

# Supporting the Indonesia's National Designated Authority (NDA) to Access Climate Finance

## GGGI's Support for Indonesia's NDA

Since 2018, GGGI has been supporting Indonesia's National Designated Authority (NDA), the Fiscal Policy Agency, Ministry of Finance, as its delivery partner for the Green Climate Fund (GCF) Readiness and Preparatory Support Program. This enables a country-driven approach to accessing GCF funds and ensures country ownership of climate change projects. Indonesia is committed to reducing its emissions by 31.89% unconditionally, and 43.20% with international support. The GCF is one of the various international funding sources that can contribute to filling the financial gap to achieve these targets.

## Unlocking Climate Finance through the Readiness Program

The Readiness and Preparatory Support Program (RPSP) or the Readiness Program aims to bolster Indonesia's capacity to access climate finance and achieve its NDC targets. Led by the NDA, the Readiness Program focuses on several key workstreams:

1. Strengthening the NDA's institutional capacity
2. Designing bankable projects
3. Strengthening national access
4. Building climate finance strategies
5. Conducting inclusive stakeholder engagement

## The Readiness Program in Numbers



**USD 248 M**

Resource mobilized through the NDA's Call for Project Concept Note



**5 National entities nominated**

to be the GCF Direct Access Entities (DAE)



**5 Climate finance strategies**

designed to increase Indonesia's capability in accessing climate funds



**2,200 people engaged**

and have stronger knowledge on the GCF and climate finance



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## USD 532.5 Million of Bankable Projects Originated from the “Call for Concept Notes”

From 2020 to 2022, the NDA carried out several calls for project concept notes. These projects put national entities and national accredited entities as the focal point, who will manage or implement them. Out of the 9 concept notes submitted to the GCF, 5 are a part of the strengthened national Accredited Entity's (DAE) Green Investment Pipeline. In 2022, one project by ASEAN Centre for Energy in partnership with Korean Development Bank was approved with USD 248 million mobilized. The project focuses on energy efficiency in the industrial sector and will provide lessons learned for replications in other ASEAN member states.

**337**  
Concept notes  
received

**USD 248M**  
Resource mobilized

**Main Sectors**



Energy

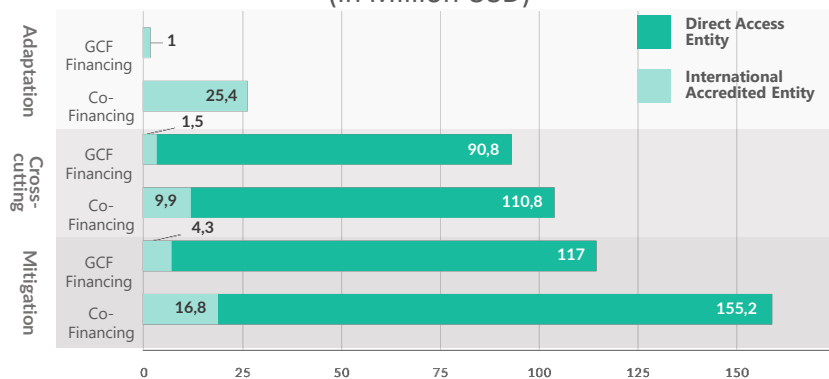


Forestry

**40%**  
Co-financing

**USD 284.5M**  
From 8 concept notes  
submitted to the GCF

### Proposed projects from the Call for Concept Note (in Million USD)



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## Seven National Entities' Capacity Strengthened in Accessing Climate Finance

Strengthening the institutional capacity and the number of national Accredited Entities (DAEs) is imperative to accelerate national access to international climate funds, including GCF. The Readiness Program has supported two accredited entities, namely the Financial Management Framework for Kemitraan's accreditation and technical review for re-accrediting PT Sarana Multi Infrastruktur until 2027. The re-accreditation also enhanced PT SMI's funding limit from USD 50M to USD 250M. The NDA has identified the need to further improve the number of accredited entities, and has nominated five DAE candidates, including two commercial financial institutions, which allows greater variety of sectors.



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## Adoption of a National Strategy Document to Access the GCF

The GCF Country Program Document for Indonesia is an essential guide for stakeholders, e.g., accredited entities, project developers, ministries, and other relevant stakeholders. It provides a reference for stakeholders to develop robust climate projects for GCF by national climate and development priorities. GGGI supported the NDA in setting priority thematic sectors, criteria for prioritizing projects, policy, strategy, and institutional needs.



