

Green Growth Construction in The G20 and Indonesia's Economic Recovery Strategy

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ABSTRACT

The role of the G20 as the main international economic forum is supported by the agenda for economic recovery in developing countries during the pandemic. Indonesia's presidency at the G20 in 2022 will be an important opportunity for the government to strengthen partnerships between developing and developed countries in providing economic recovery and closing global inequality gaps. Indonesia's role in realizing a productive, resilient, and just economic recovery reflects the benefits of the G20 forum by encouraging cooperation and partnership. This study aims to analyze contemporary issues regarding the implementation of a green economy and Indonesia's economic recovery strategy. This study uses a qualitative method with narrative analysis, referring to case studies of several of Indonesia's successes in multilateral cooperation forums, by collecting secondary data from various sources, both national and international journals and from official government documents, literature books, and news sources that have good evidence. The findings from this study suggest several policy options to encourage a green economy transition including attracting green investment to Indonesia, shifting from primary to secondary and tertiary commodities, suspending incentives for the extractive sector, and maintaining consistency of policies and regulations related to the green economy.

Keywords: Green Growth, G20, Economic Recovery

INTRODUCTION

The pandemic in Indonesia has created a huge impact on every aspect of life, such as economic development. The Covid-19 pandemic has significantly affected the way people interact, the way they work, the way businesses promote and sell products, and how the policy-making process is carried out (Yasa, 2010). Therefore, the public and the government must take appropriate steps in seeking economic recovery in Indonesia. Economic development in an area is an activity that is carried out consciously and must be carried out together to create a better life. Therefore, economic development is carried out as a step for equitable development so that the output can create just and equitable community welfare (Darmawijaya, 2021).

Green growth is intended as a driver of economic growth and development by utilizing natural resources sustainably and efficiently in the use of clean natural resources, minimizing pollution and environmental impacts, and being disaster-resistant (Harisman, 2012). In addition, green growth emphasizes environmentally friendly economic progress to promote emission reductions and socially inclusive development. Green growth also plays an important role in dealing with the impacts of climate change and is closely related to the concept of a green economy which aims at equitable distribution and improvement of social welfare and significantly reduces the risk of environmental damage and ecological scarcity (Ibrahim, 2022).

According to Barbier. (2020), building a green economy that balances economic, environmental, and social dimensions means developing regions by providing long-term

benefits to people living in poverty, usually in marginal agricultural or plantation areas, generally by promoting economic growth, supporting diversification, and creating new jobs through environmental restoration in the surrounding area.

A green economy reflects the opportunity to improve people's quality of life, eradicate poverty, create decent jobs, promote sustainable investment, and simultaneously increase the competitiveness of enterprises. The government should ideally strengthen cooperation through policies promoting economic transformation towards a green economy (Barbier, 2016). At the macro level, a green economy after several years of transition can provide more economic growth, reduce poverty, and generate more new jobs (Hill, 2012).

From a gender perspective, green growth-oriented development opens up more job opportunities for women if the government initiates structural reforms that can reduce gender inequality in the labor market, including in the agricultural sector (Junifta, 2022). Therefore, the public and private sectors need to support the future green economy model in sustainable development and poverty eradication.

Indonesia's development strategy refers to the 4 pillars of development, namely pro-growth, pro-job, pro-poor, and pro-environment. This reflects Indonesia's economic development goals not only to promote growth but also to pay attention to environmental sustainability and poverty alleviation (Chaidir Iswanaji, Aziz muslim, 2022). To achieve green growth, Indonesia needs to consider the conditions and carrying capacity of land area resources, including agricultural, plantation, forestry, and marine land as well as the content of natural resources, both non-renewable and renewable (Jannah, 2022). In terms of land area support, Indonesia is one of the countries with the largest forests in the world and even has the largest tropical rain forest in the Asian region. Besides that, approximately half of the world's tropical peatlands are in Indonesia, which is approximately 21 million hectares. Indonesia's forests, which are also relied upon as the world's lungs, have recently experienced very sad deforestation, even in Kalimantan in 2010 there were only 44.4% and it is estimated that in 2020 it will decrease and only 32.6% (Iswanaji et al., 2021).

