

**CLIMATE CHANGE LEGISLATION IN**

# **Indonesia**

*AN EXCERPT FROM*

## **The 2015 Global Climate Legislation Study**

**A Review of Climate Change Legislation in 99 Countries**



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# Indonesia

## Legislative Process

The Indonesian legal system is based on Roman-Dutch law, custom and Islamic law. The legislature is bicameral and comprises the 560 member House of People’s Representatives (DPR) and the 136 member House of Regional Representatives (DPD). The ensemble of DPR and DPD members forms a third representative body known as the People’s Consultative Assembly (MPR). The DPR and the President jointly discuss and approve every Bill. Bills may come from the DPR, the President or the DPD. A wide range of legislation is produced from different sources and with different levels of authority, so there is a hierarchy of legislation, as follows: the 1945 Constitution; MPR Resolution; Law; Government Regulation Substituting a Law; Government Regulation; Presidential Decree; Regional Regulation. Also binding are Presidential Instructions, Ministerial Decrees and Circular Letters.

The most recent elections for the DPR and DPD were held in April 2014, with the next expected in 2019. The current President was elected in October 2014 and serves a five-year term.

## Approach to Climate Change

Indonesia has passed meaningful legislation on climate change. However key initiatives are often embodied in decrees and regulations passed by individual ministries as opposed to parliamentarians, which means – given the hierarchy of law set out above – that they will be less effective than resolutions of the MPR.

Nonetheless, at the highest level the government has demonstrated willingness to tackle climate change and the current President has stated his commitment to reducing carbon emissions and to continuing a moratorium on forest clearing. While the country is strongly committed to the principle of “common but differentiated responsibility” it has long since opened pathways to implement domestic activities. In 2007 the Environment Ministry launched the Action Plan to Respond to Climate Change (RANPI). Indonesia launched its “National Action Plan – Addressing Climate Change” when it hosted the 13th Conference of the Parties in Bali in 2007. Following this, it created the National Council on Climate Change in 2008. The Council, formed of 17 Ministers and chaired by the President, co-ordinates climate change policies and international positions, including the creation of a cap-and-trade mechanism.

The planning agency BAPPENAS launched the country’s Climate Change Sectoral Roadmap in 2010. The Climate Change Trust Fund, which has been operational since 2010, aims to scale up financing by seeking to develop innovative links between international finance and domestic investment.

A presidential decree on the National Action Plan to Reduce Greenhouse Emissions (RAN GRK) was signed in 2011. This is intended as a framework document to plan Nationally Appropriate Management Activities (NAMAs). The RAN GRK sits alongside the Gubernatorial regulations on provincial action plans to reduce GHG emissions (RAD GRK). The RAN GRK is a cross-sectoral plan addressing areas such as agriculture, forestry, industry, energy and infrastructure with instruments such as taxation, investment policies and awareness raising.

At the 2009 G20 Summit the Indonesian President pledged to a voluntary target of a 26% reduction in GHG emissions below the business-as-usual level by 2020, based on unilateral actions, and a further reduction of up to 41% below business-as-usual, if adequate international support are made available to the government. This corresponds to Indonesia's commitment with the UNFCCC, to be achieved through seven mitigation actions: 1) sustainable peat land management, 2) reducing the rate of deforestation and land degradation, 3) developing carbon sequestration projects in forestry and agriculture, 4) promoting energy efficiency, 5) developing alternative and renewable energy sources, 6) reducing solid and liquid waste, and 7) shifting to low-emission transportation mode.

In January 2015, the National Council of Climate Change (DNPI) and the REDD+ body (Badan REDD+) were dissolved and they are now part of the Directorate General of Climate Change in the Ministry of Forestry and Environment. In the National Medium Term Development Plan for 2015-2019 (RPJMN 2015-2019),<sup>1</sup> the green economy is identified as the foundation of the country's development programme, with the emphasis on "inclusive and sustainable growth, increasing value added of natural resources with the sustainable approach, increasing quality of environment, disaster mitigation and tackling climate change".

