CONTEXT
The future economic challenge for Indonesia is to deliver rapid, yet inclusive, and people-centered economic growth in support of the ambitious social and economic goals expressed in the nine-point priority agenda of Indonesia’s current national medium-term development plan (RPJMN 2015-2019). The ‘Nawa Cita,’ the 9 national priority agendas of Jokowi-Kalla, calls for a clean, transparent, democratic government; stronger rural economy; land tenure reforms; and greater productivity and competitiveness of the Indonesian people.

In this regard, Indonesia’s Investment Coordinating Board (BKPM) has targeted a total of USD 100 billion in green investment in the agriculture, forestry, fisheries, renewable energy and geothermal power, clean manufacturing, and tourism sectors to meet Indonesia’s sustainability ambitions relevant to the Sustainable Development Goals (SDGs) and climate change actions.

To achieve the goals, Indonesia has to address the challenges of:

- Lack of domestic and international investment to reach development targets, and
- Lack of knowledge and capacity.

OVERALL OBJECTIVES

- Support in the acceleration of investment in inclusive, green projects, with an aim for Indonesia to meet its Nationally Determined Contribution (NDC) and Sustainable Development Goals (SDG).
- Unlock large-scale finance and deliver high impact with a focus on developing climate-smart and socially inclusive investment projects.
- Build on the work done in Phase I, which focused on mainstreaming green growth into planning and on developing analytical tools.

RELEVANT SDGs

7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.

13.2. Integrate climate change measures into national policies, strategies and planning.

15.2. By 2020, promote the sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
## RESULTS ACHIEVED IN 2017

### OUTCOME 1

**Status:** On Track

Green growth plans and strategies related to energy, special economic zones, forest and land-based mitigation, and across sectors are adopted by the relevant Indonesian government authorities.

- GGGI has, through its provincial offices and strong representation at subnational level, managed to influence many of the policies that are under development in all 3 focus sectors, namely energy, special economic zones (SEZ) and forest/land use.
- This outcome is on track with its intended timeline for completion by the end of 2019.

#### OUTPUT 1.1

**Status:** Delayed

Recommendations on potential RE technologies provided to pilot provinces as technical input for incorporation in their energy plans.

GGGI has continued its leadership role in both East and Central Kalimantan in the development of the Provincial Energy Plans (RUED), which are now expected to be due in the first quarter of 2018. GGGI’s continued focus is on alternative planning models, inclusion of non-traditional energy solutions, ensuring the energy plans contribute to the SDG and NDC goals including its social and gender inclusion targets. The Ministry of Energy and Mineral Resources decided to postpone the deadline for all RUED’s to the second quarter of 2018, and therefore this deliverable is flagged as delayed, while for our counterpart it is on time.

#### OUTPUT 1.2

**Status:** Delayed

Green growth guidelines for planning and performance assessment of special economic zones are developed for application by provinces.

All planning work in 2016 and 2017 has led up to the international Green SEZ Conference, held on 6 December 2017. The conference achieved an enhanced commitment of the Coordinating Ministry of Economic Affairs (CMEA) toward green development of SEZs. The proceedings will be used to finalize a SEZ handbook for Green SEZs and green growth policy guidelines for SEZ in early 2018, which were originally planned for completion in 2016.

#### OUTPUT 1.3

**Status:** Achieved

Green growth recommendations are developed with relevant authorities for incorporation into sectoral, provincial, and district-level development plans.

GGGI is supporting East Kalimantan Province with the development of their Buku Putih (“White Paper”), which will serve as a guide for candidate governors competing in the 2018 election, through which the green direction of the province can be ensured for the future. All planned technical recommendations were successfully provided to the government.

### OUTCOME 2

**Status:** On Track

A systematic enabling approach to encourage green investment is adopted by the relevant Indonesian government authorities.

GGGI has been able to strengthen its relationships with the different line-ministries during 2017, with a strong focus on enabling activities as part of the GGP Phase 2. In February 2017, an Addendum to the grant agreement with Norway was signed to provide support toward additional activities under this outcome, focused on the forestry sector in East Kalimantan. This increased the total grant with NOK 8 million (USD 950,000). This outcome is on track with its intended timeline for completion by the end of 2019.

