HEINRICH BÖLL STIFTUNG
INTERNATIONAL POLITICS

E-PAPER

Indonesia

Indonesia's dilemma: The G20 and the United Nations' Sustainable Development Goals within a national context

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published by Heinrich Böll Foundation, May 2017

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Content

Indonesia's changing global role

The G20 has been gaining ground as a platform for dialogue among the heads of state and government since the Washington summit held in response to the global financial crisis in November 2008. Since then, Presidents of Indonesia Susilo Bambang Yudhoyono (2004–2014) and Joko Widodo (since October 2014) have attended the G20 summits regularly.

In particular, President Susilo Bambang Yudhoyono regarded the G20 as an important platform to highlight Indonesia's global-political aspirations and increase the global standing of Southeast Asia's most populous nation.[1] Yudhoyono's strategic efforts to underline Indonesia's role in the G20 as an advocate for the interests of developing nations and the global South became apparent during the first summit in 2008, when he proposed the Global Expenditure Support Fund (GESF). By funding initiatives towards labour-intensive infrastructure intended to meet the UN Millennium Development Goals, the GESF would provide economic support to developing and emerging countries recovering from the aftermath of the global financial crisis. Furthermore, Indonesia and France acting as co-chairs of the G20 Working Group 4 were tasked to suggest reforms of multilateral development banks which will allow them to respond to the financial crisis and the needs of developing countries affected by the financial meltdown with greater speed and efficiency.[2]

President Yudhoyono's measures contributed significantly to a reworking of the G20's development policy goals. In 2010, some of his core development and economic policy ideas informed the Seoul Development Consensus for Shared Growth, a G20 background document.[3] The Seoul Consensus not only restructured the IMF's voting power in favour of emerging countries, it also laid a foundation to reform the global development policy agenda. Mobilising the economic potential of developing countries by stronger involvement in global economic processes, inter alia through infrastructure expansion, vocational training and the use of local resources, is envisaged to replace traditional foreign aid. In line with the Seoul Consensus, G20 nations agreed to comply with the UN environmental and social sustainability standards implemented in the investment and infrastructure sectors. This G20 commitment is designed to protect emerging countries such as Indonesia from massive ecological damage and increasing socioeconomic conflicts as a result of economic mobilisation.

1 Acharya, Amitav, *Indonesia Matters: Asia's Emerging Democratic Power*, World Scientific, 2014, p. 101.

2 Hermawan, Yulius P. Sriyuliani, Wulani, Hardjowijono, Gertruida H., and Tanaga, Sylvie, *The Role of Indonesia in the G-20: Background, Role and Objectives of Indonesia's Membership*, p. 46. See also: http://library.fes.de/pdf-files/bueros/indonesien/08365-66-index.html, p. 46. Accessed on 22 Feb. 2017.

3 G20 Australia 2014, *Seoul G20 Leaders Declaration Annex 1 Seoul Development Consensus for Shared Growth*, http://www.g20australia.org/official_resources/seoul_g20_leaders_declaration_annex_1_seoul_development_consensus_shared_growth.html. Accessed on 25 Feb. 2017.

From the onset of his presidency, Susilo Bambang Yudhoyono has also sought a leading role in the development of the UN's Sustainable Development Goals. In July 2012, he was appointed one of three chairpersons of a 27-member panel of high-ranking officials responsible for advising the UN Secretary-General in preparation of the Agenda 2030 for Sustainable Development.[4] Thus, Indonesia was able to shape the agenda's content[5] and to gain early experience that would help implementing new development goals in the country.

