

REACHING INDONESIA'S AMBITIOUS CLIMATE GOALS

Indonesia is taking significant steps to address the challenges presented by climate change, however a large increase of sustainable funding and more effective use of current resources are required for the country to reach its ambitious goals. UNDP's Governance of Climate Change Finance (GCCF) team is working within Indonesia's Ministry of Finance and providing specialised assistance to address this issue.

Indonesia is both one of the major global emitters of greenhouse gases and, as a large archipelago, very vulnerable to the impacts of climate change. Increased frequency of severe flooding in Papua and the critically low yields of crops in NTT are just some of the ways in which the effects of climate change are threatening Indonesian lives and livelihoods.

It is critical for Indonesia to transit to an inclusive green economy as quickly as possible both to reduce emissions and to safeguard the livelihoods of Indonesians.

THE CHALLENGE

The Government of Indonesia (GoI) is already taking steps to address the challenges presented by climate change but the financial requirements to implement these plans are enormous.

The government is committed to making a 26% reduction in green house gasses by 2020 through their own efforts and, with adequate international assistance, the government is committing to a reduction of 41 % from 2020-2030. Indonesia has also developed a national plan for adaptation.

To assist the Government of Indonesia, the GCCF identified the country's climate mitigation expenditures and income in the country's first "Mitigation Fiscal Framework."

While this work produced much needed reliable data for policy makers, it also found some alarming climate financing gaps (of USD6 -11 billion per year from public finance and USD7.5 – 14.2 billion per year from private sources).

To achieve the targets set by the government, it has become clear that a more sustainable method of financing mitigation and adaptation work is urgently required.

OUR SOLUTION

The Government of Indonesia is working with UNDP and UNEP to carry out the Sustainable Development Financing (SDF)¹ project to strengthen fiscal frameworks and identify sustainable funding to achieve their climate commitments.

Ensuring Existing Funds Go Further

The SDF has supported training workshops and awareness raising on a 'Low emission budget marking and scoring system' (LESS) which promotes more effective spending on mitigation efforts. This is now mandatory for the seven key ministries under the National Action Plan for the Reduction of Green House Gas Emissions, making the work a critical fixture of domestic budgeting.

The SDF will be critical in increasing both the sustainability of financing and equity of climate interventions – this is a key issue as climate has considerable impacts the poor and vulnerable. Action being carried out at the sub-national level emphasises poverty and gender issues relating to the governance of climate change finance.

MOVING FORWARD

Indonesia's acceptance of the SDF is a critical step in better mobilising, managing and targeting existing climate finance while providing the groundwork to access more international climate finance. Stronger budgeting and planning for Indonesia's climate mitigation and adaptation actions will ensure Indonesia can reach its ambitious targets while safeguarding the lives and livelihoods of Indonesians and securing the development progress of the country.

¹ In collaboration with GCCF (funded by SIDA) and the Biodiversity Finance Initiative (BIOFIN)



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An Integrated Project

The SDF has made headway in creating more sustainable financing for Indonesia's adaptation and mitigation commitments. This success is a result of close collaboration with the Government of Indonesia. SDF work is being embedded within the Fiscal Policy Agency of the Ministry of Finance.

Find out more

UNDP's Governance of Climate Change Finance to Benefit of the Poor and Vulnerable in Asia Pacific has devised pragmatic and integrated climate finance and budgeting solutions for countries throughout the Asia Pacific.

Our diverse team of specialists speak your language and understand the big picture along with the practical issues you face.

Get in touch to see how we can help develop climate finance and budgeting solutions that bring a whole-of-government approach to benefit the poor, vulnerable and marginalized and better mobilise, manage and target climate finances.

Useful links

www.cfade.org

www.biodiversityfinance.net/countries/indonesia

www.cfade.org