

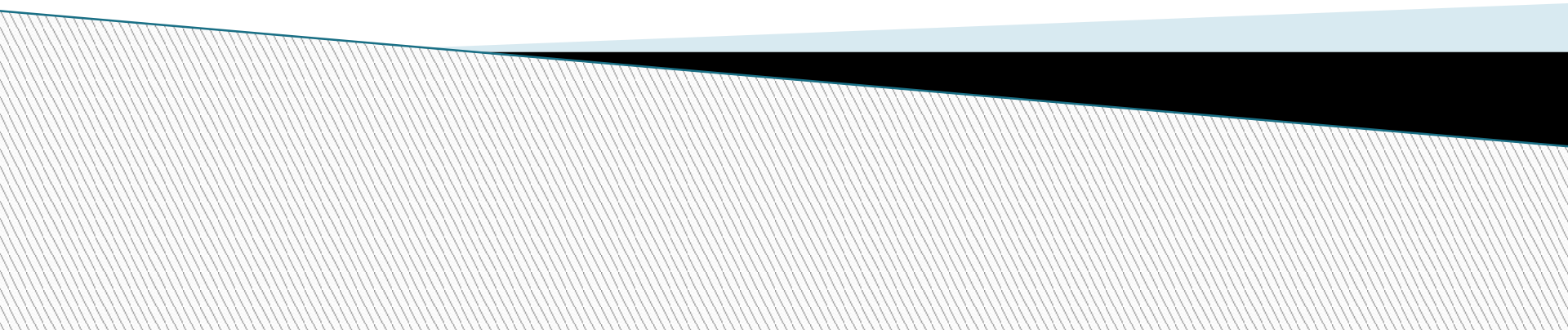
Climate Change in World Bank CEAs: Indonesia CEA

Helena Naber

Environment Department, World Bank

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Climate Change in World Bank CEAs

» » ▶ Overview

General Information on CEA at the World Bank

- ▶ CEA is an upstream analytical tool developed in response to a call in the 2001 Environment Strategy for systematic country diagnostic studies.
- ▶ CEAs aim to integrate environmental considerations into country assistance strategies, poverty reduction strategy papers, and development policy lending by **linking national environmental priorities and sustainable growth and poverty reduction priorities.**

CEA

I. Identification of environment-development priorities

II. Broad assessment of environmental policies and institutions

III. Analysis of specific environmental priorities and themes

Business Plan

Development and Aim of CEAs

CEA Building Block Structure

CEAs in Numbers...



CEA Status	No.
Completed	27
Ongoing	15
Planned	3
Total	45

Addressing Climate Change in World Bank CEAs

- ▶ Climate change has implications for the identified priority sectors e.g.
 - India NE region CEA
- ▶ Climate change is identified as one of the priority areas that would impact the growth and development of the country e.g.
 - Central African Republic CEA
 - Philippines CEA
 - Timor Leste CEA
 - Indonesia CEAs

Indonesia CEA:

- » Investing in a More Sustainable Indonesia

Acknowledgements: Material on the Indonesia CEA is based on earlier presentation delivered by Josef Leitmann and shared by Timothy Brown (EASIS).

Background and Objectives

- ▶ Carried out between February 2007 – December 2009 in three phases: scoping; analysis; and dissemination.
- ▶ Prepared within the context of the national government new five-year development planning cycle and the development of new Country Partnership Strategy (FY09–12).
- ▶ Objectives of the Indonesia CEA:
 - Highlight **underlying challenges** and **opportunities** for Indonesia's environment and management of its natural resources
 - Guide World Bank support to Indonesian institutions for more sustainable development

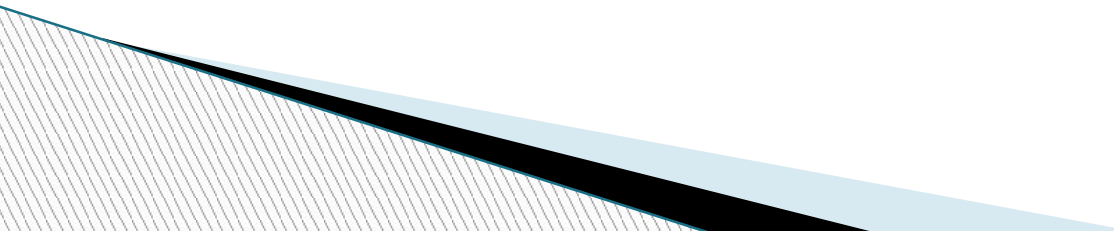
Selection of Climate Change as Priority Area

- ▶ Priority selection criteria included: The magnitude of the economic cost of degradation; World Bank's comparative advantage to work on a particular problem; whether the problem is already being adequately addressed by development partners; potential for achieving significant impact; and opportunities for mobilizing financial resources for change.
- Climate change and water / sanitation were identified as two highest-priority environmental challenges... Climate change :
 - Constitutes the biggest long-term environmental threat to the Indonesian economy
 - Significant potential for both mitigation and adaptation
 - Area where the World Bank has a comparative advantage
 - Increasing donor and market resources available to tackle the climate change

