



# Methodological insights: Tracking national climate finance flows in Indonesia

Methodological meeting on 28. November 2018

Climate investment capacity (CIC): climate finance dynamics & structure for financing the  
2030 targets



# Steps to track climate investments

!!! Engage stakeholders

- ▶ !!! Define objective, scope and output
- ▶ !!! Define what is energy and climate finance
- ▶ **Collect data**
- ▶ Analyze and categorize data
- ▶ Interpret and present results



# Engage stakeholders: Who? When? How?

- ▶ Project champion – Fiscal Policy Office at Ministry of Finance
  - ▶ Rationale: authority within and across government ministries; well placed to influence relevant policy processes
  - ▶ Role: Leading role in shaping and implementing project
  - ▶ Mode: 1 representative as head of our project team/ bi-weekly meeting with head of sub-division/ monthly updates to head of department
- ▶ Core stakeholders – 11 Sectoral Ministries; development partners incl. public banks
  - ▶ Rationale: key source of data and information; influential in relevant policy processes and respective financing decisions
  - ▶ Role: Support particular stages of the project e.g. data collection and categorization
  - ▶ Mode: 35 official meetings with ministries; 2 tailor-made surveys/ questionnaires per ministry (categorization, verification) + 25 survey to dev. partners
- ▶ Other stakeholders – 1 Provincial/ 2 District/ 1 Municipality Government, NGOs, researchers
  - ▶ Role: provide additional information/ expertise; support dissemination



# 1 Define objective, scope and output

- ▶ Objective: What should be achieved? What process(es) is the analysis going to inform?
  - ▶ Monitor to improve transparency and accountability
  - ▶ Align finance with climate objectives
  - ▶ Mobilize additional resources
- ▶ Scope: What to measure and how to measure it?
  - ▶ Public/~~private~~
  - ▶ ~~Sectors of the economy~~/policy fields
  - ▶ Mitigation/ adaptation
  - ▶ Tangible/ intangible
  - ▶ Climate specific/ climate related/~~climate opposed~~
  - ▶ Sources, intermediaries, instruments, disbursement channels, ~~recipients~~, sectors, uses, ...
- ▶ Output: What should the numbers and analysis tell?
  - ▶ Sankey diagram/ report/ ...



## 2 Define what is climate finance

- ▶ What is climate...? – Links with national processes
  - ▶ National Action Plan on Reducing Greenhouse Gas Emissions (RAN-GRK)
  - ▶ National Climate Change Adaptation Action Plan (RAN-API)
  - ▶ Mitigation Fiscal Framework coding state budget
- ▶ What is ... finance? – Derived from objectives and scope
  - ▶ Total/ incremental cost
  - ▶ Public expenditures (recurrent/ investment)/ ~~private sector investment/ revenues and revenue support mechanisms/ avoided costs~~
  - ▶ Government budget/ grants/ equity/ loans at concessional or commercial terms/ guarantees



# 3 Collect data

- ▶ Scoping/ definition setting - Information on the policy framework
  - ▶ National strategies/ sectoral plans/ documents on budget processes/ laws, policies, and regulations of relevance for the regulation of Climate Finance
- ▶ Mapping/ quantification - Data on actors, instruments, flows and processes
  - ▶ Public budget/ finance laws
  - ▶ Annual/ sustainability/ audit/ evaluation reports
  - ▶ National statistics/ databases
  - ▶ Surveys
- ▶ Categorization - Project/ programme context
  - ▶ Project fiches and documents/ funding proposals/ terms of reference
  - ▶ Expert judgement: bilateral interviews of technical staff/ questionnaires

