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Welcome to the LPEM Newsletter September 2022 Edition. The LPEM Newsletter is the fruit of thoughts and a summary of the activities of the LPEM FEB UI team. This edition is the third edition and will continue to be published every month. Since 1953, LPEM FEB UI has been actively conducting research, consulting, and training activities to solve development problems in Indonesia. The activities focused on various issues related to institutions, regional economy, international trade, finance and banking, fiscal and monetary economy, agriculture, industry, tourism, rural development, environment, demography, employment, poverty, and MSMEs.

In this edition, the LPEM Newsletter will discuss the entire series of plenary sessions of the T20 Indonesia Summit 2022 in Nusa Dua, Bali. A summary of the six parallel sessions of the T20 Indonesia Summit 2022 organized by LPEM FEB UI is also available in this edition. The six parallel sessions were titled **"Fostering Collective Action and Tangible Cooperation in Climate-related Investment"**, **"Beyond GDP and Towards Inclusive Wealth - Implications for SDG Financing and Other Long-term Decision-making"**, **"Mainstreaming Philanthropic Funding in Development Financing"**, **"Addressing the Challenge of Green Transition in Developing Countries"**, **"Contextualizing Crypto Asset Within The Hard Reality of Finance: Does it have a role or is it simply a heresy?"**, and **"Global Convergence in Climate Action"**.

This newsletter is widely distributed among the government, academics, advocates and environmental activists, NGOs, the media, and the general public. We encourage your involvement in sharing this publication widely and making it a reference when needed.

Enjoy reading,

Alin Halimatussadiah

Head of Environmental Economics Study Group
LPEM FEB UI



T20 Indonesia Summit 2022: Penguatan Peran G20 dalam Menavigasi Dinamika Global Saat Ini



The T20 Indonesia Summit 2022 was held on 5-6 September 2022 in Nusa Dua, Bali, Indonesia as part of strengthening the role of the G20 in navigating the current global dynamics. In the forum that became the culmination of the implementation of T20 Indonesia, the world's leading scholars, policymakers and experts gathered to discuss the latest research based on policy recommendations and matters of global importance. This forum also serves as an interactive platform for colleagues to come forward and share ideas to build a more prosperous, sustainable, and inclusive world. The three main themes in the policy summary discussed at the T20 Summit were global health architecture, digital transformation, and energy transition.

On the first day, there were two plenary sessions entitled **"Bridging Diverse Interests for Greater Global Cooperation"** and **"Smoothing Green and Just Energy Transition"**. The first session discussed further how the G20 can bridge the interests and challenges of geopolitics, socio-economic aspects, and the environment. This session began with a keynote speech from Retno Marsudi (Minister of Foreign Affairs of the Republic of Indonesia). The panelists in this session were Chatib Basri (Former Minister of Finance, Republic of Indonesia), Fukunari Kimura (Chief Economist of ERIA), Denis Hew (Director at the APEC PSU), Peter Drysdale (Emeritus Professor of Economics at the Australian National University), and Alicia García-Herrero (Chief Economist for the Asia Pacific at Natixis and Adjunct Professor at HKUST Business School).

The second session further provided insight into efforts to ensure a smooth green and energy transition and the G20's contribution to the process. The panelists for this session were Anna-Katharina Hornidge (Director of the German Development Institute), Frank Jotzo (Director of

the Center for Climate Economics and Policy at Australian National University), Deepali Khanna (Vice-President Asia Regional Office, The Rockefeller Foundation), and Nishant Bhardwaj (Deputy Director/Global Sector Lead for Renewable Energy, GGGI).

The second day was followed by the third and fourth plenary sessions entitled **"Rethinking Social Well-being in Digital Society"** and **"From T20 Indonesia to the World"**. The third session discussed the position of social welfare in the era of digital society. This session was attended by Paul Twomey, Initiative Director at The New Institute as a keynote speaker, and several panelists including Dennis Snower (President of Global Solutions Initiative Foundation), Wing Thyee Woo (Vice-President for Asia at UN SDSN), Asep Suryahadi (Senior Research SMERU Institute Fellow, Lead Co-chairs of TF5), and Devi Aryani (Executive Director of Indonesia Services Dialogue).

