



INNOVATIVE FINANCING FOR BIODIVERSITY THROUGH ECOLOGICAL FISCAL TRANSFER (EFT)

BACKGROUND

Ecological Fiscal Transfers (EFT) is a modification of intergovernmental fiscal transfers—redistributing the national budget across levels of government according to agreed upon ecological principles and priorities.

At present, there are four types of intergovernmental fiscal transfer mechanism; General Purpose Grant (DAU), Specific Purpose Grant (DAK), Regional Incentive Fund (DID), and Village Fund (DD). Unfortunately, DID Environment is the only instrument that accommodate ecological component within its requirement.

DID, which incentivize local government project through fiscal transfer, is one of the possible ways to compensate the biodiversity restoration activities such as conservation, which is more efficient and less costly than establishing a complex regulatory framework.

OBJECTIVE

Long term outcomes:

- Implementation of policies that use biodiversity indicators to determine EFT amounts/reimbursements.
- Sectoral targets and output indicators created to ensure funded programs have socio-environmental impact.
- Institutionalized incentive programs.
- Increased biodiversity financing by the central government.

PROPOSED KEY ACTIVITIES



Focus on the
Regional
Incentive Fund
(DID)



Assess ecological
aspect for the
prioritised
categories



Adjustment on
the general item
and specify it for
ecological needs



BIOFIN
THE BIODIVERSITY FINANCE INITIATIVE

Follow us:
instagram: @biofin_id
twitter: @biofin_id

Contact us:
biofin.id@gmail.com

<https://www.biodiversityfinance.net/indonesia>

REGIONAL INCENTIVE FUND (DID)

DID is allocated as a reward for locals for their improvement and achievement in managing budget, good governance in government program, provision of health and education, performing good economic indicators, and achieving prosperity of the local society. In particular, the main objectives of DID allocation are as follows:



To encourage local govt to better manage fiscal budget



To urge local govt to apply their budget promptly



To motivate local govt to improve performance for better public service

DID FOR BIODIVERSITY

In Indonesia case, the DID transfer could answer critical element of a sustain and long terms funding for biodiversity conservation. Such as,



DID is public spending to reward rather than assignment to local government. It will give an attractive incentive for local level to work for biodiversity.



DID opens a room for creativity in using the fund given it concerns. As long as it is used for ecological and biodiversity related activities.



DID scheme also gives opportunity to central government to monitor and evaluate the biodiversity relevant-targets regularly.



DID is relatively easier to administer than any other fiscal transfer mechanisms. Biodiversity issues could be incorporated without bringing more burden to national budget.

Biodiversity Chain Indicator

input



- Incorporate Biodiversity Conservation in RPJP/MD
- Document Regional BSAP
- Biodiversity Conservation in RENSTRADA
- Institution

process



- Product of Regulation
- APBD for Biodiversity Conservation

output



- Coverage of Protected Area
- Areas under Sustainable Management
- Quality of Water Resources
- Quality of Air

outcome



- Sustainable Ecosystem
- Sustainable Economic Development & Prosperity

Eligibility Assesment Strategy

Under DID scheme, responsibility to maintain biodiversity is delegated to lower government level along with potential reward given if efforts toward biodiversity conservation are performed by local government. Here are the proposed assesment steps to asses the local government eligibility for Biodiversity DID.

main criteria <



availability of biodiversity planning documents



quality of biodiversity planning documents



institutional capacity



local biodiversity regulation

performance indicator <



coverage of protected areas

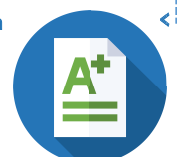


areas under sustainable management



composite indices (air, water, area coverage quality)

final score on biodiversity <



Supported by:



Funded by:

