



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

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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*



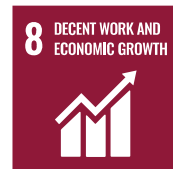
Additional income around
IDR 400.000/month* from bio-slurry selling

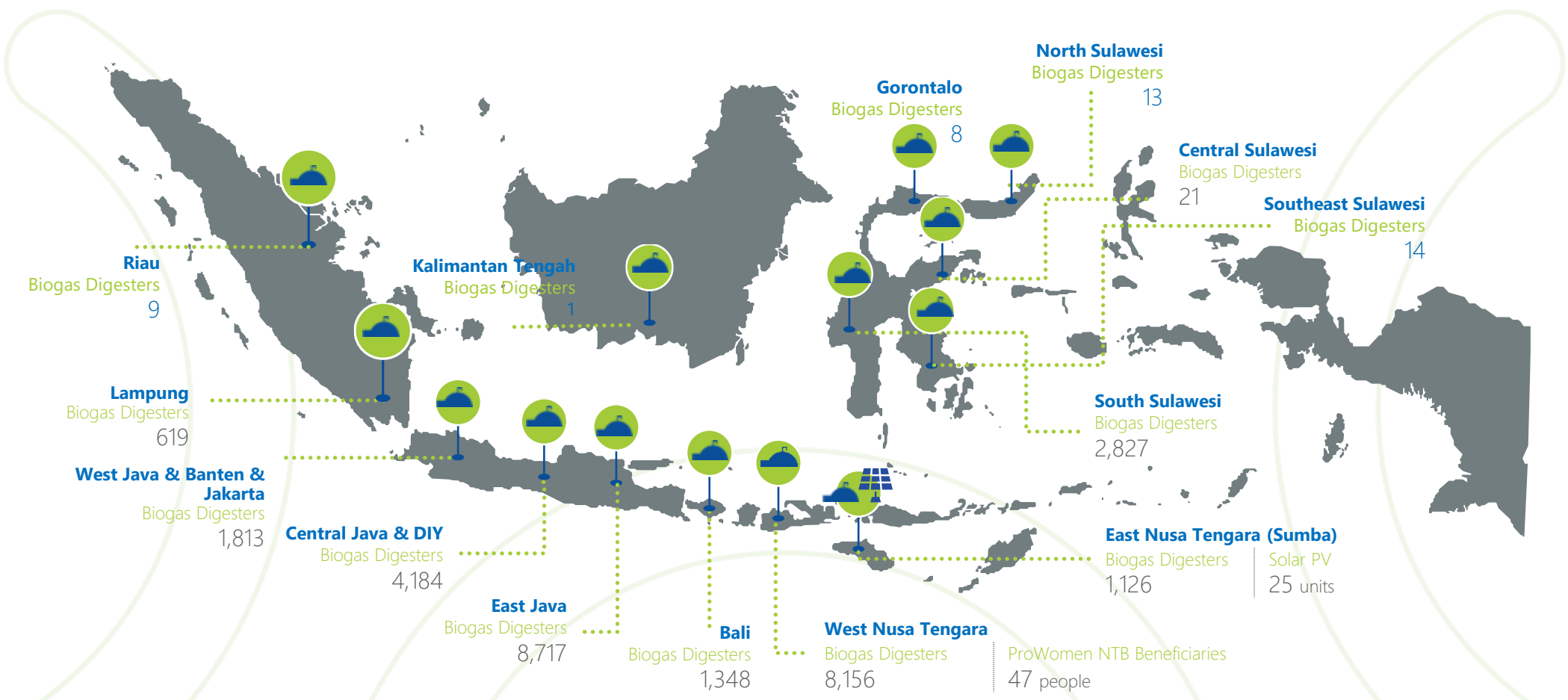
Emission reduction **3.3 tons CO2e/year/unit**



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

► SDGs Contribution





Legend:

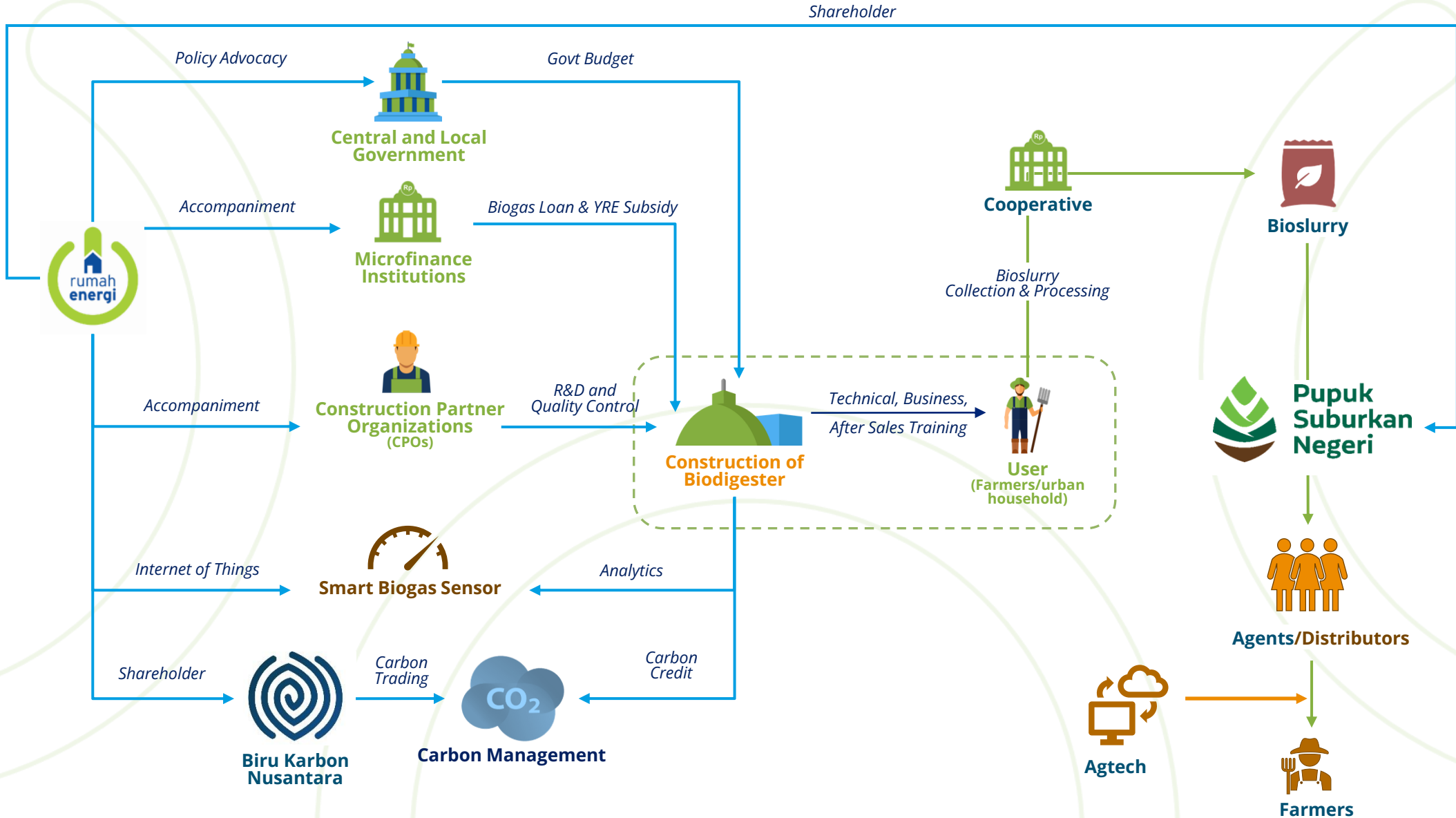


Biogas

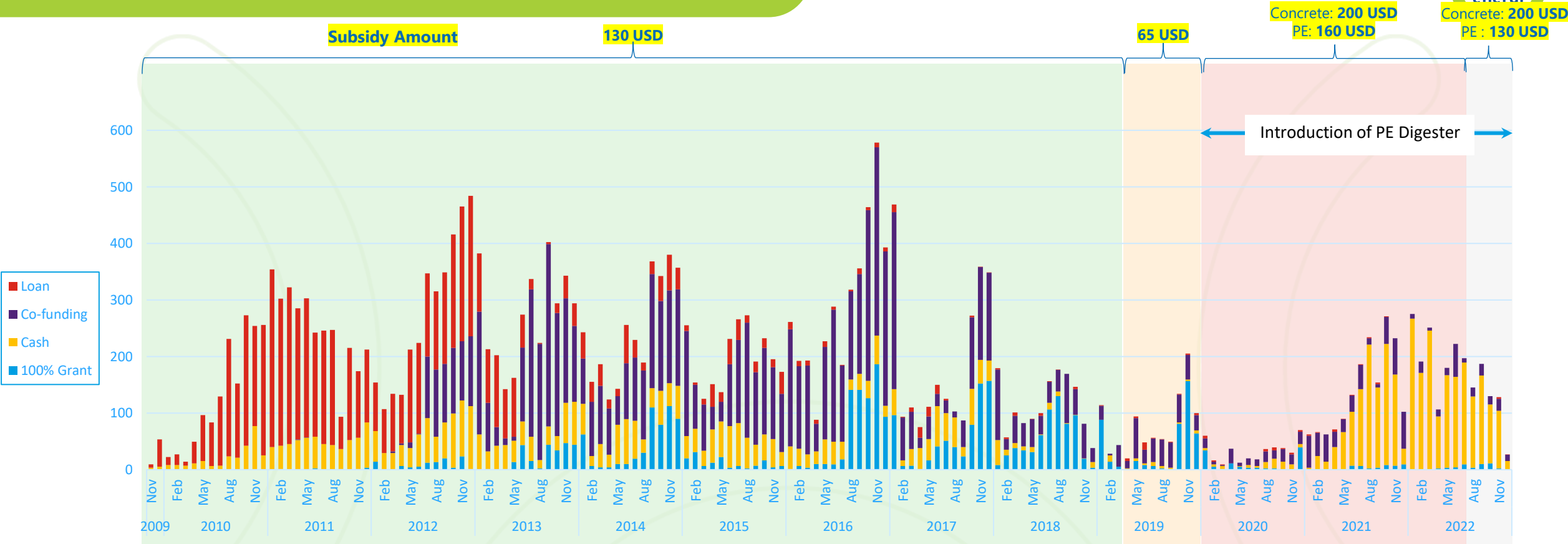


Solar PV

Financing Scheme



Financing Scheme Over Time



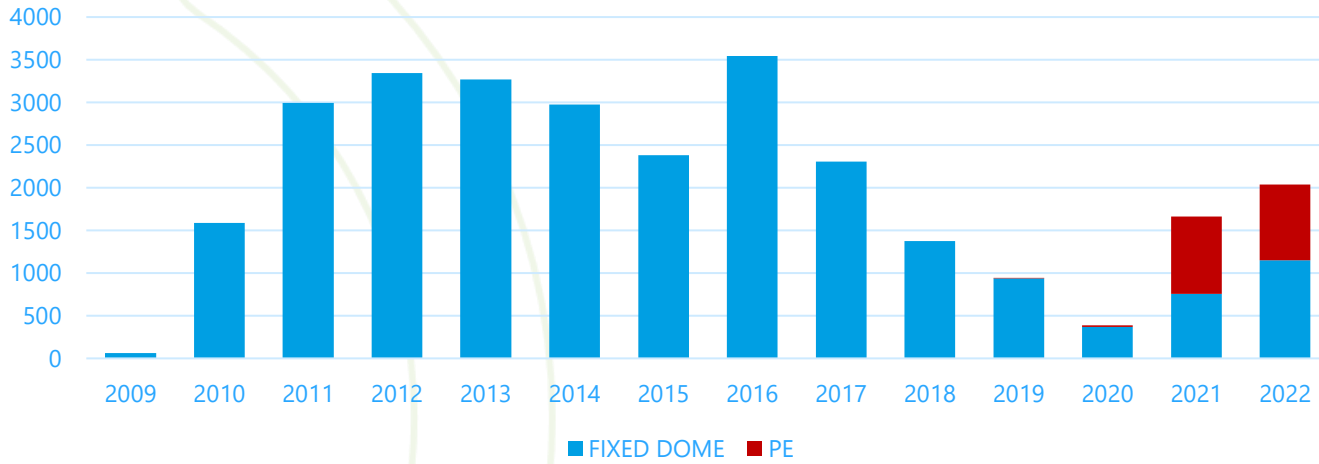
Source: IDBP Database BIRU per Dec 2022

- **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



Biogas Installation Type 2009 - 2022



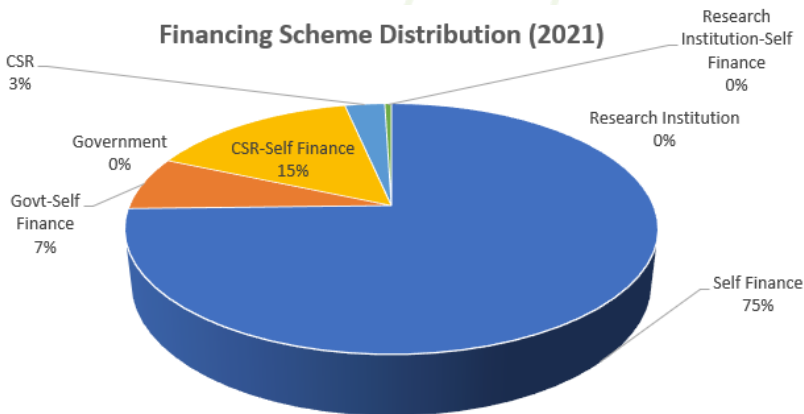
