

# Vision 2050 for a Green Economy

Indonesian Business Council for Sustainable Development



World Business Council for  
Sustainable Development



KADIN INDONESIA

19th April 2012  
Heart of Borneo/ACCA – Green Economy  
Pacific Place, Jakarta



# Topics

- Indonesian Business Council for Sustainable Development
- Vision 2050 Indonesia
- Future Megatrends
- Imperatives of economic development
- The role of business
- Aligning vision for a Green Economy



# World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) is a global CEO-led coalition of 200 international companies, from 35 countries and 22 sectors, with a shared commitment to sustainable development.

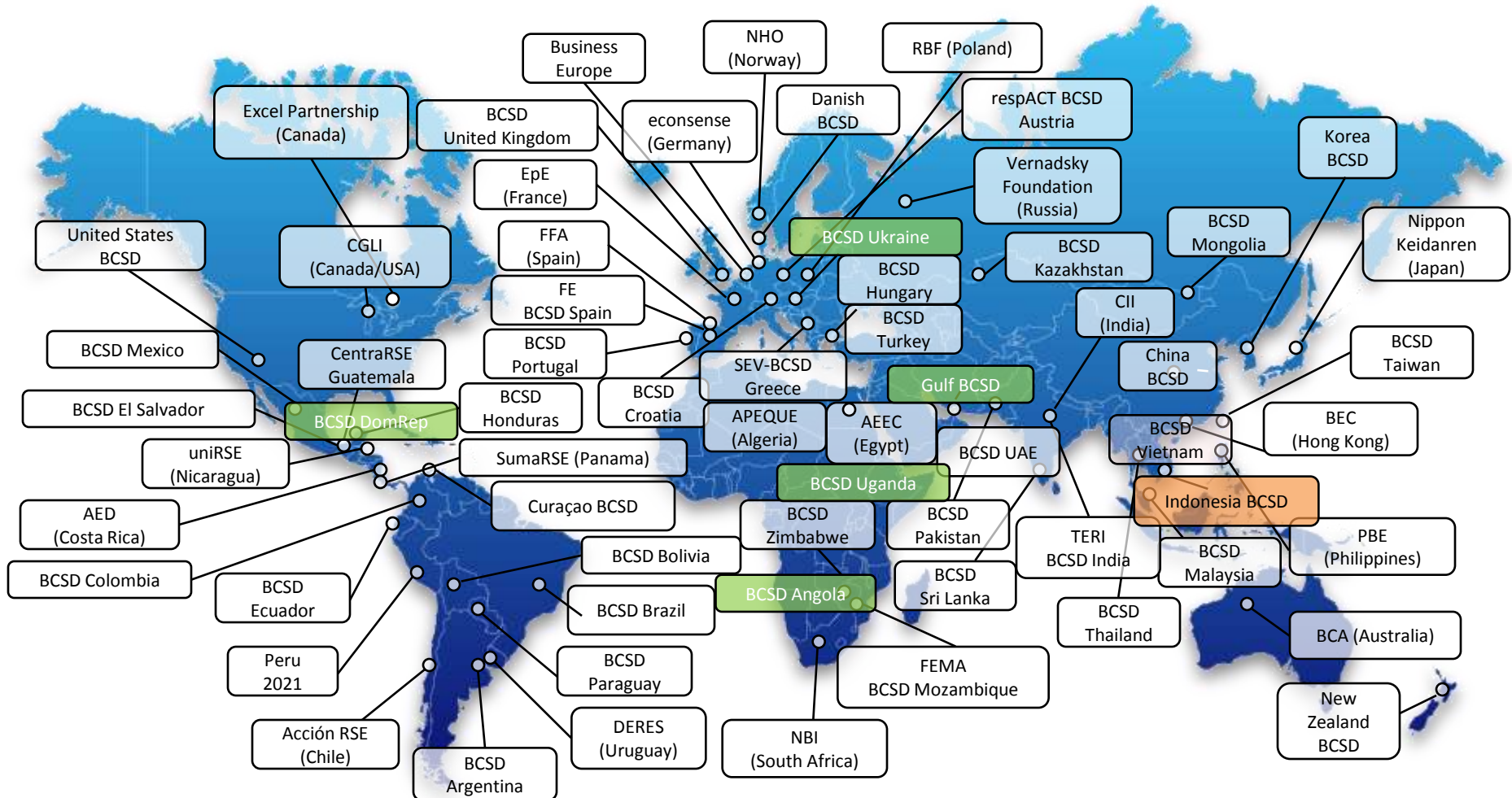
Collectively, members represent an estimated:

- 15 million employees
- 7 USD trillion annual revenues
- 5 USD trillion market capitalization

(Source: Observatoire de la Finance, Geneva, December 2009)

# WBCSD Regional Network

- 62 independent national and regional partner organizations
- 60% in developing countries and emerging economies.



