



# Operational Plan 2011-2015

## UK Climate Change Unit (UKCCU), Indonesia

June 2013

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# Introduction

The UK Government is determined to help end extreme poverty around the world. We believe that international development is not just the right thing to do, but the smart thing to do. Britain has never stood on the sidelines, and it is in all our interests for countries around the world to be stable and secure, to have educated and healthy populations and to have growing economies. DFID aims to end aid dependency through jobs – building the economies of developing countries so that they can stand on their own feet.

No country can develop with only half of the population involved, that is why DFID is scaling up its support for women and girls across all of our country programmes, including an increased emphasis on girls education and preventing violence against women and girls.

We are also focussing on what works, investing in research and taking advantage of new technology to ensure that UK development support has the greatest impact.

DFID is committed to being a global leader on transparency, and in 2012 was ranked the top aid organisation in the world for transparency. Transparency is fundamental to improving accountability both to UK citizens and to citizens in the countries where we work. Transparency also helps us achieve greater value for money and improves the effectiveness of aid. As part of our commitment to transparency we publish Operational Plans for each area of our work setting out what we will achieve and how we will achieve it. In June 2013 DFID launched a new online tool, Development Tracker, to provide an easy way to access information and data about DFID programmes.

With less than 1000 days to go, we will continue to focus our efforts on delivering the Millennium Development Goals, creating wealth in poor countries, strengthening their governance and security and tackling climate change. The prize, in doing so, is huge: a better life for millions of people, and a safer, more prosperous world.



# 1) Context

Indonesia is a growing global power and a key partner for the UK. In April 2012, Prime Minister Cameron and President Yudhoyono reaffirmed their common desire to reinvigorate and elevate bilateral relations. Indonesia is the world's fourth most populous country, a continent-sized archipelago of 17,000 islands. It is a major emerging G20 economy with ambitions to be the 6<sup>th</sup> largest economy by 2030, and currently has a GDP per capita of \$3,500.

Indonesia's role in international climate change negotiations is growing. Indonesia has significant potential to play a bridging role between developed and developing countries. A partnership with the UK enables both countries to work together to achieve mutually shared international climate change objectives.

Forestry is the current driver of carbon emissions in Indonesia, but it will be eclipsed by emissions from energy generation from coal in about 2025 unless Indonesia moves onto a low carbon growth path. Tackling emissions from forestry and land use change is crucial, but Indonesia also needs to focus on the implications of its growing economy on energy-related emissions. If Indonesia fails to deliver its own renewable energy targets, emissions from energy will increase dramatically in the next ten to fifteen years.

Reducing emissions and moving onto a low carbon growth path is a top priority for the Government of Indonesia (GoI). In 2009, Indonesia announced ambitious plans to tackle the growth of emissions and called for international support to help it achieve even greater reductions. Driven by mutual interest in tackling issues of climate change and sustainable growth, the UK has committed to working with Indonesia to help it move to a low carbon based economy, to meet its national emissions targets and for both countries to achieve an ambitious global deal through international negotiations.

Weak capacity is hampering Indonesia's ability to achieve its climate change objectives. Government institutions, communities, NGOs and the private sector lack knowledge and resources to develop green alternatives to the current high carbon growth model. Without international support, the prospects for Indonesia achieving its climate change objectives do not look promising.

Indonesia is centrally important to the world's efforts to mitigate the impact of climate change. Indonesia is one of the world's largest emitters of greenhouse gases. It holds the third-largest area of tropical forest and 70% of the world's deep tropical peat soils (which sequester massive reserves of carbon). It has ambitious plans for emissions reductions and is committed to the multilateral process to find a global legally binding agreement on climate change. If Indonesia is successful in meeting its emission reduction targets it will contribute significantly to global efforts and help demonstrate how this can be done in other emerging and developing countries.



## 2) Vision

### Overview

As one of the world's top emitters of greenhouse gases, action by Indonesia is critical to avoiding catastrophic climate change that will hit the world's poorest people hardest and increase poverty in countries where the UK Government implements its aid programme, as well as having negative impacts on the UK. Our vision is for an Indonesia that achieves its growth and poverty reduction ambitions through a low carbon pathway and by managing its forests, land and natural resources in a sustainable way. This will deliver the jobs and growth whilst also helping Indonesia achieve its stated emission reduction targets. We will use our support to work in three areas: forestry, energy and on international climate negotiations.

