



Climate Compatible Development in Indonesia

March 2017

Introduction to CDKN



What is CDKN?

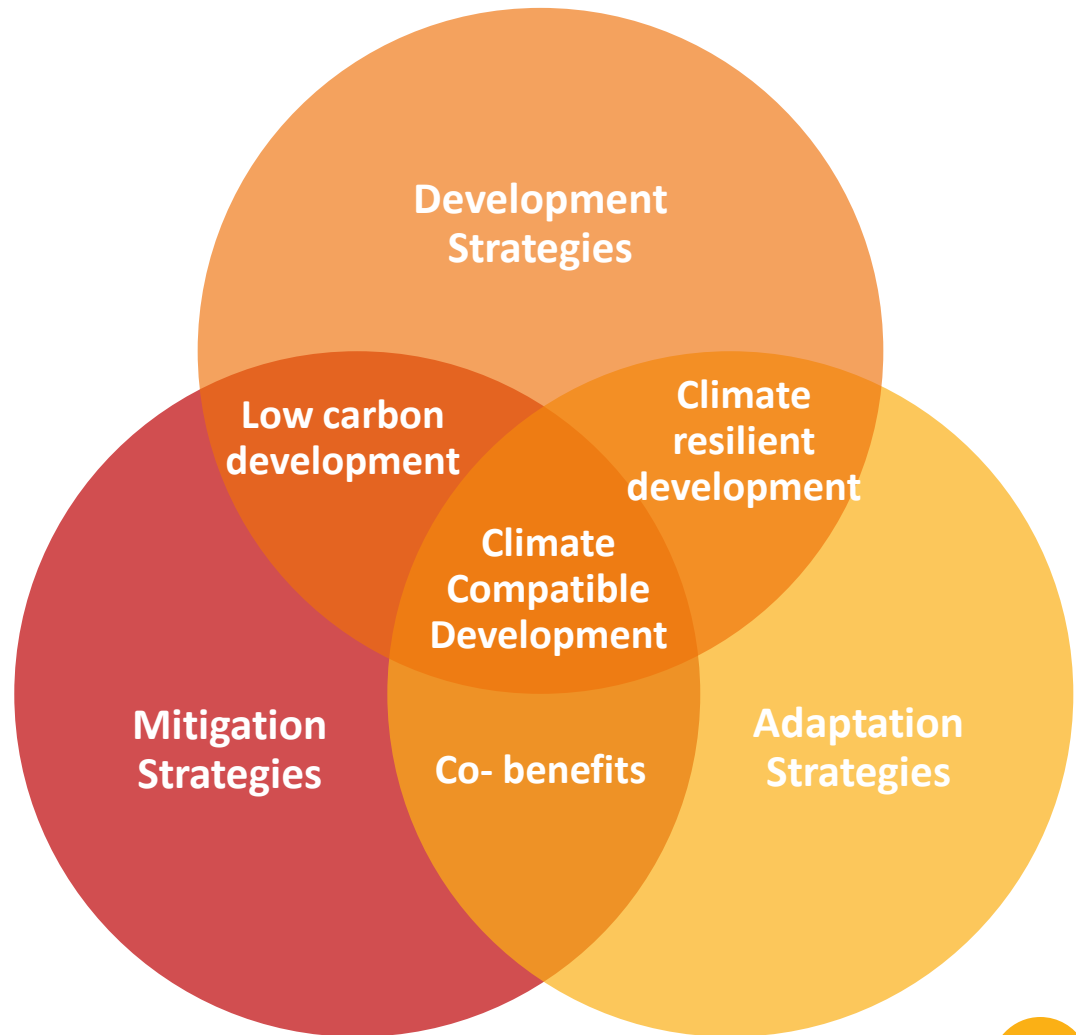
- Mission is to support decision-makers in delivering '*climate compatible development*'
- Through research, technical assistance, knowledge and networks and negotiation support
- Managed by 5 organisations in alliance across 4 regions
- £120m from British and Dutch Governments between 2010 to 2017



Climate Compatible Development (CCD)

Climate compatible development:

Development that minimises the harm caused by climate impacts, while maximising the many human development opportunities presented by a low emissions, more resilient, future



Source: adapted Zadek, 2009, and informal communication with staff from the UK Department for International Development



