

CST

CLIMATE SUPPORT FACILITY

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THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

BMZ



Federal Ministry
for Economic Cooperation
and Development



Foreign, Commonwealth
& Development Office



BMF
FEDERAL MINISTRY
OF FINANCE

Climate Change Group Umbrella Programs



THE CLIMATE SUPPORT FACILITY (CSF)

supports country strategy development and enabling environments, including NDCs and long-term climate strategies



THE PARTNERSHIP FOR MARKET IMPLEMENTATION FACILITY (PMIF)

promotes carbon pricing policies and development of next generation carbon markets



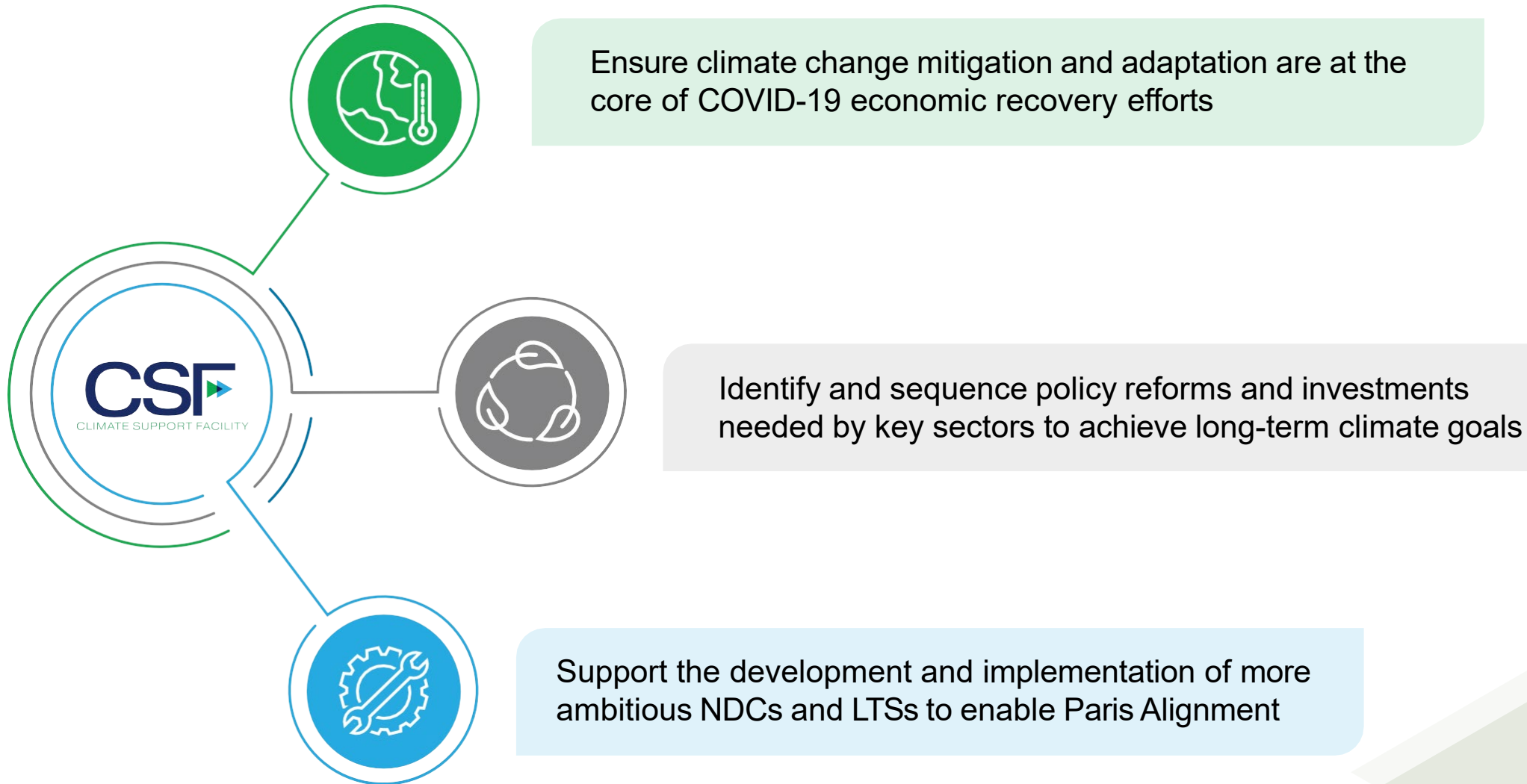
THE CLIMATE EMISSIONS REDUCTION FACILITY (CERF)

