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Climate-Smart Governance

Climate Change Institutional Assessment of Indonesia

(A Background Paper for WBG Country Climate and Development Report for Indonesia)

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GOV



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Executive Summary

A Climate Change Institutional Assessment (CCIA) was conducted in Indonesia to identify the strengths and weaknesses of country's institutional framework for addressing climate change governance challenges. The CCIA covered five pillars – organization, planning, public finance, subnational government and SOEs, and accountability - focused on the center of government entities. The CCIA looked at both form and function of institutions and its objective was to produce recommendations that support more effective institutions. Following herewith is the summary of key strengths, areas of improvement, and proposed actions across five pillars of the CCIA.

I. Organization:

This pillar assessed the regulatory framework for climate change policy, the functional mandates of government agencies, coordination arrangements, and the technical capacity to support climate change policy. The assessment found the completeness of main policies, regulations, strategy, and action plan to respond to the Paris Agreement. Key government institutions with their mandates to implement policies and regulations to achieve the NDC (Nationally Determined Contributions) targets are well in place. However, there is a scope for improvement in institutions' capacity to implement climate change agenda effectively.

It is recommended that the Government designate Ministry of Environment and Forestry (MOEF) as the leading agency in the climate change agenda and the Coordinating Ministry of Investment and Maritime Affairs (MARVES) be assigned the coordinating role. It can use its convening power to support MOEF in carrying out its climate change agenda and NDC tasks more effectively. The Ministry of Finance (MOF) and Ministry of Planning (BAPPENAS) should jointly prepare an implementing regulation to improve the alignment between planning and budgeting related with climate change. The new governance structure on the implementation of carbon pricing for the achievement of the NDC and GHG (Greenhouse Gas) emissions control established by the Presidential Regulation No. 98/2021 should be supplemented by a MARVES ministerial decree establishing a coordination mechanism for all government ministries and agencies to design and implement climate actions and jointly work towards achievement of NDC targets. MOEF needs to set up a more systematic learning and development program for its key staff and core management to improve their technical and managerial competencies in climate change and collaborate with other relevant agencies. MOEF and other agencies must ensure that they recruit competent people to implement climate change agenda.

II. Planning:

This pillar evaluated systems for climate change risk and vulnerability assessments, strategies, and plans and the regulatory framework for the climate change planning and policy process. The assessment found that there is a comprehensive set of long- and medium-term strategy documents that provide adequate framework for GHG reductions based on NDC targets. These documents include GHG emissions assessments, economic analyses, integration with other strategies, and specific sectoral coverage. Planning documents have detailed analyses for both mitigation and adaptation. For instance, the medium-term strategy contains detailed, geographically disaggregated risks and vulnerability assessment which guides the adaptation activities. There is broad consistency between long- and medium-term planning documents, given the NDC targets. However, the planning documents do not cover transition risks of low-carbon development in detail.

The medium-term strategy can extend the analytical work on transition risks to strengthen the planning process. Also, the medium-term plan does not cover implementation risks / challenges which could be crucial to ensure impact. Hence, the document can cover these risks in more detail and plan risk mitigation activities that would make implementation more likely to be successful. While a comprehensive monitoring and evaluation framework does exist, its implementation on the ground remains a concern and can be addressed in a more detailed manner in the planning documents.

III. Public Finance:

This pillar considered the integration of climate strategies, plans, and policies in fiscal and public financial management practices and the mobilization of resources for climate action. The assessment found that since 2016, MOF has been implementing climate budget tagging (CBT). Starting in 2021, RSP reform has introduced a cross-agency program on climate change, but that covers only disaster management. BKF is assigned as the National Designated Authority (NDA) of the Green Climate Fund (GCF). In efforts to mobilize funding, various funding mobilization mechanisms have been established and implemented. The application of Green Public Procurement (GPP) and Sustainable Public Procurement (SPP) is included and promoted to be implemented in the Public Procurement Regulation (PPR-Perpres 16/2018).

However, the CBT guideline is not yet expressed in a formal legal regulation by MOF. Neither CBT guideline nor budget circular provide a methodology and guidance on how to limit future expenditures that are counter to climate resilience. There is a lack of a comprehensive “cross-agency” program for climate change. If it is established, there will be no need to rely on the budget tagging (of output) as the only way to track expenditures. There is also a need to have a Climate Change Fiscal Framework (CCFF). There is a lack of alignment between the budget and planning within the national targets of climate change. Also, there is no standard method in place for the calculation of funding needs to achieve the NDC’s target. There is no monitoring system and detailed technical guidelines on the application of GPP/SPP in the public procurement

Going further, it is recommended that without amending generic PFM laws, the government can mainstream the climate change issues in the PFM cycle. It needs to formalize the CBT guidelines in a regulation with guidance to factor climate change policies in budget proposals and to limit future expenditures that are counter to climate resilience. For comprehensiveness reason, better tracking of climate change expenditures can be done by implementing both CBT and cross-agency programs in parallel. MOF needs to develop the Climate Change Fiscal Framework (CCFF) to strengthen Indonesia’s sustainable finance to achieve SDGs, including NDC. There is a need to establishing enabling environment for more private participation and funding contribution. National Public Procurement Agency (LKPP) needs to develop monitoring system and detailed technical guidelines on the application of GPP and SPP, which can also be accessed by public.

IV. Subnational Governments and SOEs:

This pillar examined the treatment of climate change in the intergovernmental system and in the management of state-owned enterprises, the capacity of subnational governments, and incentives for climate action. The assessment found that subnational governments play a significant role in delivering climate objectives that are well recognized in Government’s Climate strategy and plan documents, e.g., Indonesia’s NDC, and Low Carbon Strategy Document. Climate change mainstreaming into subnational government planning documents has been done by setting requirements for preparing action plans for

mitigation, adaptation, low carbon development and requirement to prepare strategic environmental analysis for government medium term plan (RPJMD). The implementation of pilot on climate change regional budget tagging is ongoing in 11 SNGs. A regulatory framework that requires SOEs to implement environmentally and socially responsible programs (Permen BUMN 05/21) and to disclose climate-relevant information (PerOJK no.51/2017) is well established. There is a clear statement of commitment from SOE Minister on the role of SOE in climate actions.

However, there is ambiguity in the scope of functional assignment to district/municipality, particularly in forestry, energy, and marine sectors. Law 23/2014 re-allocates most assignment to central and provincial government, hence limits districts' involvement in these sectors. On the other hand, some sectoral regulation such as Gov regulation no. 23/21 on forestry management includes broad mandate for districts for maintaining forest cover in their area. There is a lack of coordination between level of government in the issuance of land use permit under their authority as illustrated by the rampant case of overlapping land use permit. Also, the Climate change considerations have not been mainstreamed into budgeting, planning, public investment, and public asset management investment guidelines for subnational government. There is an absence of comprehensive strategy document and regulatory framework on SOE roles in combatting climate change and the regulation on the disclosure of climate relevant information is only applicable to SOE in financial sector or that are listed as a public company.

Going further, it is recommended to re-assess functional assignment in some key sectors: forestry, energy, and marine sectors to enable districts implement climate programs/activities for tasks which they have comparative advantage and in line with subsidiarity principle, such as, providing guidance and supervision for social forestry program, managing conflict resolution, and managing community-based fire prevention programs. It is also recommended to strengthen visibility of climate agenda and improve coordination inside local government structure by assigning head of local government to hold at least an annual climate coordination summit. A check and balance mechanism needs to be developed between level of government in the issuance of land use permit. There is a need to engage Ministry of Home Affairs in mainstreaming climate change issues into subnational PFM guidelines and SOPs. A comprehensive strategy document on SOE roles in combating climate change needs to be developed and a regulation that requiring disclosure of climate relevant information applicable to all SOEs be issued.

V. Accountability:

This pillar reviewed the transparency and stakeholder engagement mechanisms for civil society, the private sector, and other stakeholders and the roles of expert advisory and oversight institutions. The assessment found that in general, Indonesia has legal basis (law and regulation) on climate change accountability mechanism. Transparency has taken place. Relevant agencies have websites that provide necessary information on fosters accountability. However, there is a need for clarity or further elaboration on detailed regulations.

It is recommended that relevant agencies develop detail regulations through Ministerial Decree or other forms in order to make the regulation workable and enforceable, such as: specific regulations on climate change disclosure information, stakeholder engagement mechanism, censure and petition procedures in DPR, joint audit assignment on climate change between external and internal audit, and detailed regulation to execute or enforce court decisions.

1. Organization

This pillar assesses whether a country has an effective organizational structure to address its climate change risks, opportunities and priorities, grounded in law and with sufficient technical capacity to implement it.

1.1. Regulatory framework

This element assesses the quality of the overarching regulatory framework for climate change. It is not intended to assess the adequacy of laws and regulations for specific technical or sectoral issues (e.g., an emissions trading scheme, renewable energy standards) though those could be covered if relevant. The quality of the regulatory framework for specific functions contained in other pillars of the CCIA (e.g., public finance or access to information) is dealt with as part of each of the respective element.

Topic areas	Current status
<p>1.1.1. Legal basis for climate change policy and action. Assesses the certainty and clarity provided by the regulatory framework (e.g., laws, regulations, decrees) in the governance of climate change, including:</p> <ul style="list-style-type: none">• The existence of a climate change framework law, or other overarching laws, decrees etc. that structure a country's response to climate change and create responsibilities and obligations for action.¹• Whether national and sectoral, medium and long-term, decarbonization and adaptation targets (in line with those in the NDC/Long Term Strategy) are legally grounded.• Legal mechanisms for translating targets into action (e.g., carbon budgets, sector targets) and obligations	<p>Law No. 16 Year 2016 on Ratification of Paris Agreement to the United Nations Framework Convention on Climate Change (UNFCCC) provides a general guidance and foundation for Indonesia to address the threats of climate change in a systematic way and to be part of the global initiatives to respond to climate change agenda. The Paris Agreement in principles provides key substances on the following:</p> <ul style="list-style-type: none">• The goal of the agreement which is to limit the increase of global temperature below 2 degrees of Celsius from pre-industrial level and make efforts to limit it to below 1.5 degree of Celsius• The obligation of each country to convey its Nationally Determined Contributions (NDC). The contribution shall increase every period, and for that reason, developing countries need to get support to increase the ambition

¹ See [Reference Guide to Climate Change Framework Legislation](#) for more detail on assessing framework laws.

Topic areas	Current status
<p>to develop decarbonization and adaptation policy instruments (who will prepare and by when).</p>	<ul style="list-style-type: none"> • Commitment of each party involved to reach the peak of greenhouse gas (GHG) emissions as quickly as possible and make efforts on rapid emission reduction through mitigation actions • Policy approach and incentives for activities related to emission reductions from deforestation and forest degradation and sustainable forest management, conservation and enhancement of forest carbon stocks including through results-based payments • Development of voluntary cooperation between countries in the context of emission reductions including through market and non-market mechanisms • Setting up of the global adaptation goals to improve adaptive capacity, strengthen resilience, and reduce vulnerability to climate change in recognition that adaptation is a global challenge that needs international support and cooperation, especially for developing countries • Recognition of the importance of minimizing and overcoming losses and damage (due to bad impacts of climate change) • The obligation of developed countries to provide funding sources to assist parties in developing country in the implementation of climate change mitigation and adaptation. Apart from that, the other parties can also provide the supports voluntarily • Increasing cooperative actions of all countries in terms of development and technology transfer • The need for cooperation of the parties to strengthen capacity of developing countries in the implementation of the Paris Agreement and the obligations of developed countries to strengthen support for capacity building in developing countries

Topic areas	Current status
	<ul style="list-style-type: none"> • Cooperation of the parties in efforts to strengthen education, training, public awareness, public participation, and access public to information about climate change • Establishment and implementation of a transparency framework to build mutual trust and improve the effectiveness of implementation, including actions and support with flexibility for developing countries • Periodic inventory of the Paris Agreement implementation to assess collective progress in the achievement of the goals of the agreement (global stock take begins in 2023 and thereafter every five years) • Establishment of mechanisms to facilitate implementation and promote compliance with the Paris Agreement • The Paris Agreement takes into effect on the 30th day after 55 countries reflecting at least 55% of global emissions have deposited the instruments of ratification, acceptance, approval, or access to a depositary • No reservations can be made against the Paris Agreement <p>To respond to this law, Indonesia then issued the following regulations and policy actions which include accountabilities, that are instrumental for the climate change agenda in Indonesia in the following order:</p> <ul style="list-style-type: none"> • Presidential Regulation 59/2017 on Implementation of Sustainable Development Goals (SDGs), particularly Goal #13 <ul style="list-style-type: none"> ○ 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries ○ 13.2 Integrate climate change measures into national policies, strategies, and planning ○ 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Topic areas	Current status
	<ul style="list-style-type: none"> ● 2017 NDC (Nationally Determined Contributions) Implementation Strategy with the Nine NDC Implementation Program prepared by MOEF (Ministry of Environment and Forestry): <ul style="list-style-type: none"> ○ Ownership and commitment development ○ Capacity development ○ Enabling environment ○ Development of frameworks and communication network ○ One Data Green House Gases (GRK) policy ○ Development of intervention policy, plan, and program ○ NDC implementation ○ NDC Monitoring and Evaluation ● Presidential Regulation 18/2020 on the National Mid-Term Government Development Plan (RPJMN) 2020 – 2024 which supports development of low carbon and climate resilience as one of the national priority developments: <ul style="list-style-type: none"> ○ National Priority #6: strengthening the environment and improving resilience against natural disasters and climate change ● 2020 – 2045 Climate Resilience Development Policy in response to 2017 NDC Implementation Strategy prepared by BAPPENAS ● 2021 Indonesia NDC Updated and 2050 Indonesia Long-Term Strategy for Low Carbon and Climate Resilience (LTS -LCCR) prepared by MOEF <p>2017 NDC Implementation Strategy, as the first policy actions in response to the Paris Agreement, clearly provides accountability and obligations for NDC implementation in Indonesia, as mandated in the Law 16/2016. The NDC Implementation Strategy was updated in 2021 and submitted to UNFCCC, together with the 2050 LTS -LCCR which aims to contribute to the global goal and to achieve national development objectives, taking the balance between emission</p>

Topic areas	Current status
	<p>reduction, economic growth, justice, and climate resilience development, into consideration. Both documents provide more detailed guidance on addressing the threats of climate change through various climate change initiatives and call for more sectoral coordination and synergy in national climate change agenda in Indonesia.</p> <p>The government was then issued the 2020 – 2024 National Mid-Term Government Development Plan (RPJMN) which also supports the climate change agenda in the context of sustainable development and efforts to eradicate poverty, particularly development of low carbon and climate resilience as one of the national development priorities, (indicated by Priority #6), which is in line with the 2017 NDC Implementation Strategy.</p> <p>In addition, BAPPENAS issued the 2020 – 2045 Climate Resilience Development Policy as a guidance and reference for relevant ministries and agencies as well as subnational governments in addressing the climate change agenda, focusing on climate resilience.</p> <p>Just recently, the government released a new Presidential Regulation No. 98 Year 2021 on the Implementation of Carbon Economic Value (NEK) for the Achievement of the Targeted Nationally Determined Contribution (NDC) and Greenhouse Gas (GHG) Emissions Control in National Development. This regulation covers all the key substances in the Paris Agreement as ratified in the Law 16/2016 and strengthens the commitment of Indonesia to implement the Agreement in an accountable way. The regulation also serves as a basis for NEK implementation and a guidance for GHG emission reductions through policies, steps, and activities to achieve the NDC target as well as a control for GHG emissions in the national development.</p> <p>In principles, this regulation covers among other things, most notably:</p>

Topic areas	Current status
	<ul style="list-style-type: none"> • The main intention and purpose of the regulation which has been mentioned above • Efforts to achieve the targeted NDC, which are mainly through climate change adaptation and mitigation in line with the NDC Implementation Strategy and roadmap (which will be developed under ministerial decree) <ul style="list-style-type: none"> ○ Climate change mitigation related matters: action plans in general, key stakeholders involved, coordination, sectors & sub-sectors, steps in climate change mitigation action plans (GHG emission inventory, GHG emission baseline, target and action plan), phases in conducting GHG emissions inventory, baseline, setting target and developing action plans, execution of climate change mitigation action plans, monitoring & evaluation on the execution (which will be detailed in the ministerial regulation) ○ Climate change adaptation related matters: main purposes of conducting the adaptation, areas/matters to be covered, stages in conducting adaptation action plans (inventory, baseline setting, targets, and action plans), substances in the action plans, mechanisms in developing the action plans in the central and subnational governments, execution of the action plans, monitoring & evaluation of the executions • Governance for NEK implementation, which mainly covers <ul style="list-style-type: none"> ○ General about NEK: Sectors/subsectors involved, key stakeholders involved, mechanisms and references ○ Carbon trading: main substances in the implementation of carbon trading, mechanisms including across sectors and international/national market, off-set mechanism ○ Performance-based payment: purpose, general mechanism, and scope (mechanism & procedures will

Topic areas	Current status
	<p>be detailed in the ministerial regulation), benefit distribution and its mechanism</p> <ul style="list-style-type: none"> ○ Carbon Tax: formulation of policies and strategies on carbon tax will be performed by the minister that is in charge for state finance after coordination and consultations with minister of MOEF and other key stakeholders and institution that is tasked with implementation of fund management and benefit distribution resulting from performance-based payment, carbon trading, and carbon tax ● Transparency framework, which mainly covers: <ul style="list-style-type: none"> ○ Measurement: purpose, stakeholders involved, steps in measurement and frequency ○ Reporting: purpose, substances, and data to be covered, stakeholders involved, frequency, details in the ministerial regulation ○ Validation and Verification: purpose, executors, criteria for independent VV, details in the ministerial regulation ○ National Registry System: CC Control: purpose of SRN-PPI, details in the ministerial regulation, administrative sanctions for not updating the SRN-PPI ○ Emission Reduction Certification: purpose/objective, steps, details in the ministerial regulation, requirements, beneficiaries/parties involved, obligations, sanctions, ● Monitoring and Evaluation, which covers mainly: <ul style="list-style-type: none"> ○ Objective, M/E target, parties involved/accountability, M/E Reporting ● Management and financing, which mainly covers: <ul style="list-style-type: none"> ○ Parties/stakeholders involved and accountabilities, participation and dissemination, capacity building, sources of financing

Topic areas	Current status
	<ul style="list-style-type: none"> • Implementation structure: steering committee, which covers: <ul style="list-style-type: none"> ○ Structures of steering committee, details in the ministerial regulation <p>In short, the Law 16/2016, the Presidential Regulation (PR) 59/2017, PR 18/2020, PR 98/2021, 2017 & Updated NDC Implementation Strategy and 2050 Long Term Strategy for Low Carbon and Climate Resilience altogether provide the legal framework, key principles and climate change policy actions and aim to coordinate and support integral management (ministries and competent authorities) in a participative and transparent manner, of climate mitigation and adaptation strategies, fulfilling international commitments under the UNFCCC, contributing to low-carbon development opportunities, defining responsibility and accountability for setting related standards, policy implementation, monitoring and evaluation, periodically updating and elaborating national greenhouse gas (GHG) inventories, incorporating the analysis of climate risk and vulnerability, outlining climate change national and regional strategies, including national determined contributions (NDC), provisions on environmental education and public participation, capacity building, funding for low-carbon technologies, emissions control, and efforts to coordinate relevant stakeholders from many sectors and closely work together to systematically implement what have been mandated in the regulations and action plans.</p> <p>To be effective for the implementation, the following policy actions: 1) 2017 NDC Implementation Strategy and its update; and 2) 2050 Long-Term Strategy on Low Carbon and Climate Resilience should be legally grounded, and this will give the same status or level as the subsequent implementing regulations after the issuance of the new PR.</p> <p>Before Indonesia ratified the Paris Agreement, to respond to the overall climate change issues, the government issued the following regulations</p>

Topic areas	Current status
	<p>and policy actions (which are basically the same as the NDC implementation strategy):</p> <ul style="list-style-type: none"> • Presidential Regulation No. 61/2011 on National Action Plan on Emission Gas Reduction of Green House (RAN-GRK), which demonstrates Indonesia’s commitment on national-scale climate change mitigation efforts (this RAN-GRK will be expired in 2021) • National Action Plan for Climate Change Adaptation (RAN-API) 2012 which provides a framework for mainstreaming the climate mitigation and adaptation into the 2020 – 2024 RPJMN as cross cutting issues. <p>Legal mechanisms for translating climate change related targets into action are manifested in the sectoral RENSTRA with reference to the RPJMN. The leading sectors that are at stake on climate change issues like Ministry of Energy and Natural Resources (MOENR), Ministry of Transportation, Ministry of Agriculture (MOA) and Ministry of Industry (MOI) put their plans and actions on climate change in their own RENSTRA and their achievement against the targets set forth will be measured and evaluated. For example, Ministry of Transportation put GHG (Green House Gas) emission reduction related objective, activity, and target (reduction of 5.13 million CO2 by 2024) in its RENSTRA to support the RPJMN (low carbon development) and NDC Implementation Strategy (#5 NDC Program). Going forward, the Ministry of Transportation should align its objectives, activities and targets related with reduction of emission with the new PR alongside the updated 2017 NDC implementation strategy and the 2050 LTS accordingly.</p>
Recommendations	
<ul style="list-style-type: none"> • All important and critical plans and actions related with climate change initiatives and agendas shall be legally binding and grounded to ensure effective coordination and implementation on the ground, including the 2017 NDC Implementation Strategy and its update (2021) as well as 2050 Indonesia Long-Term Strategy for Low Carbon and Climate Resilience (LTS -LCCR). 	

