



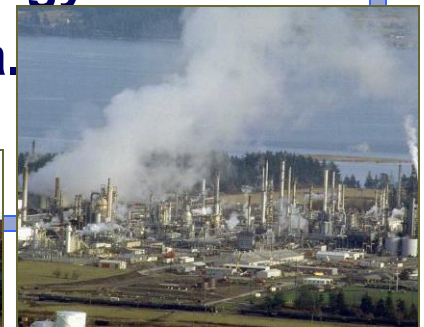
# **INCENTIVE FOR ENVIRONMENT MANAGEMENT : Incentive for research**

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# OUT LINE

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1. Portrait of Environmental Quality
2. Environmental Management Policy:  
Direction of instrument of environment  
economic
3. Scheme of economic incentive;
4. Asia Pacific Network for Global Change  
Research



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# PORTRAIT OF ENVIRONMENT QUALITY IN INDONESIA

**Economic Development in the last three decades course severe degradation of Environment.**



**Exploitation of natural resource, such as forest, giving negative impact to biodiversity.**



**Other Environmental problems → air pollution , water and soil by industrial waste and domestic.**



# PROBLEMS

- Environment Investment pretend as a Cost Center
- There is no incentive for environment management activities.
- There is limited access for information related to research, opportunity and benefit of investment in environment.
- There is limited financial aid from donors agencies.
- The Government is limited to view of :
  - Structure and condition of market;
  - Opportunity for private investment;
  - Structure market for environment investment;
  - Capacity for endorsement of environment investment and information provider.
  - The availability of financial incentive and easier to get licensy



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# INDONESIA'S POLICY IN THE ENVIRONMENT MANAGEMENT



**Command and control approach**  
**INSTRUMENTS** prohibitions/mandates  
subsidies/governmental  
expenditure

**ADVANTAGES**

compulsory for all  
desired standard is  
established

**DISADVANTAGES**

not cost efficient  
no incentives to improve  
technology  
bureaucratic

**PARTNERSHIP APPROACH**

**INSTRUMENT** voluntary agreements/co-operation  
(with trade organizations/government  
bodies)  
public education and information campaigns  
stringent environmental liability

Traditional  
(still predominant)

**inadequate control  
mechanisms (inspection and  
enforcement agencies)**

Current ( additional )

**ADVANTAGES**

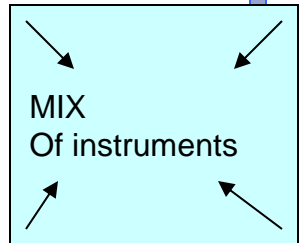
more cost efficient  
use of market instruments  
within a given framework  
Incentive for innovation  
penalizes polluter

**DISADVANTAGES**

reticence in trading  
permits (unsure future  
needs)

**MARKET-BASED APPROACH**

**INSTRUMENT** Operating on prices :  
eco-taxes  
charges  
Operating on quantities :  
tradeable quota/permits



**FIGURE 1 Approaches to environmental regulation**



# POLICY AND PROGRAMME

## Economic Instrument

1. Internalization of environmental cost into cost of project. (*internalize externalities*);
2. To develop of regulation as basic legal for funding of environment.
3. Implementation of “*Polluter pays principle*” for financial of recovery from pollution and degradation of environment.
4. Developing scheme of imposing environmental cost ( e.g. Retribution, tax, guarantee for environment );



# **POLICY AND PROGRAMME**

## **Instrument ... Con't**

- 5. To develop alternative scheme for funding (Debt for nature swept, );**
- 6. Optimization of resource alternative funding from state or foreign countries.**
- 7. To develop facility of incentive for environmental activities. ( duty free, custom free for importing of machineries and equipment).**
- 8. To develop scheme of partnership with stakeholders for environmental funding.**

# ECONOMIC INSTRUMENT



## GOAL

Decreasing level of pollution by giving incentive (disincentive) economic for polluters

- **Incentive** for choosing alternative investment in prevention and pollution control;
- Integration of economic aspect and environment : economic valuation ; GDP/Green GDP;
- Internalization of environmental cost;
- Implementation of polluters pay principles (PPP)
- Increasing income for environment's activities ;
- Effort to decreasing and pollution prevention;
- To encourage innovation and competition;

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# POLICY FOR ENVIRONMENTAL FUNDING

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- Program for environmental funding is one of approach for environment conservation based on market (*Market Based Instrument*);
- **Goals:**
  - To provide an alternative fund for management of natural resources and environment;
  - To provide incentive for stakeholders with good manner in management of natural resources and environment;
  - To increase effectiveness funding for management of natural resources and environment.