provides results-based climate financing during investment project implementation in order to catalyze initial investments, assist repayment, and pay ongoing operating costs

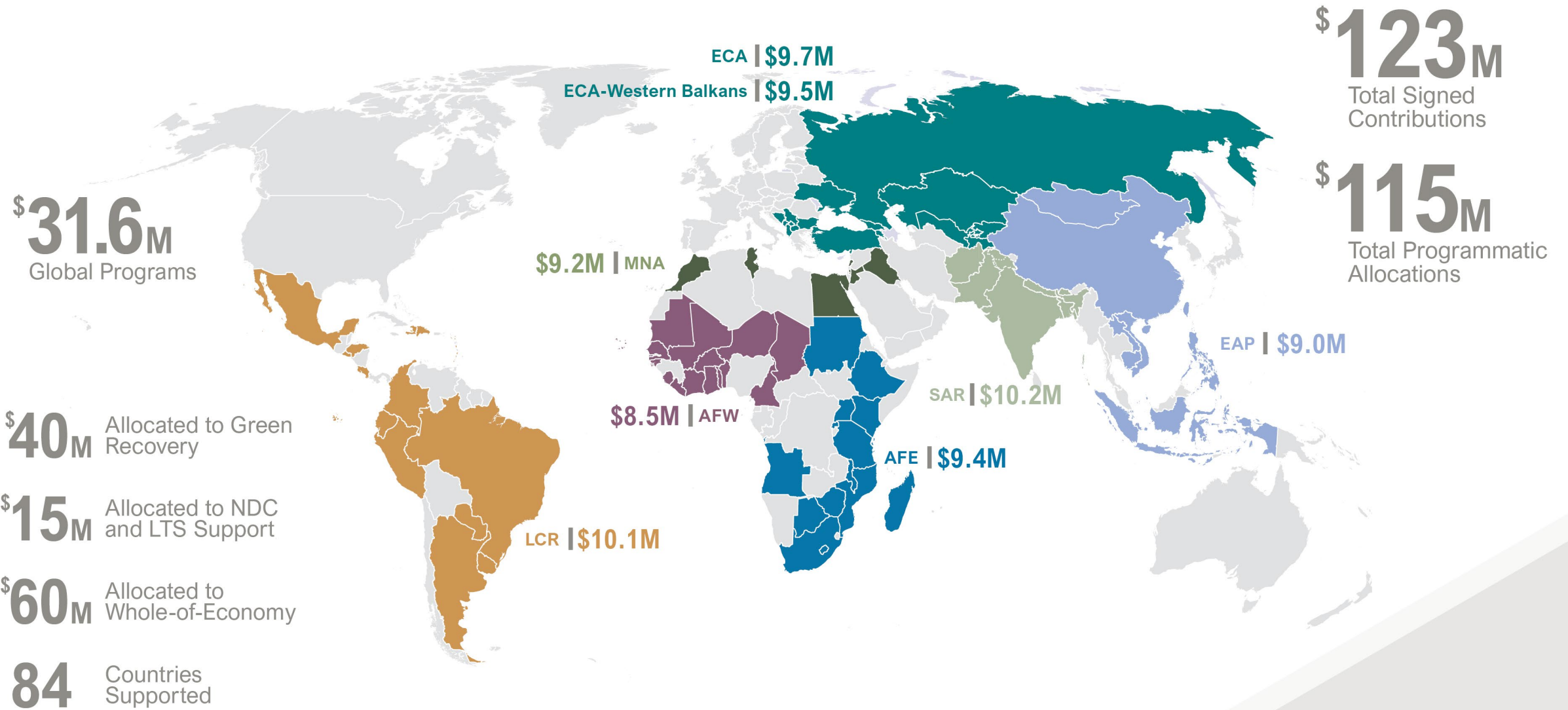