Topic areas	Current status
<ul style="list-style-type: none"> Subsequent implementing regulations in the form of ministerial regulation should be developed and issued as soon as possible after the issuance of the new Presidential Regulation No. 98 Year 2021 	
Reference documents	
<ul style="list-style-type: none"> Law No. 16 Year 2016 on Ratification of Paris Agreement to the United Nations Framework Convention on Climate Change (UNFCCC) Presidential Regulation 59/2017 on Implementation of Sustainable Development Goals (SDGs) 2017 Nationally Determined Contribution (NDC) Implementation Strategy Presidential Regulation 18/2020 on 2020 – 2024 National Mid-Term Government Development Plan (RPJMN) 2020 – 2045 Climate Resilience Development Policy 2021 Indonesia NDC Updated and 2050 Indonesia Long-Term Strategy for Low Carbon and Climate Resilience (LTS -LCCR) Ministry of Transportation (MOT) Regulation 80/2020 on 2020 – 2024 MOT RENSTRA Presidential Regulation No. 61/2011 on National Action Plan on Emission Gas Reduction of Green House (RAN-GRK) Presidential Regulation 98/2021 on the Implementation of Carbon Economic Value for the Achievement of the Targeted Nationally Determined Contribution (NDC) and Greenhouse Gas Emissions Control in National Development https://www.iea.org/policies/11975-climate-change-framework-law 	

1.2. Functional mandates

This element assesses whether the key functional mandates of climate leadership, technical/sectoral advice, and finance and planning have been appropriately assigned among government agencies, whether there are any overlaps, gaps, uncertainties, and inefficiencies, and how they are exercised in practice.

Topic areas	Current status
<p>1.2.1. Leadership. Assesses the existence and effectiveness of a mandate for economy/society-wide leadership on climate change strategy, planning and policy, including:</p> <ul style="list-style-type: none"> Clarity, consistency, overlaps/gaps/inefficiencies/uncertainties and legal basis for leadership authority (e.g., to set targets, approve strategies). The establishment of a centralized authority (e.g., in a presidential, prime ministerial, or other cabinet-level office). 	<p>The overall leadership on climate change agenda and initiative rests with MOEF, DG Climate Change Control, based on the functional mandate and core duties (TUPOKSI) that the ministry/DG has (Presidential Regulation No. 16 Year 2016 on Ministry of Environment and Forestry which is detailed in the MOEF Regulation No. 18 Year 2016 on MOEF Organization and Governance). The issuance of the PR 98/2021 strengthens the leadership of MOEF in climate change agenda in Indonesia.</p>

- Interaction of leadership function with other parts of government (e.g., sectoral ministries).
- Examples of leadership being exercised (e.g., update to the NDC or preparation of a long-term strategy).

However, to effectively reach out and have a broader coordination with other sectors such as energy & natural resources, agriculture, industry, and transportation in a manner that is effective, MOEF cannot rely on itself to make it happen. Therefore, the ministry uses and takes advantage of the leadership of MARVES, which has been tasked with leading the coordination for policy formulation and implementation related with maritime and investment matters, including climate change related matters, to exercise its roles and mandates for a broader coordination (Presidential Regulation No. 92 Year 2019 which is detailed in the MARVES Regulation No. 2 Year 2020 on MARVES organization and governance).

Given the functional mandates that it has, BAPPENAS is central and has key roles in national development planning and coordination, policy formulation, monitoring, and evaluation, including matters that affect climate change, like forestry, energy, and natural resources (based on Presidential Regulation No. 65 and 66 Year 2015 [amended by the Presidential Regulation No. 20 Year 2016] concerning Ministry of PPN and BAPPENAS respectively, which is detailed in the PPN/BAPPENAS Regulation No. 14 Year 2020 on PPN/BAPPENAS organization and governance). Likewise, the MOF, is the key actor on climate change related financing and budgeting (based on the recent Presidential Regulation No. 98 Year 2021).

The current COP 26 in Glasgow, UK also demonstrated the leadership role of MOFA (Ministry of Foreign Affairs) in liaising with UNFCCC and in advancing the updated NDC agenda of Indonesia together with MOEF. MOEF just issued a 2050 Long-Term Strategy document to complement this updated NDC version which revised targets and made various adjustments by referring to the 2020-2024 RPJMN and Indonesia's Vision 2045.

During the time of COP 26, the Coordinating Ministry for Economic Affairs (CMEA) also had a meeting with European Union (EU)

	<p>Delegates to cooperate in managing climate change impact. The meeting also discussed opportunities for cooperation between the EU and Indonesia under the Green Deal. The EU Green Deal has set a 55% emission reduction target by 2030, and Net Zero by 2050.</p> <p>The non-existence of a single entity to have power and authority across sectors which brings the overall leadership in climate change agenda proves to be cumbersome for the coordination and synchronization efforts since many other sectors significantly contribute to climate change agenda. With the current authority that MOEF has, ones say that the institution could only cover maximum 50% of its authority to address climate agenda whereas the remaining 50% rests with other ministries and agencies either within or outside MOEF’s coordinating ministry (MARVES) and with the subnational governments.</p>
<p>1.2.2. Technical/sectoral advice. Assesses the existence and effectiveness of mandates to provide technical advice and develop sectoral regulation, policy, programs and evaluations (e.g., in energy, agriculture, transport, nature conservation etc.), including:</p> <ul style="list-style-type: none"> • Clarity, consistency, overlaps/gaps/inefficiencies/uncertainties and legal basis. • Interaction of technical mandate with leadership and finance/planning mandates. • Examples of technical advice being provided in economy-wide processes (e.g. update to the NDC or preparation of a long-term strategy). 	<p>The MOEF, based on the mandate that it has and on the recent PR 98/2021, shall provide technical guidance and supervision on the implementation of mitigation, adaptation, reduction of greenhouse gas emissions, reduction and elimination of ozone-depleting substances, resource mobilization, greenhouse gas inventory, monitoring, reporting and verification of climate change as well as forest and land fire control in the region.</p> <p>For example, the Directorate of Climate Change Adaptation of MOEF provided technical guidance in the form of 4-day workshop in April 2021 to the regional government of Kendal and BAPPEDA of Central Java Province, on Climate Change Adaptation for Civil Service in Kendal, Central Java. The teaching materials include, among other things climate change introduction, national policy on climate change adaptation, vulnerability concept, risk and impact of climate change, climate change hotspot introduction, guidance on formulating and developing climate change adaptation action, exercise on making adaptation options and their integration in</p>

	<p>development planning, and identification of ecosystem and community-based climate change adaptation.</p> <p>BAPPENAS, on the other hand, in its many publications provides policy advice and recommendation on climate change and resilience. One most outstanding example is 2020 – 2045 Climate Resilience Development Policy (CRDP) which provides national guidance on developing climate resilience and can be a reference for ministry/agency at central level and sub-national governments in addressing climate resilience issues.</p>
<p>1.2.3. Finance and planning. Assesses the existence and effectiveness of a mandate to incorporate climate change in economic/public finance and national development planning processes, including:</p> <ul style="list-style-type: none"> • Clarity, consistency, overlaps/gaps/inefficiencies/uncertainties and legal basis. • Interaction of economic/finance and planning mandates with leadership and technical mandates. • Examples of economic/finance and planning advice being provided in economy-wide processes (e.g., update to the NDC or preparation of a long-term strategy). 	<p>The existing legal and regulations do not specifically require the government to address climate change in the preparation of its public finance instruments, including budget proposal documents. The commitment of the government to address climate change unfortunately is limited within the planning processes only and <i>there is a huge disconnect between climate change related planning and annual budgeting which is indicated by the fact that most of the 39 priority major projects that are planned by BAPPENAS in the Government Work Plan (RKP) document of 2021 that are intended to contribute to the achievement of NDC targets are not fully funded by the state budget (APBN).</i></p> <p>The PR 18/2020 on 2020 – 2024 RPJMN incorporates climate change in the national development planning through national priority #6, which is strengthening the environment and improving resilience against natural disasters and climate change. Finance Minister Regulation (PMK) 208/2019 provides a comprehensive guideline for the development of line ministries’ annual work plans and budgets (RKA-KL). However, the budget circular (of indicative budget) and PMK 208/2019 do not make any reference to the national climate change strategy or NDCs. These circulars did not also contain any guidance on how to factor climate change policies into budget proposals.</p>

Since 2016, MOF has been implementing climate budget tagging (CBT) in the national planning and budgeting system to track climate spending in the state budget (CBT is the process of identifying the budget used to finance outputs aimed at climate change, namely mitigation and adaptation). MOF issued a guideline on the climate change budget tagging to assist the line ministries and agencies on how to take inventory of the (output) activities, as well as to track the amount of public funding and its realization that allocated by the government through state budget in reducing GHG emissions and increasing the resilience towards climate change impacts. However, this CBT guideline has not yet been made in a formal regulation by MOF, therefore it becomes a challenge to ensure a solid ownership and active participation of the relevant line ministries to tag their climate change related budget lines in the systems.

Due to RSPP, BAPPENAS and Finance Ministers have established 1 (one) specific technical program on climate change: disaster management and climate change program (Code “FB”), which is exclusively implemented by MOEF. *Thus, since the climate change related program is only implemented by MOEF only, it reflects that the issue of climate finance is not yet mainstreamed to be implemented as a “convergence” (cross) programs between different line ministries/agencies in the context of THIS (Thematic, Holistic, Integrate, and Spatial) towards the achievements of one similar outcome/impac. If the government establish a specific “cross” program for climate change mitigation and adaptation, there is no need to do a budget tagging (of output) under the thematic budget of climate change.*

Instead of doing the CBT which is limited to identify the existing budget being perceived to contribute on climate change, having new technical “cross” programs on climate change would allow the

government to consolidate the entire budget for climate change under one specific cross program. Besides, the climate change cross programs will ensure that the budget is used for meeting the objectives, targets, and outcome indicators for national priorities to strengthen the environment, improve resilience against natural disasters and climate change that has been mandated in the 2020 – 2024 RPJMN and/or NDC targets. More specifically, a clear logical framework to link between output and outcome can be guaranteed where all outputs (of activities) under the specific climate change cross programs are intended to meet the Objectives, Targets, and Outcome indicators for national priorities to strengthen the environment and improve resilience against natural disasters and climate change that are grouped into three, namely: (1) Improved environmental quality index score; (2) Reduced losses due to disaster and climate hazards; and (3) Reduced emissions and the intensity of GHG emissions.

While establishing the climate change cross programs would ensure a better linkage between plan and budget to achieve the intended outcomes, the budget of climate change cross program is going to be “locked” or limited use to produce outputs from the implementation of climate change related activity and program only.

The Environmental Fund Management Agency (BPDLH) established by the Ministry of Finance has been tasked with mobilizing domestic and foreign funds to finance environmental programs and plays a major role in preventing deforestation, encouraging land and forest rehabilitation, and reducing emissions. BPDLH in collaboration with MOEF plays a key role in distributing grant funds for climate recovery, forest preservation and climate change mitigation. However, in carrying out its duties, BPDLH had several challenges, one of which was that Indonesia currently does not have a special law that regulates trustees or agencies, or

institutions receiving funds and is still adopting the capital market law.

Recommendation

- Based on the functional mandates that relevant ministries and agencies have and on the current Presidential Regulation 98/2021, MOEF is leading and coordinating the overall climate change initiatives and agenda and the focal point for UNFCCC. On the other hand, BAPPENAS is also responsible for the overall national development planning, including climate change agenda. Other agencies do not have any leadership roles in climate change but their active support and contribution to climate change agenda to accomplish what Indonesia has pledged as reflected in the NDC roadmap and long-term strategy is very critical, such as MOF, MOEMR, Ministry of Transportation, MOI, and MOA. The Government should activate the new governance structure mandated in the PR 98/2021 to assist MOEF in exercising its functional mandate in an effective and efficient manner since relying on MOEF and its coordinating ministry (MARVES) alone might not be sufficient to accomplish many climate change agenda in timely manner.
- Solely relying on MOEF, especially DG CCC in providing technical advice and advisory as well as building programs and evaluation mechanism on climate change adaptation and mitigation might not be sufficient and comprehensive; therefore, MOEF should start to think about having collaboration with other agencies that have stake at climate change as well, such as BAPPENAS, MOEMR and MOT be it in a formal way or informal way, under the new structure mandated in the Presidential Regulation 98/2021.
- *Amending the existing PFM legal regulations to mainstreaming climate change initiatives and activities on the entire PFM cycles and formalizing the CBT guidelines in a regulation and expanding the budget tagging to include non-line ministries (general state treasury -BUN, including subsidy, public service obligations, transfer, or others) and subnational budgets (APBD)*
- *Mainstream climate change agenda to be implemented as “convergence” or cross programs between different line ministries/agencies in the context of THIS (Thematic, Holistic, Integrate, and Spatial) towards the achievements of one similar outcome/impact by improving the current coordination among key stakeholders when preparing and submitting the budget plan*

Reference documents

- 2017 Nationally Determined Contribution (NDC) Implementation Strategy
- Presidential Regulation No. 98 Year 2021 on the Implementation of Carbon Economic Value for the Achievement of the Targeted Nationally Determined Contribution (NDC) and Greenhouse Gas Emissions Control in National Development
- <http://ditjenppi.menlhk.go.id/tentang-kami-ppi/organisasi/tugas-dan-fungsi.html>
- <https://ekon.go.id/publikasi/detail/3387/pemerintah-bahas-kerja-sama-dengan-uni-eropa-soal-penanganan-dampak-perubahan-iklim>
- <http://ditjenppi.menlhk.go.id/berita-ppi/3877-bimbingan-teknis-adaptasi-perubahan-iklim-bagi-aparatur-pemerintah-daerah-kabupaten-kendal.html>
- <https://www.kemenkeu.go.id/publikasi/berita/komitmen-indonesia-dalam-mengatasi-dampak-perubahan-iklim/>
- <https://katadata.co.id/doddyrosadi/berita/607feb323c68b/mitigasi-perubahan-iklim-dengan-skema-net-zero-emision>

1.3. Government coordination

This element assesses the structure(s) and effectiveness of the government’s coordination of climate change strategy, policy and implementation. Coordination is also assessed under elements 4.1 (with subnational governments) and 5.2 (stakeholders outside of government).

Topic areas	Current status
<p>1.3.1. Authority. Assesses the existence of a body/ies to coordinate the country’s response to climate change, including:</p> <ul style="list-style-type: none"> • Basis in law/regulation. • Level of authority/seniority assigned to lead coordination (e.g., housed in a central and/or high-level office; led by a senior official; receives high-level political support). • Incentives to participate in coordination (e.g., inclusion in government/leadership performance framework). 	<p>As stated in the beginning, based on the Presidential Regulation No. 16 Year 2016 on Ministry of Environment and Forestry which is detailed in the MOEF Regulation No. 18 Year 2016 on MOEF Organization and Governance, Directorate General of Climate Change Control has a mandate of coordination and synchronization of the policies for implementing mitigation, adaptation, reducing greenhouse gas emissions, reducing, and eliminating ozone-depleting substances, mobilizing resources, inventorying greenhouse gases, monitoring, reporting, and verifying climate change as well as controlling forest and land fires. This is also supported by the PR 98/2021.</p> <p>To be effective in executing its coordination and synchronization function, particularly with other sectors related with climate change issues, MOEF takes advantages of MARVES as the coordinating minister for ministries and agencies which are within the area of maritime and investment affairs. One of the major duties and functions of MARVES is coordination and synchronization of the formulation, determination, and implementation of ministries and agencies’ policies related to issues in the maritime and investment fields (based on the Presidential Regulation No. 92 Year 2019 which is detailed in the MARVES Regulation No. 2 Year 2020 on MARVES organization and governance).</p> <p><i>Also, MARVES has authority to oversee national priority programs and other policies that have been decided by the President in the Cabinet Meeting, including climate change agenda. The deputyship for coordination on environmental and forestry management is in</i></p>

charge for climate change related issues, and its main duty is coordinating and synchronizing the formulation, stipulation, and implementation as well as controlling the implementation of ministries/agencies' policies related to issues in the field of environmental and forestry management.

Presidential Regulation No. 98/2021 on the Implementation of Carbon Economic Value for the Achievement of the Targeted Nationally Determined Contribution (NDC) and Greenhouse Gas Emissions Control in National Development which was promulgated in last October - almost at the same time as the start of the event of COP 26 UNFCCC in Glasgow, UK – *provides clarity on the authority for the overall and sectoral coordination*. This regulation is one of the important milestones in setting Indonesia's policy direction towards the NDC 2030 and NZE 2060 targets. *Based on the regulation, Minister of MARVES has been given authority to chair the Steering Committee (SC) to effectively implement this regulation, with Minister of CMEA as the Vice Chair and the following ministries/agencies as members: Minister of MOHA, MOF, MOEF, BAPPENAS, MOENR, MOI, Ministry of Transportation, MOPWH, MOA, Ministry of Marine Affairs and Fisheries, MOT, Head of Agency for Meteorology, Climatology and Geophysics, and Head of Peat and Mangrove Restoration. Under the SC, there are three Department Heads: 1) Minister of MOEF in charge of NDC and Carbon Economic Value (NEK) matters; 2) Minister of MOHA in charge of territorial matters; and 3) Minister of MOF, in charge of Fiscal and Financing Substances.*

BAPPENAS on the other hand, normally leads overall national planning for all sectors, including matters related with environment and climate change, based on the authority and mandate that the agency has. BAPPENAS used to be powerful, and it led and managed RAN-GRK & adaptation to reduce carbon emission agenda. There used to be a Secretariat of RAN-GRK under

	<p>BAPPENAS where line ministries/agencies and subnational government interacted to jointly support the climate change agenda.</p> <p>BAPPENAS also exercised its authority to monitor such important activities like carbon emission reduction activities based on the authority that the agency has. The deputyship of maritime and natural resources affairs is the focal point for climate change related issues in BAPPENAS (based on Presidential Regulation No. 65 and 66 Year 2015 concerning Ministry of PPN and BAPPENAS respectively, which is detailed in the PPN/BAPPENAS Regulation No. 14 Year 2020 on PPN/BAPPENAS organization and governance).</p> <p><i>However, with the issuance of this new regulation, it is clearly stated that MOEF is the leading agency for climate change agenda, particularly on GHG emission reductions to support the updated 2021 NDC Roadmap and 2050 Long-Term Strategy (LTS) and that RAN GRK & Adaptation to reduce carbon emission agenda run by BAPPENAS will come to an end this year.</i></p>
<p>1.3.2. Mandate and composition. Assesses the mandate and composition of the coordination body/ies, including:</p> <ul style="list-style-type: none"> • Coverage of targets, strategy, policy, planning, and implementation. • Authority to convene, advise and/or decide. • Appropriateness of ministries, departments, agencies etc. included in body. • Inclusion of subnational governments and actors outside government (e.g., private sector, civil society). 	<p>Coordination on climate change proves to create high transaction cost within the government since there are many ministries and agencies at central level that need to be coordinated and are at stake on climate change issues let alone the subnational governments. <i>There is no such a single central body which has sufficient power and authority across sectors and institutions that can effectively lead the overall coordination and implementation of climate change initiatives/agenda in a manner that is effective and efficient.</i></p> <p>As already explained in the previous sub-section, the followings are the institutions that have relevant core mandates on climate change at central level:</p>

- **MARVES, which has a mandate to coordinate policies implementation within the maritime and investment affairs, including climate change.** Within the ministry, deputyship on coordination on environmental and forestry management is central to climate change broader coordination. The recent PR 98/2021 gives additional mandate to MARVES to provide the overall guidance and direction on the implementation of NEK to achieve targeted NDC and GHG emission reductions
- **MOEF, which has a core mandate to coordinate and synchronize policies and implementation on climate change.** Within the ministry, DG CCC is central to the climate change policies formulation, implementation, and monitoring/evaluation. The PR 98/2021 strengthen the authority of the institution in leading the climate change agenda in Indonesia and reporting the results in a periodic manner to the UNFCCC
- **BAPPENAS, which has a mandate on the overall development planning of the country, including climate change.** A deputyship on Maritime and Natural Resources that is central on climate change planning and agenda. The PR 59/2017 on SDG gives the mandate to BAPPENAS in leading the overall coordination of the SDG implementation, including SDG#13. Also, BAPPENAS which also facilitates MUSREMBANG, has established a mechanism with subnational governments to review low carbon development plan as mechanism to align local and national plan for low carbon development. Further, these review mechanisms could serve to address overlap/inconsistency between national and subnational government plan. But still, mechanism to integrate low carbon development plan with the overall subnational government development plan is still lacking.

- **MOF, which has a mandate to find and secure financial resources and develop financing instruments to address and implement programs related to climate change.** BKF of the MOF is central to innovations in climate change financing and carbon tax. For example, in 2021 the Government just issued the first Global Green Sukuk with a tenor of 30 years' worth USD750 million and SDGs Global Bonds worth Euro 500 million. Also, the government is also developing the Climate Change Fiscal Framework (CCFF) to strengthen sustainable financing, including the achievement of NDCs by involving public and private sector

In addition,

- **Subnational governments also play a very important role in successful implementation of climate change programs/agenda** in a way that they would include 2010-2030 greenhouse gas (GHG) mitigation actions into their Regional Medium-Term Development Plan (RPJMD). For example, East Kalimantan province has incorporated mitigation actions on GHG emission into its 2020 – 2024 RPJMD. It is acknowledged that a well-defined mechanism for coordination and consultation between subnational governments and central government is lacking. However, there is a “sporadic” mechanism on the inclusion of climate issues in general coordination process between central government and subnational government
- **WALHI and Greenpeace, two outspoken prominent NGOs** proves to be a critical counterpart and opponent for the government in environmental and climate change issues. These NGOs are considered outspoken and vocal in criticizing the government’s environmental and climate change policies and initiatives which they believe do not solve the root cause of the problems, do not based on the

	factual data to draw a policy and being in favor of big corporations.
<p>1.3.3. Practice. Assesses the effectiveness of the coordination body in practice, including:</p> <ul style="list-style-type: none"> • Regularity of meetings, level of participation, substantiveness of decisions, and publication of minutes. • Sufficiency of human and financial resources. • Examples of coordination contribution to key processes (e.g., in NDC update, LTS, climate law or other cross-cutting process). 	<p><i>As stated in the beginning, since there is no such a single central body to lead and coordinate the overall climate change agenda, MOEF which is under MARVES 's auspices, is normally the focal point for climate change coordination and synchronization, based on the mandate that it has. The ministry engages and involves in developing, updating, and fulfilling targets of NDC, as well as in planning, monitoring, and evaluation the progress of NDC based on the mandate that the ministry has. MOEF also takes advantage of MARVES's power and authority to coordinate and engage with other sectoral authorities like agricultures and industries which are under different ministerial coordination (CMEA).</i></p> <p>There was a situation when BAPPENAS and MOEF issued different reports which confused stakeholders due to communication and coordination issue. For example, MOEF in its press release mentioned that target of zero emission will have been achieved by 2070 but, on the contrary, BAPPENAS mentioned that it can be achieved much earlier, which is by 2045 (currently, based on the NDC, Indonesia pledged to reduce the emission by 29% with own ability/effort and 41% with international support by 2030). However, based on the Long-Term Strategies for Low Carbon and Climate Resilience 2050 (LTS-LCCR 2050), zero emission could be achieved by 2060 or earlier.</p> <p>However, with the issuance of the new presidential regulation (PR 98/2021) last October which strengthen the roles of MOEF and at the same time defines a new governance structure with MARVES and CMEA as the Chair and the Vice Chair of the SC, and MOEF as a member and Head of Department in charge for NDC and NEK, it is expected that the coordination will be more effective than before.</p>

Recommendations

- It is highly recommended that the new governance structure chaired and co-chaired by MARVES and CMEA respectively as mandated in the Presidential Regulation No. 98 Year 2021 on the Implementation of Carbon Economic Value for the Achievement of the Targeted Nationally Determined Contribution (NDC) and Greenhouse Gas (GHG) Emissions Control in National Development be up and running as soon as possible. It is also recommended that the Minister of MOEF acts as the secretary for the steering committee alongside being a member and head of the department in charge for NDC and NEK. Further, to be more effective in the implementation, the structure should be supported by a ministerial decree that details roles, duties and responsibilities of each party involved, and it is important that each party involved provide dedicated person(s) as the focal point for the coordination and implementation
- To have a better coordination with subnational governments, MOEF should take advantage of the structure to closely work together with BAPPENAS, as one of the members of the steering committee. BAPPENAS so far has a better outreach than MOEF in coordinating with subnational governments, particularly on the planning. Therefore, it is recommended that MOEF closely work with BAPPENAS to ensure that subnational governments consistently incorporate climate change agenda into their RPJMN and implement climate change initiatives mandated in the NDC implementation strategy in more accountable and consistent way.

Reference documents

- Presidential Regulation No. 98 Year 2021 on the Implementation of Carbon Economic Value for the Achievement of the Targeted Nationally Determined Contribution (NDC) and Greenhouse Gas Emissions Control in National Development
- Presidential Regulation No. 16 Year 2016 on Ministry of Environment and Forestry
- MOEF Regulation No. 18 Year 2016 on MOEF Organization and Governance
- Presidential Regulation No. 92 Year 2019 on Coordinating Ministry for Maritime and Investment (MARVES)
- MARVES Regulation No. 2 Year 2020 on MARVES organization and governance
- Presidential Regulation No. 65 and 66 Year 2015 on Ministry of PPN and BAPPENAS respectively
- PPN/BAPPENAS Regulation No. 14 Year 2020 on PPN/BAPPENAS organization and governance
- <https://www.cnnindonesia.com/nasional/20211109175534-20-718811/kritik-cop26-di-seminar-klhk-aktivis-digiring-satpam-keluar-gedung>
- <https://fiskal.kemenkeu.go.id/publikasi/siaran-pers-detil/328>

1.4. Technical capacity

This element assesses the technical capacity of core center of government agencies (such as ministries of economy, finance and/or planning) to mainstream climate change into their functions. It could be expanded to include lead technical and other agencies as useful. Technical capacity other parts of the government is also assessed under elements 4.1 (subnational government), 5.4 (legislative body) and 5.6 (judiciary).

Topic areas	Describe current status
<p>1.4.1. Strategic management. Alignment of the agency strategic framework with national climate change commitments/plans, including:</p> <ul style="list-style-type: none"> • Vision statement/strategic plan references to climate change. • Assessment undertaken of agency readiness to address climate change. • Allocation of financial resources reflects prioritization of climate change. 	<p>MOEF as the 'National Focal Point for UNFCCC has Vision and Mission that are strongly related with environment and forestry related matters but not so much related with climate changes. However, if we look at the ministry's Strategic Objectives along with their KPIs and Targets in the 2020 – 2024 MOEF RENSTRA, it is obvious that climate change main agenda and issues have been well addressed, particularly performance indicators related with GHG emission reduction and deforestation.</p> <p>Also, the establishment of the DG Climate Change Control which focus on climate change issue and agenda, demonstrates that the Ministry is ready to embrace and work on climate change related issues in a systematic manner.</p> <p>On the allocation of financial resources, around 1.8% (around IDR 1.5 trillion) of the ministry budget is allocated for core climate change and disaster resilience program for 2020 – 2024, as reflected in the RENSTRA.</p>
<p>1.4.2. Organizational management. Alignment of organizational structure and systems with climate change policies, including:</p> <ul style="list-style-type: none"> • Existence of climate change departments, units, focal points etc. • Clarity of roles and responsibilities to act on climate change and internal coordination. • Coordination with other agencies and levels of governments. • Inclusion of climate change in the ministry's performance targets and other accountability processes. • Use of IT systems and climate change data. 	<p>Again, we may look at MOEF's organizational structures to evaluate the institution's alignment on structures and systems with climate change and take the Directorate General for Climate Change Control (CCC) as an example. The DG's main duties and functions are around the following tasks, most notably:</p> <ul style="list-style-type: none"> • Policy formulation and implementation of climate change related matters, like adaptation, mitigation, and reduction of gas emission • Setting up procedures and standards • Coordination and synchronization of climate change initiatives • Providing technical advice and assistance • Evaluation and reporting on climate change initiatives <p>Under the DG, there are 5 directorates as follows:</p>

- Climate Change Adaptation
- Climate Change Mitigation
- Green House Gas Inventory and M/E
- Sectoral and Regional Resources Mobilization
- Forest Fire Control

Given the duties and functions (mandate) that it has, DG CCC is the focal point for coordination on climate changes with other agencies outside MOEF as well as inside the organization.

Key Performance Indicators (KPIs) and their Targets related with climate change initiatives in support of National Development Priority as mandated in the 2020 – 2024 RPJMN, especially in the Pillar of Environment, are in the ministry's RENSTRA and this is regularly monitored and evaluated for their achievement. Every fiscal year, all the DGs must sign a performance contract that demonstrates their commitment and efforts to achieve the mandated targets. These targets are cascaded down until the lowest level and measured.

As part of the development of the MRV (Measuring, Reporting and Verification) System and the translation of the 'transparency framework' in the 'Paris Agreement' to the Indonesian context, MOEF through the DG CCC has built a web-based National Registry System for Climate Change Control (SRN-PPI). The purpose of the SRN-PPI are as follows:

- data collection on climate change mitigation and adaptation actions and resources
- provide government with recognitions for the contribution of various parties to climate change mitigation and adaptation efforts including resources
- provide information to public about climate change mitigation and adaptation actions and their achievements and

	<ul style="list-style-type: none"> • avoid double counting/reporting of actions and resources for mitigation and adaptation as part of implementation of principles of clarity, transparency, understanding <p>Supported by the PR 98/2021, it is expected that by 2023, the SRN-PPI will be fully operationalized.</p>
<p>1.4.3. Human resource management. Rules and practices to recruit, train and motivate staff on climate change, including:</p> <ul style="list-style-type: none"> • Internal capacity assessment and/or capacity strategy/action plan. • Recruitment and deployment of climate specialists • Training or capacity programs. • Inclusion of climate change in individual staff/team performance framework and other incentives to reward performance. 	<p>In 2021, MOEF opened for ASN' selection and recruitment and offered 1,007 vacant positions for the central level. Of this number, MOEF is looking for 3 positions as Analyst for Adaptation of Climate Change Impact. The top five positions that MOEF is looking for are: 1) Forestry Ecosystem Controller (Diploma III, 133 positions); 2) Forestry Ecosystem Controller (bachelor's degree, 112 positions), 3) Environment Impact Controller (bachelor's degree, 72 positions; 4) Forest Ranger (Diploma III, 47 positions); and 5) Area Conservation Analyst (bachelor's degree, 32 positions).</p> <p>MOEF has good knowledge about carbon pricing related matters as the ministry hires and deploys external resources/specialists, including professors from ITB (Bandung Institute of Technology), the most leading technology institute in Indonesia, to study on this area, in addition to MOF which has devoted its time to study about carbon trade and carbon tax.</p> <p>Concerning training or capacity programs, staff in MOEF are also regularly trained by BP2SDM, an agency within the MOEF that provides internal training/capacity building on climate change related subjects. BP2SDM also has its e-learning system that helps MOEF staff in enhancing their competencies in climate change related topics during COVID-19 pandemic time.</p> <p>Other institution, like BAPPENAS on the other hand, is excel at planning (due to its mandate) and understands better on the linkage between planning and national development issue, which</p>

	<p>makes the institution capable in delivering the economic model for climate change and green economy in a more comprehensive way.</p> <p>As a technocratic agency, BAPPENAS is also closely working with Non-Government Organizations (NGOs) and think tanks, which is a home for many environmental and climate change specialist, that provides BAPPENAS with knowledge and most updated information, insights, and technical know-how on climate change related matters.</p> <p>MOF, which is considered as a late adopter in climate change, is very serious in learning and studying climate change agenda and very eager to catch up on many climate changes issues, especially on carbon tax. The new tax law which has incorporated provisions on carbon tax is evidence that MOF has been keeping up with knowledge on green economy. In addition, MOF also conducted a budget tagging on climate change to monitor and evaluate the effectiveness of climate change related expenditure against its targets since 2016.</p> <p>Some international organizations, including WB and GIZ also provide technical assistance and training on carbon pricing to MARVEST, CMEA and MOEF.</p> <p>As the standard for ASN’s performance appraisal and evaluation, all managers and staff’s performance are evaluated and measured against the targets set up in the beginning of the year (which have been cascaded from the top management) to justify for the performance allowance (BR incentives) as part of the ASN reward, including those that are working on climate change related matters.</p>
<p>1.4.4. Climate training. Assessing the civil service training system for inclusion of climate change governance issues, including:</p>	<p>Climate change related topics are still not systematically included in the national training curriculum for the cadet of ASN as part of their onboarding program and for ASN officials as part of their national</p>

- Courses on climate change planning, budgeting, procurement, monitoring, reporting and verification.
- The agencies involved in the design, delivery and receipt of the training.
- Frequency, coverage and sustainability of training.

leadership training (DIKLATPIM I, II, III and IV). There is no such evidence whatsoever that climate change related issues within the context of national development have been institutionalized into the current ASN learning and development system.

Specifically, on the public investment projects related with natural disaster and climate change, the 2017 PEFA (Public Financial and Expenditure Accountability) identified weaknesses, *from the upstream phase, where the planning capacity of the agencies is limited and pre-feasibility and selection criteria are not systematically applied, to the downstream phase, where the consolidated monitoring of decentralized implementation is lacking and processes for the costing, quality assurance and reporting on value-for-money (VFM) and fiduciary integrity are not harmonized.*

Detailed technical and costing guidelines are also missing at the central government level. The management of public investments is decentralized to the line ministries, however there is no standardized quality assurance for socioeconomic and environmental evaluations, and pre-feasibility studies. Project selection involves BAPPENAS and the MOF mostly on budgetary criteria only, while detailed preparation, implementation and monitoring is devolved to the line ministries as implementing agency whose capacity are also limited.

MOEF as the focal point of climate change as mandated in the PR 98/2021, through its BP2SDM (MOEF Agency for Counseling and HR Management), provides regular capacity building on environmental and forestry-related topics as part of the climate changes issues to its internal staff as mandated in the MOEF Decree P.9/2019 on training on environment and forestry to civil servants in charge for environmental and forestry issues. However, concerning training on project preparation, implementation and M/E related with infrastructures for natural disaster and climate change, it appears

that MOEF should collaborate with at least with MOF, BAPPENAS, MOPW&H (Ministry of Public Works and Housing) – which is also part of the members of the steering committee – and LKPP (National Public Procurement Agency) as well as development partners. Skills in these areas in the government are extremely lacking.

LAN as the national focal point for training for ASN recently collaborated with Global Green Growth Institute (GGGI) of Indonesia to train ASN on climate change and green economy in 2020. The institutions also have developed a new massive open online course (MOOC) on Green Growth and Sustainable Development (Pro Hijau training) for ASN and this on-line certified course is also open for public.

Development partners like UNDP and GIZ of Germany also provides capacity building on climate change to the government counterparts, like MOEF, BKF – MOF and BAPPENAS. However, this support is not yet institutionalized in these respective ministries.

Recommendations

- MOEF in consultation with MENPAN-RB and BKN to recruit more climate change specialists and experts through P3K scheme to assist and help improve the ministries and agencies capacity and capability in addressing climate change agenda. One of the challenges is that a remuneration package that is attractive to those specialists and experts
- MOEF along with other relevant ministries should start thinking of collaborating with LPDP to reward their performing and potential staff (talents) by offering them with affirmative scholarship programs (degree and non-degree) to further enhance and sharpen their knowledge, skills, and ability in climate change to advance and accelerate the climate change agenda of Indonesia as mandated in the NDC Roadmap and 2050 LTS
- MOEF should collaborate with LAN and other agencies to start developing national curriculum and syllabus for environment and climate change subjects and institutionalize these subjects into ASN' DIKLATPIM (National Leadership Training) I, II, III and IV to ensure that all government leaders and managers, especially those that are from ministries/agencies that are at stake of climate change agenda and initiative, are fully aware and understand about the critical importance of climate change strategic agenda of the government. In addition to DIKLATPIM, MOEF and LAN could also rebuild a new Leaders' Reform Academy program which proved to be successful in the past, that focuses on climate change issues. The participants of the Academy can be representatives from central

government agencies, subnational governments, SOEs and NGOs/Think Tank that are selected based on competitive basis and leadership potentials and the instructors are those that are highly credible and respectful in climate change and environment arena

- MOEF also should collaborate with LAN and other climate change's key stakeholders in developing, enhancing, and expanding the existing MOOC to include not only Green Growth and Sustainable Development topics but also specifically Climate Change Adaptation and Mitigation topics. This MOOC can specifically be used as a hybrid learning and development program for ASN as part of the DIKLATPIM programs or other specific learning and development programs, especially to those that are involved and engaged in the climate change agenda
- In addition, MOF should also collaborate with MOF, BAPPENAS, MOPW&H and LKPP as well as with Development Partners to develop learning modules and provide training on public infrastructure project, covering at minimum: 1) project identification; 2) project preparation; 3) project selection and budget approval; and 4) project implementation and contract management, in a manner that is systematic and structured
- Further, MOEF together with other key stakeholders can have more systematic collaboration with leading development partners like GIZ, UNDP, ADB and WB to upgrade the capacity of the ASN and to provide secondment for talented ASN to be part of the climate change team in the development partners, as an incentive.
- Lastly, with support from development partners and/or climate change funding, MOEF should collaborate with universities in the regions to develop center of excellence on climate change to help upgrade the capacity of ASN in the regions

Reference documents

- https://www.menlhk.go.id/site/single_post/3298
- <http://ditjenppi.menlhk.go.id/tentang-kami-ppi/organisasi/tugas-dan-fungsi.html>
- <http://ditjenppi.menlhk.go.id/berita-ppi/2775-sistem-registri-nasional-srn.html>
- <https://money.kompas.com/read/2021/07/02/054335826/rincian-formasi-cpns-kementerian-lingkungan-hidup-dan-kehutanan-2021>

2. Planning

This pillar assesses a country's long- and medium-term climate planning, risk and vulnerability information and evaluation systems, and the integration of these with national development planning. If the CCIA is being done in the context of another analytical process – e.g., a long-term strategy or a WBG Country Climate and Development Report – it's possible that these issues may be tackled by other analytical inputs.

2.1. Long-term strategy

This element covers the regulatory basis and contents of a national long-term low emissions and adaptation development strategy, the preparation process and the structures to implement it.

Topic areas	Current status
<p>2.1.1. Regulatory basis. Assesses the laws/regulations requiring the government to prepare and periodically update a long-term low emissions and adaptation development strategy.</p>	<p>Key institutions include (i) Directorate General of Climate Change (DJPP) within the Ministry of Environment and Forestry; and (ii) Ministry of Energy and Mineral Resources (ESDM). The Directorate General of New, Renewable Energy and Energy Conservation within the ESDM is responsible for renewable energy policy and implementation.</p> <p>Indonesia has a long-term strategy (LTS) to lower greenhouse gas emissions in place (called the <i>Long-Term Strategy for Low Carbon and Climate Resilience 2050</i>). This strategy defines pathways to lowering greenhouse gas emissions until 2050 and guides the implementation of the nationally determined contributions. The LTS was submitted with the Updated NDC 2030 in July 2021.</p> <p>The LTS 2050 document (mandated by Paris Agreement Article 4.19) & Dec 1/CP.21/PARA 35) is a document containing the communication of the vision of climate change efforts and actions up to 2050. Because this is only a document for communication visits, it is not required to be tracked and reported.</p> <p>The LTS has mandate from Paris Agreement Article 4 Para 19 & Dec 1 / CP.21 para 35 – supported by the IPCC Special Report 1.5-degree Celsius report, The net zero emissions movements and LTS Submissions by 31 countries</p> <p>Indonesia’s LTS for greenhouse gas emissions is linked with the overall long-term vision for the country (Visi Indonesia 2045). Visi Indonesia 2045 has four pillars namely: (a) human resource development and science and technology advancement, (b)</p>

	<p>sustainable economic development, (c) equitable development, and (d) strengthening national resilience and public sector governance. Lowering greenhouse gas emissions has a direct link with sustainability of economic development.</p> <p>Indonesia’s NDC: Unconditional target of a 29% (previously 26%) reduction below business-as-usual (BAU) by 2030 or a 41% reduction target contingent on sufficient international financial support.</p> <p>Overall: The regulatory basis for a long-term strategy exists and is being followed.</p>
<p>2.1.2. Content. Assesses the existence of a long-term climate change strategy and whether it provides an adequate framework for long-term planning, policy, and implementation, including:</p> <ul style="list-style-type: none"> • An assessment of GHG emissions and climate trends. • A 2050 GHG emission reduction target for the economy, a net-zero target by a selected date, detailed with scenarios and a change narrative. • Economic analysis – such as macro, fiscal, and distributional – to support achievement of long-term climate goals with other policy objectives. • In addition to decarbonization, integration of other national objectives into the LTS, such as resilience and adaptation, inclusion and economic growth, and environmental protection. • Specific sectoral coverage as relevant (e.g., energy, agriculture). 	<p>The LTS is a comprehensive document that contains:</p> <ul style="list-style-type: none"> • Long-term vision for mitigation and adaptation. The mitigation framework is specific to specific sectors below: <ul style="list-style-type: none"> ○ AFLOU (agriculture, forestry, and other land uses) ○ Energy ○ Waste ○ IPPU (industrial processes and product use) • Contains detailed assessment of global and national GHG emissions trends; and mitigation / adaptation challenges • Contains detailed sector specific economic analysis for mitigation along with simulation of three main pathways / scenarios, namely: <ul style="list-style-type: none"> ○ CPOS (current policy scenario) ○ TRNS (transition scenario) ○ LCCP (low carbon scenario compatible with Paris Agreement target) • Detailed sector specific economic analysis for adaptation along with economic analysis of adaptation costs. • It is however important to note that the overall GHG reduction NDCs are insufficient to meet the 1.5-degree Celsius target of the Paris Agreement.

	<p>Overall: The content of the LTS is comprehensive and contains sector specific adaptation and mitigation plans backed with strong economic analyses. However, the overall targets set in the NDC and LTS are insufficient to meet the Paris Agreement objectives.</p>
<p>2.1.3. Process. Assesses how the practical process of drafting the long-term strategy was carried out, including:</p> <ul style="list-style-type: none"> • Whether it was drafted in a participatory manner involving technical experts, academics, private sector, industry representatives, NGOs and included public consultations. • Whether the process improved overall acceptance of the climate measures and led to political buy-in across multiple sectors. 	<p>The practical processes of drafting the long-term strategy on low carbon and climate resilience 2050 was done in a participatory manner involving technical experts, academics, private sector, industry representatives, NGOs and included public consultations, along with the process improved overall acceptance of the climate measures and led to political buy-in across multiple sectors.</p> <p>Based on the Public Consultation Webinar on March 24th, 2021, it was presented the coordination and consultation process in developing LTS-LCCR 2050 document:</p> <p>The initial discussion started in 2019 followed by a kickoff workshop discussing the elements of LTS 2050 under cooperation with 2050 Pathways in January 2020. After the kickoff workshop, followed with series of webinar meetings, discussing different elements: LTS-LCCR 2050, Adaptation, non-land-based sector mitigation, land-based mitigation storyline, agriculture sector mitigation storyline, forestry sector mitigation storyline, adaptation element, energy sector mitigation storyline, IPPU sector Mitigation storyline, Land-based sector mitigation storyline, workshop on transition to low carbon economy, gender webinar and just transition webinar, green investment and NPS engagement workshop.</p> <p>In 4th of December 2020 to 10th of March 2021 is the drafting process of LTS-LCCR 2050 Document. On the 24th of March 2021 is the consultation public webinar of LTS-LCCR 2050.</p>
<p>2.1.4. Implementation. Assesses whether the long-term strategy includes provisions to facilitate achievement of its targets, including:</p>	

<ul style="list-style-type: none"> • Governance arrangements to be created and/or reforms to existing institutions. 	<p>It is noted that during the period of 2021-2030, implementation of LTS-LCCR will follow the implementation of first NDC (Updated NDC), which is guided by nine NDC Implementation Strategy Programmes as described in Updated NDC document.</p> <p>Presidential Regulation on Carbon Pricing (draft of PERPRES NEK) sets norms for four following main areas: (1) NDC target achievement, (2) carbon economic instrument, (3) transparency framework, and (4) low carbon development.</p> <p>The PERPRES was signed with number 98/2021 stipulating the implementation of Carbon Economy Value to achieve contribution target adopted nationally and GHG emission control in National Development / Carbon Pricing.</p> <p>Based on the Perpres NEK, there will be steering committee for giving guidance on NEK Policies to achieve NDC and GHG emissions control for development, led by by MARVES and would be Coordinating Minister on Economy with members all related ministries.</p> <p>There will be head of substances: 1. NDC & NEK – MoEF; 2. Regional Coordination – MoHa; 3. Fiscal and Financing- MoF</p>
<ul style="list-style-type: none"> • Mechanisms to revise targets/increase ambition periodically based on updated assessments of the viability or necessity. 	<p>It is noted from Presidential Regulation Number 98 / 2021 on implementation of Carbon Economy Value to achieve contribution target adopted nationally and GHG Emission control in National Development / Carbon Pricing, there is a mechanism to revise climate change mitigation targets for national / sector, or sub-national. It is under Article 23 and Article 24.</p>
Recommendations	
<p>The Long-term National Development Plan 2025-2050 that has been started in the development process (starting from the Vision) needs to synchronize with LTS-LCCR 2050</p>	

Reference documents

https://unfccc.int/sites/default/files/resource/Indonesia_LTS-LCCR_2021.pdf
<https://www.hukumonline.com/klinik/detail/ulasan/lt5fa11a34d604b/di-tahap-mana-publik-bisa-berpartisipasi-dalam-pembentukan-uu-/>
https://climateactiontracker.org/documents/651/2019-08-30_CAT_ClimateGovernance_Indonesia.pdf
<https://climateactiontracker.org/countries/indonesia/>
https://www.bappenas.go.id/files/Visi%20Indonesia%202045/Ringkasan%20Eksekutif%20Visi%20Indonesia%202045_Final.pdf

2.2. Medium-term strategy

This element assesses the regulatory basis and contents of a country’s medium term (five-year) climate strategy, most commonly contained in its Nationally Determined Contribution (NDC), the preparation process and the structures to implement it.

Topic areas	Current status
<p>2.2.1. Regulatory basis. Assesses the laws/regulations requiring the government to prepare and periodically update a medium-term climate strategy.</p>	<p>The Ministry of Planning (Bappenas) in GOI prepares a National Medium-Term Development Plan (RPJMN) every five years. The latest RPJMN 2020-2024 has seven pillars given below:</p> <ol style="list-style-type: none"> 1. Enhancing economic resilience for quality growth; 2. Strengthening regional development to address inequality among regions; 3. Enhancing human resource quality and competitiveness, 4. Building nation values and character of citizens; 5. Advancing infrastructure to support economic development and provision of basic services; 6. Enhancing the environment and resilience to natural disaster and climate change impacts; and 7. Strengthening stability in politic, law, national security and defense and public service transformation.

	<p>Climate change action is an integral part of the latest RPJMN as can be seen from pillar 6 above.</p> <p>Apart from the RPJMN (which is the overall development plan), there are also sector specific plans that are relevant to climate change action, given below:</p> <ul style="list-style-type: none"> • National Energy Policy (Kebijakan Energi Nasional (KEN)): Contains energy targets for the medium- and long-term (2025 and 2050 respectively). <ul style="list-style-type: none"> ○ Relevant Regulation: Government Regulation (Peraturan Pemerintah) No. 79/2014 • National Energy Plan (Rencana Umum Energi Nasional (RUEN)): Implements the National Energy Policy <ul style="list-style-type: none"> ○ Relevant Regulation: Presidential Regulation (Peraturan Presiden) No. 22/2017 • Electricity Supply Business Plan (Rencana Usaha Penyediaan Tenaga Listrik: Medium- / long-term plan developed by PLN <p>RPJMN 2020-2024 has noted the pledge of Indonesia, the target of NDC in reducing emissions from 2020-2030 by 29% (unconditional) up to 41% (conditional against the BAU scenario).</p>
<p>2.2.2. Content. Assesses the adequacy of the medium-term framework for climate change planning, policy and implementation, including:</p> <ul style="list-style-type: none"> • Consistency of NDC with long-term strategy. • Adequacy of policies to maintain global temperature rise below 1.5 degrees.² • Existence of specific sector targets. • Availability of cost estimates. • Inclusion of specific impacts on women, the poor, and vulnerable groups. 	<p>The sixth pillar of the RPJMN (<i>Enhancing the environment and resilience to natural disaster and climate change impacts</i>) has the following subcomponents:</p> <ol style="list-style-type: none"> 1. Improving the quality of the environment. 2. Improve disaster resilience and climate change. 3. Low carbon development. <p>These three subcomponents target both mitigation and adaptation.</p>

² See [Climate Action Tracker](#).

- Existence of additional sustainable development, green growth, and disaster risk management policy frameworks relevant to climate change response.

The RPJMN targets are consistent with the NDC and the LTS. It has the following overall targets by sub-pillar. The targets for the third pillar (low carbon development) are relevant for the NDCs.

Improving the quality of the environment

Environmental Quality Index (IKLH) 69.7 in 2024

Improve disaster resilience and climate change

Percentage reduction in potency GDP loss due to impact disasters and climate to total GDP by 1.25 percent in 2024

Low carbon development.

Percentage of GHG emission reduction by 27.3 percent in 2024

Percentage of reduction in GHG emission intensity by 31.6 percent in year 2024 baseline

It is also important to mention that the RPJMN has detailed targets with various sub indicators for each of the above components. There are a total of 14 indicators and targets (for 2024) which are consistent with the LTS. The RPJMN has sector specific plans and targets.

As mentioned above, the overall targets set in the NDCs are not adequate to achieve the 1.5-degree Celsius target of the Paris agreement.

The RPJMN has additional sustainable development, green growth, and disaster risk management policy frameworks relevant to climate change response.

Adaptation: The National Medium-Term Development Planning (RPJMN 2020-2024) includes adaptation under the 6th development agenda (Enhancing the environment and resilience to natural disaster and climate change impacts), focusing on water, agriculture, health, and coastal and marine ecosystem. In general, the key

	<p>programmes, strategies, and actions on adaptation in Annex 2 aim at: a) reducing drivers of vulnerability to climate change impacts, b) responding to climate change impacts and managing risks, c) enhancing capacity of communities and sustainability of ecosystem services, d) enhancing engagement of stakeholders at all levels in building climate resilience.</p> <p>The RPJMN does have a framework on vulnerability but does not incorporate gender.</p> <p>It also stated in Updated NDC Indonesia document, that In line with the Paris Agreement, Indonesia respects, promotes, and considers its obligation on human rights, the right to health, the right of adat communities (Indonesia: Masyarakat Hukum Adat), local communities, migrants, children, youth, elders, persons with different abilities, and people in vulnerable situations; as well as the right to development, including gender equality, empowerment of women and intergenerational equalities. Engagement of non-party stakeholders, such as local government, private sectors, and civil societies will continuously be enhanced.</p>
<p>2.2.3. Process. Assesses the process of drafting the medium-term strategy, including:</p> <ul style="list-style-type: none"> • Whether it was drafted in a participatory manner, involving technical experts, academics, the private sector, industry representatives, NGOs, and included public consultations. • Whether the process improved overall acceptance of the climate measures and led to political buy-in across multiple sectors. 	<p>The process of drafting medium-term strategy: Regulation of the Minister of national development planning/ Head of National development planning agency Republic of Indonesia. Number 1 Year 2020 on Amendment to regulation of the minister of national development planning/head of the national development planning agency of the Republic of Indonesia number 3-year 2019 concerning procedures for the procedure of the mid-term development plan for 2020-2024</p> <p>The stages of preparing the RPJMN as referred to in Article 2 covers:</p> <ol style="list-style-type: none"> a. preparation of the Preliminary Study; b. evaluation of the 2015-2019 RPJMN;

	<p>e. preparation of the draft RPJMN; f. preparation of the final draft of the RPJMN; g. determination of RPJMN; and h. socialization of RPJMN</p> <p>The RPJMN Drafting Team is a cross-unit team in the Ministry of Planning established by the Minister Planning in charge of preparing the RPJMN.</p> <p>The Development Planning Deliberation/Conference (Musrenbang) is a forum between actors in the context of preparing National development plans and Regional development plans.</p>
<p>2.2.4. Implementation. Assesses whether provisions exist to ensure achievement of the targets, including:</p> <ul style="list-style-type: none"> • Institutional arrangements for implementation, monitoring and evaluation. • Activities to mobilize the private sector and civil society, as well as ensure public behavioral change. 	<p>The Government of Indonesia has demonstrated its strong commitment to institutional development by establishing the Directorate General of Climate Change, under the Ministry of Environment and Forestry. Established by Presidential Regulation No. 16 of 2015, the Directorate General serves as the National Focal Point for the United Nations Framework Convention on Climate Change to effectively facilitate ongoing relevant programmes and processes being implemented by variety of government sectors and stakeholders.</p> <p>Since climate change has local to national and international dimensions, coordination and synergy will continuously be enhanced between the Ministry of Environment and Forestry, National Development Planning Agency (BAPPENAS) and Ministry of Finance in the context of climate change, national development, and finance, and with Ministry of Foreign Affairs in the context of climate change and international negotiation.</p> <p>Regarding institutional arrangements for implementation, monitoring and evaluation are available in the Presidential</p>

	Regulation Number 18/2020 on Mid-term National Development Planning. However, regarding activities to mobilize the private sector and civil society, is available not in the regulation but in the platform of lcdi / aksara.
Recommendations	
Important to think further about implementation constraints	
References	
https://drive.bappenas.go.id/owncloud/index.php/s/4q7Cb7FBxavq3lK	

2.3. Risk and vulnerability

This element assesses quality and availability of climate risk and vulnerability information.

Topic areas	Current status
<p>2.3.1. Content. Assesses the quality of risk and vulnerability information produced, including:</p> <ul style="list-style-type: none"> • Coverage of physical risks (extreme and slower onset weather events) and transition risks (including the risk of not undergoing a low-carbon transition). • The existence of a legal requirement to prepare the information, who is responsible, are they capable, how often the information is to be updated and is information currently up to date. • Risk and vulnerability information produced in a geographically disaggregated manner useful for local governments and private actors seeking to understand investment risks in particular places. • The public availability and ease of accessing and analyzing the information. 	<p>The RPJMN 2020-2024 comprehensively covers physical risks from climate change disaggregated by region. It predicts different types of physical risks and presents them in detailed heatmaps. Some examples from RPJMN 2020-2024, Annex 1, Chapter 7 are given below:</p> <ul style="list-style-type: none"> • <i>Figure 7.4:</i> Exposure and Vulnerabilities against the Hazard of Earthquake and Active Fault • <i>Figure 7.5:</i> Exposure and Vulnerability to Earthquake and Tsunami Hazards • <i>Figure 7.6:</i> Exposure and Vulnerability to Volcanic Eruption Hazards • <i>Figure 7.7:</i> Prediction of the Chance of Extreme Dry Climate Events in 2020-2025 • <i>Figure 7.8:</i> Prediction of the Probability of Extreme Wet Climate Events in 2020-2025 • <i>Figure 7.9:</i> Wave Climate Hazard Projection Map in Indonesian Waters in 2045

To make a proper plan, Indonesia has developed an information system of vulnerability index data called SIDIK. SIDIK (Information data, and vulnerability index system) was developed based on the concepts of vulnerability and climate change risk.

Currently, SIDIK utilizes variables like social economic data, demography, geography, and environmental infrastructure, issued by the Statistics Indonesia (BPS) called Village Potential Data. SIDIK is a web-based/online data and information system to assess the vulnerability level of an area allowing analyses until village levels. The vulnerability level is measured by two indexes: the exposure and sensitivity index (ESI) and the adaptation capacity index (ACI). Areas with a high ESI value and low ACI value, will be categorized as very vulnerable. On the contrary, if ACI value is high and ESI value is low, then the vulnerability level is low. Vulnerability causative factors are presented in a spider web diagram.

SIDIK also present the analysis results in a map by using different color for each vulnerability level to make it more informative. SIDIK can be used to determine priority locations and options for climate change adaptation actions to be more precise and integrated. It can also be used to plan budget allocations for suitable action in the best location. In other word, SIDIK assists the government in developing a climate change adaptation action plan. SIDIK uses 21 national indicators to measure vulnerability levels. However, SIDIK allows user to add additional indicators and data, to improve results of analysis by regional characteristics.

Looking ahead, SIDIK will be continuously improved to be able to conduct spatial analyses, and to be integrated to the development sector.

	<p>The legal requirement about access to information, refer to pillar 5.1.</p> <p>All this information is available publicly.</p>
Recommendations	
<p>Discuss / cover transition risks of low-carbon development based on further analytical work. As Indonesia already have SIDIK, it needs to strengthen the Institutional cooperation and capacity building in using the system (SIDIK) so that it will help development planning to be in line with the purpose of disaster and climate change resilience goals.</p>	
References	
<p>https://drive.bappenas.go.id/owncloud/index.php/s/4q7Cb7FBxavq3lK https://www.youtube.com/watch?v= U4fJtQkrkQ</p>	

2.4. Development planning

This element assesses the integration long and medium-term climate planning, as well as risk and vulnerability information, into national, subnational, and sectoral plans.

Topic areas	Current status
<p>2.4.1. Regulatory basis. Assesses the laws/regulations requiring the government to integrate climate change into national planning instruments, such as the national development plan, subnational plans, and sectoral plans.</p>	<p>There are some policies that somehow showing the needs for government to integrate climate change into national planning instruments including national development plan, subnational plans, and sectoral plans:</p>

	<p>Following article 3.4 UNFCCC Handbook, Indonesia has integrated its policies related to mitigation and adaptation into the national development planning, including National Medium-Term Development Planning (RPJMN 2020-2024) and Indonesia Vision 2045 (Indonesia’s Vision 2045). (Noted from Updated NDC Indonesia 2021 July). Further, it is noted from Ministry of National Development Planning Regulation No. 3/2019, Article 1.3 that there is a Mid-Term Local Development Plan needs to be developed.</p> <p>Presidential Regulation Number 61 / 2011 on National Action Plan on GHG Emission Reduction</p> <p>For the Long-Term Strategies, it was mandated by Article 4.19 of the Paris Agreement and goes down to NDC where will goes down to subnational and sectoral planning to strengthen the implementation of NDC. Indonesia submitted its NDC after submitted INDC. It is noted under Decision 1/CP.21, Party who has submitted its INDC before joining the Paris Agreement shall be considered to have communicated its 1st NDC unless the Party decides otherwise. Indonesia submitted its 1st NDC prior to COP -22 UNFCCC. This NDC Document is a living document.</p> <p>Presidential Regulation Number 98 / 2021 – on Implementation of carbon economic value to achieve national set contribution targets and GHG emission control in national development</p>
<p>2.4.2. Consistency. Assesses whether climate actions (decarbonization and adaptation) are reflected in the national development plan, subnational plans and sectoral plans, and financing plans exist.</p>	<p>Yes. The climate actions are reflected in the national development plan (Mid-term development plan 2020-2024), subnational plans, and sectoral as well as financing plans.</p>
<p>Recommendations</p>	
<p>Need to strengthen synergy for Updated NDC, RPJMN / LCDI, LTS, and NEK to develop the National Plan – continuation of RAN GRK</p>	

References

https://unfccc.int/sites/default/files/english_paris_agreement.pdf

2.5. Monitoring, reporting and verification

This element assesses the effectiveness of the monitoring reporting and verification (MRV) system, through its regulatory basis, functioning in practice and use of information.

Topic areas	Current status
<p>2.5.1. Regulatory basis. Assesses the existence and clarity of laws/regulations for the MRV system, including requirements to:</p> <ul style="list-style-type: none"> • Establish an inventory of GHG emissions and sinks. • Estimate of GHG emissions at national, regional, and sectoral levels. • Report on mitigation and adaptation actions, emissions, and financing and other requirements established under the UNFCCC. 	<p>International – UNFCCC: Paris Agreement Article 13 – transparency framework Para 4</p> <p>National: Law Number 14/2008 on Public Information Disclosure that guarantee the right of public to know public policy processes Perpres 39/2019 on Indonesian One Data Indonesia One Data Indonesia is the government's data governance policy to produce data that is accurate, up-to-date, integrated, and accountable, as well as easily accessible and shared between Central Agencies and Regional Agencies through compliance with Data Standards, Metadata, Data Interoperability, and using Reference Codes and Data parent.</p> <p>Public Presidential Regulation Number 98 / 2021 – on Implementation of carbon economic value to achieve national set contribution targets and GHG emission control in national development Chapter V on Transparency Framework, Part 2. MRV Article 61</p> <p>Presidential Decree 61/2011 on RAN GRK Presidential Decree 71/2011 on GHG Inventory</p>

	<p>LHK Ministerial Decree No. 71/2017 concerning Implementation of SRN for Climate Change Control</p> <p>LHK Ministerial Decree No. 7Min2/2017 on Guideline for MRV Action and Climate Change Control Resources Implementation LHK Ministerial Decree No. 73/2017 concerning Guidelines for the Implementation and Reporting of Greenhouse Gas Inventories</p>
<p>2.5.2. Practice. Assesses the existence of resources and coordination mechanisms to fulfill MRV obligations, including:</p> <ul style="list-style-type: none"> • Clarity of roles, assignment of responsibilities, and level of intergovernmental cooperation as well as coordination between government and private sector emitters. • Institutional capacity to maintain reporting obligations over time. 	<p>Under Minister of Environment and Forestry Regulation No. 72/2017 on Guideline for MRV Action and Climate Change Control Resources Implementation, it has clarity of roles, assignment of responsibilities, and level of intergovernmental cooperation as well as coordination between government and private sector emitters, including the resources (funding, capacity enhancement, technology transfer, and expert).</p>
<p>2.5.3. Data quality and use. Assesses the completeness and timeliness of the data, including:</p> <ul style="list-style-type: none"> • Mechanisms to ensure regular data collection and reporting. • A centralized and updated inventory of GHG emissions and sinks exists covering all sectors, as well as mitigation and adaptation actions, and financing. • Reporting process requires expert/third-party review. • Ease of data access for government agencies, academics, and the public. • Data is being used in target setting, policies, plans, and evaluations and to inform relevant stakeholders. 	<p>Indonesia has a roadmap for one data GHG for NDC management to ensure regular data collection and reporting. There will be two national system:</p> <ol style="list-style-type: none"> 1. SRN (National Registry System Indonesia) will receive information on mitigation and adaptation action from proponent (Government, Private, other initiatives) after being monitored reported verified (MRV). Besides the action, since there's carbon pricing, there is also SRN Carbon Registry. It will be integrated under SRN. Data inventory, Public Information, Stakeholder Contribution, Clarity, Transparency Understanding (CTU) to avoid double counting on GHG Emissions. 2. SIGN Smart is the national GHGs Inventory System to report GHG emission level. <p>International:</p>

As part of the implementation of Article 13 of the Paris Agreement, Indonesia applies an Integrated National Transparency framework, through:

- (a) National Registry System (Id. Sistem Registry Nasional/SRN) for mitigation, adaptation and means of implementation both from national and international sources
- (b) National GHGs Inventory System (SIGN-SMART);
- (c) MRV system for mitigation including REDD+;
- (d) Safeguards Information System for REDD+ (SIS-REDD+); and
- (e) Information Systems on vulnerability (SIDIK) and joint adaptation and mitigation at the Village level (PROKLIM).

