



Indonesia's Green Economy Growth Prospects During the Covid-19 Pandemic: An Analytical Review from a Good Governance Perspective

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Abstract. Like other countries in the world during the Covid-19 pandemic, Indonesia is still faced with challenges in improving the quality of development and creating food and energy security while reducing risks to the environment, and other ecological problems through the implementation of green economy practices. In relation to the growth of Indonesia's green economy during the Covid-19 pandemic, the country must continue to take advantage of every opportunity that exists such as: 1) increasing the productivity of the food, energy and resources sectors, 2) implementing structural changes rapidly, and 3) increasing efforts to protect the environment and technological updates. This study discusses the prospects for green economic growth in Indonesia which is reviewed analytically using the theory of good governance. The method used in this study is a descriptive qualitative method through a literature review approach. The research stages carried out start from data collection, data reduction, data display, and drawing conclusions. The source of data from this study was obtained from a collection of journal articles in the last 10 years (2013–2022), books, policy briefs, online mass media, and the Ministry of Ministry's Twitter social media related to green economic growth in Indonesia. The results showed that the prospects for Indonesia's green economy growth during the Covid-19 pandemic are increasingly getting serious attention from stakeholder groups as evidenced by increasingly increasing studies on green economic growth. However, studies that discuss the growth of the green economy or green economy have not been thoroughly studied in the aspect of good governance but emphasize the use of approaches to environmental economics aspects.

Keywords: Economic Growth · Green Economy · Good Governance

1 Background

Development challenges in Indonesia entered a new chapter after passing through the change of seven state leaderships. However, in order to solve various problems around the quality of development, strategic solutions and solutions are needed. Some of these solutions include: maintaining the quality of natural resources owned in an equitable manner, mainstreaming models in sustainable development, and allocating the benefits

of natural resources and returning sovereignty in their management (Abdoellah 2016). At least this then makes the concept of sustainable development come to the fore in the practice of state administration. After 1987, the concept of “sustainable development” from the Brundtland Commission seemed to be a model of development for many people, both governments, NGOs, and other cross-border organizations. The concept of sustainable development is then only used as a keyword in plans, discourses, and reports in policy implementation. The meaning of sustainability in the end only becomes a mantra and the environment is used as a veil behind the movement of economic growth in various countries. Meanwhile, sustainable development implementation projects should be able to understand the roots of environmental problems and strategies to minimize ecological impacts that occur (Ali et al. 2021).

In addition, with all the problems that exist in Indonesia, the use of palm oil for energy and food needs seems to pose various risks. The demand for CPO supply for raw materials for the food industry itself also has the potential to experience scarcity. This can happen because there is a risk of conflict of interest between the use of palm oil for energy use and food needs (Ulfa 2022). Moreover, the threat of a food crisis that threatens countries such as Indonesia which is included in the global south category is obtained from accumulation by dispossession which in turn narrows down to improve the national economy (Harvey 2012). Thus, the government during the Covid-19 pandemic is targeting the realization of a green economy to become a new driver for an environmentally friendly national economy. So that the paradigm of the existing concept of sustainable development changes by no longer using calculations from Gross Domestic Product (GDP) and Gross Regional Domestic Product (GRDP). The conception of sustainable development of the green economy model places Green GDP or Green GRDP based on the concept of an Integrated Calculation System between the Environment and economy (System of Integrated Environmental and Economic Account) (Hari Kristianto 2020). The ‘green economy’ paradigm with different calculations is specifically aimed at being able to internalize environmental aspects into the economic sector.

Efforts to realize sustainable development emphasize the shift from ‘growth’ indicators to ‘sustainability’ so that the problems of the food, energy, and ecological crises can be handled optimally. Related to these efforts, the National Development Planning System (SPPN) which is regulated through Law No. 25 of 2004 explains that national development is organized based on democracy by applying sustainable principles. The goal is to be able to guarantee the achievement of effective, efficient, sustainable, and equitable use of resources. According to the National Determined Contribution (NDC), the Indonesian government has committed to achieving the Sustainable Development Goals (SDGs) and addressing climate change by targeting a 29% reduction in greenhouse gas emissions in the global agenda by 2030 (Ministry of Environment and Forestry 2017).

