Landscape 360

A Climate and Green Economy Digest

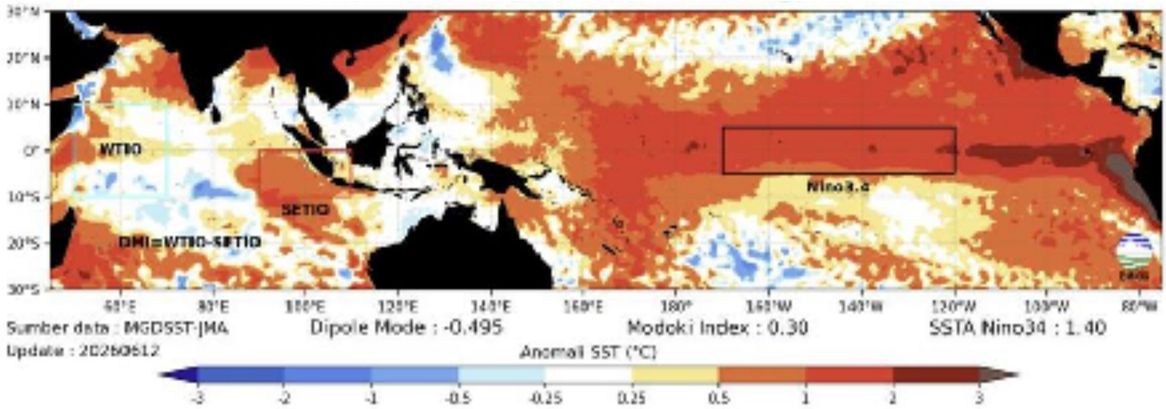

Figure 2. Sea temperature anomalies, June 1, 2026. Source: Badan Meteorologi, Klimatologi, dan Geofisika (Indonesian Meteorologiical, Climatological, and Geophysical Agency of the Republic of Indonesia).

Heat and Hormuz

An energy shock and a record-hot planet converge — hardening the case for the climate transition.

Two forces defined the first half of 2026. First, the war between Iran and a US–Israel coalition that began on February 28 closed the Strait of Hormuz, sent crude up roughly 64 percent in March, disrupted Qatari liquid natural gas (LNG), and trimmed world growth forecasts to about 2.4 percent before a preliminary June deal eased prices. Second, the climate system kept breaking records: 2026 is tracking among the warmest years ever near 1.46 degrees Celsius (°C) of warming, oceans are the hottest in a millennium, wildfires burned over 150 million hectares, and Godzilla El Niño is now developing — a combination that puts Asia, including Indonesia, on the front line.

The two stories reinforce each other. Fossil-fuel volatility made energy security, not just climate ambition, the argument for decarbonization: wind and solar overtook gas in global power for the first time, EV sales are heading for ~24 million, and energy-transition investment hit a record $2.3 trillion. For Landscape, the signal is direct — carbon-market integrity rules are tightening, nature finance is professionalizing toward forest economies, and Indonesia's new forestry-carbon rules arrive just as global demand for credible, high-integrity landscape finance intensifies.

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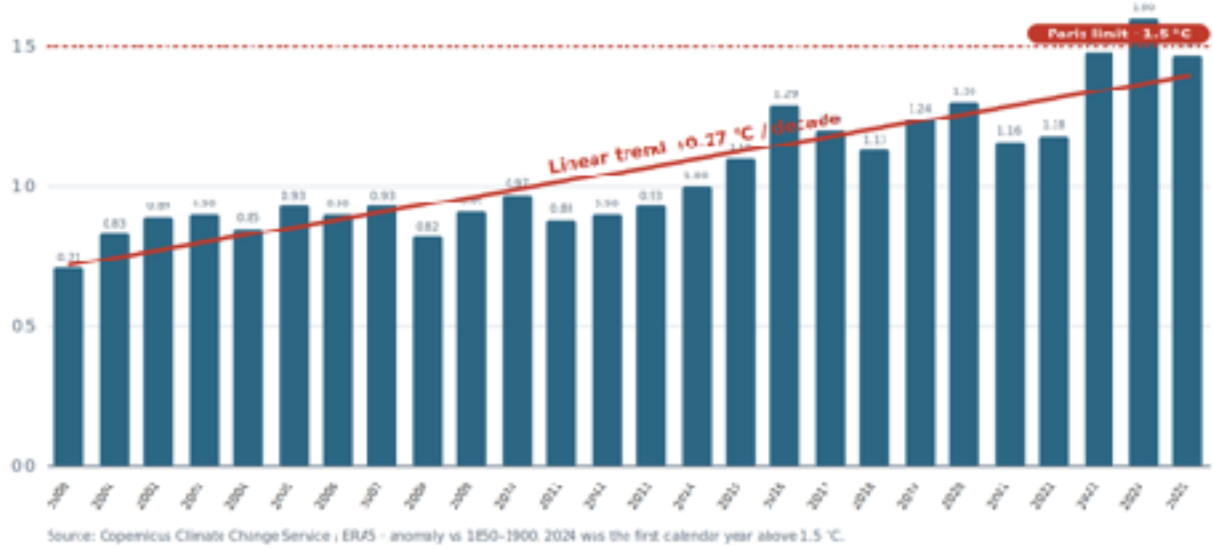

Figure 2. World average temperature, past 26 years, trending dangerously upwards to cross the 1.5ºC line. Annual global mean warming above the 1850-1900 pre-industrial baseline (in ºC).