Following Joko Widodo's inauguration in October 2014, doubts began to emerge about the new president's modus operandi. It was unclear whether Widodo would continue the foreign policy of his predecessor with Indonesia maintaining a committed, long-term presence in the foreign policy arena.[6] Several signs indicated otherwise: Joko Widodo's inward looking presidential campaign had been marked by strong protectionist features, claiming that foreign economic interests were undermining Indonesia's sovereignty, thereby causing damage to the country.[7] The new president, however, remained committed to the country's involvement in international fora and personally attended all G20 summits following his inauguration.[8] Indeed, he used the G20 meetings to increase efforts to finance large infrastructure projects in developing countries – a strategy however, that a number of Indonesian civil society groups view with apprehension. They consider Widodo's promotion of infrastructure projects to be rushed and demand better regulation fearing that the president's one-sided focus will have a detrimental effect on the environment and sustainable socioeconomic development.[9] With the two leaders holding differing strategic positions and levels of personal commitment with regard to the G20 and the UN the question arises whether their international engagement has had a significant and tangible impact on the country's socioeconomic and ecological development.

National climate policy

2015, the year when the UN General Assembly adopted Agenda 2030 for Sustainable Development and 195 countries agreed on the Paris Agreement on Climate Change, turned

4 United Nations Secretary-General, The Secretary-General's High-Level Panel of eminent persons on the Post-2015 Development Agenda, https://www.un.org/sg/en/management/hlppost2015.shtml. Accessed on 25 Feb. 2017.

5 G20 2016 China, *G20 Action Plan on the 2030 Agenda for Sustainable Development*, https://www.b20germany.org/fileadmin/user_upload/G20_Action_Plan_on_the_2030_Agenda_for_Sustainable_Development.pdf, p. 31. Accessed on 1 March 2017.

6 Fealy, Greg and White, Hugh, *Indonesia's ‹Great Power› Aspirations: A Critical View*, Asia & the Pacific Policy Studies, Vol. 3, Nr. 1, 2016, p. 95.

7 Ibid., p. 92.

8 Conelly, Aaron L., *Will Jokowi skip the G20 in Brisbane?*, https://www.lowyinstitute.org/the-interpreter/will-jokowi-skip-g20-brisbane. Accessed on 12 Feb. 2017.

9 Concord Review, *Indonesia And SDGs: A Tortuous Road Ahead*, http://open.concordreview.com/index.php/2016/04/25/indonesia-and-sdgs-a-tortuous-road-ahead/. Accessed on 12 Feb. 2017.

out to be a disastrous year for Indonesia in terms of climate and environment. According to the World Resources Institute, the Global Fire Emissions Database recorded a total of 127,000 fires within the first ten months of the year. In 38 days in September and October 2015, the blazes caused higher emissions than the entire US industry alone, emitting around 16 million tonnes of CO2 daily.[10] By the end of October, Indonesia's CO2 emissions had reached a total of 1.62 billion tonnes. In just over a month the country had eclipsed Russia's carbon emissions when it rose from the sixth largest to the fourth largest emitter of greenhouse gases.[11] According to estimates by the Indonesian government, fires account for 63% of Indonesia's total CO2 emissions, while other estimates are up to 80%.[12]

The environmental crisis of 2015 highlights a key issue that will continue to shape Indonesia's development in the climate sector: Indonesia's emission problem can only be solved by a fundamental reform of agriculture and land use policies.

Indonesia is home to 84% of all peat lands in Southeast Asia. At the same time, Indonesia is the world's top producer of palm oil, with a share of 52% of the global production.[13] Demand for palm oil has rapidly increased in recent years, a trend which is set to continue. If consumption of soy oil remains constant, it is estimated that palm oil production will increase from its current 74 million tonnes per year to 156 million tonnes per year by 2050.[14] This booming global demand has shaped Indonesia's agricultural and land use policies over the last few decades. Between 1961 and 2014, the area of arable land in Indonesia used to produce palm oil grew from 70,000 hectares to a total of 7.4 million hectares.[15] In order to quench the thirst for land traditionally farmed agricultural lands were transformed into monocultures. Secondary and tropical rainforests have been deforested. The continued farming of large peat lands to produce palm oil has caused irreparable damage to the environment, biodiversity, and the climate. The drainage of peat lands,

10 Harris, Nancy, Minnemeyer, Susan, Stolle, Fred, and Aris Payne, Octavia, *Indonesia's Fire Outbreaks Producing More Daily Emissions than Entire US Economy, World Resources Institute*, http://www.wri.org/blog/2015/10/indonesia%E2%80%99s-fire-outbreaks-producing-more-daily-emissions-entire-us-economy. Accessed on 13 Feb. 2017.