ADDITIONAL BANK SECTORAL UMBRELLAS WITH CLIMATE-RELATED FINANCE

Climate Support Facility Strategic Priorities



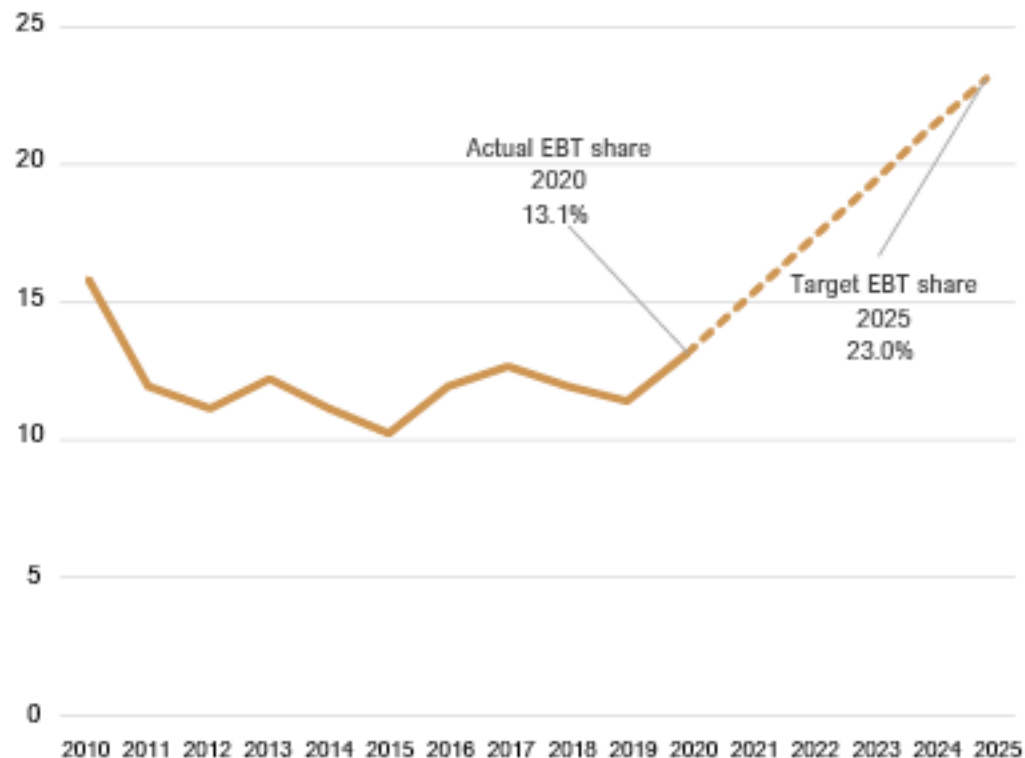
CSF Regional and Global Allocations 2022-2024



