

LOW CARBON DEVELOPMENT INITIATIVE

Enhancing low carbon growth by developing more systematic planning, producing robust analytical studies and integrating them into national and regional planning processes

Introduction

Indonesia is committed to sustainable growth, actively working towards reducing its carbon footprint. Key actions include submitting its Enhanced Nationally Determined Contribution to the UNFCCC, targeting net zero emissions by 2060 or sooner, and embedding low carbon strategies into the National Development Plan.

Building on this commitment, the Foreign, Commonwealth, and Development Office of the UK Government (FCDO) in collaboration with the Development and Planning Ministry (Bappenas) have developed a partnership agreement in the Low Carbon Development Initiative (LCDI). Currently, the programme has entered a new phase of assistance from 2023 to 2027, and Oxford Policy Management Limited (OPML) has been contracted to manage and deliver the LCDI programme.

Objective

The main goal of LCDI Phase II is to reduce greenhouse gas (GHG) emissions by integrating low-carbon development plans into national and provincial planning processes. The programme will deliver transformative change in three key areas below:

1. Low-carbon development will be embedded into national and regional planning and budgeting;
2. Strong cross-sectoral policies and regulations will support low-carbon efforts;
3. Climate finance will be mobilised for greater impact.

These goals are achieved through support to the following activities:

- Building political support for low-carbon initiatives;
- Raising awareness and understanding among government officials;
- Supporting the implementation of low-carbon strategies;
- Encouraging ambitious targets aligned with the LCDI report.

Implementation

To implement the programme, OPML leads a consortium of organisations to deliver the programme, including Carbon Trust, Dala Institute, IBCSD, ICLEI, INDEF, INFID, and the Prakarsa.

The programme is implemented through four key workstreams:

Workstream 1 Partnership with National Ministries

We assist Indonesia in advancing its low carbon development (LCD) by:

- Mainstreaming LCD initiative in RPJPN 2025-2045, RPJMN 2025-2029;
- Offering technical assistance and conducting assessments of low carbon policies;
- Updating national system dynamic system modelling for LCD and calculating Green Economy Index on regular basis;
- Exploring potential to strengthen AKSARA LCD monitoring and reporting platform;
- Assessing financial opportunities and barriers for LCD;
- Developing a green economy roadmap; and
- Supporting Green Academy.

Workstream 2 Partnership with Sub-national Governments

At the provincial level, we will engage North Sumatra, Riau, Bengkulu, West Java, Central Java, Bali, West Nusa Tenggara, Maluku, South Sulawesi, West Papua and Papua, in various level of interventions and our focus includes:

- Mainstream LCD initiative in Provincial Plan: RPJPD 2025-2045 and RPJMD 2025-2029;
- Refining the LCD system dynamic models for LCD planning for provinces;
- Supporting the development of LCDI action plans for pilot provinces; and
- Support the integration of LCD intervention into provincial budgets.

Workstream 3 Stakeholder Engagement

To raise ambition and promote low-carbon development in Indonesia, we:

- Engage with national and provincial parliaments;
- Organise national dialogues on accelerating net-zero emissions;
- Support the Green Economy Expo;
- Carrying out assessments for advancing the LCD, including to ensure engagement of private sectors in LCD; and
- Engaging other non-state actors such as Private Sectors, Universities and interfaith organisation in LCD.

Workstream 4 Innovation and Technology Fund

To overcome financial hurdles for climate mitigation, we:

- Establish a fund to support investment into LCD, including exploring innovative business models; and
- Support pilot projects with significant low-carbon potential.



RESULTS AS OF DECEMBER 2024

Workstream 1

National and Provincial Low-Carbon Development Planning

RPJMN 2025–2029 Development:

- Contributions provided to the draft RPJMN for integration with the new President's vision and national development priorities.
- Ensured alignment of RPJMN with the low-carbon development agenda.

RPJPD 2025-2045 and RPJMD 2025-2029:

- Enhanced the Low-Carbon Development (LCD) model for 34 provinces.

Monitoring and Reporting via AKSARA System:

- Strengthened AKSARA system integration with other MRV platforms like SRN and SignSmart.
- Delivered AKSARA training for provincial officials and initiated collaboration with KLHK for emission monitoring and reporting.

Budget and Fiscal Studies:

- Prepared TORs and methodologies for fiscal studies related to low-carbon budgeting.
- Produced policy briefs and recommendations for leveraging fiscal transfers (DAK, DID) to support LCD programs.

Grand Design of Green Economy and Roadmap:

- Draft roadmap developed as a foundation for formulating Green Economy, pending further discussions with Bappenas.

LCD Nomenclature Update:

- Updating classification, codification, and nomenclature for regional development and financial planning for LCD.

Workstream 2

Regional Implementation of Low-Carbon Development

Priority Provinces

North Sumatra and Maluku

- a. The Governors' Letters for the LCD Task Force in North Sumatra and Maluku have been issued by Regional Governments.
- b. Procurement is ongoing for organisations tasked with developing the Low Carbon and Climate Resilient (LCCR) documents for both regions. The Feasibility Study for the Pilot Project on Solar-Powered Water Pumps in North Sumatra has been approved.
- c. Next steps: Procurement of organization for LCCR development and FS Study will be selected in early December 2024.

West Nusa Tenggara (NTB) and Bengkulu

- a. The Governors' Letters for the LCD Task Force in NTB and Bengkulu have been issued by Regional Governments.
- b. The review and update of the Low Carbon and Climate Resilient (LCCR) document for West Nusa Tenggara (NTB) and Bengkulu are underway. An agreement has been reached to update the NTB and Bengkulu LCCR document to ensure alignment with national targets.
- c. Next steps: Capacity-building sessions on System Dynamics Modelling and the integration of Gender Equality, Disability, and Social Inclusion (GEDSI) into the Low Carbon and Climate Resilient (LCCR) document will be carried out.

Riau

- a. The Governors' Letter for the LCD Task Force in Riau have been issued by Riau Provincial Government.
- b. Next steps: Need to renew the MoU between Riau Province and Bappenas

South Sulawesi and West Papua

- a. The RPRKD document requires further updates to integrate Climate-Resilience (PBI) and align with SEB targets. Additionally, the System Dynamic Modelling (SDM) incorporated in the document needs updating with the latest data.
- b. Ongoing discussions are determining whether to renew the existing MoU or draft a new one. The preferred option is a new MoU at the echelon 1 level to reflect the objectives of LCDI Phase 2.
- c. Next steps: Bappeda will lead the development roles and establish a robust Monitoring and Evaluation (M&E) framework. Bappeda will work with Unhas and Unipa. In collaboration with the LCDI Secretariat, Bappeda will also assign responsibilities for SEB action plans, develop an M&E log frame, and gather existing models and documents through coordination with OPML, Unhas and Unipa

Workstream 3

Stakeholder Engagement and Knowledge Sharing

Green Economy Expo:

- Supported the event and published proceedings to share insights and progress.

Communication Strategy:

- Draft strategy under review by Bappenas and FCDO.

Policy Dialogues:

- National and provincial dialogues with Parliament, private sector, and interfaith groups planned from November 2024 to March 2025.

Studies in Progress:

- Assessments on electoral impacts on LCD, provincial implementation contexts, and private-sector engagement.

Workstream 4

Innovation and Technology Financing

Innovation Grant Fund Design:

- Completed consultations and assessments to inform the design and management of grant funds for LCD pilot projects.
- Progress made on selecting fund management entities in collaboration with Bappenas and FCDO.

Pilot Projects Assessment:

- Conducted site visits and consultations in North Sumatra and Maluku to evaluate potential grant recipients.