News Digest

Climate Change Updates

Impacts and mitigation across energy, land use, technology and finance.

2026 tracks among the warmest years on record as El Niño returns

The United Kingdom (UK) Met Office projects 2026 will rank among the four warmest years ever, near 1.46°C above the 1850-1900 pre-industrial baseline — a fourth consecutive year above 1.4°C. Ocean heat content, the planet's largest buffer, reached record levels, with researchers describing the oceans as the hottest in at least a millennium and warming faster than at any point in 2,000 years. On June 2, the World Meteorological Organization (WMO) confirmed El Niño conditions were developing, with forecast centers putting the probability of a sustained event at 97-98 percent through year-end. The combination of background warming plus El Niño raises the risk of record heat, stronger storms and heavier rainfall, with Asia — including Indonesia — squarely on the front line.

A violent start to the year: heatwaves, wildfires and deadly floods

The first quarter brought a cascade of extreme events that scientists tied directly to a warming climate. Australia endured back-to-back heatwaves with several locations topping 49-50°C, while wildfires in Chile's Biobío and Ñuble regions killed at least 21 people and forced tens of thousands to evacuate. Heavy rains drove catastrophic flooding in Mozambique, and Storm Harry battered the Mediterranean with at least 390 deaths, many of them migrants at sea. World Weather Attribution found the early-January Australian heat was made roughly 1.6°C hotter by climate change, underscoring how human influence is now routinely detectable in individual disasters.

Record wildfire season scorches over 150 million hectares

Fires between January and April 2026 burned more than 150 million hectares worldwide — about 20 percent above the previous record for the period — spanning Australia, Chile, Patagonia and beyond. Beyond the immediate destruction of homes, ecosystems and lives, the blazes released large volumes of stored carbon, degraded watersheds and pushed smoke across continents, worsening air quality far from the flames. The scale of loss highlights how drought, early-season heat and shifting land use are compounding fire risk, and why forest protection and restoration matter as much for resilience as for carbon. For forest-rich, fire-prone Indonesia, the season is a pointed reminder of peatland and haze vulnerabilities as El Niño develops.

Heat records tumble from the Arctic to Europe's June heat dome

Temperature records fell repeatedly through the semester. National Oceanic and Atmospheric Administration (NOAA) logged the warmest March in its 132-year record for the contiguous US, and National Aeronautics and Space Administration (NASA) reported Arctic winter sea ice at its lowest since satellite records began in 1979 for a second straight year. South Asia baked under 46°C-plus heat in May, straining power grids, and a late-June heat dome over Western and Central Europe was judged by World Weather Attribution to be the