# Indonesian Business Council for Sustainable Development (IBCSD)

- Initiated at Business Day in Bali, COP XIII UNFCCC
- Founding reflects 4 years of effort from KADIN & WBCSD
- Launched April 2011

**Bakrie Telecom**  
**Holcim**  
**BNI**  
**Riaupulp**  
**Garuda**  
**Medco Energy**



The Honourable:  
Minister of Industry  
Minister of Environment  
Chairman of DNPI  
Chairman of KADIN

*“IBCSD will be a resource for business to share experience and opportunities for increasing sustainability of their operations. It will play an advisory role to government and reach out to entrepreneurs developing new green technologies,”* Mr. Sulisto, Chairman of KADIN

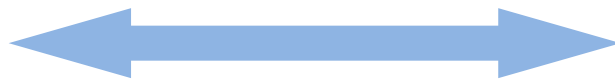


# IBCSD – Mission and Objectives

***Mission:*** IBCSD is a CEO-led, association of companies with a collective mission to provide business leadership as a catalyst for green growth and sustainable development in Indonesia.

- ***Business Leadership:*** To be a leading business forum for issues related to environment and sustainable development;
- ***Policy Advocacy:*** To promote policy frameworks that enable business to contribute to sustainable development;
- ***Best Practice and Learning:*** To demonstrate progress in environmental, social and resource management in business and to share best practice practice among members;

**ADVOCACY**  
Influencing



**ACTION**  
Implementing



# IBCSD - Lessons Learned

- Wealth of experience and visionary leadership within Indonesian business community
- “Trust gap” continues to exist between business and other stakeholders
- Business strategy often undervalues long-term trends
- Sustainability – offers a framework for extending strategy horizons and aligning business with society challenges
- Need for collective Vision :
  - Bridges gap, finds consensus
  - Defines role for business

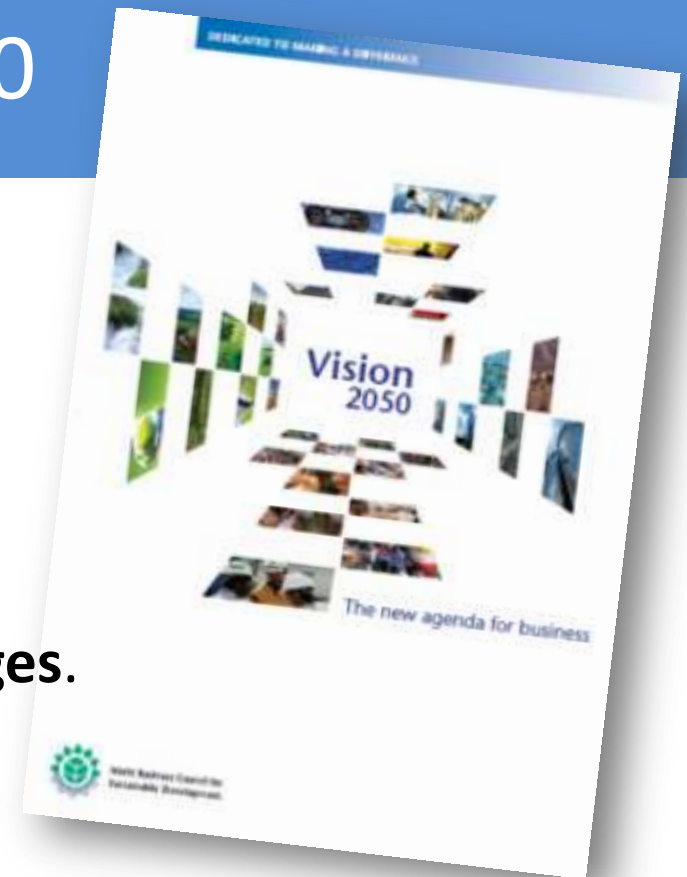


# WBCSD's Vision 2050

A platform for dialogue about the role of business in a resource & carbon constrained world.

