

Workshop!

Domestic climate finance mapping and planning

CHALLENGES AND OPPORTUNITIES

EU REDD
Facility



CLIMATE
POLICY
INITIATIVE

PRACTITIONERS' VIRTUAL WORKSHOP

DATE: Thursday, 21st January 2021

TIME: 8 h00 Bogota 13h00 London 14h00 Paris 7h00 Bangkok

VENUE: Online via  zoom

DURATION: 2 hours

Agenda

13h10 -13h25 (UTC)	Introduction and overview of domestic mapping initiatives and tools Adeline Dontenville , Land-use finance Lead, European Forest Institute Chavi Meattle , Senior Analyst, Climate Policy Initiative Padraig Oliver , Programme Officer, UNFCCC
13:25-14:10	Session 1: Using national climate finance tracking to drive increased policy ambition, improved climate finance reporting and mobilization of resources Moderator: Tom Beloe, SDG Finance Advisor, UNDP
14:10-14:55	Session 2: How national climate finance tracking can be leveraged to align public and private actors' investments with the Paris Agreement? Moderator: Amal-Lee Amin, Director, Climate Change, CDC Group
14:55-15:00	Closing remarks Barbara Buchner , Executive Director, Climate Policy Initiative

Introduction



Adeline Dontenville,
Land-use finance
Coordinator,

**European Forest
Institute (EFI)**



Chavi Meattle,
Senior Analyst,

**Climate Policy
Initiative (CPI)**



Padraig Oliver,
Programme Officer,
Climate Finance,

UNFCCC



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Update of climate finance mapping and tracking efforts

Climate Finance Mapping efforts

Landscapes of Climate Finance

Brazil, Cambodia, Colombia, Côte d'Ivoire, Czech Rep., DRC, Ecuador, France, Germany, India, Indonesia, Kenya, Latvia, Morocco, Papua New Guinea, Poland, South Africa, Vietnam

Investment and Financial Flows (IF&F), Critical Investment analysis

Bangladesh, Colombia, Costa Rica, Dominican Republic, El Salvador, Ecuador, Gambia, Honduras, Liberia, Morocco, Namibia, Niger, Nigeria, Paraguay, Peru, Togo, Turkmenistan, Uruguay, Uzbekistan

Climate Expenditure and Institutional Review (CPEIR)

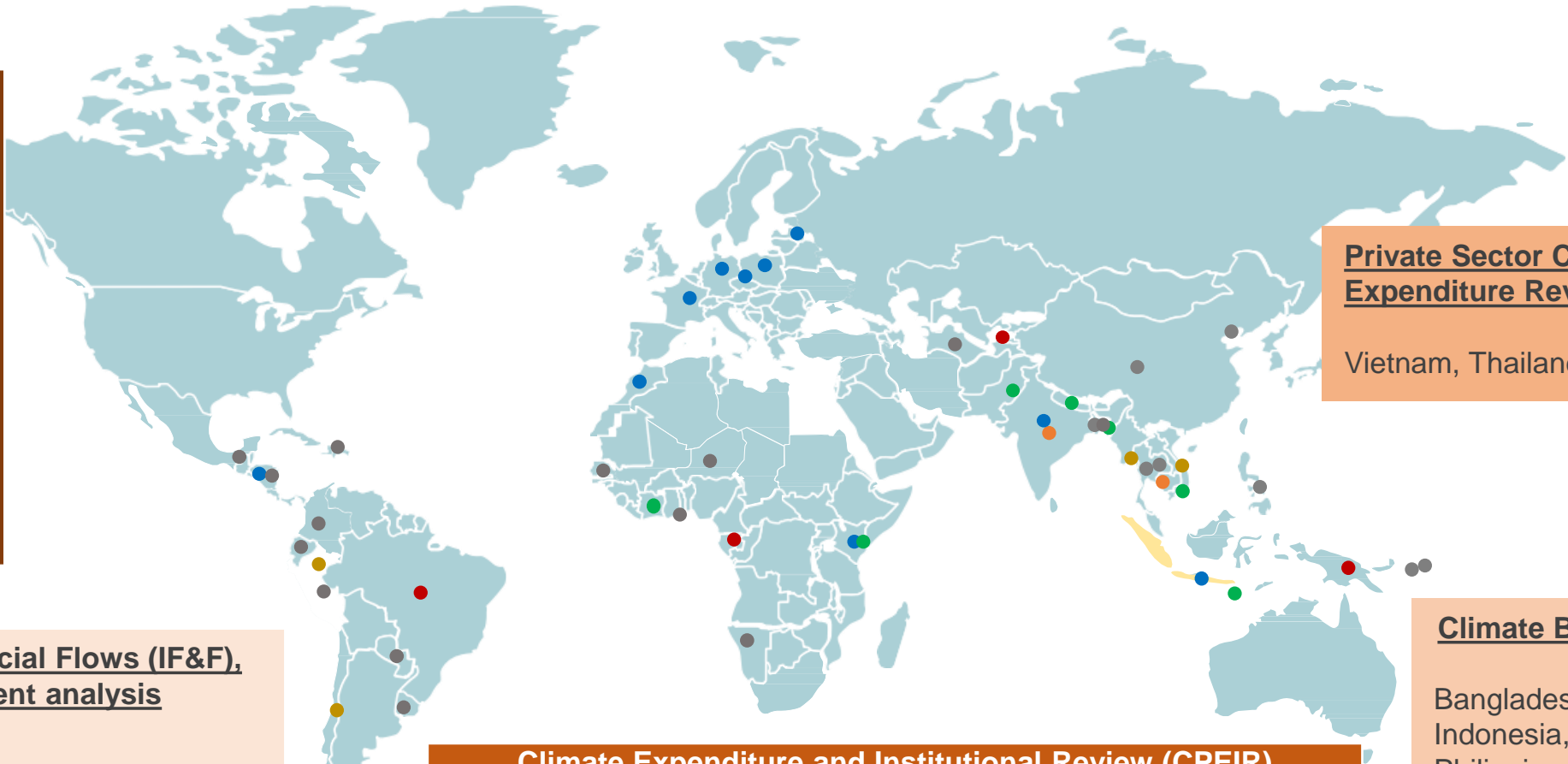
Bangladesh, Benin, Bhutan, Cambodia, Chile, China (Hebei), Colombia, Ecuador, El Salvador, Ethiopia, Fiji, Ghana, Honduras, Indonesia, Kenya, Kiribati, Marshall Island, Morocco, Mozambique, Nauru, Nepal, Nicaragua, Pakistan, Philippines, Samoa, Tanzania, Thailand, Tonga, Uganda, Vanuatu, Vietnam

Private Sector Climate Expenditure Review (PCEIR)

