

New Renewable Energy Industry Sector Gives Positive Boost in Economic Growth



COORDINATING MINISTRY FOR ECONOMIC AFFAIRS

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The government has serious attention to the new renewable energy industry. This is manifested in the Government's steps to establish a green economy as the main strategy in medium and long-term economic transformation. Especially during the pandemic, transformation is the key to accelerate economic recovery while at the same time encouraging inclusive and sustainable development growth.

In the event “Green Economy Outlook 2022: Indonesia's Policy Directions and Challenges in Realizing a Green Economy” which was held by Bisnis Indonesia virtually on Wednesday (23/02), Coordinating Minister for Economic Affairs Airlangga Hartarto said that Indonesia's economic growth in 2021 will also not separated from the positive encouragement of the business sector related to new and renewable energy.

“Indonesia's economic growth in 2021 which reaches 3.69% (yoy) is certainly an optimism that we can bring in 2022. Indonesia's real GDP has already passed the pre-pandemic level, where we have entered the upper-middle income country and there is a positive boost as well that come from the business sector related to new and renewable energy,” said Coordinating Minister Airlangga.

In the G20 Presidency in 2022, strengthening Indonesia's commitment to achieve various targets is very important and requires policies on access to technology, access to finance, and considering affordable energy costs for the community. For this reason, Coordinating Minister Airlangga emphasized that the role of green financing is important, not only limited to financing through the APBN or issuing debt securities or Green Sukuk, but also other instruments.

“One of the things that has been discussed a lot is related to blended finance which of course needs to be encouraged not only from the government but also from the private sector and also from international donor agencies, especially for nature conservation. The Environmental Fund Management Agency that has been established is also expected to encourage the publication of transparent carbon trading developments,” said Coordinating Minister Airlangga.

On the other hand, the government also continues to increase green financing cooperation with international institutions. Several new renewable energy programs receive financing from the Development Finance Institution (DFI) and the Export Credit Agency (ECA).

“In the financial sector, the Sustainable Finance Roadmap Phase II (2021-2025) which has been issued by the Financial Services Authority (OJK) will certainly encourage a Green Taxonomy so that Indonesia can become one of the countries that have green standards as a reference for national financing,” explained Coordinating Minister Airlangga.

In the regulatory aspect, the Job Creation Law that facilitates the business ecosystem is also supported by the values of safety, security, and environmental sustainability, which is one of the implementations of the Act which is implemented through a risk-based licensing system which was launched on August 9th, 2021.

“The government has also established the Indonesia Investment Authority (INA) and is expected to play a role in developing long-term investment opportunities, especially in the infrastructure sector, including digital infrastructure and other infrastructure that supports sustainable development,” concluded Coordinating Minister Airlangga. (ltg/rep/alr/fsr)

Bureau of Communications, Information Services, and Meetings
Coordinating Ministry for Economic Affairs of the Republic of Indonesia
Haryo Limanseto

Website: www.ekon.go.id

Twitter, Instagram, Facebook, TikTok & Youtube: @PerekonomianRI

Email: humas@ekon.go.id

LinkedIn: Coordinating Ministry for Economic Affairs of the Republic of Indonesia