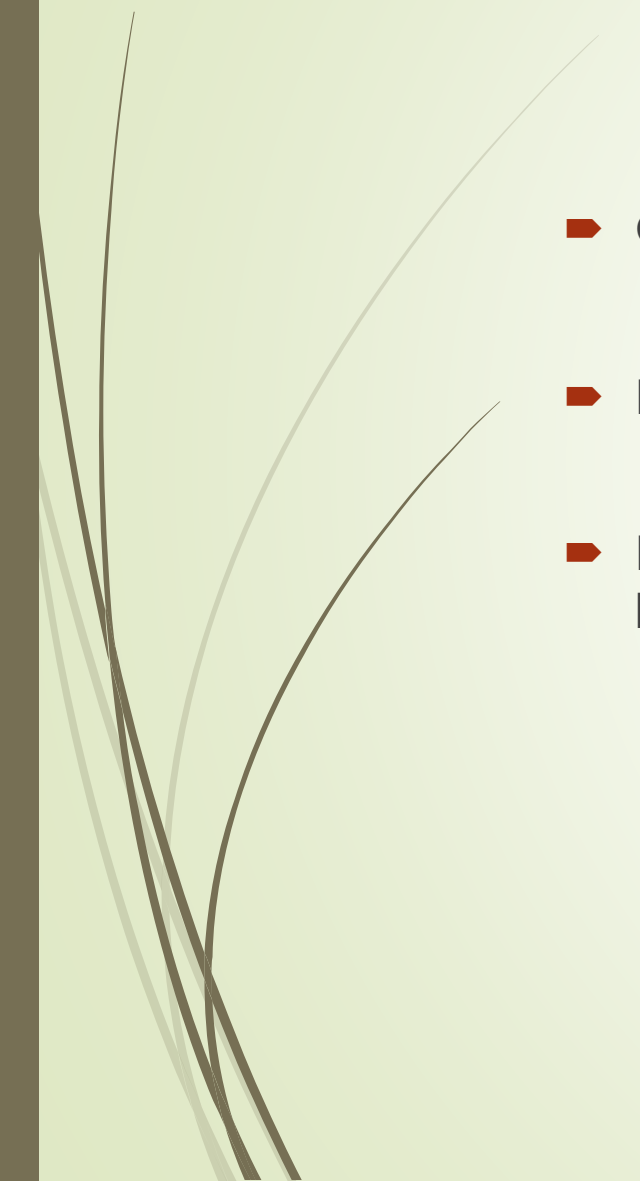


# 4 Analyze and categorize data

- ▶ Ensure data quality
  - ▶ timeliness, completeness, consistency, accuracy, uniqueness, validity and integrity
- ▶ Categorize financial flows
  - ▶ Apply weighting strategy if only part of the amount can be attributed?
- ▶ Fill gaps/ verify the results
  - ▶ Surveys/ bilateral meetings/ large events