The fourth session highlighted Indonesia's T20 recommendations summarized in the T20 communique and the steps needed. This session began with a keynote speech from Jeffrey Sachs (Director of the Center for Sustainable Development, Columbia University). The panelists present in this session, namely Bambang Brodjonegoro (Lead Co-Chairs of T20 Indonesia), Sachin Chaturvedi (Director General at the Research and Information System for Developing Countries), Paolo Magri (Executive Vice President of the Italian Institute for International Political Studies), and Tetsushi Sonobe (Dean and CEO of the Asian Development Bank Institute).

You can see the full coverage of the plenary session through our recorded live stream on YouTube:

<https://www.youtube.com/c/T20Indonesia>

T20 Indonesia Summit 2022: Fostering Collective Action and Tangible Cooperation in Climate-Related Investment



T20 Indonesia, in collaboration with APRIL Group, presented a discussion forum entitled **“Fostering Collective Action and Tangible Cooperation in Climate-related Investment”** as one of the series of T20 Summit parallel sessions on September 5, 2022 in Nusa Dua, Bali. This session aims to provide insight on the private sector's role in driving the necessary technologies, innovations, commitment and actions to combat climate challenges and provide recommendations on how G20 can initiate and strengthen the global cooperation in climate-related investment, particularly in implementing sustainable forestry and agriculture practices.

This session brought together national and international renowned speakers such as John Kirton, Professor at the University of Toronto and Director of G7-G20 Research Group, who talked about strategies for spurring climate-related technology innovation in emerging economies. Damayanti Buchori, Professor and Chair of the Centre for Transdisciplinary and Sustainability Sciences (CTSS) IPB University added some perspectives of sustainable trade and value chain in agriculture and forestry.

From the private sector's perspective, Sihol Parulian Aritonang, Director of PT Riau Andalan Pulp and Paper, came with discussion about the private sector's role in achieving climate targets. Meanwhile, Sanjiv Louis, Investment Director of Sail Ventures filled in the knowledge gap with promoting investment-hub for sustainable forestry

and agriculture practices discourse. In alignment with the discussion, Riki Frindos, Director of Indonesia Biodiversity Foundation (KEHATI), highlighted the need of strengthening the financial and capital market ecosystem to drive and foster climate investment.

The session came up with several key takeaways. First, collective action is crucial to plan and co-create policies and regulations through a multi-stakeholder process. Second, on climate-related investment, investors must be willing to moderate return expectations and lengthen investment time horizons while putting a value on measurable and tangible environmental and social impact outcomes. Lastly, bolder investments in nature-based solutions, climate actions and sustainable development. On the tree efforts, the G20 can take a role to initiate, enforce and lead the agenda.

As a closing statement, to tackle climate challenges, G20 needs to agree on a big bowl of climate collective action because the world cannot wait for the next couple of years, unless the situation will get worse.

You can see the full coverage of the parallel session through our recorded live stream on YouTube:
<https://www.youtube.com/watch?v=UDqzH2AEfM8>

T20 Indonesia Summit 2022: Beyond GDP and Towards Inclusive Wealth - Implications for SDG Financing and Other Long-term Decision-making



Task Force 9, T20 Indonesia, hosted by the Institute for Economic and Social Research, Faculty of Economics and Business, University of Indonesia (LPEM FEB UI) held a discussion forum entitled **"Beyond GDP and Towards Inclusive Wealth - Implications for SDG Financing and Other Long-term Decision-making"** as one of the series of T20 Summit parallel sessions on September 5, 2022 in Nusa Dua, Bali.

The forum opens with opening remarks from Rob Smith, Principal of Midsummer Analytics. He conveyed that moving toward inclusive wealth does not mean that GDP be abandoned as a central measure of progress. In his initial thoughts, Matthew Agarwala said that in the 21st century, we are facing a constellation of crises: a climate crisis, biodiversity crisis, air quality crisis, a crisis of access to water and sanitation come as a result of the pursuit of GDP growth. Up next, Bambang Brodjonegoro, the lead co-chair of T20 Indonesia, explained based on his experience as the Minister, the three key goals in the development planning: reducing poverty rate, increasing economic growth, and narrowing inequality.