We seek to achieve CCD through 4 strategic outcomes

1. Supporting Climate Compatible Development (CCD) **policies & planning**

2. Improving developing countries' access to **climate finance**


3. Strengthening resilience through climate-related **Disaster Risk Management (DRM)**

4. Supporting **climate negotiators** from the most vulnerable and least developed countries

Ways to mainstream CCD

- Eliminate ambiguity in the concept of climate compatible development, and explore possible trade-offs in the implementation of climate-related policies
- Make the case and winning the argument, in countries where leaders face many competing demands on political capital and resources
- Manage climate compatible development planning in ways that mainstream climate concerns into development planning and ensure cross-government coherence
- Find the resources to cover any additional costs of climate compatible development, drawing on international as well as domestic sources
- Create the right culture and instruments for implementation
- Deliver at scale, so that impact is transformational in scale and irreversible
- Link the national to the global, so that national interests are well-represented in global negotiations, and global agreements are reflected in national action

We work in 13 deep engagement countries



COLOMBIA
EL SALVADOR
PERU
THE CARIBBEAN

ETHIOPIA
KENYA
RWANDA
UGANDA

BANGLADESH
INDIA
INDONESIA
NEPAL
PAKISTAN

CDKN's Approach

Climate Compatible Development framing



Responding to demand and sourcing the best expertise to deliver



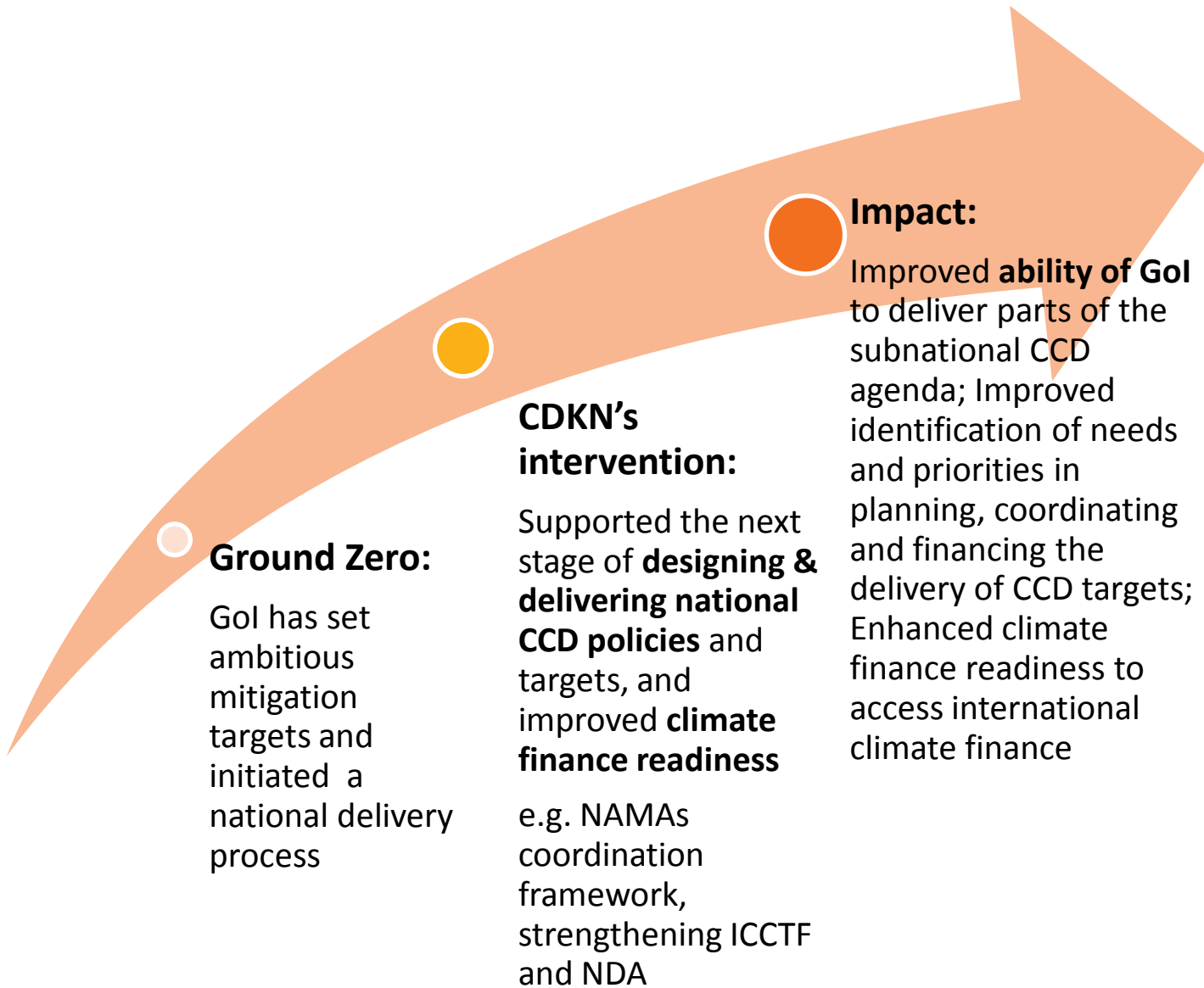
Active project management supported by regional and global teams