# 5 Interpret and present results

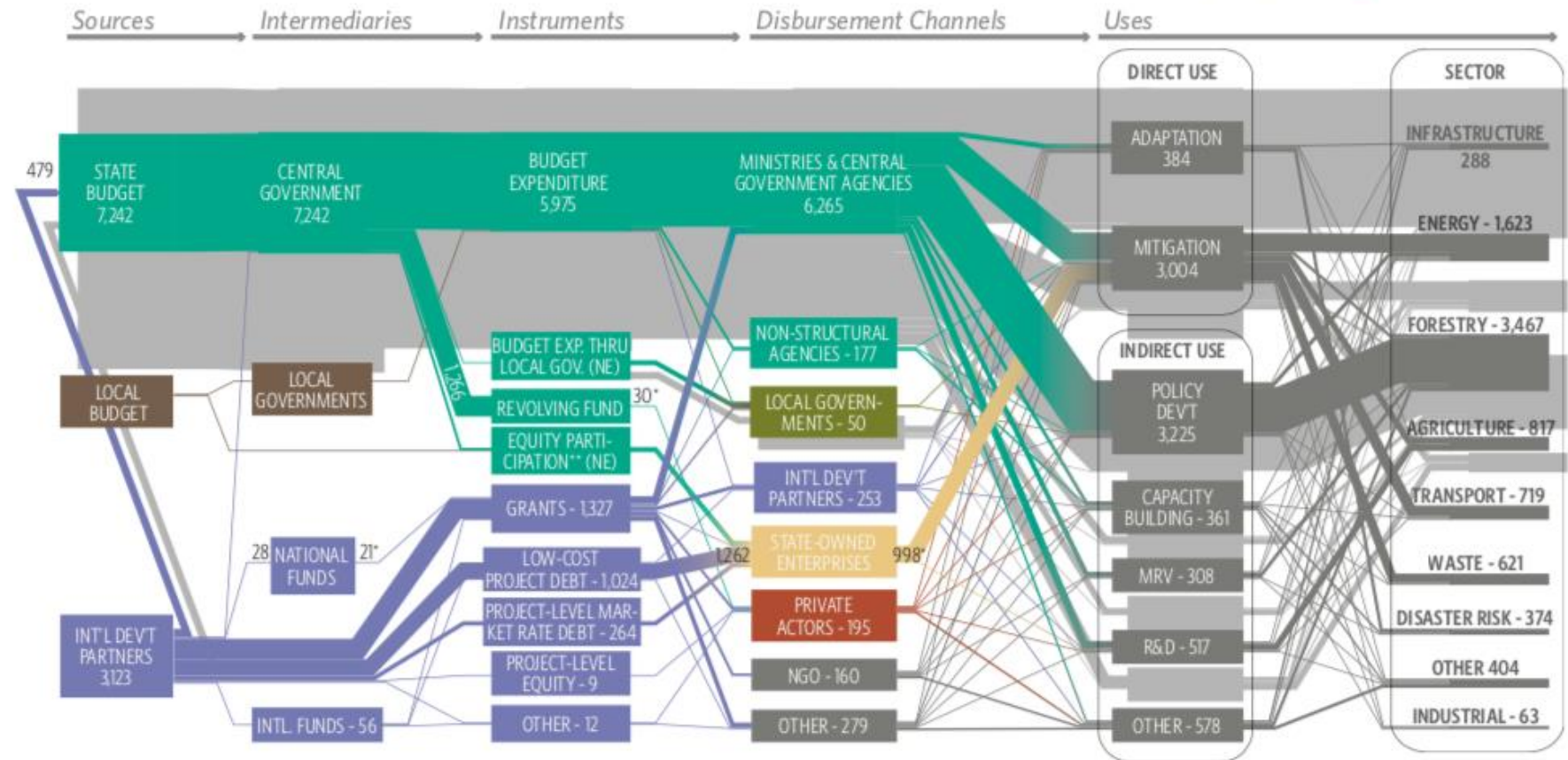
- ▶ Consider initial research questions
  - ▶ Determine constructive visualizations
  - ▶ Deal with results that are not consistent with other sources, controversial or limited
    - ▶ Engage with respective stakeholders
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# THE LANDSCAPE OF PUBLIC CLIMATE FINANCE IN INDONESIA IN 2011 - IDR 8,377 BN TOTAL



CLIMATE POLICY INITIATIVE



Notes: Figures are indicative of annual flows for 2011. All data presented relates to disbursements or movements of finance between actors in 2011. Flows are expressed in IDR billions and rounded to produce whole numbers; and as such values might not add up. We show finance that we could identify clearly as climate-specific as "solid" flows. The diagram captures upfront capital investment costs for low carbon and climate resilient activities, plus activities that indirectly support mitigation or adaptation, such as policy development, capacity building, setup of MRV systems, or research and development. We only track upfront investments and not lifetime inflows. There is significant uncertainty around how much climate-specific finance is being disbursed from the state budget to support indirect activities in general, and adaptation activities in particular. We represent the full range, including the band of uncertainty (up to an additional IDR 10,008 billion), in the diagram as a "shadow," reflecting the scale of climate-specific finance and portion of potentially relevant finance that we could not verify. \* We included movements of finance between actors where we know they happened (ICCTF, Geothermal Risk Mitigation Fund, Eximbank), although there were not disbursements to projects in 2011. \*\* Equity participation is comparable to what we call balance sheet financing in the global landscape.



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