Over **30,000 downloads**, in **12\*** languages.

**27 Regional 2050 Visions** completed

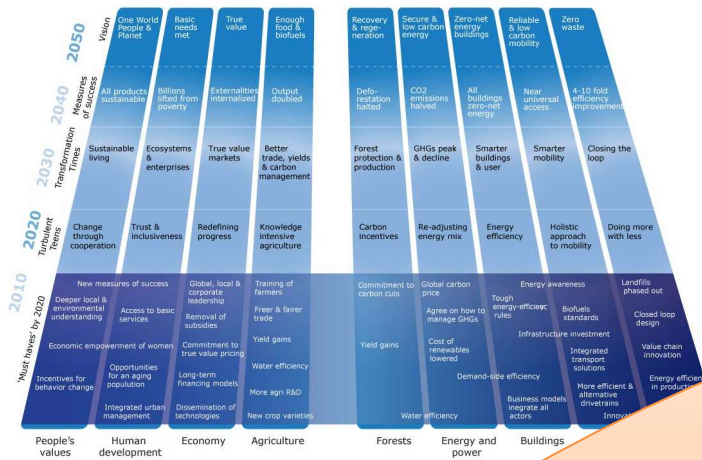


# Indonesian Vision 2050

- Project underway
- A business-led Vision for sustainable Indonesia
- Based on a **consensus** with stakeholders on **Vision** and **Action**
- Identifies the necessary policy **Enabling** conditions



# Vision 2050 – Process



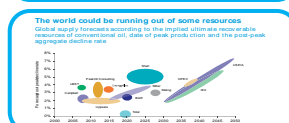
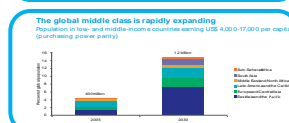
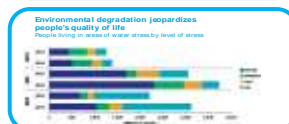
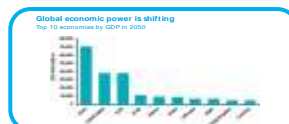
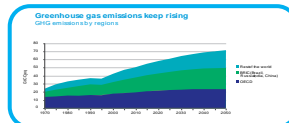
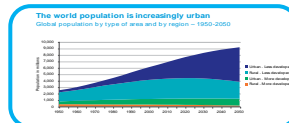
**Pathway to 2050**

**Opportunities and enabling conditions**

**Vision 2050**



**Business-as-usual outlook to 2050: Megatrends**

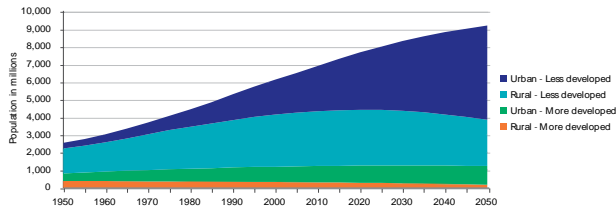


# Megatrends: Business-As-Usual to 2050



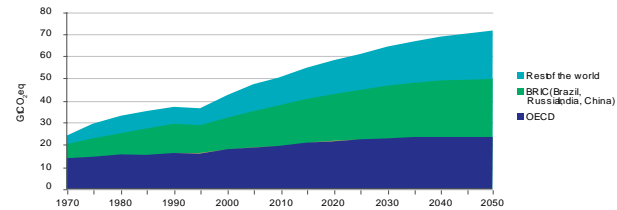
## The world population is increasingly urban

