



BADAN KEBIJAKAN FISKAL
KEMENTERIAN KEUANGAN RI

Indonesia GCF Country Programme Update

Breakout Session A
GCF Structured Dialogue with Asia
Bali, 26 April 2017

Proposed outline of the country program document

- 1. Generic Overview** *(developed)*
- 2. National Sustainable Development and Climate Change Context** *(developed)*
- 3. Roles and Contributions of key stakeholders** *(to be developed)*
- 4. Identification of GCF priorities** *(to be developed)*
- 5. Action Plan** *(to be developed)*
- 6. Monitoring and Evaluation of the Country Programme** *(to be developed)*

1. Generic Overview

1.1. Background

- Indonesia is a country that has a high risk to be effected by climate but also offers significant potentials of GHG emission reduction.
- The country sets pre-2020 climate targets (RAN-GRK) and post-2020 targets (Nationally Determined Contribution or NDC).
- Voluminous climate activities since 2011 according to Biennial Update Report to the UNFCCC (USD 202 million of grant, excluding loan)
- GCF is operationalised in 2014 and Indonesia through the Ministry of Finance has contributed to its development
 - The alternate member (2013-15)
 - Financial contribution of USD 250k
- GCF has received USD 10 billion to date and offers the opportunity to support green development projects in many countries including Indonesia

1. Generic Overview

1.1. Background (continued)

- To tap this funding opportunity and to adhere to [the GCF Board Decision Number GCF/B.08/45 Annex III](#), in 2016 the Minister of Finance:
 - resumed its communication with the GCF
 - selected the Head of Fiscal Policy Agency as the National Designated Authority of the Green Climate Fund.
- To be aligned with [the Board Decision Number GCF/B.08/45 Annex XII](#), NDA GCF needs to:

“...communicate its no-objection to the Secretariat of the GCF in conjunction with every submission for approval of a funding proposal by an intermediary or implementing entity”.

1. Generic Overview

1.1. Background (continued)

- GCF support can contribute to:
Indonesia's effort to achieve an equitable and sustainable economic growth of 7% per annum
 - the acceleration of transition of the country toward low carbon economy

1.2. Rationale

- GCF program country document is developed to support the NDA mandate so that the NDA's no-objection is in conformity with national economic, financial and climate policies
 - NDA's no-objection can be a strategic instrument for:
 - **Harmonizing international climate finance and fiscal policies**
 - **Concentrating and allocating GCF funding to financial gap areas**
 - **Considering green infrastructure, gender and equitable principles.**

1. Generic overview

1.3. The objectives of developing Indonesia country program:

- Accountability tool
 - give accredited entities clarity on the types of initiatives that country stakeholders, including the private sector, seek their support in developing
- Stakeholders engagement tool
 - Minimize foreign exchange fluctuations
 - Manage state loans
- Country development strategic tool
 - ensure country developments focus on green infrastructure projects
 - Consideration of gender balance in project developments
 - Consideration of equitable principles in climate change projects

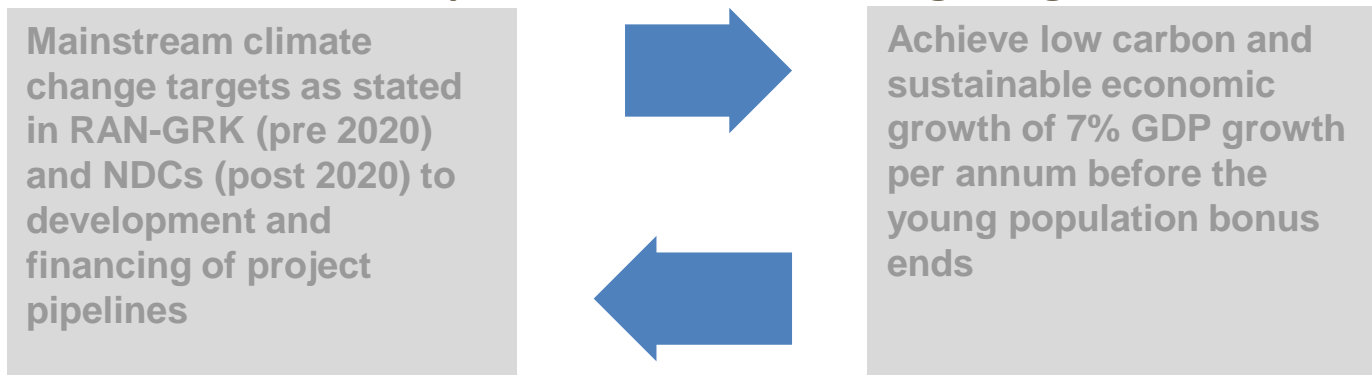
2. National Sustainable Development and Climate Change Context

Indonesia has shown its leadership in international climate change arena since COP13 in 2007 in Bali where many initiatives were established.