11 Harris, Nancy, Minnemeyer, Susan, Sizer, Nigel, Alix Mann, Sarah, and Aris Payne, Octavia, *With Latest Fires Crisis, Indonesia Surpasses Russia as World's Fourth-Largest Emitter, World Resources Institute*, http://www.wri.org/blog/2015/10/latest-fires-crisis-indonesia-surpasses-russia-world%E2%80%99s-fourth-largest-emitter. Accessed on 15 Feb. 2017.

12 Carrington, Damian, *Indonesian forest fires on track to emit more CO2 than UK, The Guardian*, https://www.theguardian.com/environment/2015/oct/07/indonesian-forest-fires-on-track-to-emit-more-co2-than-uk. Accessed 15 Feb. 2017.

13 Pidcock, Roz, *Indonesian fires now on a par with Brazil's total annual emissions*, Carbon Brief, https://www.carbonbrief.org/indonesian-fires-now-on-a-par-with-brazils-total-annual-emissions. Accessed on 14 Feb. 2017.

14 Lee, Janice, *Are We Junking The Forest For Poor Nutrition? An inquiry into the palm oil industry and junk food*, Heinrich Boell Stiftung Southeast Asia, http://th.boell.org/en/2017/02/11/are-we-junking-forest-poor-nutrition-inquiry-palm-oil-industry-and-junk-food. Accessed on 11 Feb. 2017.

15 Ibid.

which function as extremely efficient carbon sinks, is a source of heavy emissions, much stronger than those resulting from deforestation and the conversion of mineral soils.[16] Furthermore, the drainage of peat lands increases the likelihood of long-lasting wildfires which release carbon dioxide into the atmosphere and present serious health risks. Studies by Harvard University and Columbia University concluded that the massive wildfires in 2015 were responsible for the premature death of 91,600 people in Indonesia, 6,500 in Malaysia, and 2,200 in Singapore.[17]

For Indonesia, to master the current ecological and humanitarian crises an integrated approach is needed – an approach which establishes a systematic link between Goal 13 (SDG 13: Climate Action) and Goal 15 (SDG 15: Life on Land) of the 2030 Agenda. This would entail broader public debate on the destruction of peat lands. Such a dialogue also needs to address the obvious link between the large palm oil and pulp industries and the escalating loss of forests and biodiversity in order to shift focus from a primarily technocratic debate to a decidedly political debate on the fundamental causes of environmental degradation and climate change in the country. Sustainable Development Goal 16 (SDG 16: Promote Inclusive Societies for Sustainable Development) plays a crucial role here. If changes are to happen in the country, the Indonesian government must take the initiative to lay out the relevant socioeconomic decision-making processes as stipulated in SDG 16.7. Such measures, to have a signalling effect, would have to be inclusive, participatory, representative, and focus on relevant needs. Scientific studies indicate that land use changes in tropical regions such as Indonesia are responsible for 10-20% of the Earth's entire global greenhouse gas emissions and are the second largest sector of harmful emissions.[18] Civil society support for climate and environment issues must therefore be promoted and protected by state institutions, as well as the people who openly promote these causes.[19] Sustainable Development Goal 16.b calls on states to promote and enforce non-discriminatory legislation and policies in favour of sustainable development. Regarding the Indonesian environmental and climate crises, mandatory legislative procedures are required to halt the uncontrolled clearing of tropical rainforests and the destruction of peat lands. They are nowhere to be seen though – quite on the contrary: scientific studies suggest that around a third of all new oil palm plantations in Indonesia and Malaysia will be established on peat lands.[20] Moreover, the loss of forests in Indonesia due to deforestation and large-scale burning remains extremely high by international comparison. Between 1990

16 Petrenko, Chelsea, Paltseva, Julia and Searie, Stephanie, *Ecological Impacts of Palm Oil Expansion in Indonesia*, White Paper, The International Council on Clean Transportation, July 2016, p. 9.

