

2<sup>nd</sup> Green Growth Policy Dialogue

**Role of Public Policy in Providing Sustainable Consumption Policies: Resources Saving Society and Green Growth**

Beijing, May 23-25, 2006

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**ROLE OF PUBLIC POLICY IN PROVIDING SUSTAINABLE CONSUMPTION POLICIES: Changing Consumption pattern in Indonesia**

by  
Ministry of Environment  
Republic of Indonesia

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**Introduction**

Continuing commitments to sustainable development

Indonesia's economic development is virtually dependent upon natural resources

pollution, degradation of lands, and depletion of natural resources will tend to increase along with excessive production and consumption patterns

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## MOVING TOWARD SUSTAINABLE CONSUMPTION PATTERN



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### Why change?

continued damage to the global environment is due to unsustainable patterns of production and consumption

In Indonesia:

- > Low awareness about sustainable practices in production and consumption
- > Population increase, coupled with the shift towards industrial society has led to an increase in food, clothing, housing, clean water and energy consumption



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### Imbalanced food consumption patterns

Rice/cereal	50%
Tuber	5%
Animal nutrition	15.3%
Fat & oil	10%
Peas/beans	3%
sugar	5%
vegetables	6.7%
fruits	5%



### Inefficient and imbalanced energy consumption patterns

- Energy consumption increase by 8% annually
- Fossil fuels domination by 55.5%
- High use energy per capita

### High water consumption, and pollution

the demand for clean water increase by 9.6% per year during 1996-1999, yet only 40.6% of households in Indonesia have access to clean water in 2000

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## Areas of Priorities

- Food Production and Consumption Patterns, and Nutrition Adequacy
- Energy, Production and Consumption Patterns
- Water, Production and Consumption Patterns



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## Food and Nutrition Adequacy

➤ a shift in the consumption patterns of the Indonesian population from foodstuffs to non-foodstuffs.

61% in 1987 down to 57% in 1993

- food still holds an important role
  - The use of land and natural resources should be prioritized to fulfil the need of food
- changes in non-food consumption patterns, such as housing and energy use, result in environmental changes.



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## ACTIONS



- To encourage the development of sustainable production and consumption patterns
- To prevent the contamination of the food supply
- To improve coordination and cooperation among stakeholders
- To ensure the adequate supply of food according to public demands

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### ENERGY



- ✓ improved access to energy in the last few years, the consumption of final energy continues to increase
- ✓ energy consumption is still dominated by fossil fuels, up to 55.5%, although the percentage is declining
- ✓ a need and potential for energy efficiency
- ✓ imbalance of energy consumption patterns and supply patterns.

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### ACTIONS

- ✓ To improve awareness and active roles of all working units in economical, efficient and environmentally-sound use of energy.
- ✓ To develop an energy conservation policy (presidential instruction no. 1/2006 re. green energy policy)
- ✓ To reduce pressure of capital requirements to develop facilities
- ✓ To save production cost energy conservation offers energy price saving as a component of production cost
- ✓ To promote renewable and cleaner source of energy



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### Water Resources



- ✓ Water resource management is important, in Java:
  - 60% of the total population of Indonesia
  - 70% of the existing paddy fields
  - 75% of the industry
- ✓ Increasing population and per capita income, development in industrial and agricultural sectors → an ever-increasing demand on water in the future.
- ✓ Demand for freshwater for domestic use only is projected to be about 81 billion m<sup>3</sup> in 2015 or an annual increase of 6.7% percent (2000-2005) → potential water resources per capita per year decrease

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## ACTIONS



- ❖ To encourage the development of supply and consumption patterns of water
- ❖ To guarantee sufficient, equitable & sustainable water availability for human livelihood
- ❖ The creation of an efficient, effective and fair water allocation system between sectors;
- ❖ To widely distribute information about water resources to preserve and improve the quality for the community;
- ❖ To improve the participation of the community in consuming water resources in an efficient manner

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## Initiatives and Policy development



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## Importants Initiatives

- Cleaner Production and Technology
- Labeling and Standardization
- Good Governance to allow implementation of effective sustainable development;
  - Public Disclosure and information dissemination;
  - Economic Instruments, incl. alternative financial resources and financial incentives;
  - Communities and stakeholders involvement;



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## Cleaner Production and Technology

- CP initiatives have been developed since 1994
- Indonesia Center for Cleaner Production (ICPC) has been established in May 2004

### ICPC Services

- **Knowledge Management**  
ICPC as a Reference Centre (website, library, CP handbook, database etc)
- **Training**  
ICPC as a Capacity Builder
- **Awareness Raising**  
ICPC as an Information Disseminator
- **CP Demonstration projects**  
ICPC as an initiator for innovative CP methods
- **Networking**  
ICPC as a Bridging Institute



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## Labeling and Standardization



Ramah Lingkungan

- Indonesian Ecolabel Scheme was launched in 2004
- 3 category of products (textile and its products, detergent for household appliances, uncoated paper)

- Act no. 8/1999 on Consumer Protection, followed by Government Regulation no. 69/1999 on Food Labelling and Advertisement
- Independent LEI (Indonesian Ecolabel Institution) → Sustainable Forest Certification