2.1. Overview of climate change policy process:

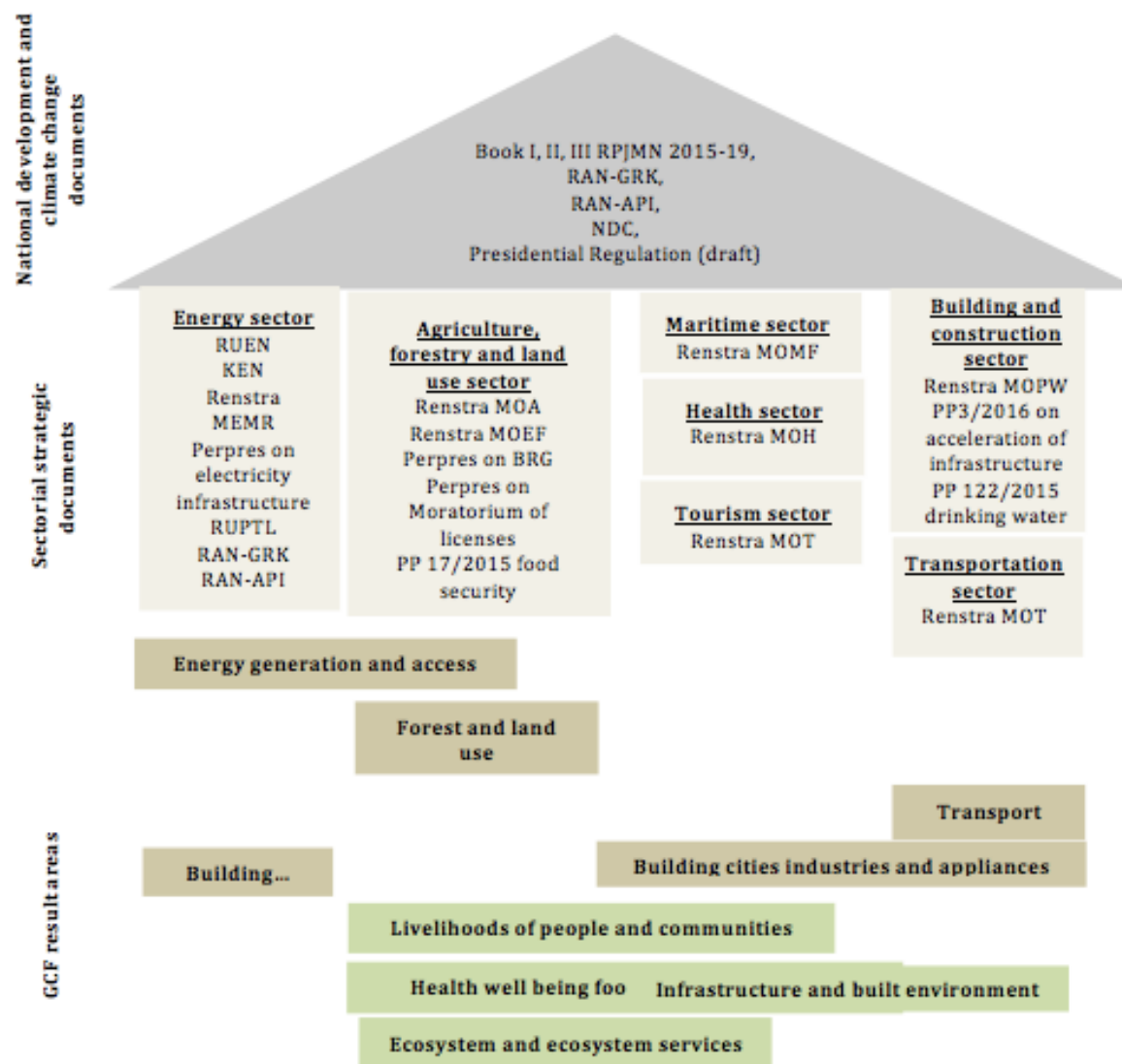


2.2. Economic development and climate change targets



2.3. Relevant policy documents to develop Indonesia's GCF country program

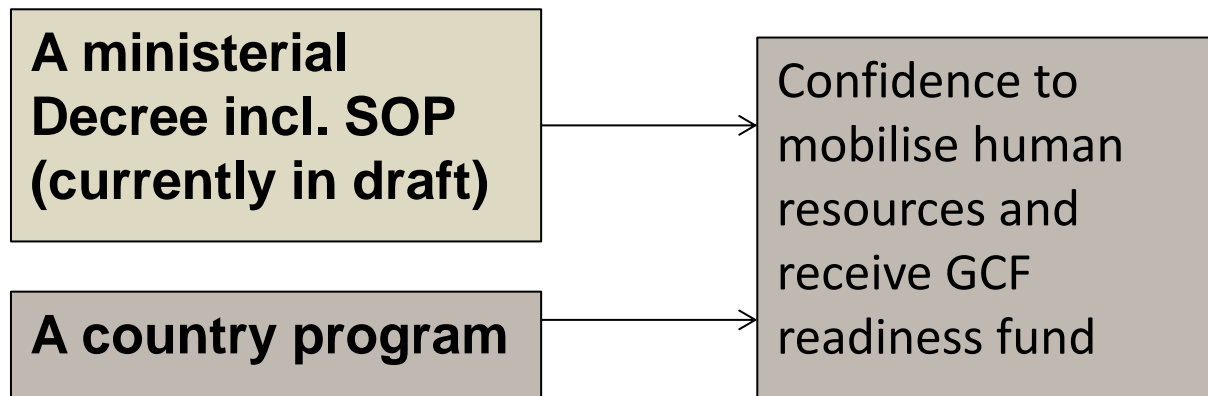
Figure 1: relevant policy documents to develop Indonesia's GCF country program