The Plan further establishes GHG emissions reduction from five priority sectors (forestry and peat lands, agriculture, energy and transportation, industry, and waste) to contribute to meeting the target of 26 per cent in 2019, in line with the National Action Plan for Greenhouse Gas Emission Reduction (RAN - GRK). The Plan also aims to support the development of green cities; develop rural and remote areas, with special attention on border areas, disadvantaged regions, transmigration areas, and small islands; eradicate illegal logging, fishing and mining; improve governance in natural resources and increase community participation in forest management; and increase community resilience to climate change impacts in 15 vulnerable areas defined in the National Adaptation Action Plan on Climate Change (RAN-API). Finally, the Plan contains

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<sup>1</sup> The RPJMN 2015-2019 is not included in the detailed Legislative Portfolio, as it was passed on January 8th 2015, and this Study's scope is limited to legislation passed up to January 1st 2015.

numerous regional-level initiatives, for example in Papua, Kalimantan, and Sumatra.

Norway's pledge of USD1bn to help Indonesia cut emissions from deforestation and forest degradation has created further stimulus for a more comprehensive legal response to climate change in the forestry sector. However, despite the country's active legislative response, enforcement and land tenure issues continue to be central challenges when it comes to action on deforestation, the country's main source of emissions.

### **Energy supply**

Approximately 95% of energy supply is made up of fossil fuels, with 48% of supply coming from oil. The remainder is largely made up of coal and natural gas, with less than 5% renewable energy. Renewable energy production is centred on geothermal power and biofuels. Indonesia has an official objective to increase the share of renewables from 4.3% in 2005 to 15% by 2025 (targets contained in the 2007 Energy Law).

Numerous feed-in tariffs exist, supporting geothermal (currently USD0.115-0.29/kWh) solar, waste-to-energy, hydropower, and bio-energy. The country also provides tax incentives for renewable energy.

Indonesia is currently the third-largest producer of geothermal energy after the US and Philippines. Over the 2007–2008 period, the country's geothermal power plant capacity increased by 317MW. Two 10,000MW "fast track" or "crash programme" plans for energy production were announced in 2006 and 2010 respectively; however production has been slower than anticipated. While the first crash programme comprised mostly coal-fired power plants, the second programme focused more heavily on geothermal development, with 3,967MW of the 10,000MW expected to come from geothermal energy.

In addition, a series of regulations control the geothermal energy price structure and fiscal incentives for geothermal development. A Ministerial Decree in 2004 promoted renewable energy and energy conservation, encompassing investment and funding policy; incentives; energy pricing; human resource development; information dissemination; standardisation and certification; promotion of research and development; and institutionalisation of renewable energy. More significant in legal terms is the comprehensive Law on Geothermal Energy. This was revised in 2014 to specify that tenders for geothermal projects will now be issued by the central government, and that geothermal power plant developers are required to allocate a production bonus (or part of their revenue) to local communities. The amendments also allow geothermal activity to be carried out in forest conservation areas. The law is further supported by the Geothermal Regulation (2007) and a Ministerial Regulation (2008).

Action on renewables is mostly pursued through executive action rather than a legislative approach. The government has passed a series of regulations in recent

years including a Presidential Instruction on Biofuel Development in 2006 and a Ministerial Regulation that sets out plans for a greater role for biodiesel and ethanol-blend fuel in transportation.

The Biofuel Decree issued by the Ministry of Energy and Mineral Resources in 2008 establishes mandatory use rules in the transportation, industrial, commercial and power generation sectors. It mandates the use of biodiesel, bio-ethanol and bio-oil from 2009 to 2025. The minimum biodiesel use is set at about 20% for all four sectors in 2025, from around 1–2% in 2008.

The Ministry of Energy and Mineral Resources also launched the National Biofuel Roadmap 2006–2025, which establishes actions to accelerate the use of biofuels to replace fossil-based fuel and targets 5% of biofuel utilisation in the energy mix, 20% biodiesel use in diesel fuel consumption and 15% bio-ethanol use in gasoline consumption by 2025.

The 2005 Blueprint PEN (also known as the National Energy Management Blueprint) sets out a comprehensive development plan to ensure 15% of the country's electricity demand is met by renewable energy sources by 2025. It also contains a target of 500MW of solar energy and 5,000MW of geothermal energy by 2025. The House of Representatives has also asked the government's National Energy Board to consider and explore nuclear energy options.

The main opposition to renewable energy initiatives comes from national and international civil society groups, which point to a potential conflict between biofuel development and forest conservation objectives in general and under REDD+. In addition, the expansion of the geothermal power programme may also conflict with forest conservation laws. The Ministry of Forestry reports that some 80% of geothermal sources are in conservation forests, so exploitation of these resources could lead to further deforestation and degradation.