# SCHEME OF ECONOMIC INSTRUMENT HAS ALREADY DEVELOPMENT

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## Fiscal instrument

- Tax and retribution

## Financial Instrument

- Custom free for importing equipments and machineries;
- Soft loan for environmental investment;
- Other funding for companies in environmental management;

## Market Instrument

- *Tradeable permit, performance bonds, Deposit refund system*



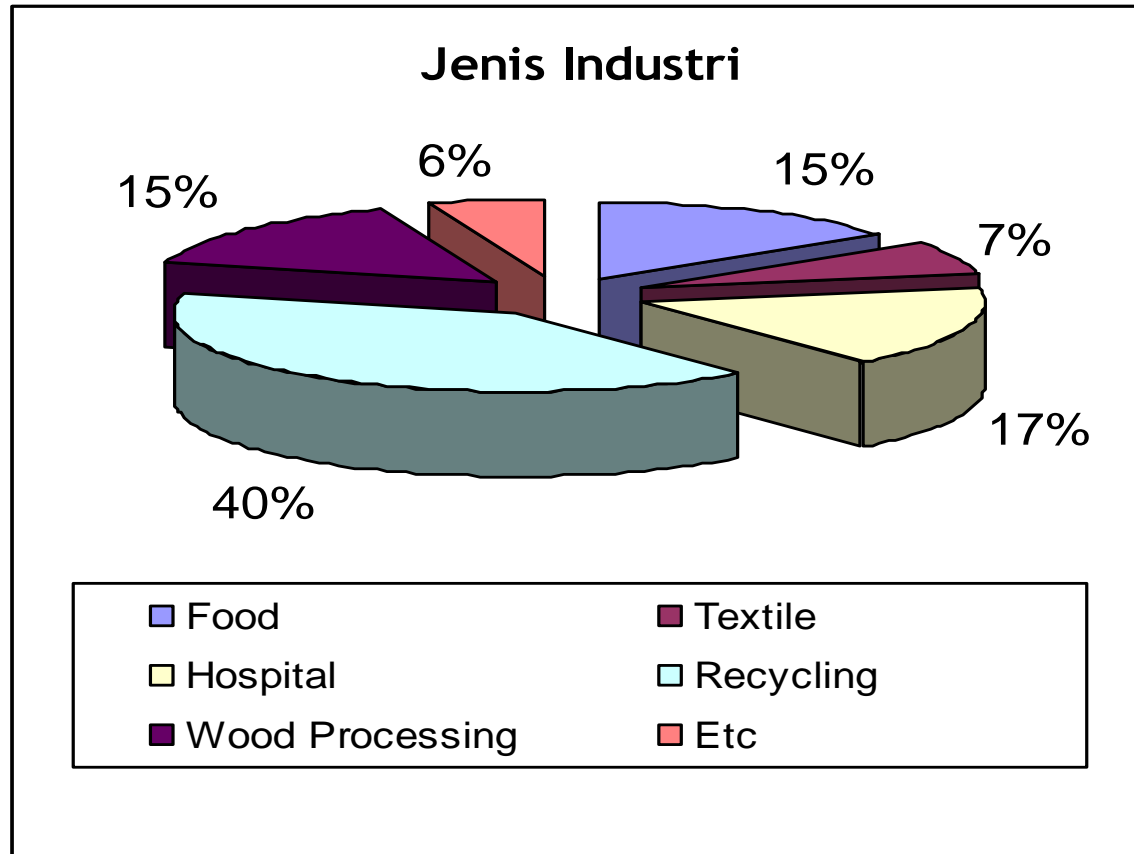
# EXAMPLES OF FUNDING/FISCAL

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1. **Soft loan for protection of environment;**
2. **Program for Ozone layer protection (ODS phase out);**
3. **Import duty free;**
4. **Clean Development Mechanism (CDM);**
5. **Debt for Nature Swap;**
6. **Global Environmental Facilities (GEF);**
7. **Composting subsidize;**
8. **Special funding allocation for environment;**
9. **etc**

# SOFT LOAN PROGRAM

Soft loan based  
on kind of  
industries.