The change in perspective in sustainable development is also supported by the United Nation Environment Programme (UNEP) through a global green new deal that initiates aspects that were originally profit-oriented to turn into environmental sustainability. The next concrete step of the Government of Indonesia is seen in the 2nd phase of the green economic growth program from 2016–2020 which is contained in Presidential Regulation No. 82/2014 concerning Ratification of approval for the establishment of

an International Institute for Green Growth. Meanwhile, after entering the Covid-19 pandemic period in early 2020, the government is required to be fast in transforming, especially in the green economy sector. Thus, the transformation efforts carried out by the government include: 1) decreasing the curve of active cases of Covid-19, 2) adaptation to new habit patterns, 3) anticipating the occurrence of a new pandemic (Widyasanti 2021).

However, the green economy transition built according to the Indonesia Green Economy Model (I-GEM) requires the government to have four macro indicators aimed at measuring its success rate. The four indicators include pro-growth, pro-poor, pro-job, pro-environment. It turns out that with efforts to achieve the goals that have been set such as GDP growth and GDP growth per capita in macroeconomics, there is a mismatch to measure aspects of sustainable development. The indicators needed by Indonesia in an effort to realize sustainable development in order to increase green economic growth are 'Green GDP' and 'Inclusive Wealth', 'GDP of the Rural Poor', and 'Decent Green Jobs'. The new indicators intend to assist governments in planning development and incorporating elements of change into relevant national and regional policies. In addition, it can reflect the need for social and environmental in Indonesia. It seems that the global green new deal according to a study from (Nurholis 2021) is not a new thing because it has been accommodated through the Indonesia Green Growth Program. But what needs to be emphasized is how this green growth plan does not cause excessive growth. One example is if mining for low-carbon and renewable energy needs can cause new problems if it is overused.

This over-utilization is for example the scarcity of nickel for electric car batteries and copper for solar panels. On the other hand, what should be expected from the Green New Deal agreement for the government is the increasing growth of new jobs (green jobs). One aspect of this 'green jobs' is with agricultural land cultivated by millennial farmers with the control of the Internet of Things (IoT) which integrates the internet with alsintan (Nanariain 2022). With the increasing opening of new jobs in order to improve the economy of people's lives, the commitment of the Government of Indonesia in ensuring the quality of sustainable development with low-carbon and environmentally friendly methods must always be maintained. Existing commitments must also be supported by good governance as well. Good governance as one of the concrete outputs of reform means public participation in every stage of development. In the perspective of society itself, good governance is imagined to be able to create synergy between the private sector (private sector), government (government), and civil society (civil society). The study from (Keping 2018) brings up six basic principles of good governance which consist of: transparency, legitimacy, law enforcement, accountability, responsiveness, and effectiveness.

Development practices that pursue economic growth often ignore environmental aspects. This neglect can be seen through the development of modern industrial societies that overexploit natural resources. Moreover, Indonesia in many literature is said to be a country with poor management of natural resources. So that this article aims to see the extent of Indonesia's green economy prospects during the Covid-19 pandemic in terms of the good governance paradigm. This article also seeks to find new breakthroughs by connecting the paradigm of good governance and a more political green economy.