BioMiru (Polyethylene/PE)



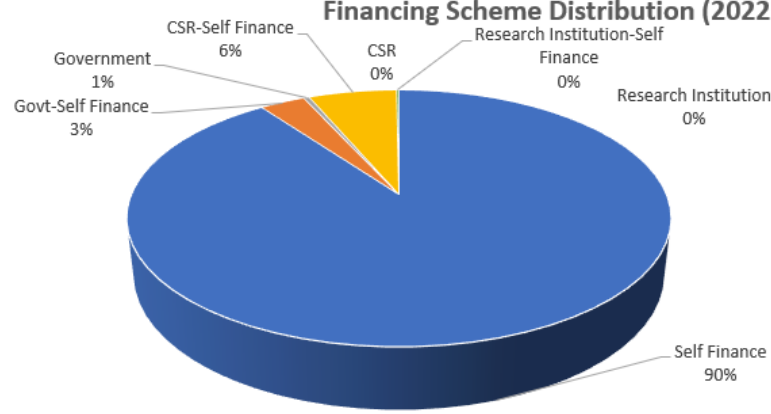
Fixed Dome (Concrete)



Financing Scheme Distribution (2021)



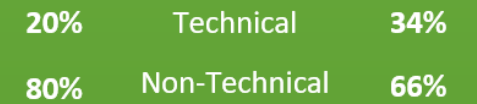
Financing Scheme Distribution (2022)



Subsidy Efficiency



Non Operational



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

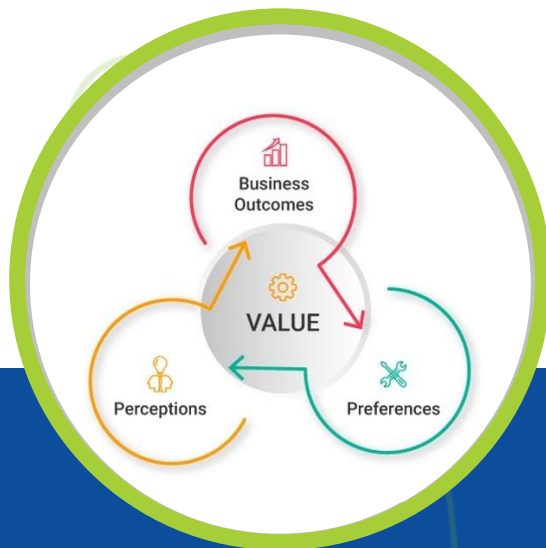
Lack of knowledge on
climate change, energy transition,
green financing,
technical aspects of
renewable energy technologies



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 multinational 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 with incentives and de-risking measures**

Terima Kasih

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