Global population by type of area and by region – 1950-2050



## Greenhouse gas emissions keep rising

GHG emissions by regions



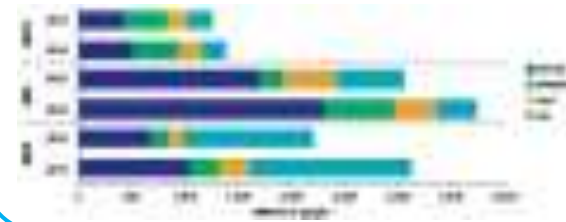
## Global economic power is shifting

Top 10 economies by GDP in 2050



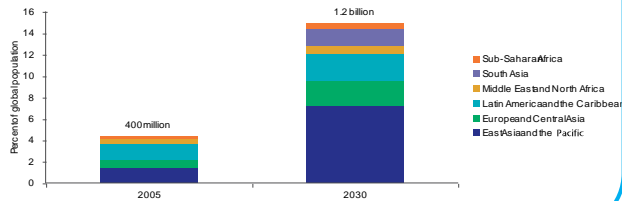
## Environmental degradation jeopardizes people's quality of life

People living in areas of water stress by level of stress



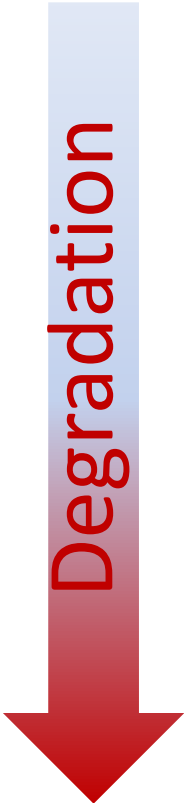
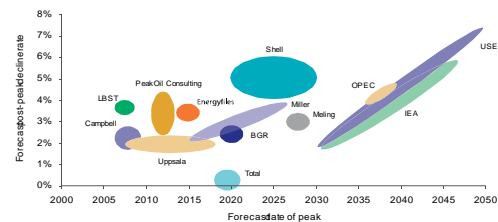
## The global middle class is rapidly expanding

Population in low- and middle-income countries earning US\$ 4,000-17,000 per capita (purchasing power parity)



## The world could be running out of some resources

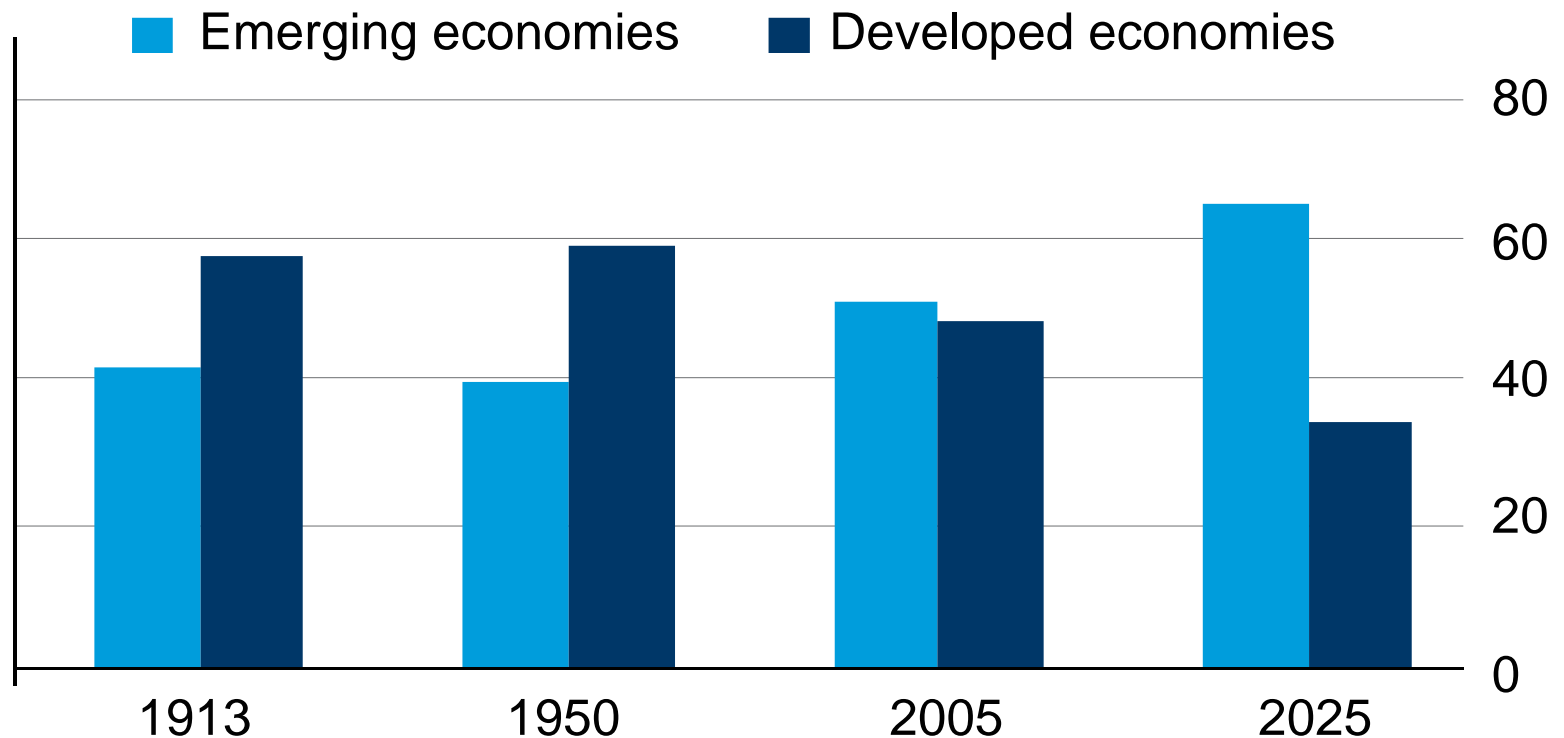
Global supply forecasts according to the implied ultimate recoverable resources of conventional oil, date of peak production and the post-peak aggregate decline rate