SOURCE OF DEGRADATION	ECONOMIC COST (\$ bn 2007)	ANNUAL GDP LOSS (%)
Climate change	Increasing over time	2.5–7.0 (by 2100)
Water, sanitation and hygiene	7.7	2+
Outdoor air pollution	3.9	1.2
Indoor air pollution	1.6	0.4
Forest degradation	N/a	N/a
Soil degradation	\$562 million (Java, 1985)	0.13*
Coastal and marine environment	N/a	N/a

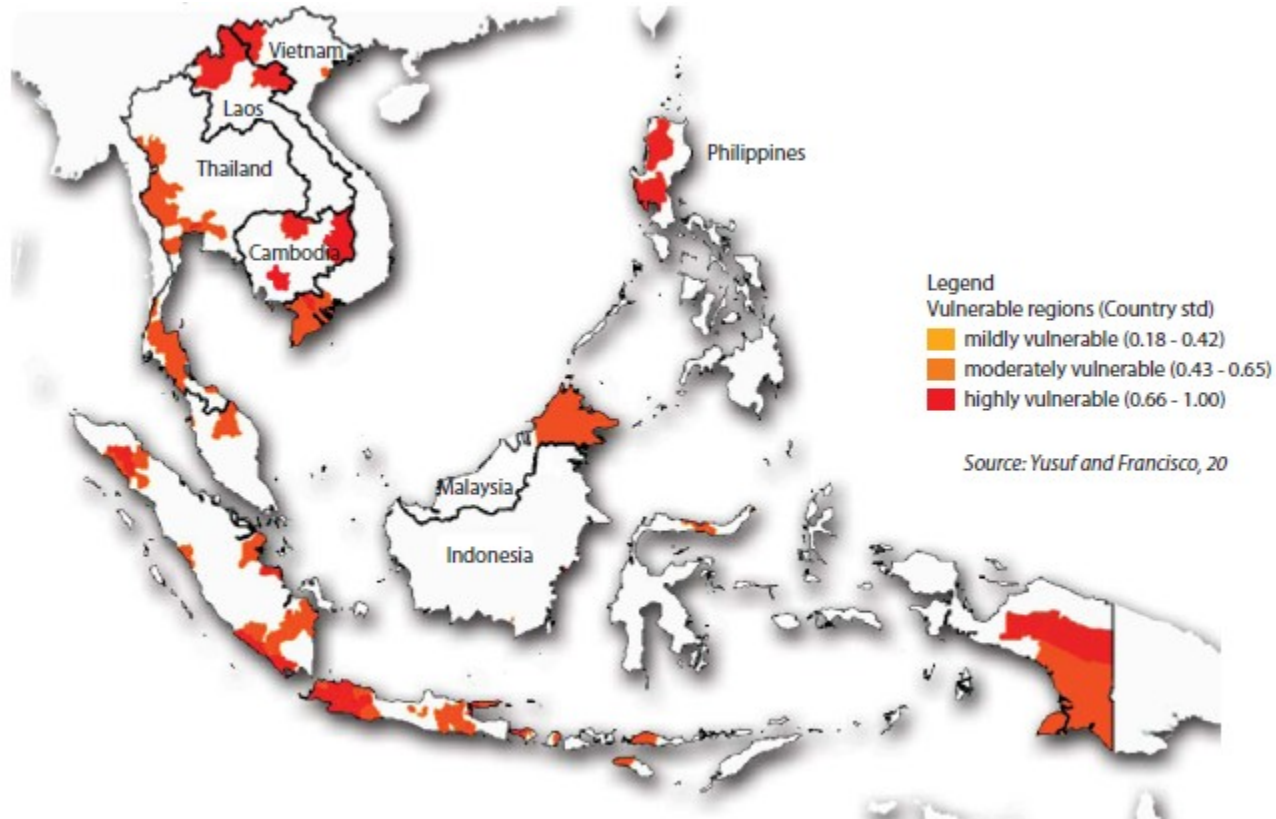
* Updated from 1985 estimate using GDP deflator of 172 (1985 = 100)

Indonesia CEA Addressed Two Sets of Priorities

1. **Environmental governance:**
 - Decentralized framework for environmental management
 - Enabling policies for greater environment and resource sustainability
 - Building environmental constituencies
 2. **Sectoral challenges facing climate change:**
 - Vulnerability and Adaptation
 - Land use and climate change
 - Energy and climate change
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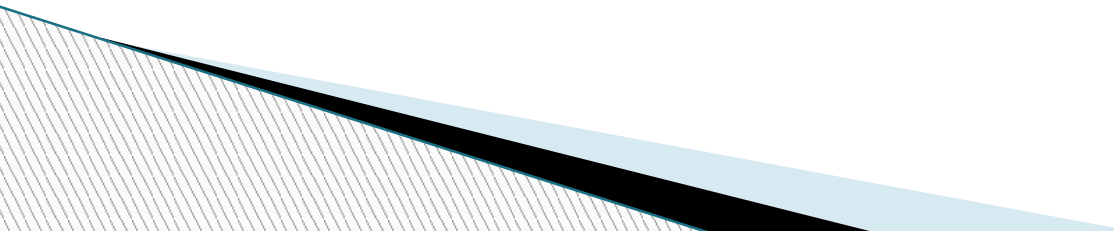
Vulnerability and Adaptation to Climate Change: Issues

Vulnerability Map of South East Asia



Source: Yusuf and Francisco 2009 as published in Indonesia CEA (2009).