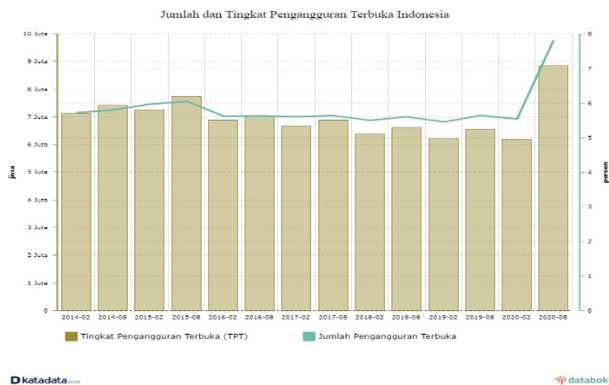


Fig. 1. Open Unemployment Rate and Number in Indonesia. Source: <https://databoks.katadata.co.id/>

2 Method

The method used in this article is a descriptive qualitative research method with a literature review approach. Meanwhile, qualitative research emphasizes explanations that are descriptive rather than predictive. The literature review in this article aims to critically review the ideas, knowledge, and findings in an academic-oriented literature and be able to contribute theoretically and methodologically to the study of good governance. Then, the focus of this research is the good governance paradigm with six basic principles that are linked to the prospects of the green economy. The collection techniques used are documentation studies through books, journal articles, policy briefs, online mass media, and Twitter social media of several related ministries. Meanwhile, the data analysis techniques used are from Miles and Huberman which include data collection, data reduction, data display, and drawing conclusions.

3 Result

The situation caused by the Covid-19 pandemic in the second quarter also had an impact on employment conditions in Indonesia. At this time the number of unemployed people in Indonesia increased from 2.67 million people to 9.77 million people. Specifically, the rate and number of open unemployment in Indonesia can be seen through Fig. 1:

This number of unemployed people increased with the increase in the labor force in Indonesia from 2.36 million to 138.22 million people. Meanwhile, the open unemployment rate also increased at 7.07% with a distribution in rural areas of 4.71% and urban areas of 8.98%.

Green economic development certainly requires how the welfare can be evenly distributed among the social classes in society. However, during the Covid-19 pandemic, Indonesia is not only faced with an even distribution of welfare but more than that it must be able to walk the path of green recovery that is more climate and environmentally friendly. The projected economic development target is no longer to return to its original 'business as usual' condition but rather towards an economic economy that can grow

Proponents of sustainable development think that the green development paradigm puts the context of the green economy cannot run if it is not supported by good governance. Sustainable development also does not only correspond to environmental issues. More broadly, sustainable development includes three aspects, namely: social development, economic development, and environmental protection. One of the challenges that can threaten the sustainability of national economic development is the uncertain state of the world. Moreover, after the Covid-19 pandemic, the world is not only characterized by the process of globalization but can have consequences for changes in other fields that quickly have a wide effect. More broadly, the COVID-19 pandemic not only threatens the health sector, but also has an impact on the economic order of all countries including Indonesia. Launching a study from (Nasution et al. 2020) the impact of the Covid-19 pandemic on the economy can cause low sentiment from investors towards the market which can then make the market in a negative direction.

Although according to a note from the Central Statistics Agency (BPS) which reported that the Indonesian economy in the first quarter of 2022 experienced a growth of 5.01%. The economic growth was the result of contributions from the processing industry which contributed a portion of 65.74% and recorded a growth of 5.71 in the year on year (yoy) time frame (Ramli 2022). Furthermore, it was filled by growth from the agricultural and trade industries, which recorded 5.71% and 1.16%, respectively. But the challenges that come are no longer about economic growth nationally. Meanwhile, during the Covid-19 pandemic, social and political challenges regarding the promotion of green growth and sustainable development cannot be considered simple. The process of change towards the true conception of a 'green economy' will require a radical transformation of the economic development model. However, for third world countries such as Indonesia, which is 'ketiban pulung' to be used as a manufacturing industrial area and the exploitation of natural resources as energy raw materials seems to require even harder efforts. Efforts must also include how the concept of sustainable development can be included in practical policy measures amid the diversity of political, economic, and environmental conditions in a global context.