# Megatrends: Shifting Fortunes

## % Share of GDP

\* At purchasing-power parity



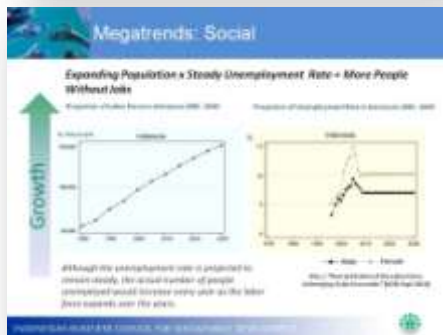
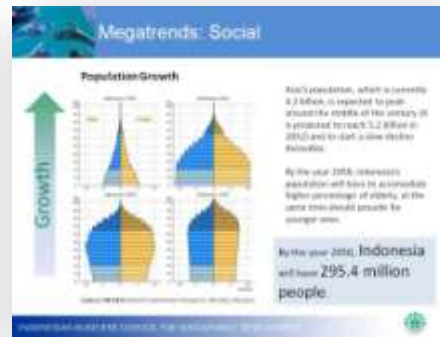
Source: Angus Maddison, OECD, IMF  
From The Economist print edition.  
"Wrestling for influence," July 3rd 2008.

**Emerging economies > 50% of global GDP and trend will continue**



# Megatrends Indonesia: Social


Rapid growth of middle-class with high demands for quality of life coupled with ageing population.