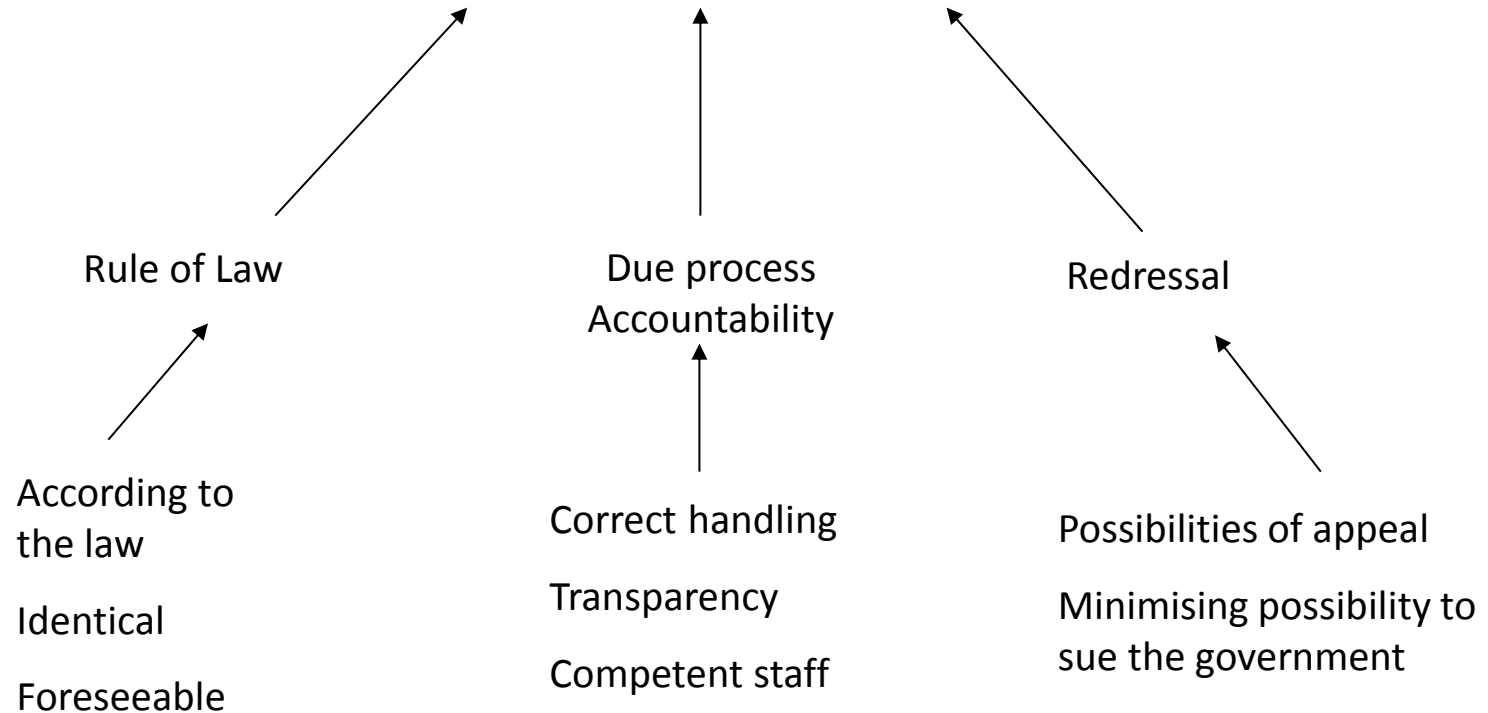
Note: see the list of documents in Annex 1. GCF result areas in brown is cover areas where there are potentials of mitigating GHG emissions; GCF result areas in green cover areas where there are potentials of increasing resilience of people and communities.