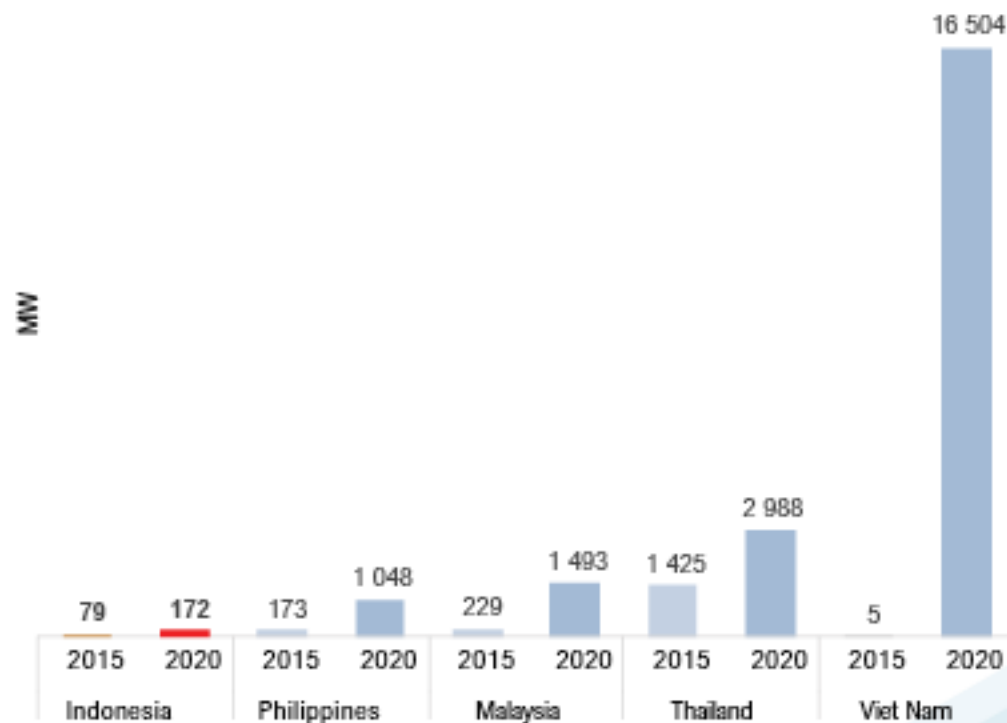
Indonesia Power Sector – Vision/Pathway Paper

Indonesia is Falling Behind in the Energy Transition

Renewable energy shares are not growing



Additions of low-cost solar are far behind regional peers



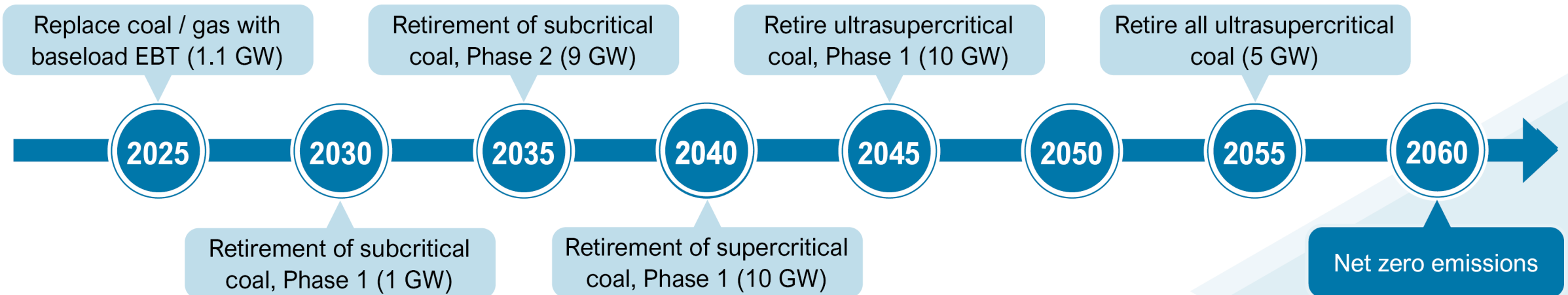
ESDM HEESI 2020 and IRENA database

Recently Important Policy Milestones on Net Zero were Achieved

Government policies, regulatory measures and economic concerns are increasingly targeting GHG emissions