### **Energy demand**

Indonesia is attempting to shift its national energy management paradigm from a supply side to a demand side focus, which will require substantial efforts towards efficient sectoral energy demand. Energy demand is regulated by a 2007 Energy Law that mandated the establishment of the National Energy Council (NEC). The NEC oversees the development of the RIKEN (also known as the National Energy Conservation Master Plan) and other energy management policies.

Indonesia has three main energy efficiency targets. First is to reduce energy intensity by 1% per year until 2025 (in the RIKEN). The second is to achieve 41% reduction of total primary energy supply in 2025 against a business-as-usual scenario via energy efficiency and conservation measures. This goal is contained within the 2006 PEN. The third is to achieve an energy elasticity of less than 1 in 2025 (in the 2006 National Energy Policy).

Numerous energy efficiency initiatives exist, such as mandatory energy conservation of government office buildings, a public-private partnership programme on energy conservation (a government-funded energy audit programme available to industries and commercial buildings), and an energy labelling programme which has been running since 1999.

### **REDD+ and LULUCF**

Indonesia has one of the highest rates of deforestation and degradation in the world. Approximately 80% of GHG emissions result from deforestation and degradation, and about half of these from carbon-rich peat lands. From 1990 to 2005 deforestation rates equalled nearly 28m ha; it is the world's third largest GHG emitter due primarily to land use change and fires on peat land. There are large financial incentives involved: forest industries contribute approximately USD21bn to Indonesia's economy, about 3.5% of GDP. So, while a multi-sectoral approach is important, any attempt to reduce Indonesia's carbon emissions must focus on LULUCF.

A Letter of Intent between the governments of Norway and Indonesia signed in 2010 created momentum for a new internationalised response to reduce deforestation and forest degradation. The letter establishes a climate change partnership between the two countries intended to support the development and implementation of Indonesia's REDD+ strategy. It makes USD 1bn available over seven years, conditional on verified progress on various projects.

In addition, the initiative set out to create an institution to monitor Indonesia's REDD+ plans as well as an independent Monitoring, Reporting and Verification system for anthropogenic forest and peat-related GHG emissions.

The Ministry of Forestry, which has been one of the most active with regards to climate change, has established a working group on climate change. However, the centrepiece of the agreement between Indonesia and Norway has been the moratorium on new forestry licences and development of peat land for two years, starting in 2011. This was intended to provide breathing space to facilitate transition to a more sustainable forestry sector. This was extended in 2013 for another two years, while a further decree created a national REDD+ agency.

The moratorium affects only what is mapped as natural primary forest. Existing concessions are not affected. No new licences for concessions can be granted during the moratorium, including on carbon-rich peat land.

In addition to exemptions in place for secondary forests and existing concessions, projects of national significance such as geothermal, oil and natural gas are also exempt from the moratorium. A Regulation provides the legal basis for changing the status of convertible production forests into non-forest lands for development purposes such as mining, plantations and road development. Where protected forests designated for conservation have already been

degraded, there is a law which allows them to be converted into logging concessions.

Further enabling regulations are intended to respond to the high demand from both international partners and national stakeholders to participate in REDD+ activities, as well as to exercise outcomes of COP/SBSTA processes on REDD+. One such regulation seeks to clarify property rights for forest carbon and sets out licensing procedures for businesses seeking to exploit the carbon storage and sequestration potential of production and protection forests.

Reforestation is a potential activity under the 'plus' of REDD+, and also under the Kyoto Protocol's Clean Development Mechanism and another regulation outlines procedures for reforestation of land that has not been forest for 50 years or more, and reforestation of land that has not been a forest since 31 December 1989.

### **Transportation**

Transport is the third largest source of energy-related CO<sub>2</sub> emissions. Increasing congestion in cities due to strong urbanisation and motorisation trends is exacerbating air pollution and contributing to GHG emissions. Road transport emissions are projected to increase seven-fold by 2030 under a business-as-usual scenario.

In 2012, the Sustainable Urban Transport Programme Indonesia (NAMA SUTRI) was developed by the Ministry of Transport in conjunction with GIZ and builds on the 2011 National Action Plan to reduce GHG emissions (RAN-GRK). It has two phases: piloting (2015-2019) and full-scale implementation (2020-2030). In the pilot phase, seven cities have been chosen to develop a pipeline of demonstration projects and will also be the site of co-financing for projects such as bus fleet investment and improvement of public transport corridors. The yearly direct mitigation impact of NAMA SUTRI in the pilot cities is expected to reach between 0.7-1.8mt CO<sub>2</sub> in 2030, with cumulative emission reduction until 2030 estimated at 7.2-14.1mt CO<sub>2</sub>.