2.4. Action items while completing the rest of country program is underway:

- To be operational, the NDA GCF requires:
 - a Ministerial Decree and the SOP together with the country program to give confidence for MOF to mobilise human resources and to receive GCF readiness fund



2.5. Country Program Governance



3. How to evaluate and rank priorities?

Evaluation of project ideas according to:

- GCF Investment Criteria

Additional criteria to be identified, for instance:

- Ownership and paradigm shift potential
- Readiness of project proposal
- Implementation arrangements including possible implementing entities
- Expected beneficiary and impacts
- Financing requirements

Other approaches:

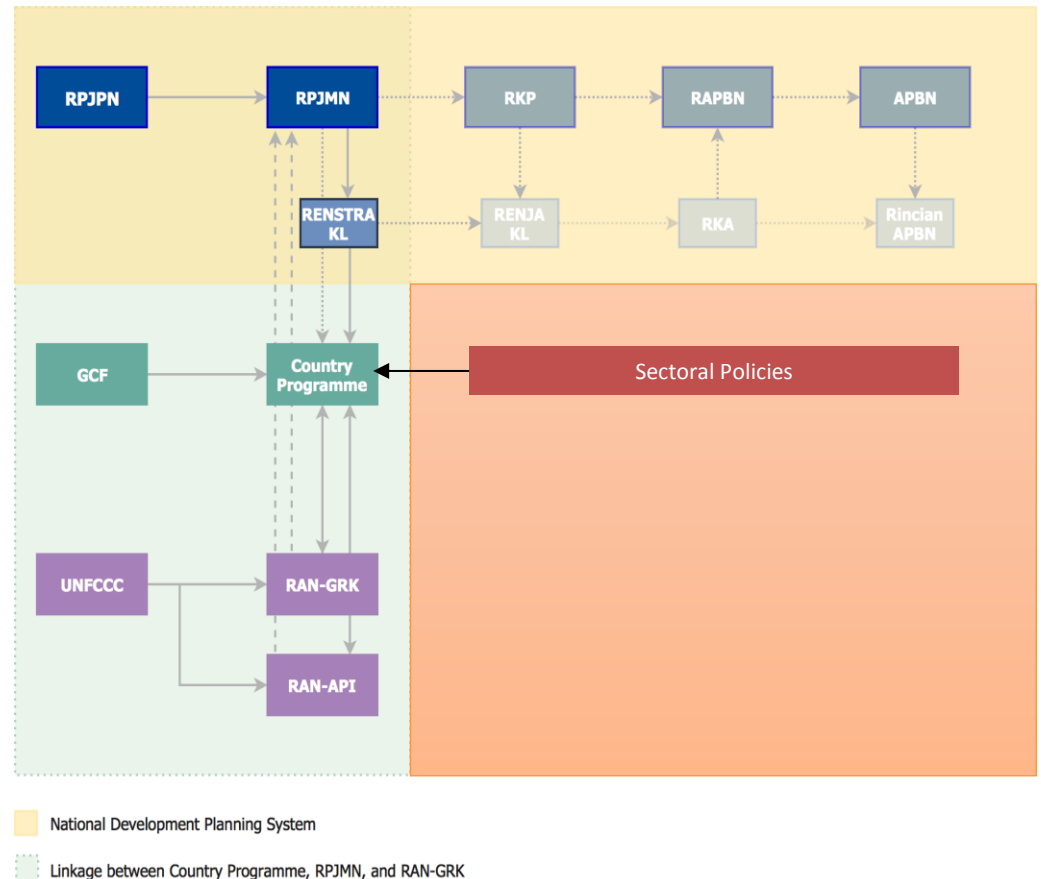
- CBA = Cost-Benefit Analysis / where costs and benefits of mitigation and adaptation options are readily available?
- CEA = Cost-Effectiveness Analysis / where it is possible measure costs in monetary benefits and quantify benefits?
- MCA = Multi-Criteria Analysis / where it is possible to rank adaptation or mitigation options according to certain criteria, e.g. based on a combination of qualitative and quantitative assessment?
- Other non-economic approaches? (e.g, participatory assessments?)

