This policy brief is based on the results of a desk study conducted by the Indonesian Ministry of Finance in 2016. Its aim was to assess the implementation of Performance Based Budgeting (PBB) of climate change related programs and activities and their responsiveness to gender equality and poverty reduction. The study comes up with key findings and recommendations that are highly relevant to policy makers, government institutions and practitioners working in the field of climate change financing, gender equality and poverty reduction.

The study was conducted against the background that climate change has different impacts on women and men. Due to the different gender role assigned to them in most societies, women are more vulnerable and face higher poverty risks as a result of climate change. In Indonesia, gender inequality remains a serious challenge. UNDP’s Gender Inequality Index (GII) of 2014 for Indonesia was 0.494, above the world’s average with a score of 0.449. This ranks Indonesia 110 out of 188 countries. It is widely acknowledged that existing inequalities between men and women will be exacerbated if climate change mitigation and adaptation efforts, including climate change budgeting, are not gender and poverty sensitive.1

The Indonesian Government needs to make extra efforts, including in the field of climate change mitigation and adaptation, to reduce gender inequality and poverty. Indonesia’s National Action Plan on Adaptation to Climate Change (RAN API), adopted in 2014, acknowledges gender equality as an essential issue in climate change related action by stating that “the development in every sector is an effort to meet the needs of society, men and women equitably.”

The study conducted by the Ministry of Finance assesses the extent to which climate change budgeting already responds to poverty and gender in Indonesia – both at central and local government level.

At the central government level, the study analyses the level of gender and poverty responsiveness of climate change related programs and activities of the Ministry of Forestry and the Ministry of Energy and Mineral Resources. At the local government level, it looks at programs and activities of the provincial governments in Yogyakarta and East Nusa Tenggara were assessed.

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1 There are numerous studies that show the differing climate change impacts on women and men as well as the need to make climate change measures gender and poverty sensitive in order to avoid widening gender inequality. See for example: Nila Ardhyanini H. Pratiwi, Yavi Dzulhijjah Rahamawati & Ivo Satijono (2016): Mainstreaming Gender in Climate Change Adaptation: A study from Cirebon, Indonesia; Center for International Forestry Research (CIFOR) / CGIAR (2015): Gender and Climate Change – Evidence and Experience.
KEY FINDINGS
The main findings of the study includes:

1. Integrating poverty and gender issues into climate change related programs and activities is not a priority within the relevant ministries, both at the central and local government level. This is especially the case for the Ministry of Energy and Mineral Resources.

2. The implementation of Performance Based Budgeting (PBB) remains weak as ministries are reluctant to employ the ‘logic model of programming.’ This model takes a top-down approach in the sense that activities and programs are designed with the aim to reach already formulated outcomes, based on a solid gender and poverty analysis. Relevant ministries, however, currently design their programs and activities retrofit to the outcome to be achieved (bottom-up approach). This leads to a poor analysis of poverty and gender issues resulting in unspecific plans of action that do not reflect the challenges to be tackled on the ground.

3. Climate change budget tagging is not consistently pursued by all relevant ministries. This hampers a complete analysis of all climate change related programs and activities with regard to their responsiveness to gender and poverty.

KEY RECOMMENDATIONS
Drawing on these findings the study formulates the following recommendations:

1. **Ensure proper implementation of the recommendations in the National Action Plan on Adaptation to Climate Change (RAN API):** The action plan requires all line ministries to conduct a gender analysis (e.g. identification of gender roles, needs, and priorities) before implementing climate change programs and activities; to produce disaggregated data by gender; and to provide equal access to climate change related goods and services; to equally involve men and women in the management of climate change.

2. **Use existing budgeting systems to accelerate gender and poverty responsive climate change budgeting:** All ministries working on climate change related issues should continue or start using the Gender Budget Statement (GBS) to ensure that climate change related programs and activities are gender responsive. The GBS was developed by the National Development Planning Agency (Bappenas) and it is the main tool for gender responsive budgeting. In addition, currently the matrix on climate change, which is part of the current National Action Plan on Development (RPJMN 2015-2019) and which consists of lists of climate change programs and indicators, does not yet include gender and poverty related issues. Therefore, relevant ministries should start integrating gender and poverty by conducting thorough gender and poverty analysis at program level.

3. **Start applying the logic model of programming:** Relevant ministries should start to properly apply the reformed performance based budgeting system (ADIK) introduced by the Ministry of Finance in 2016. This will ensure that they apply a logic model of programming, allowing for a proper analysis of poverty and gender related issues that can be translated into specific plans of action, reflecting the challenges to be tackled on the ground.