Sharing knowledge and learning domestically, regionally and globally

CDKN's Indonesia programme.

THE INDONESIA STORY



CDKN Indonesia – Summary



CDKN's Goal

Enable participatory, coordinated and informed action on climate compatible development and improve access to climate finance in the delivery of Indonesia's ambitious climate targets.

Focus

- Facilitating the national level with CCD policy priorities, finances, and both horizontal and vertical coordination
- Activities and projects at sub-national level

Value of CDKN investment in Indonesia: Approximately £1.9 committed to date

Service recipients and Partners

- National and sectoral ministries (e.g. National Planning, Ministry of Energy, Ministry of Finance) that have a central role in the design and implementation of national climate change strategies (RAN-GRK)
- Sub-national entities (city, district, provincial) engaged in downstream CCD planning and delivery

Key Activities and Engagements - Embedding Climate Change Mitigation into Energy Policies and Programs

- **NAMA coordination framework (2014-2015):** that enables a common approach for describing and tracking energy related mitigation actions; demonstrates the alignment between mitigation actions and energy targets; and improves evidence for comparing and describing mitigation actions.
- **Energy Efficiency NAMA development (2014-2016):** investigates viable means of improving energy efficiency of industrial motor systems in Indonesia.
- **Preparation of Renewable Energy NAMA concept (2013-2014):** development of a NAMA concept for small-to-medium scale renewable energy to facilitate the delivery of GHG mitigation targets in the West Nusa Tenggara (NTB) province
- **Political Economy Analysis of Energy Security (2015-2016):** explores how political economy constraints and enablers resulting from institutional, business and political structures influence the ambition and implementation of national green growth plans

Key Activities and Engagements - Mobilizing Climate Finance

- **Supporting Climate Finance Readiness in Indonesia and Vietnam (2012 – 2013)** to identify opportunities for supporting the government in climate finance management - map relevant climate finance architecture and identify steps for readiness building
- **Supporting the Indonesia's Climate Change Trust Fund (ICCTF) to access global climate funds (2015 - 2016):** by providing recommendations to ICCTF for financial and fiduciary standards required for accessing international climate finance particularly from GCF
- **Exploring climate finance in cities (2015-2016):** to assess the finance needs for CCD in second-tier cities; analyze the extent to which existing sources meet those needs; provide recommendations for sub-national entities to access climate finance
- **Institutional strengthening and Capacity building of Indonesia's NDA to access GCF readiness funds. (2016):** by providing recommendations to bring the NDA institutional set up, policies and procedures in line with GCF guidelines; capacity building of staff; recommendations for NDA website; suggestions for the stakeholder engagement process.

Key Activities and Engagements - Understanding the Water-Energy-Food nexus in CCD policy

- **Securing water-energy-food for REDD+ in Indonesia (2015 – 2016):** research project investigated how the unique institutional structures and political momentum behind REDD+ implementation in Indonesia could provide lessons and opportunities to improve cross-sector policymaking under a ‘nexus approach’ to reduce deforestation and support multiple-benefit outcomes at national and sub-national (Aceh Province) scales

Key priorities for Indonesia moving forward

- Implementing the ambitious targets for the NDC submitted to the UNFCCC
- Integrating the mitigation targets and adaptation priorities in national and sub-national policies and planning
- Accessing international climate finance

Future of CDKN and Climate Compatible Development in Indonesia

There are some significant challenges ahead

- Economic transformation, if inclusive, is critical to lift several million people out of poverty by 2030
- Improving resilience and management of risks is required to stop people falling back into poverty
- Ensuring infrastructure investment is climate compatible, so as to shift the global economy to a lower carbon development pathway
- Effective economic stewardship of natural resources and the environment is required to avoid slowing growth
- To deliver integrated policies for sustainable development we need a simpler and more coherent international development, climate and finance architecture