3.1. How to evaluate and rank priorities?

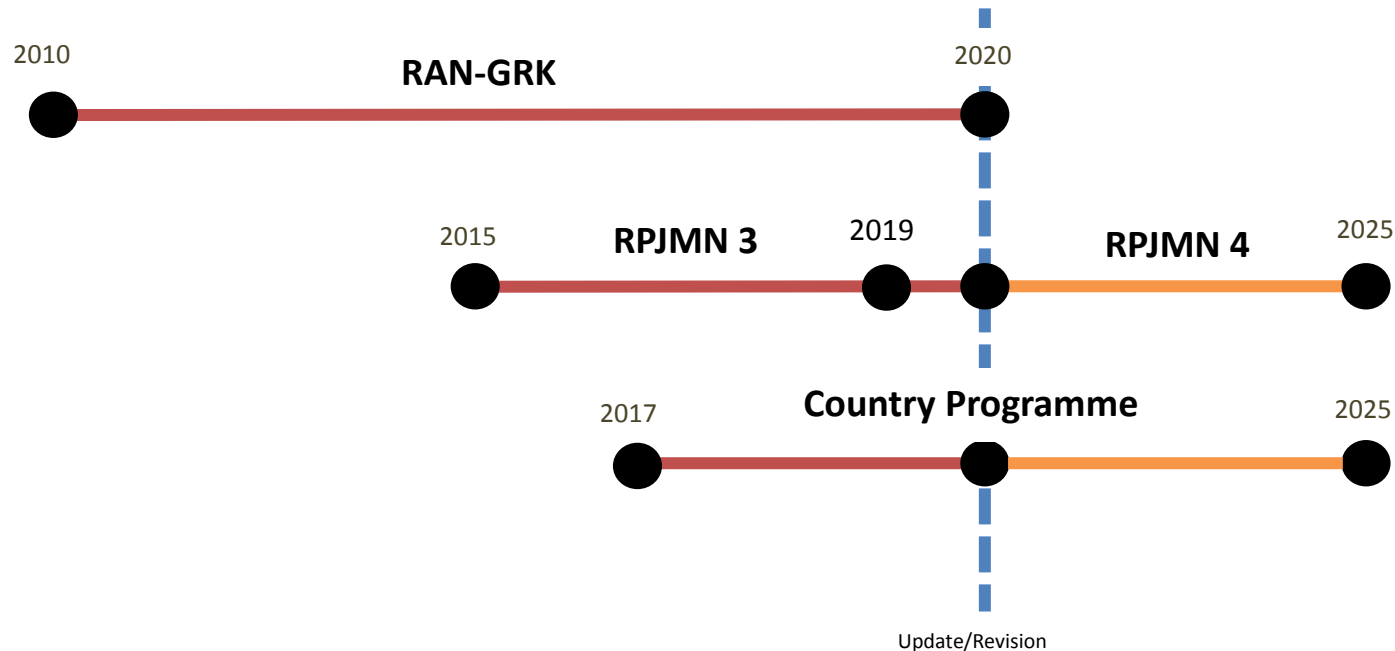
Result Area / Sector	Ranking from 1-5					Total Score
	Impact Potential	Paradigm Shift Potential	Country Ownership	Implementa tion Readiness	Etc.	
Mitigation/ Energy						
Adaptation / Coastal Resilience						
Adaptation / Food Security						

3.2. Country Programme in National Development Framework

- Country Programme shall support the implementation of RAN-GRK/RAN-API
- RAN-GRK is realizing the target of emission reduction -26%/-41% until 2020
- RAN-GRK is a part of national development framework



3. Implementation of Country Programme, RAN-GRK, and RPJMN



- Sequence Country Programme Implementation with National Development Planning
 - (Optional) allow for annual update based on new assigned priority projects
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3.4. National Climate Policy Context

Climate Change & Green Growth



End hunger and ensure food security

GOAL 2



To provide electricity to all

Goal 7



Combat climate change and its impact

GOAL 13



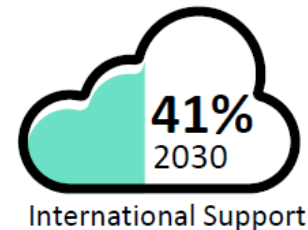
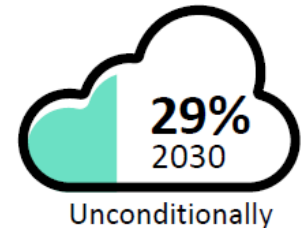
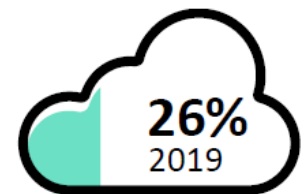
Protect, Restore and Promote sustainable use of terrestrial ecosystems

GOAL 15

National Mid-Term Development Planning |2015-2019|

- Inclusive and sustainable growth
- Increasing value added of natural resources with the sustainable approach
- Increasing quality of the environment
- Disaster mitigation and tackling climate change