Vietnam, Thailand, Ecuador, Chile

Climate Budget Tagging

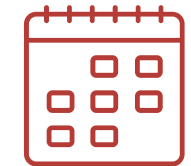
Bangladesh, Cambodia, Indonesia, Nepal, Philippines, Pakistan, South Africa, Thailand



Objectives and Coverage of Tracking Initiatives



Landscapes	CPEIRs	PCEIRs	CBTs	IF&Fs
Capture dimensions of climate finance flows (sources, intermediaries, uses, instruments etc.)	Policy analysis, Institutional review, expenditure review	Review of private sector investments in selected sector, estimate investment needs	Mainstreaming climate change in public financial management	Costing of NDC implementation based on climate change impact by sector



Ex-post, Ex-ante	Ex-post	Ex-post, forecasting	Present, Ex-post	Ex-ante, forecasting
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Public and/or Private	Public	Private	Public	Public and private
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Guidance Note on Tracking Domestic Climate Finance



Guidelines for Building a National Landscape of Climate Finance

January 2021

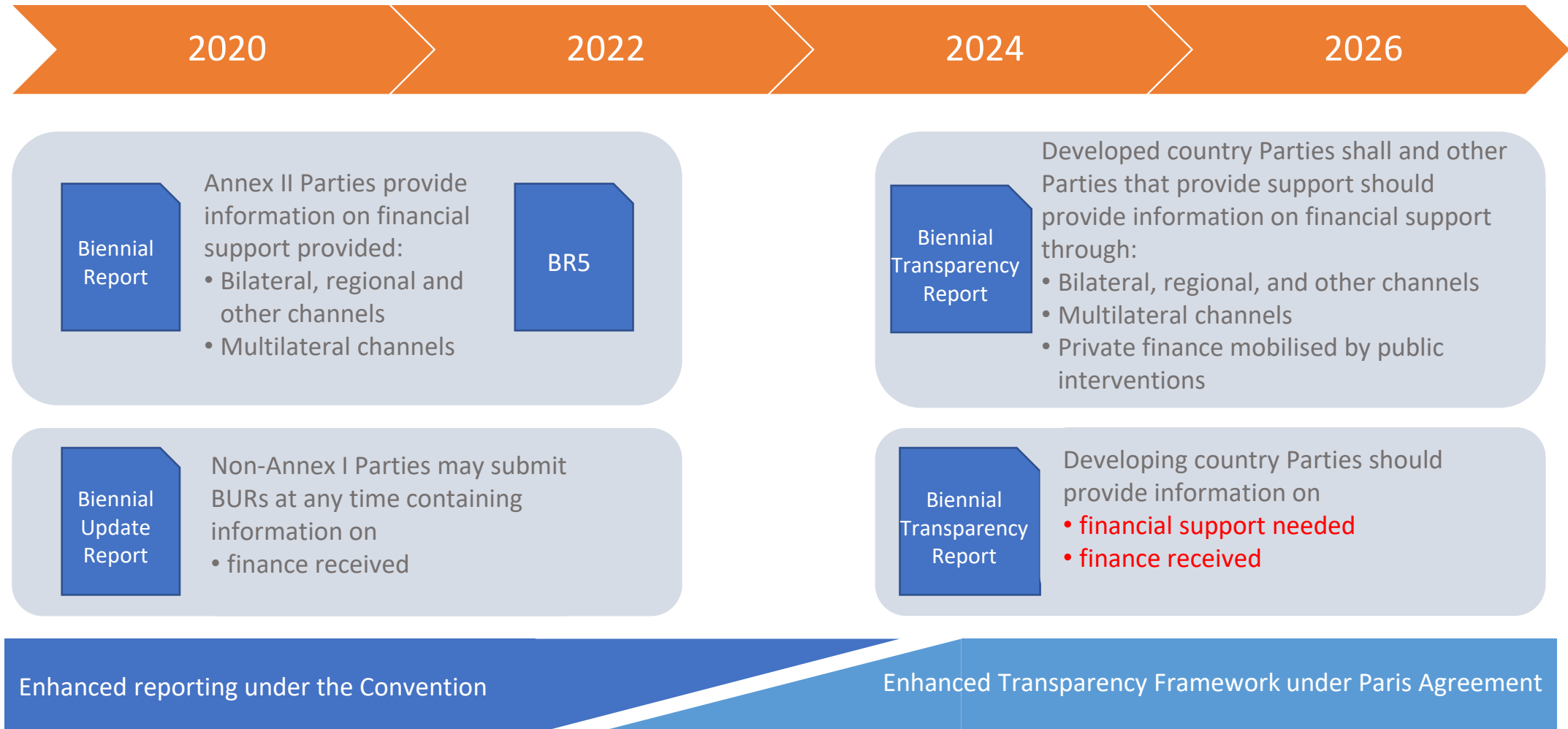
- Note provides a step-by-step guidance on tracking climate finance at the national level, sharing various approaches, methodological frameworks, and best practices.
- Coming soon!
 - Kenya Landscape of Climate Finance (28th Jan)
 - South African Climate Finance Landscape 2020 (25th Jan)
- **Links to relevant material**
 - **CPI** - [Guidelines for Building a National Landscape of Climate Finance](#)
 - **EFI and CPI** - [Land-use Finance Tool](#)
 - **UNDP** - [Climate Public Expenditure and Investment Review](#)
 - **UNDP** - [Private Sector Climate Expenditure and Institutional Review](#)
 - **UNDP** - [Climate Budget Tagging](#)
 - **UNDP** - [Investment and Financial Flows](#)

Domestic climate finance tracking in the context of the Global Stocktake 2020 and the enhanced transparency framework



Padraig Oliver,
Programme Officer, Climate Finance,
UNFCCC

Climate finance reporting under Enhanced Transparency Framework of the Paris Agreement



Session 1: Using national climate finance tracking to drive increased policy ambition, improved climate finance reporting and mobilization of resources