- ▶ At COP26, Government undertook to achieve net zero by 2060 “or sooner” in its Long-Term Strategy on Low Carbon and Climate Resilience and is currently developing sector-specific roadmaps to achieve net zero
- ▶ Government has announced a coal moratorium and PLN* has removed 20 GW of fossil fuel-based power generation from its 10 year investment plan
- ▶ Government also introduced policies on carbon pricing and tax, and proposed mandatory carbon cap-and-trade mechanism in the power sector

PLN has also made coal phaseout and net-zero commitments, but the route to achieve these remains unclear



*State-owned electric company

Vision 2030 Objectives



- ▶ No new coal plants commissioned after 2023
- ▶ At least 2 GW of existing coal plants retired by 2030
- ▶ Renewable energy generation share reaches 30% by 2030

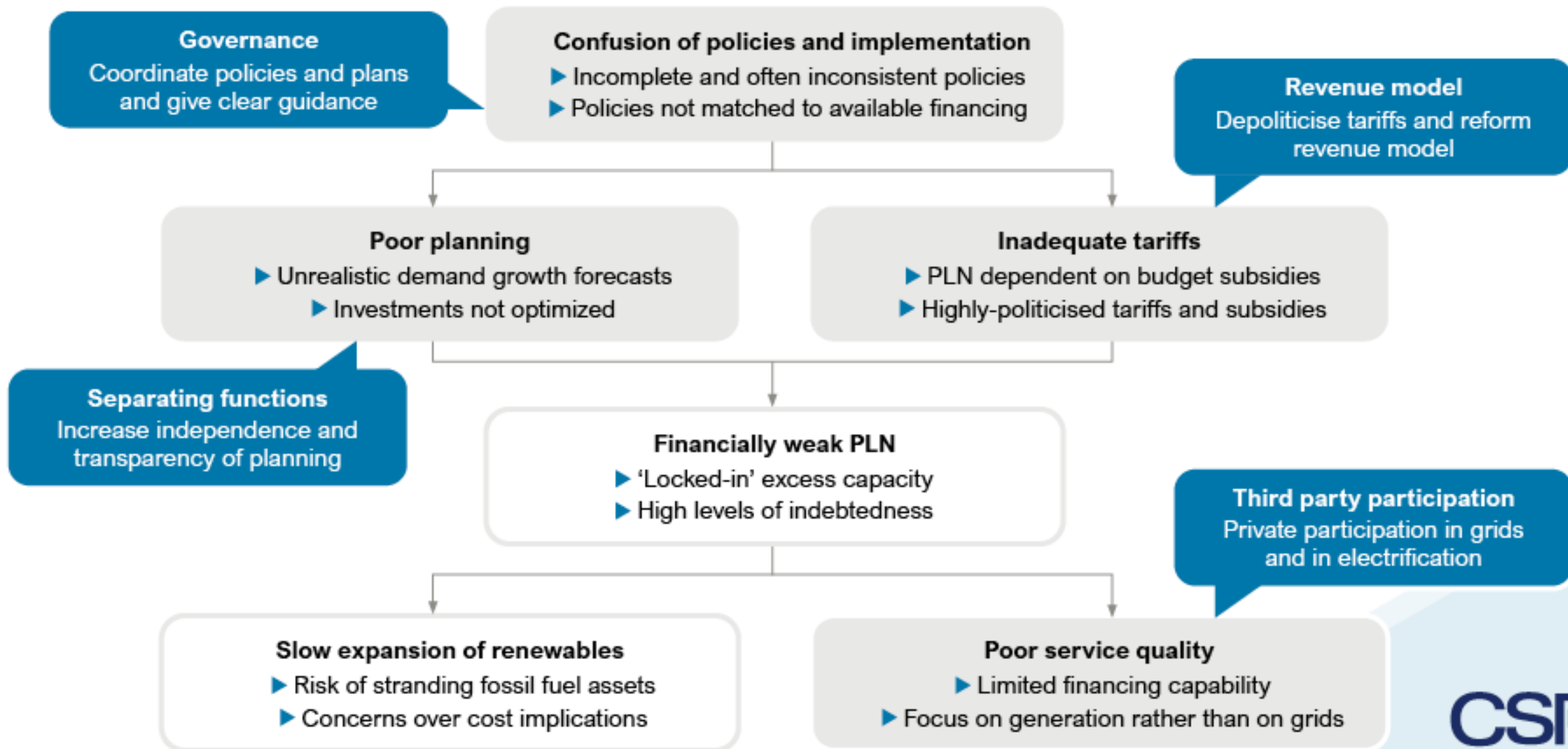


- ▶ 100% of households have access to Tier 4+ supply by 2030 (SE4All definition)
- ▶ System reliability improves by 50% in Java-Bali by 2030 (SAIDI)
- ▶ Average system reliability outside Java-Bali improves by 75% by 2030 (SAIDI)

