ADDRESSING CLIMATE CHANGE IN INDONESIA THROUGH PERFORMANCE BASED BUDGETING SYSTEM

Indonesia is the world’s largest archipelago comprising over 17,508 ISLANDS. Covering an area of about 790 MILLION hectares with a total coastline LENGTH OF 95.181 KM and a land territory of about 200 MILLION hectares.

National Commitment

During COP 15 2010, Indonesia 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, against the business as usual scenario by 2020. Indonesia has translated its commitment into Presidential Regulation No.61/2011 on the national action plan on GHG emissions reduction.

In 2016, through the Nationally Determined Contribution (NDC), Indonesia set an unconditional reduction target of 29% against a business as usual scenario by 2030. An additional 12% reduction is conditional on technology transfer, capacity building, results for payment, and access to finance.

Mandatory Key Line Ministries in Carbon Emissions Reduction

Financial Support

To implement the national action plan on GHG emissions reduction, financial support is required, from both the domestic budget and international financial sources. An average of 66% of the funding to support activities of GHG emissions reduction comes from the national budget.

The Indonesian Ministry of Finance has developed a budget tagging mechanism to mainstream the national budget that correlates with climate change impacts.

Budget tagging is a system that has been developed based on the existing performance based budgeting system. It is also embedded into the national budgeting system.

Benefits of Budget Tagging

- Improving the reporting and tracking of climate change funding in the national budget
- Strengthening the ability of policy makers to manage and allocate domestic financial resources more effectively
- Enabling decision makers to direct and prioritize the policies in order to meet climate change mitigation and adaptation targets
- Determining suitable techniques to allocate financial resources in order to achieve the national commitment of GHG emissions reduction

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