



REPUBLIC OF INDONESIA

List of Planned Grant Project 2015

Ministry of National Development Planning/
National Development Planning Agency
- 2015 -

Foreword

The Government of Indonesia receives grants for supporting national development program, and handling the impact of national disaster, as well as perform humanitarian assists. Regarding the Government Regulation Number 10/2011 on Procedure for the Procurement of External Loans and Grants, Ministry for National Development Planning/Head of the National Development Planning Agency (Bappenas) has a mandat to coordinate planning process for projects financed by Grants. Those projects are compiled in List of Planned Grant Projects or *Daftar Rencana Kegiatan Hibah* (DRKH). The DRKH is composed based on National Medium-term Development Plan or *Rencana Pembangunan Jangka Menengah Nasional* (RPJMN) and accordance to principles and policies of grant utilization which is listed in Grant Utilization Plan or *Rencana Pemanfaatan Hibah* (RPH).

DRKH 2015 contains the grant projects proposed by ministries/agencies that are already have funding indication from prospective donors. DRKH 2015, which has been issued through the Decree of Minister of National Development Planning/Head of National Development Planning Agency Number KEP.96/ M.PPN/HK/06/2015, consists of 7 proposed projects from ministries/agencies in the total amount of grants of USD 54.7 million.

Through the issuance of this DRKH 2015, it is expected that ministries/agencies of which their proposed projects are listed in DRKH 2015 could use this document as a guidance to implement grant projects. This DRKH 2015 can also be used as a reference for the development partners in taking follow-up steps in their cooperation plan with the Government of Indonesia. Thereby, it is expected that the implementation of projects funded by grants become more efficient and effective.

Ministry for National Development Planning/
Head of the National Development Planning Agency (Bappenas),



Sofyan A. Djalil

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Chapter 1

1. Introduction

In accordance with Government Regulation Number 10/2011 on the Procedure for Procurement of External Loans and Grants, the Government of Indonesia prepares the yearly planning documents for grants called List of Planned Grant Projects or *Daftar Rencana Kegiatan Hibah* (DRKH). The DRKH is the document that contains projects of the ministries/agencies that are ready to be funded by grants, and already have funding indications from donors. The compilation of this document has been entrusted to the Ministry of National Development Planning/National Development Planning Agency (Bappenas).

In line with the stipulations in the Government Regulation Number 10/2011, grants are categorized as direct grants and planned grants, while by their sources are categorized as domestic and external grants. The proposed grant projects that are stated in DRKH 2015 consist of proposed planned grant projects that are funded by external grants. Grants, which are part of the external loans activities are not included in the DRKH 2015, but are presented in the external loans planning document.

The DRKH 2015 is presented in two chapters. Chapter 1 consists of the recapitulation of the projects by the executing agencies and the list of projects along with an indication of its source of financing. Chapter 2 presents the digest for each project, which contains a summary of the project information such as their location, scope, outputs and outcomes as well as institutions involved in project implementation.

2. Recapitulation and List of Projects in DRKH 2015

The DRKH 2015 consists of 7 proposed projects from ministries/agencies in the total grant amount of USD 54.7 million. The recapitulation of proposed projects in the DRKH 2015 by ministries/agencies that have proposed the projects is shown in Table 1.

Table 1. Recapitulation of the DRKH 2015 by the Proposing Agencies

No	Agency	Total of Projects	Grant (USD million)	Counterpart Fund (USD million)
1	The Coordinating Ministry of Economic Affairs	2	2.5	0
2	Ministry of Forestry	2	17.9	42.6
3	Ministry of Agriculture	1	15.5	0.1
4	Ministry of Finance	1	0.4	0
5	Ministry of Transportation	1	18.4	22.3
Total		7	54.7	65.1

List of Planned Grant Projects 2015 is compiled in accordance to principles and policies of grant utilization which is listed in Grant Utilization Plan or *Rencana Pemanfaatan Hibah (RPH)* 2015-2019 as stipulated in The Minister of National Development Planning/Head of Bappenas Decree Number KEP.56/M.PPN/HK/03/2015.