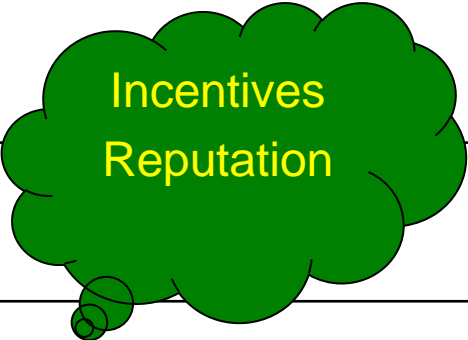



# EFFORT AT PROMOTING COMPLIANCE

## PROPER

PERFORMANCE LEVEL	PROPER Ratings
<b>GOLD</b>	Clean technology, waste minimization, pollution prevention
<b>GREEN</b>	Above standards & good maintenance, housekeeping
<b>BLUE</b>	Efforts meet minimum standards
<b>RED</b>	Effort don't meet standards
<b>BLACK</b>	<ul style="list-style-type: none"><li>•No pollution control effort,</li><li>•Serious environmental damage</li></ul>

# Color Based Rating Compliance Performance

No	Rating	Description	Policy Impact
1	Gold	Beyond compliance companies which are able to achieve zero emissions	 <p>Incentives Reputation</p>
2	Green	Beyond compliance companies	
3	Blue	Companies which have achieved compliance level or requirements	
4	Red	Companies that have managed their environment impact but less that requirement	 <p>Disincentives Reputation</p>
5	Black	Companies which have not managed their environmental impact at significant level	





**WHAT IS THE APN ?**

**AND WHY IS IT NEEDED?**

# WHAT IS THE APN ?

## ASIA PACIFIC NETWORK FOR GLOBAL CHANGE RESEARCH (APN)

APN was established in 1996 as a network of governments in Asia-Pacific to foster global change research in the region, increase developing country involvement in that research, and strengthen interactions between the science community and policy-makers.

The APN currently has 22 member countries: Australia, Bangladesh, Bhutan, Cambodia, China, Fiji, India, Indonesia, Japan, Lao PDR, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Philippines, Republic of Korea, Russian, Sri Lanka, Thailand, United States of America and Vietnam.

## THE APN'S GOALS ARE :



- **Supporting regional cooperation in global change research on issues particularly relevant to the region?**

- **Strengthening appropriate interactions among scientists and policy-makers, and providing scientific input to policy decision making and scientific knowledge to the public.**

- **Improving the scientific and technical capabilities of nations in the region.**

- Cooperating with other global change networks and organizations.
- Facilitating the development of research infrastructure and the transfer of know-how & technology.



# APN SCIENCE AGENDA:

APN Science Agenda

Climate Change and Climate Variability

Ecosystem, Biodiversity, and Land Use

Changes in the Atmospheric Terrestrial and Marine  
Domains

Resources Utilization and Pathways for Sustainable  
Development

The ARCP Programme :

The Capable Programme :

Climate Adaptation Programme :

Low Carbon Initiative :

Key Programmes



# The ARCP PROGRAMME

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As part of activities the APN issues an Annual Regional for Proposals (ARCP) Particular areas of interest are :

- Synthesis and analysis of existing research
- New research which addresses knowledge gaps in key areas
- Research planning/scoping activities
- The development of policy products such as integrated assessments impact assessments, climate model, etc



# Low Carbon Initiatives (LCI)

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- LCI is one of APN 's framework launched in 2012 and supported by earmarked contribution by the Ministry of Environment of Japan.