### **Adaptation**

The National Action Plan on Climate Change Adaptation (RAN-API) was produced in 2012 by the Ministry of National Development Planning and the National Development Planning Agency. While the plan itself does not have a formal legal basis, it is an important input into the development of the Government Annual Plan as well as the National Medium-Term Development Plan. It provides adaptation programmes and activities for the short-term (to 2014), medium-term (2015-2019) and long-term (2020-2025).

The RAN-API provides detailed information on expected changes to which the country will have to adapt, including risks such as sea-level rise, rainfall, and inter-annual variations such as El Niño or La Niña. It then maps them to the sectors likely to be affected (economic, livelihood, environment, and special

areas). The RAN-API has three key objectives: economic resilience, livelihood resilience, and resilience of environmental services. Underneath each objective are sub-sectors (such as food security under economic resilience), each with detailed action plans for achievement. A transport demand management project is also operating in Jakarta.

## Indonesia: Legislative portfolio

<b>Name of law</b>	<b>Law 21/2014 New Geothermal Law</b>
<b>Date</b>	2014
<b>Summary</b>	<p>This law updates previous geothermal laws and regulations, and separates geothermal activities from other natural resources exploitation such as mining. This may mean that geothermal exploitation will no longer be subject to the restrictions that apply to mining activities. It also specifies that tenders for geothermal exploration will now be issued by central government.</p> <p>The new law also requires that local communities either receive a share in revenue or a production bonus from the geothermal power plant.</p> <p>The basic structure of the law (building on Law No. 27/ 2003 and associated regulations) seeks to provide a stronger legal basis for upstream geothermal energy development, including private investments in the sector and to expand regional autonomy to support sustainable energy alternatives to fossil fuels. There is a fiscal incentive for new renewable energy development.</p> <p>In 2005, the Directorate of Geothermal Enterprise Supervision and Groundwater Management was created, to strengthen the sector’s management efficiency.</p> <p>The regulations set out all the requirements and obligations for businesses seeking to establish themselves in this sector, including the coordination with the different levels of government, and the requirements to adhere to environmental quality and conservation legislation.</p>

<b>Name of law</b>	<b>Law 32/2009 Environmental Protection and Management</b>
<b>Date</b>	2009
<b>Summary</b>	<p>This law formally recognises that decreasing environmental quality is a serious problem for Indonesia, and that climate change presents further systemic threats. It seeks to ensure that development is underpinned with the principle of sustainably and environmentally sound development principles.</p> <p>In practice this means that environmental protection and management should be integrated into all efforts to preserve the functioning of the environment, which includes the development of environmental monitoring programmes and development project impact evaluations. It concerns ecosystem integrity (such as forest ecosystems, which is why the legislation is relevant to REDD+) but also the release of toxic materials into the environment.</p>



<b>Name of law</b>	<b>Law 31/2009 Concerning Meteorology, Climatology and Geophysics</b>
<b>Date</b>	2009
<b>Summary</b>	Sets out the need to develop GHG inventory for climate change policy development.

<b>Name of law</b>	<b>Law 30/2007 Regarding Energy</b>
<b>Date</b>	2007
<b>Summary</b>	<p>This comprehensive energy legislation stresses the importance of sustainable development, environmental preservation and energy resilience in national energy management. In terms of supply-side policies, it requires that more attention should be given to new and renewable energy development and that incentives should be developed for energy providers to do so. It includes a target to increase the share of renewables from 4.3% in 2005 to 15% by 2025.</p> <p>The Law promotes national energy efficiency. There are a series of measures proposed to achieve this. First is the creation of an inventory of energy resources. Then, energy stocks resources should be increased. Furthermore, the energy supply should be diversified, with a simultaneous promotion of energy conservation. The Law also addresses the distribution network, with the goal of improving the quality of storage and transmission.</p> <p>The Law also requires that energy is provided for under-developed, remote and rural areas by exploiting local energy potential, and renewable energy in particular. Throughout these developments, there should be a prioritisation of environmentally friendly technologies.</p>

## ***Indonesia: Executive portfolio***

<b>Name of Policy</b>	<b>Decree 62/2013 Regarding a Managing Agency for the Reduction of Emission (<i>sic</i>) from Deforestation and Degradation of Forest and Peat lands</b>
<b>Date</b>	2013
<b>Summary</b>	<p>The Managing Agency will be in charge of developing a national strategy to:</p> <ul style="list-style-type: none"> <li>• develop a national strategy to implement REDD+ in the country</li> <li>• form and develop REDD+ safeguards</li> <li>• develop standards and methodologies to measure GHG emissions</li> <li>• co-ordinate law enforcement with regards to implementation of REDD+ programmes, projects or activities</li> </ul>

<b>Name of Policy</b>	<b>Presidential Instruction 6/2013 on extension of the forest moratorium</b>
<b>Date</b>	2013
<b>Summary</b>	This extends Presidential Instruction No. 10/2011 on Forest Moratorium (Development of REDD+ schemes including Indicative Moratorium maps).