Moderator:
Tom Beloe

SDG Finance
Advisor, **UNDP**



Peter Odhengo

Senior Policy Advisor
on Climate Finance

Kenyan Treasury



Sarah McPhail

Director, Financial Sector
Policy

**National Treasury of
South Africa**



Diego Teca

Undersecretary for
Climate Change

**Ministry of
Environment and
Water, Ecuador**



Noor Syaifudin

Senior Policy
Analyst

**Fiscal Policy
Agency (BKF) of
Indonesia**

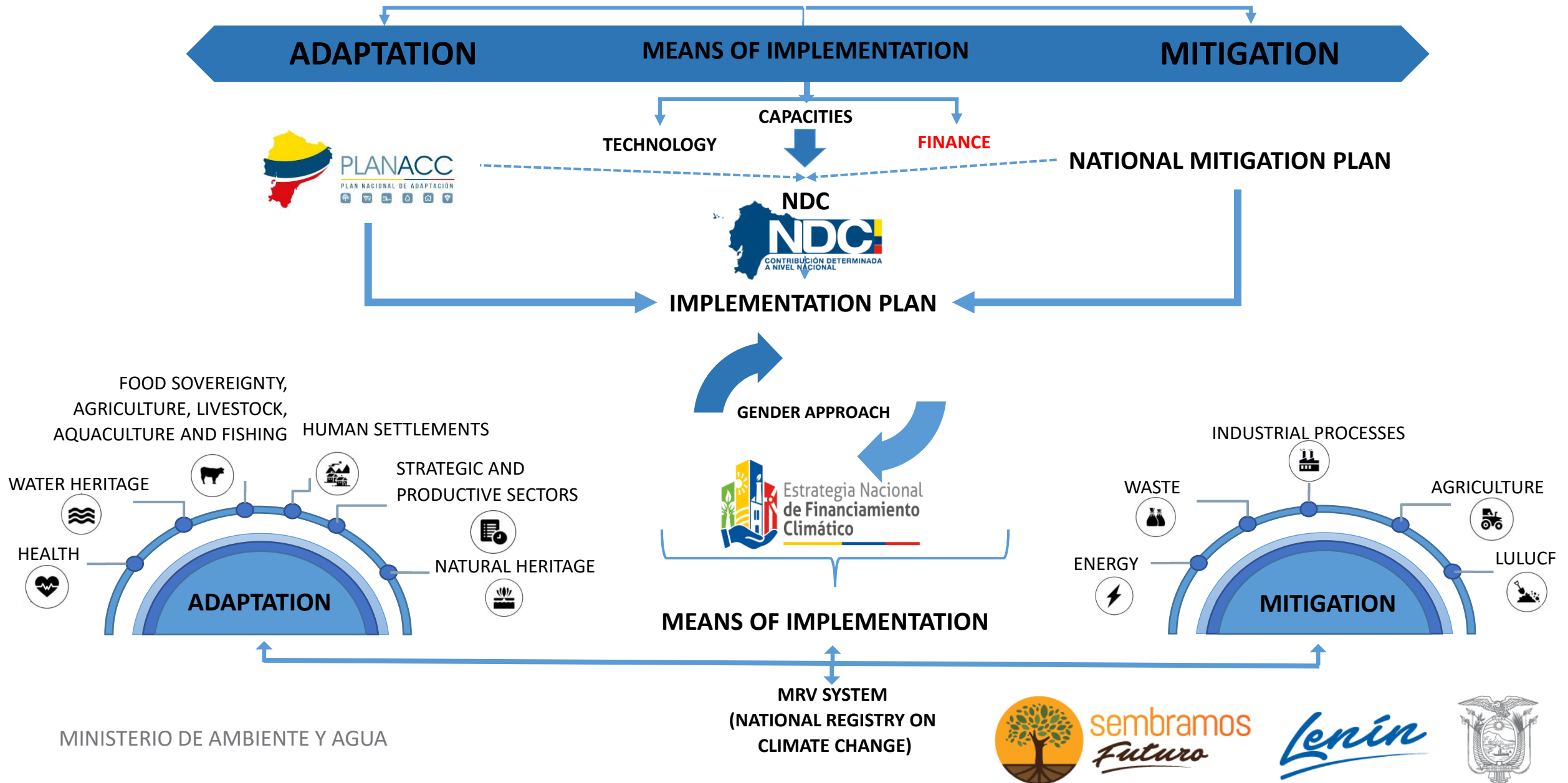
MINISTERIO DE AMBIENTE Y AGUA

DOMESTIC CLIMATE FINANCE MAPPING AND PLANNING – CHALLENGES AND OPPORTUNITIES

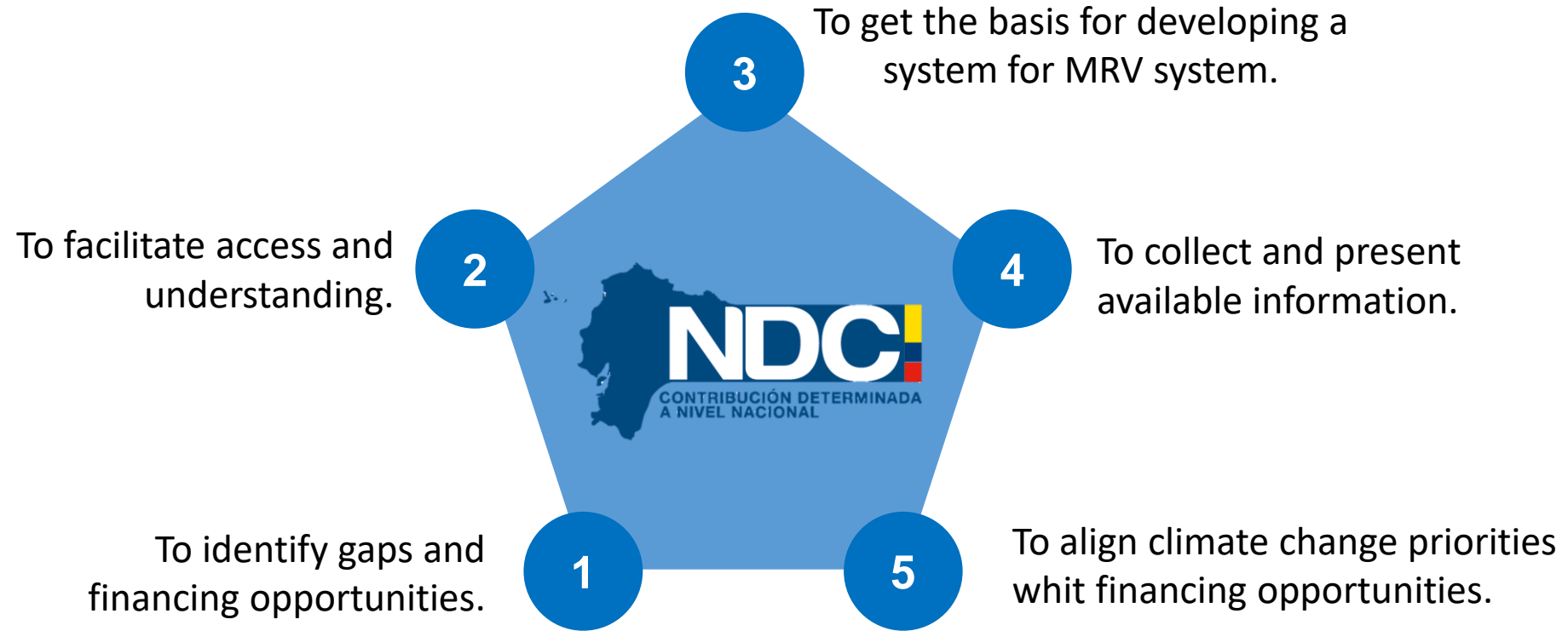
*Ecuador's progress on domestic
tracking initiatives
January 2021*