4. **Capacity building:** The capacity of relevant ministries to make climate change programming gender and poverty responsive should be build up. A manual on the implementation of PBB for climate change programs and activities that are poverty and gender responsive should be developed. It should serve as a guideline for line ministries for the design, implementation, monitoring and evaluation (including proper formulation of inputs, outputs and outcome indicators) of climate change related programs and activities to ensure that they respond to gender and poverty.

5. **Ensure consistent climate change budget tagging:** All relevant ministries should start to consistently pursue budget tagging of climate change related programs and activities. This will allow for a complete analysis of all climate change related measures implemented by the Indonesian Government with regard to their responsiveness to gender and poverty.

6. **Closer institutional collaboration:** the two lead institutions for PBB of climate change related programming, the Fiscal Policy Agency and DG Budget of the Ministry of Finance, should collaborate with other relevant institutions, such as the National Development Planning Agency (Bappenas), as the main partner of climate change relevant line ministries, as well as the Inspectorate of line ministries and the Ministry of Women Empowerment and Child Protection, especially in view of poverty and gender budgeting.

7. **Closer collaboration with civil society:** civil society organizations (CSO) play a vital role in encouraging line ministries to make climate change programs and activities gender and poverty responsive. In the case of gender responsive budgeting the Ministry of Women Empowerment has actively involved CSOs to advocate for the implementation of gender responsive budgeting in the National Planning Agency, the Ministry of Finance and the Ministry of Home Affairs.

WHY CLIMATE CHANGE BUDGETING SHOULD BE GENDER AND POVERTY RESPONSIVE

There are several reasons why climate change-related programs and activities should respond to gender inequality and poverty:

- **Gender inequality:** Women are often more vulnerable to the impacts of climate change due to a combination of their economic position and social status. Gender inequality hinders women's ability to participate in decision-making processes and access to resources, making them more vulnerable to climate-related risks.

- **Poverty:** Climate change can exacerbate poverty, especially in developing countries where vulnerable populations are already at a disadvantage. Addressing climate change through poverty reduction strategies can help mitigate the negative impacts of climate change on the poor.

- **Equity:** Climate change policies should be designed to ensure that the benefits of climate change mitigation and adaptation efforts are distributed equitably. This includes addressing the needs of marginalized and vulnerable populations who are disproportionately affected by climate change.

- **Resilience:** Building resilience to climate change requires inclusive and participatory approaches that consider the needs of all stakeholders. Gender and poverty considerations are essential to ensuring that resilience measures are effective and sustainable.

- **Sustainability:** Sustainable development requires a holistic approach that takes into account the interlinkages between environmental, social, and economic issues. Climate change policies that address gender and poverty can contribute to achieving long-term sustainability goals.
**Climate change affects women and men differently**

It is widely acknowledged that due to the different gender role assigned to them in most societies, women are more vulnerable and face higher poverty risks as a result of climate change. It has been shown that existing inequalities between men and women will be exacerbated if climate change mitigation and adaptation efforts are not gender sensitive. Women are particularly vulnerable to the impacts of climate change with regard to the following:

**Food security:** Most of the time, women bear the main responsibility for the provision of food within the family, making them more concerned with the availability of and access to food sources. When climate change programs and activities are designed and implemented it is therefore vital to ensure food security.

**Energy:** Being primarily responsible for the household, including cooking, women are more dependent on the availability of and access to energy than men. In rural areas, women are the ones collecting firewood, which can be a very time-consuming activity. Studies have shown that women are more willing to use energy more efficiently than men. This should be taken into account when designing programs on reduced energy consumption, for example. Climate change mitigation actions should provide for the availability of energy, as this will contribute to reducing the workload of women and girls, giving them more time to pursue other activities.

**Water scarcity:** To fulfil their domestic tasks women need access to clean water. In rural areas, women often have to walk long distances to fetch clean water, especially during dry seasons. This can be time-consuming and climate change may exacerbate this burden. Thus, improving access to clean water will have a positive impact on women and girls, as this will reduce their domestic workload. In terms of climate change mitigation actions it is therefore essential to involve women and take their needs into account. Reforestation, for example, is an incentive for women as it increases the availability of and access to clean water.

**Health:** Women usually care for family members, including the sick. Climate change can have negative impacts on people’s health. In Indonesia, for example, massive air pollution caused by forest fires can lead to an increase in diseases, which increases the burden of women of caring for sick family members. Climate change related programs and activities should therefore address negative health impacts of climate change.

