

Market for Ecosystem Goods & Bads

REDD+ and Wildlife Insurance:
A Case of Indonesia

REDD+

- Indonesia has received USD5.6million out of the USD1billion promised from Norway + (plus) USD4billion from the UK, US, Germany, France, Norway, and Japan in a carbon trading deal;
- Still deciding the best organisation structure:
 - a ministerial or 1st echelon level?
 - Number of staff 80 or 30 people?
- Other Government Forest-Protection Initiatives, including PNPM Mandiri to empower forest poor community: non timber products (rubber, handicrafts, etc.)

Wildlife Fund

- NGO : Pro Fauna, etc.;
- UN : WWF
- Conservation & Ecotourism (normally multi funding):
 - Lampung Elephant Sanctuary;
 - Central Kalimantan Orangutan Sanctuary;
 - West Java (Ujungkulon) Rhino Sanctuary;
 - East Nusa Tenggara Komodo Dragon Sanctuary, etc.

Mining Royalty

- Contract of Work is now using the 9th Generation which already include Community Development Program in Corporate Social Responsibility which is tax deductible;
- If royalty is considered an environmental fund to repair the damage caused by mining activities, the market is Europe (London), American (NY), whichever is higher, so that it is similar to the idea of auction metal price mentioned yesterday.

Ministry of Finance Initiatives

- Funding : through PIP (Govt Investment Agency) upto USD1.5billion p.a.=> low interest 1-2% compared to bank rate of 12% p.a.
- Incentives, tax holiday, import duty, export tax, VAT exemption, etc.:
 - For Household & Industry: Low Carbon Emission Car:
 - Low Cost Green Car
 - Hybrid Car
 - Electric Car
 - For Industry: Environmental Friendly Label (by MoEnv) : green, blue, gold

Incentives

- Energy Efficiency:
 - For Household & Industry: Cooler/Freezer:
 - Freon (CFC) replacement with Ozone friendly R104
 - Inverter technology
 - Waterheater:
 - For Household: A/C water heater (thermal convection), Solar WH, etc.
 - For Industry: Micro-turbine Power Generator,
 - Office lighting, etc.

Incentives

- Renewable Energy
 - Geothermal Power Plant (including funding)
 - Biomass projects
 - Waste to Energy projects
- Carbon Trading
 - Mangrove Growing Company (including funding)
- Others

Why Incentives? What's the logic?

- Make environmental friendly products more competitive against conventional ones
- Indonesian President speech in Rio: a commitment to spend 26% of National Budget (which is almost USD135billion), or 41% with donors' assistance for CC and GE purposes.
- Reduce fuel subsidy which is now approx. @50% (while also limiting consumption by for example forcing PLN not to use fuel power plants);
- Other priorities:
 - Subsidized rice : Raskin & OPK;
 - Solid Health Insurance : Jamkesmas
 - Scholarship for Poor Students : BKM/BSM
 - School Operational Assistance : BOS
 - Unconditional Cash Transfer: BLT benefit
 - Community Conditional Cash Transfer : PNPM Mandiri
 - Micro Finance : KUR Mandiri etc

Terima kasih