



Climate Finance

Experience from Indonesia



Syurkani Ishak Kasim, Ph.D
Vice Chairman

Fiscal Policy Agency, Ministry of Finance, Indonesia



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Climate Change and National Development Context



Indonesia became a party to the United Nation Framework Convention on Climate Change (UNFCCC) in Rio in 1992, which was ratified in 1994 through Law no. 6/1994

At the end of 2009, Indonesia announced its voluntary commitment to reduce Greenhouse Gas (GHG) emission until 26% from Business as Usual (BaU) emission by 2020 and further emissions reductions up to 41% are expected with international support.

Applying green & low carbon development strategy will provide opportunities for the government to achieve High Income Country status by 2033, by planning and managing the environmental risks associated with climate change and the losses and degradation of the country's natural resources.

In Paris COP-21, Presiden Joko Widodo announced Indonesia's INDC with new voluntary commitment to reduce Greenhouse Gas (GHG) emission to 29% from Business as Usual (BaU) emission by 2030.

The commitment will be implemented through several ways including effective land use and spatial planning, sustainable forest management, improved agriculture and fisheries productivity, energy conservation, and improved waste management.

Long term development mission, 2005-2025

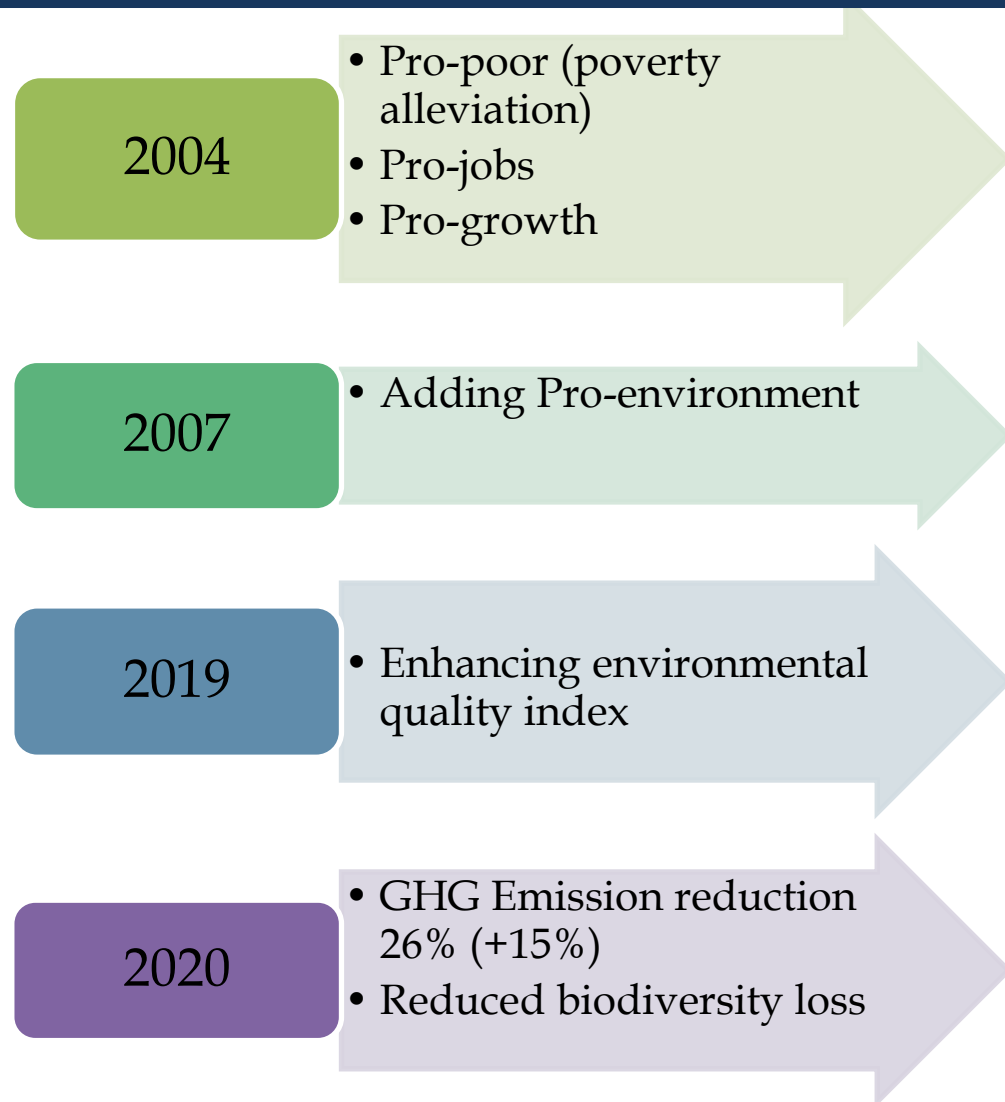


Vision

“ Prosperous, Democratic and Just Indonesia ”

Mission

- Continue Development to achieve Prosperous Indonesia
- Strengthen Democratic Pillars
- Strengthen Justice in every aspect of Development