The following table (Table 2) is the list of projects in the DRKH 2015 as stipulated in the Decree of Minister of National Development Planning/Head of National Development Planning Agency Number KEP.96/M.PPN/HK/06/2015, while the digest for the respective projects (project digest) is presented in the Chapter 2.

Table 2. List of DRKH 2015

(US\$'000)

No	Project	Grant	Counterpart Fund	Donor Indication
The Coordinating Ministry of Economic Affairs				
1	Stepping Up Investments for Growth Acceleration Program (SIGAP)	1,500	0	ADB
2	Technical Assistance for Sustainable and Inclusive Energy Program	1,000	0	ADB
Ministry of Forestry				
3	Biodiversity Conservation and Climate Protection in the Gunung Leuser Ecosystem	11,421	1,147	Germany (KfW)
4	Enhancing Protected Area System in Sulawesi (E-PASS) for Biodiversity Conservation	6,515	41,500	UNDP
Ministry of Agriculture				
5	Sustainable Palm Oil Initiative	15,500	100	UNDP
Ministry of Finance				
6	Sustainable Development Financing (SDF)	370	0	UNDP
Ministry of Transportation				
7	Implementation of the Sustainable Urban Transport Program Indonesia (NAMA SUTRI)	18,380	22,319	Germany & England
Total		54,686	65,066	

Chapter 2

Project Digest

The Coordinating Ministry of Economic Affairs/*Kementerian*

Koordinator Bidang Perekonomian

1. Stepping Up Investments for Growth Acceleration Program (SIGAP) 3
2. Technical Assistance for Sustainable and Inclusive Energy Program 7

Ministry of Forestry/*Kementerian Kehutanan*

3. Biodiversity Conservation and Climate Protection in the Gunung Leuser Ecosystem 13
4. Enhancing Protected Area System in Sulawesi (E-PASS) for Biodiversity Conservation 16

Ministry of Agriculture/*Kementerian Pertanian*

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7. Implementation of the Sustainable Urban Transport Program Indonesia (NAMA SUTRI) 31

**The Coordinating Ministry of Economic
Affairs/
*Kementerian Koordinator Bidang
Perekonomian***

1. **Project Title** : **Stepping Up Investments for Growth Acceleration Program (SIGAP)**
 2. **Executing Agency** : The Coordinating Ministry of Economic Affairs
 3. **Implementing Agency** :
 - a. Coordinating Ministry of Economic Affairs
 - b. Ministry of Finance
 - c. Ministry of National Development Planning/ Bappenas
 - d. Indonesia Investment Coordinating Board
 - e. National Land Agency
 - f. National Public Procurement Agency
 4. **Duration** : 28 months
 5. **Location** : Nationwide
-

6. **Background and Justification**

Indonesia still faces fundamental challenges in achieving sustainable and equitable growth. One key factor is insufficient investment. The proposed ‘Stepping Up Investment for Growth Acceleration Program’ supports the Government’s General Plan for Direct Investments for 2012-2025 that was approved by the President of Indonesia in 2012 and aimed to accelerate domestic and foreign capital investments. Some estimates suggest that the investment ratio may need to go as high as 47% by 2019 to reach the required economic growth. Achieving higher levels of investment will require the government to increase private and public investments.

Currently, private investment is low and unequal. Despite the rapid growth Foreign Direct Investment (FDI) inflows, 60% of investments are concentrated in the main island of Java. The reasons are inadequate infrastructure, unfavorable investment climate, and high cost of doing business. Public-Private Partnership (PPP) promotion strategy, to bridge the infrastructure gap faces challenges of inefficient institutional PPP setup and lack of bankable PPP projects. On the other hand, the utilization of public investment budget is low at about 3% of GDP, compared to Malaysia at 9% of GDP and Thailand at 7% of GDP. The reasons are inadequate infrastructure, unfavorable investment climate, and high cost of doing business. The major constraints on budget execution in the infrastructure sector are a convoluted budget preparation process, a lengthy it is hoped that the program’s impact will be increased investment as shared of GDP.