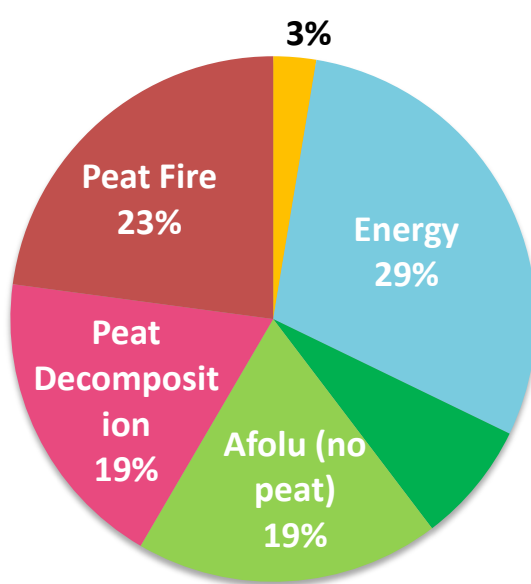
GHG Emission



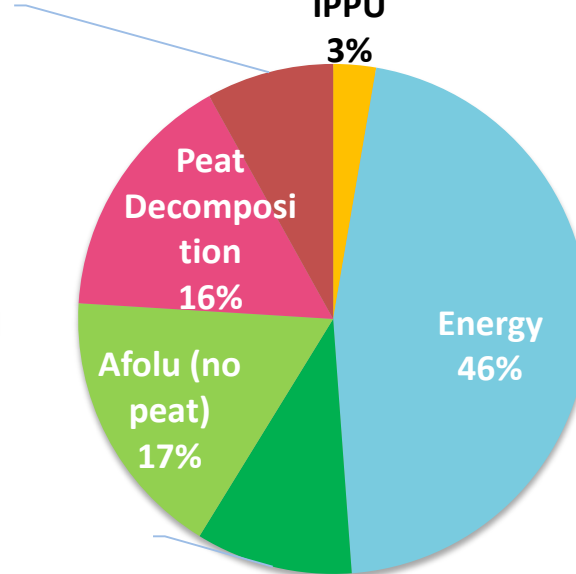
4. Government Priority for NDC

- Energy and LULCF largest emission sector, largest GHG emission sector

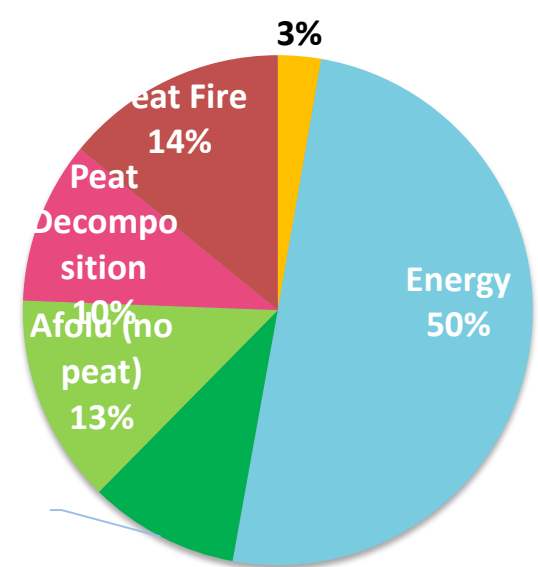
Share of Emissions in 2010
IPPU



Share of Emissions in 2020
IPPU



Share of Emissions in 2030
IPPU



4.1. Government Priority for Mitigation

GCF Result Areas	Policy documents	Targets	Implementing Stakeholders
Energy access and power generation	Presidential Decree No. 1/2014 on the Guidance for National General Energy Plan (Pedoman RUEN)/ RUEN	RE: <ul style="list-style-type: none"> 23% RE in 2025 45 GW of RE power plants out of 135 GW total Energy conservation: <ul style="list-style-type: none"> Energy intensity reduction of 1%/year Elasticity < 1 in 2025 	Ministry of Energy and Mineral Resources, PLN, other SOEs
	Government Regulation No. 79 Year 2014 on National Energy Policy	<ul style="list-style-type: none"> Providing primary energy of 400 MTOE in 2025 and 1000 MTOE in 2050 Achieving the use of primary energy per capita of 1,4 TOE in 2025 and 3,2 TOE in 2050 Providing 115 GW of power plants capacity in 2025 and 430 GW in 2050 Achieving the use of electricity per capita of 2500 kWh in 2025 and 7000 kWh in 2050 For energy mix: 23% RE in 2025, 31% RE in 2050 	Ministry of Energy and Mineral Resources, PLN, other SOEs
	Ministry of Energy and Mineral Resources (MEMR)' 2015-2019 Strategic Plan	RE: <ul style="list-style-type: none"> 16% of RE in energy mix in 2019 16996 MW of RE power plants capacity in 2019 Energy conservation: <ul style="list-style-type: none"> Reduction of primary energy intensity of 1%/year in 2025 	Ministry of Energy and Mineral Resources
	Presidential Regulation No. Year 2016 on the Acceleration of Electricity Infrastructure	-	MESDM, MBUMN, SOEs (PLN, etc.)
	2016-2025 National Electricity Plan RUPTL	Share of RE of 19.6% in the fuel mix in 2025	PLN