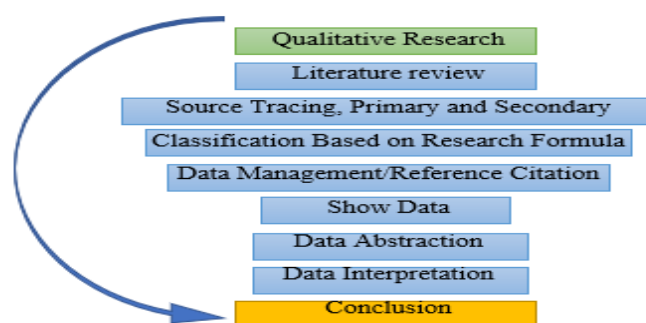
According to UNDP data, Indonesia is the third largest emitter of carbon, with more than 80 percent of national emissions coming from land use change, especially deforestation. For Indonesia, forests are not only linked to carbon stocks but more than that, they are rich in biodiversity. Indonesia's forests are home to nearly 30 thousand plant species. Indonesia's biodiversity is the second largest in the world after Brazil. If marine life is included, Indonesia is claimed to be the country with the most biodiversity. Unfortunately, when Indonesia's biodiversity becomes an important commodity in the eyes of the world, the protection of biodiversity is still weak. Many Indonesian biotas are taken without the knowledge of related parties (Hasbi & Widayanti, 2021).

METHOD

Legal research is a scientific activity based on certain methods, systematics, and thoughts that aim to study one or several certain legal phenomena by analyzing them. The method used in this research is normative research, using the approach of legislation and the thoughts of figures. Normative legal research is a process to find the rule of law, legal principles, and legal doctrines to answer the issues or problems that occur (Sukanto, 2007). Sources of data used in this study are secondary data, namely data obtained from legislation, scientific journals, and

legal literature. The data analysis technique used in this research is qualitative analysis with a library research approach.

Figure Qualitative Research Flow Literature Study (Literature Review)



The figure above explains the editorial in the scenario of the type of qualitative research literature study. This research is a qualitative type through literature study. Stages of research are carried out by collecting library sources, both primary and secondary (Marzuki, 2011). This study classified the data based on the research formula. In the advanced stage, data processing and or reference citations are carried out to be displayed as research findings, abstracted to obtain complete information, and interpreted to produce knowledge for concluding. As for the interpretation stage, analysis or approaches are used, for example, philosophical, theological, Sufistic, exegesis, Sarah, and others.

RESULT AND DISCUSSION

1. Green Growth Strategy

National development strategies should be based on the strengths, barriers, and challenges of each country. Developed countries, emerging markets, and developing countries have different opportunities and challenges to green economic growth, depending on their respective political and economic situations (Al-Fadhat, F. 2022). A good green growth strategy will be able to provide environmental and economic benefits that will ultimately increase welfare. However, this strategy is not the only solution that can overcome the difficulties experienced by a country. If economic growth is not good enough due to policy or institutional problems, then green growth will not be able to increase the growth in question if the structural problems are not addressed first (Miankhel, AK, 2021).

In the short term, generally green policies will require a lot of financing such as high operational costs and investment costs. Whereas in the long term, green policies are designed to generate economic benefits and contribute to long-term sustainable growth. In the short term, there will usually be a trade-off between environmental protection and conservation efforts and economic growth (Kallis, G., 2020). Therefore, green growth policies need to be designed with specific objectives to mitigate trade-offs intended to maximize synergies and short-term economic benefits such as job creation, poverty alleviation, and increased efficiency.

The transition to a green paradigm requires fundamental changes in formulating economic, social, and environmental policies. The integration of these three dimensions in

policy formulation is a must. However, it is necessary to formulate a mutually beneficial policy solution (Treguer, D., 2012). Efforts for poverty alleviation, job creation, and providing access to quality health services, education, and all facilities that can be enjoyed by a modern society must be carried out in line with respect for natural resources and the environment to achieve sustainable development goals.

The transformation of green growth certainly requires large financing, technology transfer, and the support of adequate human resources. There may be a gap between the level of development and readiness for transformation. To close this gap, a breakthrough is needed in the development and application of technology as well as capacity building which is expected to be able to open up alternative jobs and skills for people who have relied on natural resources for their economic activities. In addition, the green growth concept should not dictate and lead to new technical barriers to trade and should not impose new requirements for access to donor country financing or assistance.

