

Press Release

GOVERNMENT OF INDONESIA COMMITTED TO MAINSTREAM LOW CARBON DEVELOPMENT AND GREEN ECONOMY

NUSA DUA – Recognizing that climate change could potentially contribute to Gross Domestic Product (GDP) loss up to 20 percent, the Government of Indonesia has been working profusely on Low Carbon Development Indonesia (LCDI) which was first initiated at the 2017 United Nations Conference on Climate Change (COP 23 UNFCCC) in Bonn, Germany, where countries are encouraged to implement more progressive policies in tackling negative impact of climate change as well as maintaining the balance of economic and social development. “It is timely for Indonesia to put in place sustainable development principles that balance the economic, social and environmental aspects. In this context, the GoI has committed to become the pioneer of sustainable development by initiating the LCDI and at the same time, preparing and implementing green financing mechanisms. Low carbon development and green economy are key to further boosting economic growth without sacrificing environmental sustainability and social inclusivity,” Minister of National Development Planning/Head of Bappenas Bambang Brodjonegoro emphasized during his opening remarks on the Conference on Low Carbon Development and Green Economy, held as a part of the 2018 International Monetary Fund-World Bank Group Annual Meetings in Nusa Dua, Bali, Indonesia, Thursday (10/11) morning.

The event, hosted by Ministry of National Development Planning/Bappenas serves as a platform for high level speakers and participants to share knowledge on the development of green economy, involving business models that incorporate inclusive development, greenhouse gasses emission (GHG) reductions, also ensure maintenance and restoration of natural capital in the form of healthy functioning ecosystems as a basis for sustained economic growth. It showcases Indonesia’s sectorial financing priorities and challenges, as well as strategies on how to effectively implement low carbon development. One of the highlighted key issues is energy and land use, which results to 80 percent of Indonesia’s GHG. Initial findings regarding LCDI, with the full LCDI report to be released in March 2019, is built upon [recently published global research](#) which revealed that bold climate action could deliver US\$ 26 trillion in economic benefits such as creating new jobs and providing better health outcomes globally, between present time and 2030 compared to business-as-usual routine (NCE Report, 2018). Initial LCDI findings indicate that Indonesia is no exception to this rule; thus making the shift to a long-term sustainable growth path which is expected to yield significant social, economic and environmental gains for the country, is now more important than ever.

As our world is now changing rapidly, we are facing a number of challenges such as extreme climate impacts and increasing earth temperature between 1,5 to 4 degree Celsius which will significantly affect food productivity activities and increase the risk of climate-related disasters. Also, high level of deforestation and land degradation, air pollution from peat fires and fossil fuels will negatively impact our productivity and our quality of life. These factors undoubtedly making the LCDI crucial for the future of the country. “To underline this commitment of implementing LCDI, the Ministry of National Development Planning/Bappenas will mainstream the LCDI report on low carbon development framework into our next five years 2020-2024 National Medium Term Development Plan. This will become the very first ever low carbon development plan in the history of Indonesia,” Minister Bambang added. The report, not only useful as a guiding background to the preparation of the development plan, but also expected to accelerate rapid economic growth, reduce poverty rate, and decrease GHG.

As of today, there are two projects that serves as LCDI’s pilot implementation. *First*, the Indonesia Climate Change Trust Fund (ICCTF) project in Central Java that combines climate action with income earnings through investment in bio-digesters which produce bio-slurry and compost, improve the quality of soil and ecosystem to restore a former mine site. At the same time, the biogas produced by the bio-digesters is used to supply energy to local households. This small initiative has generated additional income and reduced household costs for families living around the project while reducing GHG. *Second*, the signing of sustainable province commitment by the West Papua regional government on International Conference on Biodiversity, Ecotourism and Creative Economy held in Manokwari, West Papua, last weekend. The commitment is very much in the spirit of the LCDI and signifies a very auspicious start to our work. As we all know, historically, Indonesia’s forests have been contributed to the majority of carbon emissions in the economy. As one of the remaining highly forested provinces in Indonesia, West Papua still holds extraordinary amounts of carbon.

Moreover, the conference, which is a collaborative effort between Ministry of National Development Planning/Bappenas, the UK Climate Change Unit (UKCCU), the Global Green Growth Institute (GGGI), the ICCTF, the New Climate Economy (NCE), and the World Resources Institute (WRI) Indonesia, also examines various examples of green bankable projects to achieve sustainable development with promising financial returns. Currently, there are several innovative green projects in the Indonesian business pipeline waiting to be implemented. These include a geothermal energy project funded by state budget, the World Bank and also grants from other donors, as well as a prioritized peatland restoration project funded mainly by state budget and managed by the Peatland Restoration Agency. The recent green *sukuk* proceed will also finance sectors such as waste management, sustainable transport (transport network upgrade), sustainable agriculture, and others.

Frank Rijsberman, Director General of GGGI, an inter-governmental treaty organization that supports the implementation of green growth in Indonesia, explained that foreign and domestic capital is available for the development of green projects, but that private investors require a sound supportive policy framework to help de-risk their investments in innovative green projects. "There needs to be a strong collaboration of trusted global institutions and leaders from government and private sector that are committed to green growth. This can certainly bring a significant change, which is very much needed by Indonesia for a better, cleaner, and more prosperous future," he said. On the same note, Lord Nicholas Stern, LCDI Commissioner and Co-chair of the Global Commission on the Economy and Climate, added, "The world is catching on to the reality that low carbon growth is good for the environment and good for the economy. Indonesia isn't wasting any time in pursuing the economic and social gains that bold climate action can deliver. The LCDI sets a powerful, practical example to the rest of the world of how countries can improve the lives and livelihoods of their citizens today, while protecting the environment for tomorrow. In my decades long history with this special country, I've never been surer that a brighter future is on the horizon."

The conference, attended by exclusive list of prominent figures, including Boediono (Vice President during the second term of the presidency of Susilo Bambang Yudhoyono), Mari Elka Pangestu (former Minister of Trade), Ngozi Okonjo-Iweala (Co-Chair of the Global Commission on the Economy and Climate) Paul Polman (CEO of Unilever and Co-Chair of the Global Commission on the Economy and Climate), Lord Nicholas Stern (LCDI Commissioner and Co-Chair of the Global Commission on the Economy and Climate), Matthew Rycroft (Permanent Secretary of Department for International Development of the UK Government), Naoko Ishii (CEO of the Global Environment Facility), Frank Rijsberman (Director-General of GGGI), Remy Rioux (CEO of *Agence Française de Développement*), and Shinta Kamdani (President of the Indonesian Business Council for Sustainable Development), concluded with strong commitments from the Government of Indonesia and all of its development partners to achieve green economic growth and charge full steam ahead for Indonesia's low carbon future by unlocking both public and private financing for climate action and sustainable development.

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