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## Development of National Climate Finance Strategies

Other ways to strengthen Indonesia's capability to access international climate funds are through strategic planning, improved coordination among climate financiers, and enhancing national agencies' capacity to participate in international climate finance. For example, GGGI has supported the NDA in developing the Climate Change Fiscal Framework. This strategy provides a foundation for developing various government incentives and alternative blended financing mechanisms, strengthening coordination across different institutions. The framework includes the identification of both international and national financing modalities.

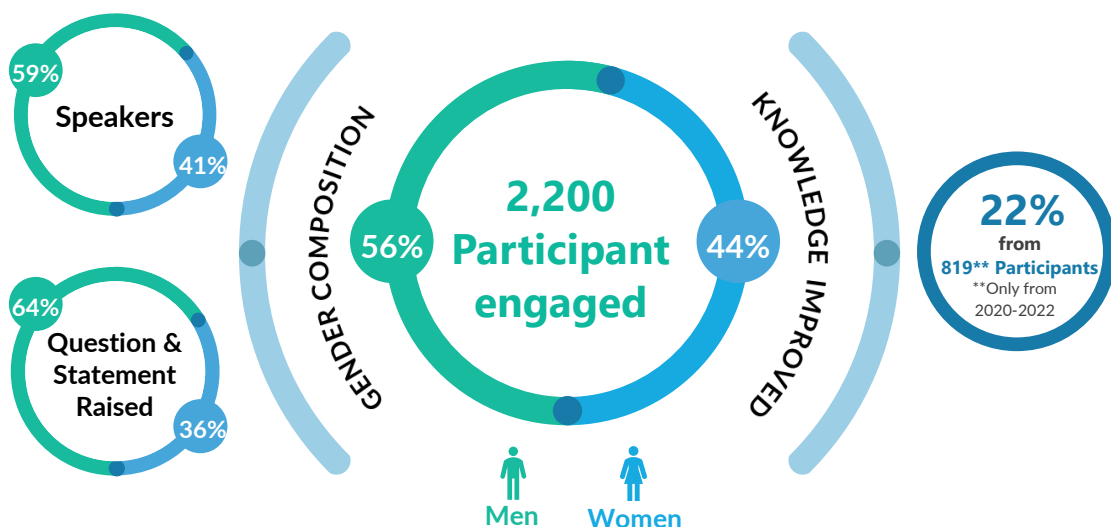
The NDA has enhanced coordination among six climate finance focal points in Indonesia and aims to build a platform that aligns climate finance disbursement and identifies gaps and opportunities. The climate funds involved are SDG Indonesia One, Indonesia Environment Fund, Green Environment Facility, Adaptation Fund, Indonesia Climate Change Trust Fund, and the GCF. GGGI and NDA also support the Indonesia Environment Fund (IEF) in anticipation of taking GCF DAE accreditation and possibly participating in carbon market development.

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## Gender Sensitive and Socially Inclusive Engagement and Consultative Processes

To build a transparent and inclusive business process, the NDA established an Annual Participatory Review (APR) mechanism that updates information and solicits input from all major stakeholder groups. Socially inclusive forums have been established to facilitate engagement even for the most vulnerable groups. The forums also help to connect Accredited Entities (AE) with potential Executing Entities and project stakeholders to encourage meaningful engagement from the outset of project development. The NDA has also conducted special events and developed communication products to mainstream Gender Equality and Social Inclusion (GESI) principles in climate finance. These documents are available on NDA's website, including the Guideline for Mainstreaming GESI in Climate Change Projects.

### Events Performance (2018-2022)





## Moving Forward

Indonesia's readiness to access climate finance, particularly the GCF, has been improved by implementing the Readiness Program. However, gaps remain to be addressed, primarily related to the capacity of climate finance coordination and pipeline development. The remaining challenges include: (1) balancing the needs of NDC priority sector areas to be adequately financed, (2) promoting country ownership in a large

and multi-level governance setting, and (3) catalyzing private investment in the country's climate actions.

The Readiness Program will continue building Indonesia's capacity to access international climate funding and develop robust climate projects. Based on a Readiness Needs Assessment conducted in 2021, the program will prioritize activities as listed below.

### Readiness Program's Priority Activities for Indonesia

#### Improve balance between mitigation and adaptation

- Strengthen the capacity of national and sub-national government for project development and the collection of climate finance data for planning and budgeting
- Improve coordination in climate finance
- Identify strategic and effective approaches to develop pipeline investment for priority sectors

#### Enhance country ownership

- Improve the capacity of DAEs to develop concept notes and proposals
- Develop programmatic approach concept notes and proposals from DAEs

#### Promote blended finance to catalyze private sector finance

- Engage with the private sector to discuss blended financing arrangements in the priority sectors
- Coordinate blended financed stakeholders
- Strengthen the linkage between de-risking instruments and project pipeline to attract more private sector investments