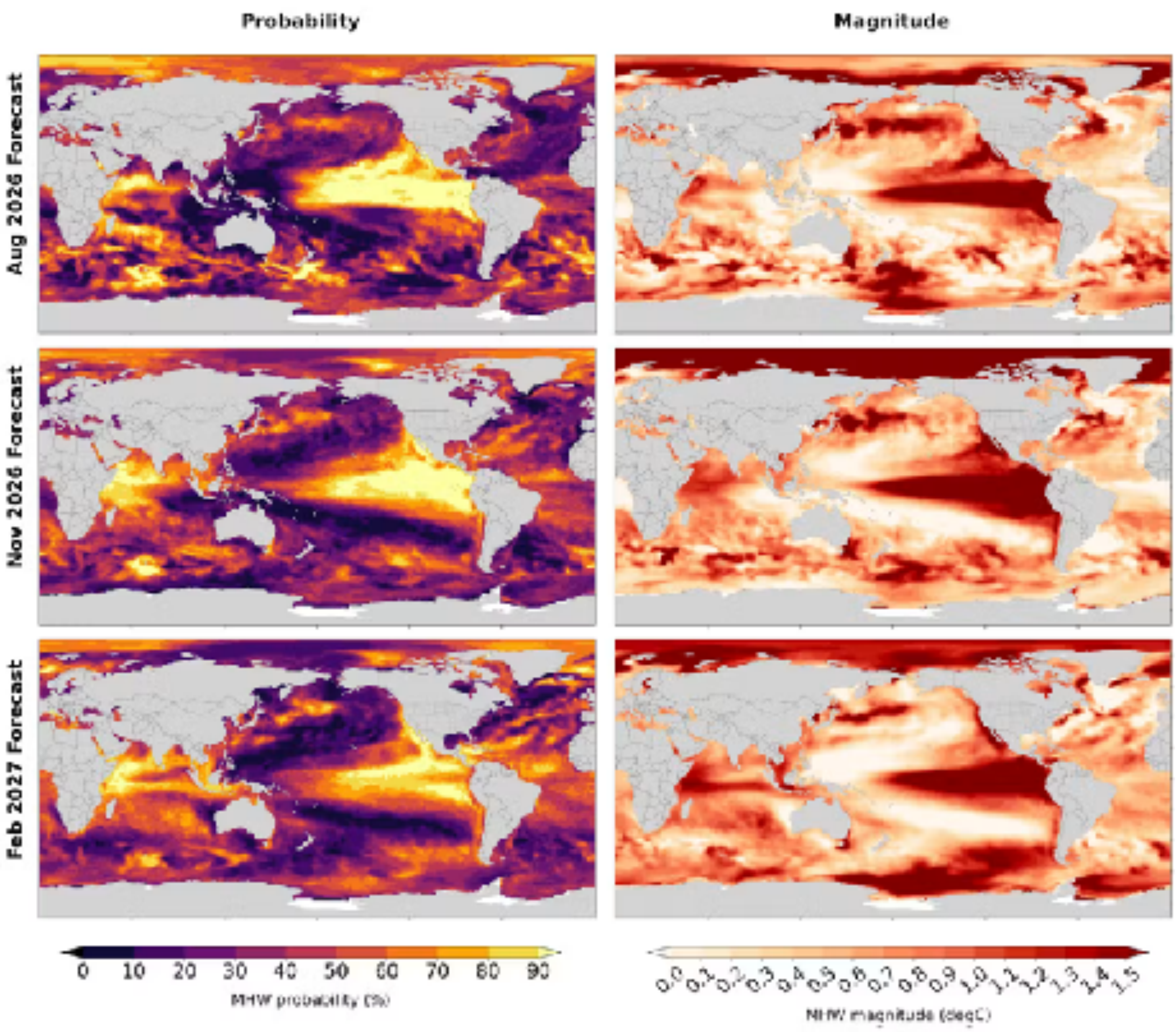

Figure 3. Marine heatwave probability and magnitude forecasts from NOAA Physical Sciences Laboratory's experimental Marine Heatwave Forecast system (https://psl.noaa.gov/marine-heatwaves/), based on the method of Jacox et al. (2022), *Nature* 604, pp. 486–490.

most severe and widespread in the continent's history. As London Climate Action Week opened amid the heat, the United Nations (UN) Secretary-General captured the mood by quipping that the city was not just calling but cooking — and renewed his push on methane and on powering AI with renewables.

The human and economic bill: heat deaths, food stress, adaptation gap

The mounting toll of climate extremes came into sharper focus. UN reporting put heat-related deaths at an average of around 546,000 per year, with droughts and heatwaves pushing tens of millions more into food insecurity. United Nations Environment Program (UNEP) estimated developing countries will need roughly $310 billion per year by 2035 for adaptation — far above current flows — even as insurance and protection gaps widen. Asia bears a disproportionate share: the 2026 Climate Risk Index again ranked the Philippines and India among the hardest hit, and the wider region, including Indonesia, accounts for the largest numbers of people exposed to floods and intensifying typhoons.

Energy-transition investment hits a record $2.3 trillion

Bloomberg New Energy Finance (NEF) reported that global energy-transition investment reached a record $2.3 trillion in 2025, up 8 percent year-on-year, led by electrified transport ($893bn), renewables ($690bn) and grids ($483bn). For a second consecutive year, clean-energy supply investment outpaced fossil-fuel supply, and fossil-supply spending fell for the first time since 2020. Asia-Pacific accounted for 47 percent of the total and China alone for some $800bn, though China posted its first decline in renewables funding since 2013, and headline growth has cooled from 27 percent in 2021 to 8 percent. Data-center build-out — roughly half a trillion dollars — is now a major swing factor for power demand and grid planning.

Wind and solar overtake gas as clean power turns cost-dominant

A structural milestone landed this semester: wind and solar together generated more electricity than gas globally for the first time. The International Energy Agency (IEA) estimates roughly 80 percent of solar and wind generation now runs at a lower levelized cost than coal or gas, and battery prices have fallen about 75 percent over the past decade, making variable renewables far easier to integrate. Electric-vehicle sales are on track for about 24 million in 2026 — close to 26 percent of light-vehicle sales, up from 4 percent at the start of the decade — and Europe set EV-sales records as the Iran-war fuel shock bit. The war reframed clean energy as an energy-security strategy, not only a climate one, accelerating the COP31 electrification agenda.

