CAN
CLIMATE ACTION NETWORK
Southeast Asia

Climate Action Network Southeast Asia
P. O. Box 382, Pejabat Pos Jalan Sultan
46740 Petaling Jaya, Selangor
Malaysia
www.cansea.net

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Ibu Sri Mulyani Indrawati
Minister of Finance of Indonesia

Dear Minister Sri Mulyani,

Just and Sustainable Recovery from COVID-19

The COVID-19 pandemic keeps presenting real and immediate risks to people's health and livelihoods. Its socio-economic consequences have called for decisive action and strategic countercyclical fiscal policies by all Ministers of Finance.

COVID-19 comes on top of multiple crises our societies have been facing: climate emergency, biodiversity loss and rising inequality. While COVID-19 will shape our economy regardless, the right menu of responses can reshape a better future. We, therefore, urge you, Minister Sri Mulyani Indrawati, to commit to and send a strong signal for fiscal responses fully aligned with the Paris Agreement and Sustainable Development Goals. The upcoming G20 Finance Minister Summit is a timely opportunity to provide such leadership along with other major economies to commit to and send a strong signal on a sustainable recovery.

The next decade is decisive to set the economy on a sustainable development pathway. The money spent in response to the COVID-19 crisis can make or break this opportunity. Foresight and vision are indispensable now, to develop a holistic approach which responds to the multiple phases of the crisis – shock, stabilization and reboot.

By developing a forward-looking plan, which envisages and shapes the future through all of these stages, governments increasingly mitigate against the risk of adopting stimulus packages that exhaust the available fiscal resources without fulfilling the longer-term vision.

Responses to COVID-19 by the Indonesian Government

We at CAN acknowledge the Government of Indonesia has taken various dynamic measures to enable economic recovery from COVID-19. In addition to the budget for the health sector, we are aware the Government unveiled a stimulus package to support the tourism, airline and property industries in the wake of the coronavirus outbreak. The Government also provided extra funding for the Affordable Food Program to help 15 million low-income households buy staple foods.

We are also aware that the Government of Indonesia has supported low-income households with financial benefits as well as provided subsidies to the housing program, which is expected to cover financing for a further 175,000 new homes. Other ongoing programs include social safety net provision, income tax reduction and training for the unemployed.

We were especially pleased to hear the Government of Indonesia's announcement of a solar energy programme as a flagship initiative for a post-COVID green recovery, together with household subsidies and incentives.

While the Government of Indonesia's efforts to stimulate the economy and support the adversely affected communities are commendable, we express concern over the degazetting of forests, which allow them to be cleared, and the displacing of communities. Other matters of concern include relaxation of environmental laws which could land up allowing nickel smelters to release toxic waste into the sea, and the development of a rice estate spanning 900,000 hectares on carbon-dense peatlands. While these may be viewed as opportunities to rapidly kick start the economy, they will lead to adverse health and environmental consequences in the long-term.

As we start to enter the phase of revitalization in many countries, Climate Action Network Southeast Asia (CANSEA) with more than 20 member organisations in six countries calls on Ibu Sri Mulyani Indrawati, Minister of Finance of the Government of Indonesia, to commit to a strong and holistic vision for a future that is sustainable and just by:

1. Ensuring that the post-COVID 19 economic stimulus packages are consistent with what is needed to implement the Paris Agreement, contribute to keeping global warming below 1.5°C and avoid locking-in future emissions to achieve climate-neutral economy.
2. Ensuring equity and a just transition are at the heart of your Government's response to the current crisis.

3. Excluding investments in harmful industries such as fossil fuel infrastructure, aviation, automobile industries – other than those producing vehicles which do not run on fossil fuels – and agribusiness corporations.
4. Ending fossil fuel subsidies, halting and rapidly reversing the loss of biodiversity and natural ecosystems, promoting higher shares of renewables and energy efficiency, and ensuring socially sensitive carbon prices are introduced which reflect climate and equity imperatives.
5. Introducing coal, oil and gas consumption reduction targets in line with the 1.5°C ambition of the Paris Agreement.