17 Agence France-Presse, *Haze from Indonesian fires may have killed more than 100,000 people-study*, https://www.theguardian.com/world/2016/sep/19/haze-indonesia-forest-fires-killed-100000-people-harvard-study. Accessed on 13 Feb. 2017.

18 Petrenko, Chelsea, Paltseva, Julia and Searie, Stephanie, op. cit., Executive Summary.

19 Indonesia Expat, *2015 Deadliest Year For Environmental Activists*: http://indonesiaexpat.biz/news/2015-deadliest-year-for-environmental-activists/. Accessed on 17 Feb. 2017.

20 Petrenko, Chelsea, Paltseva, Julia and Searie, Stephanie, op. cit., p. 9.

and 2015, the country lost about 23% of its forests, surpassing the runner-up Brazil by more than double the percentage.[21]

In 2009, President Susilo Bambang Yudhoyono announced Indonesia's emission reduction targets at the G20 Pittsburgh summit in front of all other developing and emerging countries. These goals served as the basis for Indonesia's Intended Nationally Determined Contributions (INDCs), which the country adopted under the Paris climate deal. Indonesia pledged to cut carbon emissions by 29% by 2030. In addition to the unconditional pledge of a 29% reduction, Indonesia offered an even more ambitious reduction target of 41% by 2030, if international support were forthcoming. Shortly before the Paris negotiations, Indonesia estimated that the financial and technological assistance needed to reach the 41% reduction target would be around six billion US dollars.

However, a number of organizations, such as Climate Action Tracker and the World Resources Institute, doubt that the climate change policy statements, action plans, and newly created state institutions, e.g. the Peatland Restoration Agency (BRG), will trigger real change in land use and forest protection practices on the ground – issues which are crucial to stem the climate crisis in Indonesia. The World Resources Institute points at unresolved inconsistencies between the development plans and the climate targets of individual provinces: It is unclear how the envisaged expansion of large-scale plantations and extractive industries can be reconciled with forest protection and sustainable land use.[22] The institute also criticises the vague definitions of the «business as usual» criteria found in Indonesia's Intended Nationally Determined Contributions (INDCs) to the Paris Climate Agreement, making it almost impossible to verify the implementation of their commitments. According to the World Resources Institute, only three other countries, Benin, Gabon, and Trinidad and Tobago, have similarly vague definitions.[23] However, these countries are far less relevant on the global climate scale. Greenpeace Indonesia considers President Widodo's moratoria, issued in order to protect forests and peat bogs, to be largely ineffective. These measures, according to Greenpeace Indonesia, lack the legal foundation to be properly implemented and moreover contain a number of critical gaps and loopholes as dictated by industry lobbyists. Even if measures were executed consistently, the expected results would lag far behind the declared goals of the President and the Paris Climate

21 Beeler, Carolyn and Kuek Ser, Kuang Keng, *Indonesia's rapidly disappearing forests, in four charts*, Public Radio International (PRI), https://www.pri.org/stories/2016-12-30/indonesia-s-rapidly-disappearing-forests-four-charts. Accessed on 18 Feb. 2017.

22 Jong, Hans Nicholas, *Indonesia still far from greenhouse gas reduction target*, The Jakarta Post, http://www.thejakartapost.com/news/2016/06/07/indonesia-still-far-from-greenhouse-gas-reduction-target.html. Accessed on 19 Feb. 2017.

23 Goldenberg, Susanne, *Indonesia to cut carbon emissions by 29% by 2030*, The Guardian, https://www.theguardian.com/environment/2015/sep/21/indonesia-promises-to-cut-carbon-emissions-by-29-by-2030. Accessed on 19 Feb. 2017.

Agreement.[24] According to a Climate Action Tracker study, Indonesia will be the only country, among those most responsible for global deforestation rates, to increase its emissions by 2030 due to forest clearing.