Batteries and storage become the backbone of 24/7 clean power

Energy storage emerged as the fastest bridge to round-the-clock clean electricity. Batteries now command about 40 percent of all energy-technology patents — a dominance no other energy technology has matched — and lithium iron phosphate (LFP) chemistry has become the default for grid-scale storage on cost and safety grounds. Contemporary Amperex Technology Co. Limited (CATL) 's sodium-ion cells are scaling toward European EV and storage markets, while long-duration pilots such as 100-hour iron-air and hydrogen-lithium hybrids aim to cover multi-day lulls. Wood Mackenzie expects battery-storage investment to hold near $20bn in 2026 after a roughly 50 percent jump the prior year, positioning storage as critical infrastructure for grids straining under surging, AI-driven power demand.

Hydrogen, carbon capture, and small nuclear edge toward scale

Harder-to-abate solutions advanced unevenly. The IEA put 2025 investment in low-emissions hydrogen at nearly $8bn — up about 80 percent year-on-year — and analysts flagged 2026 as make-or-break, with around 2 million tonnes per year of capacity poised for final investment decisions. Carbon Capture, Utilization, and Storage (CCUS) spending topped $5bn (more than fifteen times 2020 levels), yet roughly 90 percent of announced projects have still not reached final investment decision (FID), and near-zero-emissions steel remains nascent. Small modular reactors are progressing toward construction, with a pipeline of several gigawatts advancing, while US policy shifts — phasing out wind, solar and much hydrogen support after mid-2026 — are redirecting capital toward nuclear, geothermal and gas.

Nature-based solutions mature as carbon-market integrity rules tighten

The land-use and nature-finance agenda gained both momentum and discipline. The voluntary carbon market showed renewed strength in 1H26, even as the Integrity Council for Voluntary Carbon Market (ICVCM) revised its Core Carbon Principles to reframe permanence around durability, with clearer rules on reversals and risk buffers. World Resources Institute (WRI) estimates a nature-finance gap of roughly $340-467bn a year, while Morgan Stanley (MSCI) projects carbon markets could channel up to $100bn a year to nature-based solutions by 2050. The narrative is shifting from simply saving trees to investing in forest economies, with sovereign-backed forest bonds, blended-finance platforms and forest-positive corporate off-takes emerging — though a reported pause in Microsoft's carbon-removal buying was a reminder of demand-side fragility.

Climate finance pivots from pledges to a $1.3 trillion delivery test

Finance moved to the centre of the climate agenda ahead of the 13th Conference of the Parties (COP31) of the United Nations Framework Convention on Climate Change (UNFCCC). The summit's core task is operationalizing the $1.3 trillion-a-year climate-finance goal agreed under the New Collective Quantified Goal — roughly a seven-fold increase on current flows — while developed countries face pressure to at least double, and chart a path to triple, adaptation finance. Broader clean-tech investment reached about $1.8 trillion in 2025 (up 15 percent), and efforts to align voluntary markets with the Paris Agreement's Article 6 mechanism (PACM) advanced, including a South Korea - UN - Global Green Growth Initiative (GGGI) initiative to enable cross-border transactions. The through line: credible, well-governed finance is now the binding constraint on turning targets into delivery.

International News

Global economics, geopolitics and the energy shock.

US-Israel war on Iran begins; Strait of Hormuz effectively closed

Joint US-Israeli strikes on 28 February ignited a war with Iran that quickly became the defining geopolitical event of the half-year. Iranian retaliation and attacks on shipping effectively shut the Strait of Hormuz — the chokepoint for roughly a fifth of the world's oil and about 20 percent of LNG — forcing Saudi Arabia, the United Arab Emirates (UAE), Kuwait and Iraq to curb production as storage filled. The disruption rippled far beyond energy into shipping, aviation, insurance and fertilizer supply chains, with developing economies most exposed. The episode showed how a single regional conflict can reprice global supply almost overnight and revived comparisons with the oil crises of the 1970s.

Oil shock: crude surges ~64 percent in March, the biggest since 2022

Energy prices whipsawed violently as the war unfolded. Brent crude spiked toward $120 a barrel — a roughly 64 percent surge in March by some measures — before swinging on every headline about ceasefires, tanker escorts and possible strategic-reserve releases. Oxford Economics called it the most significant oil shock since 2022, and analysts warned of a 1970s-style mix of higher prices and slower growth. Because Asian buyers depend most heavily on Hormuz crude, the region scrambled for alternative barrels, with knock-on effects for fuel costs, inflation expectations and central-bank policy across importing economies including Indonesia.

Qatar LNG disrupted; Asian gas spot prices spike

The war struck gas markets as hard as oil. An attack on Qatar's Ras Laffan complex cut around 17 percent of the country's LNG output, with repairs estimated at three to five years, and Qatar — supplier of about a fifth of global LNG — declared force majeure on major volumes. Asian LNG spot prices jumped well over 100 percent as buyers in Japan, Korea, China and South Asia competed for scarce cargoes. The squeeze cascaded into power costs, industrial output and fertilizer production, and accelerated a longer-term reshaping of energy investment away from concentrated Middle Eastern supply routes toward diversified LNG and renewables.