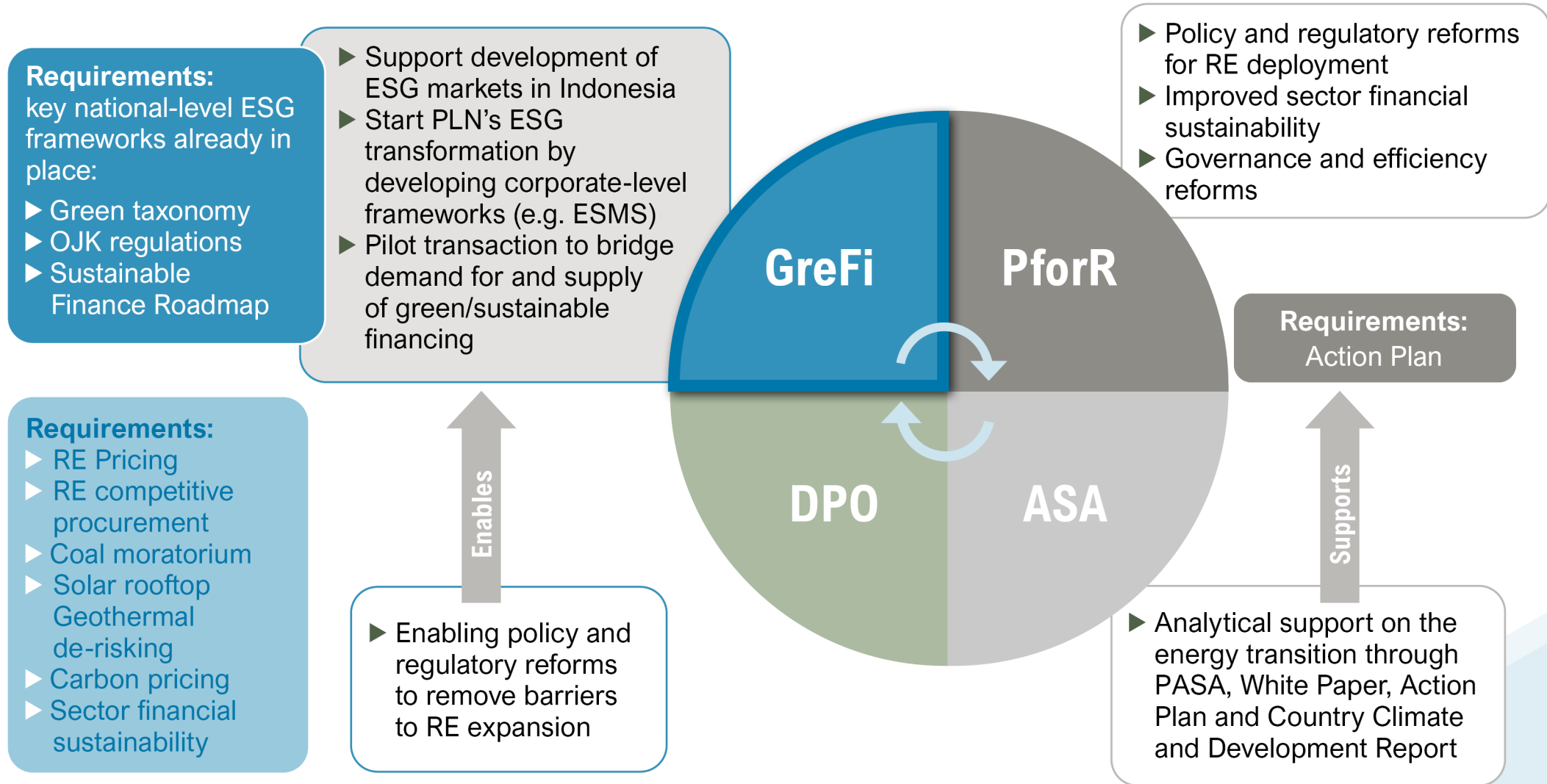


- ▶ PLN's operating costs are fully funded from tariff revenues by 2030
- ▶ PLN's unit operating costs are reduced by 10% from 2020 levels by 2030
- ▶ Budget subsidies to PLN are limited to funding of clean energy investments

Pathways to Achieve Vision 2030



The Pathways Paper is Informing Parallel, Transformational WB Operations in the Energy Sector in Indonesia





Accelerating Climate Action through a Whole-of-Economy Approach

Whole-of-Economy Program: An Overview

In March 2022, in support of delivering the Bank Group's climate agenda outlined in the WBG Climate Change Action Plan (CCAP) 2021-2025, a new "Whole-of-Economy" (WOE) Program was jointly launched by EFI and SD.

Objectives

1. **Strengthen the analytical basis and diagnostics to support effective policy advice** on issues relating to a whole-of-economy approach to climate change.
2. **Improve the capacity of client countries** to design and implement climate considerations into their macroeconomic, fiscal, financial, trade, and private-sector development policies.

Key facts

- ▶ **Trust Fund Structure:** Housed in the Climate Support Facility (CSF), a multi-donor Umbrella trust fund established in December 2020.
- ▶ **Timeframe:** 4 years (CY22-25)
- ▶ **Amount:** EUR 60m German Federal Ministry for Economic Cooperation and Development (BMZ).
- ▶ **Scope:** Global and Regional
- ▶ **Type:** Bank-executed and Recipient-executed TF

Eligible Themes and Activities