**Poor people are more vulnerable to climate change**

Although poor people—particularly women—are more vulnerable to climate change, marginalization and deprivation are not the same as vulnerability. It is therefore vital to consider other factors beyond material deprivation – as measured in poverty indices. A social vulnerability approach should be taken to examine the root causes of vulnerability grounded in social realities. Hence, when designing climate change related policies, programs and activities different gender needs and power relation dynamics between men and women should be taken into account.

Climate change programs and activities should be developed in such a way as to ensure that those mostly affected by climate change, especially women and poor people, have an equal say in the decision-making processes with regard to program design and implementation. It should also be ensured that they are actively involved in the monitoring and evaluation of these programs and activities.

**GENDER, POVERTY, AND CLIMATE CHANGE BUDGETING SYSTEMS**

**Gender responsive budgeting**

Based on data of the Indonesian Central Bureau of Statistics of 2014, Indonesia has a population of 249.87 million people with the ratio of male/female 0.99. In 2014, UNDP’s Gender Inequality Index (GII) for Indonesia was 0.494, above the world average with a score of 0.449, and is ranked 110 out of 188 countries. The GII measures gender equality in three dimensions: reproductive health, empowerment and the labor market. Indonesia still faces serious challenges with regard to gender inequality in development.

The Government of Indonesia is strongly committed to achieve gender justice and equality. In 1984, Indonesia ratified the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) through Law No. 7/1984. Presidential Decree No.9/2000 on Gender Mainstreaming confirmed gender mainstreaming as a strategy to be applied in all stages of development, including in the planning, budgeting, implementation, monitoring and evaluation of development policies, programs and activities. Indonesia’s current National Acton Plan on Development 2015-2019 (RJUMN), includes gender mainstreaming as one of the three mainstreaming strategies in national development.

To accelerate the implementation of gender mainstreaming, Indonesia’s National Development Planning Agency (Bappenas) developed a tool for the implementation of gender-based budgeting – the so-called Gender Budget Statement (GBS). By regulation the Ministry of Finance requires all line ministries to produce a GBS for selected programs and activities. The GBS serves as an accountability tool to ensure that programs and activities are gender responsive and are being allocated sufficient funds.

In 2010, the GBS was piloted in seven ministries, nine

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ministries produced GBS for 2011, 2012 and 2013. By 2013, a total of 19 ministries and institutions, mostly with a direct function regarding gender equality, had implemented gender responsive budgeting. Nevertheless, the implementation of gender responsive planning and budgeting remains weak for the following reasons:

- Making selected activities gender responsive is not a priority in the relevant ministries.
- The GBS is of low quality and not properly used by all relevant ministries. This is related to the weak implementation of Performance Based Budgeting (PBB), as relevant ministries are reluctant to employ the logic model of programming, where activities and programs are designed with the aim to reach already formulated outcomes, based on a solid gender and poverty analysis.
- The reluctance of line ministries to employ the logic model of programming leads to poor gender and poverty analysis resulting in unspecific plans of action that do not reflect the pressing issues to be addressed on the ground. So far, gender analysis undertaken by the ministries have focused on the micro level (i.e. at the activity level) rather than the sectoral/institutional level. This results in outcomes being formulated after activities have already been developed.

**Poverty eradication in the budgeting system**

Despite progress made, poverty remains a tremendous challenge in the national development of Indonesia. In 2015, Indonesia’s poverty rate was 11.22 percent. To combat poverty the Government of Indonesia issued Presidential Regulation No. 15 on the Acceleration of Poverty Reduction in 2010. It established the National Team of Acceleration of Poverty Reduction (TNP2K), chaired by the Vice President and consists of members from several line ministries: Ministry of Home Affairs, Ministry of Finance, Ministry of Social Affairs, Ministry of Health, Ministry of Public Work, Ministry of Cooperatives, Small and Medium Enterprises, Ministry of National Development Planning, and Ministry of Rural Development.

The TNP2K is tasked with the formulation of poverty reduction policies and programs; the synchronization, harmonization and integration of poverty reduction programs to ensure synergies among line ministries; and the monitoring of the implementation of poverty reduction programs and activities.

The Government also developed a Masterplan on the Accelerating and Expansion of Poverty Reduction in Indonesia (MP3KI) to ensure that development was pro-poor, pro-job and pro-environment.

