentally friendly technological innovations: electric vehicles, renewable energy (solar panels).
- Production process innovation for energy and resource efficiency.
- Technology and digital integration through the development of data science, machine learning, simulation, engineering systems and robotics.



Society

- Increase awareness of the importance of using environmentally friendly products and products produced from environmentally friendly processes.
- Participate in protecting the surrounding environment by supporting industry and green industrial areas.





The Future is not Projected Neither Forecasted, But We are Shaping Our Future

Lets Shape the Future of Golden Indonesia 2045

To become: A Sovereign, Advanced, and Sustainable Archipelagic Nation

http://indonesia2045.go.id







Thank You