



Phase 1 Assessment of Emissions - Approach

Rationale

Phase 1 work represented an initial step on the way to understanding the issues and options involved in preparing an Indonesian low carbon development strategy.

Low carbon strategy and actions would influence energy and forest sector investments, fiscal policy responses, adaptive development and overall greenhouse gas (GHG) emissions from a growing middle income country with abundant coal, oil and gas resources, as well as forests and peat lands. Indonesia's efforts in this area will also contribute to the international climate framework dialogue by increasing the country's stature and capacity to articulate the position of a developing country and set an example for others.



This work begins with the premise that sound environmental management, reduction of GHG emissions, and economic efficiency and growth are compatible goals—and important to the sustainability of Indonesia's development path.

Indonesia has many opportunities to take steps that improve its climate change position—in terms of both mitigation and adaptation, and in both policy and practice. The package of policies or interventions employed may entail different levels of trade-offs depending on the goals espoused: protecting the poor, promoting efficiency, mitigating environmental concerns—at local or global level.

There are economic and environmental arguments for actions that improve outcomes in the energy and forestry sectors. These benefits in the domestic economy and development path are the key reasons to implement changes. Climate change and low carbon financing sources may provide an additional incentive or compensation to encourage movement in this direction.

Purpose and Scope

This first phase of work on a low carbon options analysis for Indonesia was undertaken at the request of the Ministry of Finance (MOF). The work supported the Government of Indonesia's (GOI) preparations for the Bali COP 13 Climate Change Conference through three main areas of activity: technical assistance, capacity building and awareness raising, and specific analyses.

- **Engagement/Discussion, Capacity Building.** This task involved close working engagement with an inter-ministerial working group preparing technical material and documentation in advance of the UNFCCC COP 13 meeting in Bali.

Specific training opportunities were pursued along with capacity development through

engagement on global climate change issues in the context of international conferences. This engagement process provided opportunities to share experience with Indonesian think tanks, universities, and other donor efforts and to refine products in conjunction with key government stakeholders.

- **Technical Baseline Study of GHG Emissions.**
This analysis provided a base of information needed to plan and develop a more comprehensive Low Carbon Development Options study. This analysis was a key output of an interactive working process that informed the Ministry of Finance and the wider GOI on the current emissions situation and the potential areas for further study and action.
- **Assessment of Fiscal and Financial Policy Instruments to Address Climate Change.**
This work was designed to assist the Minister of Finance to understand and explain the policy instruments available to help Indonesia mitigate and adapt to climate change. This was delivered as a key input from the GOI to the High Level Event on Climate Change for Ministers of Finance in parallel with the Bali COP 13 in December 2007.



Finally, this process of engagement, technical studies, and interactive discussion provided the basis for design of a second phase of work on a Low Carbon Options Study.

The Low Carbon Options Study will be designed to help inform the GOI about the main GHG emissions by source and category of use, to estimate the potential costs and benefits associated with movements toward alternative development paths, and to build consensus toward a national low carbon strategy.

Low Carbon Development Options for Indonesia is a collaboration between:



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