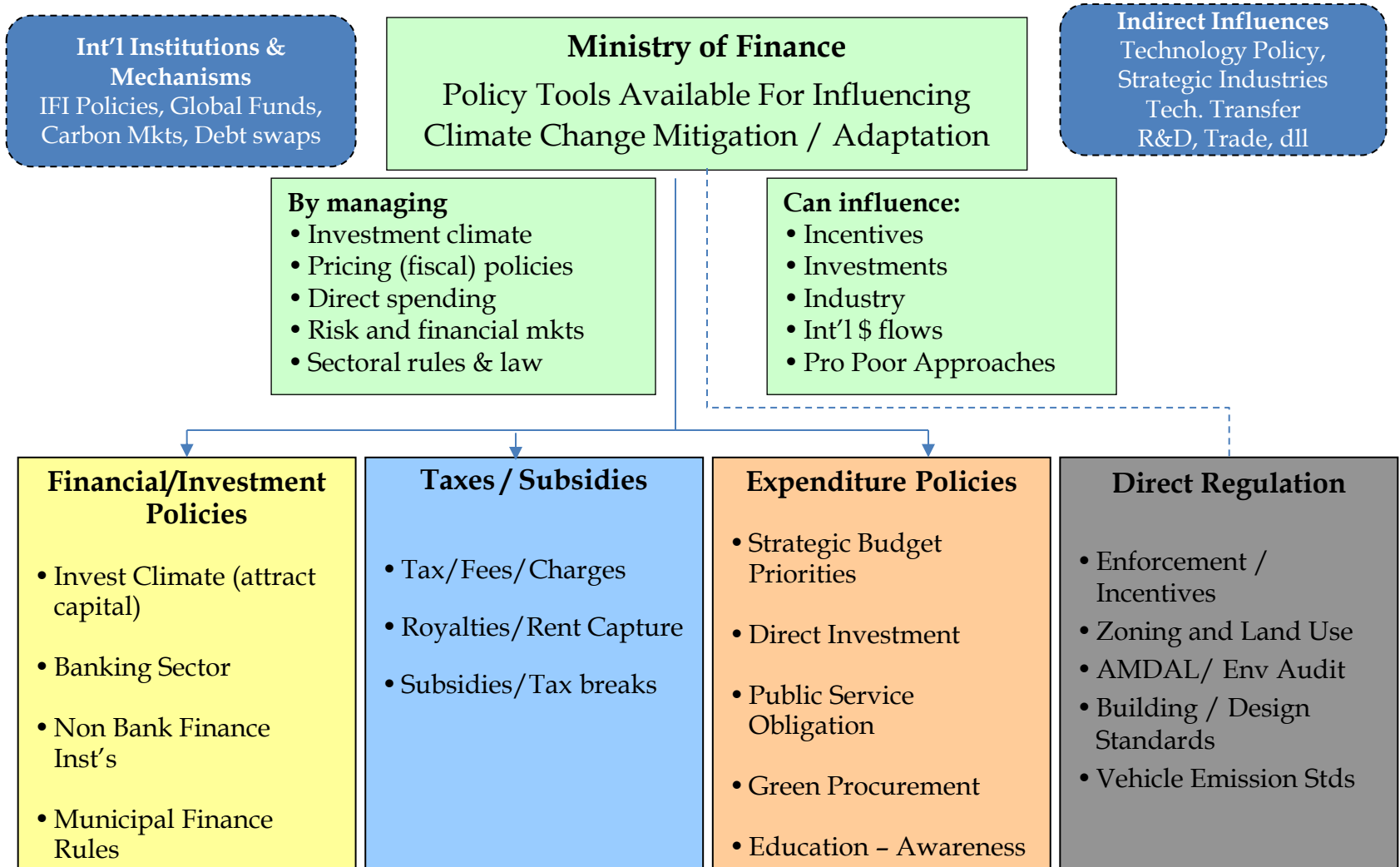
Climate Change Financing

Indicative Costs for Mitigation Action (2010-2020)



Sector	Core Actions*	Supporting Actions*
Forestry & Peat land	94.654,18	6.955,54
Energy & Transportation	48.357,89	2.286,10
Agriculture	36.804,07	882,10
Industry	1.000,00	1.290,00
Waste	44.709,33	4.949,52
Others	-	2.129,26
TOTAL	225.525,47	18.492,52

*in Billion Rupiah





Ministry of Finance Involvement in Climate Change Measures



Reforming economic and fiscal policies to help Indonesia meet climate change objectives while taking account of equity and Indonesia's goals to reduce poverty and unemployment

- Green Planning and Budgeting Strategy
- Mitigation Fiscal Framework for Indonesia National Action Plan on Greenhouse Gases Emissions Reduction
- Green Paper: Economic and Fiscal Policy Options for Climate Change Mitigation in Indonesia



To ensure effectiveness of the management and use of climate and development financial resources from domestic and international sources

- Climate Public Expenditure and Institutional Review (CPEIR)
- Development of Budget Tagging and scoring system for climate change mitigation expenditures
- The Landscape of Public Climate Finance in Indonesia



Ministry of Finance Involvement in Climate Change Measures



To support climate change programs undertaken by government and non-government entities through catalytic budgeting and fiscal instruments

Provision of program budget and special allocation funds