To implement green growth, the OECD proposes a strategy consisting of the following 5 processes:

- a. Meet the need to achieve green growth. The need for a green economy growth model is highly dependent on economic activities in a country. Potential economic sectors in the implementation of green growth are sectors that are objects in the green growth model.
- b. Removes barriers to achieving green growth. Achievement of economic growth will be more effective if obstacles such as the tax system that do not lead to environmental sustainability are removed, and incentives are given for development oriented to a sustainable economy.
- c. Political strategy in the application of green growth. The role of politics greatly determines the success of green growth, it is very necessary to support the sustainability of a growth model.
- d. Measurement of green growth indicators. This green growth indicator is used in monitoring and measuring the success of a growth model in a country. Therefore, the development of green growth indicators is indispensable in the strategy for implementing green growth.
- e. The application of the concept of green growth in a sustainable manner. After the previous stages have been carried out, what needs to be done is the implementation of targeted green growth in a sustainable time.

2. Green Growth and the G20

The discussion of the issue of green growth at the G20 is one of the priority agendas of the Mexico Chair at the 2012 G20. This is intended as an effort to promote sustainable development both for infrastructure, energy efficiency, environmentally oriented development, and the fight against climate change. Agenda

Green growth in the G20 was first introduced at the Seoul Summit, in 2010. The inclusion of a green growth agenda is expected to be able, simultaneously, to accelerate growth and job creation as well as to meet various environmental and social challenges. The discussion of green growth is expected to be able to explore new sources of growth through innovation-oriented policies by utilizing new advanced technologies, especially in clean energy and innovation that utilizes communication and information technology (Shao, Q., 2019).

The use of technology and innovation is expected to be the main driver in the creation of new jobs and competencies. This aspiration was echoed again at the Cannes Summit, 2011

where the G20 leaders were committed to implementing policies to spur innovation and implementation of clean and efficient energy technologies. Based on these things, Mexico made green growth one of the priority agendas at the Los Cabos Summit, in 2012.

The discussion of green growth needs to be supported by a renewed political commitment to sustainable development and green growth. In this context, discussions on promoting sustainable development, green growth, and addressing climate change are discussed by the Energy and Growth Working Group on the Energy and Commodities Working Group on the Finance Track, and the Development Working Group on the Sherpa Track. The G20 Finance Ministers and Central Bank Governors, at their meeting, on 25-26 February 2012, in Mexico City, asked the OECD, the World Bank, and relevant agencies at the United Nations, to prepare a report presenting various options for G20 countries on efforts to include green growth and sustainable development policies into the structural reform agenda. The policy options prepared must be adapted to the conditions and level of development of each country. Furthermore, the Ministers and Governors also pledged to contribute to the preparation of the report and voluntarily inform each country's actions to integrate green growth and sustainable development into the structural reform agenda.

The social and political challenges of promoting green growth and sustainable development cannot be taken lightly. The shift towards a green economy will require a radical transformation of the current economic development model (OECD, 2011a). As is the case with all transformative processes, these changes are likely to alter the short-term and long-term comparative advantages of countries, industries, and societal groups. Green growth and sustainable development also require behavior change (Zhu, S., & Ye, A., 2018).

In the short term, some aspects of transformation may impose costs and trade-offs between alternative policy objectives. In addition, there will also be social and political opposition from the affected constituents, although the benefits and sustainability will be enjoyed in the long term. Therefore, the potential costs and risks associated with green structural reform need to be carefully considered both in terms of timing and design (Wichterich, C., (2015).

The transition to green growth will not directly help reduce poverty or improve welfare, especially for those whose lives are closely related to environmental resources. Consistent capacity-building support is needed so that green economic growth can be continued and even accelerated (Wei, G., 2020). To this end, any unintended impacts of such actions should be considered in policy design, such as the possible impacts resulting from the use of energy sources derived from agriculture, for example, biofuels for commodity markets.

CONCLUSION

The Government of Indonesia needs to increase the quantity and quality of information on job opportunities and skills related to green growth. In addition, it is also necessary to improve the quality of the provision of skills in the education system. Setting up a high-quality education and training system will not only facilitate the ability of workers to accelerate adaptation to changes in the labor market but can also increase the capacity of businesses to adopt and produce new green technologies. Indonesia ranks as the third country with the most potential to create jobs in the green economy, after the United States and Brazil. If Indonesia invests 2 percent of state revenue for a green economy, then in the next five years, Indonesia

can create 4.4-6, 3 million new jobs. It was further stated that the investment of 2 percent in question does not have to be financed by the government budget, but can be carried out by the private sector. The jobs that are categorized as green jobs include, among others: waste treatment, waste recycling, organic farming, solar panel manufacturing, and various other jobs that are environmentally oriented.

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