NATIONAL STRATEGY ON CLIMATE CHANGE



OBJECTIVES RELATED TO CLIMATE FINANCING IN ECUADOR



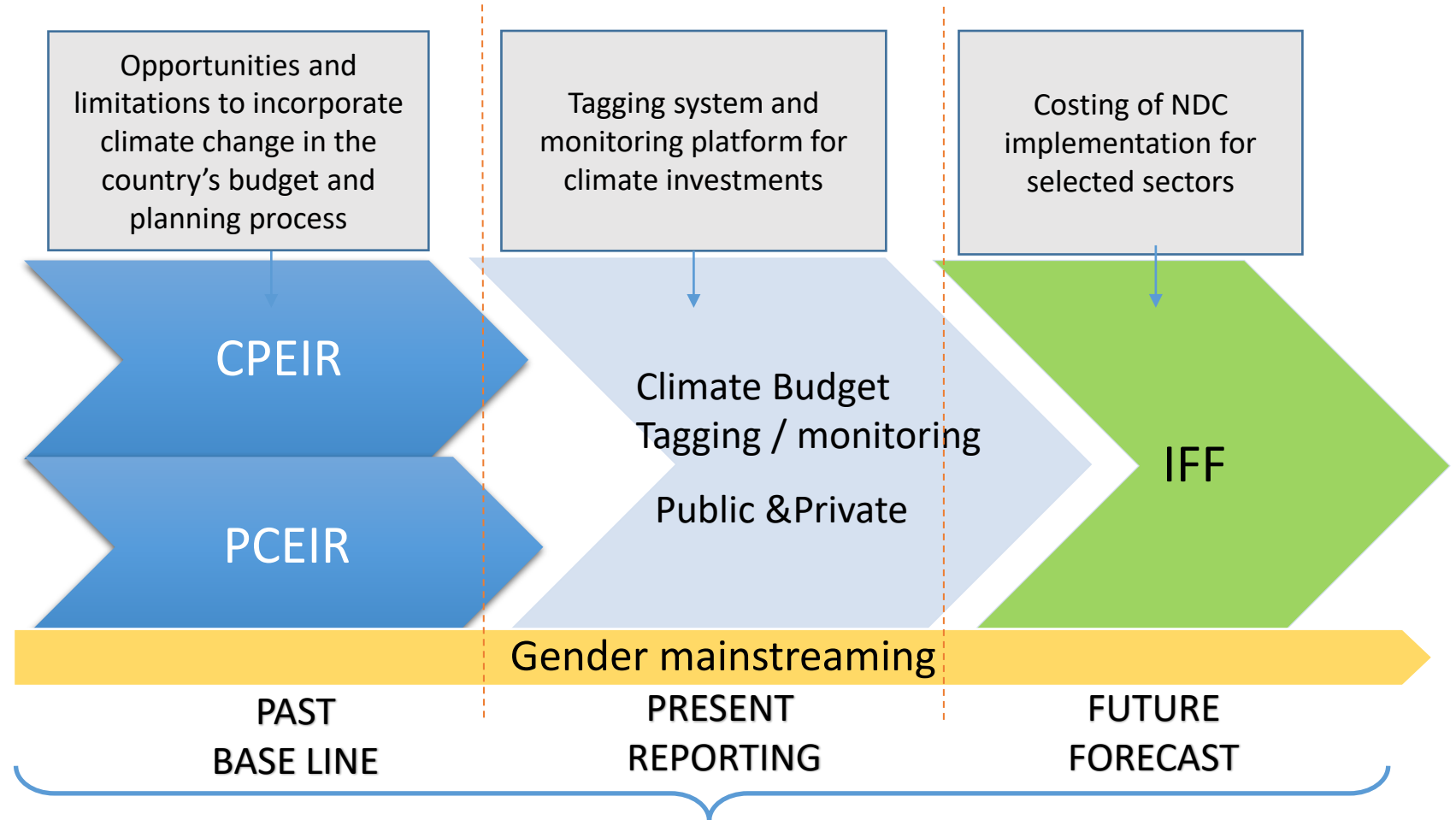
It aims to optimize and accelerate
the mobilization of resources.

Ecuador

Project with
Ministry of
Environment 2020 –
2021 includes:

- Climate finance institutional frameworks strengthened with methodological tools
- Mainstreaming of gender approach
- Disaggregation and costing of selected initiatives in Energy sector (NDC mitigations)

CLIMATE FINANCE METHODOLOGIES



Data to support country's climate finance



sembramos
Futuro

Lenin



Session 2: How national climate finance tracking can be leveraged to align public and private actors' investments with the Paris Agreement?



Moderator:
Amal-Lee Amin

Director, Climate
Change,
CDC Group



Nathan Fabian

Chairperson,
**European Platform on
Sustainable Finance**

Chief Responsible
Investment Officer, **PRI**



Chris Dodwell

Head of Policy and
Advocacy

**Impax Asset
Management**



Clifford Polycarp

Deputy Director,
Country
Programming

GCF



**Francisco
Dall'Orso**

Climate Change
Professional

**Ministry of Energy,
Chile**

Closing remarks



Barbara Buchner
Global Managing Director
Climate Policy Initiative

Thank you for participation!

Funders



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety

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INDONESIA

Climate Budget Tagging

**Center for Climate Finance and Multilateral Policy
Fiscal Policy Agency
Ministry of Finance
January 21st, 2020**



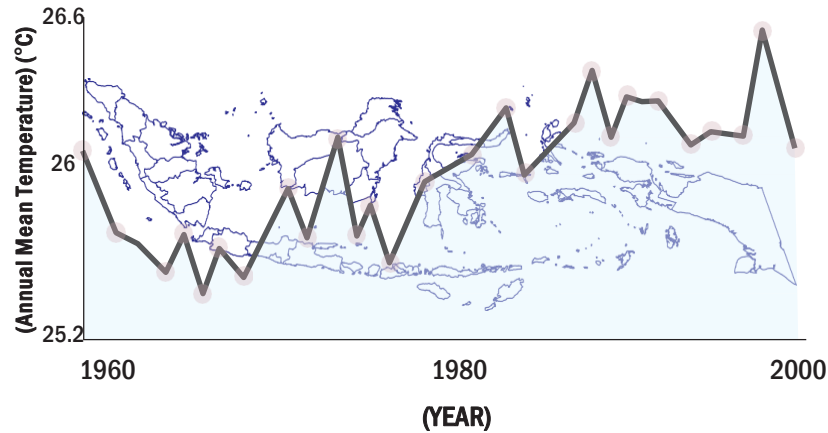
Outline

- 01** Background
- 02** Indonesia NDC and Financing Issue
- 03** Climate Budget Tagging
- 04** Subnational Climate Budget Tagging
- 05** Development Plan



Background

VULNERABILITY

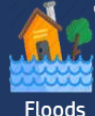


Indonesia is **vulnerable** to the adverse impacts of climate change. The average temperature across the entire region of Indonesia for the past 100 years shows an increasing trend. It is believed to increase the risk for hydro-meteorological disasters, which make up more than 80% of the disaster occurrence.