Adaptation: Options

- ▶ Undertake reactive and proactive adaptation measures in the key areas of water resources, agriculture, forestry, coastal/marine, and health, including and in addition to what is currently contemplated
 - ▶ Prioritize adaptation options by emphasizing “no regrets” actions that provide benefits even without climate change, buying safety margins for new investments, and favoring reversible and flexible options
 - ▶ Implement a phased strategy to mainstream adaptation, including complementary efforts to raise public awareness, undertake research, coordinate, strengthen local capacity, and increase the resilience of vulnerable groups
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Land Use: Issues

Consequences of Land Use

Decrease of forest cover in Indonesia 2000-2005: Forest cover change areas



Modis analysis - SDSU/SUNY-ESF

Landsat analysis - SDSU/MoF

Modis pre-processing - NASA/UMd/SDSU

Landsat data provision - USGS/GPW/UMd

Indonesia land cover - MoF

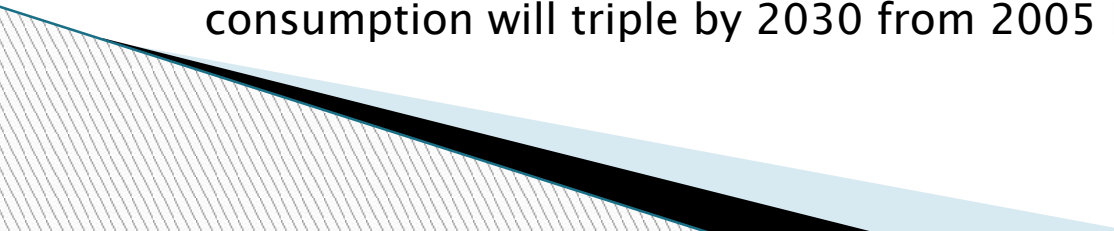


Reported by Mr. Hermawan Indrabudi, Min Forestry's Center for Forest Inventory and Mapping.
National Workshop on Forestry and Climate Change in Indonesia. Jakarta, Aug 27-28, 2007. GTZ & GOI.

Land Use: Options

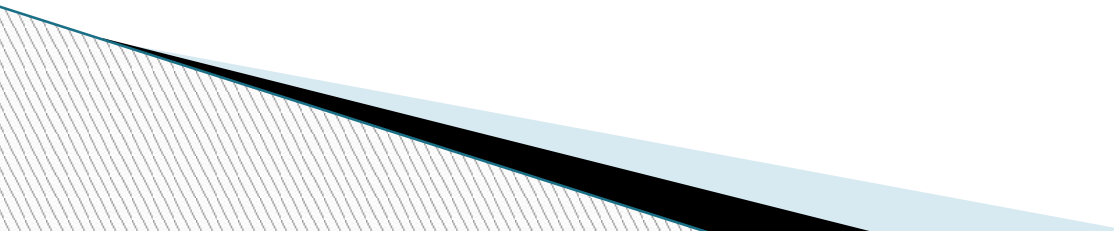
- ▶ Implement “no regrets” options for forest law enforcement, management and governance, realigned incentives for timber harvesting, revitalization of forest sector industries on a more sustainable basis, control of forest fires, and greater accountability, equity and transparency in forest/land use decisions
- ▶ Pursue new sources of forest carbon financing in order to support and accelerate the “no regrets” options

Energy: Issues

- ▶ In the future, fossil fuel emissions will be a greater concern than forest and land use emissions.
 - ▶ Current energy subsidies will make it more difficult to promote efficiency, cleaner technology or innovation for environmental and climate benefits.
 - ▶ Indonesia uses fuel and electricity inefficiently and in excess.
 - ▶ The country has the world's largest potential for developing geothermal power, sustainable biofuels and other renewables (e.g. hydropower, wind, solar, and biomass).
 - ▶ Fossil fuel GHG emissions per capita and emissions intensity, while low at present, are rapidly increasing.
 - ▶ Even assuming a decrease in energy intensity, emissions from energy consumption will triple by 2030 from 2005 levels.
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Energy: Options

- ▶ Be guided by high-level planning and coordination for a lower carbon development scenario to reduce the emissions intensity of growth
- ▶ Go beyond existing plans to introduce more efficient energy pricing, encourage investment to develop renewable energy resources, accelerate energy efficiency in key emitting sectors, and take advantage of international financing mechanisms to off set the costs of some of these options



Results from the Indonesia CEA

- ▶ The preparation of the Indonesia CEA contributed towards:
 - Inclusion of environmental sustainability (and disaster management) as a core engagement area in the new Country Partnership Strategy
 - Key input for policy briefs for the new government on environment and climate change
 - Important resource for development of Indonesia's first climate change DPL.
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