### On forestry we will work:

- with the Ministry of Forestry to prevent illegal logging and help Indonesia implement the Voluntary Partnership Agreement with the EU on timber exports;
- with the Provincial Government in Papua to develop and implement its spatial plan and ensure that uncontrolled deforestation does not take place;
- to promote accountability and the rule of law in land licensing in 13 districts in four forest provinces.

On low carbon development (energy) we will work with:

- the Ministry of Finance to help it set policies to promote green growth and incentivise energy efficiency and the use of renewable energy;
- with a range of international and domestic financial institutions to leverage their resources to promote investments in energy efficiency and renewable energy by the public sector, the private sector and through public/private partnerships.
- On international climate negotiations we will not spend programme resources but will devote staff time to build a strong relationship with Indonesia so both countries can work together to deliver mutually shared international climate change objectives.

### Alignment to DFID and wider UK Government priorities

In April 2011, the UK established the UK Climate Change Unit (UKCCU), drawing resources and staff from DFID, the Foreign and Commonwealth Office (FCO) and the Department for Energy and Climate Change (DECC). The work of the UKCCU contributes directly to the objectives of the UK International Climate Fund (ICF), in particular to protecting the world's forests and the livelihoods of the 1.2 billion people who depend on them and helping countries develop in ways that avoid or reduce harmful greenhouse gas emissions and benefit from clean energy.

The UKCCU is a cross-Whitehall department, fully embedded within the Embassy in Jakarta. Its role is to provide one platform for all UK government departments working on climate change in Indonesia. Its objectives are fully articulated in the Embassy Country Business Plan as well as in this Operational Plan. DFID benefits from considerable cost savings from directing its resources to a unit within the Embassy. We will look continuously to streamline our efforts, work more efficiently and identify things we can stop doing.

### What we will stop doing

The UK closed its poverty reduction programme and closed the DFID country office in Indonesia in March 2011. As a middle income emerging power with a growth rate of over 6%, Indonesia is not a priority for such support.



## 3) Results<sup>1</sup>

### Headline results

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
Climate Change	Number of hectares where deforestation and degradation have been avoided through ICF support	0	35,000 by March 2015
Climate Change	Volume of public finance mobilised for climate change purposes as a result of ICF funding	0	£500m by March 2015
Climate Change	Volume of private finance mobilised for climate change purposes as a result of ICF funding	0	Low Carbon £40m by March 2015
Climate Change	Level of integration of climate change in national planning as a result of ICF support	To be established by mid 2013	Increase of x points on scorecard
Climate Change	Level of awareness of climate change issues as a result of ICF support in districts supported under the Improving Governance of Land Use Programme	To be established by mid 2013	Increase of x points on scorecard
Climate Change	Number of people supported to have choice and control over their own development and to hold decision makers to account	From the Improving Governance Programme.  Baseline = 0 (2012)	To be established by mid 2013

<sup>1</sup> DFID climate change programming is subject to the strategy and allocations of the UK's cross-Government International Climate Fund (ICF).



## 3) Results (continued)

### Other results

The UKCCU also leads the implementation in Indonesia of other climate change programmes that are funded by other departments within DFID or other government departments. These are:

- a £10m new phase of the Multi-Stakeholder Forestry Programme, funded from DFID's Forest Governance Markets and Climate Programme (FGMC); and
- a UK Department of Energy and Climate Change (DECC) /DFID programme on energy efficiency (this programme is still to be finalised).

The results from the FGMC programme will be reported in the DFID Climate and Environment Departmental Operational Plan (available at: <http://www.dfid.gov.uk/Documents/publications1/op/clim-env-dept-2011.pdf>). The results from the energy efficiency programme will be reported separately by DECC.

### Longer-term results

UKCCU programmes under this operational plan are expected to complete spending in 2015. However, the impacts on reducing deforestation and promoting low carbon investment will continue well beyond that time. Emission reductions associated with low carbon investments will not start until those investments are operational. Hectares of deforestation avoided will continue to increase beyond 2015 because of the long term structural changes that will be embedded as a result of DFID support to land use planning.