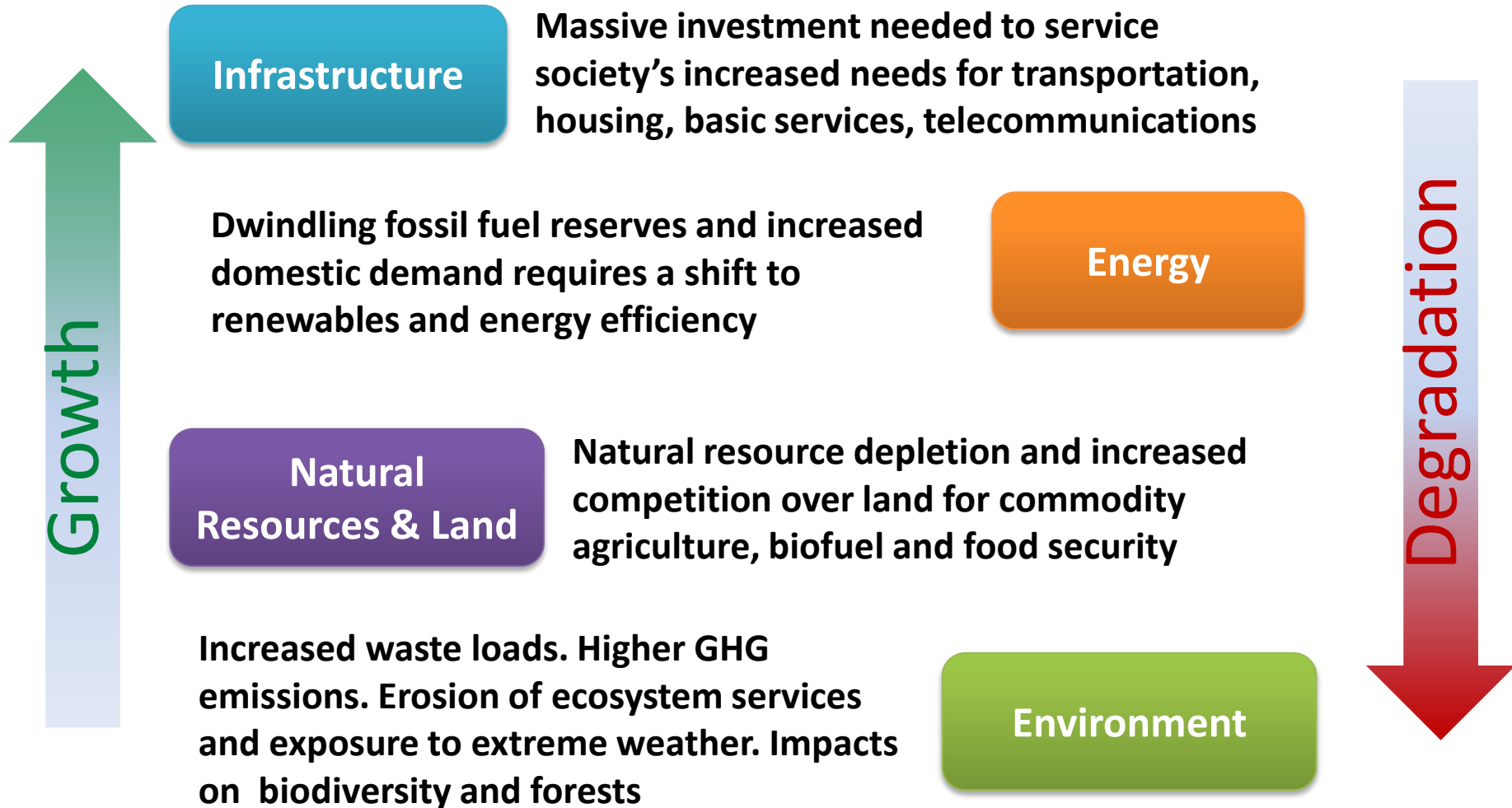
# Megatrends Indonesia: Social

**Rapid growth of middle-class with high demands for quality of life coupled with ageing population.**

- 
- Population of 295.4 Million by 2050
  - Young population to 2030, but ageing by 2050.
  - By 2025, 72% of Indonesians will be urbanised; many in new urban provincial capitals (1-5 million)
  - By 2050, rural population will decrease from 128 million to 81 million
  - By 2015, 150 million middle-class Indonesians, with high demands for services and goods.



# Megatrends Indonesia: Overview





# In the Context of Policy

- Top 10 global economy by 2025
- GDP to US\$4 trillion (x4 from current)
- Income per capita to \$15,000 (from \$3,000)
- **26% GHG mitigation and green growth**
- **Forests net carbon sink by 2030**
- **Pro-poor, pro-job, pro-growth, pro-environment**
- **Competitive Indonesia**
- **Just and distributed development**
- **Green and Sustainable Indonesia**
- **17% renewable energy base**
- **GHG mitigation, Pres Reg. 61/2011**