4.1. Government Priority for Mitigation

GCF Result Areas	Policy documents	Targets	Implementing Stakeholders
Low emission transport	The Ministry of Transportation's 2015-2019 Strategic Plan	<ul style="list-style-type: none"> Reduction of GHG emission from transport sector of 18.962 million tons CO2e in 2019 Land transport sector: smart driving, BRT buses, feeder buses, supply 1.330 mio tons CO2e emission reduction Rail-transport sector: 1.127 mio tons CO2e emission reduction Water-transport sector: 0.560 mio tons CO2e emission reduction Air-transport sector: 15.945 mio tons CO2e emission reduction 	Ministry of Transport
Buildings, Cities, industries, and appliances	The Ministry of Public Works and Housing's 2015-2019 Strategic Plan (for buildings and cities)	<ul style="list-style-type: none"> Development of waste management facilities, comprised of development of landfills in 163 areas, 3R community-scale facilities in 850 areas, temporary waste treatment facilities in 45 areas 	Ministry of Public Works and Housings
Forestry and land use	Presidential Regulation Number 1 Year 2016 Peatland Restoration Agency (Badan Restorasi Gambut or BRG)	No Specific Targets	
	KLHK's 2015-2019 Strategic Plan + annex.	<ul style="list-style-type: none"> Reduction of GHG emission of nearly 26% in 2019 Reduction of GHG emission of 21,7% from forestry, peat land, and waste Increasing of funding and capacity of science development in climate change and low-carbon technology of 60% based on 2015 baseline Decreased percentage of 10% of hotspots in non-forestry conservation areas and land in Sumatera, Kalimantan, and Sulawesi Decreased percentage of 10% of forest fires in non-forestry conservation areas and land in Sumatera, Kalimantan, and Sulawesi 	Ministry of Environment and Forestry



4.1. Status of NAMAs Development in Indonesia, Year 2014

Status	Activity	Implementor
Getting funds from NAMAs support facility	SUTRI NAMA (Sustainable Urban Transport Indonesia)	Ministry of Transportation, Bappenas
Registered in UNFCCC	SUTRI NAMA (Sustainable Urban Transport Indonesia) SSLI NAMA (Smart street Lighting Initiative)	Ministry of Transportation, Bappenas Ministry of Energy & Mineral Resources
Proposal is submitted to get international funds, i.e: NAMA Support Facility	VIMSWa NAMA (Vertically Integrated Municipal Solid Waste)	Ministry of Public Works
	DEEP NAMA (Debottlenecking Project Finance for Least Cost Renewable in Indonesia)	Ministry of Energy & Mineral Resources
	SUTRI NAMA (Sustainable Urban Transport Indonesia)	Ministry of Transportation, Bappenas
	SSLI NAMA (Smart street Lighting Initiative)	Ministry of Energy & Mineral Resources
NAMAs proposal being developed	Scaling-up RE NAMA (Scaling-up Investment in Small and Medium Scale Renewable Energy)	Ministry of Energy & Mineral Resources
	SWEET NAMA (Sustainable Wood to Effective Energy Technology)	Ministry of Forestry
	Jakarta (Transport & Green Building) NAMAs	DKI Provincial Government
	Air Transport NAMAs	Ministry of Transportation
	Cement NAMA	Ministry of Industry
	Bio-energy NAMA	Ministry of Energy & Mineral Resources
New suggestions for NAMA proposal	Bio-fuel NAMA	Ministry of Energy & Mineral Resources
	Chiller NAMA	Ministry of Energy & Mineral Resources
	Methane Capture NAMA	Ministry of Energy & Mineral Resources
	Industrial Estate NAMA	Ministry of Industry
	Textile NAMA	Ministry of Industry
	Carbon Sequestration & Livelihood Improvement NAMA	Ministry of Agriculture
	Green Building NAMA	Ministry of Environment, UNEP

4.2. Government Priority for Adaptation

GCF Result Areas	Policy documents	Targets	Implementing Stakeholders
Most vulnerable people and communities	Ministry of Agriculture's 2015-2019 Strategic Plan (farmer community)	No specific targets, only adaptation strategies: <ul style="list-style-type: none"> • Development of farming system to adapt to climate change • Strengthening the role of all stakeholders through participative process 	Ministry of Agriculture
	Ministry of Maritime and Fisheries' 2015-2019 Strategic Plan (coastal line communities including fishermen groups)	No specific targets, only strategies: <ul style="list-style-type: none"> • Smart fisheries information system • Development of cold-chain from ship to treatment unit • Development of modules, curriculums, and trainings • Development of facilities 	Ministry of Maritime and Fisheries
Health and well-being, food and water security	Government Regulation Number 17 Year 2015 on food security	No Specific Targets	
	Government Regulation Number 122 Year 2015 on drinking water system	No Specific Targets	
	Ministry of Agriculture's 2015-2019 Strategic Plan (food security)	No specific targets, only adaptation strategies: <ul style="list-style-type: none"> • Development and application of technology • Optimization of use of land, water, and genetics 	Ministry of Agriculture
	Ministry of Health's 2015-2019 Strategic Plan	No Specific Targets	



