Indonesia Domestic Biogas Programme: **Story of Financing Renewable Energy Project at Community Level**

Jihan A. As-sya'bani

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Give People Power

About IDBP

Goal

Stimulate grassroot communities in accessing domestic biogas through market approach and circular economy model.

28.864 digesters are built across 19 provinces in Indonesia.

Impacts

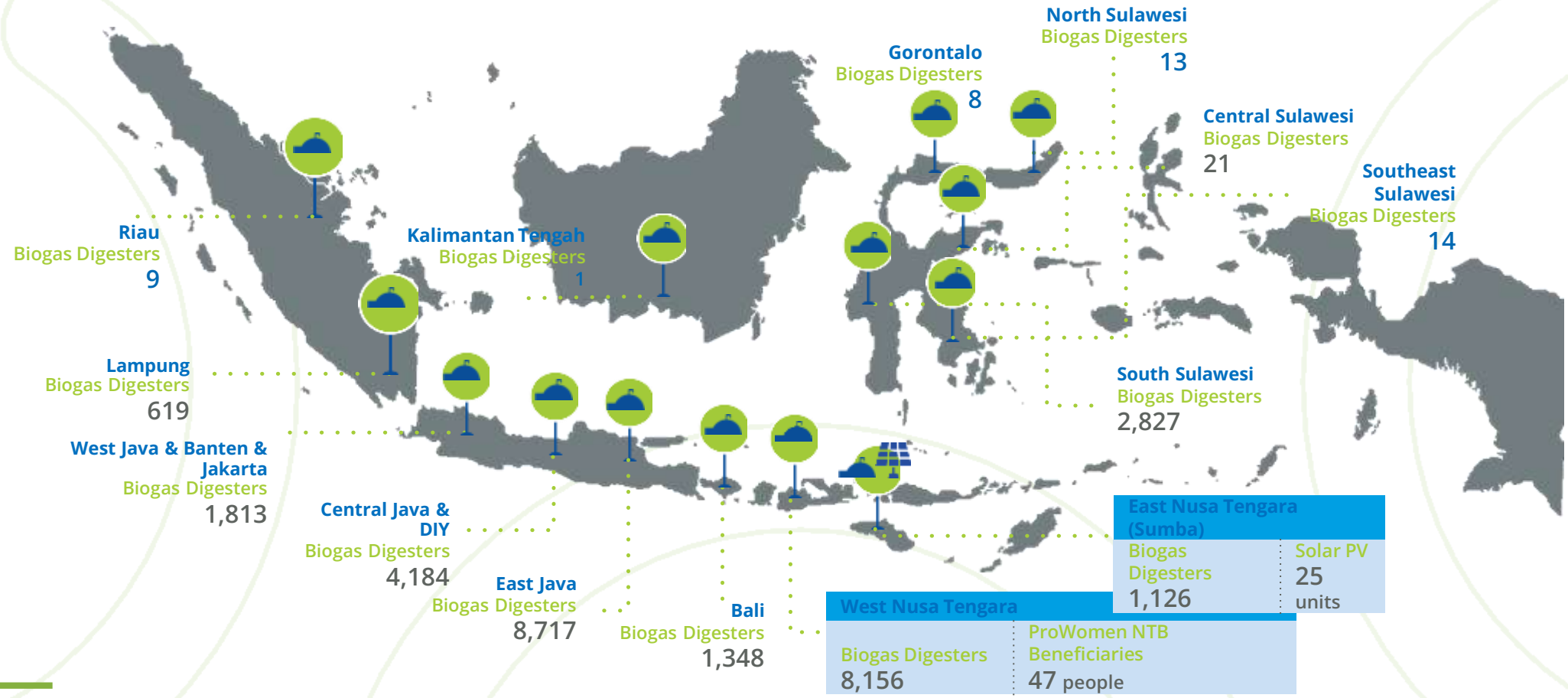
Cost saving of LPG/Firewood purchases **IDR 65.000/month***

