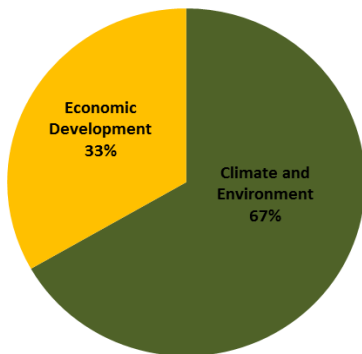




The Department for International Development (DFID) leads the UK’s global efforts to end extreme poverty, deliver the Global Goals for Sustainable Development (SDGs) and tackle a wide range of global development challenges. The UK’s focus and international leadership on economic development is a vital part of Global Britain - harnessing the potential of new trade relationships, creating jobs and channelling investment to the world’s poorest countries. Throughout history, sustained, job-creating growth has played the greatest role in lifting huge numbers of people out of grinding poverty. This is what developing countries want and is what the international system needs to help deliver. Whilst there is an urgent need for traditional aid in many parts of the world, ultimately economic development is how we will achieve the Global Goals and help countries move beyond the need for aid.

Planned Budget for 2017/18	£14m
Planned Budget for 2018/19	£13m

Sector breakdown of 2017/18 bilateral plans



Top 3 planned spending programmes in 2017/18 (as at June 2017)

Forestry, Land-use and Governance in Indonesia	£10.2m
Forest Governance, Markets and Climate	£2.9m
Green Economic Growth for Papua	£1m

Contribution to the Global Goals and other government commitments (achieved as at March 2017)*

UK support to Indonesia supports climate action (Goal 13), promotes responsible production and consumption (Goal 12) and builds peace, justice and strong institutions (Goal 16). For example, to date UK programmes have delivered a twenty fold reduction in illegal logging and saved 2.8 million hectares from deforestation. Indonesia is a key partner for Global Britain. UK support to address climate change in the world’s 5th largest emitter of greenhouse gases brings significant influence with the Indonesian government in support of wider UK objectives. Our bilateral programme and diplomatic presence in support of successful implementation of Indonesia’s international climate commitments will strengthen that reputation further and bolster the UK’s positive relationship with Indonesia, a growing G20 economy and democracy with the world’s largest Muslim population.

Headline deliverables

- Supporting action on emissions:** Indonesia is the world’s fifth largest emitter of greenhouse gases. The UK Climate Change Unit (UKCCU) helps Indonesia meet its emission reduction targets by promoting sustainable land use and better management of forests (the highest emitting sector). This has contributed to saving over 2.8 million hectares from deforestation, led to 130 illegal mining licences being revoked, and to the development of a better land use plan for Papua that is being used as a model for the other provinces. We aim to help Indonesia reduce emissions by 10.2 million tons of CO2 by 2020 and are supporting the national Peat Restoration Agency to reduce peat fires by 20%, which in autumn 2015 made Indonesia the world’s worst emitter.
- Promoting responsible production and consumption:** The UKCCU has helped reduce illegal timber 20-fold. This has enabled Indonesia to become the first country in the world to qualify for the EU legal timber import scheme. This has boosted Indonesian-EU timber trade, already worth \$1 billion a year. UKCCU work on legal, sustainable supply chains is being extended to palm oil production, which is the principal driver of deforestation.
- Building institutions:** The UKCCU is working with five national government ministries to improve the way climate change is integrated into national planning and budgets, and helping to tackle corruption and reduce conflict. The UKCCU is supporting provincial governments to make more sustainable and

* Results less than 1 million are rounded to the nearest thousand. Results over 1 million are rounded to the nearest hundred thousand.

transparent decisions on land use, especially in Papua which has the most remaining forest in Indonesia and amongst the lowest human development indicators.

Why DFID is investing in Indonesia

Indonesia is one of the world's largest emitters of greenhouse gases with the highest global rate of deforestation. The UKCCU was established to reduce GHG emissions from Indonesia. 80% of the emissions come from land use change and deforestation.

How will the UK respond to opportunities and challenges?

The UKCCU focuses on more equitable and sustainable land use and forestry, building on expertise and a reputation established over many years. We are assisting the Indonesian government to improve environmental and social regulations for palm oil production including better enforcement of labour laws to protect approximately 7 million undocumented and indentured labourers. The UKCCU will also continue to strengthen trade between UK and Indonesia through improving the supply of sustainable timber and palm oil to UK companies, worth approximately half a billion pounds a year.

What is being achieved for the UK?

The UKCCU works closely with the Indonesian government and is an important part of the UK-Indonesia relationship which helps build close relations with a growing regional power. Currently the 16th largest economy in the world, Indonesia is predicted to become the 7th largest economy by 2030. In 2015 UK-Indonesia trade was £2.2 billion and is increasing. The UKCCU work on legal timber has helped boost a UK-Indonesia business already worth £200 million a year.

Indonesia also has an important role as a bridge between G77 and G20 nations in global climate change negotiations, often leading other developing nations by example. It submitted an ambitious emission reduction target for the 2015 Paris climate conference, supported by UKCCU.

Partners

- We work with the Department for Environment, Food and Rural Affairs and the Department for Business, Energy and Industrial Strategy to ensure all multi-donor programmes are consistent with the Indonesian government's priorities and complement existing programmes.
- UKCCU's advocacy work in partnership with the Foreign and Commonwealth Office is as important as our programme portfolio. Our priorities are: reducing fires and toxic smoke; more sustainable and responsible palm oil and timber; more effective and fairer land use planning; and tackling forced labour.
- The UK has an agreement with the National Planning Ministry. We use a mixture of grants, agreements and commercial contracts to: provide technical assistance to central and provincial government and Non-Governmental Organisations; contribute to multi-donor funds and financial institutions; and support world class research institutions.
- We review and address instances of poor performance robustly. We have ensured a high level of scrutiny by establishing an independent monitoring and evaluation unit. This assesses and improves performance, ensures coherence and monitors progress on results. We arrange regular tailored training for all programme partners on fraud and value for money to enhance our due diligence. UKCCU staff review every project to assess performance, including the most remote areas such as Papua which is home to the world's third largest expanse of tropical forest.