The outcome will be an improved enabling environment for more private and public sector investments. This outcome will be achieved through the supporting reforms.

7. Scope of Work

- a. The Technical Assistance (TA) will help the Investment Coordinating Board (BKPM) implement policy actions that will further improve ease of doing business, and to conduct a diagnostic and technical review of the government's supply-side tax policies.
- b. The TA will introduce different infrastructure financing modalities via state budget and capital market to provide financing for local infrastructure projects. The TA will assist the Ministry of Finance in developing the Regional Infrastructure Development Fund (RIDF) and will also assist the government and other relevant stakeholders Indonesia Financial Services Authority (OJK) and Indonesia Stock Exchange in introducing a project bond.
- c. The TA will assist the government in improving the e-government procurement system by ensuring that its components are integrated under one entity. Second, it will help build procurement capacities and competencies of National Public Procurement Agency (LKPP) staff. Third, the TA will assist the government in improving the regulatory and legal framework of procurement by developing regulatory and legal instruments and implementing guidelines.

8. Priority

Main Sector Development.

9. Output and Outcome

- a. Output
 - 1) Increasing the capacity of the state apparatus in the framework of strengthening the role of investment to push GDP growth by capacity building for state apparatus in the implementing ministries/agencies.
 - 2) Preparation of regulatory drafting to increase the role of investment in enhancing GDP growth through:
 - a) A study on income tax allowance as an input in the drafting of Government Regulation on Tax Allowance;

- b) A study in the new land acquisition regulation and the implementing regulation;
 - c) Conducting a study on the impact of business feasibility assurance revision and proposing the action plan (Fiscal Policy Agency);
 - d) A study on the mechanism of the other innovative financing mechanism for regional government, including by Islamic financial for local infrastructure and consulting with the stakeholders in the central and regional level;
 - e) Awareness campaigns to line ministries on project based sukuk financing;
 - f) Handling the issues in investment or business activities such as the ease of doing business in Indonesia;
 - g) Increasing budget spending through a more efficient and automated public procurement
- b. Outcomes

Preparation compliance in conducting SIGAP program.

10. Indicative Funding Source

Indicative Source	Funding (US \$ 000)		
	Grant	Local	Total
ADB	1,500	0	1,500
Total	1,500	0	1,500

11. Disbursement Plan

Disbursement Plan (US \$ 000)			Total
1st	2nd	3rd	
300	600	600	1,500

12. Project Cost

Implementing Agency	Funding (US \$ 000)		
	Grant	Local	Total
a. Coordinating Ministry of Economic Affairs	400	0	400
b. Ministry of Finance	300	0	300
c. Ministry of National Development Planning/ Bappenas	100	0	100
d. Indonesia Investment Coordinating Board	200	0	200
e. National Land Agency	300	0	300
f. National Public Procurement Agency	200	0	200
Total	1,500	0	1,500

- | | | |
|-------------------------------|---|--|
| 1. Project Title | : | Technical Assistance for Sustainable and Inclusive Energy Program |
| 2. Executing Agency | : | Ministry of Forestry |
| 3. Implementing Agency | : | Coordinating Ministry of Economic
Affair |
| 4. Duration | : | 36 months |
| 5. Location | : | Nationwide |
-

6. Background and Justification

The easiness and affordability to access energy resources is one of the indicators of the success in national economic development and one of prerequisite for growth and productivity improvement and can help Indonesia avoid the pitfalls of the middle-income trap. In creating the access for energy, the government has released some regulations to simplify the investment in energy sector, increase the energy infrastructure development, and improve the energy logistic and transportation system. However, at the moment, the access to energy resources should still be improved more.

