

WORKSHOP
REFORMING ENERGY SUBSIDIES IN INDONESIA:
STATUS, CHALLENGES, AND IMPACTS FOR LIVELIHOODS &
ACCESS TO ENERGY SERVICES

IISD/GSI and IESR
Jakarta, 5 July 2011

BACKGROUND

Indonesia has some of the highest energy subsidies in the world. These subsidies were put in place to make energy more affordable, particularly for poor people. However, overwhelming evidence suggests that most of the subsidies go to wealthier citizens. In addition, the subsidies interfere with energy supplies and economic development by reducing investment in energy infrastructure, wasting government resources and undermining Indonesia's international competitiveness.

At the same time, however, poor households—especially those in urban areas—depend on subsidies to make energy affordable. For these people, expenditure on energy takes up a larger portion of their budget than it does for the wealthy. Energy price rises and possible inflation can put poor households under severe financial stress.

In an effort to improve public awareness on the options and impacts of energy subsidy reform in Indonesia, the IESR and the IISD-GSI convened a workshop on 23 November 2010 in Jakarta for some 25 participants from 20 Civil Society Organizations (CSOs). That workshop connected CSOs who have worked on the issue fuel subsidies, or who have an interest in doing so; provided a forum to share information on the nature, scale and impacts of fuel subsidies; highlighted core concerns related to fuel subsidies and options for their reform; and identified strategies for supporting fuel-subsidy reform.

Building on that workshop the GSI-IISD and IESR are convening a seminar for a broader range of civil society groups to assess the Government of Indonesia's strategies for reforming fuel subsidies.

OBJECTIVES

- Update participants of recent developments regarding energy subsidy reform and the impacts on the economy and society, including access to energy services of the people.
- Share experiences of other countries that have undergone energy subsidy reform
- Together with the CSO survey, identify key elements of a proposed action plan for winning public support for fuel subsidy reform

PARTICIPANTS

About 40 participants, from: civil society organizations, consumer groups, research centers and universities, media, and government agencies.

DATE & VENUE

Date: Tuesday, 5 July 2011

Venue: Hotel Mandarin, Jakarta

PROGRAM

08.30 – 09.00	Registration
09.00 – 09.15	Welcome and Opening Remarks GSI/IISD and IESR
09.15 – 10.45	<p>Session I: Energy Subsidies Reform in Indonesia</p> <ul style="list-style-type: none">• What is the status of the GOI's energy subsidy reform agenda? What are the main challenges to implement energy subsidy reform?• What are the public concerns of energy subsidy reform (reducing or removing)?• What complementary actions would reduce the negative impacts of energy subsidy reform, particularly on the poor? <p>Topic & Speakers:</p> <ul style="list-style-type: none">• <i>Indonesia Energy Subsidy Reform</i>, Bambang Brodjonegoro, PhD (Head of Fiscal Policy Agency, MoF)• <i>Critical views over Energy Subsidy Reform</i>, Marwan Batubara (IRESS)• <i>Consumer perspective and alternative proposal to mitigate impact of Energy Subsidy Reform</i>, Tulus Abadi (YLKI/DTKJ) <p>Moderator: Muhamad Suhud</p>
10.45 – 11.00	Break
11.00 – 12.00	<p>Session II: Managing Energy Subsidy Reform</p> <ul style="list-style-type: none">• Citizen Guide of Energy Subsidy in Indonesia• What is the progress with energy subsidy reform globally (G-20 & other developing countries)?• How have other countries managed energy subsidy reform and what lessons can be drawn for Indonesia? <p>Topic and Speakers:</p> <ul style="list-style-type: none">• <i>Progress with Fossil Fuel Subsidy Reform in G-20 countries and other developing countries & Lesson Learn from Reforming Energy Subsidies</i>, Kerry Lang (GSI/IISD)

	<ul style="list-style-type: none"> • <i>What every citizen should know about energy subsidies? A Citizen Guide for Energy Subsidies in Indonesia</i>, Fabby Tumiwa (IESR) <p>Moderator: Luky Lontoh</p>
12.00 – 13.00	<p>Facilitated discussion:</p> <ul style="list-style-type: none"> • What are your views on the GOI's previous efforts to reform fuel and electricity subsidies? Where have these policy reforms been effective, and how have they failed? • What fuel types, if any, are in greatest need of reform? • What complimentary policies should also be implemented if subsidies are reformed? • Is there good information available on fuel and electricity subsidies? What information do you want to know?
12.45 – 13.00	Conclusion and Closing Remarks