

The 7th Study Meeting on Asia

1. Date: April 12, 2011 15:00 – 17:00
2. Venue: Meeting Room, the Takeda Foundation
3. Title: Indonesia's Climate Change Projects and Support from Japan
Speaker: Mr. Yoshitaro Fuwa, Senior Consultant, Global Group 21
4. Participants :

01	Yoshitaro Fuwa	Senior Consultant, Global Group 21
02	Tsuneo Kanazawa	CEO, Excel of Mechatronix.Co
03	Ikuo Takeda	Chairman, the Takeda Foundation
04	Mlstuo Akagi	Senior Managing Director, the Takeda Foundation
05	Ysuo Tarui	Managing Director, the Takeda Foundation
06	Yuzo Mizobuchi	Director, the Takeda Foundation
07	Norio Ohto	Director, the Takeda Foundation
08	Naoaki Aizaki	Program Officer, the Takeda Foundation
09	Aiko Ubasawa	Program Specialist, the Takeda Foundation
10	Setsufumi Kamuro	Program Specialist, the Takeda Foundation
11	Mototaka Kamoshida	Program Specialist, the Takeda Foundation
12	Emiko Mitsui	Program Officer, the Takeda Foundation
13	Takami	Member, the Takeda Foundation

5. Memo

Current status of Climate Change in Indonesia

The GDP of Indonesia was about 50 trillion yen in 2009, about one tenth of Japanese GDP, but Indonesia is the 4th largest Green House Gas emitting country in the world following the US, China, and India. This is because significant amounts of Indonesia's GHG emissions come from the burning of peatlands and the cutting down of tropical forests. Indonesia's economy has been growing rapidly: its GDP tripled from 16 trillion yen in 2001 to 50 trillion yen in 2009. GHG emissions have increased as the economy has grown. Indonesia consists of many islands and they suffer from inundation of residential and agricultural areas caused by rising sea levels and also by the subsidence of the ground caused by the pumping of underground water.

Measures of the Indonesian Government to combat Climate Change

The Indonesian government has been tackling climate change by formulating a National Action Plan for Climate Change in 2007, and setting up a Council for Climate Change that reports to the President in 2008. Actual measures are undertaken by relevant ministries, and coordination among them is not working well. Indonesia is a multiethnic nation and has many local governments with independent powers. Coordination between the federal government and local governments also is not working well. The G77, a league of developing countries, insists that developed countries should help developing countries plan and reduce GHG with grants because the current GHG levels are the result of industrial activities by developed countries, and so developed countries are responsible for the climate change caused by their GHG emissions. At first, Indonesia took the same attitude, but this has changed, and Indonesia has been tackling its GHG emission issues with their own investments as well as with international support from donor countries. This change came about as it was realized that significant amounts of Indonesia's GHG emissions come from the burning of peatlands and cutting down of its tropical forests. In 2007, Indonesia organized the COP 13 meeting in Bali.

Indonesia's goals for the reduction of GHG emissions

Indonesia has established a goal of reducing its GHG emissions by 26 % as compared with the predicted level under a business as usual scenario (when no action against GHG emissions is taken.). They also have a higher goal (a 41% reduction) under the condition that they receive international support from donor countries. The following items are actual measures.

- Sustainable management of peatlands
- Reduction of forest loss and land deterioration
- Development of carbon fixation projects in forestry and agricultural areas
- Promotion of energy saving
- Development of alternative and renewable energies
- Reduction of waste
- Shift to low carbon emission transportation

Support from Japan (major examples)

- Climate Change Program Loan

A loan from international donors (World Bank, France, and Japan) to support climate change projects agreed upon by both Indonesia and the donor countries.

Next year's loan depends on the performance of the projects of the policy matrix for climate change. The lecturer monitors the projects of the policy matrix, and advises the Indonesian government. The support from Japan is a non-binding general financial loan with low interest that does not have to be spent on climate change projects. The Indonesia government itself conducts climate change projects mainly with its own funds, and government officials are not necessary cooperative in project monitoring by the Japanese agency.

- **Climate Change Capacity Building Project (technical cooperation)**

The project aims to build the capacity of the Indonesian government to develop plans for the mitigation of GHG emissions, and projects to address climate change, evaluate vulnerabilities to climate change, analyze and compare climate change models, and develop a national inventory for GHG.

QUESTIONS & ANSWERS

Question 1

What kinds of roles do peatlands play in the emission of GHG in Indonesia? Also, why is it so difficult to manage GHG emissions from peatlands in Indonesia?

Mr. Fuwa

Peatlands are wetlands in which dead trees sink under the water, decay and form peat. Peatlands are usually covered with water, but when they dry out for some reason, they become flammable. In Indonesia, minority groups conduct slash and burn agriculture, and sometimes the peatlands catch fire when the forests are burned. Of course, the slash and burn of forests produces GHG. Lightning also causes fire in peatlands. Peatlands also dry up when drainage canals are constructed in peatlands plantations are developed. For instance, the Suharto administration used to promote the Mega Rice Project to develop large rice paddies in wetland areas. They constructed many drainage canals in wetlands, and as a result of drainage construction, the wetlands dried up and began emitting large amounts of GHG due to accelerated decaying of the peat and the occasional fire. The production of rice in wetlands also did not go well. Indonesia has abundant tropical rainforests, but cutting down trees in the rainforests reduces the GHG absorbing power of the rainforests. One of the reasons that the management of peatlands is difficult is that peatlands are managed by several relevant ministries, and coordination among the relevant ministries is not going well. Timber production from the tropical rainforests and

the development of plantations are also important parts of the economic activities of Indonesia, and there is no easy compromise between economic activities and climate change measures.

Question 2

What kinds of climate change effects are observed in Indonesia?

Mr. Fuwa

One of the most significant effects is a rising sea level. Thirty percent of Jakarta's urban areas are inundated at high tide. Jakarta citizens commute to and from their offices so as to avoid the high tides. Indonesia's urban areas use ground water for drinking and manufacturing at factories, and drawing up ground water has caused the subsidence of the ground in urban areas, which accelerates inundation in combination with the rising sea level.

Question 3

How is the relationship between Indonesia and Japan? Is it going well? Are there many Japanese companies that have penetrated the Indonesian market?

Mr. Fuwa

Indonesia was occupied by the Japanese army during World War II, and their feelings toward Japan were not good when Prime Minister Tanaka visited Indonesia in 1974. Now, feelings are not so bad as they were in 1974. Indonesia's industrialization has been progressing quite rapidly, and many Japanese companies including Panasonic, Omron, and Bridgestone have branch offices and factories in Indonesia.