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Contribution of private sector and other stakeholders in addressing air pollution, and atmospheric problems, combating climate change and promoting industrial development

**STATEMENT BY
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The role of private sector in investment for energy and industrial development is of paramount importance in Indonesia. Indonesia has long been promoting good governance at private sector in environment management through a number of programs like the Industrial Rating (Proper) Program, the Cleaner Production Program, and through indirect measure such as the cooperation between the Indonesian Central Bank (Bank Indonesia) with the Ministry of Environment.

Through the Industrial Ratings Program which is mandatory to medium to high scale companies, companies are pushed towards the application of a Corporate Social Responsibility (CSR). Companies 'voluntarily' engaged in the CSR through a variety of program leading to community development programs with community empowerment objectives. Through such programs, it is expected that the day-to-day life of companies will unite with the activities of the local community and thus, be accepted locally.

The cleaner production program in Indonesia also promote active role of the private sectors in innovation of environmentally sound technology which could reduce the operation cost and thus generating source of fund to be used for community development purposes.

A Memorandum of Understanding (MoU) between the Minister of Environment (MoE) and the Governor of the Central Bank has been signed last year. The purpose of the MoU is to promote green investment through the impose EIA to medium-high scale projects as well as to promote the CSR from the part of companies participating in the Proper Program. The Central Bank, in cooperation with Commercial Banks and the MoE, will review the environment performance of companies who get funding from the banking system. Companies are then monitored in their environment performance which could bring them getting incentive from the Government.

It is to be noted, however, that some multinational companies, although engaging themselves in such investments for environment management, are reluctant in participating in Proper Program, which drives the Government in getting them involved by regulation as not to give an impression of bad governance.

In terms of potential CDM projects, the Government has established its DNA and the DNA has encouraged private sectors to take benefit of the CDM scheme. A number of CDM projects have therefore been submitted for approval by the Indonesian DNA, one of which has been submitted to the Executive Board in Bonn.

It is expected that more projects be submitted through the CDM scheme which will provide funding for investment in cleaner energy and renewable energy development.

Thank you.