Energy security concerns have increased in recent years. Fossil fuels currently dominate Indonesia's energy mix. While Indonesia is particularly well-endowed with geothermal, biomass, solar, wind, and hydropower renewable energy potential, it lags behind its Southeast Asian regional peers in its use of these resources for power generation or transport.

The main problem in the electricity sector is the realization efforts to expand the power system that under target, whereas transmission and distribution also suffer from infrastructure deficits, and underinvestment. Long delays in the completion of projects under Fast-Track Program I and II and continued delays in large power projects in the country suggest that these targets may be difficult to meet under a business as usual scenario.

The rural electrification effort, at the moment, still lacks a comprehensive regulatory framework, a national program with the requisite road map that already consider the condition in the field, an institutional, reinforcement and optimization of the required funding resource. As a result, the country's rural electrification programs have not performed as expected. If the problems in rural electrification are not resolved, the government's goal of providing access to electricity for 90% of the country's people by 2020 may well not be achieved. Based on the above analysis, in the energy sector, some highlights should be given to the efforts to overcome persistent challenges, provide potential policy solutions to the problems, as well as prepare the road maps to implement the necessary steps.

Therefore, to address the challenges in the energy sector, the government needs to formulate policies, work plans, and road maps. It is expected that by establishing the work plans and road maps will enable the transition to a more sustainable and inclusive energy supply. However, a sustained, comprehensive effort is necessary to translate the targets of national developments into tangible outcomes in the medium term.

This project involves other agency such as Ministry of Energy and Mineral Resources, Ministry of Finance, Ministry of National Development Planning, Bappenas, Ministry of State Owned Enterprises, National Energy Council and State Electricity Company.

7. Scope of Work

Policy formulation in consolidating the efforts to increase energy security and productivity and policies, including:

- a. Improving prospects for private sector investments in the natural gas sector;
- b. Rationalized the delivery of subsidies to the power sector and improving financial conditions of Energy State-Owned Enterprises;
- c. On tariff and non-tariff incentives for large renewable energy projects;
- d. Strengthening the planning and implementation approach to bring affordable electricity to Indonesians who currently do not have electricity access.

8. Priority

Main Sector Development

9. Output and Outcomes

a. Output

The expected impact is a more sustainable and inclusive energy sector in Indonesia.

b. Outcomes

The expected outcome is an increase in energy security for a more sustainable and inclusive energy supply.

10. Indicative Funding Source

Indicative Source	Funding (US \$ 000)		
	Grant	Local	Total
ADB	1,000	0	1,000
Total	1,000	0	1,000

11. Disbursement Plan

Disbursement Plan (US \$ 000)			Total
1 st	2 nd	3 rd	
300	300	400	1,000

12. Project Cost

Implementing Agency	Funding (US \$ 000)		
	Grant	Local	Total
Coordinating Ministry of Economic Affairs	1,000	0	1,000
Total	1,000	0	1,000

**Ministry of Forestry/
*Kementerian Kehutanan***

1. **Project Title** : **Biodiversity Conservation and Climate Protection in the Gunung Leuser Ecosystem**
 2. **Executing Agency** : Ministry of Forestry
 3. **Implementing Agency** :
 - a. Ministry of Forestry
 - b. Local Government of Aceh Province
 4. **Duration** : 60 months
 5. **Location** : Aceh Province
-

6. **Background and Justification**

As one of the biggest carbon sinks in Asia, the Gunung Leuser Ecosystem in the North of the Sumatera Island is a tropical rainforest with some 2.6 million hectares in extent. The area is renowned for its biodiversity and is probably the last refuge for the Sumatran orangutans, elephants, rhinos and tigers – in fact is the only place in the world where these species are found together. The carbon in the standing biomass of Leuser’s forest has been estimated at 2.5 billion tonnes. In addition, the Gunung Leuser Ecosystem contains originally three fresh water peat swamps (Singkil, Kluet, and Tripa) totalling some 160,000 hectares which themselves act as very efficient carbon sinks. At the same time these areas serve as catchment area, providing millions of people living in Northern Sumatra with drinking water. Regarding the mere size of the Gunung Leuser Ecosystem, it is – not surprising – confronted with numerous threats. Illegal logging, transformation of forests to agricultural areas for oil palm plantations, drainage of wetlands, as well as infrastructure and new settlements are primary threats endangering the healths of the ecosystem to contribute to biodiversity conservation and climate protection within the area and therewith to a significant stabilization of Indonesia’s biodiversity and CO₂ net emissions.