1.370

Cyclones



764

Floods



746

Forest & Land Fire



710

Landslides



123

Drought



18

High Wave & Abrasion

COMMITMENT

Therefore, Indonesia has strong commitment to tackle climate change. It is seen through its national regulations and policies active participation on global actions.



1992 -
UNFCCC



1997 -
Kyoto Protocol
Kyoto, Japan



2007 -
Bali Road Map
Bali, Indonesia



2009 -
Copenhagen Accord
Copenhagen, Denmark



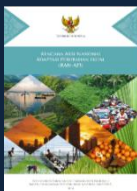
2016 -
Paris Agreement
Paris, France



2018 -
Katowice Climate Package
Katowice, Poland



National Action Plan on
GHG Emission Reduction
(RAN-GRK), 2011



National Action
Plan on Climate
Adaptation (RAN-
API), 2014



Indonesia Nationally
Determined Contribution
(NDC), 2016

Mitigation target:
29% (conditional)
Up to
41% (conditional)



National Mid-Term Development Plan 2020-2024

National Priority No.6: Develop environment, improve
disaster and climate resilience.

Priority Program: Low Carbon Development, Environment,
Disaster, and Climate Resilience



National Action Plan on Sustainable
Development Goals, 2017

Climate Change Action Based on SDGs 13



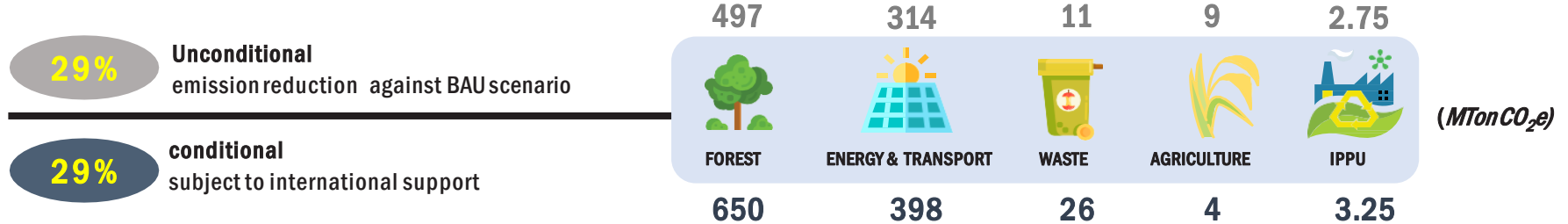
Indonesia NDC



By 2030, Indonesia is determined to reduce its Green House Gasses Emission by:

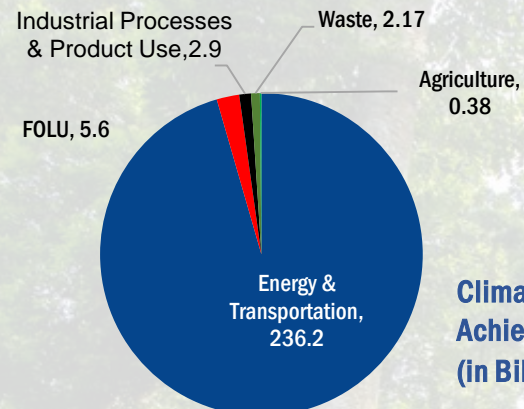


PROGRESS



BaU Emission Level in 2030	2.869 Mton CO ₂ eq
Actual Emission Level (Include FOLU) in 2017	1.154 Mton CO ₂ eq
Actual Emission Level (Exclude FOLU) in 2017	861 Mton CO ₂ eq
Emission Reduction in 2017	706 Mton CO ₂ eq
Emission Reduction from BaU (emission Level in 2030)	24,6%

FINANCING ISSUE



Climate Financing Needs To Achieve NDC Target
(in Billion USD)

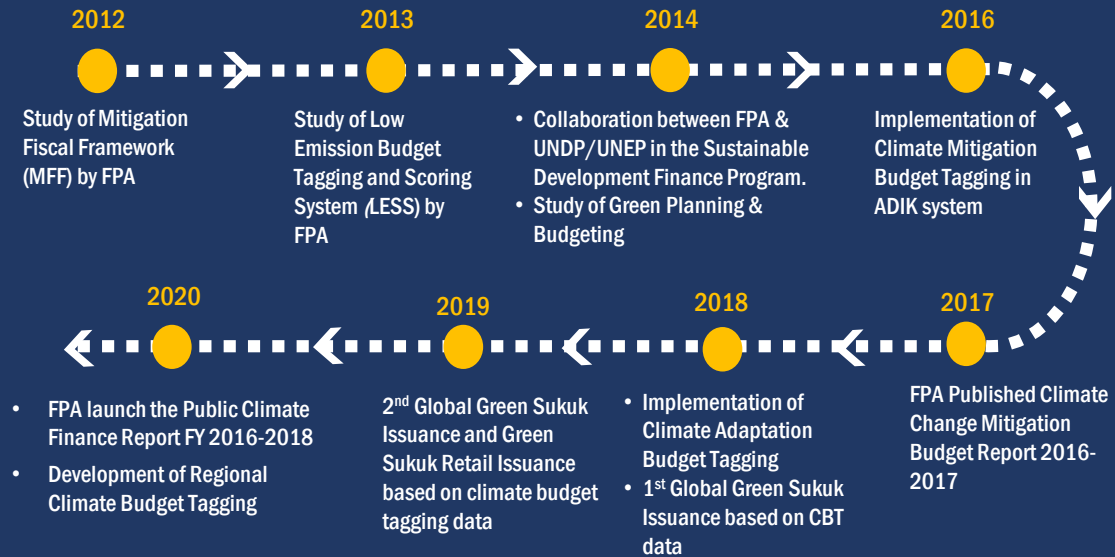
Based on the 2018 *Second Biennial Update Report* (BUR), Indonesia submitted an estimated financing needs to achieve the emission reduction target in 2030 reaching USD247,2 billion or around Rp3.461 trillion (Rp266,2 trillion/year).