# CLIMATE ADAPTATION FRAMEWORK (CAF)

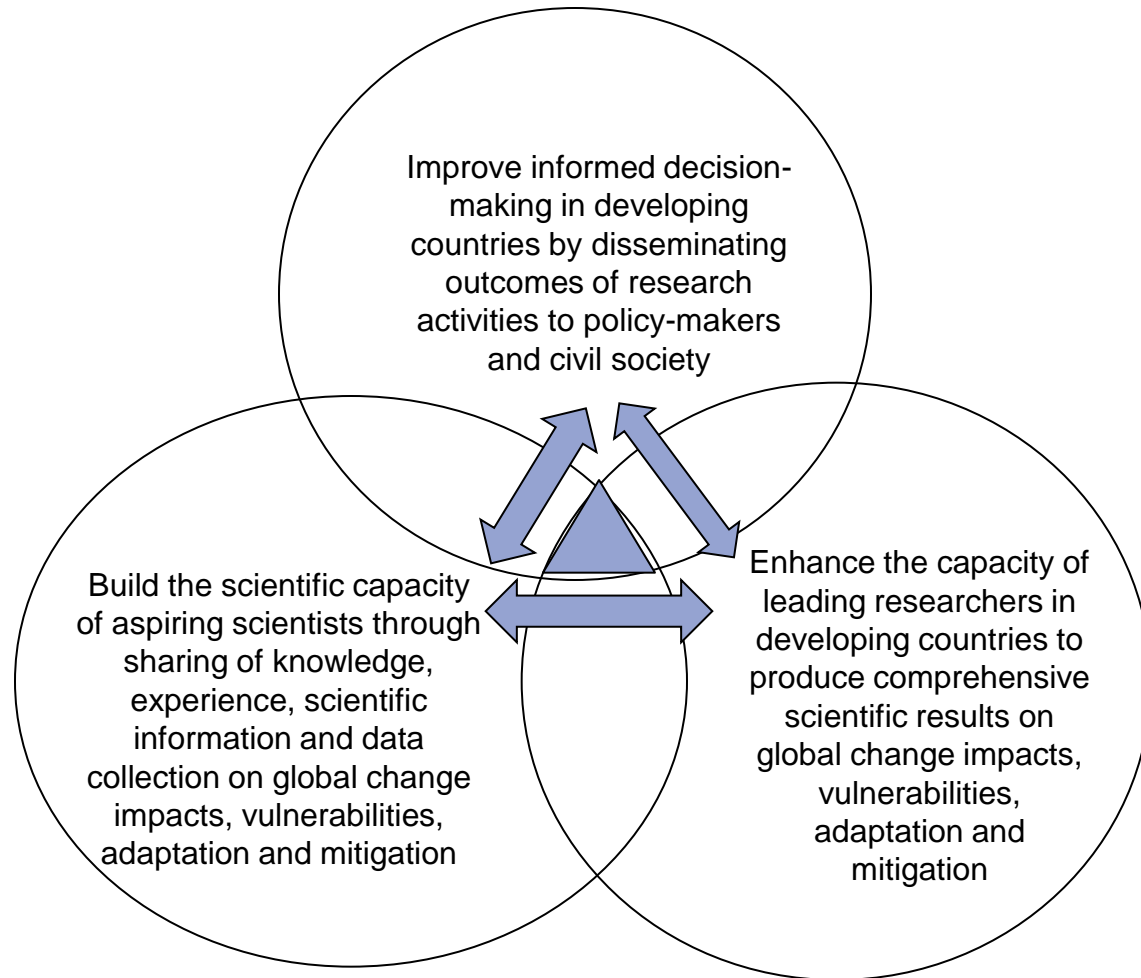
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- The CAF is a new framework, launch in 2013, to supported activities related to climate change adaptation, disaster risk reduction and loss & damage.



# The CAPaBLE Programme

CAPaBLE has three main objectives :





## Example of the Projects



**CAPaBLE :**

Project Title : Cities At Risk : Developing Adaptive Capacity for Climate change in Asia's Coastal Mega Cities

Project Leaders : Prof. Roland Fuchs/Dr. Nancy Lewis  
East West Centre, Hawaii, USA

APN Funding : US\$56,500 (for 1 year)

**ARCP :**

Project Title :Regional Collaborative Research on Climate Change Impacts on Surface Water Quality in Eastern Monsoon Asia : Towards Sound Management of Climate Change Risks.

Project Leader ; Dr. Ji-Hyung Park (Kangwong National University., Chuncheon, Republic of Korea

APN Funding : US\$80,000 (for 2 years)



# Thank you



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