In conclusion, we wish to state that the Government of Indonesia's low carbon development initiative led by BAPPENAS' is the primary way to achieve Indonesia's 'gold era' in 2045, when the country celebrates its 100-year anniversary and meets its aspiration of becoming a developed country.

While working for a low-carbon development economy is a task to be led by government, it must involve, engage with and be carried by all levels of society including the business sector, politicians, non-governmental organisations, academicians and the rest of the community.

CANSEA stands ready to contribute to your Government's efforts for a healthier economic reboot. For policies required to deal with the deep crisis please find attached fundamentals to guide a just and sustainable reboot.

Yours sincerely,

Nithi Nesadurai
Regional Coordinator

nnesadurai@climatenetwork.org
Mobile: +6017 707-9313

FUNDAMENTALS FOR A JUST AND SUSTAINABLE RECOVERY

The response to the pandemic will require intense short and mid-term efforts by governments and stakeholders. It is expected that this intervention will take shape in several waves, broadly differentiated between:

a) Immediate measures dealing with the acute shocks preventing further spread of the virus, ensuring medical supply and financial liquidity
   - Intermediate period of economic stabilization--

b) Recovery measures to rebuild after the crisis aimed at long-term prosperity.

PHASE 1: IMMEDIATE RESPONSE

1. Prioritise Health for All People as the Top Priority

Resource health services everywhere; ensure open access for all and invest in public health services, including:

- Access to and affordable care for COVID-19 patients, including accessible and affordable testing;
- Protection for the health and safety of healthcare workers, emergency and critical services and infrastructure workers;
- Gender responsiveness in social protection measures taking specifically into account women's role in care duties will double as they are at the forefront of caring for the sick, home-schooling and working informal jobs;
- Transfer technology, extend adequate training and finance to lower-income countries and communities to allow them to respond using these above principles, and share solutions across borders and communities, including a Global Public Health Emergency Plan, doubling the public health budget of the 85 poorest countries of USD159.5 billion to help prevent millions of deaths as a result of COVID-19;
- Debt relief and cancellation. Any new additional loans should not come with crippling Structural Adjustment Policies (SAPs) that undermine public services in the name of “market forces” as part of their conditionalities;
- Pause construction of all fossil fuel projects and approval procedures due to the massive COVID-19 infection risks for workers and frontline communities.

2. Provide Economic Relief Directly to the People, Small Farmers, Indigenous Peoples and Workers

The focus should be on the people – in particular small farmers, indigenous peoples and workers – who are marginalized in existing systems. Assistance directed at specific industries should be channeled to communities and workers, not shareholders or corporate executives (as in the 2008-9 global financial crisis). There must not be any no-strings-attached bailouts; public money should only be given when linked to social and environmental responsibility:

- Support to companies should come with conditions; at a minimum to avoid permanent layoffs, secure jobs, suspend dividends to shareholders and provide safe and fair working conditions or retraining of workers, e.g. in the fossil fuel sector;

- Industries and companies that have been assisted must create public value in return; for example, by investing in the development of new green technologies, addressing air pollution in their production chain, etc.;
- Allow all workers to have a right to self-quarantine if they are concerned about their or their family's exposure to the virus, with protection from termination if they are quarantined;
- Stimulus money should offer immediate relief directly to workers and could also provide opportunities for training, education and employment in existing and emerging low-carbon sectors like energy efficiency, technology, healthcare and renewable energy;
- Small farmers and workers, whose ability to harvest and sell food is affected by sickness, lockdowns, closed marketplaces or disrupted supply chains, must be provided with income support. This is also necessary to ensure that small farmers have the funds and incentive to plant for the following season, so as to prevent a food crisis extending in the longer term;
- Protect the rights and land rights` of indigenous peoples and ensure medical supply including the evacuation of critically ill individuals in remote communities to local hospitals.