The practical steps that exist according to the conception of the Brundtland Commission should rest on achieving sustainability regarding natural conditions as a physical space for development. In addition, it must contain aspects of economic governance or institutions that are able to support sustainability and improve social conditions that are able to enable these economic institutions to control sustainable development (Abdoel-lah 2016). The reason for all three must be fulfilled is that however the economic activity of a country in the middle of nowhere is impossible to simply manifest itself in an empty space and without its material conditions. The economy cannot run just because there are parties who are active but also relies on resources whose existence is inseparable from aspects of the natural environment. The development of the concept of a green economy is a model in an economic approach that does not rely on its economic development based on excessive exploitation of the environment and natural resources. The green economy should be a big leap for economic governance practices that do not pass on various problems that can hinder the growth rate of low-carbon economies. The transition to green growth will not directly improve welfare or reduce the rate of poverty and

unemployment. The Government of Indonesia understands the potential and opportunities of a green economy to realize sustainable economic growth, poverty reduction, and job creation. However, the Indonesian government during the Covid-19 pandemic has not fully succeeded in carrying out maximum economic transformation.

This can be seen from the economic growth that was close to the normal phase before the Covid-19 pandemic but could not surpass it. The government should start modifying it again and not rest on its laurels about its economic recovery. In fact, this transformation is important not only about fostering prospects for green economic growth but also about achieving the vision of Indonesia Emas 2045. Existing policies still need to be integrated with issues around economic transformation and social policies (Pambudi 2022). Moreover, in terms of legitimacy, Indonesia's role in the international arena has been very strategic by being part of the Group of Twenty (G20). As for the G20 for the 2022 period, Indonesia is in full control as chairman or called the presidency. The legitimacy obtained can be utilized in terms of mitigating the pandemic which is not only from the smallest entities such as society but even to the largest level, namely the international world.

The Group of Twenty (G20) agenda itself focuses on how the transition to a green economy can be more affordable, fair and adjustable and affordable (Ministry of Finance 2022). However, what has been declared is not accompanied by environmentally friendly economic growth, which as a result can reduce prosperity in the future. It should be noted that the growth of the green economy is at least centered on the quality of economic growth (Zhang 2022). The existing qualities are then used to realize welfare by seeking better social impacts and minimizing pressures that can damage Indonesia's natural capital. However, so far in Indonesia, there is a lack of appreciation for the aspect of protecting the environment and natural resources. In addition, the investment pattern carried out by the government is more oriented towards expanding activities that consume natural resources and commercial interests in it. The obstacles that exist are further related to the debate in determining a new economic model that can provide welfare to the people. Some of these obstacles are increasingly complicated in terms of the level of authority and management. This aspect is then related to the inability of the government to carry out the principle of accountability in managing natural resource problems.

Not to mention that the existing authority regarding the management of energy, food, water, and other resources is uneven in every level of government. The energy, food, water and so on security programs in the 2020–2025 RPJMN are still at the macro level and do not specify the delegation between authority holders from the central to the regional level. This then results in the difficulty of realizing the targets in national development. The absence of a clear division of roles also makes it difficult for each stakeholder to synergize programs related to environmental and natural resource management. This then causes the absence of synergy between programs or the ineffectiveness of programs because they have not been clearly identified (Nugroho 2020). In terms of its effectiveness, Indonesia's economic transition has not shown satisfactory results. In fact, the transformation efforts towards a green economy that have been launched by the Government have met bright spots with the creation of a roadmap in 2015 on the realization of green economic growth in Indonesia. The roadmap that has been made by the government is based on collaboration between Ministries and non-Governmental

Institutions such as the Coordinating Ministry for Economic Affairs, The Ministry of Environment and Forestry, the Ministry of Energy and Mineral Resources, the Ministry of Public Works, and the Global Green Growth Institute (Institute 2015). The resulting roadmap is entitled “Realizing Green Economic Growth in Indonesia: A Roadmap for Policy, Planning, and Investment”.