National Energy Policy

Joko Widodo stressed the importance of the energy sector reform as part of the 2015–2019 Action Plan for National Development. The first hurdle was to supply electricity to the remaining 15% of the population not yet connected to the national grid. Most live in remote locations throughout the archipelago, making it difficult for the state electric utility PLN to integrate them in its power supply system. To that end, the government adopted a national program for rural electrification, using decentralised energy production from locally available renewable resources. This program is in line with Sustainable Development Goal 7 of the Agenda 2030 (SDG 7: Promoting Renewable Energy), which aims to provide affordable access to reliable, sustainable, and modern energy for all citizens by 2030. Drastic cuts in public budgets however jeopardize the project already in its early stages.[25] In its Intended Nationally Determined Contributions (INDCs) to the Paris Climate Agreement, Indonesia set rather ambitious goals for itself, pledging to increase the use of renewable energy in the country from currently 5%–6% to 23% by 2025.[26]

In addition to measures to supply rural areas with electricity, the President adopted a far-reaching plan to ensure Indonesia's energy sovereignty in the long run. It provides for an additional 35,000 megawatts needed for national energy consumption by 2019. However, for the government to reach this goal it would need to raise a total of 73 billion US dollars, not including the costs of project financing and land acquisition.[27] In order to partially fund the project, President Joko Widodo began to remove state fuel subsidies,[28] which until the mid-2000s had accounted for almost 21% of all public expenditures.[29]

24 Indradi, Yuyun, *Indonesia's plans to protect its peatland forests are fatally flawed*, Ecologist, http://www.theecologist.org/blogs_and_comments/commentators/2988501/indonesias_plans_to_protect_its_peatland_forests_are_fatally_flawed.html. Accessed on 15 Feb. 2017.

25 Jay, Alice, Government Contradicts Commitment To Renewable Energy, Indonesia Expat, http://indonesiaexpat.biz/other/indonesia-renewable-energy-2016/. Accessed on 16 Feb. 2017.

26 Oxford Business Group, http://www.oxfordbusinessgroup.com/news/indonesia-launches-renewable-energy-drive. Accessed on 18 Feb. 2017.

27 PricewaterhouseCoopers (PwC), Indonesian Infrastructure: Stable foundations for growth, PwC Indonesian Infrastructure, 2016, p. 16.

28 Wulandari, Fitri, Listiyorini, Eko and Chen, Sharon, *Widodo Makes Biggest Change to Indonesia Fuel Subsidies: Economy*, Bloomberg, https://www.bloomberg.com/news/articles/2014-12-31/widodo-makes-biggest-change-to-indonesias-fuel-subsidy-system. Accessed on 16 Feb. 2017.

29 Ardiansyah, Fitrian, Gunningham, Neil, and Drahos, Peter, *An environmental perspective on energy development in Indonesia*, in M. Cabellero-Anthony et al., Energy and Non-Traditional Security (NTS) in Asia, Springer Briefs in Environment Security, Development and Peace 1, 2012, p. 91.

These resources, however, are not currently being used to promote renewable energy, but to develop coal power. Over the past few year, declining oil prices forced the Indonesian government to abandon several production and exploration measures, although it would have liked to continue investing in the oil industry.[30] This shifted the focus even more on coal power, which according to the latest forecasts, will account for 50% of Indonesia's total energy use by the year 2025. In order to realize the 35,000 megawatts project, Indonesia is planning to build an additional 117 coal-fired power plants.[31]

While the national utility company PLN anticipates an increase of 19% in renewable energy by 2025[32] few analysts believe that in light of the massive coal boom significant public funds will be earmarked to promote renewable energy. The structural preconditions to move Indonesia to a coal-based system are almost «ideal»: national coal reserves total some 105 billion tonnes, 40% of which are accessible through current mining methods.[33] Moreover much of the coal is located in coastal regions, allowing cost-effective and direct transport by sea. This is a huge competitive advantage since 80% of Indonesia's subsidised coal is exported.[34] In 2015, Indonesia generated 16.4 billion US dollars from coal exports, surpassed only by Australia, which recorded 28.4 billion US dollars during the same year. Though Indonesia lost its status as the fifth-largest coal mining country to India in 2015, it continues to be an important global player in the coal industry with an annual production of 392 million tonnes.[35]

