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IMPROVING CLIMATE POLICY IN INDONESIA THROUGH MULTI-LEVEL GOVERNANCE

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KEY MESSAGES

• Indonesia is committed to reducing GHG emissions by 29% unconditionally and 41% with international support by 2030 per its current NDC. Despite the fact that the commitments include local to national and international dimensions, coordination amongst government levels and relevant stakeholders still presents fundamental challenges in the process. This will further pose difficulties in the implementation of climate mitigation and adaptation measures in Indonesia.

• The discrepancy in the mandates for local governments in their role of climate change mitigation and adaptation may cause the failure of the proper implementation of the NDC. The lack of climate action at the city level are to a large degree caused by incomplete national policy, which aims to support low carbon development, but fails to devolve its power to subnational actors and give the mandate to local governments to develop climate action plans (locally called *RAD-GRK* and *RAD-API*). Such policy is imperative for the success of climate change mitigation and adaptation efforts at local level, which can ultimately contribute to the achievement of NDC targets.

• Vertically integrating and synchronizing the climate efforts between different levels of government are required for effective implementation of local climate action and for providing sustainable benefits at the local and national level with impacts seen globally. This can be done by establishing dialogues and sharing information in both directions in the domains such as climate data reporting, policy development and implementation, and access to climate finance.



BACKGROUND INFORMATION

Cities can make a substantial contribution towards keeping the global temperature increase below 2 °C. Local governments have significant potential in closing at least a quarter of the global GHG emissions reduction gaps thanks to the key leverage points for reducing GHG emissions in urban areas that fall under the local government mandates. Against this backdrop, there is increasing recognition of cities' potential to contribute to the achievement of the goals of the Paris Agreement. However, the existing climate policies and plans at the local level remain far below this potential. One of the major reasons is the lack of legal mandates and resources in developing relevant plans provided to cities that coherently align with the national policies. Therefore, enhancing multi-level governance can support cities to fully harness local climate action and in turn, contribute to achieving the Nationally Determined Contribution (NDC) targets.

Indonesia's commitment towards reducing its GHG emissions began in 2009 when then President Susilo Bambang Yudhoyono announced the national commitment to reduce GHG emissions by 26% up to 41% against the business-as-usual scenario by 2020. This commitment was later intensified by President Joko Widodo during the UNFCCC Climate Change Conference in 2015 (COP 21) where Indonesia submitted its NDC targeting to reduce 29% of GHG emissions unconditionally and 41% conditionally by 2030. At the same CIOP, the government also ratified the Paris Agreement under Law No. 16/2016.

To achieve the mitigation targets, the National Government issued Presidential Regulation No. 61/2011 introducing National Action Plans for GHG Reduction (called *RAN-GRK*) and Presidential Regulation No. 71/2011 on creating national GHG inventories. The GHG inventory activity in Indonesia is done with the help of the National GHG Inventory System, called SIGN SMART. According to Presidential and Ministry of Environment and Forestry Regulations, each level of government has to contribute in the development of national GHG inventory, which combines a top-down and bottom-up approach.

In fact, while the Presidential Regulation No. 71/2011 provides the legal mandate for provincial and city/regency governments to develop GHG emissions inventories and update them annually to serve as a basis for local mitigation actions and emission reduction, *RAN-GRK* only mandates provincial governments to develop corresponding GHG emissions reduction plans (called *RAD-GRK*). This proves to be challenging since cities were often excluded in the process of development of provincial level of climate action plans even though a large number of implementation mandate falls under the responsibilities of local governments and their stakeholders on the ground.

As for climate change adaptation, the National Government

developed a National Action Plan on Climate Change Adaptation (called *RAN-API*) in 2014. However, *RAN-API* does not provide any legal basis to develop a local climate change adaptation plan nor carry the same weight as the *RAN-GRK*. Thus, provincial and city/regency governments face challenges to develop local adaptation action plans (called *RAD-API*) without a robust legal support and proper financial backing that shall be derived from the legal mandates.

In 2019, the national government launched the Low Carbon Development Initiative (LCDI) which aims to maintain economic and social growth, while also ensuring environmental sustainability takes place. Underlining the commitment to implement the initiative, the national government has integrated LCDI into Indonesia's National Medium Term Development Plan (called *RPJMN*) for 2020 – 2024. This plan is crucial in accelerating the achievement of Indonesia's NDC, as greenhouse gas emissions reduction becomes one of the key macro development goals.