Presidential Regulation Number 98 / 2021 – on Implementation of carbon economic value to achieve national set contribution targets and GHG emission control in national development
Part 2 Article 61

National:

PERPRES No. 39/2019 on One Data Indonesia

One Data Indonesia is the government's data governance policy to produce data that is accurate, up-to-date, integrated, and accountable, as well as easily accessible and shared between Central Agencies and Regional Agencies through compliance with Data Standards, Metadata, Data Interoperability, and using Reference Codes and Data parent.

Recommendations

Needs to study the implementation of the framework.

References

https://www.youtube.com/watch?v=gx9r8u_Eh84

<https://www.youtube.com/watch?v=CLexvaotO-A>

3. Public Finance

This pillar assesses the integration of climate strategies, policies and plans within the public financial management, infrastructure governance and procurement systems, as well as the mobilization of resources for climate action. The topic areas included are consistent with other diagnostics – such as the [PEFA Climate](#) and [Disaster Response: A Public Financial Management Review Toolkit](#) – which allow a deeper dive.

3.1 Public financial management

This element assesses the effective integration of climate change into core public financial management tools and processes through an examination of the regulatory basis, practice and transparency and accountability.³

³ For more detailed guidance see Climate Change and Public Financial Management: An Overview (ask Adrian Fozzard).

Topic areas	Current status
<p>3.1.1 Regulatory basis. Assesses the legal/regulatory requirements for the government to address climate change in the preparation of its public financial instruments including budget documents, budget calendar and medium-term fiscal and expenditure framework documents (MTFF, MTEF) and guidance to develop climate change fiscal policy instruments (e.g., taxes, bonds, subsidies).</p>	<p>The 1945 Indonesian Constitution (UUD 1945), together with its amendments enacted in the period 1999-2002, contains basic provisions on public finances including the role of the President in proposing the budget and its subsequent consideration by parliament. Provisions on regional administration, government revenue, and the mandate of the State Audit Agency (BPK) for external auditing over all public finances are also stated in the Constitution. While climate change is not clearly cited, climate change becomes a key to improve people welfare since the Indonesian Constitution (Article 28 H) mandated the state to guarantee decent life and healthy environment for all citizens.</p> <p>The Ministry of Finance (MoF) is primarily responsible for public finance management (PFM) within the Government and therefore has the overall role and mandate of coordinating implementation of the PFM reform program. Following the issue of a Government White Paper in 2002 that laid out the first vision for PFM reform, a new legal framework was adopted through Law No. 17/2003 on State Finance, Law No. 1/2004, on State Treasury, and Law No. 15/2004 on State Finance Accountability and Audit.</p> <p>In general, Indonesia has already established a strong legal and regulatory framework that aligns with most international standards on PFM. The budget bill and the detail financial notes document to supplement the bill are systematically submitted to parliament on mid of August providing sufficient time for the parliament to discuss the bill and approve the budget by end of October at the latest or two months before the start of the new fiscal year. The last Public Expenditure and Financial Accountability (PEFA) assessment in 2017 showed that the performance average</p>

	<p>score of Indonesia is slightly below B, which is above the basic level of performance broadly consistent with good international PFM practices. However, in the area of planning and budgeting, the gap between the strategic framework and the medium-term horizon in the 5-year plan and the annual budget process is still an issue that has an impact on the effectiveness of service delivery and the monitoring and evaluating on budget performance.</p> <p>Besides, the funding requirements being estimated by Bappenas in the plan documents (RKP and RPJMN) are not based on realistic projections, and do not provide a reliable cost basis for a well-functioning medium-term expenditure framework (MTEF) being developed by MOF. Hence, there is a systemic challenge of disconnect between plan and budget together with some other issues on the complex coordination and relationship between the planning ministry and MOF; different classification structures of plan and budget documents; poor intervention logic between outputs produced by budgetary spending and outcomes envisaged in the Plan; and lack of performance orientation in budget management.</p> <p>As part of Global commitments on climate change, the Government of Indonesia (GOI) is one of the countries that ratified the Kyoto Protocol (Kyoto Protocol) in 2004. GOI has also signed the Paris Agreement in New York on April 22, 2016 which was followed up by the issuance of Law No. 16 of 2016 concerning the Ratification of the Paris Agreement to the United Nations Framework Convention on Climate Change along with the submission of the Nationally determined contributions (NDC) in 2016. Indonesia demonstrates its commitment on national-scale climate change mitigation efforts through the issuance of the National Action Plan for Reducing Greenhouse Gas Emissions (RAN GRK) in 2011 under the Presidential Decree No. 61 of 2011. In addition to efforts to reduce emissions (mitigation), the</p>
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	<p>government has also made significant efforts towards increasing resilience to climate change through the National Action Plan for Climate Change Adaptation (RAN API) in 2014 which provides a framework for mainstreaming the climate mitigation and adaptation into the five-year National Medium-Term National Development Plan (RPJMN) as cross cutting issues. Recently, Indonesia has also submitted a report on the Long-Term Strategy for Low Carbon and Climate Resilience (LTS-LCCR) 2050 which aims to contribute to global goal and to achieve national development objectives, taking into consideration the balance between emission reduction, economic growth, justice and climate resilience development. The LTS-LCCR 2050 also reflects the mandate of Indonesian Constitution (UUD 1945) Article 28 H on the state obligation to guarantee decent life and healthy environment for all citizens.</p> <p>The Presidential Decree (No. 18 of 2020) on RPJMN 2020-2024 has stated Indonesia’s commitment to adopting a low carbon, green, climate resilient pathway for development. This RPJMN includes “strengthening the environment and improving resilience against natural disasters and climate change” as national priority number 6. The planned outcomes of this national priority number 6 are consistent with targets set by Nationally determined contributions (NDCs), which are at the heart of the Paris Agreement and the achievement of long-term goals of reducing national emissions and adapting to the impacts of climate change.</p> <p>However, the existing legal and regulations on the Public Finance are mostly designed to deal with general PFM issues. The strong legal and regulatory on PFM in Indonesia are used to govern the general planning, allocation, execution, management, reporting and audit of the state budget. Those regulations are not designed to address climate change in the preparation and implementation of state budget. No specific articles in the existing PFM laws and</p>
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regulations are intended to address the climate finance issue. The huge commitments of the government to address climate change are limited within the planning processes only. Unfortunately, on the implementation of climate change related activities, there is a huge disconnect between planning and annual budgeting as reflected when most of the 39 priority major projects of national priority number #6 that are planned by Bappenas in the Government Work Plan (RKP) document of 2021 to contribute to the achievement of NDC targets are not fully funded by the state budget.

The MOF and Bappenas regularly issued the first budget circular (pagu indikatif) in a joint decree in March every year providing all spending ministries with the indicative budget ceilings for the upcoming fiscal years. Starting from FY 2021, the circular on indicative budget ceiling is included in the macroeconomic framework and the principles of fiscal policy (KEM-PPKF) document issued by MOF. These indicative budget ceilings serve as a reference for the line ministries on how to set out their detailed estimates in accordance with the allocated budget envelope that were attached to the circular and to complete their budget preparation submissions. Meanwhile, Finance Minister Regulation (PMK) 208/2019 provides a comprehensive guideline for the development of line ministries' annual work plans and budgets (RKA-KL). However, the budget circular (of indicative budget) and PMK 208/2019 did not contain any guidance on how to factor Climate Change mitigation and adaptation new planned expenditure into budget proposals and refers to the national climate change strategies (NDC). There is no article in the PMK 208/2019 requiring a condition to mainstream climate change across the entire annual budget preparation process other than to just require the line ministries to identify and/or "tag" their existing outputs (budget tagging) that are related with the climate change mitigation and adaptation to be grouped (classified) under

	<p>the specific budget theme of climate change under two different thematic codes of 003 (Adaptation) and 004 (Mitigation).</p> <p>In a separate than the annual budget circular being circulated within the KEM-PPKF document, the Fiscal Policy Office (BKF) of MOF issued a guideline on the climate change budget tagging (CBT) to assist the line ministries and agencies on how to take inventory of the (output) activities, as well as to track the amount of public funding and its realization that allocated by the government through state budget in reducing greenhouse gasses emissions and increasing the resilience towards climate change impacts. Therefore, the CBT guideline is giving guidance to the line ministries/agencies on how to factor climate change mitigation and adaptation new planned expenditure into budget proposals and refers to the national climate change strategies (NDC, RAN-GRK, RAN-API, and LTS-LCRR). Therefore, nevertheless it is not reflected in the budget circular document, the CBT guideline has provided a methodology to track climate change related expenditure through the budget being allocated by line ministries and to give guidance on how to factor climate change mitigation and adaptation planned expenditure into budget proposals and refers to the national climate change strategies. However, unfortunately this CBT's guideline and mechanism is not yet expressed in a formal legal regulation by MOF, so it becomes a challenge to ensure a solid ownership and continued active participation of the relevant line ministries to tag their climate change related budget lines in the FMIS systems. Besides, CBT guideline did not provide a methodology on how to limit expenditures that are counter to climate. Therefore, nevertheless the Climate Budget Tagging (CBT) of MOF has provided a picture of the status and developments in Indonesia's climate change funding, particularly with regard to public funds being allocated and spent by central government line ministries, at present, no</p>
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	<p>direction is given on how to limit future expenditures that are counter to climate.</p> <p>Since 2016, MOF has been implementing climate budget tagging (CBT) in the national planning and budgeting system to track climate spending in the state budget. MOF issued a guideline on the climate change budget tagging to assist the line ministries and agencies on how to take inventory of the (output) activities, as well as to track the amount of public funding and its realization that allocated by the government through state budget in reducing greenhouse gasses emissions and increasing the resilience towards climate change impacts. The public management principle of ‘what is not measured cannot be managed’ has motivated Indonesia to measure its spending on climate change through CBT to enable periodic assessment and timely course correction of climate change budget planning and implementation. Besides, CBT can be implemented to improve accountability without disruptive administratively heavy processes or requiring an amendment to the generic PFM laws. However, unfortunately this CBT’s guideline and mechanism is not yet expressed in a formal legal regulation by MOF, so it becomes a challenge to ensure a solid ownership and continued active participation of the relevant line ministries to tag their climate change related budget lines in the FMIS systems. Moreover, CBT guideline did not provide a methodology and guidance on how to limit future expenditures that are counter to climate.</p> <p>Recently, new legal regulations have been introduced to improve coordination between the Bappenas and MOF to address the issue on the effective functioning of planning and budgeting. Early in 2017, the government issued Government Regulation No. 17/2017 on the Harmonization of Planning and Budgeting for the National Development Process. This regulation provides a framework to synchronize the planning and budgeting processes between Bappenas and the MOF. Furthermore, starting from FY 2021, the</p>
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	<p>Finance and Bappenas’ ministers signed a joint decree (No. S122/2020 and B517/2020) on “Redesigning of the Planning and Budgeting Systems” (Redesain Sistem Perencanaan dan Penganggaran – RSPP). RSPP is intended to: (i) better improve alignment between planning and budgeting documents as mandated by government regulation (PP) No. 17/2017; (ii) improve the convergence of programs and activities between different line ministries/ agencies (cross-agency programs/ activities) that contribute to the same objective aligned with the national targets to be achieved; (iii) assure funding for national priority programs; and (iv) better performance evaluation of the unit’s contributions in meeting program objectives towards outcome achievements. Lastly, on July 7, 2021, Finance Minister and Chairman of Bappenas signed a Memorandum of Understanding (MoU) on the “Integrated System of the Planning, Budgeting and Evaluation of the Development”. This MOU is intended to link ICT applications, establish an electronic data exchange, and ensure a single data being consistently used for the entire PFM cycles from the (annual) plan, budgeting, execution, accounting reporting and up to the monitoring and evaluation processes of the development and budget. All of these recent initiatives are believed to be the breakthrough PFM reforms to realize the government’s intention of cascading strategic-planning and budgeting framework that has also the potential to strengthen the effectiveness of program-based budgeting, together with the effective and efficient of budget allocations to line ministries and sectors towards the achievements of performance targets.</p> <p>Although the joint Bappenas and Finance Ministers letter on RSPP reform has established 1 (one) specific technical program on climate change: Program Ketahanan Bencana dan Perubahan Iklim or disaster management and climate change program (Code “FB”), at present this program is exclusively implemented by the Ministry of Forestry and Environments only. Thus, since the climate change</p>
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related program is only implemented by one line ministry (Ministry of Forestry and Environments), it reflects that the issue of climate finance is not yet mainstreamed to be implemented as a “convergence” (cross) programs between different line ministries/agencies in the context of THIS (Thematic, Holistic, Integrate, and Spatial) towards the achievements of one similar outcome/impact. If the government establish a specific “cross-agency” program for climate change mitigation and adaptation, there is no need to rely on the budget tagging (of output) as the only way to track expenditures under the thematic budget of climate change.

Instead of doing the climate budget tagging (CBT) which is limited to identify the existing budget being perceived to contribute on climate change, having new technical “cross-agency” programs on climate change would allow the government to consolidate the entire budget for climate change under one specific cross-agency program. Besides, the climate change cross-agency programs will ensure that the budget is used for meeting the objectives, targets, and outcome indicators for national priorities to strengthen the environment, improve resilience against natural disasters and climate change that has been established in the RPJMN 2020-2024 and/or NDC targets. More specifically, a clear logical framework to link between output and outcome can be guaranteed where all outputs (of activities) under the specific climate change cross-agency programs are intended to meet the Objectives, targets, and outcome indicators for national priorities to strengthen the environment and improve resilience against natural disasters and climate change that are grouped into three, namely: (1) Improved environmental quality index score; (2) Reduced losses due to disaster and climate hazards; and (3) Reduced emissions and the intensity of GHG emissions.

	<p>While establishing the climate change cross-agency programs would ensure a better linkage between plan and budget to achieve the intended outcomes, the budget of climate change cross-agency program is going to be “locked” or limited use to produce outputs from the implementation of climate change related activity and program only. The line ministries are aware that the downside loss of applying 1 (one) specific climate change “cross-agency” program is that the budget being allocated for this cross-agency program (i.e., climate change) will be exclusively used for meeting objectives of specific (climate change) program and eliminate flexibility for other use for meeting the other sectoral outcome/impact (co-benefit concept).</p> <p>Considering the advantages and disadvantages of the 2 (two) options, for comprehensiveness reason the better tracking of climate change expenditures can be done by implementing both options in parallel, which is by improving the scope and coverage of existing budget tagging to also include sub-national budgets, non-line ministries, fiscal transfers and at the same time establishing the new cross-agency program on climate change expenditures.</p>
<p>3.1.2 Practice. Assesses whether climate change policy objectives have been mainstreamed across core public financial management processes and fiscal policy instruments, including:</p> <ul style="list-style-type: none"> • Medium term fiscal risk statements. • Medium term fiscal and expenditure framework documents (MTFF, MTEF). • Budget preparation documents (e.g., the budget calendar, regular budget communication documents and circulars) expenditure plans and the official budget. 	<p>The government's capacity to define a solid macro-fiscal framework using modeling instruments aligned with international practices and to follow strict fiscal rules supports a consistent and sustainable fiscal strategy. The medium-term fiscal framework (MTFF) prepared by Fiscal Policy Office (BKF) of MOF provides a medium-term approach with forward estimates and fiscal outcomes and follows the fiscal rules on the total annual budget deficit, set at a maximum 3 percent of GDP and the outstanding (foreign and domestic) debt at not more than 60 percent of GDP. The government's fiscal strategy and medium-term fiscal risk statements with a three-year horizon are disclosed in great depth in the Financial Notes document which is published together with the budget bill.</p>

<ul style="list-style-type: none"> • Extent to which climate change expenditures are identified in the annual budget proposal and/or in expenditure reviews (e.g., by applying climate expenditure tagging⁴). 	<p>Meanwhile, expenditure budgeting includes medium-term expenditure ceilings and uses the MTEF template as a strategic reference for budget preparation. The 2003 State Finance Law requires the budget proposal by the line ministry to be based on the government's medium-term expenditure frameworks (MTEFs) with a detailed budget expenditure for the proposed year and three following fiscal years as the forward estimates. Furthermore, In Indonesia, a clear and comprehensive annual budget calendar is allowing sufficient time for preparation and submission by spending ministries or agencies. The first budget circular on indicative ceilings is jointly issued by Bappenas and the MOF in March after a Cabinet meeting. This budget circular covers total budget expenditure for the full fiscal year and the detailed allocation by line ministries and programs.</p> <p>In accordance with Minister of Finance Decree No. 756/KMK.010/2017, BKF is assigned as the National Designated Authority (NDA) of the Green Climate Fund (GCF). As the NDA GCF in Indonesia, BKF serves as the focal point for the country, and It plays a key role in ensuring country ownership following to the core principle of GCF's business model. Unfortunately, issue on climate finance is not yet mainstreamed by BKF when they prepared the Medium-Term Fiscal Risk statements, Medium-Term Fiscal Framework (MTFF), and annual macroeconomic framework and the principles of fiscal policy (KEM-PPKF) documents. The MTRF, MTFF, KEM-PPK and Financial Notes documents being prepared by MOF to inform budget for FY 2021 did not have any specific section to address climate change issues. While the Financial Notes and budget document have elaborated budget allocation for environmental protection function, this COFOG functional classification is much different from the detailed list of climate change related priority programs, priority activities, and major projects being described under the national priority number 6 of the</p>
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⁴ For more detailed information see [Climate Change Budget Tagging: A Review of International Experience](#).

	<p>National Medium-Term National Development Plan (RPJMN) being prepared by Bappenas.</p> <p>From the fiscal policy instruments perspective, GOI has already adopted several reform agendas in its fiscal policy to mainstream climate change policy and objectives across core PFM practices. It includes:</p> <p>1) From the revenue side, the government has implemented several taxation regulations to provide tax facilities, including tax holiday, tax allowance, VAT facilities to leverage renewable energy development in Indonesia. It just recently launched a revision tax policy that regulates the tax basis of sales tax on luxury goods for electric vehicles to provide incentives for the public to shift to low-emission and environmentally friendly vehicles. In October 2021, a new Law on the Harmonization of Tax Regulations (Law No 7/2021) has been enacted. The Chapter VI, Article 13 of this law governs the carbon tax. A carbon tax is imposed on carbon emissions that have a negative impact on the environment. In this law, the subject of the carbon tax is an individual or entity that purchases carbon-containing goods and/or engages in carbon-emitting activities, subject to the purchase of carbon-containing goods or carbon-emitting activities in a certain amount over a certain period. Charged at the time of purchase of carbon-containing goods and at the end of the calendar year period for activities that produce a certain amount of carbon emissions. The carbon tax rate is set to be greater than or equal to the carbon price in the carbon market per kilogram of carbon dioxide equivalent (CO₂e) or equivalent units. If the carbon price in the carbon market is less than Rp. 30.00 (thirty rupiah) or USD 2 per kilogram of carbon dioxide equivalent (CO₂e) or an equivalent unit, the carbon tax rate is set at a minimum of Rp. 30.00 (thirty rupiah) per kilogram of CO₂e or equivalent units.</p> <p>2) From the expenditure side, MOF conducted the climate budget tagging (CBT). The results of CBT have been used as the underlying</p>
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assets for the Green Bond/Sukuk issuance. From the CBT results, it found that over the last 5 years, the government has been consistent in allocating climate budget around 4.1 per cent of state budget but this amount only covers around 34 percent of climate mitigation financing needs. In addition to encouraging the participation of private sector, the government has also made further efforts to cover this gap by accessing multilateral finance through Green Climate Fund (GCF) and also developed other innovative financing mechanisms, such as blended finance through SDGs Indonesia One, Indonesia Environment Fund/BPDLH, as well as preparing pooling fund of disaster and SDGs Bond.

3) On the financing side, the Government has also issued the Sovereign Global Green Sukuk annually since 2018 that has successfully mobilized around USD 3,5 billion up to FY 2021. The net proceeds were allocated to finance sustainable transportation, flood mitigation in highly vulnerable areas, access to energy from renewable sources, waste management, and energy efficiency projects across the country. Those projects are expected to reduce around 8.9 million CO₂-equivalent emissions. The Government has also issued the world's first Green Retail Sukuk in 2019 with a total investment of roughly USD 100 million. Moreover, in 2021 the Government of Indonesia has just issued Sustainable Development Goals (SDG) Government Bonds (SUN) in the Euro foreign currency. The estimated total absorption of funds is about 500 million euros or equivalent to IDR 8.42 trillion. The debut of the SDG bond issuance shows the government's commitment to continue develop new financing sources to finance social and environmental projects in order to realize the 2030 agenda for sustainable development (see further in Box 3.2. Issuance of Indonesia's Green Bonds).