Additional income around **IDR 400.000/month*** from bio-slurry selling

Emission reduction **3.3 tons CO2e/year/unit**

Total Carbon Emission Reduction in IDBP Program: **464,562 tCO2****

SDGs Contribution

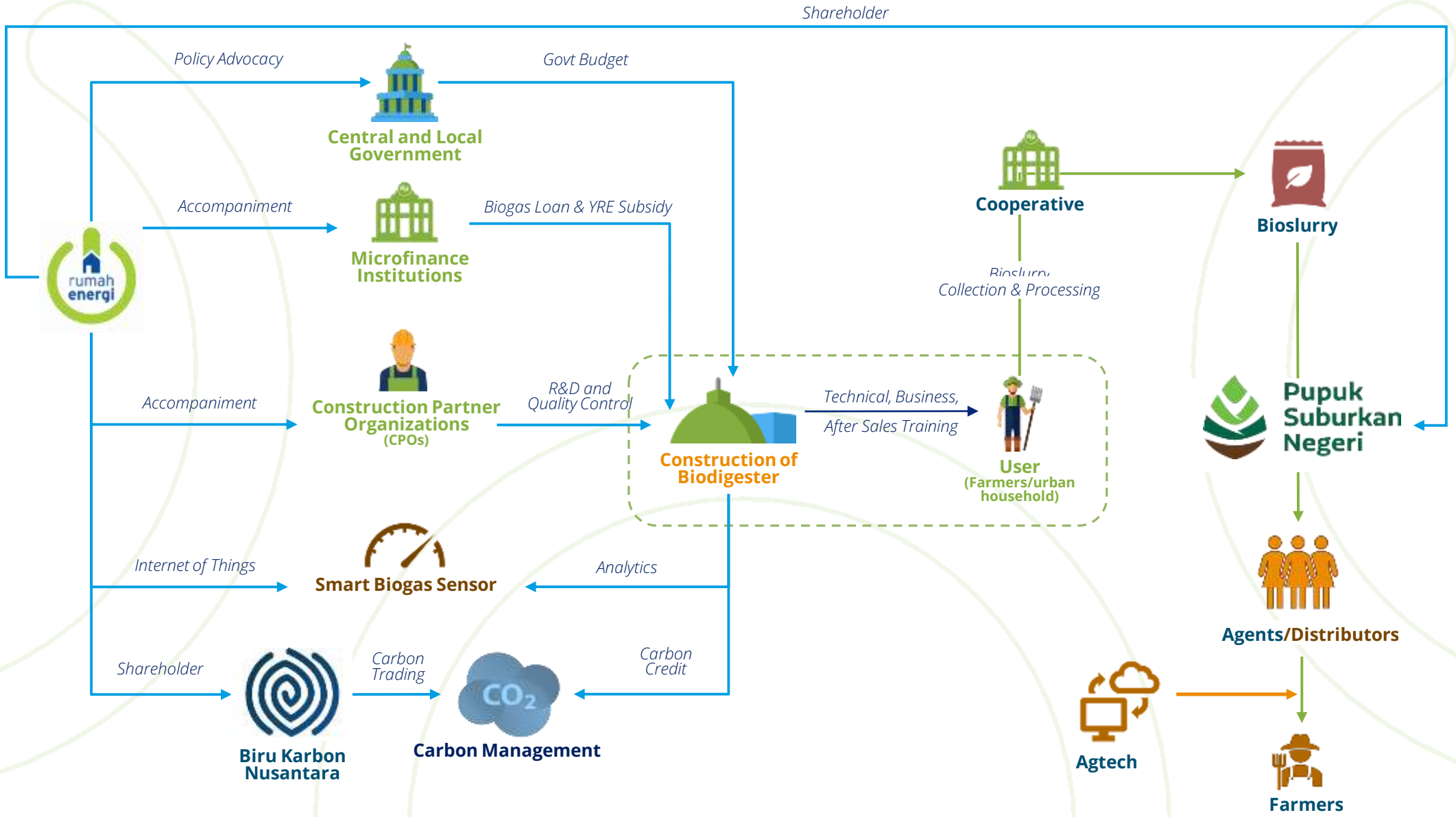


Legend:

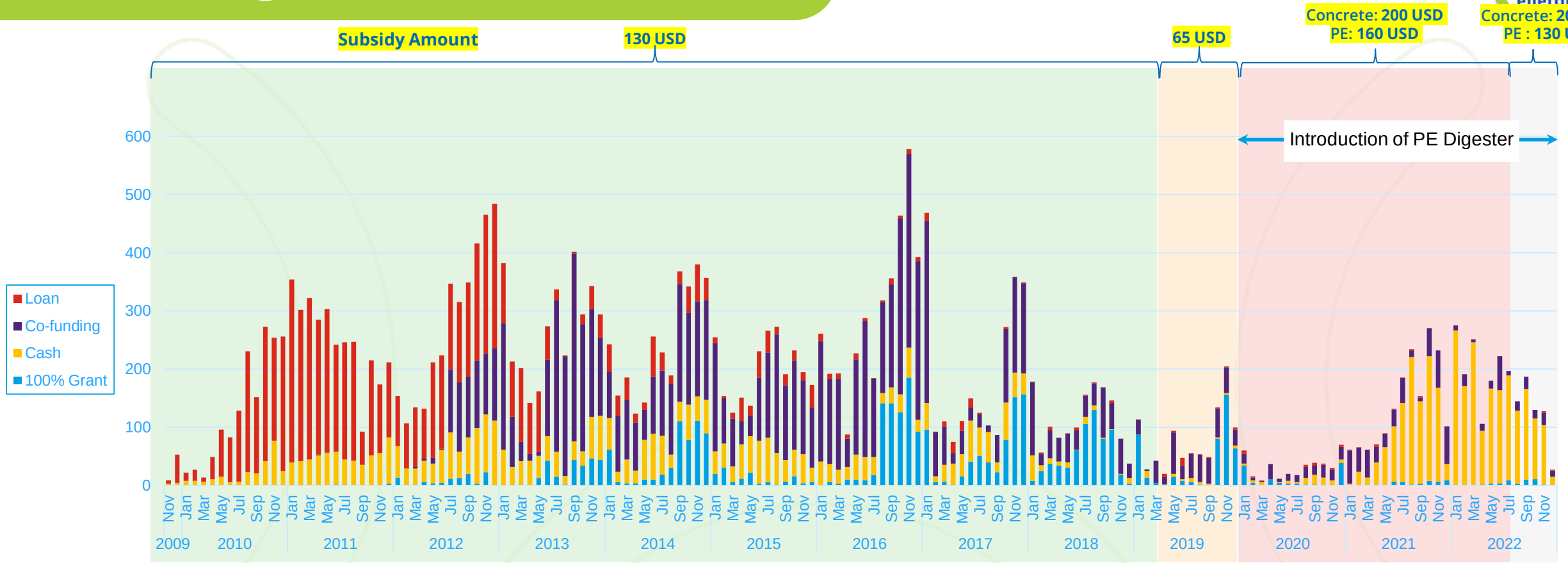
Biogas

Solar PV

Financing Scheme



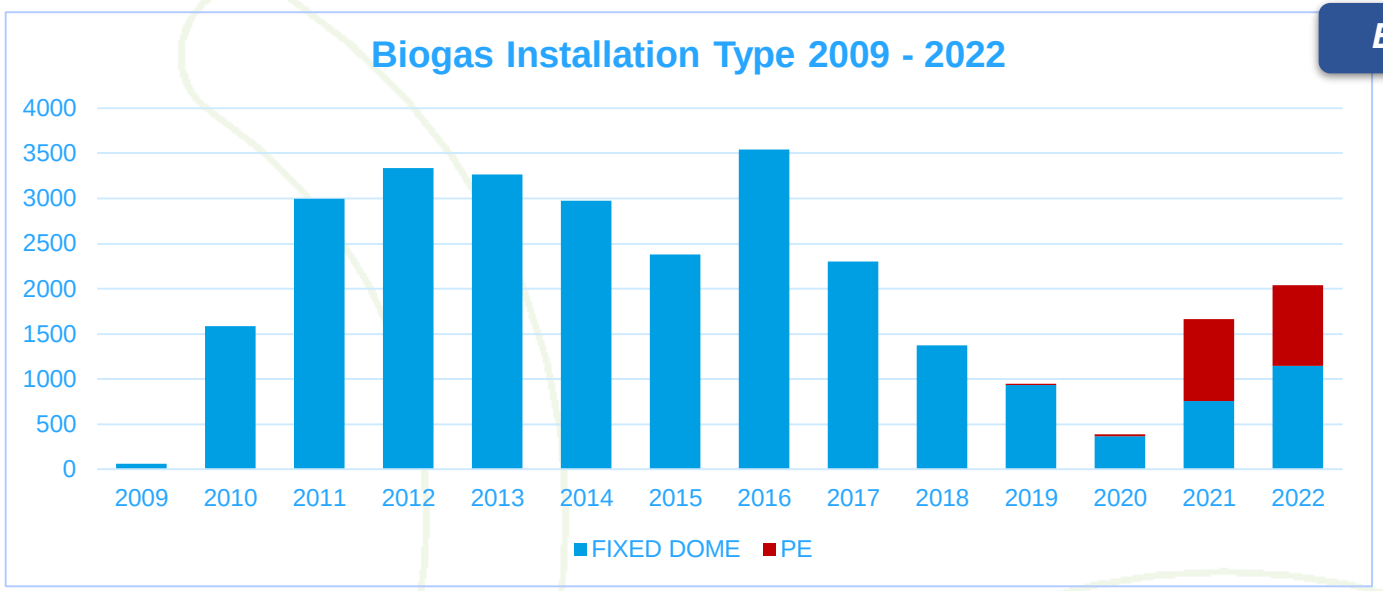
Financing Scheme Over Time



Source: IDBP Database BIRU per Dec 2022

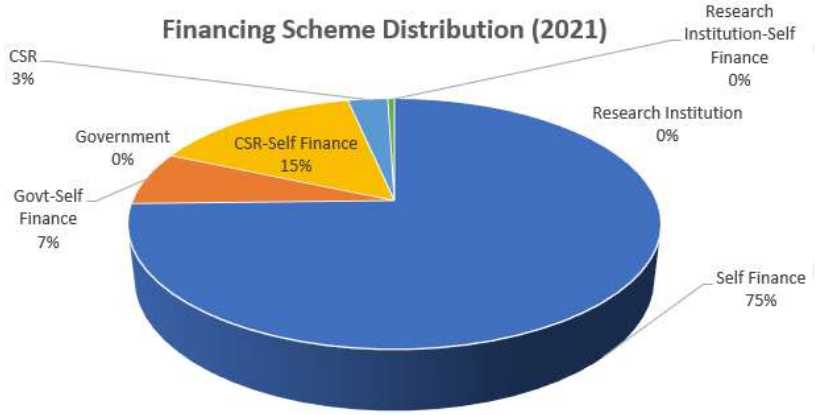
- **IDBP were supported by several Donors** (i.e.: EnDev, Royal Netherlands Embassy, Royal Norwegian Embassy, and Millennium Challenge Account Indonesia (MCAI) from **2009 to 2021**.
- **IDBP entered the Voluntary Carbon Market (VCM)** after being registered under the Gold Standard Project of Activity (PoA) in **2013**. Hence **subsidy for biogas installation were then combined with funds from carbon** ever since.
- Since **February 2021**, subsidy for biogas installation has been coming **only from carbon fund**. Nevertheless, the number of biogas installation with **financing scheme through cash** (users' out of pocket) **has become the majority** in comparison to grants and co-funding over this time.