David Kaczan, senior economist in the Environment, Natural Resources, and Blue Economy Global Practice of the World Bank, shared his project experience in Bangladesh regarding the value of the investment to the reforestation of Mangrove in Bangladesh. Adding to what other speakers have said, Radhika Lal conveyed that it's not enough to just have the right set of measures. We need to get politicians and the private sector to recognize that this is what we need to align to. Dennis Snower stated that the traditional GDP is not enough to capture the social well-being, rather just the financial capital. Social capital implies everything that we need as a social creature.

In his closing remarks, Bambang Brodjonegoro summarized that in order to have inclusive wealth, we need to start to formulate the global standard on measuring inclusive wealth, including human capital to ensure that a country has a proper human resource, and natural capital to mitigate the natural disaster. In the occasion of the T20 summit, we need to also convey the message to the G20 leader, as beyond GDP becomes a necessity and proposing inclusive wealth as the platform.

You can see the full coverage of the parallel session through our recorded live stream on YouTube:

https://www.youtube.com/watch?v=E9qxfosaK_o

T20 Indonesia Summit 2022: Mainstreaming Philanthropic Funding in Development Financing



Task Force 9, T20 Indonesia, hosted by the Institute for Economic and Social Research, Faculty of Economics and Business, University of Indonesia (LPEM FEB UI) held a webinar parallel session T20 Summit entitled **"Mainstreaming Philanthropic Funding in Development Financing"**. The webinar was held on the 3rd day of T20 summit, 6 September 2022 in Bali. The session was opened by the chair, Tristan Ace, Chief Program Officer of Asian Venture Philanthropy Network (AVPN).

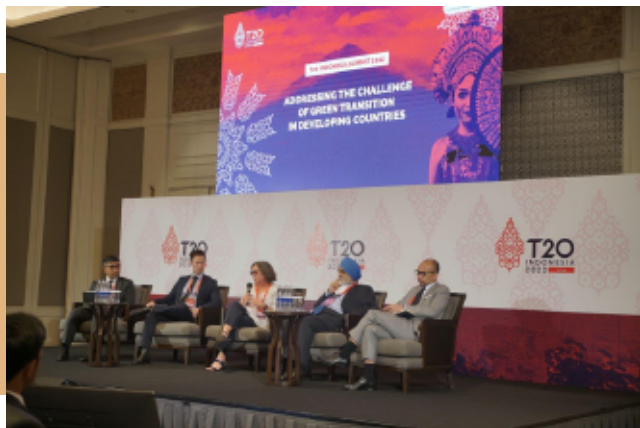
Simon Chadwick, Chief Impact Investment Officer of Akaria Capital, shared how Akaria Capital works, with a collaborative model between the private sector and major philanthropists. Akaria Capital has a goal to move capital at scale to fund natural climate solutions. He said that natural climate solutions were able to contribute about 37% of the solution to limit climate change, where natural assets could also provide the best-longest form of carbon offset. "Given the development in the markets recently, you can view natural capital solutions (NCS) or a nature-based solutions project as an investable asset", said Simon.

Meanwhile, Arianne Santoso shared her insights on how philanthropic work supports the company and how tech companies play a role in philanthropic funding. In 2017, Google was the first company to match the annual electricity consumption with the renewable energy purchases. Google do it through the google philanthropic arm, the first is to provide skill based volunteering to the sector, provide tech solutions through product and services, and the last is through philanthropic funding.

Douglas Midland as the managing director of the US Development Financial Corporation (DFC) has an aim to bridge the social capital to support the project scale business as there is a lot of liquidity outside, but less of the implemented project. DFC supports public sector projects that address key development challenges, such as energy transition. DFC focuses on commercially viable is for the long term sustainability, once the capital is deployed it can continue delivering the impact that DFC are looking to achieve. DFC measures the development impact through job creation and economic growth, in the local communities.

You can see the full coverage of the parallel session through
our recorded live stream on YouTube:
https://www.youtube.com/watch?v=E9qxfosaK_o

Addressing the Challenge of Green Transition in Developing Countries



On 6 September 2022, T20 Indonesia, hosted by the Institute for Economic and Social Research, Faculty of Economics and Business, University of Indonesia (LPEM FEB UI) held a parallel session T20 Summit entitled **"Addressing the Challenge of Green Transition in Developing Countries"**. The session featured prominent speakers, such as Montek Singh Ahluwalia (Member of High Level Advisory Group on Climate Change, World Bank-IMF), Kathy Hochstetler (Head of Department International Relation at London School of Economics), Adam Triggs (Director of AlphaBeta Accenture Strategy), and Habib Rab (Lead Economist World Bank Jakarta).