One important step in improving the effectiveness on the state budget being spent to finance climate change is through the climate budget tagging (CBT). Since 2016, MOF has been implementing CBT

	<p>in the national planning and budgeting system to track climate spending in the state budget. The CBT is carried out at the output level because this level has the right information to find out the performance indicator and the amount of funds allocated. This mechanism is designed to be beneficial for ministries/agencies in order to identify, allocate, and evaluate climate change budgets efficiently, effectively, and in line with the principle of Performance Based Budgeting.</p> <p>The MOF and Bappenas regularly issued the first budget circular (pagu indikatif) in a joint decree in March every year providing all spending ministries with the indicative budget ceilings for the upcoming fiscal years. Starting from FY 2021, the circular on indicative budget ceiling is included in the macroeconomic framework and the principles of fiscal policy (KEM-PPKF) document issued by MOF. These indicative budget ceilings serve as a reference for the line ministries on how to set out their detailed estimates in accordance with the allocated budget envelope that were attached to the circular and to complete their budget preparation submissions. Meanwhile, Finance Minister Regulation (PMK) 208/2019 provides a comprehensive guideline for the development of line ministries' annual work plans and budgets (RKA-KL). However, the budget circular (of indicative budget) and PMK 208/2019 did not contain any guidance on how to factor Climate Change mitigation and adaptation new planned expenditure into budget proposals and refers to the national climate change strategies (NDC). There is no article in the PMK 208/2019 requiring a condition to mainstream climate change across the entire annual budget preparation process other than to just require the line ministries to identify and/or "tag" their existing outputs (budget tagging) that are related with the climate change mitigation and adaptation to be grouped (classified) under the specific budget theme of climate change under two different thematic codes of 003 (Adaptation) and 004 (Mitigation).</p>
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In a separate than the annual budget circular being circulated within the KEM-PPKF document, the Fiscal Policy Office (BKF) of MOF issued a guideline on the climate change budget tagging (CBT) to assist the line ministries and agencies on how to take inventory of the (output) activities, as well as to track the amount of public funding and its realization that allocated by the government through state budget in reducing greenhouse gasses emissions and increasing the resilience towards climate change impacts. However, unfortunately this CBT's guideline and mechanism is not yet expressed in a formal legal regulation by MOF, so it becomes a challenge to ensure a solid ownership and continued active participation of the relevant line ministries to tag their climate change related budget lines in the FMIS systems. Besides, CBT guideline did not provide a methodology on how to limit expenditures that are counter to climate. Therefore, nevertheless it is not reflected in the budget circular document, the CBT guideline has provided a methodology for the line ministries/agencies on how to track climate change related expenditure through the budget line being tagged by line ministries/agencies and to give guidance on how to factor climate change mitigation and adaptation new planned expenditure into budget proposals and refers to the national climate change strategies (NDC, RAN-GRK, RAN-API, and LTS-LCRR). It is however unfortunate that, at present, no guidance is yet given on how to limit future expenditures that are counter to climate.

Through the budget tagging mechanism, it founds out that the Government allocated a climate change budget in 2018 the amount of IDR 132.47 trillion, with the budget being realized at IDR 126.04 trillion (95.1%). The climate change budget allocation in 2019 was IDR 97.66 trillion, with the budget realization reaching IDR 83.54 trillion (85.5%). The Government has set a climate change budget of IDR 77.71 trillion in 2020, with a mitigation budget of IDR 41.65

trillion (53.5%), an adaptation budget of IDR 33.30 trillion (42.8%), and a co-benefit budget of IDR 2.86 trillion (3.7%). In 2020, the allocated fund for climate change was significantly reduced due to the state budget reallocation and refocusing for Covid-19 pandemic crisis. Though the budget being tagged is quite high (FY 2018: IDR 132.47 T; FY 2019: IDR 97.66 T and FY 2020: IDR 77.71 T), it's very much less than the requirements to meet NDC targets. NDC targets to meet the emissions reduction target for 2030 will require a significant amount of funds estimated at USD 247.2 billion, approximately IDR3.461 trillion in total or if an annual average is made from year 2018 to 2030, then the estimated funding needs for climate change are around IDR 288 trillion per year. Hence, the state budget can only contribute for 46% (2018), 34% (2019) and 27% (2020) of the NDC requirements and it means that the government must find alternative funding sources from other sources, including from the local governments' budget, State Owned Enterprises, Private sector contributions and international donors or foreign countries.

In the years ahead, to further improve the implementation of climate change policy objectives during the preparation of the fiscal policy instruments, there is a plan that in the near future, the Ministry of Finance will develop the Climate Change Fiscal Framework (CCFF) to strengthen Indonesia's sustainable finance to achieve SDGs, including NDC, and hopefully even Net Zero Emission (NZE). CCFF will set out policy strategies to mobilize public and private finance for sustainable development. With this framework, fiscal incentives, subsidies and taxes would all be directed to create a favorable investment environment for the green sector. Other than developing the CCFF, MOF is currently considering and preparing for the implementation of the carbon pricing mechanism, including carbon tax. Carbon pricing implementation has expanded in many countries these days as the mechanism is believed to be an effective tool to increase private participation in climate finance

and raise government revenue to promote green investment. Synergy of climate change policies in the fiscal, financial, and real sectors would be the key for a successful green transition towards achieving net-zero objectives.

Box.3.1. Climate Change Impacting Disaster in Indonesia

In Indonesia, the extreme climate events caused by climate change have a significant impact on disasters. Climate-related disasters account for roughly 80% of disaster events in Indonesia, according to a recapitulation of disaster occurrences based on data from the Indonesian Disaster Data and Information (DIBI) - National Disaster Management Agency (BNPB) from 2005 to 2015. (BNPB, 2019). Climate change was considered in the Sendai Framework for Disaster Risk Reduction 2015-2030. The National Disaster Management Agency (BNPB) is committed to assisting in the implementation of various steps to achieve the intended targets based on the Sendai Framework's aims and priority actions.

The magnitude of the impacts and losses caused by disasters and the effects of climate change necessitates the coordinated participation of all parties in risk reduction through climate change adaptation (API) and disaster risk reduction (DRR), taking into account Law No. 24 of 2007 concerning Disaster Management and BNPB Regulatory Chief no. 02 of 2012 concerning General Guidelines for Disaster Risk Assessment for enrichment in the climate information section for hazard. The issue of API and DRR is addressed in Law No. 17/2007, which governs the 2005-2025 National Long-Term Development Plan. This law mentions disaster factors and climate change as two things that must be considered in development planning at various levels of government.

Climate change mitigation policies have been included in Presidential Regulation 87 of 2020 concerning the Master Plan for Disaster Management 2020-2044, one of which is a policy to strengthen disaster management that is increasingly professional, transparent, and accountable. In 2020-2024, the focus will be on data integration, disaster information and literacy, as well as increasing understanding of disaster risk, landscapes, and climate change adaptation, as well as efforts to strengthen social security and public health resilience. Meanwhile, the focus of achievements in 2025-2029 will be on developing an understanding of disaster risk, landscape and climate change adaptation, social resilience, and public health resilience.

Several existing laws highlight the significance of disaster management and climate change. This spatial policy has regulated matters that support DRR efforts under the Spatial Planning Law, No. 26 of 2007. For example, areas prone to natural disasters may be designated as protected areas, and evacuation sites may be prepared. Law No. 32/2009 on Environmental Protection and Management, which is one of the laws explicitly or implicitly related to climate change and disaster risk reduction, also regulates climate change mitigation and adaptation.

The PPLH Law emphasizes the impact of climate change on the environment. Included in the consideration of point e is the fact that increasing global warming causes climate change, which exacerbates the decline in environmental quality, making it necessary to protect and manage the environment. Although the PPLH Law expressly excludes or does not define disaster risk reduction terminology.

	<p>Extreme forest fires, such as those that occurred in 2015 and 2019, have resulted from the impact of uncontrolled climate change. The President issued Presidential Instruction No. 3 of 2020 (replacing the Presidential Instruction No. 11 of 2015) as a guide in dealing with forest and land fires, and each state ministry was assigned as instructed. The Ministry of Environment and Forestry has a Directorate of Forest and Land Fire Control that deals with forest and land fires.</p>
<p>3.1.3 Transparency and accountability. Assesses the existence of mechanisms to disclose, disseminate and account for climate change revenues and expenditures, including:</p> <ul style="list-style-type: none"> • Requirements to publish information on public finances and climate change. • Reports on climate finance and climate expenditures (e.g., Climate Public Expenditure Review, climate change spending reviews). • [Covered under elements 5.4 & 5.5] the level of audit and legislative scrutiny of climate change allocations. 	<p>According to the last Open Budget Survey 2019, Indonesia’s ranking on budget transparency is quite high at the rank of 18th from 117 countries being examined. Meanwhile, an “A” score in the last PEFA assessment of 2017 on PI-9 of Public Access to Fiscal Information reflected that the government makes available to the public all five basic elements (Annual budget proposal documentation, enacted budget, in-year budget execution report, annual budget execution report, and audited annual financial report, accompanied by the external auditor’s report) and three additional elements (Pre-budget Statement, summary of the budget proposal, and macroeconomic forecasts) within the specified timeframes. However, none of these comprehensive basic and additional elements of fiscal information documents being regularly published by the government had contained any specific section to report on climate finance and climate related expenditures.</p> <p>Law No. 14/ 2008 on Access to Public Information and Information Commission Decree (Peraturan Komisi Informasi, or Perki) No.</p>

1/2010 defines types of information that should be made available by government entities for public access. Furthermore, the government uses various communication tools in disseminating the information. These include websites that provide regular and specific fiscal information accessible to the public: the MOF's website with press releases and advertorials for media, and public information such as the Budget in Brief and infographics; the State Audit Agency (BPK) website discloses the audited government annual financial statements; and some other government officials' websites. Meanwhile, Indonesia Financial Management Information System (SPAN) was implemented in 2015 and it now manages hundred percent of financial transactions of the government in over 24,000 central government spending units across Indonesia. SPAN has helped to ease the government to track the expenditure in line with the budget proposal, which is important from the governance and accountability perspective as it gives the assurance that resources are being used for the purposes intended. SPAN has also contributed to a strengthened public financial management as evidenced by the unqualified audit opinion of the Supreme Audit Institution on the Annual Financial Statement of the central government for the last 5 consecutive fiscal years from 2016 to 2020, which reflecting an improved quality of and timely financial reporting for better transparency and accountability.

While the government has transparently and comprehensively disclosed its overall public finance information to the public, the specific information on climate finance is mostly disclosed in partially. The financial note as the detailed annual budget proposal for FY 2020 discloses some accounts to support climate finance activities but it is scattered in some different sections mostly to just inform few small projects being funded under climate change related initiatives. Climate related expenditure is not comprehensively disclosed by the Ministry of Finance or the

budgetary units in end-of-year budget execution reports. Only a short paragraph is described on the audited financial report for FY 2020 about the success story on the issuance of the government retail bonds (Sukuk ST007) with the total proceed of IDR 5.42 trillion (around USD 400 million) bought by 16,992 individual investors. The proceed of green bond Sukuk ST007 issuance is intended to finance climate change programs such as sustainable transportation and the other sectors that resilience for climate change but there is no specific report being made by the government on the performance of the green projects funded by Sukuk ST007.

So far, there is no comprehensive climate change Public Expenditure Review or spending reviews being conducted by the government. The Fiscal Policy Office (BKF) of MOF regularly in every two years issued a publication on the result of Budget Tagging for Climate Change in Indonesia with the last report was published in 2020 with the title of “Laporan Anggaran Mitigasi dan Adaptasi Perubahan Iklim -Tahun 2018-2020” (Climate Change Adaptation and Mitigation Budget Report FY 2018-2020). This BKF’s report provided a detail information on: (i) the flow and system of the climate budget tagging (CBT) as thematic budgets in the planning and budgeting processes, (ii) the total climate change adaptation and mitigation related budget amount being tagged in PFM applications, (iii) the detailed analysis of climate change budget allocation and performance realization by several line ministries, and (iv) budget disbursement analysis that is made by reviewing the result of CBT spending in attaining the targets specified by the government in various documents, such as: RAN GRK, RAN API, RPJMN, NDC roadmap, and low carbon development plan. This report also shows a funding gap between the actual budget allocation with the funding needs set out in the NDC document by different sectors, including the land use, energy,

transportation, industrial processes, and product use (IPPU), and waste sectors for both adaptation and mitigation climate change.

Meanwhile, Bappenas in 2020 issued a report with the title of “Rapid Assessment in Mapping the Policies and Budgets for Low Carbon Development” – Inputs for the formulation of government’s work plan (RKP) FY 2022”. In this report, Bappenas conducted a mapping on the availability of funding to finance Low Carbon Development (LCD) to achieve emission reduction target for 29% by 2030. The budget data (of Mapping) is collected from relevant Line Ministry’s budget allotment together with the data on “subsidy and public services obligation (PSO)” budget from MOF. This mapping of budget is intended to identify how much resources being already allocated and spent to reduce emission level hoping to continue the government’s level commitment on Green Policy to be one of national priorities in the government’s plan (RKP and RPJMN) documents. Bappenas mapping covers all budgets being allocated on mitigation action for (i) core activities: with a direct impact on emission reduction; and (ii) supporting activities: an indirect such as socialization, R&D, and capacity building in 7 sectors: forestry and peatlands, Agriculture, Energy, Transport, Industry, waste management, and marine coast areas together with the subsidy (PSO) in Transportation.

Unfortunately, the two different reports being published by BKF and Bappenas showing a big gap on lack of work coordination and collaboration among the two. BKF’s climate budget tagging (CBT) is done at activity level while Bappenas’ mapping is done at component level (one level below of activity). Consequently, in FY 2020, Bappenas mapped IDR 23.44 Trillion lowers than the BKF climate budget tagging that resulted with a higher amount of IDR 77.81 Trillion. While Bappenas’ approach to map at the detailed component level is more accurate than BKF’s CBT method at the output level, Bappenas’ approaches would result with the wider

	<p>gaps between budget allocation with NDC funding requirements reflecting as a lower commitment of the government to comply with NDC targets. Thus, it shows an importance for Bappenas and BKF to agree with the common definition and scope of the reviews as otherwise it creates a conflicted result that might confusing the interested stakeholders and/or general public.</p> <p>BPK's (Supreme Audit Institution of Indonesia) audit reports on the central government's annual financial statements (LKPP) are submitted to parliament within six months after the end of every fiscal year. Hearings on key findings of BPK audit reports take place with concerning officers from audited line ministries. However, within its authority on financial audit assignment, there are no specific audit findings on climate change is yet made by BPK since the government as the auditee has not prepared any notes to the financial statements (CaLK) on climate change revenue and expenditure related accounts. Furthermore, although BPK is authorized to conduct performance audit on climate change issues as mentioned in Accountability Pillar 5.5., BPK has not yet conducted any audit on climate change revenues and expenditures accounts since the auditee (government's line ministries/agencies) did not provide such information in its annual financial statements (LKKL) to be audited by BPK. As an attachment to the audited LKPP report, in 2020 BPK also published a report on "review result of fiscal transparency implementation FY 2020". In this review result report, BPK puts an important note that the government has not made analysis on the impact of disaster and climate change into the long-term fiscal sustainability report. BPK in its report referring to some OECD countries that have made analysis to evaluate the impact of climate change on the fiscal since the it is perceived that the climate change may have impacted the government's fiscal sustainability in the medium to long term period. BPK said climate change may have impacted economy and environments thus it is important for the government to take policy actions on mitigation,</p>
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adaptation, redistribution, and stabilization of the economy. Thus, BPK recommended the government to evaluate the implication of climate change and greenhouse gas reduction when doing the projection of the medium to long term fiscal sustainability in anticipating the occurrence of future risks.

Recommendations

While Climate Budget Tagging (CBT) of MOF has provided a picture of the status and developments in Indonesia's climate change funding, particularly with regard to public funds, at present, the CBT guideline is neither giving guidance on how to factor climate change mitigation and adaptation new planned expenditure into budget proposals nor providing direction on how to limit future expenditures that are counter to climate. Besides, the government's effort in CBT is limited to provide a methodology to track climate change related expenditure in the budget being already allocated by central government line ministries only.

Going forward, the government is recommended to take the following actions:

- 1) Without a need to amend the generic PFM laws (Law #17/2003, 1/2004, and 15/2004), the government can enhance the goal to mainstreaming the climate change issues on PFM cycles through the amendment of the technical implementing regulations (i.e., Finance Minister regulations on the guideline for line ministry in preparing RKAKL) to address climate change so that the climate change aspects can be taken as key considerations during the planning, budgeting, execution, accounting reporting and up to the monitoring and evaluation processes of the program's development and budget.
- 2) The government is urged to ensure a full integration of Planning and Budgeting by assuring sufficient funding (of budget) is allocated for financing climate change activities included in the national priority programs. In this case, at least MOF and Bappenas is required to agree that the State Budget for FY 2020-2024 should be prioritized and allocated to finance the 3 (three) Priority Programs of PN #6 for: (1) Priority Program (PP) #1: Improving the quality of Environments IDR 3.27 Trillion; (2) PP #2: Improving Resilience against Natural Disaster and Climate IDR 4.59 Trillion and (3) #PP 3: Green Industry Development for IDR 4.42 Trillion.
- 3) The government is required to put a discipline where budget cannot fund implementation of activities to attain objectives/ targets that are not specified in the plan documents
- 4) The government must also integrate the implementation of the mitigation and adaptation actions into both central and subnational governments policies and development plans
- 5) Formalizing the CBT guidelines in a regulation that is not only intended to identify and/or "tag" their existing (budget) outputs but also to factor Climate Change policies into budget proposals. MOF is also required to amend its Minister regulation on budget preparation by adding

articles to guide the line ministries on how to factor climate change mitigation and adaptation planned expenditure into the new budget proposals and give direction on how to limit future expenditures that are counter to climate.

6) For comprehensiveness reason, the better tracking of climate change expenditures can be done by implementing both CBT and cross-agency programs in parallel. The scope of climate change budget tagging (CBT) should be expanded to do budget tagging at non line ministry (general state treasury -BA-BUN, including subsidy, public service obligations or others) and subnational budgets (APBD) while the implementation of cross-agency programs under RSPP reforms should be optimized by establishing new cross-agency codes that are aligned with RPJMN 2020-2024 and/or NDC targets and asking the line ministries to reallocate existing budget to the cross-agency climate change programs.

7) The results of CBT should also be utilized for mobilizing other public funding through various instruments, including a transfer scheme from the center to the region such as balance transfer funds (DAU, DBH, DAK), village funds, regional incentive funds; and through the provincial to district/city transfer instrument scheme (ecological fiscal transfer).

8) Considering the BPK recommendations, the government is required to evaluate the implication of climate change and greenhouse gas reduction when doing the projection of the medium to long term fiscal sustainability in anticipating the occurrence of future risks.

References

- Constitution UUD 1945
- State PFM laws (Law #17/2003, #1/2004, #15/2004, #25/2004, an #15/2006)
- Government Regulation No. 17/2017 on the Harmonization of Planning and Budgeting for the National Development Process.
- Finance Minister Regulation (PMK) 208/2019 on the guideline of RKA-KL (budget) preparation
- Presidential Regulation No. 18/2020 on medium-term national development plan (RPJMN) 2020-2024
- KEM-PPKF and Financial Notes FY 2021
- INDONESIA: Public Expenditure and Financial Accountability (PEFA) Assessment Report 2017
- The joint Finance and Bappenas' ministers decree (No. S122/2020 and B517/2020) on "Redesigning of the Planning and Budgeting Systems" (Redesain Sistem Perencanaan dan Penganggaran – RSPP)
- July 7, 2021, a Memorandum of Understanding (MoU) on the "Integrated System of the Planning signed by Finance Minister and Chairman of Bappenas
- MOF's Climate Change Adaptation and Mitigation Budget Report FY 2018-2020
- Bappenas' Rapid Assessment in Mapping the Policies and Budgets for Low Carbon Development" – Inputs for the formulation of government's work plan (RKP) FY 2022

- BPK's review result of fiscal transparency implementation FY 2020

3.2 Infrastructure governance and asset management

This element assesses the integration of climate change into infrastructure regulation, practice and processes of transparency and accountability.⁵

Topic areas	Current status
<p>3.2.1 Regulatory basis. Assesses the comprehensiveness of legal/regulatory requirements to address climate change in the investment cycle and overall infrastructure governance.</p>	<p>While the legal and regulatory framework for general budget management is comprehensive, it can be said that there is very little guidance and/or legal regulatory on the specific area of public investment management, including the issue on the lack of climate and environmental analysis for assessing infrastructure project proposals. At present, there is no legal document that provides a clear definition of a capital investment project or a standardized methodology for proposing capital project management, including on how to prepare the climate and environmental analysis. Also, there is no legal and regulatory basis for the government to conduct a consolidated oversight and monitoring of all public investment projects, regardless of funding sources and implementation modalities. While major and strategic capital investment projects are subject to Bappenas' and the MOF's review and approval during the budget process, no clear guideline provided to the line ministries so that the detailed technical, financial, economic, climate, environmental and sensitivity analyses are not always available or completed before projects get funded.</p> <p>The Presidential Regulation No. 18/2020 concerning medium-term national development plan (RPJMN) is the first point of reference for investment project selection. The RPJMN is a comprehensive, fixed plan reflecting the President's priorities. Based on the list of all major investment projects that are specified in the RPJMN</p>

⁵ For more detailed guidance see the Climate Smart PIM Practice Note (ask Eduardo Estrada).

document, each spending line ministry develops its own medium-term five-year strategic plan (Renstra) containing medium-term investment projects and line ministry annual work plan (Renja) which provides the general framework for the preparation of the line ministry's annual budget documentation (RKA-KL), which in turn includes the planned investment projects that have been selected to be funded from the government budget. The RPJMN 2020 – 2024 includes “strengthening the environment and improving resilience against natural disasters and climate change” as national priority number 6. However, the comprehensive detail of national priority number 6 in the plan (RPJMN and RKP) documents is not fully provided with sufficient funds for implementation as reflected where most of the 39 priority major projects that are planned by Bappenas in the Government Work Plan (RKP) document of 2021 to contribute to the achievement of NDC targets are not fully funded by the state budget. Every year, the MOF issues a regulation establishing the guidelines for the development of line ministries' annual work plans and budgets (RKA-KL). The latest one was Finance Minister Regulation (PMK) 208/2019. The standard template of the RKA-KL document requires line ministries to submit to DG Budget a detailed breakdown of expenditures for the next budget, along with estimates for the three following years. The RKA-KL discloses the projections of the project costs for the next three years for both the investment and the recurrent costs under the capital spending category of economic classification (Code No. 53). However, there is no specific article in this PMK 208/2019 to address the detailed climate change and/or environment impact assessments.