Themes

The program will cover the following themes:

1. Fiscal instruments and fiscal risk
2. Greening private and public finance
3. Innovation and industrial development
4. Trade policy
5. Institutions
6. Social change, equity and just transition
7. Macro critical aspects of climate change

Types of activities

BETF and RETF* activities for Advisory Services and Analytics covering:

1. Analytical work, including climate-smart core diagnostics, reports, good practice notes, methodologies, toolkits, etc.
2. Advisory and Capacity Building, including technical assistance to client countries supporting policy reforms, training, global events, knowledge fora, and technical exchanges, etc.

**BETF - World Bank Group Entity-executed Trust Fund
RETF - Recipient-executed Trust Fund*

From Diagnostics to Impact

Diagnostic

With country engagement

Diagnosis on climate and development

- ▶ Country Climate and Development Reports
- ▶ Sectoral Advisory Services and Analytics
- ▶ Capacity building

Strategy and planning

With country in the driver seat

Climate-related strategies fully owned by governments

- ▶ Long-term strategies
- ▶ Nationally Determined Contributions
- ▶ National development plans

Implementation

With country in the driver seat

Policy changes and domestic investment

- ▶ Public and private

World Bank Group operations

- ▶ Policy-based lending, combining economy-wide and sector interventions, or investment lending

Development partners

- ▶ MDBs, DFIs, UN

Thank You