<b>Name of Policy</b>	<b>Ministerial Regulation 01/2012 Accelerating Development of Geothermal Energy Supply (revised Ministerial Regulation 15/2010)</b>
<b>Date</b>	2012
<b>Summary</b>	This is a revision of the Ministerial Regulation 15/2010, which is intended to accelerate the development of Indonesia's Geothermal energy.

<b>Name of Policy</b>	<b>Presidential Decree 61/2011, National Action Plan to reduce GHG emissions (RAN-GRK)</b>
<b>Date</b>	1st September 2011
<b>Summary</b>	<p>RAN-GRK is a formal follow-up of the commitments made by President Susilo Bambang Yudhoyono to reduce GHGs by 2020 at the G20 in Pittsburgh. It is a national guideline for emission reduction covering 70 programmes, to be conducted together by the Central Government, Local Governments, private sectors/business actors and civil society. It is the reference document for activities in Indonesia directly and indirectly related to reducing GHG emissions. It sets out the different sectors in which Indonesia will make emissions reductions, namely Forestry and Peat land, Agriculture, Energy and Transportation, Industry and Waste Management.</p> <p>The Provinces are expected to make their own action plans within one year, and have these formalised within a governor's decree.</p>

<b>Name of Policy</b>	<b>President Regulation 71/2011 on the Implementation of a National Greenhouse Gases Inventory</b>
<b>Date</b>	2011
<b>Summary</b>	<p>The regulation is a component of the RAN-GDK GHG emissions reductions plan. The purpose of the bill is to establish a GHG inventory administration guideline and an administration to co-ordinate that inventory. Furthermore the legislation should lead to a system to provide regular information on the level, status and trend of GHG emission change and absorption. This will include national and sub-national carbon stock as well as GHG emission reduction information.</p>

<b>Name of Policy</b>	<b>Presidential Instruction 10/2011 on Forest Moratorium (Development of REDD+ schemes including Indicative Moratorium maps)</b>
<b>Date</b>	2011
<b>Summary</b>	<p>This instruction is part of Indonesia's commitments under the agreements in the Letter of Intent signed with the Kingdom of Norway in May 2011. The Instruction is intended to facilitate Indonesia's participation in internationally financed REDD+ activities.</p>

<b>Name of Policy</b>	<b>Ministerial Regulation 15/2010 Re. 10,000 MW Crash Programme</b>
<b>Date</b>	2010
<b>Summary</b>	<p>This is the 2nd Stage of 10,000 MW Crash Programme, and is intended to accelerate the development of geothermal power. The regulation specifies that Indonesia should generate 3,967 MW of geothermal power by the year 2014.</p>

<b>Name of Policy</b>	<b>P. 30/Menhut-II/2009 On the implementation of REDD+ activities</b>
<b>Date</b>	2009
<b>Summary</b>	<p>Sets out the regulations for the implementation of REDD+ in Indonesia, including previously unresolved questions over which land classes could be used to develop REDD+ activities.</p>

<b>Name of Policy</b>	<b>Presidential regulation 70/2009 concerning Energy Conservation</b>
<b>Date</b>	16 November 2009
<b>Summary</b>	<p>This is the implementing legislation on energy conservation with regard to the Energy Law. It mandates the drafting and adoption of a new National Energy Conservation Master Plan called RIKEN, the Rencana Induk Konservasi Energi Nasional. This should be updated every five years, or annually if required. The current RIKEN includes the target of reducing energy intensity by 1% per year until 2025. It specifies the mandatory assignment of an energy manager, to implement energy auditing, and energy conservation programme for users of final energy of more than 6,000 tonnes of oil equivalent. In addition the regulation introduces voluntary energy efficiency standards and energy labelling.</p> <p>The regulation also seeks to develop and implement a series of incentives for improved energy management. These include tax exemption and fiscal incentives on imports of energy saving equipment and appliances, and special low interest rates on investments in energy conservation. To reduce non-compliance, the regulation seeks to provide disincentives. These include written notices to comply, public announcements of non-compliance, fines and reductions of energy supply.</p>

<b>Name of Policy</b>	<b>Minister of Forestry Regulation P.68/Menhut-II/2008 on Implementation of Demonstration Activities Reducing Carbon Emissions from Deforestation and Forest Degradation</b>
<b>Date</b>	2008
<b>Summary</b>	This regulation sets out the rules that REDD+ demonstration activities should adhere to/. It is therefore fundamental enabling legislation for the development of REDD+ in Indonesia.