**Long-Term National  
Development Plan  
2005-2025**

**National Dev.  
Priorities 2010-2014**

**National Action Plan  
for GHG / PP61**

**Green Growth Vision**

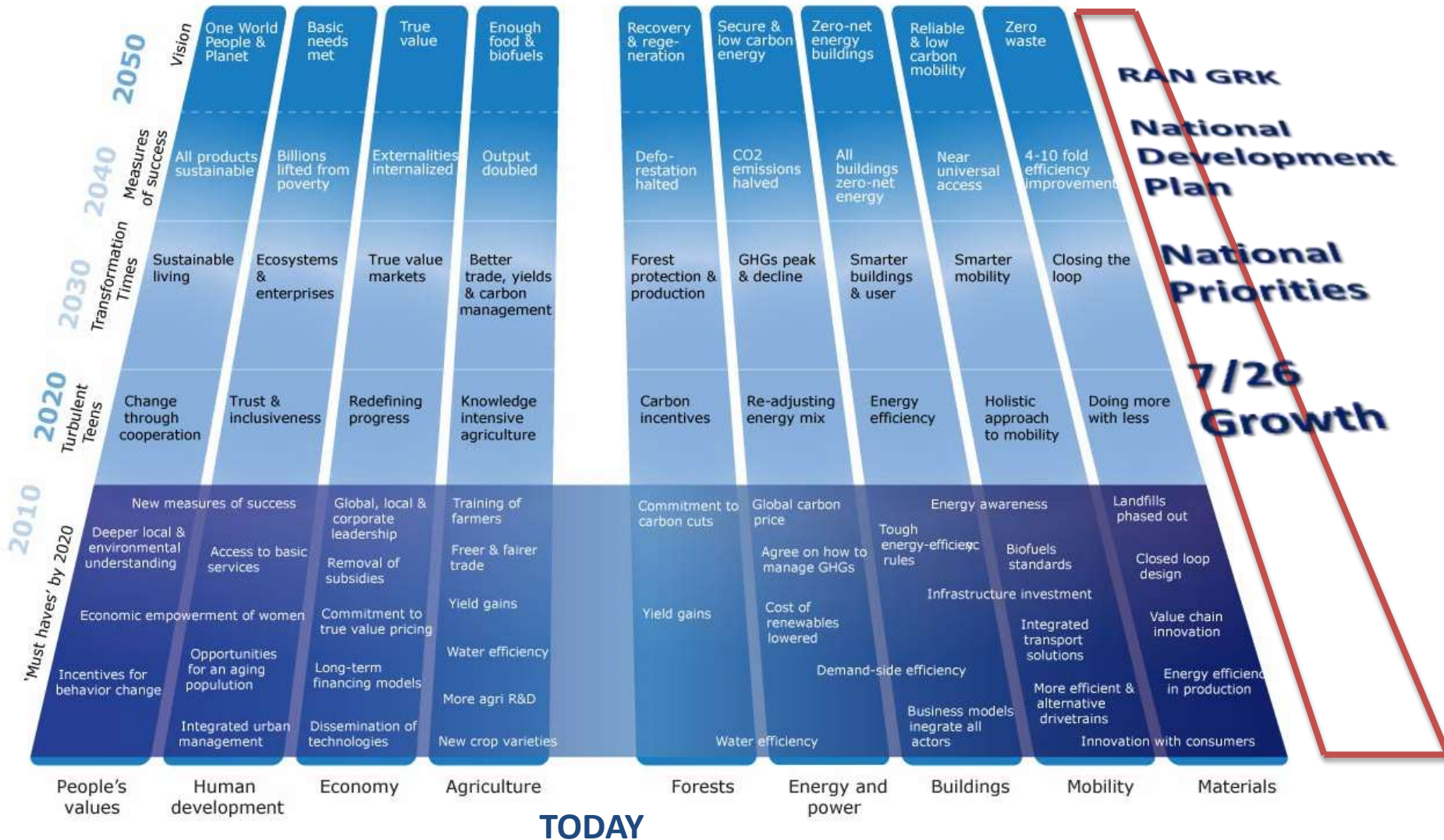
**MP3EI – Accelerated  
Economic Dev.**

**National Energy  
Strategy**



# Pathway to Vision 2050: Business Action for a Green Economy

## FUTURE



# National Action Plan for GHG Mitigation: A Roadmap for Business Action

## Presidential Regulation, No. 61, 2011

Mandates mitigation actions focused on:

- Agriculture
- Forestry and peatland management
- Energy and transport
- Industry
- Waste management
- Other supporting activities