Climate Budget Tagging (CBT)



Initiatives and Development

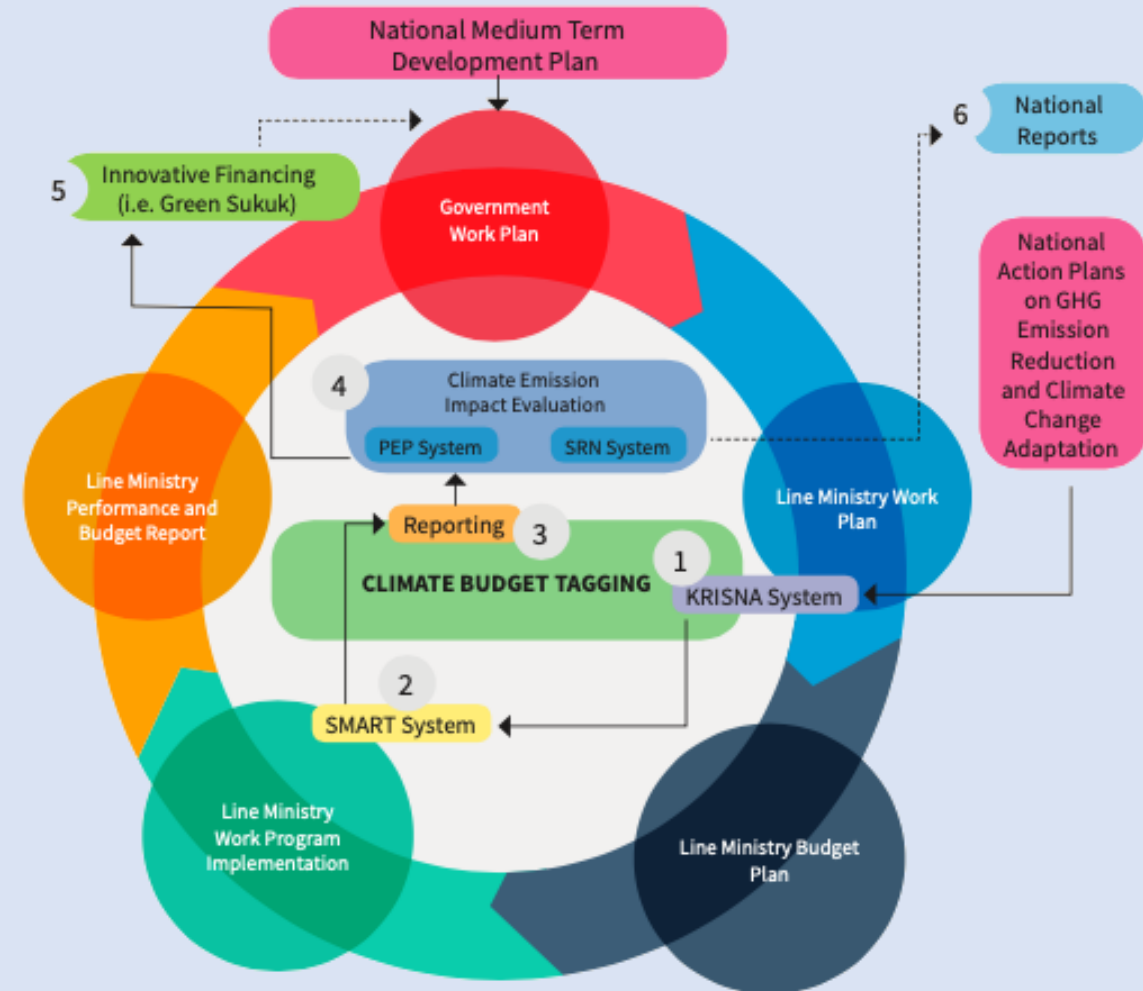


Since 2012, the Ministry of Finance has carried out several policy studies in terms of public funding for climate change as the basis for climate finance policy. One of the study suggested the need of climate budget tagging to be implemented.

According to the study and as the effort to increase transparency of public funding for climate change in Indonesia, in 2016 the Government of Indonesia c.q. The Ministry of Finance initiated the climate change budgeting (Climate Budget Tagging) for state budget.

The implementation of climate budget tagging (a process of marking, tracking and identify climate change outputs and budgets in planning and budgeting documents) required collaboration between the Ministry of Finance, Ministry of Planning, and the Ministry of Environment and Forestry by involving a number of related ministries / institutions, through the KRISNA system (Planning and Budgeting System Collaboration).

