



#CAIP2025

CLIMATE ADAPTATION INVESTMENT PLANNING FORUM 2025

Climate Adaptation Investment Planning A Program to Bridge the Gap between Climate Adaptation Planning and Financing in Asia and the Pacific



INDONESIA

Indonesia's Climate Adaptation Investment Plan (CAIP) for Green Kredit Usaha Rakyat (KUR) for Climate Smart Agriculture was developed in 2024–2025. The pre-feasibility plan outlines investment packages to deliver affordable financing solutions to enable farmers and small agri-enterprises to invest in climate-smart agriculture. The plan will help implement agriculture sector adaptation priorities to strengthen food security and economic growth in the context of climate change

KEY FACTS

SECTOR
Finance and Agriculture

GEOGRAPHIC SCOPE
Climate vulnerable regions under climate policy or entire country under KUR scheme

FOCAL MINISTRY
Ministry of Finance, Ministry of Agriculture, Financial Services Authority (Otoritas Jasa Keuangan) and Coordinating Ministry for Economic Affairs

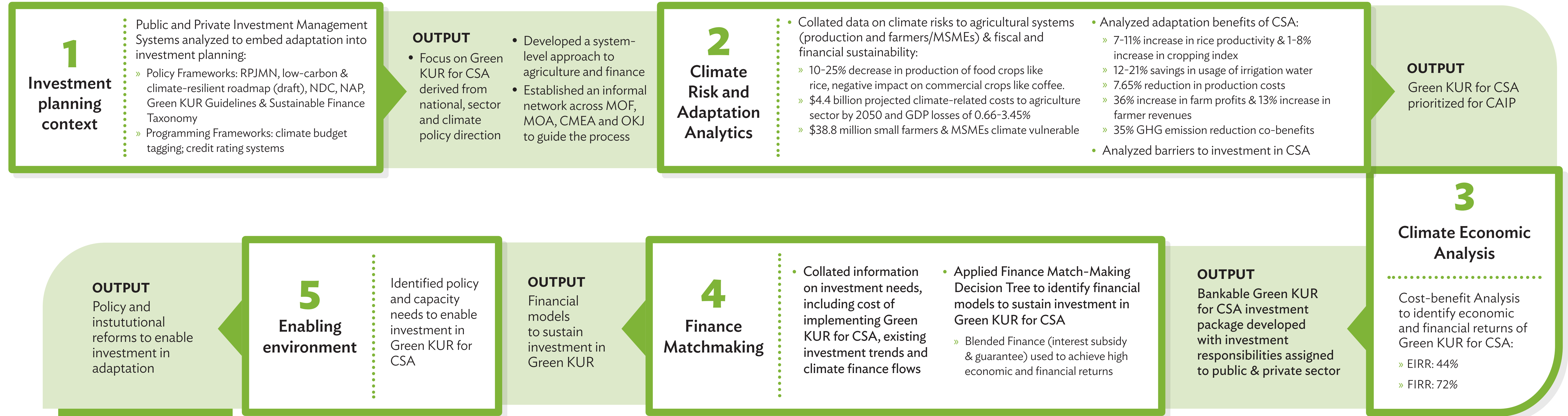
SCOPE OF CAIP
Agriculture system (climate-smart production & processing) and financial system (inclusive finance)

TOTAL FUNDING NEED
US\$544.4 million–\$2,177.5 million*

*cost of extending interest subsidy with a loan tenor of 1–4 years to 4,745,809 hectares of irrigated rice fields

WHAT WE'VE LEARNED

- 1. Use system approach to enable investment in adaptation:** Agriculture & Finance Systems
- 2. Strategic climate risk and adaptation analytics:**
 - Identify metrics relevant to investment outcomes (e.g., sector KPIs, Fiscal and Financial Health indicators)
 - Identify relevant climate hazards
 - Assess climate risks to investment outcomes
 - Prioritize adaptation options to address current & projected climate related risks to investment outcomes
- 3. Use investment planning systems to enable investment in adaptation.** Embed Green KUR for CSA in sector and climate policy; KUR scheme and Sustainable Finance Taxonomy (TKBI)
- 4. Develop sustainable finance models to implement Green KUR for CSA:**
 - Blended finance models required to enable inclusive investment in CSA
 - Macro-prudential and regulatory instruments required to enable financial sector and venture capital investors to finance investment in CSA



ADAPTATION INVESTMENT PLAN

STAKEHOLDERS

- Ministry of Agriculture
- Financial Services Authority (OJK)
- Ministry of Finance
- MoA, BAPPENAS, CMEA, OJK, MoF

CLIMATE ADAPTATION INVESTMENT PACKAGES

- Climate-Smart Agriculture Models**
 - Scope of program (geography & commodities)
 - Classification of CSA activities
 - Extension services
- Financial Models For CSA**
 - Public Finance: Tax revenue, borrowing (resilience bond)
 - Financial institutions: Green Lending with smart subsidy shifting to subsidy-free model through (a) sustainable finance taxonomy and (b) macro-prudential regulation
 - Venture Capital
- Policy and Institutional Capabilities for CSA**
 - CSA Policy: NAP, Green KUR Scheme, Fiscal Policy, Investment Policy, Macro-prudential policy
 - CSA Institutional Capabilities: CSA Extension Services; FI Climate Risk Governance (risk management units; credit screening tools; fintech solutions)

ADAPTATION OUTCOMES

CLIMATE-SMART AGRICULTURE FOR FOOD SECURITY & ECONOMIC GROWTH IN INDONESIA