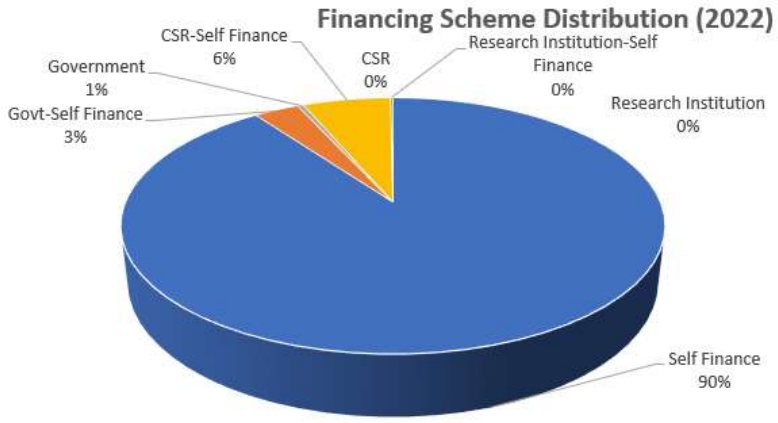
Financing Scheme

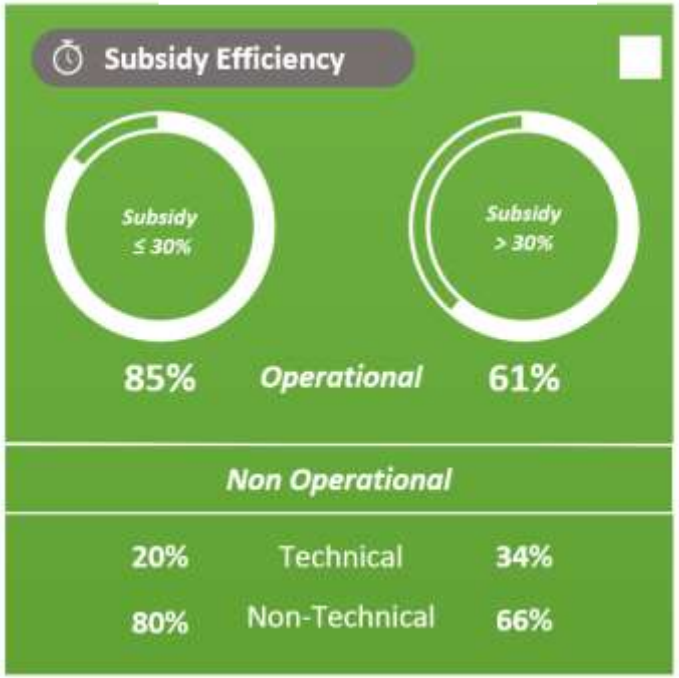


BioMiru (Polyethylene/PE)

Fixed Dome (Concrete)







Challenges & Barriers

RE technologies are expensive

Concrete digester cost:
US$800-1100

Material costs increase rate: 6.87% yoy
(BPS, 2022)

Seasonal Farmers Income

High default risks from seasonal
income of cattle/dairy farmers;

Lack of Awareness from Microfinance Institutions

Lack of knowledge on climate change, energy transition,
green financing,
technical aspects of renewable energy technologies

Lack of Supporting Policy

e.g.,
Comprehensive policy for green financing (not limited
to power plant or EV)
down to MFI; Tax incentives for MFIs which provides green financing

Opportunities

Correct Model Provides Multiplier Benefits

e.g.,
Biogas to milk and agriculture value chain

Increasing Interest to Renewable Energy

Increasing interest from the market to renewable sources;
Partnership with multi-national companies which committed to net-zero by 2050.

Cooperatives as MFI Partner

Strong ties between cooperatives and members
reduce default risks

Increasing Global Trends to Green Financing

Global green finance market has grown from $5.2 billion in 2012, to more than $540 billion by 2021. (TheCityUK, 2022)

What to do

Recommendations to Policy Makers, Investors, and Stakeholders

- **Connect**
- **Climate and energy transition urgency mainstreaming to MFI (banks, cooperatives, etc.)**
- **Incentivizes technological and business model**
  innovation creation to reduce renewable energy
  costs
- **Establish comprehensive policy**

Terima Kasih

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Yayasan Rumah Energi

Jl. Pejaten Barat No.30A, Ps. Minggu,
Jakarta Selatan, DKI Jakarta 12550

Tel. +62-21 782 1086 / 782 1090
Fax. +62-21 780 4443

E-mail.
info@rumahenergi.org
www.rumahenergi.org