Process

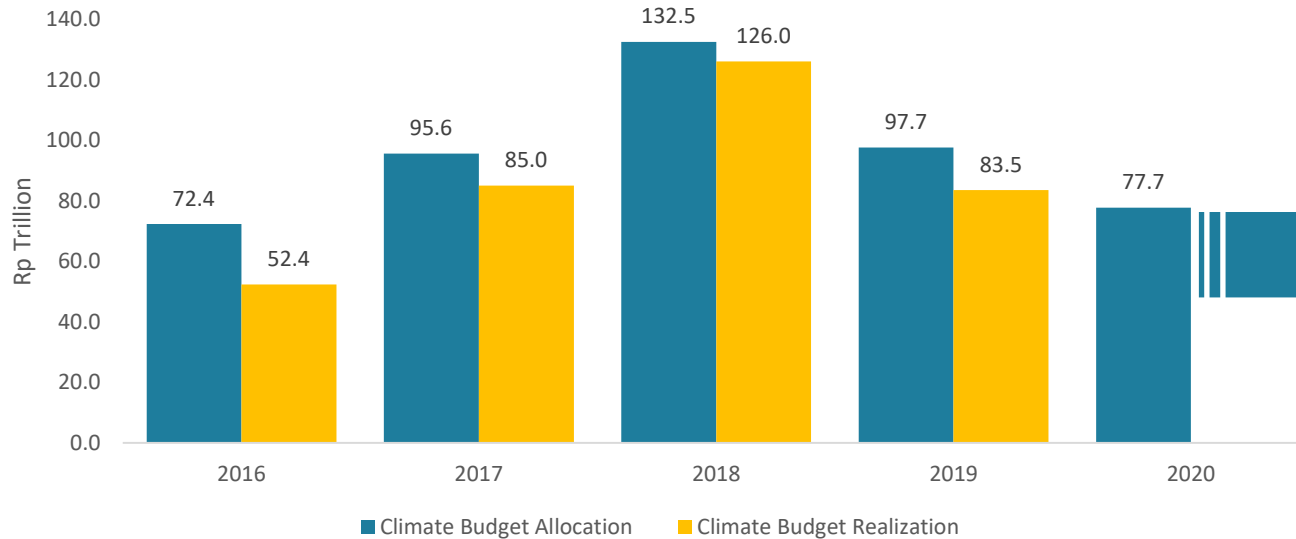




Climate Budget Tagging Result

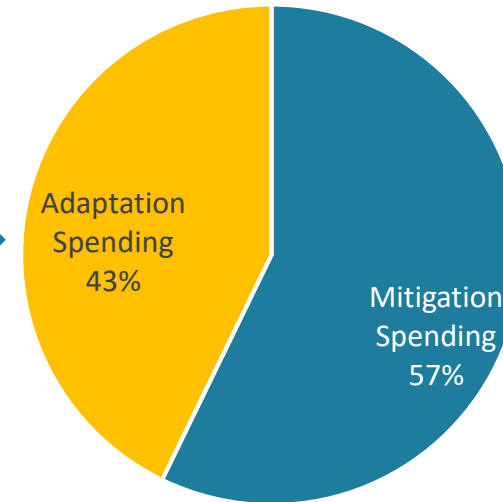


Climate Budget Allocation and Realization (Rp Trillion)



Since 2016, climate budget was allocated around Rp95,15 trillion per year or 4,1% to State Budget per year. Accumulatively, Government of Indonesia already spent the climate budget around Rp347,01 trillion since 2016 until 2019. In 2016 and 2017, government only spent the climate budget tagging for mitigation actions. In 2018, the climate budget tagging for adaptation actions just been implemented.

Climate Budget Allocation in 2020



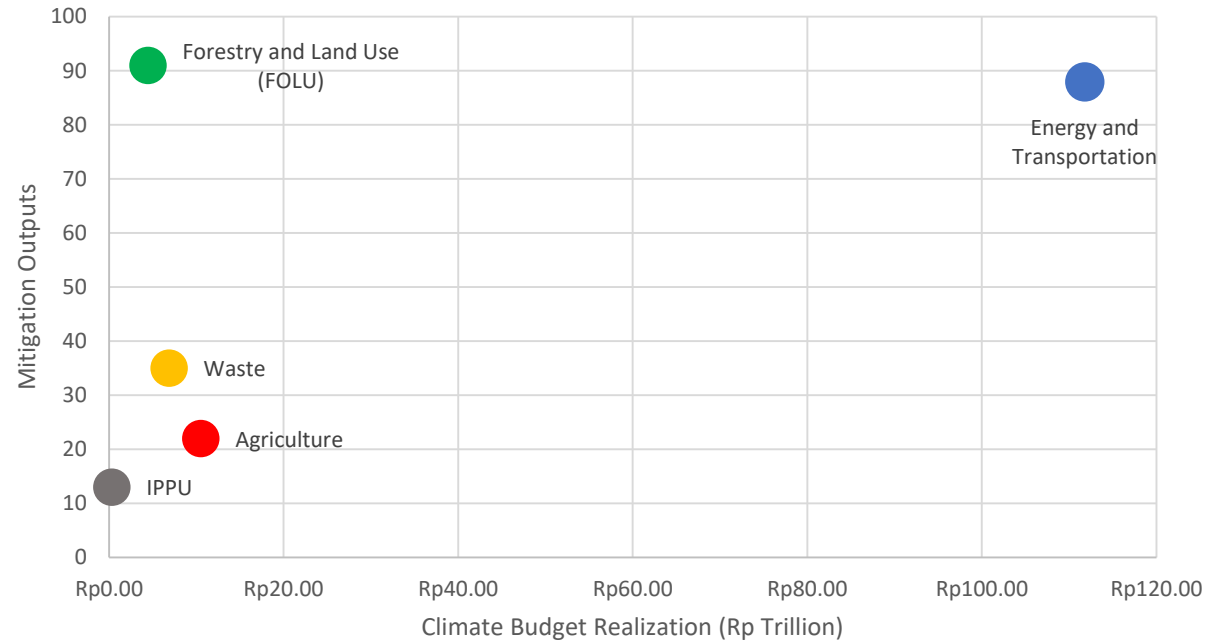
In 2020, even in the midst of pandemic, government continues to encourage climate spending in state budget. The allocation of climate budget around Rp77,7 trillion. Around 57% was allocated for mitigation actions, and the rest for adaptation actions.

In 2020, climate budget allocation was contracted due to refocusing and budget reallocation policy for COVID-19 handling program.



Government Mitigation Spending by Sectors

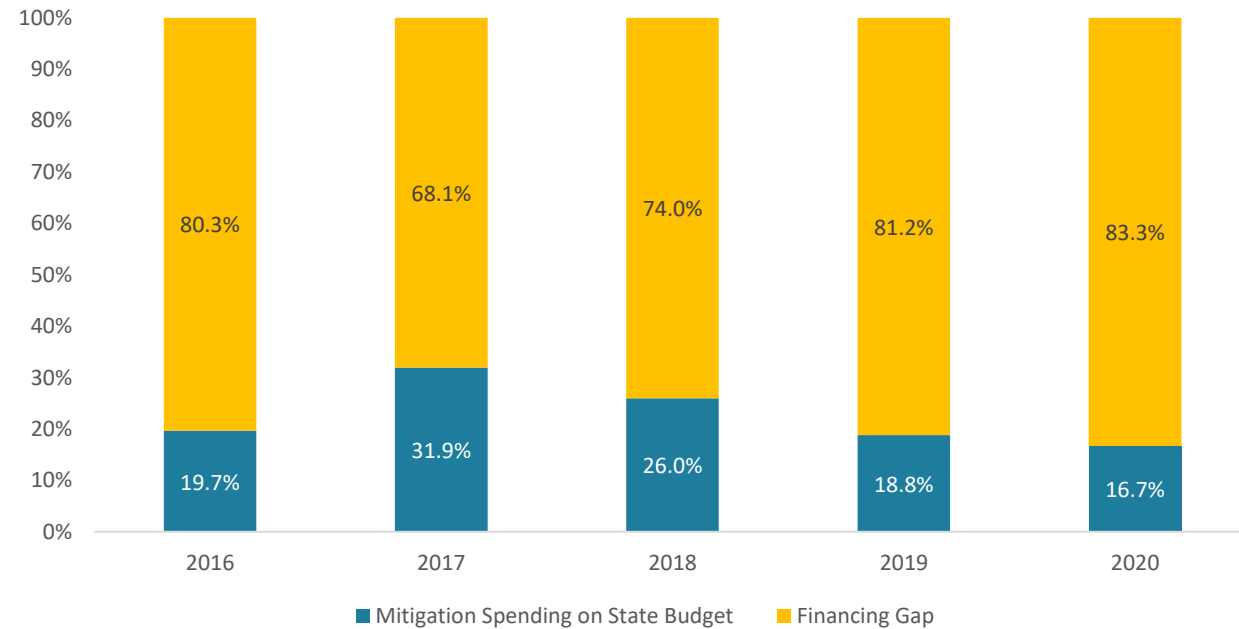
Using Climate Budget Realization (2016-2019)



Based on mitigation sectors, government mitigation spending was dominated for energy and transportation. Government already spent around Rp111,8 trillion (83,5%) to support the development of renewable energy infrastructures, energy efficiency programs, sustainable transports and infrastructures. Meanwhile, spending for FOLU was Rp4,4 trillion (3,3%), Waste around Rp6,9 trillion (5,1%), Agriculture was Rp10,5 trillion (7,8%), and IPPU was Rp0,3 trillion (0,2%).