However CCD remains a powerful framing

- These challenges face a development deficit – the \$trillions needed for infrastructure, energy, land use, and urbanisation
- There is however limited focus on climate compatibility (or on sustainable development in general) within these sectors
- CDKN has found that a CCD narrative of inclusive economic growth can be powerful in enhancing this focus
- SDGs and COP should provide an additional step-change in collective ambition around CCD
- We also understand that DFID and other donors are looking to embed climate change across how they do development
- CDKN has 6 years of experience that can help accelerate and scale the integration of climate into development

Policy, finance, implementation: building blocks for change

Everyone is talking about these 3 words as key for Post-2015, and they will be critical to the success of CCD work:

- **Policy** happens within complex political economy forces, its not just a rational process. You have to “climb in on the ground”.
- **Finance** is more than climate finance; mobilising all finance towards CCD is required
- **Implementation** needs to be strategically targeted to leverage systemic and transformation changes across an economy

CDKN is evolving

- We need to look at all the players in the investment universe of the broader economic system.
- Our service recipients and network needs to evolve beyond just the “climate community” to enable us to put CDKN at the heart of economic development.
- The structure and focus of CDKN post-2017 is still under discussion with DFID and others
- This includes what a country level presence / work might look like

Components of proposed New CDKN

Component	Scope / approach
Scope	<ul style="list-style-type: none"> “Global”: a global knowledge player, based on strong convening, commissioning and dynamic learning processes at country level – that delivers a model of ambitious replicable country programmes that draw on and share with global networks.
Geographical focus	<ul style="list-style-type: none"> Work in and with countries across Africa, Asia, LAC (but DFID funding focused in Africa)
CCD focus	<ul style="list-style-type: none"> At point of integration of climate into growth and development plans At critical decision-making moments
Support areas	<ul style="list-style-type: none"> Planning (including strengthening evidence base, convening dialogues, and connecting to international processes) Implementation (including incentives and regulatory framework for private sector) Resources (mobilising finance, public finance reform) Long-term capability development (improving confidence and skills of relevant actors across a range of sectors to exploit development benefits for longer term)
How we do it	<ul style="list-style-type: none"> Balancing in-country demand with strong analytical framework to ensure we focus on the issues that matter Providing services in convening, commissioning TA and applied research, knowledge brokering, institution building and learning, led through and by strong in-country teams on the ground Taking a rigorous approach to assessing impact and learning (MEL) to share with others (within and between countries and with key global institutions and networks) “Proofing” the quality of our support by ensuring it is fit for purpose with regards to key opportunities such as: gender and inclusion, digital and technology solutions, trade and jobs
Results comprise	<ul style="list-style-type: none"> Direct results of interventions Leveraged further resources from others and ability of actors to lead, adapt & scale Influence global learning and discourse and actions of international actors Significantly increased demand for support in integrating climate change into strategies and budgets from key line ministries (finance, agriculture, energy etc.) and sector leaders

Open discussion:

**What is the vision for
CCD in Indonesia?**

Issues in mainstreaming CCD (1)

1. Eliminating ambiguity in the concept of climate compatible development, and exploring possible trade-offs in the implementation of climate-related policies that will deliver the SDG goals and targets.
2. Making the case and winning the argument, in countries where leaders face many competing demands on political capital and resources.
3. Managing climate compatible development planning in ways that mainstream climate concerns into development planning and ensure cross-government coherence.

Issues in mainstreaming CCD (2)

4. Finding the resources to cover any additional costs of climate compatible development, drawing on international as well as domestic sources.
5. Creating the right culture and instruments for implementation, to ensure that plans are not blown off course.
6. Delivering at scale, so that impact is transformational in scale and irreversible.
7. Linking the national to the global, so that national interests are well-represented in global negotiations, and global agreements are reflected in national action.

What's next for CCD?

- Eliminating ambiguity in CCD, and exploring possible trade-offs in the implementation of climate-related policies that will deliver the SDG goals and targets.
- Making the case and winning the argument, in countries where leaders face many competing demands on political capital and resources.
- Mainstreaming CCD into development planning and ensure cross-government coherence.
- Finding the resources to cover any additional costs of CCD, drawing on international as well as domestic sources.
- Creating the right culture and instruments for implementation, to ensure that plans are not blown off course.
- Delivering at scale, so that impact is transformational in scale and irreversible.
- Linking the national to the global, so that national interests are well-represented in global negotiations, and global agreements are reflected in national action.



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