The exponential growth of national coal consumption is a crucial indicator when assessing whether Indonesia's national climate goals can be reached. In 2015, the year of the Agenda 2030 and the Paris Climate Agreement, national consumption of coal increased by 15%.[36] Between 2010 and 2015, coal consumption in Indonesia doubled. During this period, coal became the country's leading energy source; accounting for 41.1%.[37] The likely effects on the climate are cause for concern. The planned expansion of coal-fired power plants could lead to a tripling of fossil fuel-related emissions by 2030. The National Council on Climate Change (NCCC), established in 2008 by President Susilo Bambang

30 PricewaterhouseCoopers (PwC), op. cit., p. 15.

31 Kaye, Melati, *Pledging to reduce emissions while expanding its power grid, Indonesia walks a fine line*, Mongabay Series, https://news.mongabay.com/2016/10/pledging-to-reduce-emissions-while-expanding-its-power-grid-indonesia-walks-a-fine-line. Accessed 17 Feb. 2017.

32 PricewaterhouseCoopers (PwC), op. cit., p. 16.

33 Tharakan, Pradeep, *Summary of Indonesia's Energy Sector Assessment*, ADB Papers on Indonesia, Nr. 9. December 2015, p. 25.

34 Ibid., p. 26.

35 BP Statistical Review 2016, *Indonesia's energy market in 2015*, http://webcache.googleusercontent.com/search?q=cache:HYSsXVkp5zAJ:www.bp.com/content/dam/bp/pdf/energy-economics/statistical-review-2016/bp-statistical-review-of-world-energy-2016-indonesia-insights.pdf+&cd=1&hl=en&ct=clnk&gl=th. Accessed on 2 Mar. 2017.

36 Ibid.

37 Ibid.

Yudhoyono, is now predicting energy-related emissions to grow sevenfold by 2030. The NCCC also anticipates that energy-related emissions will ultimately surpass emissions from peat bog conversion and changes in land use by the same year.[38] These scenarios offer little hope that Indonesia will be able to meet its Intended Nationally Determined Contributions (INDCs) in the energy sector.

Conclusion

In his article on Indonesia's ability to play a leading role in the fight against climate change, Frank Jotzo Director of the Centre for Climate Economics and Policy at Australian National University (ANU), underlines the global significance of the country.[39] He illustrates Indonesia's pivotal role in the climate sector with a number of demographic, economic, and developmental factors. Despite the negative indicators, he sees opportunities for Indonesia to reduce emissions from land use and forestry in the short-term, as well as the energy sector in the long run. To this end, political leadership is needed – leadership that is able to promote consistency between the declared commitment shown in international fora and genuine implementation efforts. «International leadership starts with action at home, however,» says Frank Jotzo who is well aware that the relevant decisions to reach this consistency will have to be made within a complex socio-political environment against the stiff opposition of deeply engrained vested interests.

Jotzo's analysis of domestic dynamics is enhanced by a brief look at the role of the international community: Indonesia's massive climate and environmental policy problems are at least partly caused by the consumption patterns of rich industrial nations. The drainage of the peat lands and the clearing of forests are driven ultimately by the growing global demand for palm oil. Palm oil is increasingly used in the production of junk food which, as studies confirm, led to a significant expansion of cultivation areas between 2001 and 2014 – a trend that will continue unabatedly in the coming years.[40] The G20 and the United Nations mechanisms overseeing Agenda 2030 are indeed suitable platforms for a political debate on the impact of these consumption patterns and on an equitable burden sharing.

38 Ardiansyah, Fitrian, Gunningham, Neil, and Drahos, Peter, op. cit., p. 98.

39 Jotzo, Frank, *Can Indonesia Lead On Climate Change?*, in Anthony Reid (ed.), *Indonesia Rising: The Repositioning of Asia's Third Giant, ISEAS Publishing*, 2012, p. 113.

40 Lee, Janice, op. cit.

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Imprint

Published by: Heinrich-Böll-Stiftung e.V., Schumannstraße 8, 10117 Berlin
Contact: Manfred Hornung, **E** Manfred.Hornung@th.boell.org

Place of publication: www.boell.de
Release date: May 2017

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