CHAPTER IV

CONCLUSION

A. Conclusion

Based on the findings from research and discussions regarding the analysis of the role of the Indonesian Carbon Exchange in supporting Indonesia's commitments at the UN Climate Change Conference (COP21), with a focus on the implementation of the Paris Agreement 2015, the following conclusions can be drawn:

Indonesia demonstrates a strong commitment to addressing climate change 1. through the ratification of the Paris Agreement, as outlined in Law No. 16 of 2016. This commitment includes a target of reducing greenhouse gas (GHG) emissions by 31.89% independently and 43.20% with international support by 2030, as specified in the Nationally Determined Contribution (NDC) document. To support the long-term transition toward carbon neutrality by 2060 or earlier, Indonesia has also developed a long-term strategy through the Long-Term Strategy for Low Carbon and Climate Resilience 2050 (LTS-LCCR 2050). This commitment is further reinforced by the issuance of Presidential Regulation No. 98 of 2021, which provides the legal framework for the economic value of carbon, KEDJAJA including establishing the Indonesian Carbon Exchange as a platform for transparent and efficient carbon credit trading. Through these various policies, Indonesia aims not only to meet its NDC targets but also to sustainably promote green investment, low-carbon development, and climate resilience.

2. According to the mechanism of carbon exchange in Indonesia, there are two systems: the emission trading system and carbon offset. These systems are supervised by the Financial services Authority (OJK) and run by IDX Carbon. Indonesia's Carbon Exchange, inaugurated on September 26, 2023, and operated

by the Indonesia Stock Exchange (IDX) through IDX Carbon under the supervision of the Financial Services Authority (OJK), implements two main carbon trading mechanisms: the Emission Trading System (ETS) and Carbon Offset, under Presidential Regulation No. 98/2021 on the Economic Value of Carbon (NEK). Transactions are conducted via auctions, regular trading, negotiation, or marketplace on IDX Carbon, with emission data recorded in the National Registry System for Climate Change Control (SRN-PPI). Meanwhile, the Carbon Offset mechanism involves trading Greenhouse Gas Emission Reduction Certificates (SPE-GRK) generated from mitigation projects like peatland restoration, reforestation, or renewable energy. Environmentally, these mechanisms promote greenhouse gas (GHG) emission reductions, support Indonesia's target of cutting emissions by 31.89% to 43.20% by 2030 under its Enhanced Nationally Determined Contribution (ENDC), encourage energy efficiency, accelerate the transition to renewable energy, and fund ecosystem restoration, thereby contributing to global climate change mitigation. However, improper implementation poses risks such as price manipulation and potential displacement of indigenous communities. Therefore, strong regulations, data VEDJAJAAN transparency, and inter-agency coordination (including the OJK, Ministry of Environment, and stakeholder engagement) are critical.

B. Recommendation

1. Based on my Research, I have several recommendations due to the policy created by the government that needs to be implemented with all effort and transparency, because with all the regulations and policies, they have to be synchronized with all the regulations in Indonesia to achieve the goals in the Paris Agreement.

2. To ensure the success of Indonesia's carbon exchange, strong regulations and transparent systems must be enforced to maintain market integrity and prevent manipulation. Coordination among OJK, KLH, should be strengthened for cohesive oversight. Active stakeholder engagement, especially with local and indigenous communities, is essential to avoid social and environmental risks. Capacity-building for businesses and incentives for low-carbon innovation should also be prioritized to drive sustainable development and maximize environmental benefits.