Figure 1 – The Macro Development Goals for 2024 incl. a GHG emissions reduction target of 27.3 % against BAU scenario (RPJMN 2020-2024, page 12)

PROBLEM DEFINITION

The absence of a clear mandate for local governments to develop climate action plans will hinder the achievement of NDC targets. Without this mandate, cities/regencies develop their *RAD-GRK* only on a voluntary basis resulting in insufficient implementation of local climate change actions and lack of resources. Furthermore, not all cities and regions establish city-level GHG inventories, despite mandated by Presidential Regulation because the regulation does not provide any sanctions. In terms of adaptation policy, there is a lack of national framework serving as a legal basis to translate *RAN-API* into localized adaptation plans which leads to local governments not prioritizing adaptation issues. After the devolution of power from central to subnational governments through the New Order Act 1999, a large range of powers were transferred to local governments, however, this was not accompanied by sufficient budget allocation or capacity building activities. Fast forward to present day, such disconnect still negatively impacts local fund allocation for mitigation and adaptation programs. The national government would also do well to engage local actors more in national climate change policy decisions and provide incentives for mainstreaming the decreed climate change action plans in local development plans. The newly-launched LCDI does not have a legal basis yet. In fact, the national government is encouraging provincial governments to transform their *RAD-GRK* into local government level low carbon development planning (locally referred to as *RPRKD*). Seven pilot provinces are participating to transform its *RAD-GRK* into *RPRKD* voluntarily but in order to have all local governments develop *RPRKD*, extension of legal mandates is still a critical element that is lacking.

It will be a challenge to say the least for local governments to develop their *RPRKDs*, particularly for cities and regions which have not even developed a *RAD-GRK*, as *RPRKD* is another step up from the *RAD-GRK*. There is a need for legislation/ regulation to be clear, consistent and enforceable to ensure a robust and effective vertical integration of climate policies across different levels of government.



URBAN LEDS

Vertical Integration to Climate Reporting



Figure 2 – Vertical integration related to urban LEDS in Indonesia

KEY FINDINGS

Despite the absence of a national policy requiring local governments to integrate mitigation action into local development planning, DKI Jakarta took the initiative to mainstream climate change issues in its development plan. This initiative, along with its target to reduce its GHG emissions by 30% by 2030 against the business-as-usual scenario, demonstrates the strong leadership of DKI Jakarta in tackling climate issues. Meanwhile, many other local governments with limited resources have not been able to set a robust GHG emissions reduction target backed by local climate action plans partly due to the absence of a legal reference for developing RAD-GRK. For adaptation, RAN-API requests that local governments embed adaptation actions in their development plans. However, not all cities have done so. Even some that have allocated funds for local adaptation action plans have been challenged by the lack of clarity in the national policy framework.

To bridge the resource gaps, cities in some rare cases have successfully accessed international climate funding. For example, Jakarta funded a major Bus Rapid Transport and Pedestrian improvement project using funds from the Global Environment Facility (GEF). Apart from the national government transfer, local government can also utilize local revenue raised by local tax. For example, in Kupang, there is a street lighting tax, which is collected from residents. Part of the collected tax is allocated for the street lighting provision. Kupang has taken this opportunity to install solar-powered street lighting and change the existing street lamps to be more energy-efficient and that policy contributes to GHG emissions reduction. However, as many local governments heavily rely on national-level resources for generating meaningful changes, systematic support from the national government is essential to achieve the climate goals.

• To successfully implement local climate change action plans, effective coordination support from the national government is needed. For example, the national government granted diesel-fueled buses to support the public transportation sector. This policy was contradictory to a local government's climate mitigation effort which had applied for buses running on compressed natural gas (CNG).

• The provincial climate mitigation and adaptation action plans are expected to be developed in a participatory approach by engaging city/regency governments, but not all cities/regencies have been involved properly by their provincial governments resulting in a lack of participation of citizens, business/industries and vulnerable groups because their involvement is typically predicated on the engagement of the city/regency.

• *RPJMN* serves as a basis for the local government to develop their local mid-term development plan (called *RPJMD*). The *RPJMN* integrated low carbon development and climate resilience into development plans at the national level and the regulations suggest that local governments follow

the same principle in their respective *RPJMDs*. National government also mandated local governments to develop strategic environmental studies (called *KLHS*) and integrate them into *RPJMD* to realize local development in accordance with sustainable development principles.

• Lastly, the National Development Planning Agency/ Bappenas launched an online Low Carbon Development Planning, Monitoring and Evaluation System in 2017. This application was created to coordinate implementation and simplify the process of monitoring, evaluating and reporting low carbon planning achievements. The aim is to strengthen the capacity of parties involved in climate change mitigation in Indonesia through the provision of accurate data, information and decision support systems.

• This system will also make it easier for all parties to report the achievement of reducing greenhouse gas emissions from all fields and their implications for economic growth and poverty alleviation. The data can even be accessed at the sub-district and village levels.



POLICY RECOMMENDATIONS

At the National Government Level:

• Intensify the involvement of cities and regencies in national climate change policy decision processes to support the achievement of the NDC. Extending clear mandates to cities/regencies to develop a *RAD-GRK/RPRKD* will provide the fundamental foundation for successful implementation. Defining specific targets in the NDC applicable to provinces and cities is also important, so that explicit responsibilities are allocated to local and regional governments to effectively contribute through their local plans accordingly. This can be done by revisiting the policy on *RAD-GRK* development for mitigation. In adaptation, this can be achieved by providing a national legal instrument mandating cities and regencies to

translate the *RAN-API* into a local *RAD-API* followed by strong capacity building. Likewise, a participatory approach should be encouraged in the revision of the national policies, so that local inclusivity is fostered.