7. **Scope of Work**

The project will concentrate on biodiversity and community development programme and support additional biodiversity and conservation measures. The purpose of the project is to support the sustainable conservation management of part of the Gunung Leuser Ecosystem. This is to contribute to Biodiversity Conservation and Climate Protection in the Gunung Leuser Ecosystem and therewith to significant stabilization of Indonesia’s biodiversity and CO₂ net emissions.

8. Priority

Main Sector Development

9. Output and Outcome**a. Output**

- 1) Selected communities in South Aceh, Singkil, and Subulussalam are supported in conservation oriented development activities and in resolving conflicts with the National Park and Singkil Wildlife Sanctuary or adjacent forests;
- 2) Capacity of conservation related institutions in the selected districts are strengthened.

b. Outcome

- 1) Contribution to biodiversity conservation and climate protection in the Gunung Leuser ecosystem and therewith significant stabilization of Indonesia's biodiversity and CO2 net emissions;
- 2) Improvement of general living conditions of local communities and the creation of a basic concept for an effective monitoring and implementation REDD+/biodiversity measures.

10. Indicative Funding Source

Indicative Source	Funding (US \$ 000)		
	Grant	Local	Total
Germany (KfW)	11,421	1,147	12,568
Total	11,421	1,147	12,568

11. Disbursement Plan

Disbursement Plan (US \$ 000)					Total
1st	2nd	3rd	4th	5th	
n.a	n.a	n.a	n.a	n.a	12,568

*) *n.a = data is not available*

12. Project Cost

Implementing Agency	Funding (US \$ 000)		
	Grant	Local	Total
Ministry of Forestry	6,462	648	7,074
Local Government of Aceh Province	4,995	499	5,494
Total	11,421	1,147	12,568

1. **Project Title** : **Enhancing Protected Area System in Sulawesi (E-PASS) for Biodiversity Conservation**
 2. **Executing Agency** : Ministry of Forestry
 3. **Implementing Agency** : Directorate General of Forest Protection and Nature Conservation, Ministry of Forestry
 4. **Duration** : 60 months
 5. **Location** : Sulawesi Island
-

6. Background and Justification

Sulawesi (17.46 million ha) is the world's 11th largest island that has a remarkable globally significant diversity of terrestrial flora and fauna with an impressive variety of forest ecosystems, land supports high rates of endemism and species-level biodiversity. Despite such efforts, Sulawesi's biodiversity remains severely threatened and fast degrading due to a number of human-induced threats. Protection and management of existing Protected Areas (PA) have not been adequate to prevent extensive encroachment and damage within PA boundaries, while natural areas beyond PA boundaries have been even more rapidly degraded as a result of logging, conversion, mining, fire and hunting.

The long-term solution to conserving Sulawesi's biodiversity is an improved PA system that is well integrated into its surrounding landscape, with the capacities and financial resources to safeguard biodiversity from existing and future threats. Baseline activities, although significant, are deemed insufficient to achieve the above solution. The proposed objective is to strengthen the effectiveness and financial sustainability of Sulawesi's PA system to respond to existing threats to globally significant biodiversity.

7. Scope of Work

- a. Enhanced systemic and institutional capacity for planning and management of Sulawesi PA system;
- b. Financial sustainability of the Sulawesi PA system;
- c. Threat reduction and collaborative governance in the target PAs and buffer zones.