4.2. Government Priority for Adaptation

GCF Result Areas	Policy documents	Targets	Implementing Stakeholders
Infrastructure and built environment	Presidential Regulation Number 4 Year 2016 on the Acceleration of Electricity Infrastructure	No Specific Targets	
	Presidential Regulation Number 3 Year 2016 on the Acceleration of Infrastructure Projects	No Specific Targets	
	The Ministry of Public Works and Housing's 2015-2019 Strategic Plan (for buildings and cities)	<ul style="list-style-type: none"> • Development and improvement of function and condition of coastal protection facilities of 530 km long • River dredging and development of dikes of 3080 km long • Escalation of areas that is protected from water damage of 200000 Ha 	Ministry of Public Works and Housings
Ecosystems and ecosystem services	Ministry of Tourism's 2015-2019 Strategic Plan (eco-tourism)	<ul style="list-style-type: none"> • Development of river eco-tourism in 5 transit points • Development of maritime eco-tourism in 38 harbor points with 3 entry ports 	Ministry of Tourism and Culture



6. How to deal with existing project proposals?

Typical Shortcoming identified in project development process

Project design and preparation	Performance against the investment criteria	Consistency with GCF policies
<p>Incomplete/missing documentation:</p> <ul style="list-style-type: none">feasibility studiesenvironmental and social safeguard documentsgender assessments and analysesprocurement plansdetailed budget breakdownsrisk assessmentslogic frameworkseconomic analysesstakeholder consultations	<p>Climate impact potential:</p> <ul style="list-style-type: none">methodologies not robust enoughevidence of climate impact lacking <p>Long term sustainability:</p> <ul style="list-style-type: none">economic and financial soundness questionableduly consider O&M plan and cost-coverage <p>Efficiency and effectiveness:</p> <ul style="list-style-type: none">little evidence of crowding in other sources of funding (incl. private sector)	<p>Logical framework:</p> <ul style="list-style-type: none">Cause-effect relationship to remove barriers not well documentedScope of activities often too broad <p>Gender policy:</p> <ul style="list-style-type: none">gender assessment, impact and livelihood opportunities for women not systematically consideredno disaggregated impacts by gender

5. Indonesia Country Program 2017-2019

Results Areas	Stakeholders to be consulted on priorities and project proposals
Mitigation	
1. Energy access and power generation (e.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.)	Ministry of Energy and Mineral Resources
2. Low emission transport (e.g. high-speed rail, rapid bus system, etc.)	Ministry of Transportation
3. Buildings, cities, industries and appliances (e.g. new and retrofitted energy-efficient buildings, energy-efficient equipment for companies and supply chain management, etc.)	Ministry of Energy and Mineral Resources Ministry of Industry
4. Forestry and land use (e.g. forest conservation and management, agroforestry, agricultural irrigation, water treatment and management, etc.)	Ministry of Energy and Mineral Resources Ministry of Industry
Adaptation	
5. Increased resilience of most vulnerable people and communities (e.g. mitigation of operational risk associated with climate change – diversification of supply sources and supply chain management, relocation of manufacturing facilities and warehouses, etc.)	Ministry of Environment and Forestry Ministry of Agriculture
6. Health and well-being, and food and water security (e.g. climate-resilient crops, efficient irrigation systems, etc.)	Ministry of Agriculture
7. Infrastructure and built environment (e.g. sea walls, resilient road networks, etc.)	Ministry of Public Works and Public Housing
8. Ecosystems and ecosystem services (e.g. ecosystem conservation and management, ecotourism, etc.)	Ministry of Environment and Forestry Ministry of Tourism

6. Indonesia Country Program in a Nutshell

1. Promote electrification through Renewable Energy

On-grid: Business model that can bridge the gap between average production costs of PLN and RE price (decrease costs and/or increase revenue)

Off-grid: Promote third-party ownership models that allow for Aggregation of small-scale RE (solar energy companies, leasing models, etc.)

2. Energy-efficiency measures in buildings and industries

Energy-efficiency measures in building, industries, etc. through promoting financing schemes that can aggregate small-scale projects (leasing models, energy efficiency companies)

3. Improve adaptation through enhancing adaptation planning (link to NAP-process)

4. Scaling up locally appropriate mitigation actions in the land-use sector (climate-smart agriculture, Forestry, POME NAMA, etc.)



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