#### OUTPUT 2.1

**Status:** Achieved

Policy instruments are designed to reduce risks and enable better investment-related decision making and performance monitoring of green energy investments.

GGGI was able to strengthen its relationship with the Ministry of Energy and Mineral Resources (ESDM), followed by the development of a joint workplan for enabling activities under this output for the period 2017-2019. The development of the workplan has been done in close collaboration with ESDM representatives, building ownership within the Ministry.
RESULTS ACHIEVED IN 2017

OUTPUT 2.2  
National-level policy guidelines and instruments are designed to reduce risks and enable better investment-related decision making and performance monitoring in SEZ.

GGGI continued to support Sei Mangkei with its ambition to attract green investment and has supported the further identification of opportunities in Sei Mangkei, resulting in a business case for solar power. While existing contracts have locked-in the state-owned PT Perkebunan Nusantara III with PLN, private sector parties are interested in solar PV rooftop solutions. Planned fiscal and investment policy recommendations to support risk reduction of green SEZ projects and de-risking instruments for SEZ projects selected in output 3.2 are to be completed in 2018.

OUTPUT 2.3  
Policy instruments under a Jurisdictional Approach (JA) are designed to reduce risks and enable better investment-related decision making and performance monitoring of forest and land based mitigations.

- Strong progress has been made in strengthening the relationship with the Director General Climate Change (DGCC) of the Ministry of Environment and Forestry (MoEF), a very important department with regard to GGGI’s support role in Indonesia’s forest and land-use related agenda. An initial agreement on the scope of work of GGGI with DGCC has been developed.
- While GGGI has successfully produced the Guidelines for REDD+ performance payments based on JA, work to finalize the project document for the Forest and Climate Partnership Fund (FCPF) East Kalimantan Province has been postponed to 2018.

OUTPUT 2.4  
Green growth tools and methods for planning and investment decision-making are provided to national, provincial, and district government agencies.

GGGI hosted 2 training workshops on tools and produced a sector brief on eCBA. GGPA and eCBA are included in key planning documents and regulations issued by the Government of Indonesia (GoI). Strategic Environmental Assessment (SEA) results are integrated in the development plan of East Kalimantan, and a model of a landscape decision support tool is developed.

OUTPUT 3  
Increased green investment is directed to focal sectors.

This outcome is on track with its intended timeline for completion by the end of 2019.

OUTPUT 3.1  
Green energy projects are designed and demonstrated to be financially feasible.

GGGI has completed: 1 pre-feasibility study (pre FS) with project de-risking instruments - presented to GoI and private investors; 2 POME pre FS; and One Solar PV pre FS.

OUTPUT 3.2  
Green infrastructure projects in one or more special economic zones (SEZ) are designed and demonstrated to be financially feasible.

GGGI has finalized one out of two planned SEZ relevant pre-FS/ investment studies and presented 2 pre-FS for 2 projects with project de-risking instruments to GoI and private investors. An investment event for targeted stakeholders with government, private investors and domestic banks has been cancelled upon the request of the government.

OUTPUT 3.3  
Forest and land based GHG mitigation proposals within a JA are developed with Government Authorities, submitted for funding and guided during implementation.

At least 5 proposals will be completed by February 2018 for public/private investment. These proposals are shepherded through financial assessment and decision-making. A current proposal for landscape-wide peatland restoration provides a strong basis to attract other potential (also private) investors and donor funds. Implementation may proceed after the detailed design has been completed and agreed with all stakeholders.
RESULTS ACHIEVED IN 2017

INTERMEDIATE OUTCOME 4 STATUS ON TRACK

A Green Growth Secretariat and Knowledge Platform supports well informed national and sub-national decision-makers within capable institutions to understand, replicate, and scale up green growth approaches.