Government Mitigation Spending Contribution in National Climate Finance

Based on Financing Needs in Second Biennial Update Report



If we refer to the estimation of climate financing needs based on Second Biennial Update Report (2018), the average of climate financing needs for Indonesia worth Rp266,6 trillion per year. On average, for the past 5 years, the government mitigation spending was contributed for 22,6% per year to national climate financing needs to achieve NDC target.

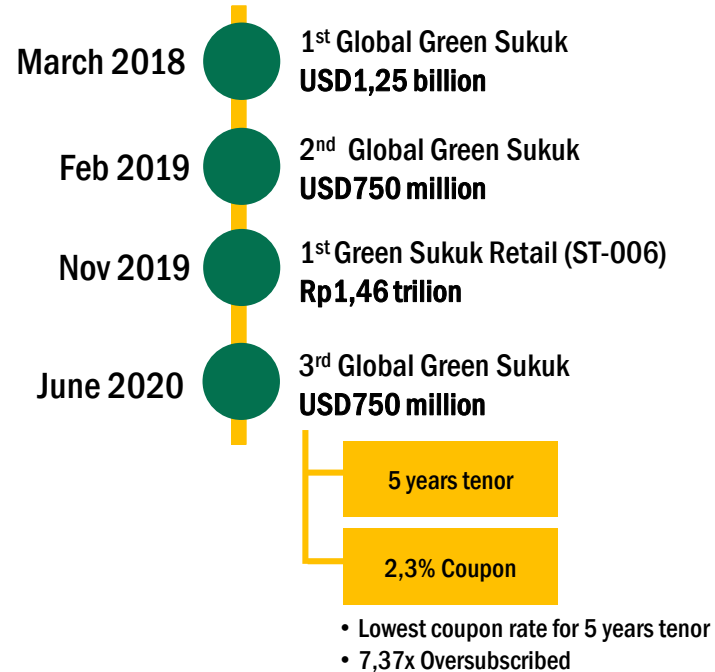


CBT and Green Sukuk



Green Sukuk is an instrument to finance climate change actions and also achieve the SDGs target.

Climate Budget Tagging data is used as reference / underlying asset for the issuance of Green Sukuk.



1st

2018

- Yield 3,75% p.a.
- Tenor 5-years
- USD1,25 billion
- Investor spread: 18% USA, 15% Europe, 32% Middle East, and 35% Asia

2nd

2019

- Yield 3,90% p.a.
- Tenor 5,5-years
- USD750 million
- Investor spread: 23% USA, 22% Europe, 29% Middle East, and 25% Asia

3rd

2020

- Yield 2,30% p.a.
- Tenor 5-years
- USD750 million
- Investor spread: 12% USA, 11% Europe, 32% Middle East, 40% Asia, and 5% Indonesia.

Projected Emission Reduction from Global Green Sukuk Issuance

First Issuance 2018



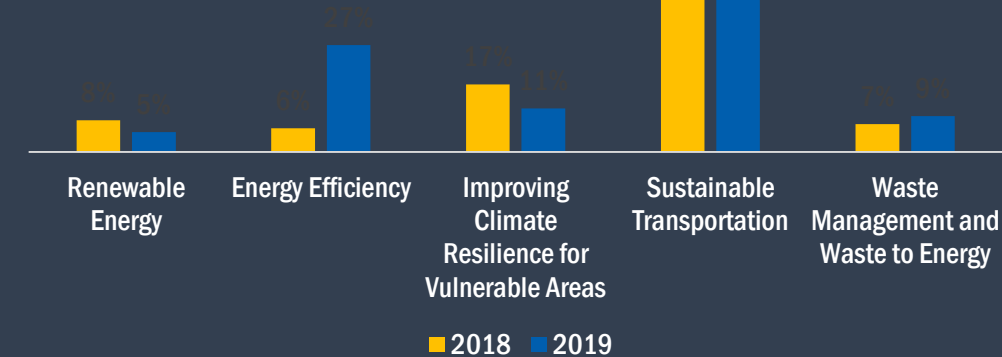
5,7 millions ton CO2e

Second Issuance 2019



3,2 millions ton CO2e

Underlying Assets



Underlying asset of 2020 Issuance



Resilience to Climate Change for Highly Vulnerable Areas and Sectors/Disaster Risk Reduction



Waste to Energy and Waste Management



Sustainable Transport



Subnational CBT

FRAMEWORK

MAINSTREAMING CLIMATE CHANGE AT A REGIONAL LEVEL



REGIONAL PLANNING AND BUDGETING
(RKA OPD and APBD)



REGIONAL GHG INVENTORY AND REGIONAL CLIMATE
CHANGE BUDGET PROPORTION



ACHIEVEMENT OF NDC, RAD-GRK, RAN-API AND PPRKD TARGET
(Regional Low Carbon Development Program)

To date, there have been 34 provinces in Indonesia that already had RAD-GRK (Subnational Mitigation Plan).

As CBT is also important for planning and budgeting in the regions, central government encourages subnational government to implement CBT.

It is conducted by through literacy program for subnational government which objectives are to increase awareness of subnational governance on climate actions, to disseminate government climate funding policies and to develop capacity on CBT.

Fiscal Policy Agency (BKF-MoF) has compiled a guidebook consisting of CBT and start the program for 11 Sub National Government as pilots in 2020.



Ministry of Finance
The Republic of Indonesia



Development Plan

Integration with emission
reduction data

**Climate Budget
Tagging**

Support for the development
of sustainable finance

Continue Literacy Program
for Subnational Government



Ministry of Finance
The Republic of Indonesia



INDONESIA

Thankyou

Center for Climate Finance and Multilateral Policy
Fiscal Policy Agency
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January 21st, 2020