In this session, panelists discussed how developing countries formulate the strategy in order to support the Paris agreement's objective by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. Chatib Basri, Indonesia's former minister of finance in his opening speech said in order to achieve that, it requires huge funding of at least 6% of Global GDP. Unfortunately, The pandemic and the geo-political situation in Ukraine has impacted many low and middle income countries. This will be a challenge for a government to set a priority.

You can see the full coverage of the parallel session through our recorded live stream on YouTube:

<https://www.youtube.com/watch?v=VWr3xHwvCI8>

Contextualizing Crypto Asset Within The Hard Reality of Finance: Does it have a role or is it simply a heresy?

One of the series of peak events of T20 Indonesia, the T20 Summit, was the Parallel 4A session which was held on September 6, 2022, with the title **"Contextualizing Crypto Asset Within The Hard Reality of Finance: Does it have a role or is it simply a heresy?"**. The session was hosted by LPEM FEB UI and RAIZ Invest Indonesia. The session featured prominent speakers, such as Bambang Soesatyo (Speaker of the People's Consultative Assembly, Republic of Indonesia) as Keynote Speakers, Reza Yamora Siregar (Senior Executive Vice President - Indonesia Financial Group Task Force 7 Co-Chair, T20 Indonesia) as panelists, Henry Rialdy (Deputy Commissioner of Financial System Stability, Financial Service Authority (OJK) as a panelist, Bill Fuggle (Partner, Baker and McKenzie Australia) as a panelist, and Adrian Panggabean (Advisor - Raiz Invest Indonesia) as chair.

This session discussed the implementation of crypto assets in financial markets in developing countries, the challenges, risks, and opportunities of implementing crypto assets as well as analytical input on how to make crypto assets recognized and regulated in society.



https://www.youtube.com/watch?v=hsYj_4BUHkM

The Urgency of Global Cooperation in Facing Climate Problems



One of the sessions in the peak event of T20 Indonesia, the T20 Summit, was the Parallel 3C session entitled "**Global Convergence in Climate Action**". The session was hosted by LPEM FEB UI, and brought together well-known panelists such as Nathan Hultman (University of Maryland), Shuva Raha (Council for Energy, Environment and Water (CEEW), Preeti Bandhari (World Resources Institute (WRI)), Noura Mansouri (KAPSARC), Fabby Tumiwa (Institute for Essential Services Reform (IESR)), and Moekti Handajani Soejachmoen (Co-Founder and Executive Director, Indonesia Research Institute for Decarbonization (IRID)).

This session discusses many things about climate change. Starting from the risks that must be mitigated by helping support stronger policies in the fields of public health, quality of life and equity, economic growth, conflict reduction, business models, to public funding to support climate change.

From this session, Noura highlighted 3 points for successful climate action: 1) energy security cannot be taken for granted; 2) investment in various energy options, particularly green and sustainable energy; and 3) climate action must be sustainable and inclusive.

You can see the full coverage of the parallel session through our recorded live stream on YouTube:

<https://www.youtube.com/watch?v=ioisjnglahk>

Economic Brief

Macroeconomic Analysis Series: Inflation Analysis, August 2022

Year-on-year inflation (YoY) in July 2022 was reported at 4.94% or an increase of 0.59% compared to annual inflation in June 2022. This inflation rate was the highest inflation rate since June 2017, which was recorded at 4.37%. Month-on-month inflation (MtM) in July 2022 was recorded at 0.64% which was an increase of 0.03% compared to MtM inflation in June 2022. BPS reported that the components of inflation, government-regulated prices, and volatile prices contributed to inflation respectively. respectively. respectively 0.18%, 0.21%, and 0.25%. Inflation occurred due to price increases in all sectors except for the information, communication and financial services group. The most dominant ones occurred in the foodstuff sector (1.35%), food, beverages, and upgrades (1.16%), and transportation (1.13%).