Fuel-and-fertiliser crisis spreads; stagflation fears mount

What began as an energy shock broadened into a food-and-inflation crisis. Because almost half of the world's urea and much of its fertilizer feedstock passes through the Gulf, shortages and price spikes hit farmers globally, raising fears for the coming crop season. India cut output at several urea plants, and countries from Pakistan to Bhutan introduced austerity or rationing measures, while panic buying disrupted fuel distribution. Economists increasingly warned of stagflation — the difficult combination of high prices and weak growth — and of a possible debt crisis for Global South nations if Northern central banks tightened policy to fight imported inflation.

World Gross Domestic Product (GDP) growth forecast cut to ~2.4 percent for 2026

Forecasters trimmed global growth expectations to around 2.4 percent for the year as the energy shock fed through to inflation, demand and financial conditions. Oxford Economics projected inflation peaking above 4 percent in the euro area and around 3 percent in the US, prompting expectations of tighter monetary policy in several advanced economies. Aviation and travel were hit early, with fares rising 5-10 percent and airspace closures snarling Europe-Asia and North America-Asia corridors. The downgrade reflected a wider truth of the semester: a localized conflict translated rapidly into a synchronized hit to global output, with importers and lower-income countries absorbing the heaviest blows.

Preliminary US-Iran deal to end war; oil falls to a three-month low

A preliminary agreement in mid-June opened a 60-day negotiation window and the prospect of reopening the Strait of Hormuz, sending oil to a three-month low. President Trump predicted prices would drop sharply once the strait reopened, but analysts cautioned that more than 14 million barrels a day of shut production would take time to restart, with full consumer relief unlikely before the autumn. Many producers signaled reluctance to bring output back until the ceasefire proved durable, and refiners faced restocking and contract backlogs. The deal eased the acute phase of the crisis but left a long tail of elevated food prices, depleted inventories and lasting lessons about supply-chain fragility.

Road to COP31: Antalya summit centers on a $1.3 trillion finance test

Diplomatic attention converged on COP31, set for Antalya, Türkiye on November 9-20, 2026, under an unusual dual Türkiye-Australia presidency. The agenda is squarely about implementation: operationalizing the $1.3 trillion climate-finance goal, finalizing adaptation indicators from COP30, and advancing the Belém roadmaps on forests and on transitioning away from fossil fuels. The June Bonn talks (SB64) and an April conference in Santa Marta, Colombia, built momentum, while the IEA's Fatih Birol described the moment as the biggest energy crisis in history. With US climate engagement in retreat, other governments are under pressure to fill the leadership vacuum and keep the 1.5°C goal within reach.

Indonesian News

Macroeconomy, markets and the forest-carbon agenda.

Indonesia 1Q26 GDP grows 5.6 percent — strongest since 3Q322

Indonesia opened the year with surprising strength, posting 5.6 percent year-on-year GDP growth in the first quarter — the fastest since 3Q22 and ahead of market expectations. The acceleration was driven by Eid al-Fitr consumption and a sharp jump in government spending as budget disbursement was front-loaded, even as fixed investment and exports softened. Analysts at several banks nudged up full-year forecasts toward 5.2% but flagged that the headline leaned heavily on fiscal expansion rather than private demand. With the global energy shock weighing on exports and supply chains, sustaining the momentum through the rest of 2026 looks challenging.

Source: Pound Sterling Live - daily close, 1 Jan-26 Jun 2026. The rupiah slid to record lows amid the energy-price shock and fiscal concerns.

Figure 4. Rupiah vs US dollar, since January 1, 2026. Daily exchange rate of Indonesian rupiah against one US dollar, about +6.9 percent year to date (YTD) weaker.

Bank Indonesia holds an accommodative stance; policy rate at 4.75 percent

Bank Indonesia kept monetary policy supportive, with its benchmark rate at 4.75 percent after 150 basis points of cuts since September 2024 — the lowest level since 2022. The central bank paired rate policy with macro-prudential and liquidity measures aimed at lifting credit growth, which it targets at 8-12 percent for the year, and projected full-year GDP growth of 5.33-5.4 percent if fiscal spending accelerates. However, the rupiah's slide and imported inflation from the energy shock complicated the easing path, forcing Bank Indonesia (BI, the Indonesian Central Bank) to balance growth support against currency and price stability. Governor Perry Warjiyo framed the policy mix as defending stability amid persistently high global uncertainty.

Rupiah hits record lows amid the war shock and fiscal concerns

The rupiah weakened to record lows against the US dollar during the semester, pressured by the global energy shock, capital-outflow risk and questions over the durability of fiscal spending. Markets flagged concerns about governance transparency and the sustainability of the Prabowo administration's expenditure plans, with warnings that a credit-rating outlook downgrade or a looser-than-expected fiscal stance could intensify outflows. The weaker currency raised the cost of imported fuel and inputs, feeding inflation and narrowing the central bank's room to ease. The episode underscored Indonesia's exposure to external shocks despite otherwise resilient growth and ample foreign-exchange reserves of around $154bn.

