

Green Economic Recovery: Green Growth Diagnostic Framework in Indonesia

Supporting Indonesia’s Sustainable and Inclusive Economic Transformation

Project name	Green Economic Recovery: Green Growth Diagnostic Framework in Indonesia
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Indonesia
Lead executing agency	Ministry of National Development Planning (Bappenas)
Duration	01.10.2023 - 30.09.2026



The challenge

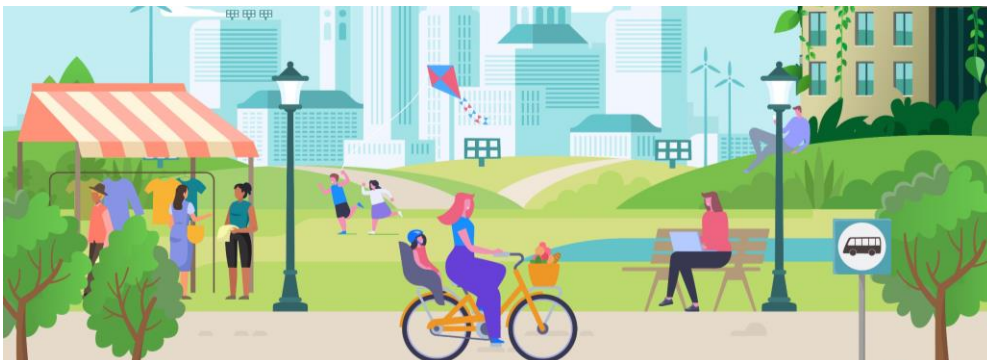
The impacts of the triple planetary crisis, namely pollution, climate change, and biodiversity loss are becoming increasingly apparent. For any nation aiming for economic growth, like Indonesia, addressing these challenges is crucial to minimise the associated economic loss. As Indonesia aspires to escaping the middle-income trap and becoming a high-income country by 2045, Indonesia seeks to transform its economy to significantly cut greenhouse gas emissions, protect biodiversity and conserve resources.

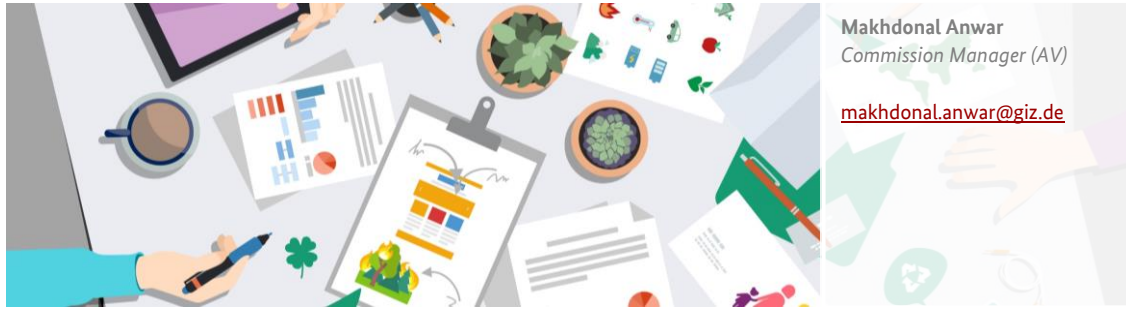
Recognising the urgency, the Indonesian Government has embedded green economic transformation into the draft of its National Long-Term Development Plan (RPJPN) 2025-2045. The plan intends to strike a balance between Indonesia’s ambitious need to provide infrastructure, services and livelihoods for its growing population as well as sustainable economic development that limits adverse externalities.

Our approach

In line with the Government of the Republic of Indonesia’s objective to transition to a green economy, the technical cooperation project “Green Economic Recovery: Green Growth Diagnostic Framework in Indonesia” has been commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) to support the Indonesian Ministry of National Development Planning (Bappenas) in developing the required capacities and sectoral strategies. The project will particularly focus on strengthening the abilities of Bappenas and other key stakeholders at both national and provincial levels for evidence-based planning and monitoring of the transformation to a green economy.

As transforming towards a green economy across the nation requires joint efforts from various stakeholders, the project also aims to improve the coordination of policy making and implementation among key stakeholders, including Bappenas, relevant sectoral ministries in national level, and sectoral agencies in sub-national level, as well as related non-state actors.





Makhdonal Anwar
Commission Manager (AV)

makhdonal.anwar@giz.de

The project works towards 3 outputs:

- Output 1 aims to boost Bappenas and other actors' analytical capabilities for evidence-based planning in transitioning to a green economy. Efforts include enhancing economic models, improving data for calculations, and training professionals.
- Output 2 intends to align policy formulation for a green economy among Bappenas, line ministries, and other authorities. This involves collaborative scenario development with sector ministries, ensuring early stakeholder involvement, and emphasizing gender-sensitive policy scenarios.
- Output 3 seeks to enhance planning and monitoring capacities for the green economy transition in 3 provinces and up to additional 6 provinces. It supports provinces with existing green initiatives and helps new provinces identify potential challenges and recommendations. The approach is cost-effective, leveraging German Development Cooperation experience and utilizing applicable tools for provinces.

based on iterative consultations with the relevant stakeholders both at national and sub-national level to ensure continuity of the intervention.

Implementing robust green growth diagnostic framework is also intended to sustain the long-term development of Indonesia. This is relevant for Indonesia, especially after recovering from the pandemic which caused a decline of around 2% of annual total income by residents of a country or known as Gross National Income (GNI) per capita in 2020. Throughout the project duration, the regulatory framework and policy recommendation to advance green economy will be formulated and coordinated among the stakeholders. This includes, but is not limited to, enabling conditions for planning and strategies in order to reach policy targets. It is expected that the implementation of such policies will contribute to fostering more inclusive and effective economic institutions creating employment opportunities addressing sources of poverty in Indonesia.

Transitioning towards a greener, more inclusive, resource-efficient and resilient economy could be transformative for Indonesia and assist in achieving its net zero emission target by 2060 or sooner.

The benefits

By applying green growth diagnostic framework, the project assists Bappenas to monitor Indonesia's economic growth while ensuring the achievement of sustainable development goals. Interlinkages between environmental, social, and economic aspects are taken into account to identify the optimal conditions for a green economy. It will then provide guidance for national and subnational government to enhance sectoral policies in developing and measuring their green growth actions. These sectoral policies are expected to influence development planning of the central government as well as the regional level. The sectors to be prioritised will be determined

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GIZ Office Indonesia
Menara BCA, 46th Floor,
Jl. M.H. Thamrin No. 1, Jakarta 10310
T +62 21 2358 7111
F +62 21 2358 7110
giz-indonesien@giz.de
www.giz.de/indonesia

Author(s)

Anindya Wulandari

Layout

Anindya Wulandari

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Federal Ministry for Economic
Cooperation and Development (BMZ)

Addresses of the BMZ offices

BMZ Bonn
Dahlmannstraße 4
53113 Bonn, Germany
T +49 (0)228 99 535-0
F +49 (0)228 99 535-3500

BMZ Berlin
Stresemannstraße 94
10963 Berlin, Germany
T +49 (0)30 18 535-0
F +49 (0)30 18 535-2501

poststelle@bmz.bund.de
www.bmz.de