Gaps in concepts & implementation of green growth in Indonesia

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UNEP Goodwill Ambassador
& Founder-CEO, GIST Advisory

Indonesia Pavilion at COP 21
Paris, France
03rd December 2015
Between Concept and Implementation

.... Is the Gap just Destiny?
.... Or is there a Design Problem?

Source: goo.gl/nqszie
Inclusive Green Economy: Design Principles

- Centrality of Jobs & Economy
- ‘Economy-wide’ transition planning
- Focus on & Invest in Public Wealth
  - Invest in Ecological Infrastructure
  - Build Institutions & Legislation
- Conserve Natural Resources
- Develop Human Resources
- Long-term resilience vs Short-term stability
- Prioritize Concurrent ‘Micro-Policy’ Reforms
- Disclose & Rationalize Subsidies
- Tax the ‘bads’ more and the ‘goods’ less
- ‘Polluter Pays’ Principle and the Precautionary Principle
- Innovate for Sustainability: towards a ‘Circular Economy’

Source: Uncovering Pathways Towards an Inclusive Green Economy (UNEP, 2015)
Inclusive Green Economy / Green Growth
Two Truths about Successful Transition

(1) IT CAN ONLY BE DRIVEN BY
• POLITICS: Summon Public Support, Clean up Corruption, Drive Policy Change
• PUBLIC WEALTH FOCUS: “Private Profits, Public Losses” Formula Will Not Work
• HUMAN RESOURCE FOCUS: Develop Competitive Pools of Human Capital

(2) IT CAN ONLY BE ECONOMY-WIDE & INCLUSIVE

“...... defined as one that results in improved human well-being and social equity, whilst significantly reducing environmental risks and ecological scarcities.”

“.... means fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies.”

Source: Towards a Green Economy (UNEP, 2011)  Source: OECD (goo.gl/UAhVLb)
Will East Kalimantan’s “Green Growth Strategy” Succeed?

Vision

Establishing a Prosperous and Equitable East Kalimantan, based on agroindustry and environmentally friendly energy

### Economy Transformation Stages

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2009</th>
<th>2013</th>
<th>2018</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth</td>
<td>2.28%</td>
<td>1.59%</td>
<td>5.2%</td>
<td>8-10%</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>1.22%</td>
<td>7.94%</td>
<td>-</td>
<td>4-6%</td>
</tr>
<tr>
<td>Emission (Tonne CO₂ eq)</td>
<td>-</td>
<td>1500</td>
<td>1250</td>
<td>1000</td>
</tr>
<tr>
<td>Inflation</td>
<td>4.31%</td>
<td>9.65%</td>
<td>5.5%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

**Potential changes in sectoral shares by 2030**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Without Transformation</th>
<th>With Transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial sector</td>
<td>9%</td>
<td>42%</td>
</tr>
<tr>
<td>Mining</td>
<td>51%</td>
<td>17%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Services</td>
<td>15%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Rusmadi, 2014
## Investment Areas for Economy-Wide Transition

Two out of nine broad areas typically absorb most plan investment...

<table>
<thead>
<tr>
<th>Objectives Investments</th>
<th>Economic Growth</th>
<th>Social Equity</th>
<th>Environmental Health</th>
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</thead>
<tbody>
<tr>
<td><strong>Tertiary Sectors</strong></td>
<td>- Healthcare</td>
<td>- Public Education</td>
<td>- Eco-Tourism</td>
</tr>
<tr>
<td></td>
<td>- Tourism</td>
<td>- National Health</td>
<td>- Waste Mngmt.</td>
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<td></td>
<td>- Education</td>
<td>- A.B.S.</td>
<td>- Public Transport</td>
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<td></td>
<td>- Cities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Secondary Sectors</strong></td>
<td>- Manufacturing</td>
<td>- Cottage Industry</td>
<td>- Renewable Energy</td>
</tr>
<tr>
<td></td>
<td>- Construction</td>
<td></td>
<td>- Energy Efficiency</td>
</tr>
<tr>
<td></td>
<td>- Power</td>
<td></td>
<td>- Materials Efficiency</td>
</tr>
<tr>
<td><strong>Primary Sectors</strong></td>
<td>- Plantations</td>
<td>- Small Farms</td>
<td>- Sust. Forestry</td>
</tr>
<tr>
<td></td>
<td>- Timber</td>
<td>- Artisanal Fishing</td>
<td>- REDD+</td>
</tr>
<tr>
<td></td>
<td>- Pelagic Fishing</td>
<td>- Silvopasture</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Mining</td>
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### Investment Areas for Economy-Wide Transition

**Investment in city infrastructure – hard AND soft - is crucial for fast development ...**

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- REDD+ |
How to address the gaps...

**Sustainable Palm Oil (SPO)**
- Promote SPO and create demand by way of branding and marketing.
- Higher tariffs on non-sustainably produced palm oil.
- Higher taxes to be paid by companies who produce non-SPO.
- The forgone revenues in case of SPO can be compensated by diverting subsidies from brown economy sectors or using funds such as Norway-Indonesia forest fund.

**Sustainable Cities**
- Create sustainable cities to ease population pressure of major cities
- Helps increase employment opportunities, economic activity and human resource development

**Changes in tax and subsidy structures**
- Taxing the bads, not the goods
- Differential taxes for different “Public Wealth Impacts”
- Reduction & gradual removal of subsidies for fossil fuels
- Subsidies to renewables and sustainable industries
Melaka’s neighbourhoods are being nurtured and developed with less need for automobiles. The culture and history of the city is being protected while it is being made more liveable.

Source: sustainablecitiescollective.com
With investment in public transport infrastructure, along with environmental restoration, Bogota has transformed into a sustainable world city.

The Melaka River has been transformed from a polluted drainage canal to a tourist attraction and enjoyable green space for city residents.
Balikpapan as a sustainable city?
Building creativity and lifestyle

Several multinational companies like - Baker Hughes, Chevron Texaco, Halliburton, Schlumberger, Total S.A., Thiess etc. operate from Balikpapan. Energy centre of excellence?

Developing Kariangau Industrial Estate (KIE) to be Green Industry. Subsidies redirected to develop a Zero Carbon Energy Centre?

MICE (Meetings, Incentives, Conferencing, Exhibitions) city destination in Indonesia. Conference city?

Based on Indonesia’s ‘Most Liveable City ‘ index which measures 27 indicators every 2 years, in 2013 Balikpapan was ranked as the best city to live in. Lifestyle?

A scenic coastal city with numerous beaches. Huge tourism potential

Thank You!

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