The post 2015 results will be fully reported by the UKCCU if it continues operation beyond 2015. If the UK introduces different institutional arrangements in Indonesia, provision for reporting results will be incorporated in these plans.



## 3) Results (continued)

### Evidence supporting results

#### Forestry and land use

The evidence base is good. Past DFID investments in the forestry sector in Indonesia have generated substantial knowledge on opportunities and barriers to reform. Specific analysis was commissioned in 2010 and 2011 to provide an evidence foundation for programme design. The expected changes that will result from UKCCU investments have either been piloted in advance of the launch of larger programmes or build on knowledge of implementation of programmes funded by other donors operating in Indonesia.

#### Low carbon development (energy)

The recent emergence of low carbon development as a focus for international development means that the evidence base is limited, especially in Indonesia. In designing programmes, the UKCCU has used international evidence of approaches that have worked in other developing countries. This has resulted in low carbon programmes that seek to impact on policy and which fast track and promote low carbon flagship projects. The UKCCU recognises that the evidence base must be improved so where business cases note high risks and innovative approaches, or have results that are difficult to measure (e.g. influence), evaluations and monitoring will be used to develop baselines, measure progress and test assumptions.

#### Value for Money (VfM) rationale

The portfolio of interventions on both forestry/land use and low carbon development has been designed and incorporates complementary measures that should help maximise the returns and value for money from UK funding and the scale of overall results and impact that can be achieved. The UKCCU partners with other donors to leverage their finance and benefit from their capacity when it is better than the UK's in Indonesia. Resources are managed directly by the UKCCU or by qualified management agencies or NGOs. All organisations managing UK funds are subject to annual audit requirements.



## 4) Delivery and Resources

DFID investments in Indonesia are designed in consultation with government partners, particularly with the Ministries of Planning, Finance, Forestry and the Regional Government of Papua.

All programmes are directly managed by the UKCCU or, where others have better capacity, delivered through partners. There are seven main programmes in our two key sectors of forestry/land use change and low carbon development (energy). Each of these programmes includes multiple activities / components.

The UKCCU has partnerships with France's Agence Française de Développement (AFD), the German government's development bank, KfW, The Asia Foundation and UNDP. These partnerships were selected to leverage additional climate-related finance and/or for the UK to benefit from using stronger capacity of these partners in Indonesia.

The UKCCU is a joint government unit. It also delivers non-financial resource intensive objectives in particular on international climate change negotiations, seeking to encourage a clear and progressive approach in the negotiations by the Government of Indonesia (GoI). The UKCCU works closely with the FCO on political analysis, prosperity and on economic development. Its work is a key part of the FCO's prosperity strategy.





## 4) Delivery and Resources (continued)

Pillar/Strategic priority	2010/11		2011/12		2012/13		2013/14		2014/15		TOTAL	
	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000
Wealth Creation											0	0
Climate Change			5,452	2,000	7,772	1,000	8,578	3,000	11,367	2,000	33,169	8,000
Governance and Security			192								192	0
Education			226		181						407	0
Reproductive, Maternal and Newborn Health											0	0
Malaria											0	0
HIV/Aids											0	0
Other Health											0	0
Water and Sanitation											0	0
Poverty, Hunger and Vulnerability											0	0
Humanitarian											0	0
Other MDG's											0	0
Global Partnerships			21								21	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>5,891</b>	<b>2,000</b>	<b>7,953</b>	<b>1,000</b>	<b>8,578</b>	<b>3,000</b>	<b>11,367</b>	<b>2,000</b>	<b>33,789</b>	<b>8,000</b>

The UKCCU was launched in April 2011. Figures for 2011/12 to 14/15 are planned budgets within the spending review period. Figures for 2013/14 and 2014/15 are subject to updates in subsequent years.

Other DFID funding not shown in the table above:

In the 2010/11-2013/14 period £6.2m of DFID funds will also be disbursed through the Indonesia Climate Change Trust Fund. Over the period 2012/13-2015/16, £10m will be spent on the new phase of the Multi-stakeholder Forestry Programme.