8. Priority

Main Sector Development

9. Output and Outcome

a. Output

- 1) Capacity of the Ministry of Forestry strengthened to fully operationalise the "Resort based management" system for national implementation, and PA system;
- 2) An island-wide system for biodiversity, key species and habitat condition monitoring established by science-based survey mechanisms, protocols for monitoring, robust biodiversity indicators and with all necessary tools and capacity;
- 3) Intelligence-based poaching and wildlife trade surveillance system operationalised in Sulawesi-based unit;
- 4) Spatial arrangement of the Sulawesi PA system improved based on the terrestrial PA system consolidation plan;
- 5) An environmental economic case is made for increased investment in the PA system;
- 6) Sulawesi island-wide PA System Financing Plan is developed;
- 7) Diversified revenue generation mechanisms and other financing sources for PA management;
- 8) Integrated land use plans, including PA alignment, developed and implemented;
- 9) PA site operation is strengthened;
- 10) Joint PA/buffer zone governance and management structure.

b. Outcome

- 1) Enhance the systemic and institutional capacity for planning and management of the Sulawesi PA system;
- 2) Increase the financial sustainability of the Sulawesi PA system;
- 3) Reduce threats and strengthen collaborative governance in target PAs and buffer zones.

10. Indicative Funding Source

Indicative Source	Funding (US \$ 000)		
	Grant	Local	Total
UNDP *	6,515	41,500	48,015
Total	6,515	41,500	48,015

*) GEF through UNDP

11. Disbursement Plan

Disbursement Plan (US \$ 000)						Total
1st	2nd	3rd	4th	5th	6th	
4,938	11,132	8,929	8,064	11,212	3,740	48,015

12. Project Cost

Implementing Agency	Funding (US \$ 000)		
	Grant	Local	Total
Ministry of Forestry	6,515	41,500	48,015
Total	6,515	41,500	48,015

**Ministry of Agriculture/
*Kementerian Pertanian***

- | | | |
|-------------------------------|---|---|
| 1. Project Title | : | Sustainable Palm Oil Initiative |
| 2. Executing Agency | : | Ministry of Agriculture |
| 3. Implementing Agency | : | Directorate General of Plantations, Ministry of Agriculture |
| 4. Duration | : | 60 months |
| 5. Location | : | Riau, South Sumatra, and West Kalimantan |
-

6. **Background and Justification**

Indonesia is the world's top palm oil producer with an estimated 23 million tons of crude palm oil production in 2012. For the last decade, palm oil has been Indonesia's most significant agricultural export, and the area of cultivated land used for palm oil production have been expanding at an average annual rate of 300,000 ha over the past 10 years. Due partly to its rapid growth, Indonesia's palm oil sector has faced various challenges in recent years, including allegations by NGOs that the expansion of oil palm plantation is linked to deforestation and social conflicts.

Indonesian Sustainable Palm Oil (ISPO) is a potentially powerful system to ensure across the board compliance with regulations and therefore leveling the playing field in the Indonesian palm oil sector in phase with many plantations not fully understanding the process and some international stakeholders remaining skeptical of the standard's robustness. These areas need to be addressed for ISPO to realize its potential of bringing about fundamental change to the sector including smallholder palm oil.

7. **Scope of Work**

- a. Strengthening the smallholder ISPO certification processes by focusing on good agricultural practices and environmental protection;
- b. Environmental management and monitoring;
- c. Enhancement of public awareness and empowering related communities and mediation systems;
- d. Establishment of national and provincial platforms for increasing the transparency.

8. **Priority**

Main Sector Development

9. Output and Outcome

a. Output

- 1) Smallholders ISPO certification processes strengthened;
- 2) ISPO strengthened to protect forest, enhance biodiversity conservation and mitigate, and monitor GHG emissions;
- 3) Social responsibility facilitated, empowering related communities and mediation systems;
- 4) ISPO framework reinforced and ISPO standards clarified for wider acceptance;
- 5) National and provincial platforms established to ensure transparency in support of the sustainable palm oil initiative.

b. Outcome

Improved the capacity of palm oil smallholders and conserve the environment Indonesia's Sustainable Palm Oil system.