A 2019 report on Indonesia Public Investment Management Assessment (PIMA) that was jointly prepared by the Bank and IMF team wrote a specific issue about legal impediments to Private Sector Investments in Infrastructure. It says that the Constitutional Court invalidated Law No. 7/2004 on Water Resources due to a

	<p>broad reading of Article 33 of the Constitution, which states that the “land, the waters and the natural resources within shall be under the powers of the State and shall be used to the greatest benefit of the people.” Consequently, Public Private Partnership (PPP) projects of clean water in Jakarta were cancelled. Under new regulations, the private sector is not permitted to operate distribution networks in water projects. Meanwhile, Bappenas and the MoF have separate requirements for the preparation of the outline business case (OBC), i.e., preliminary feasibility study. This is cumbersome as all government contracting agencies (GCAs) need to prepare the OBC for a PPP project in accordance with the requirements set out by Bappenas but must also submit the OBC to MoF in accordance with their requirements if viability gap funding (VGF) is needed. Although the requirements appear to overlap substantially, complying with MoF requirements can require significant additional effort, e.g., social cost benefit analysis, financial model, and analysis indicating that VGF is the last resort. Complying with two separate requirements is time-consuming for GCAs and could slow down the project preparation process.</p>
<p>3.2.2 Practice. Assesses whether climate change risks and policy objectives have been mainstreamed across core infrastructure governance processes, including:</p> <ul style="list-style-type: none"> • Planning, strategy and regulation – e.g., risk, vulnerability and needs assessments (including critical and at-risk infrastructure assets are regularly identified), long-term infrastructure strategies, and land use planning. • Project management – e.g., project identification, screening, appraisal and selection, monitoring and evaluation, operation and maintenance, asset management and portfolio management. • Working with the private sector – e.g., establishing means of engagement, leveraging opportunities, 	<p>The 2019 PIMA report assessed that Indonesia has made good progress on integrating climate change and natural disasters into some of its infrastructure governance institutions, but some areas could be further enhanced. In the planning phase, Indonesia’s National Long-Term Development Plan 2005–2025 highlights disaster risk mitigation as a key development strategy. The National Action Plan on Climate Change Adaptation (RAN-API) was adopted in 2014. The Government is preparing a National Disaster Management Master Plan 2015-45 (RIPB). However, Indonesia does not have a standardized and systematic project appraisal system to screen for climate change and disaster risk. PPP projects seem to have more systematic considerations of disaster risks in their eligibility criteria. Meanwhile, in the allocation phase, the MoF has broad estimates of the fiscal impact of natural disasters</p>

developing engagement modalities, enhancing public-private partnerships, and catalyzing research and development.

but does not assess possible impact of natural disaster shocks on fiscal space for infrastructure investment. Costing and funding of operations and maintenance of infrastructure assets is generally weak. In the implementation phase, there are regulations and guidance on procurement that allow direct selection of contractor under emergency situation with certain required qualifications.

Meanwhile, the last PEFA 2017 identified the weakness in public investment projects starts in the upstream phase, where the planning capacity is limited and pre-feasibility and selection criteria are not systematically applied, and continues into the downstream phase, where the consolidated monitoring of decentralized implementation is lacking and processes for the costing, quality assurance and reporting on value-for-money (VFM) and fiduciary integrity are not harmonized. Detailed technical and costing guidelines are missing at the central government level. The management of public investments is decentralized to the line ministries, with no standardized quality assurance for socioeconomic and environmental evaluations, and pre-feasibility studies. Project selection involves Bappenas and the MOF mostly on budgetary criteria, while detailed preparation, implementation and monitoring is devolved to the line ministry as implementing agency.

A consultative process to review investment project proposals takes place between the line ministry and the sectoral Bappenas technical directorates, which screen all proposals. Following these consultative reviews, trilateral meetings between Bappenas, the MOF and the line ministry are held to review the proposals in line with the national development plans and priorities, and to assess all major investment projects within the indicative (budget) ceiling. Prior to the submission of the proposed investment projects to parliament, a cabinet meeting takes place to discuss the government's work plan, including all major investment projects

proposals. The results of the project selection process are published when the government issues the names of all projects funded by the state budget for the medium term in the five-year medium-term development plans (RPJMN) and for the annual term in the government work plan (RKP). The list of all projects that are categorized as a national priority to be funded from other sources (including PPPs) are included in a presidential regulation (Perpres No. 3/2016). Despite this distribution of roles and responsibility and the consultation process involved, the selection of public investment projects is still unclear and does not apply open and transparent criteria.

At present, Indonesia does not have a standardized and systematic project appraisal system to screen for climate change and disaster risk related projects. However, when compared to publicly funded projects, Public Private Partnership (PPP) projects tend to be more rigorously aligned to comply with National/Regional Medium-Term Development Plans and strategic plans of the infrastructure sector, and then to take into consideration spatial plans and disaster risks. This is due to clear project eligibility criteria being implemented by KPPIP (the Committee for Acceleration of Priority Infrastructure Delivery). KPPIP was established by the government to oversee the implementation of all national priority and/or presidential priority projects, including PPP. KPPIP is equipped with sufficient technical capacity and resources but they are limited to oversight the design and implementation stages of only 40% of the major capital investment of the national and presidential priority projects only. The remaining 60% of approved regular projects submitted by the line ministries but are not categorized under presidential priority projects are not overseen by KPPIP. These 60 percent of approved projects financed through the national and regional budgets did not benefit from the same technical support by KPPIP. Hence, it can be said that currently the Government of Indonesia does not utilize a standardized and systematic project appraisal

	<p>system to screen for climate change and disaster risk, evaluating potential hazards and their associated impacts in relation to project outcome.</p>
<p>3.2.3 Transparency and accountability. Assesses the existence of mechanisms to disclose, disseminate and account for climate change related information in investment projects.</p>	<p>When submitting proposals for the public investment projects to be included into the annual government work plan (RKP), line ministries are required to provide some supporting documents for large-scale construction (over IDR 10 billion) as follows: project feasibility analysis; project technical design; cost-benefit analysis; legal analysis; conformity with spatial plan; conformity with environmental preservation; and land acquisition plan and/or readiness. However, the evaluation of the proposals is not required to have undergone independent external review before their submission to Bappenas, and the results are not required to be published. Besides, there is no specific guideline being issued on how to conduct climate and environmental analysis including the conformity of the project with spatial plan, environmental preservation, land acquisition and others. Consequently, most of climate and environmental analysis are kept internally by line ministries and not shared to the public mainly due to the lack of confidence of the line ministries with the quality of the report analysis if it is read by the general public.</p> <p>DG State Asset Management (Direktorat Jenderal Kekayaan Negara, or DGSAM) is the MOF unit responsible for managing both financial and non-financial government assets. Management of non-financial state assets has improved with the issuance of MOF Regulation No. 27/2014 on the Management of State/Regional Assets. DGSAM is in charge of collecting data on all capital investment budgets executed by line ministries, both for completed and work-in-progress projects. Every semester and annually, all spending units are required to submit “catatan atas laporan barang milik negara” or notes for detailed state fixed assets held by spending units compiled by DGSAM as inputs for the fixed assets data in the consolidated government balance sheet.</p>

However, the consolidated information on public assets is not accompanied by analysis on climate change related risks.

In term of audit of infrastructure investment projects, the implementation of capital projects is covered by the regular activities of the Supreme Audit Board of Indonesia (BPK). The mandate of the BPK for external auditing over all public finances is stated in the Constitution. Hence, clearly BPK is supported with a strong legal regulation to do the audit of all infrastructure projects funded by the state and local government budgets. However, since the auditee (government's line ministries/agencies) did not make any notes to the financial statements (CaLK) on the implementation of investment projects, ex-post project audits is not yet regularly conducted by BPK. Every year, BPK prepares an audit plan to identify which objects and/or auditee that will be audited by BPK on a particular year. In practice BPK does audit several investment projects and the reports from such audits are publicly available. Besides, BPK has a monitoring system on audit finding follow up action, although there is no proper documentation of systematic follow-up (both by Parliament and Government) of such findings.

Recommendations

It is recommended for the government to incorporate climate resilience considerations into the full cycle of public infrastructure implementation processes, particularly on:

- (i) **Project Identification:** To examine whether the risks from climate change affect the appropriate choice between the use of government budget, SOEs, PPPs and/or other mechanisms for providing infrastructure services.
- (ii) **Project preparation:** To ensure that the technical and service standards applied to the infrastructure project consider climate resilience. It is also recommended to design the tender specification to provide room for innovative approaches to climate-resilient infrastructure provision.
- (iii) **Project selection and budget approval:** It is required for the government to issue a specific guideline and/or regulation on how to conduct climate and environmental analysis including the conformity of the project with spatial plan, environmental preservation, land acquisition and others. The result of climate and environmental analysis must be published for public information.
- (iv) **Project Implementation and Contract Management:** To identify, analyze and clearly include the potential climate risks (and resulting contingent liabilities) resulting from climate change in the contract. Key terms include “force majeure” clauses due to climate change and/or

disaster impact. Besides the use insurance, or proof of financial capacity, to ensure that the concessionaire is able to bear the risks allocated in the contract is also required. Furthermore, it is encouraged to disclose climate-related risks, and transparent about risk management, throughout the life of the contract, in light of changing climate conditions.

(v) Reporting on State Asset condition: At present the consolidated information on public assets is not accompanied by analysis on climate change related risks so it is required for DG SAM of MOF factoring climate change impact on state assets condition.

(vi) Audit of infrastructure investment projects. There should be a clear requirement to the auditee (government’s line ministries/agencies) to make notes to the financial statements (CaLK) on investment projects as complementary documents to the annual financial statements and/or to request to the Supreme Audit Board of Indonesia (BPK) to conduct performance audit or audit for special purposes on infrastructure/investment projects and report such audits findings for parliament interest, the government to take follow up actions and to disclose it for the general public information.

References

- Indonesia – Public Investment Management Assessment (PIMA) – 2019
- JICA - Public Investment Management Handbook for Capacity Development, 2018
- OECD - Climate-resilient Infrastructure, ENVIRONMENT POLICY PAPER NO. 14
- MOF Regulation No. 27/2014 on the Management of State/Regional Assets.

3.3 Public procurement

This element assesses the integration of green and climate considerations into public procurement regulation, practice and processes of transparency, accountability and market engagement.⁶

Topic areas	Current status
<p>3.3.1 Regulatory basis. Assesses legal/regulatory requirements to address climate change in public procurement process, such as:</p> <ul style="list-style-type: none"> • Incorporating value-for-money provisions and performance-based or functional criteria. • Requiring award of contracts based on total cost of ownership (TCO) or life-cycle costing (LCC) (i.e., life-cycle management of building materials, equipment, and appliances). 	<p>Public Procurement is governed by Presidential Regulations No.16/2018 as amended No.12/2021 (PPR). National Public Procurement Agency (LKPP) is now carrying out detailed assessment on public procurement using Methodology Assessing for Procurement System (MAPS) with support by the World Bank and in collaboration with ADB and IsDB. The assessment includes four Pillars: 1) Legal, Regulatory and Policy Framework; 2) Institutional Framework and Management Capacity; 3) Procurement Operations and Market Practices; and 4)</p>

⁶ For more detailed information see Green Public Procurement: An Overview of Green Reforms in Country Procurement Systems (ask Hunt La Casia).

- Mandating the use of green public procurement (GPP) provisions and/or a phase phased approach to the application of GPP.
- Defining environmental criteria and minimum standards for GPP.
- Requiring bidders to comply with environmental regulations to be eligible for contract awards.

Accountability, Integrity and Transparency of Public Procurement System.

PPR regulate the procurement that provides maximum value for money and ensure for meeting core procurement principles (efficient, effective, transparent, openness, competitive, fairness, and accountable).

Indonesia has played an active role in mainstreaming Sustainable Consumption and Production (SCP) both in policies and implementation, accelerating and strengthening its Green/Sustainable Public Procurement (G/SPP) system.

PPR article 19 requiring the Procuring Entity to maximize the use of green industrial products and to be specified in technical specifications and Terms of Reference. LKPP also issued Circular Letter No.16/2020 regarding the list of green product to be used for sustainable public procurement such as paper, stationary made from recycled plastic, and wood furniture) based on Minister of Environment and Forestry's regulation No. 5/2019.

In article 4 and 5, PPR includes one of objective of procurement is to promote and implement sustainable procurement. In addition, article 68, states that procurement of goods/services shall take into account sustainability aspects which includes economic aspect including the cost of producing goods/services throughout the life of the relevant goods/services (life-cycle costing); social aspects including empowerment of small businesses, guarantees of fair working conditions, empowerment of local communities/businesses, equality and diversity; and environmental aspects including the reduction of negative impacts upon health, air/soil/water quality, and use of natural resources. Sustainable Procurement shall be implemented in the planning/budgeting process, preparation of technical specifications/TOR and draft

	<p>contracts and in preparing bidding documents. The bidder shall meet the environment and social requirements as indicated in the Standard Bidding Documents. The Standard Bidding Document for various procurement category (goods/services) was issued through LKPP's Regulation (Perlem) No. 12/2021. PPR also provides several options in terms of evaluation of bids/proposal which include the lowest evaluated bid, life-cycle costing (LCC) and scoring system.</p>
<p>3.3.2 Practice. Assesses how widespread and effective green and climate-informed public procurement are, including:</p> <ul style="list-style-type: none"> • GPP are integrated in standard bidding documents. • Support for environmental criteria on the most commonly procured goods, services and works and those with the greatest environmental impact. • Provision of framework agreements, green product catalogs, and green marketplaces. • Application of LCC and/or TCO. • Application of eco-labels and other standards (i.e., ISO 14024, ISO 14021 & ISO 14025). • Use of e-procurement systems to facilitate routine collection and reporting on GPP practices. 	<p>The requirement on the use of green product, if any can be defined in technical specifications or Terms of Reference as part of bidding documents. However, there is no detailed technical guidance yet related to application of sustainable procurement and the implementation of sustainable procurement in public procurement is quite rare due to unavailability of detailed technical guidance. Currently LKPP is in the process of drafting the SPP SBD for legal wood furniture in which there is requirement related to environment such as requiring the bidder to submit eco-friendly certificate.</p> <p>In the bidding document, there is requirement related to environment such as require the bidder to submit eco-friendly certificate. LKPP also established e-catalogue system which also include green products. LKPP is also responsible to develop, manage and supervise implementation of e-marketplace for procurement of goods and services.</p> <p>There is provision on sustainability procurement in PPR (article 68), requires that the procurement of goods/services shall take into account sustainability which includes Life-Cycle Costing (LCC), social issues and environmental issues. Sustainable Procurement shall be implemented in the planning/budgeting process, preparation of technical specifications/TOR, draft contracts and bidding documents. PPR (Perpres 12/2021) article 19(1).d and 19(4) also</p>

	<p>clearly mention that the Commitment Making Officer (PPK) shall, in preparing technical specifications/TOR of goods, services, use green products which are labelled as green products. However, there is no detailed technical guidance yet related to the application of sustainable procurement and implementation of sustainable procurement in public procurement. Article 39(1) of PPR states that evaluation of bids from Providers of Goods/Construction Works/Other Services shall be based on one of three methods: (1) Scoring system, (2) Economic Life Cycle Cost evaluation; or (3) Lowest Price. Article 39(3) states that Economic Life Cycle Cost evaluation shall be used for the procurement of Goods taking account of economic life, prices, operational costs, maintenance costs and residual value. There is, however, no detailed technical guidance in the bidding documents, especially on how to evaluate the application of sustainable procurement.</p> <p>Currently, there is no routine collection and reporting on GPP practices by LKPP on the implementation of GPP, so there is no data specifically related to GPP, which can be accessed easily by public.</p>
<p>3.3.3 Transparency and accountability. Assesses the existence and effectiveness of mechanisms to disclose, disseminate and account for climate change related procurement, including:</p> <ul style="list-style-type: none"> • A defined set of indicators for measuring GPP. • Systems which support the tracking of the implementation of GPP reforms and the performance of GPP systems. • Publication of easily accessible and analyzable GPP data. 	<p>The procurement process shall be done through government e-procurement system (Sistem Pengadaan Secara Elektronik, SPSE). The bidder shall register to the SPSE e-GP to download the bidding documents. The procurement data including publication of contract award are published in SPSE system and can be accessed to public. However, at the moment, there is no specific tracking system by LKPP on the implementation of GPP, so there is no data specifically related to GPP, which can be accessed easily by public, neither in SPSE nor Sistem Informasi Rencana Umum Pengadaan-SIRUP (General Procurement Plan).</p>
<p>3.3.4 Market engagement. Assesses whether the market has been engaged and supported as part of the introduction of green and climate-informed procurement initiatives, including:</p>	<p>The Government of Indonesia is playing an active role at the sub-regional level, leading the development of an ASEAN SCP Framework through the support provided by the SWITCH-Asia Regional Policy Advocacy Component (RPAC). To attain the SCP and</p>

- Market consultations and pilot tenders conducted to help identify the opportunities and constraints on GPP.
- GPP initiatives complement programs to encourage and facilitate transition to modern green business practices.
- Green market development is supported through information, capacity building, financing, fiscal incentives and using regulations to mandate how businesses operate.

G/SPP objectives outlined in the Indonesian National Medium-term Plan and the G/SPP Roadmap, the SWITCH-Asia SCP Facility and GIZ Advance SCP are supporting the Ministry of Environment and Forestry through the project *“Enhancing SCP through the implementation of G/SPP and the preparation of a long-term action plan for G/SPP in Indonesia.”* A market readiness analysis will be prepared and G/SPP Plans for two pilot sectors, namely, wooden furniture and paper industries, are expected to be developed.

This Project was launched on 24 July 2020 and 25 participants from the Ministry of Environment and Forestry, the National Procurement Agency (LKPP), the Paper Industry Association, the Furniture Industry Association, SWITCH-Asia Experts, GIZ Advance SCP, and the EU Delegation to Indonesia attended the meeting. The Ministry of Environment and Forestry, the National Procurement Agency, and paper and furniture industry associations all expressed their willingness to support SWITCH-Asia activities by actively participating in the data gathering process for the market analysis study.

SWITCH-Asia introduced in more detail the market analysis study for paper and furniture industries and explained that this will be of critical importance to drive recommendations for additional sub-products to be included in the G/SPP under the project’s scope. The study will contribute to the long-term action plan that will ensure a comprehensive approach to institutionalizing and reforming G/SPP in Indonesia to be led by GIZ Advance SCP in partnership with KLHK, LKPP, Bappenas, and other stakeholders.

Indonesia and the EU have both ratified the Voluntary Partnership Agreement (VPA), a legally binding trade agreement that aims to ensure that only legal timber and timber products from Indonesia reach the EU market. The Management and Marketing of Forest Product Directorate (PPHH) General for Sustainable Forest Product,

MoEF, also suggested to include in the study a situational analysis of the EU-Indonesia trade relations when it comes to furniture and paper products. The importance of sharing good practices and experiences from the EU, particularly on the EU ecolabel criteria and sustainability strategies, was also raised by Indonesian stakeholders.

Recommendations

SPSE (e-GP) system and SIRUP (General Procurement Plan) provide information whether sustainable procurement is applicable
 LKPP/Ministries to monitor the implementation of Green Public Procurement (GPP) and Sustainable Public Procurement (SPP) and publish the data which can be accessed by public
 LKPP issue the detailed technical guideline for the application of Green Public Procurement/Sustainable Public Procurement

References

Presidential Regulation (Perpres) No.16/2018 regarding the Government Procurement Regulation
 Presidential Regulation (Perpres) No.21/2021 regarding amendment to Perpres 16/2018
 LKPP's Regulation (Perlem) No.16/2020 regarding the list of green product to be used for sustainable public procurement
 LKPP's Regulation (Perlem) No.12/2021 regarding Guidelines for implementation of government procurement of goods/services through providers including Standard Bidding Documents
 Ministry of Environmental and Forestry's Regulation No.5/2019 regarding procedures for applying environmentally friendly labels for procurement of environmentally friendly goods and services
<http://www.switch-asia.eu/news/new-initiative-launched-in-indonesia-to-accelerate-shift-to-green-sustainable-public-procurement-and-uptake-of-scp/>

3.4 Climate finance

The element assesses the mobilization of climate finance through the regulatory basis and practice.