**Climate change and performance based budgeting**

Indonesia has made a commitment to mitigate the impacts of climate change. In 2010, it was the first developing country to voluntarily pledge to reduce Greenhouse Gas (GHG) emissions by 26% on its own efforts, and up to 41% with international support. The Indonesian Government adopted the National Action Plan to Reduce GHG Emissions (RAN GRK) in 2011 and developed the National Action Plan on Adaptation to Climate Change (RAN API) in 2014. The implementation of these action plans was integrated into the budgeting system.

The RAN GRK covers five sectors: forestry and peat land, energy and transportation, agriculture, industry, and waste management. Gender equality and poverty reduction are not explicitly mentioned in the action plan.

The RAN API, on the other hand, explicitly mentions gender equality by stating that "the development in every sector is an effort to meet the needs of society, men and women equitably." It also requires all line ministries to conduct a gender analysis (e.g. identification of gender roles, needs, and priorities) before implementing climate change program activities; to produce disaggregated data by gender; to provide equal access to climate change related goods and services; and to equally involve men and women in the management of climate change.

To monitor the implementation of the RAN GRK a budget tagging mechanism was introduced by the Indonesian Ministry of Finance to get an overview of climate change related programs and activities developed and implemented by relevant line ministries. In 2015, for example, the Ministry of Forestry budgeted 5 programs and 24 activities related to climate change, the Ministry of Energy and Mineral Resources 3 programs and 18 activities.

**GENDER AND POVERTY ANALYSIS OF CLIMATE CHANGE BUDGETING**

The study commissioned by the Indonesian Ministry of Finance in 2015 assesses climate change related programs and activities, both at local and central government level, with regard to their gender and poverty responsiveness. At the central government level, the study analyses the level of gender and poverty responsiveness of climate change related programs and activities of the Ministry of Forestry and the Ministry of Energy and Mineral Resources. At the local government level, it looks at programs and activities of the provincial governments in Yogyakarta and East Nusa Tenggara. The data sources used are secondary in form of overviews of programs and activities that have been identified as having a high climate change relevance.

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3 This constitutes one of the main limitations of the assessment, as no primary data was collected, either through interviews, focus groups discussions or case studies of selected programs and activities. Future assessments should include primary data to see whether selected programs and activities are actually gender and poverty responsive in their design and implementation.
The programs and activities were assessed by reviewing their title, the type of activities conducted, the outputs produced and the beneficiaries of the programs and activities using the following criteria:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Pro poor</th>
<th>Gender Responsiveness</th>
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<tbody>
<tr>
<td>Access</td>
<td>Poor people (men and women) have access to the activity</td>
<td>Men and women have equal access to the activity</td>
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<tr>
<td>Participation</td>
<td>Poor people (men and women) have the ability to participate in each phase of the program (planning, implementation, monitoring, evaluation)</td>
<td>Men and women have the ability to participate in each phase of the program (planning, implementation, monitoring, evaluation)</td>
</tr>
<tr>
<td>Control</td>
<td>Poor people (men and women) are involved in decision making processes related to the activity</td>
<td>Men and women are involved in the decision making processes related to the activity</td>
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<tr>
<td>Benefits</td>
<td>• Employment/income-generating activities</td>
<td>• Reduced domestic workload for women and girls</td>
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<td></td>
<td>• Access to capital human skills development</td>
<td>• Women and girls are the beneficiaries of the activity</td>
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<td></td>
<td>• Improved access to information and technology</td>
<td>• Employment/income-generating activities</td>
</tr>
<tr>
<td></td>
<td>• Basic needs (health, nutrition, education, clean water)</td>
<td>• Access to capital</td>
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<tr>
<td></td>
<td></td>
<td>• Human skills development</td>
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<td></td>
<td></td>
<td>• Improved access to information and technology</td>
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The assessment came up with the following key results:

- Often the output produced by the programs and activities do not meet the criteria outlined above, indicating that climate change-related programs and activities do not take gender and poverty into account. This was particularly the case for programs and activities of the Ministry of Energy and Mineral Resources.

- Programs and activities are designed to be retrofitted to meet their outcomes rather than on pre-formulated outcomes based on a solid gender and poverty analysis. This emphasises the ministries’ reluctance, both at central and local government level to employ the logic model of programming (top-down approach) for performance-based budgeting.

- The recommendations in the National Action Plan on Adaptation to Climate Change (RAN API) are not properly implemented by the ministries. Amongst other things, the RAN API requires line ministries to conduct gender analysis (e.g., identification of gender roles, needs, and priorities) before implementing climate change-related programs and activities; to produce disaggregated data by gender; and to provide equal access to climate change-related goods and services; to equally involve men and women in the management of climate change.

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