- Special allocation funds to incentivize climate change actions by local governments at sub-national level (provincial and district/city levels)

Creation of public funds to scale up and leverage climate finance

- Geothermal Revolving Fund
- Energy Efficiency Fund

Fiscal incentives to support development of renewable energy

- Tax Holiday: Exemption or reduction of corporate income tax for pioneer industry (Minister of Finance Regulation No. 192/2014)
- Investment Allowance (Government Rule No. 18/2015)



Next Steps To Strengthen Climate Fiscal Framework



How can we improve...

Enhance tracking & reporting

Apply Performance-based Budgeting

Scale up climate finance

Scale up to Sustainable Development Financing

Develop the self compliance for implementators and strengthen the systems for tagging of climate finance in the national and sub-national budget.

Develop performance indicators for climate activities to measure cost effectiveness.

Improve administration and reporting of international climate finance so the government can oversee and manage flows through the country system

Scale up the tagging and performance-based budgeting for Sustainable Development Goals



Energy Sector:

- Introduce complementary measures to incentivise energy efficiency and deployment of low-emissions technology, exemplified by a specific geothermal policy strategy.

Land-use change and forestry sector:

- Support regional governments through the intergovernmental fiscal transfer system.

Environment sector:

- Alternative financial mechanisms for environmental protection and biodiversity conservation



Thank You