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## Good Environmental Governance



adipura

- **ADIPURA** (a Clean and Green Cities award programme)
- Recognition of good environmental governance efforts at local governments (district/city) level

- Presidential Decree no. 5/2004 regarding Implementation of e-procurement

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### Public Disclosure initiatives



<b>GOLD</b>	<ul style="list-style-type: none"> <li>• Pollution level 5% of the legal standards and near zero emissions level</li> </ul>	<ul style="list-style-type: none"> <li>• PROPER rating system consists of five colors designed to represent the entire spectrum of environmental performance.</li> <li>• Ratings are based on performance in all aspects of environmental management within and outside a company.</li> <li>• Unlike PROPER 1995, PROPER 2003 methodology includes water, air and hazardous waste and other factors.</li> </ul>
<b>GREEN</b>	<ul style="list-style-type: none"> <li>• Better than legal standards by 50%, uses clean technology, waste minimization, pollution prevention, and resource conservation</li> </ul>	
<b>BLUE</b>	<ul style="list-style-type: none"> <li>• Efforts meet minimum legal standards</li> </ul>	
<b>RED</b>	<ul style="list-style-type: none"> <li>• Efforts don't meet standards</li> </ul>	
<b>BLACK</b>	<ul style="list-style-type: none"> <li>• No pollution control effort,</li> <li>• Serious environmental damages</li> </ul>	

(Business Environmental Performance) RATING SYSTEM

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- MoE in collaboration with Central Bank of Indonesia, to internalize environmental measures within bank's policies
- Indonesian central bank regulation no. 2/2005 → to include environmental performance within bank credit policy
  - Create direct financial disincentive
  - After PROPER announcement in August 2005, some national private banks adjust its interest rate (up to 0.5%) for borrowers who environmentally perform under **RED** and **BLACK** categories

Response from bank communities

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### Public Disclosure initiatives



**State of Environment Report (SOER)** annually since 2002

**Mandatory Disclosure of Automotive Emission**

→ Website-based, will be launched in 2006



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## Communities Involvement



**KALPATARU**  
Award

The **Kalpataru** award program, since mid of 1980s, recognizes and values individual or communities of their environmentally friendly practices/efforts, incl. traditional/cultural knowledge

i.e.

- Balinese "SUBAK" water management
- Dayak "ZERO burn" land clearing practice
- Ambonese "SASI" fishing ground management
- Sundanese "BALONG" integrated farm practices

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## Communities Involvement

MoE and MoEd joint effort to promote environmental awareness and knowledge at early stage of formal education



**Environmental education Program**



**WARGA MADANI**  
(empowered communities)

MoE initiatives to promote communities awareness and involvement, through providing information access, env. Parliament watch, etc

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## Communities Involvement



**ADIWIYATA** Program  
(Green-School Program)

A program designed to promote environmental program at school and provide incentive for teacher

A dedicated website for youth to promote environmental awareness and knowledge for children



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## Communities Involvement

MoE - Major Groups partnerships

- With various religion organizations established close collaborations to recognize and to promote spiritual and religion values and wisdoms
- With cultural groups and artists jointly promote environmental awareness and traditional knowledge
- With various groups, incl. farmers groups, women organizations, etc

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## Economic Instruments

**User/Polluter Fee** (local government)

- Surface/ground water usage fee
- Industrial Wastewater discharge fee



**Incentives** (MoE, MoF & banks)

- Import Duty Exemption
- Income Tax Reduction
- Grant/subsidy for composting
- Soft Loan Programmes

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## Economic Instruments

- Develop methodology on Natural Resource Accounting
- Develop system and of Green Accounting (as a satellite account of national account)
- Develop guideline on Economic valuation of NRA and environmental impact

(MoE, National Statistic Bureau, National Planning Board, etc)

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## Role of Stakeholders

- MEMR- leading in policy establishment, coordinating of stakeholders, monitoring and evaluating of the implementation
- MoE - enforcement and monitoring of environmental impact for non renewable energy utilization, and resource utilization for renewable energy
- MoF and Central Bank - provide environmentally-sound bank policies and financial support
- Ministry of Education - integrate environmental aspect in school curriculum
- National Standard Agency - develop standardization for energy efficiency labelling

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- Chamber of Commerce - encourage industrial sector to be investors and manufacturers of renewable energy equipment
- Manufacturers - provide local renewable energy equipment
- Local RE producers - purchase local RE equipment
- YLKI (Indonesian Consumers Foundation) - to encourage and empower consumers in buying energy efficient products, in utilizing renewable energy and to use energy efficiently to ensure the government commitment in implementation of its policy
- NGOs- monitoring and evaluation, policy research

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## REMARKS

- Efforts to raise awareness of the general public about significance of sustainable production and consumption patterns need to be improved
- The term production and consumption patterns should be used as a holistic concept for development
- Development of legal framework and strengthen enforcement is need to be in place
- Efforts have also been taken to ensure better mechanism to integrate ideas and practices from various stakeholders in the development process.



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