10. Indicative Funding Source

Indicative Source	Funding (US \$ 000)		
	Grant	Local	Total
UNDP	15,500	100	15,600
Total	15,500	100	15,600

11. Disbursement Plan

Disbursement Plan (US \$ 000)					Total
1st	2nd	3rd	4th	5th	
700	3,700	3,700	3,700	3,700	15,600

12. Project Cost

Implementing Agency	Funding (US \$ 000)		
	Grant	Local	Total
Directorate General of Plantations, Ministry of Agriculture	15,500	100	15,600
Total	15,500	100	15,600

**Ministry of Finance/
*Kementerian Keuangan***

1. **Project Title** : Sustainable Development Financing (SDF)
 2. **Executing Agency** : Ministry of Finance
 3. **Implementing Agency:** Fiscal Policy Agency, Ministry of Finance
 4. **Duration** : 36 months
 5. **Location** : Nationwide
-

6. Background and Justification

An inclusive green economy seeks to drive growth, jobs, environmental improvement, poverty eradication and social equity by shifting investments towards clean and efficient technologies, natural capital and social infrastructure while ensuring social inclusiveness. The current indicator show that still need the infrastructure necessary to successfully green the budget. Indonesia has had three national action plans related to the climate change: Climate Change Mitigation Action Plan (RAN/RAD-GRK), Climate Change Adaptation Action Plan (RAN-API) and Indonesia Biodiversity Strategic Action Plan (IBSAP).

Some challenges have been identified as follows :

- 1) The three action plans has not yet include cost-benefit analysis to materialize their prioritized actions;
- 2) The three action plans has not yet translated into budgeting system, both at national and sub-national level;
- 3) Still limited fiscal instruments to support implementation of climate change action plan;
- 4) There is a lack of mechanisms to monitor allocation and the utilization of performance based budgeting both at national and sub national level in the implementation of climate change activities.

Thus based on the above it is needed a fiscal instruments and performance based budgeting to track budgets, monitor expenditure, fiscal planning and to strengthen quality implementation of environmental activities particularly in climate change mitigation, adaptation and biodiversity programme.

7. Scope of Work

The Sustainable Development Financing (SDF) project will support Indonesia's transition to an inclusive green economy through:

- a. Supporting the Ministry of Finance in preparing fiscal instruments and performance-based budgeting developed to strengthen quality implementation of environmental activities (climate change mitigation, climate change adaptation and biodiversity) at national level and sub-national level;
- b. Strengthening capacity and systems for the piloted line ministries and sub-national governments to implement the environmental fiscal instruments and performance-based budgeting that includes poverty alleviation co-benefits.

8. Priority

Main Sector Development.

9. Output and Outcome

a. Output

- 1) Fiscal instruments and performance-based budgeting developed to strengthen quality implementation of environmental activities (climate change mitigation, climate change adaptation and biodiversity) at national level;
- 2) Capacity of line piloted ministries and sub-national governments enhanced to implement the environmental fiscal instruments and performance-based budgeting that includes poverty alleviation co-benefits;
- 3) Fiscal instruments and performance-based budgeting developed to strengthen quality implementation of environmental activities (climate change mitigation, climate change adaptation and biodiversity) at piloted sub-national level.

b. Outcomes

Strengthened capacity of the Government of Indonesia to enhance implementation of inclusive environmental activities (climate change mitigation, climate change adaptation and biodiversity) through development of fiscal instruments and performance-based budgeting for the environment.