<b>Name of Policy</b>	<b>Presidential Regulation on the National Council for Climate Change (NCCC or DNPI)</b>
<b>Date</b>	4 July 2008
<b>Summary</b>	<p>Establishes the NCCC to co-ordinate climate change policy-making and strengthen Indonesia's position in international forums. The Council is composed of 17 Ministers and chaired by the President. The NCCC is to be assisted by the following Working Units: Adaptation, Mitigation, Transfer-of-Technology, Funding, Post-Kyoto 2012, and Forestry and Land Use Conversion.</p> <p>The adaptation programme focuses on agriculture, disaster risk reduction, data dissemination and establishes an integrated development plan to improve climate-resilience.</p>

<b>Name of Policy</b>	<b>Presidential Instruction 2/2008 – Regulation on Energy and Water Efficiency</b>
<b>Date</b>	2008
<b>Summary</b>	<p>Sets out instructions to Ministers, Governors and Mayors to implement energy and water efficiency in government offices. It optimises national policy on energy and water efficiency through establishment of the National Taskforce for Energy and Water Efficiency. The main tasks are:</p> <ul style="list-style-type: none"> <li>• Research, plan and prepare policies, strategies and programmes for energy and water efficiency, including energy conservation programme by taking into account that a) most national energy and water are supplied with a subsidy, b) tighten the non-essential use of energy and water use by ensuring it reflects the economic price, c) ensuring the price of water and energy for industry reflects the true economic cost, d) all government offices should take steps to improve energy and water efficiency.</li> </ul>

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- Monitoring and reporting these activities to the President.

The instruction works towards mainstreaming climate change, by establishing that all government offices should observe energy efficiency – lighting, AC, electrical equipment, official vehicle and other buildings, and water efficiency – in all activities that use water.

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<b>Name of Policy</b>	<b>Regulation 46/2008 National Council on Climate Change</b>
<b>Date</b>	2008
<b>Summary</b>	<p>The Regulation established the National Council on Climate Change to co-ordinate management of climate change and develops Indonesia’s negotiating position in international climate change forums.</p> <p>The Council focuses on:</p> <ul style="list-style-type: none"><li>• Formulating climate change strategies</li><li>• Developing a carbon trading mechanism.</li><li>• Implementing climate change strategies</li><li>• Co-ordinating adaptation, mitigation, technology and funding</li></ul>

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<b>Name of Policy</b>	<b>Presidential Regulation 5/2006 concerning National Energy Policy</b>
<b>Date</b>	25 January 2006
<b>Summary</b>	<p>The goal of the National Energy Policy is to direct efforts to the creation of sufficiency of domestic energy supply. It aims to optimise the energy mix in Indonesia; reducing the dependency on fossil fuels and increasing the use of renewables. It set out a comprehensive series of targets:</p> <p>By 2005 the policy aimed to achieve energy elasticity of less than one (energy elasticity in this case is the ratio of between energy demand and economic growth). It sets out the creation of optimal energy mix by 2020, achieving the following proportions in the energy mix: Oil less than 20%; gas than 30%; Coal less than 33%; Biofuel more than 5%; Geothermal more than 5%; Other new energy and renewable energy, particularly biomass, nuclear, hydropower, solar power, and wind power more than 5%; liquefied coal more than 2%.</p>

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<b>Name of Policy</b>	<b>Presidential Instruction 1/2006 on Biofuel Development</b>
<b>Date</b>	2006
<b>Summary</b>	<p>The Instruction calls on 13 Ministers, Governors and Mayors to take the necessary actions for biofuel development from supply (feedstock) through to commercialisation and consumption.</p> <p>The Instruction issues forest utilisation permits for biofuel plants in critical or abandoned forest/land. It further promotes biofuel use, and seeks to replace fossil fuels as an alternative for transportation.</p>

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