Fiscal sustainability in focus as spending outpaces revenue

Indonesia's expansionary fiscal posture drew growing scrutiny. First-quarter expenditure rose far faster than revenue — spending up around 31 percent against roughly 10 percent revenue growth — widening the deficit and prompting caution from analysts about medium-term sustainability. The government leaned on fuel subsidies to cushion the energy shock's pass-through to households, but its limited fiscal space risks diverting funds from infrastructure and crowding the path toward Prabowo's longer-term 8 percent growth ambition. With a 2026 deficit officially projected below the 3 percent threshold, the central question for investors is whether revenue mobilization can keep pace with the administration's spending agenda, including flagship programs and the Daya Anagata Nusantara (Danantara) vehicle.

Danantara downstreaming anchors the 2026 investment drive

The government positioned sovereign-fund vehicle Danantara and resource downstreaming at the heart of its 2026 growth strategy, targeting accelerated momentum on the back of a large expenditure plan. Officials pointed to downstream processing of minerals and other commodities as a way to capture more value domestically and attract investment, framing it as central to structural transformation. The strategy carries both promise and risk: it could lift industrial output and jobs, but markets have questioned governance, transparency and the fiscal cost of state-led projects. How credibly Danantara deploys capital — and whether it crowds in or crowds out private investment — will shape sentiment toward Indonesian assets through the year.

Headline inflation rises to 4.76 percent in February amid fuel pressure

Consumer-price inflation climbed to 4.76 percent year-on-year in February as the energy shock fed into transport and food costs. The reading sat above Bank Indonesia's medium-term comfort band, and authorities leaned on fuel subsidies and targeted measures to contain the pass-through and protect household purchasing power. While the subsidy cushion helped limit the immediate hit, it added to fiscal pressure at a time of already-elevated spending. The inflation pickup, alongside a weaker rupiah, complicated the calculus for further monetary easing and illustrated how an external supply shock can quickly reshape a domestic macro picture that had looked broadly stable entering the year.

Forestry carbon nesting framework advanced; Riau named pilot

Indonesia took a substantive step toward a credible forestry carbon market. At an April dialogue in Jakarta, the Forestry Ministry advanced a nesting framework designed to align greenhouse-gas mitigation across national, provincial and project levels, preventing the double-counting of carbon units and reinforcing environmental integrity in line with international standards. Peatland-rich Riau — home to around 3.5 million hectares of peat — was selected as the pilot jurisdiction for putting jurisdictional REDD+ into practice. Officials framed the move as much about investor certainty and tangible community benefits as about climate ambition, positioning it as foundational plumbing for results-based payments and high-integrity credit issuance.

Indonesia pitches its forestry carbon market to investors in New York

Forestry Minister Raja Juli Antoni took Indonesia's carbon story to global investors in New York, promoting the country's credit potential at a forum co-organized with the International Emissions Trading Association (IETA). He argued Indonesia is entering a new phase of forest management that values carbon, biodiversity and environmental services alongside timber, backed by the new Forestry Regulation 6/2026, the National Registry System and the Forest and Other Land Uses (FOLU) Net Sink 2030 target. The pitch aimed to build international confidence in Indonesia's carbon economic value framework, though analysts cautioned that reopening the forestry carbon market is unlikely to deliver an immediate surge in supply, as projects must still clear multiple methodological and verification hurdles before units reach buyers.

FOLU Net Sink 2030 reaffirmed; Forest Reference Emission Level (FREL) submitted to the UNFCCC

Indonesia reaffirmed that forestry and other land use remain the backbone of its climate strategy, targeting a net carbon sink of 140 $MtCO_2e$ by 2030 on the way to net zero by 2060 or sooner. Supporting steps included submitting an updated FREL to the UNFCCC and operationalizing the National Registry System, with monitoring tools such as the Forest Utilization Business Control / Monitoring Information System (Sistem Informasi Pengendalian Usaha Pemanfaatan Hutan, SIPASHUT) being upgraded to verify carbon trading with trackable data. The credibility of the target, however, hinges on halting a recent uptick in deforestation and resolving tensions with food-estate and bioenergy expansion. Independent trackers continue to warn that current policies are not yet consistent with reaching the net-sink goal.

GREEN for Riau REDD+ readiness initiative launches

A new UNEP- and Food and Agriculture Organization (FAO) -supported initiative, GREEN for Riau, launched to build REDD+ readiness in the pilot province through stronger governance, transparency, technical capacity and multi-stakeholder engagement. The program involves local communities in forest and peatland management, promotes a green economy and equitable benefit-sharing, and aims to unlock results-based payments via inclusive planning and robust monitoring. Anchored in the FOLU Net Sink 2030 framework and Indonesia's REDD+ safeguards, it is designed to align local and national efforts with international best practice. For practitioners, it is a concrete test of whether jurisdictional approaches can translate climate ambition into on-the-ground finance and measurable emission reductions.