• Vertically aligned Key Performance Indicators (KPIs) for climate actions should be included in development plans to track progress and improve climate action. This can also ensure that the action plans are specific, measurable, attainable, relevant, and timely (SMART) and that MRV systems are vertically integrated so that GHG inventories exist for all levels of government. • Explore the possibility of applying incentive mechanisms for local governments which are fulfilling the expectation of the national government on *RAD-GRK/RPRKD* and *RAD-API*, so that they can access additional resources to advance climate action aligned with national policies.

• Provide technical assistance to increase the capacity of local governments in climate change-related issues, such as: GHG inventory, climate reporting, and climate financing. Organize capacity building and training to national, province and city/regency governments to enhance the understanding and increase capacity and skill in terms of climate change adaptation and mitigation issues. Moreover, organize peer-to-peer learning between ministries, provinces, and cities/ regencies to exchange knowledge and approaches on these issues. These capacities are important for effective planning, implementation, monitoring and evaluation of climate change action.

At the Local Government Level:

• Local governments need to strengthen their coordination and potential synergies with the national level and all local levels of government to ensure the alignment of development plans and climate change action to the national strategies, both for adaptation and mitigation.

• Prepare a monitoring system for climate change mitigation actions that is integrated with the city/regency, including in terms of budgeting.

• Provincial governments need to strengthen the role in bridging the national interest and the need of cities/regencies by actively engaging cities/regencies in developing local climate action plans and monitoring the progress through climate change working groups.

• To enhance the governance at the city level in implementing climate actions by actively engaging various stakeholders, including citizens and vulnerable groups. In doing so, reward mechanisms should be developed to recognize and appreciate climate action implemented by the community, private sector and other stakeholders. • Encourage the establishment of Public-Private Partnerships (PPPs). These partnerships can support government funding, while financing innovative and efficient projects, as the private sector is more likely to invest in higher-risk projects. These mechanisms can be beneficial for projects on the city-level, but it is important to implement them in a way that can be integrated in local systems.

• Require the private sector to provide data and information related to the GHG inventory.

• Prepare reward and punishment mechanisms scheme to encourage local governments to develop low emission development.

• Issue regulation that mandates city/regency government to develop *RAD-GRK*, which is integrated with the long-term development plan and medium-term development plan.

• Provide strong leadership in ensuring the establishment of a comprehensive local climate action plan by engaging and improving coordination between cross-sectoral agencies within the local government, as well as, between different levels of government. This includes forming a climate change working group, led directly by the mayor or regent, to monitor and evaluate the implementation of low emission development plans for all agencies.

• Integrate low emission development strategies of local governments into local medium and long-term development plans, which later serve as reference for each agency in developing its strategic plans and annual work plans. Also, create KPIs vertically aligned with the national frameworks.

• Develop own low carbon development action plan as an entry point for mainstreaming climate change into the local development plan. The action plan needs to have a legal status in order to be sustainably implemented. In developing and implementing the action plan, multi-stakeholder participation is required, in particular civil society, private sector and non-profit organization. This will enable effortsharing and distribution of sense of ownership among stakeholders to achieve a low carbon and resilient cities.



CONCLUSIONS

• The existence of a national mandate on developing *RAD-GRKs/RPRKD* and *RAD-APIs* for all levels of local governments in Indonesia is imperative to the success of mitigation and adaptation effort. Without the mandate, the achievement of the NDC target is certainly difficult since the development of *RAD-GRKs* and *RAD-APIs* for cities and regions is only done on a voluntary basis.

• It is challenging to expect all local governments to develop their local climate action plan voluntarily without legal mandates, especially without sufficient awareness of climate change issues at the local government level. This only supports the urgency to institutionalize the mandate for local governments to start developing their *RAD-GRKs/RPRKD* and *RAD-API*s.

• The integration of LCDI into Indonesia's National Medium Term Development Plan (*RPJMN*) for 2020 – 2024 is an opportunity to strengthen the implementation of climate action both at national and local level. Development plan which contains low carbon development and climate resilience activity means securing sufficient resource allocation needed to implement climate actions.

• Considering the decentralized system in Indonesia, mandates from the national government play an important role as a legal protection, guaranteeing the mitigation and adaptation actions conducted by the local government are legally legitimate. In addition, this effort shall be supported by strong leadership from the local leaders through effective coordination and policy synchronization between national and local governments.



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Authors

Selamet Daroyni Happy Tiara Asvita Gina Karina Jiwon Lee Jasmin Frietsch Layout

Olga Tokareva

The purpose of the policy brief series under the IKI Ambitious City Promises project is to support more informed evidencebased decision-making on the priority areas within the project cities or their respective national governments. It is targeted at the policy-makers and the government officials who are involved in developing and/or executing the climate action plan.

The <u>Ambitious City Promises</u> project supports nine city local governments in Indonesia, the Philippines, and Vietnam in developing and implementing low emission development strategies. Through the project, local governments in Southeast Asia adapt this model of inclusive, ambitious climate action, mainstreaming low emission development strategies and creating new climate leaders. The project is implemented by ICLEI – Local Governments for Sustainability and funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) through the International Climate Initiative (IKI).