The Green Growth Program Steering Committee (SC) met in June 2017. It is the inter-ministerial coordination arrangement, under the leadership of the Ministry of National Development Planning (BAPPENAS), to guide the collaborative GoI-GGGI Green Growth Program. Requests from BAPPENAS were received during the SC meeting to have a stronger focus on energy related activities. Main conclusions of the meeting were that a) The implementation of GGP Phase II will focus on four sectors/work streams, namely energy, SEZ, forest and land used based mitigation and cross cutting (knowledge and capacity building). b). Main activities will be directed at the technical aspect of bankable project proposal formulation and prioritizing the renewable energy sector. c). GGGI must be able to assist GoI in solving budget limitations through the formulation of bankable projects that are appealing to investors. d). Two milestones are to be achieved by the end of Phase II of GGP in 2020, namely the strengthening of institutions supporting green growth and the increase of inclusive green investment. In addition, the meeting recommended that a holistic approach (considering economic, environmental and social aspects) should be taken in planning and implementing each program, and that the sense of ownership regarding GGP of each implementing agency should be strengthened through transparent and regular coordination and communication. This outcome is on track with its intended timeline for completion by the end of 2019.

OUTPUT 4.1 STATUS ACHIEVED

The Green Growth Secretariat is established as a clearinghouse for knowledge solutions and service provision in support of green growth planning, enablers, and investment.

The Secretariat and knowledge platform continues to deliver green growth services. Partners receive useful support for their green growth activities and recognize the benefits of the Secretariat and knowledge platform’s services. An online web-based knowledge platform is established.

OUTPUT 4.2 STATUS ACHIEVED

Program outputs, global knowledge products and lessons learned are packaged into simple knowledge products and disseminated to encourage replication and upscaling.

A best practice SEA for the SEZ Maloy in East Kalimantan was delivered. The SEA stakeholder process engagement was based on a transparent public consultation process involving Focus Group Discussions (FGDs) with regional government agencies (primarily the provincial planning agency Bappeda of East Kalimantan) and non-government actors. The SEA document was well received by the Ministry of Environment and Forestry (MoEF).

OUTPUT 4.3 STATUS ACHIEVED

A green growth curriculum is designed and modules are prepared for relevant GoI agencies to use in training programs delivered.

Green growth curriculum design is ready for review by GoI, while tailor-made training modules are under preparation.

ADDITIONAL RESULTS

• GGGI continues to monitor for implementation compliance under the Gender and Social Safeguards (GSS) action plan developed in 2016. In 2017, GGGI piloted methodology for mainstreaming Safeguards, Poverty reduction and social inclusion (SPRSI) in economic analysis and planning.

• In February 2017, an addendum was signed between GGGI and the Norwegian Ministry of Foreign Affairs in which additional resources were allocated specifically to the strengthening of the Forest Management Units (FMU’s) in East Kalimantan. The support will consist of two components: (1) assessment of forest potential, biodiversity, and socio-economic dimensions for Forst management units (FMUs) without completed management plans and (2) business planning for operational FMUs with management plans. First deliverables are expected in 2018.

• The Indonesia Country Planning Framework (CPF) for the period of 2016-2020 was signed by the Minister BAPPENAS, Prof. Dr. Bambang PS. Brodjonegoro, and by GGGI Director General, Frank Rijsberman. The CPF is aligned with Indonesia’s Strategic Action plans for Climate Change and the Green Planning and Budgeting Strategy for Indonesia’s Sustainable Development.

• GGGI has substantially over-delivered in the communication department compared to the original commitments. Media attention has been significant, and a large number of technical and non-technical communication materials were delivered. GGGI has also been very active on social media to inform our target groups about Indonesia’s progress in green growth.
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<th>PARTNERS</th>
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<tr>
<td>LOCAL</td>
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<td>• National Development Planning Agency (BAPPENAS)</td>
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<td>• Coordinating Ministry for Economic Affairs (CMEA)</td>
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<td>• Ministry of Energy and Mineral Resources (ESDM)</td>
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<td>• National Institute of Public Administration of the Republic of Indonesia (Lembaga Administrasi Negara or “LAN”)</td>
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<td>• Provincial Government of Central Kalimantan (CK)</td>
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<td>• PT Sarana Multi Infrastruktur (PT SMI)</td>
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<td>• Peatland Restoration Agency (BRG) (not formalized yet)</td>
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<td>• Ministry of Law and Human Rights (collaboration has recently been initiated by MLHR)</td>
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