10. Indicative Funding Source

Indicative Source	Funding (US \$ 000)		
	Grant	Local	Total
UNDP	370	0	370
Total	370	0	370

11. Disbursement Plan

Disbursement Plan (US \$ 000)				Total
1st	2nd	3rd	4th	
103	106	106	55	370

12. Project Cost

Implementing Agency	Funding (US \$ 000)		
	Grant	Local	Total
Fiscal Policy Agency, Ministry of Finance	370	0	370
Total	370	0	370

**Ministry of Transportation/
*Kementerian Perhubungan***

1. **Project Title** : **Implementation of the Sustainable Urban Transport Program Indonesia (NAMA SUTRI)**
 2. **Executing Agency** : Ministry of Transportation
 3. **Implementing Agency**:
 - a. Ministry of Transportation
 - b. Ministry of National Development Planning/ Bappenas
 - c. Local Governments
 4. **Duration** : 60 months
 5. **Location** : 5 Cities Pilot Project in Indonesia
-

6. Background and Justification

In 2009 the Government of Indonesia committed to a 26% greenhouse gas reduction by 2020 from "business as usual", and to 41% with international support. The NAMA Support Project (NSP) comprises the implementation of the pilot phase of the Sustainable Urban Transport Program Indonesia (NAMA SUTRI) as registered with the UNFCCC. Transport is the third largest contributor to energy-sector emissions. Due to strong urbanization and motorisation trends, transport has become a significant challenge for cities in Indonesia. Car oriented development leads to worsening air pollution, massive congestion and decreasing life quality. However, most cities lack capacity, policy guidance and access to sufficient financial resources to develop sustainable urban transport systems. NAMA SUTRI aims to transform urban transport in Indonesia with a mix of capacity-building and investment measures provided through a national urban transport program. The NSP creates various co-benefits including equitable access, reducing air pollution and increasing life-quality. The mitigation impact will be achieved through demonstration projects that lead to a shift of passengers from private cars and motorbikes to busses and non-motorized transport and to improved energy-efficiency of public transport systems.

7. Scope of Work

NAMA SUTRI aims to transform urban transport in Indonesia with a mix of capacity-building and investment measures provided through a national urban transport program includes:

- a. Establish a technical support unit providing technical guidance and capacity development for local governments;

- b. To develop an effective funding mechanism to co-finance the implementation of public transport and transport demand management projects;
- c. To develop project pipeline of eligible demonstration projects and co-finance in 7 pilot cities;
- d. Implementing of demonstration projects in up to 5 cities in order to monitor and increase transparency on the achieved impacts;
- e. Establish a measurement, reporting, and verification system that initiates systematic monitoring of urban transport development which is urgently needed for effective decision making.

8. Priority

Regional and Interregional Development

9. Output and Outcome

a. Output

- 1) A Technical Support Unit is providing technical guidance and capacity development for the preparation and implementation of public transport projects and transport demand management to local governments;
- 2) A funding mechanism to support public transport projects and transport demand management (TDM) in cities has been set-up and pilot tested for funding measures in at least 5 of the 7 pilot cities;
- 3) A pipeline of public transport and transport demand management projects, consolidated with political partners and ready to be implemented during and beyond the lifetime of the NSP exists;
- 4) Demonstration projects of improved public transport and transport demand management that serve as a good practice for replication have been implemented in the pilot cities and disseminated;
- 5) A consistent system for the monitoring, reporting and verification (MRV) of emission reductions and co-benefits of urban transport development projects are in place and applied by national and local implementation partners.

b. Outcome

A national urban transport programme is shifting the Indonesian urban transport sector towards a low-carbon development pathway by providing technical and financial support for sustainable urban transport policies and projects.

10. Indicative Funding Source

Indicative Source	Funding (US \$ 000)		
	Grant	Local	Total
Germany & England	18,380	22,319	40,699
Total	18,380	22,319	40,699

11. Disbursement Plan

Disbursement Plan (US \$ 000)					Total
1st	2nd	3rd	4th	5th	
n.a	n.a	n.a	n.a	n.a	40,699

*) *n.a = data is not available*

12. Project Cost

Implementing Agency	Funding (US \$ 000)		
	Grant	Local	Total
Ministry of Transportation	18,380	22,319	40,699
Total	18,380	22,319	40,699