

Gaps in concepts & implementation of green growth in Indonesia

Pavan Sukhdev

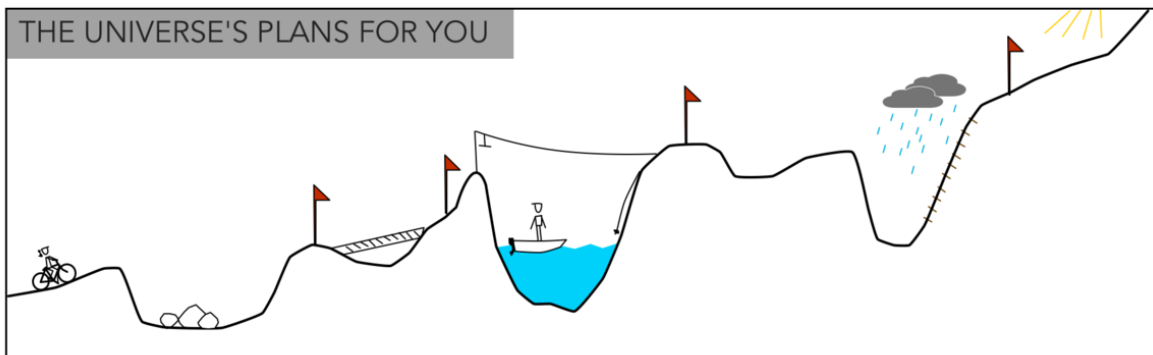
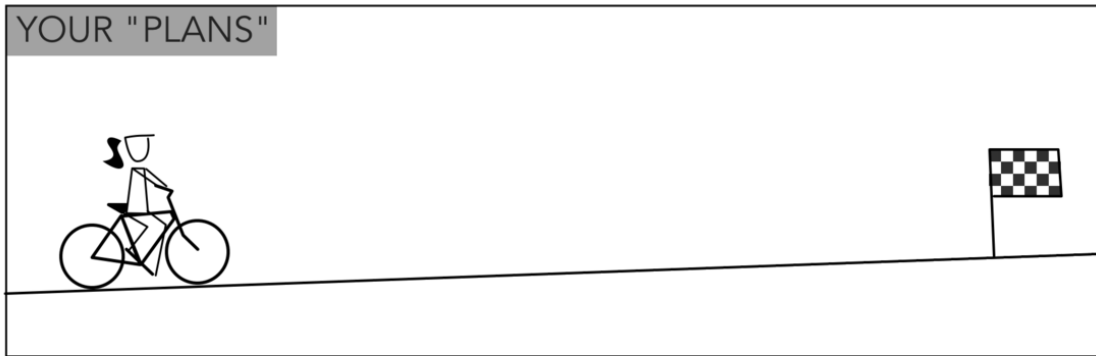
UNEP Goodwill Ambassador
& Founder-CEO, GIST Advisory

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?

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'

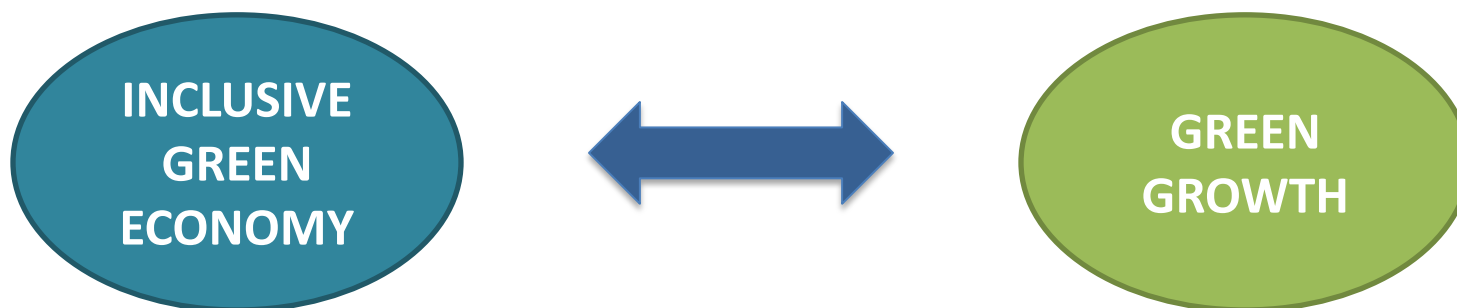
Inclusive Green Economy / Green Growth

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**.”

Source: *Towards a Green Economy* (UNEP, 2011)

“... 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: 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

Indicator	2009	2013	2018	2030
Economic growth	2.28%	1.59%	5.2%	8-10%
Unemployment rate	1.22%	7.94%	-	4-6%
Emission (Tonne CO ₂ eq)	-	1500	1250	1000
Inflation	4.31	9.65%	5.5%	5.0%

Potential changes in sectoral shares by 2030

Sector	Without Transformation	With Transformation
Industrial sector	9%	42%
Mining	51%	17%
Agriculture	4%	10%
Services	15%	20%

Investment Areas for Economy-Wide Transition

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

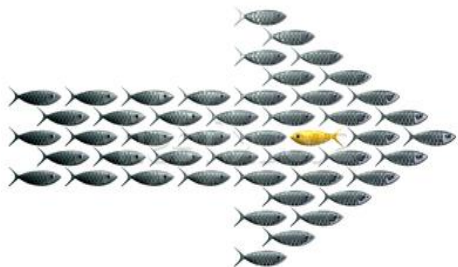
Objectives Investments	Economic Growth	Social Equity	Environmental Health
Tertiary Sectors	<ul style="list-style-type: none"> - Healthcare - Tourism - Education - Recreation - Cities 	<ul style="list-style-type: none"> - Public Education - National Health - A.B.S. - Microfinance 	<ul style="list-style-type: none"> - Eco-Tourism - Waste Mngmt. - Public Transport
Secondary Sectors	<ul style="list-style-type: none"> - Manufacturing - Construction - Power 	<ul style="list-style-type: none"> - Cottage Industry 	<ul style="list-style-type: none"> - Renewable Energy - Energy Efficiency - Materials Efficiency
Primary Sectors	<ul style="list-style-type: none"> - Plantations - Timber - Pelagic Fishing - Mining 	<ul style="list-style-type: none"> - Small Farms - Artisanal Fishing - Silvopasture 	<ul style="list-style-type: none"> - Sust. Forestry - REDD+

Investment Areas for Economy-Wide Transition

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

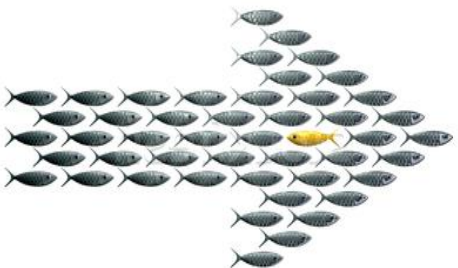
Objectives Investments	Economic Growth	Social Equity	Environmental Health
Tertiary Sectors	<ul style="list-style-type: none"> - Healthcare - Tourism - Education - Recreation - Cities 	<ul style="list-style-type: none"> - Public Education - National Health - A.B.S. - Microfinance 	<ul style="list-style-type: none"> - Eco-Tourism - Waste Mngmt. - Public Transport
Secondary Sectors	<ul style="list-style-type: none"> - Manufacturing - Construction - Power 	<ul style="list-style-type: none"> - Cottage Industry 	<ul style="list-style-type: none"> - Renewable Energy - Energy Efficiency - Materials Efficiency
Primary Sectors	<ul style="list-style-type: none"> - Plantations - Timber - Pelagic Fishing - Mining 	<ul style="list-style-type: none"> - Small Farms - Artisanal Fishing - Silvopasture 	<ul style="list-style-type: none"> - Sust. Forestry - REDD+

How to address the gaps...



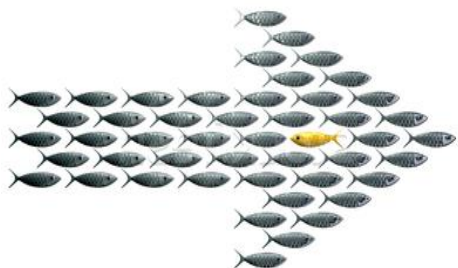
Sustainable Palm Oil (SPO)

- 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

Building Sustainable Cities

BEFORE



Source: adb.org

AFTER



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: adb.org

Building Sustainable Cities



The Melaka River has been transformed from a polluted drainage canal to a tourist attraction and enjoyable green space for city residents.



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

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!

Pavan Sukhdev

**UNEP Goodwill Ambassador
& Founder-CEO, GIST Advisory**



/PavanSukhdev

www.pavansukhdev.com

@PavanSukhdev