Another commitment from the Government in realizing a green economy in Indonesia can be shown by financing the program which is included in the state budget and non-APBN schemes. Quoting Airlangga Hartarto's statement obtained from (Angela 2022) that the budget for climate change alone reaches an average of 4.1% of the state budget. Then 88.1% of it was spent on the purpose of supporting green infrastructure as the main capital in transforming green economic growth in Indonesia. In addition, in order to reduce carbon emissions, the government has set a target of 29% of domestic capabilities and 41% with international assistance. Strategic steps to reduce carbon emissions to achieve this target can especially be done by increasing the renewable energy mix from the beginning by 8% in 2015 to 23% in 2030 and can reach 30% by 2045. In terms of regulation, the government's commitment can be reflected through Law No. 71 of 2021 and Presidential Regulation Number 98 of 2021 which sets a target of 29% for reducing greenhouse gas emissions in Indonesia. However, so far there are five sectors that contribute to carbon emissions, including agriculture, forestry and land, energy and transportation, industrial processes and product use, and waste (Zhang et al. 2022). With the many contributors to carbon emissions for the country, the efforts made by the government are:

- 1) Energy and transportation fields;
The shift towards electric vehicles is up to 95% of the total vehicles and the use of new and renewable energy which is close to 100% by 2060.
- 2) Fiscal sector;
The elimination of energy subsidies and the implementation of a carbon tax as a whole by 2030.
- 3) Waste field;
Managing waste through the concept of a circular economy.
- 4) Land field;
Mangrove rehabilitation, peat restoration, avoided deforestation.
- 5) New and renewable energy;
Implementing the mandatory B30 biodiesel program.

The government's strategy in low-carbon development is part of the backbone of the country to realize the vision of an advanced Indonesia in 2045 and the achievement of zero emissions in 2060. The smallest side outside of this vision is that the green lifestyle is becoming increasingly popular and many people recognize the various benefits of sustainable development practices. Therefore, green growth is economic growth that is able to contribute and be responsible for the use of natural capital, reduce and prevent pollution, create opportunities in realizing overall social welfare through green economic development efforts, and ultimately be able to achieve the goals of sustainable development (Lestari 2022).

Based on the processed images from the VOSviewer application, it was obtained that the conception of a green economy is the epicenter point and has a relationship with aspects of governance, economic growth, green growth, economic development, as well as issues related to climate change and carbon emissions. However, according to the processed picture, in carrying out the conception of a 'green economy' requires an adequate government approach and innovation to be able to realize it. So it can be concluded that the paradigm of good governance must be able to become a bridge between economic development, economic growth, and green growth by prioritizing serious political will from the government.

5 Conclusion

The prospect of Indonesia's green economy growth from year to year is increasingly showing bright spots. Even before the Covid-19 pandemic, the government had issued a roadmap which would later serve as the main reference for various parties to realize the growth of green economic growth that can be felt by all circles. Green economic growth is growth that pays attention to the quality of its growth by having an impact both economically, socially, and environmentally. So that the good governance paradigm as an analytical tool in this article can help explain that the Indonesian economy during the Covid-19 pandemic although it has increased but was not previously projected to help overcome problems related to employment and poverty. In addition, responses in the form of existing policies still need to be reintegrated with issues surrounding the transformation of the green economy, the distribution of welfare and social policies. Moreover, the legitimacy of Indonesia's role in the international arena is greatly helped by its role as the G20 presidency which can accommodate and initiate the agenda of green economic growth at the global level so that it does not just become a discourse. On a local scale, the government has improved by issuing Law No. 71 of 2021 and Presidential Regulation No. 98 of 2021 in order to reduce greenhouse gas emissions in Indonesia. However, existing regulatory commitments must also be balanced with law enforcement through a moratorium on forests, mining, oil palm, and peatlands. However, in terms of accountability for resource management as a basis for green economic growth, the government has not been able to delegate its authority to the regional level and ultimately causes the programs run by the government to realize the pace of green economic growth in Indonesia to be ineffective.

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