More details: <https://www.lpem.org/id/bahasa-indonesia-seri-analisis-makroekonomi-inflasi-bulanan-agustus-2022/>

Macroeconomic Analysis Series: BI Board of Governors Meeting, August 2022

A midst a bleak outlook for global growth and elevated inflation level everywhere, Indonesia's economy has shown a more optimistic attitude in the remainder of the year. The economy grew by 5.44% (y.o.y) in Q2-2022, better-than-expected and well above many consensus. Core inflation remained relatively benign compared to headline inflation, although we projected the trend will be going upward. From external side, the aggressive move by the Fed provoked a wider rate differential, resulting in the capital outflow from emerging markets. Fortunately, it did not appear in Indonesia this month due to the positive market sentiment toward domestic fundamentals, particularly after the published growth of the second quarter has amplified the capital inflows into domestic financial market. As a result, Rupiah strengthened in mid-August to a level of around IDR14,800. Therefore, we see that BI still have some room to hold its policy rate at 3.50% this month to support external resilience while maintaining macroeconomic and financial system stability.

More details: <https://www.lpem.org/id/macroeconomic-analysis-series-bi-board-of-governor-meeting-august-2022/>

Economic Analysis Series: Trade and Industry Brief, August 2022

The continued volatility in world oil prices has prompted the government to improve the fuel subsidy scheme (BBM). In the midst of various indications to increase the price of subsidized fuel, the government announced an additional allocation of social assistance amounting to Rp. 24.17 trillion [1]. This August edition of Trade and Industry Brief discusses the impact of global oil price fluctuations on the burden of fuel subsidies in the APBN, as well as the impact of the scenario of an increase in fuel prices on inflation, especially amid the uncertainty of world food prices. This trade and industry brief also discussed the performance of Indonesia's trade balance, which last July recorded a surplus of USD 4.23 billion, which was the 27th consecutive month of surplus. The information used in this policy brief was obtained from BPS, ICE (International Exchange), and other sources.

More details: <https://www.lpem.org/id/economic-analysis-series-trade-and-industry-brief-august-2022/>

Labor Market Brief, August 2022

Wages of workers/laborers can provide an overview of the welfare of workers, especially informal workers who tend to fluctuate. In the period of July 2022, BPS noted that the wages of rural workers (farmers) and urban workers (construction workers) increased in nominal terms, but decreased in nominal terms. This indicates that the purchasing power of workers has decreased compared to last year's condition. An analysis of this condition can be carried out to evaluate policies in order to maintain people's purchasing power, especially informal groups.

More details: <https://www.lpem.org/id/labor-market-brief-volume-3-number-8-august-2022/>

Fiscal Analysis Series: Tax Policy Brief 2nd Edition, September 2022

The Covid-19 pandemic has had a negative impact on the economy in all regions of varying severity. The COVID-19 pandemic has resulted in a decline in economic activity, especially for the western provinces of Indonesia. For the Java and Sumatra regions, prolonged economic disruption occurred along with the implementation of social restrictions and mobility to mitigate the spread of COVID-19. However, certain regions also experienced positive economic growth in the midst of this crisis, driven by the primary sector as the main economic sector that was still operating during the pandemic. Positive economic growth was recorded for the provinces of Central Sulawesi, North Maluku, and Papua, in 2020. Regional economic growth, in general, will gradually recover in 2021 with GDP growth of 3.69% in line with the control of pandemic cases and the gradual opening of various economic activity.

More details: <https://terc.lpem.org/seri-analisis-fiskal-tax-policy-brief-edisi-2-september-2022/>

Webinar dan Press Conference

- Study on Increasing the Role of Philanthropy in Financing the SDGs, 30 August 2022, LPEM FEB UI
<https://www.youtube.com/watch?v=I-l-m5bNcYY&t=10s>
- [T20 TF9] Enhancing Philanthropies' Contributions in SDGs Blended Financing, 9 Agustus 2022, LPEM FEB UI
<https://www.youtube.com/watch?v=cLf1U5BTqtY&t=5s>



LPEM FEB UI Education and Training: 2022: September - October



Monitoring and Evaluation
(6-8 September 2022)



Policy Report Writing
(24-28 October 2022)



Regulatory Impact Assessment
(4-6 October 2022)



**Economic and Financial Data
Exploration Analysis**
(12-16 September 2022)



**Regional Potential Analysis: Regional
Taxes and Regional Potential**
(19-23 September 2022)



Macroeconomics
(11-13 October 2022)



Planning and Budgeting
(3-7 October 2022)

More information about the education and training:

Website: www.diklat.lpem.org
Registration: <https://linktr.ee/DiklatLPEMFEBUI>
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