**46 pages of appendices:** Strategy, actions, activities, schedule, location, GHG mitigation impact, responsible agency



# National Action Plan for GHG Mitigation: A Roadmap for Business Action

NO	RENCANA AKSI	KEGIATAN/SASARAN	PERIODE	LOKASI	INDIKASI PENURUNAN EMISI GRK (Juta Ton CO <sub>2</sub> e)	PENANGGUNGJAWAB
4.	Penyediaan dan pengelolaan energi baru terbarukan dan konservasi energi	Terlaksananya pembangunan: <ul style="list-style-type: none"> <li>Pembangkit Listrik Tenaga <i>Micro Hydro</i> (PLTMH): 46,17 MW</li> <li>Pembangkit Listrik Tenaga <i>Mini Hydro</i> (PLTM): 182 MW</li> <li>Pembangkit Listrik Tenaga Surya (PLTS): 102,1 MW</li> <li>Pembangkit Listrik Tenaga Bayu ( PLTB): 21,67 MW</li> <li>Pembangkit Listrik Tenaga Biomassa: 0,4 MW</li> <li>Desa Mandiri Energi (DME): 250 desa</li> </ul>	2010-2014	Seluruh provinsi	1,27 terdiri atas: PLTMH: 0,21 PLTM: 0,85 PLTS: 0,11 PLTB: 0,02 PLT Biomassa: 0,00032 DME: 0,06	Kementerian ESDM

2010-2014: 350 MW of renewable energy (biomass, geothermal, hydro, solar)

2.	Konservasi dan audit energi	a. Terbentuknya sistem manajemen energi di 9 perusahaan industri semen, 35 perusahaan baja dan 15 pulp kertas.	2010 – 2014	<ul style="list-style-type: none"> <li>9 perusahaan industri semen di 9 provinsi: NAD, Sumbar, Sumsel, Jabar, Jateng, Jatim, NTT, Sulsel, dan Kalsel</li> <li>Industri baja di 12 provinsi: Sumut, Sumsel, Riau, Jambi, Banten, DKI, Jabar, Jateng, Jatim, Kalbar, Kalsel, dan Sulsel</li> <li>15 perusahaan industri pulp kertas</li> </ul>	2,06 terdiri dari: <ul style="list-style-type: none"> <li>Semen : 1,04</li> <li>Baja : 0,64</li> <li>Pulp kertas: 0,38</li> </ul>	Kementerian Perindustrian
		b. Terbentuknya sistem manajemen energi di perusahaan industri gelas dan keramik, pupuk, petrokimia, makanan dan minuman, tekstil, dan kimia dasar	2015 – 2020	8 provinsi: Sumut, Banten, Jabar, Jateng, Jatim, DKI Jakarta, Kaltim dan Sulsel	2,75	

2010-2014: Energy audit and managers in 9 cement, 35 steel and 15 pulp/paper companies

2010-14: Ecosystem restoration on 2.5m ha of forest land. Peatland rehabilitation 250k ha.

2.	Perencanaan pemanfaatan dan peningkatan usaha kawasan hutan	Terlaksananya pemberian Izin Usaha Pemanfaatan Hasil Hutan Kayu - Hutan Alam/Restorasi Ekosistem (IUPHHK-HA/RE) pada areal bekas tebangan ( <i>Logged Over Area/LOA</i> ) seluas 2,5 juta ha	2010-2014	12 provinsi: Jambi, Sumbar, Kalteng, Kalbar, Kalsel, Kaltim, Sulbar, Sulteng, Sultra, Sulut, Gorontalo, dan Papua	22,94	Kementerian Kehutanan
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# The Green Race is On

**“The Green Race is on”** between countries to transform to low carbon economies and to become leading suppliers of resource efficient technology & solutions for future challenges

## China

- The leader in the race
- Focus of 12<sup>th</sup> 5-Year Plan
- Clean energy investment :  
No. 1 rank with 21% of \$162 billion invested globally in 2009
- Taking lead on solar & wind

## Korea

- Largest share of economic stimulus devoted to “green” sector (80%)

## India

- Leading supplier of low cost solutions to domestic demand from low-income sector





# Closing

- Sustainable business is smart business.
  - Looks far ahead, anticipates trends and changing markets
- Society challenges ahead are too great to resolve without collective effort and common Vision
- Mutual Reliance:
  - Business cannot succeed in society that fails
  - Society cannot succeed without business solutions to major challenges ahead



# Thank you

[www.ibcsd.or.id](http://www.ibcsd.or.id)

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