3. Ensure Accountability, Transparency and Democratic Principles

All stimulus packages must be transparent and implemented in an accountable manner. Various administrations around the world are exploiting the COVID-19 crisis to push for non-transparent corporate bailouts and regulatory rollbacks or to limit civic space and democratic liberties permanently. It is critical to scrutinize these measures and make governments accountable for adopting such measures. It is crucial:

- to not use the crisis as an excuse to undermine or violate human rights, civil liberties, and democracy:
- all financial and other support given must be accounted to the people, and information on how and who the money is spent on must be publicly available;
- corporate bailouts must be issued under social and environmental safeguards – no-strings-attached bailouts are not acceptable;
- to not roll back environmental regulations protecting people and nature;
- any such measures should be time-limited to within a reasonable timeframe.

4. Protect Food Security and Farmers' Rights

- Ensure minimum income support for small and medium farmers and farm workers, to help them through the crisis and loss of earnings;
- For people unable to earn a living or access food due to lockdown, and for children normally reliant on schools to provide their main meal of the day, income and food support (including food or cash transfers) are needed;
- Support innovative ways to connect small and medium farmers and consumers (through direct sales, supporting local markets, adopting digital tools) to avoid food being wasted, small and medium farmers losing income and people going hungry;
- Provide advice and support for safety measures for COVID-19 for production, handling, processing and sale of food;
- Procurement policies, including for food aid, should favor and support local small and medium farmers wherever possible;
- Ensure price stability of food items through regulatory measures.

PHASE 2: CREATE RESILIENCE FOR FUTURE CRISES AND BUILD AN ECONOMY FIT FOR THE 21ST CENTURY

In moments of crisis and cataclysmic change, the previously unthinkable suddenly becomes reality. The COVID-19 crisis is already shifting our sense of the possible. Now is the time to be far bolder in our demands for something different and for something better. There is no going back to the old ”normal”, because “normal” was untenable for billions of people around the world and led directly to a massive overbuild of fossil fuel infrastructure and climate disaster.

COVID-19 and its economic risks are rightfully at the forefront of governments’ action today. As we look to boost the economy, we also need to consider tomorrow.
While immediate government responses to ensure liquidity should not bail out dirty industries or, at the least, have conditions attached to ensure rapid decarbonization in line with the Paris Agreement goals, recovery packages and public investment to revive the economy might have even greater lock-in-effects.

We can create millions of decent green jobs and contribute to local and regional strengthening of people-led initiatives that will help power a just transition for workers, small and medium farmers and communities to a socially inclusive, sustainable, zero-carbon and climate-resilient future global society. Korea has provided an example of a political proposal for this resilient pathway. In planning and implementing recovery packages governments must:

- Ensure forward-looking planning and investments shall meet environmental and social standards and build resilient infrastructure systems, sectors and communities, including in particular
    - energy efficiency
    - renewable energy
    - energy grid development
    - public transport
    - nature-based solutions
    - efficient housing, taking into account in particular reduced ecological footprint as well as using materials and services in line with the circular economy
    - environmentally sustainable and healthy food systems based on principles of agroecology, food sovereignty, and less and better meat;
- ensure that equity and a just transition are at the heart of any government response to the current crisis;
- evaluate investments against
    - decent job creation and security of workers, and their participation in the design of a just transition.
    - short- and long-term emission reduction
    - reduction of dependency on fossil fuels and industrial agribusiness
    - their ability to address and reverse inequality,
    - support to smallholder and agroecological farmers, as opposed to concentrating land and wealth
    - support for strengthening of local and diversified food economies with short, equitable supply chains between food producers and consumers
    - positive lock in effects
    - agroecological practices that benefit people, nature and the climate

    - protection and restoration of biodiverse ecosystems;
- exclude investments in harmful industries such as fossil fuel infrastructure, automobile industries, agribusiness corporations;
- end fossil fuel subsidies and ensure any carbon price reflects climate and equity imperatives;
- introduce oil and gas production caps in line with the ambition of the Paris Agreement;
- "Buy Clean" to prioritize use of the most efficient, resilient and cleanest materials and products with the lowest carbon, ecological and toxicity footprints and "Buy Fair" to enhance labor standards, workers' rights, career pathways, equity and community benefits.