Deforestation concerns rise over large-scale forest-conversion plans

Civil-society groups sharpened warnings that large-scale forest-conversion plans could undermine Indonesia's climate and biodiversity commitments. Greenpeace and others criticized proposals to open extensive areas for industrial, food-estate and energy use, arguing they risk locking in deforestation at odds with the FOLU Net Sink target and European Union (EU) market-access rules. The concern is grounded in data: tree-cover loss rose from about 0.89 million hectares in 2022 to 1.12 million in 2024 following the end of certain moratoria. With El Niño developing and fire risk climbing, the tension between near-term development priorities and long-term forest stewardship is becoming one of the defining policy fault lines of the year.

Policy & Regulatory Updates

Rules reshaping carbon, trade and climate governance.

Forestry Minister Regulation No. 6/2026 enables forestry carbon trading

Regulation 6/2026 marked a milestone for Indonesia's carbon economy by giving businesses legal certainty to generate, verify and trade carbon credits from forestry concessions — covering natural production forest, industrial plantation forest and social forestry areas. Industry players welcomed the clarity, which underpins the nesting framework and the Riau pilot and signals a shift toward valuing standing forests for carbon, biodiversity and ecosystem services. The rule is a foundational piece of market architecture, but its real-world impact depends on implementing guidance, methodologies and registry operations functioning smoothly. For developers and advisors, it opens a clearer pathway from project design to issuance, provided integrity and benefit-sharing safeguards are met.

EUDR simplification package issued; application set for 30 Dec 2026

The European Commission (EC) presented a package of EU Deforestation Regulation (EUDR) measures on May 4 — a simplification review, updated frequently asked questions (FAQs) and guidance, a draft delegated act on product scope, and Information-System updates — while confirming the law applies from December 30, 2026 for large operators and June 30, 2027 for micro and small operators. The Commission stressed it will not reopen the core text, focusing instead on easing implementation: trimming data burdens, adjusting scope (adding items such as certain palm-oil derivatives, removing leather and retreaded tires) and relaunching the registry in June. After two prior delays, the message to companies handling palm oil, timber and other covered commodities is to prepare for the end-2026 deadline in earnest.

Updated ISPO standard adds EUDR-aligned geolocation rules

Indonesia's revised Indonesian Sustainable Palm Oil (ISPO) standard, published early in 2026, now embeds EUDR-aligned geolocation requirements and a deforestation cut-off for all certificate holders — a deliberate move to position the national scheme as a pathway to EU compliance. The update matters because Indonesia is the world's largest palm-oil producer, with around 16.4 million hectares split roughly 60 percent corporate and 40 percent smallholder. Large estates are largely ready, but only an estimated fifth of independent smallholder hectares had verified geolocation by Q1, making smallholder inclusion the central equity and supply-chain challenge. Jakarta has signaled openness to tiered export levies that reward EUDR-documented exports.

Updates from Landscape

Climate Collective gains momentum as new members come aboard

The Climate Collective, a Landscape initiative to optimize the value of nature-based carbon credits from Indonesia, is taking shape, welcoming a growing roster of members and broadening a marketplace built to serve both sides of the carbon transaction. For sellers, that means sharper price discovery and steadier demand; for buyers, it means quality, traceability, confidence, and delivery protection in what they are purchasing — benefits that compound as the membership widens.

Bali Climate Summit moves to December, merging with the Carbon Digital Conference

The Bali Climate Summit has been retimed to December 8–9, 2026, joining forces with the Carbon Digital Conference to return larger and stronger than ever. The merger brings the people, the capital, and the technology shaping Indonesia's carbon markets under a single roof — one convening where policy, finance, and digital infrastructure meet.

Five new projects launch across the Just Energy Transition and Nature-Based Programs

Four projects are commencing under the Just Energy Transition Program:

- The Implications of Carbon Pricing and Market on Indonesia's Electricity System;
- The Subnational Implications of Energy Transitions in Indonesia;
- Adapting and Adjusting Transition Credit Methodologies for Captive Power Plants; and
- Decentralized Renewables for Energy Resilience.

In parallel, the Nature-Based and Ecosystem Program opens a new effort of its own — the Restoration and Bio-economy Finance Initiative.

Webinar with IOJI unpacks the new Forestry Regulation 6/2026

Landscape Advisory teamed up with the Indonesian Ocean Justice Initiative (IOJI) to host a highly successful, massively attended webinar on the implications of the new Ministry of Forestry Regulation No. 6/2026 on carbon market in Indonesia, featuring speakers from the International Emissions Trading Association (IETA), the Indonesian Carbon Trading Association, IOJI, and the Association of Indonesian Forest Concessioners.

New Staff Members have joined

Cindy Simangunsong has joined as Chief Operating Officer (COO) of Landscape Carbon, where she leads the development of the Climate Collective and Landscape's flagship nature-based carbon projects. She is joined by Risti Zahroh, who comes aboard as Manager of Nature-Based and Ecosystem Services Program, and Narinda Denaya Putri as Assistant Manager, Legal Support.

Dwi Irianto has also joined as Modeling Specialist, supporting the Just Energy Transition Program with energy-economic system dynamics modeling. He is joined by Syauqi, a bright student from Institut Teknologi Bandung, who begins his tenure as an intern with the program.

New Publications

Warned by Nature, Recover with Nature: Increasing Resilience through Nature-Based Recovery in Aceh, North Sumatera, and West Sumatera

Agus P. Sari, Putri A. Agustina, and Niken Pradonawati

Sumatera Floods Series #3, January 2026

A rapid assessment of the late-November 2025 floods that killed 1,178 people and inflicted losses approaching Rp70 trillion. It reads the disaster as a three-part equation — an extreme rainfall pulse, weakened upstream watersheds, and settlement exposure downstream — and advances a *Recover with Nature* portfolio: conserve headwater forests, peat, and mangroves; rehabilitate mid-slope and riparian corridors; and restore floodplains and coastal buffers, with engineering calibrated by basin type. Governance is the hinge — watershed-to-coast coordination, risk-based permit audits, enforceable river setbacks, and finance that rewards risk reduction before the next storm.

Reforming Power: Fundamental Reform for Sustainable, Affordable, Equitable, and Low-Carbon Power Market in Indonesia

Agus P. Sari and Michael Kurniawan
Energy Transition Series #1, January 2026

A concept note arguing that Indonesia's electricity sector must shift from "state control by ownership" to "state control by governance," reading the Constitution's mandate as a guardrail rather than a business model. It works through the reform menu — unbundling generation (retiring take-or-pay), opening transmission and power wheeling, deregulating distribution, and confronting tariff opacity, where subsidy plus compensation reached roughly 32.5 percent of PLN's 2024 revenue — and proposes pricing energy through competition, wires as regulated services, and equity as explicit transfers. Its conclusion: Indonesia needs not less state control, but better state control — rules that replace discretion.

Retiring Early: A Scoping Study on the Use of Transition Credits to Shift Captive Off-Grid Coal-Fired Power Plants to Renewables

Agus P. Sari and Michael Kurniawan
Energy Transition Series #2, February 2026 (prepared with IESR, funded by UK FCDO)

A scoping study on the coal problem outside the policy perimeter: captive, off-grid plants — about 25.9 GW, more than 75 percent coal — feeding nickel smelting in the eastern archipelago, with new captive additions outpacing those for the public grid. It asks whether transition credits can finance early retirement, finding existing methodologies ill-fitted to captive systems and breakeven prices of about \$8 to \$16 per ton of CO_2 — still well above Indonesia's prevailing levels near \$3.66. The verdict is measured: transition credits are a supporting lever, not a standalone fix, requiring captive-specific methodologies, ETS clarity, and pilot transactions to bring captive power inside the net-zero perimeter.

Far Away Conflict, Jakarta's Budget: The Economic Burden of the Middle-East Conflict on Indonesia

Agus P. Sari
Geopolitics Series #1, June 2026

When a February 2026 US–Israel war on Iran closed the Strait of Hormuz and drove oil past \$100, the shock reached Indonesia through its split energy identity as both a heavy fuel importer and a top coal and LNG exporter. A system-dynamics simulation across three oil prices (\$70/\$100/\$150) finds the shock is routed rather than absorbed: balancing monetary loops let the rupiah and inflation overshoot then settle, but a reinforcing fiscal–growth loop, fed by capped fuel and LPG prices, pushes the deficit past its 3 percent legal ceiling and makes the damage persist — with the \$100 case already matching mid-2026 conditions. The burden falls regressively on households, so the lasting cost is substantially a policy choice: a managed partial price pass-through, targeted cash transfers financed from the export windfall, coordinated monetary–fiscal policy, and reduced import dependence.

Fire in the Horizon: The Modeled Impacts of the 2026 Super El Niño on Indonesian Economy

Agus P. Sari
Climate Change Series #1, June 2026

As Indonesia faces an emerging "Godzilla" El Niño, this paper uses a system-dynamics model to trace how the shock propagates in three waves — direct losses in rain-bound sectors, indirect channels of price, health, and public finance, and the macroeconomic toll. Its central finding is that the indirect wave exceeds the direct one, so scorched fields and failed harvests capture less than half the true cost. The aggregate hit is absorbable; its danger is distributional, tipping over a million people below the poverty line — which is why policy must shape the shock's incidence before the September–October peak.