## 4) Delivery and Resources (continued)

### Operating Costs

	2010/11	2011/12	2012/13	2013/14	2014/15	Total 2011-15
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline staff costs - Pay	375	592	678	764	774	2808
Frontline staff costs - Non Pay	230	166	157	267	264	854
Administrative Costs - Pay	150					0
Administrative Costs - Non Pay	119					0
<b>Total</b>	<b>874</b>	<b>758</b>	<b>835</b>	<b>1031</b>	<b>1038</b>	<b>3662</b>

The 2010/11 figures reflect actual outturn as the baseline year before the current spending review. Figures for 2011/12 to 14/15 are planned budgets within the spending review period. Figures for 2013/14 and 2014/15 are subject to updates in subsequent years.



## 4) Delivery and Resources (continued)

### Efficiency savings

Category	Details	Residual cost in the SR period £'000
Strategic Reprioritisation	Reduce number of smaller projects, focus on larger interventions, identify and use partner systems.	
Examples of Programme efficiency	All consultancy contracts are negotiated down from initial bids. Reduced rental ceilings for staff housing introduced from 2012 onwards. Gave up dedicated office car and driver, maximise use of embassy facilities and resources to ensure value for money, configured office so lighting is not needed in the day time.	



## 5) Delivering Value for Money (VfM)

The UKCCU places a high priority on delivering value for money. It is essential that the resources used in Indonesia deliver high quality results for UK taxpayers.

### Actions

- A detailed assessment of value for money is undertaken within the new DFID Business Case format for all programmes developed by the UKCCU in Indonesia.
- Value for money assessments are undertaken during programme monitoring to identify opportunities for improvement.
- In 2012/3 the UKCCU recruited a full-time programme manager. This has increased our capacity to manage, monitor, evaluate and deliver results in Indonesia.
- By early 2013, all UKCCU programmes will be in the implementation stage. UKCCU staff time will therefore shift from a focus on programme design to working with partners on implementation. This will enable us to make sound programme decisions, identify any problems and keep a focus on delivering results and value for money.
- The UKCCU will benchmark its programmes against similar programmes delivered by DFID in other countries and by other donors in Indonesia working on climate change. The UK's sole focus of working on climate change in Indonesia offers an excellent basis for rapidly building knowledge across the UK team and data sets to enable meaningful VfM analysis.
- The UKCCU is increasing value for money obtained through procurement: the UKCCU's Procurement Officer continues to work with programme and resource teams to negotiate for maximum VfM through all contracts awarded by the UKCCU.
- UKCCU is scrutinising the administration costs proposed by any implementing partners to ensure they represent VfM.
- The UK Government has increased the VfM delivered by UKCCU's office administration by sharing services with the FCO.



## 6) Monitoring and Evaluation

### **Monitoring**

For every programme launched by the UKCCU, key performance indicators and targets are identified and monitored rigorously. DFID conducts annual reviews for all programmes, involving independent perspectives where possible. Where progress is slow or off-track, remedial actions are agreed and implemented. The UKCCU will undertake progressively more independent annual reviews and evaluations of the programmes that are being delivered. Rigour and independence in assessment will be assured by increasing the scale, frequency and independence of these evaluations. This is essential because climate change programmes are still relatively new and there is a strong need for country programmes to contribute to the national and global evidence base.

### **Evaluation**

The relatively weak base of evidence around climate change programmes means that it is a priority that DFID's work in Indonesia is subjected to evaluation. It is important that much of this evaluation is in depth and has independence. All programmes will be subject to a major evaluation of impact and effectiveness during their lifetime. This evidence will be important for the Government of Indonesia as many of the programmes developed are innovative and can directly influence the design of programmes by other partners. Evaluation from Indonesia is important for DFID's global knowledge on climate change – many countries face the challenge of moving to low carbon pathways that can still deliver jobs, growth and prosperity.

### **Building capacity of partners**

The UKCCU and Indonesia's planning ministry both recognise the importance of building capacity in monitoring and evaluation. All annual reviews will be prepared in partnership with government partners where applicable. The UKCCU will seek to identify staff in the Government of Indonesia who can be directly involved and support their participation through training and mentoring by UKCCU staff and/or other experts.



