

While financing models often are developed with the best of intentions, in practice many don't deliver.

The UN's Global Environment Facility unites 182 member governments in addressing global environmental issues. Grants are provided through multilateral institutions such as the World Bank, the UN Development Program, the UN Environment Program and the Asian Development Bank to developing countries for projects related to biodiversity, climate change and other global environmental issues. The idea is a good one, but its practice thus far has had a poor track record.

Of 284 major GEF projects approved between 1993 and 2010, the average time for project approval was 519 days. In Indonesia, there is a full list of delayed projects ranging from a World Bank geothermal project to many canceled project concepts of the UNEP and a few repackaged proposals of the UNDP that delayed the approval time for two years.

Another effect of an overly bureaucratic process is the lack of local capacity building and ownership. Too often, only external organizations like UN agencies end up playing an implementing role on the ground. We have tried to understand why, and think heavy administrative requirements, labeled as safeguard and good governance standards, are at the core.

For example, the Adaptation Fund was established by the Parties to the Kyoto Protocol to finance adaptation projects and programs in developing countries. In practice, this fund proved expensive, slow and unable to build local capability. First, it took eight years until it became operational in 2009. Then once operational, during 2010, all disbursed funding (some \$11 million) went for administrative purposes. Of 24 project proposals received by January 2011, 23 were from other UN-like entities and only one from a domestic entity.

Why are so few domestic entities applying for projects? One of the reasons is the tedious processes and stringent assessment criteria. It generally ends up with the same institutions and the same individuals being hired for the different tasks across different projects. Often, these consultants are retired officers from the same multilateral institutions who continue their services from the outside. In short, they are the only ones able to understand the way "the house works" and who can navigate the bureaucratic maze.

If this is the case, are these bureaucratic layers valuable safeguards or do they act as walls unscalable for anyone but insiders? How can Indonesia move its climate change agenda forward if it has to rely on multilateral "partner entities" in the driver seat, and our own entities have to take the back seat in implementation of climate change related projects?

We have to think big, plan well and execute smart to achieve strong, sustainable and environmentally friendly economic growth. For Indonesia to truly move forward, we need to move away from grants and toward a "pay-for-performance system."

We need to build a mechanism that has strong national accountability, in particular to local communities, governments and legislatures. In the case of forest and peatland, financial support

is needed to build capability on the ground and to launch programs that address the many drivers of deforestation.

To do this, we need decisions to be close to the ground that have more impact than a theory-based, bureaucracy-heavy process from international funding mechanisms. We are the best judges of how we can balance greenhouse gas reductions with growing our economy sustainably. In order for this to happen, our national entities should own and drive core REDD Plus functions, including the financial mechanism.

There are several ways to do this. We can have government banks develop partnership or joint ventures with reputable units of the multilaterals' institutions. We can also develop partnerships between government-owned banks and international private banks, with a good track record of managing public investment funds.

When it comes to climate change, some seem to think the problem can be solved from a distance. In Indonesia, building REDD Plus and achieving substantial results requires hands-on and persistent dealings with the drivers of deforestation. It is not easy nor can it be done overnight. To achieve our aspiration for reducing greenhouse gas emissions, it requires international backing, political leadership and industrial flexibility, but most importantly it will require the support of the Indonesian people.

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