



ARMA Update: 11 April 2022

(English Version)

Legal Framework of Green Building in Indonesia

General Overview

The concept of a Green Building (also known as an environmentally friendly building) is the application of environmental principles in a building starting from the design, construction, operation up until the management process to reduce negative impacts on the environment and have a positive impact on handling the climate crisis. In Indonesia, the practice of Green Building is increasingly in demand. Although there have only been dozens of buildings registered as Green Building since the first introduction of Green Building certification back in 2010, the trend for “green labeled” buildings is growing popular.

According to the matter, the Government of Indonesia has issued various regulations related to Green Building. Some of them are:

1. Law Number 28 of 2002 regarding Building (“**Building Law**”);
2. Government Regulation Number 16 of 2021 concerning Implementing Regulations of Law Number 28 of 2002 concerning Buildings (“**GR Reg 16/2021**”);
3. Regulation of the Minister of Environment (“**MOE**”) Number 8 of 2010 concerning Criteria and Certification of Environmentally Friendly Buildings (“**MOE Reg 8/2010**”); dan
4. Regulation of the Minister of Public Works and Public Housing (“**PWPH**”) Number 21 of 2021 concerning Performance Assessment of Green Buildings (“**PWPH Reg 21/2021**”).

This ARMA update will discuss the legal framework of Green Building, including the criteria, rating system, and certification used in assessing a building that meets the environmentally friendly principles in various regulations in Indonesia.

What are the Criteria of a Green Building?

Along with the introduction of Green Building certification in 2010, the Ministry of Environment issued the MOE Reg 8/2010. Based on MOE Reg 8/2010, a building is categorized as a Green Building if it meets the following criteria:¹

¹ Article 4 of MOE Reg 8/2010



- a. using environmentally friendly building materials;
- b. there are facilities and infrastructure for the conservation of water resources in the building;
- c. there are facilities and infrastructure for energy conservation and diversification;
- d. using materials that are not ozone-depleting in the building;
- e. have facilities and infrastructure for managing domestic wastewater in the building;
- f. have waste sorting facilities;
- g. attentive to the health aspects of building occupants;
- h. have facilities and infrastructure for sustainable site management; and
- i. have facilities and infrastructure to anticipate disasters.

How is the Rating System and Certification to Obtain Green Building Status?

For a building to obtain a Green Building certificate, an assessment process must be carried out through a rating system. As a matter of fact, there are various Green Building rating systems globally. In Indonesia, Green Building certification can be carried out by (i) non-government certification bodies; or (ii) a rating system from the Ministry of PwPH with the issuance of a certificate by the regional government.

1. GBCI Rating System and Certification

Since 2010, the Green Building assessment has been initiated by a non-governmental organization, namely the Green Building Council Indonesia (“GBCI”). The Ministry of Environment officially appointed GBCI as the first Green Building Certification Agency in Indonesia. As a certification body, GBCI can issue a certificate that is valid for 2 (two) years and can be extended² if a building meets the GBCI rating system (called Greenship) with aspects assessed as follows:

- a. appropriate land use;
- b. energy and refrigerant efficiency;
- c. water conservation;
- d. material sources and cycles;
- e. air quality and air comfort; and
- f. building environmental management.

² Article 5 of MOE Reg 8/2010



Aside from issuing green building certificates, GBCI, as Green Building Certification Agency, also has a supervisory function with the obligation to carry out evaluations of buildings that have been certified at least 1 (one) time in 1 (one) year.³

2. Ministry of PWPH Rating System and Regional Government Certification

Apart from the rating system set out by non-governmental institutions, in 2021, the Ministry of PWPH also issued a Green Building rating system that differs from the GBCI rating system through the PWPH Reg 21/2021. Based on the PWPH Reg 21/2021, the principles of Green Building include:⁴

- a. formulation of common goals, understanding, and action plans;
- b. reducing the use of resources, in the form of land, materials, water, natural resources, and human resources (reduce);
- c. reduction of waste generation, both physical and non-physical;
- d. reuse of resources that have been used prior (reuse);
- e. use of recycled resources;
- f. protection and management of the environment through conservation efforts;
- g. mitigation of safety, health, climate change, and disaster risks;
- h. orientation to the life cycle;
- i. orientation to the achievement of the desired quality;
- j. technological innovation for continuous improvement; and
- k. increased institutional support, leadership, and management in implementation.

Green Building performance assessment is carried out with reference to the above principles and compliance with the technical standards in each stage of building management, namely: (i) programming; (ii) technical planning; (iii) construction implementation; (iv) utilization; and (v) demolition.⁵

In addition, the Green Building performance assessment for new buildings and existing buildings is divided into 2 (two) categories, namely mandatory or recommended. Buildings under the mandatory category include buildings with an area of at least 5,000 m² (five thousand square meters) to 50,000 m² (fifty thousand square meters). In contrast, facilities under the recommended category include buildings other than those referred to in the mandatory category.⁶

³ Article 6 (3) of MOE Reg 8/2010

⁴ Article 3 of PWP Reg 21/2021

⁵ Article 4 (2) of PWP Reg 21/2021

⁶ Article 2 of PWP Reg 21/2021



The fulfillment of the Green Building performance assessment will determine the ranking. Green Building Certificate Ranking is divided into 3 (three) stages, namely:⁷

- a. Green Building *Utama* Certificate, given to buildings that meet the assessment of achieving more than 80% up to 100% of the total value;
- b. Green Building *Madya* Certificate, given to buildings that meet the assessment of achieving more than 65% up to 80% of the total value; and
- c. Green Building *Pratama* Certificate, given to buildings that meet the assessment of achieving more than 45% up to 65% of the total value.

This Green Building rating will be used as the basis for the issuance of a Green Building Certificate by the regional government which is valid for 5 (five) years.⁸ This Green Building Certificate can be issued electronically through the Building Management Information System (*Sistem Informasi Manajemen Bangunan Gedung* or SIMBG).⁹

Are there any Incentives for Certified Green Building?

Based on GR Reg 16/2021 and PWPB Reg 21/2021, owners and/or managers of Green Buildings can obtain incentives from the Provincial and Regency/City Governments in the form of:¹⁰

- a. relief from retribution for building construction and relief from services charges;
- b. compensation in the form of additional building floor coefficients;
- c. technical support and/or expertise, among others in the form of technical advice and/or assistance from Green Building expert services on a pilot basis;
- d. awards can be in the form of certificates, plaques, and/or tokens of appreciation; and/or
- e. other incentives in the form of publications and/or promotions.

However, it is not further regulated whether the above incentives also apply to Green Building certification from independent non-governmental institutions.

What are the Implications?

With the issuance of the rating system by the Ministry of PWPB through the PWPB Reg 21/2021, the Green Building performance assessment becomes more diverse and open than the previous

⁷ Article 31 of PWPB Reg 21/2021

⁸ Article 33 (13) of PWPB Reg 21/2021

⁹ Article 33 (8) of PWPB Reg 21/2021

¹⁰ Article 122 of GR Reg 16/2021 jo. Article 35 of PWPB Reg 21/2021



condition, where GBCI only carried out the Green Building assessment with a closed system. However, dualism will occur from the certificate of Green Building assessment issued by an independent verifier based on a separate rating system, with a certificate issued by the regional government based on the rating system of the Ministry of PWPH.

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