## 7) Transparency

### The UK aid transparency guarantee

Transparency is one of the top priorities for the UK Government. We will ensure that we continue to meet our commitments under the UK Aid Transparency Guarantee including publishing detailed information about UKCCU projects, including programme documents and all spend above £500. We will continue to ensure that information is accessible, accurate and timely and that we provide opportunities for those directly affected by our projects to provide feedback.

In order to support this, the UKCCU is:

- Ensuring that the data on Indonesia in DFID's central project database, ARIES, is accurate and clear. To do this, the UKCCU will:
  - Develop standard conventions for project titling, description and objectives, where these have not been set by DFID centrally, and including the elimination of acronyms and jargon.
  - Ensure project officers apply these conventions, and that Team Leaders quality assure them;
  - Periodically spot check DFID's own compliance with these conventions.
- Using DFID's website and the British Embassy's webpage to publish details on all UKCCU's live projects, and make key public documents easily available. This Operational Plan will be published in Indonesian on these webpages.



## 8) Human Rights Assessment

The UK recognises that the realisation of all human rights underpins sustainable development. Through its development programmes, the UK aims to support civil society and governments build open economies and open societies in which citizens have freedom, dignity, choice and control over their lives, and institutions are accountable, inclusive and responsive.

### Human rights context

- Economic and social rights: Indonesia is ranked 121<sup>st</sup> out of 187 countries in the Human Development Index (2012). Indonesia's economic growth has helped to reduce substantially the number of people on \$1 a day (down from 20% of the population in 1990 to 6% in 2008). Progress on rights to education has accelerated – with literacy rates and primary school enrolment both on track to reach 100% by 2015. Indonesia is on track to achieve most of the MDGs, but will struggle to meet key goals related to the environment, maternal mortality rates and on HIV/AIDS. Indonesia is providing international leadership on the post-MDG agenda. Poor governance of land use and forestry is leading to high levels of deforestation in Indonesia. Deforestation leads to the destruction of biodiversity, unsustainable economic development, and poverty.
- Non-discrimination: Indonesia has a Gender Inequality Index value of 0.494. Maternal mortality rates remain high at 228 per 100,000 live births. There are some notable improvements. The proportion of seats held by women in the national parliament has increased from 12.5%(1990) to 18.4% (2011). Junior and secondary enrolment rates are now at parity for females and males. Female/male net enrolment rates at colleges have increased from 74% in 1980 to 98% in 2011.
- Civil and political rights: The Indonesian government has made significant efforts in recent years to entrench democratic reforms and respect for human rights although challenges still exist. In 2013 Indonesia was the only country ranked as 'Free' in South East Asia by Freedom House.

### Direction of travel

- Social and economic rights are improving, but poverty reduction is not occurring as rapidly as expected. Nearly 40% (94 million Indonesians) still live within 1.5 times the official poverty line, leaving them highly vulnerable to shocks that can send them into poverty.
- Civil and political rights is mixed. There has been progress on Human Rights issues but concerns remain including around minority rights and governance issues, particularly in the provinces of Papua and West Papua. There have been a number of attacks against minorities including the Ahmaddiya, Shia and Christian communities. Indonesia retains the Death Penalty. The first execution since 2008 took place in March 2013.
- The Universal Periodic Review reported in 2012 and the Government accepted 150 of the 180 recommendations put forward, but declined 30. Implementation of recommendations will be reviewed at the next UPR process in 2017.

### UK approach and focus

- The UK co-operates with the Gol and civil society groups, international organisations and other partners, such as the EU, to help promote human rights in Indonesia. The UK encourages the Gol to abolish the death penalty.
- The UK has strong relations with the Gol and this includes raising any issues of concern both bilaterally and through the EU.
- We will work to strengthen engagement of civil society, communities and the private sector in land use planning in the forestry sector.
- The UK will work closely with key ministries and selected provinces to promote sustainable development to help Indonesia reduce the growth of greenhouse gas emissions and move towards a low carbon development path, so as to secure recent economic gain