Topic areas	Current status
3.4.1 Regulatory basis. Assesses the existence of legal/regulatory requirements to address climate change in the government's financing framework and instruments, including:	To reach the country's ambitious targets for GHG emission reduction, a huge increase of sustainable funding and more effective use of current resources are required. According to the Second Biennial Update Report (BUR) 2018, to achieve the

- The requirement to develop a climate finance strategy and specific climate-financing instruments.

emission reduction targets in 2030, Indonesia is estimated to require USD\$247.2 billion or IDR3.461 trillion. If an annual average is made from year 2018 to 2030, then the estimated funding needs for climate change are around IDR288 trillion (around 15% of total state budget in 2018) per year for 12 years ahead. GOI is aware that efforts carried out by the government relating to climate change finance needs to be directed towards more comprehensive action, but unfortunately there is no specific legal regulatory framework being set up by the government on climate change funding strategy framework, particularly in order to ensure adequate funding and achievement of climate change targets.

The current Legal Regulatory that are related with the mobilization of Climate Finance are the following:

- (i) Law No. 39/2009 on Environmental Protection and Management: This law requires both central and local governments to develop and implement environmental economic instrument to preserve environmental functions. The environmental economic instruments include economic development planning and activities; environmental funding; and incentives and/or disincentives.
- (ii) Government Regulation No. 46/2017 on Environmental Economic Instruments: It defines Environmental Economic Instruments as a set of economic policies that are designed to encourage the Central Government, Regional Governments, and Everyone to preserve environmental functions. Article 3 states that Environmental funding is a system and mechanism for managing funds that are used to fund environmental protection and management efforts. Meanwhile, Article 30 regulates that the Management of Environmental Funding originating from the Environmental Pollution and/or Damage and Recovery Management Fund and the Trust Fund/Conservation Assistance managed by the central government.

	<p>(iii) Presidential Regulation No. 77/2018 Environmental Fund Management: It regulates the establishment of a national agency for environmental fund management (Badan Pengelola Dana Lingkungan Hidup/BPDLH). Articles 2 and 3 defines that the Environmental fund management is carried out through the following activities: Fundraising, Investment funds; and Distribution of funds. The accumulation of funds is accomplished through (article 5): Banking instruments; Capital market instruments; and/or other financial instruments in accordance with applicable laws and regulations. To carry out environmental fund management, a non-echelon of governmental organizational unit is formed to carry out the environmental fund management function using the financial management mechanism of public service agency (BLU).</p> <p>(iv) MoF Regulation No. 137/2019 that is being revised by MoF Regulation No 24/2021 on Organization and Work Procedures of Environmental Fund Management Agency: it regulates the organization of Environment Fund Management Agency (BPDLH) whereas it is a non-echelon governmental organizational unit that applies the financial management mechanism of public service agency (BLU), under and responsible to the Minister of Finance through the Director General of Treasury. The Environmental Fund Management Agency is led by President Director. It is allowed to use the name of the Indonesian Environment Fund when conducting fund-raising activities and disbursing funds.</p>
<p>3.4.2 Practice. Assesses the existence and quality of:</p> <ul style="list-style-type: none"> • A climate financing strategy, with instruments for mobilizing domestic resources for climate action such as budget allocations, carbon and other taxation, green bonds, auctions and emissions trading systems and the effectiveness of these instruments. 	<p>Climate change funding of Indonesia can come from a variety of sources, namely public, private and mixed funds. Public funds can come from government revenues, bonds issuances as well as foreign state grants and loans. Funds from international sources can be channeled through government budgets, private parties, and NGOs that act as intermediaries. For the last few years, the government of Indonesia has made several innovations in climate change funding instruments pushing for the mobilization of climate</p>

- Mechanisms in place to mobilize resources from international climate funds such as GEF, GCF, REDD+ or CIF.
- Active institutions mobilizing resources from international climate funds.

change funding resources from domestic and international support to achieve its NDC commitments.

In the efforts to mobilize funding, some funding mobilization mechanisms have been established in Indonesia, they are:

- (i) **The Environmental Fund Management Agency (BPDLH).** This BPDLH is established by the Ministry of Environment and Forestry, together with the Ministry of Finance in 2019 to manage environmental funds sourced both domestically and from overseas in an optimum, transparent, accountable, effective, and efficient manner.
- (ii) **The Indonesia Climate Change Trust Fund (ICCTF).** ICCTF was established in 2009 under the coordination of Bappenas to pool climate change funds from internationally and domestically, and to subsequently disburse these for the implementation of policies and program activities in accordance with the RAN and RAD GRK.
- (iii) **SDG Indonesia One (SIO).** USD 600 million of financial intermediary loan from ADB that is managed by PT. SMI.
- (iv) **International donor and/or multilateral agencies funding supports such as:** Green Climate Fund (GCF), Adaptation Fund (AF), and Global Environment Facility (GEF) that have become an alternative source of climate change funding.
- (v) **Various Other Domestic Sources of Fund for Climate Finance.**

The detail of the above funding mobilization mechanism is described as the following:

BPDLH. In September 2019 Indonesia established a national agency for environmental fund management (Badan Pengelola Dana Lingkungan Hidup/BPDLH), under the presidential regulation no. 77 of 2018. BPDLH is mandated to manage and mobilize finance for environment and allowed to mobilize climate finance from various sources both national and international sources, private and public

sources, bilateral and multilateral channels. BPDH is formed to bring multiple sources of funding together to be then deployed through a variety of instruments across a number of different sectors (including forestry, energy and mineral resources, carbon trading, environmental services, industry, transport, agriculture, marine and fisheries). BPDH is an environmental funding (EF) mechanism for channeling and distributing environmental and climate funds to support Indonesia's vision to preserve the functions of the environment and prevent environmental pollution and degradation. This includes efforts to achieve Indonesia's commitment to reduce Indonesia's GHG emissions and to meet the Sustainable Development Goals (SDGs). The BPDH is a public service agency (BLU) that is accountable to and structurally operationalized under the Minister of Finance of the Republic of Indonesia. A BLU is a government entity in Indonesia that has the legal flexibility and autonomous authority to manage its operations and is not dependent on the state budget (APBN) but can source funds from it. The BLU structure allows BPDH to receive grants and loans, and to disburse them alongside several other economic instruments. BPDH aims to fulfill its vision to be an environmental trust fund that is professional, credible and trusted by the world. The main purpose of the BPDH is to channel funds through a variety of instruments to specific projects and activities that support its overall objective to improve management and protection of the environment, support environmentally friendly economic activities and reduce GHG emissions. The BPDH aims to become a credible and trusted environmental funds management agency that manages, raises and disburses funds to support Indonesia to achieve its environmental and climate commitments. The funds managed by BPDH is mainly originated from the revolving funds being previously

managed by BLU of P3H of Ministry of Forestry and Environment's working unit, which was already liquidated and handed over to BPDH. The funds managed by BPDH consist of Cash, Deposits and Revolving Funds with the total amount of IDR 2.14 trillion (USD 150 million) in which IDR 1.43 trillion had already been distributed. Meanwhile, BPDH has around Rp 580 billion remaining cash to be distributed to 4,220 debtors who have already pledged for funding proposals of IDR 606.39 billion. These proposals are now being evaluated for their eligibility to get BPDH funding supports.

- (i) **ICCTF.** Indonesia has also established another trust fund managed by the Indonesia Climate Change Trust Fund – ICCTF under BAPPENAS. ICCTF is planned to coordinate and harmonize climate finance with fund management through two mechanisms, namely the innovation fund and the transformation fund (Bappenas, 2009). In the early stages (innovation fund), the funding received by ICCTF from development partners and other contributors is used to fund investment activities that have not yet generated income. Furthermore, fund management is expected to develop into a transformation fund that helps market penetration and will act as a revolving investment fund manager that generates income. During the initial period of establishment from 2010 to 2011, ICCTF disbursed funds amounting to US\$5.52 million from the United Kingdom Climate Change Unit (UKCCU), AusAID, and the Swedish International Development Agency (SIDA). Of these funds, US\$4.59 million (US\$2.3 million in 2010 and US\$2.36 million in 2011) was used for activities that support the government's priority climate change initiatives, such as land-based mitigation, energy, and vulnerability. and adaptation (ICCTF, 2012). Along with its development, in

2017 ICCTF has disbursed funds of Rp. 58.3 billion sourced from the APBN, Danish Development Agency (DANIDA), USAID, and UKCCU. This fund is used for land-based mitigation activities (Rp15.98 billion), adaptation and resilience (Rp4.74 billion), forests and peat (Rp11.96 billion), fire prevention (Rp6.16 billion), and others for internal management.

(ii) **SDG Indonesia One (SIO):** Asian Development Bank (ADB) supports Indonesia to meet its SDG goals by developing a Green Finance Facility (GFF) under the SIO, or SIO-GFF, with up to USD 600 million of financial intermediary loan from ADB to PT Sarana Multi Infrastruktur (PT SMI) in phases. In the first phase, ADB lent of USD 150 million and a USD 1 million grant Technical Assistance to support the SIO-GFF in: (i) establishing the green finance and SDG frameworks for project selection; (ii) formulating de-risking finance tools; (iii) strengthening capacity to support project structuring; and (iv) identifying a blend of funds from various development partners. ADB loans of up to \$450 million for future phases will be subject to satisfactory first phase progress

(iii) **International donor and/or multilateral agencies funding supports.** Indonesia welcome bilateral, regional and international cooperation. From International support, Indonesia receives support through multilateral channels (such as AF, GEF, FCPF, FIP, UNREDD+, Bio-CF, GCF, and financial institutions) and bilateral channels (Norway, Germany, Japan, USA, and others).

1. Adaptation Fund (AF)

AF is one of the multilateral funding sources focusing on climate change adaptation programs. The funding for AF comes from 2% of the revenues from carbon trading for the Clean Development

Mechanism (CDM). The Kyoto Protocol's Clean Development Method (CDM) is a mechanism for lowering GHG emissions by industrialized countries. In Indonesia, there is already a national institution that has been accredited as one of the National Implementing Entities (NIEs), namely the Indonesian Partnership, which creates an umbrella program and makes an open offer (call for proposals) to other institutions in order for them to access funds for their program initiatives and has a national authority or National Designated Authorities (NDA). The NDA is responsible for accepting NIE accreditation before it is delivered to the AF secretariat for assessment and/or approval of proposals by the Implementing Agency for adaptation projects and programs in the nation. In Indonesia, the NDA for AF is the Ministry of Environment and Forestry's Directorate General of Climate Change Control (DJPP). The amount of AF funds that entered Indonesia in 2016 was US\$4.77 million, which came from 18 donors and funding partners who were still active that year, and the funds were used for 17 projects covering democratic and just governance, sustainable development governance, and learning resource center.

2. Global Environment Facility (GEF)

In general, the GEF offers funds for initiatives such as investment and technical assistance that stimulate the creation of conditions conducive to expanding global environmental benefits. The GEF-6 Climate Change Mitigation Strategy includes GEF funding for climate change mitigation concerns, with the goal of assisting developing countries in making the transition to low-emission and climate-resilient development. Meanwhile, GEF funding for adaptation activities is contained in the GEF-6 Climate Change Adaptation Strategy which aims to increase resilience to the impacts of climate change in developing countries through short-term and long-term adaptation measures in the affected sectors, regions and communities.

The availability of GEF funding is based on a fundraising process known as GEF Replenishment, which is the process of giving donor pledges to the GEF Trust Fund every four years. The GEF has entered its sixth phase (GEF-6) with a funding of \$4.43 billion from July 1, 2014 to June 30, 2018. Indonesia received an allocation of US\$83.92 million from GEF6 with the following details:

- a. US\$21.91 million with climate change focus area
- b. US\$57.84 million with biodiversity focus area
- c. US\$4.16 million with land damage focus area

Compliance with national policies, compliance with GEF Focal Area Strategies, compatibility with international conventions, and approval by the GEF Operational Focal Point are all project requirements that can be supported by the GEF (OFP). The GEF is coordinated at the national level by the GEF OFP and the GEF Political Focal Point (GEF PFP) for Indonesia, specifically KLHK officials and Indonesian Embassy officials in Washington, DC, USA.

3. Green Climate Fund (GCF)

GCF is one of the climate finance institutions with the largest commitment value and is tasked with distributing funds for projects, programs, policies, and activities related to other climate mitigation and adaptation efforts in developing countries. GCF provides direct access via an National Implementing Entity (NIE) that has been accredited by GCF. PT SMI is an NIE that is recognized in Indonesia. Furthermore, the recipient country has the right to decide the program's direction, vision, and mission to be carried out in accordance with the country's interests and needs. The NDA is a country representative whose function it is to choose which program will be implemented in that country and to act as a liaison between the proposer and the GCF. The Fiscal Policy Agency (BKF) of the Ministry of Finance serves as the NDA in Indonesia.

GCF funding is allocated in a balanced way for mitigation and adaptation activities. Some of the projects funded by the GCF include the Indonesia Geothermal Resource Risk Mitigation Project (IGRRMP) and Climate Investor One (CIO). The IGRRMP involves an investment of US\$410 million with an implementation period of 10 years and is estimated to reduce emissions by 112.2 million tons of CO₂. The second project is carried out by CIO running mitigation projects in 11 countries in Africa and Asia Pacific and one of them is Indonesia. The CIO involves an investment of US\$821.5 million with an implementation period of 20 years with an estimated emission reduction of 53.7 million tons of CO₂.

4. REDD++ mechanism

In 2010, Indonesia entered into bilateral cooperation agreement in financing climate change actions with Norway through Reducing Emission from Deforestation and Forest Degradation (REDD+) development program. The REDD+ development program is the reflection of Indonesia's willingness to improve forest management by following and fulfilling guidance set up by UNFCCC dynamic and progressive decisions. Referring to Decision 1/CP.16 Paragraph 70, the Conference of the Parties (COP)-16 in Cancun encouraged developing country Parties to contribute to mitigation actions in the forest sector, following their respective capabilities and national circumstances, by undertaking the following activities: reducing emissions from deforestation, reducing emissions from forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stock. Various mechanisms and agreements between Norway and Indonesia are made to encourage the realization of the implementation of REDD + since REDD + is funded with the Result Based Payment mechanism, where rewards are earned based on performance appraisal.

However, on 10th September 2021, The Government of the Republic of Indonesia has decided to terminate the Letter of Intent between

the Government of the Kingdom of Norway and the Government of the Republic of Indonesia on cooperation on Reducing Greenhouse Gas Emissions from Deforestation and Forest Degradation (LoI on REDD+). The Government decision to terminate the Letter of Intent is due to the lack of concrete progress on the implementation of the obligation of the government of Norway to deliver the results-based payment for Indonesia's achievement in reducing 11,2 million CO₂eq greenhouse gas emissions in 2016/2017, that has been verified by international organization. The decision to terminate the LOI is however not going to affect the Indonesian Government commitment to reduce greenhouse gas emissions.

(iv) **Various Other Domestic Sources of Fund for Climate Finance:** The Government of Indonesia has tried to increase the participation of non-public funding for climate change as with the issuance of the Roadmap for Sustainable Finance in Indonesia in 2014 which was followed up through the Financial Services Authority Regulation (POJK) Number 51 of 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Publicly listed Company. Non-public funding has been implemented through the issuance of green bonds by PT Sarana Multi Infrastruktur (PT SMI) and Bank OCBC NISP.

Meanwhile, the other specific climate financing instruments being introduced are:

(1) Green Bond and Green Sukuk: GOI has successfully mobilized a total around USD 3,5 billion from the Green Bonds and Green Sukuk issuance since FY 2018 to 2021. In 2018, Indonesia issued US\$1.25 billion (Rp16.75 trillion) global green sukuk with a five-year tenor and was the first in the world. All of the proceeds of the \$1.25 billion Green Sukuk will exclusively go to selected 'eligible green projects' based on the Green Bond and Green

Sukuk Framework. Both 'green sukuk' and 'green bond' has significant potential for financing climate actions.

Box 3.2. Issuance of Indonesia's Green Bonds

To meet the annual climate change funding needs, the government issued Green Bonds and Green Sukuk. Green Sukuk to improve the potential investment climate of the International for financing and refinancing green projects in Indonesia.

In selecting the eligible green projects to be used as the underlying assets for the issuance of Green Sukuk, MOF selected some projects that have met criteria as green projects and with a project development timeline consistent with the tenor of the applicable Green Bond or Green Sukuk durations. MOF also maintain records of all Eligible Green Projects to be funded by the use of proceeds of each Green Bonds or Green Sukuk issued. Upon request from the Line Ministries, the Green Bond and Green Sukuk proceeds will be credited to a designated account of the relevant ministries for funding exclusively projects as defined in the Framework. Pending application to Eligible Green Project proceeds will be held in cash in the Government's general account at Bank Indonesia. The respective ministries utilizing the proceeds shall track and monitor, and report to the Ministry of Finance, the environmental benefits of the Eligible Green Projects in their portfolio which are funded by Green Bonds or Green Sukuk proceeds.

The last 2021 Green Bond and Green Sukuk issuance was reviewed by an independent institution of the Centre for International Climate and Environmental Research (CICERO) and received a Medium Green shading based on the overall assessment of the green and social project categories in the framework, governance, and transparency considerations. According to CICERO, the Medium Green framework reflecting

the concerns that the framework could include projects that indirectly support fossil fuels and generate rebound effects due to Indonesia's coal-dependent grid. There are also inherent risks of deforestation and other adverse biodiversity impacts from projects requiring additional use of land and seascapes. Besides, it remains unclear what specific climate resilience criteria will be applied to project selection and implementation, and the government is encouraged to disclose these wherever possible. The government is required to leverage the capacity it has already developed on budget tagging, proceeds management and reporting from its prior issuances of green sukuk, which have been adapted to include SDG and social projects. It is also required to continue reporting on allocation and impacts at the project level as it has done for prior green sukuk, while adding reporting for eligible expenditure types.

- (2) Carbon Trading is one of the mechanisms regulated in Presidential Decree No. 98 of 2021 for the implementation of Carbon Economic Value (NEK) for met NDC targets and GHG emissions, alongside the Performance Based Payments mechanism and Carbon Levies. Domestic and foreign carbon trading is carried out through the following mechanisms:
- a. Emissions Trading; and
 - b. GHG Emission Offset.

Emission Trading is transaction mechanism between business actors whose emissions exceed the specified emission limit. The practice of buying and selling credits that permit a company or other entity to emit a certain amount of carbon dioxide. Carbon trade agreements allow for the sale of credits to emit carbon dioxide between nations as part of an international agreement aimed at gradually reducing total emissions.

- a) PLN obtained the emission reduction certificates are 1.2 million tons of CO₂eq from the Musi hydropower

plant in Bengkulu and the Renun hydropower plant and the Sipansihaporas hydropower plant in North Sumatra. With this addition, in total, PLN has obtained emission reduction certificates of 7.9 million tons of CO₂eq. Some of the emission reduction certificates have already been sold in the international market. PLN has started to open a service to purchase emission reduction certificates for individuals, organizations, and companies in Indonesia who are concerned about the environment and the climate crisis.

b) The emission reduction certificates for hydropower plants were obtained through the Verified Carbon Standard (VCS) mechanism, which is the most widely used quality standard for verifying. Private sectors like as PT. RMU and PT. RRC has been implemented VCS and has been sold to international market.

(3) Performance-Based Payments are made for the performance/benefits of GHG Emission reduction generated by ministries/agencies, local governments, and business actors based on the results of verification of the achievement of GHG Emissions reduction and/or conservation/increase of carbon stocks carried out by businesses and/or activities.

(4) Carbon Levies are levies in the areas of central and regional taxation, customs and excise, and other state levies. The implementation of Carbon Levies is mandated by Carbon Tax regulation under the new Harmonized Tax Law (Law No. 7 of 2021). The carbon tax introduced in new the harmonized tax law is mainly designed to support climate change mitigation efforts that main focus is to change business entities' behavior to be more environmentally friendly or low carbon. Coal-fired power plants are the first sector that will be subjected to a carbon tax starting April 2022. The government will gradually

expand the number of sectors subjected to the carbon tax by 2025. The pilot project has involved 32 coal-fired power plants. In the pilot project, the government has managed to make carbon transfer transactions through a carbon trading system at a price of Rp30 per kilogram of carbon dioxide equivalent.

- (5) Several private companies, state-owned enterprises, and public-private partnership institutions are also involved in climate change related activities. The private sector's role is evident from the renewable energy enterprise sector, notably geothermal energy, hydro power plants, and solar power plants. In this event, the State Electricity Company (PLN) also plays an active role in encouraging the private sector to play a role in the renewable energy business. In 2017, approximately 70 PPAs (Power Purchase Agreements) were signed in order to encourage the development of power generated from clean energy. Other actors working to address climate change issues are non-profit institutions, NGOs, research centers, and consultancies. There are numbers of non-profit institutions and NGOs, both national and international, that work to address climate change issues in Indonesia through research and consulting, education and public consultation, government activity/program monitoring, project implementation in the field, etc. Their activities are generally project-driven and focus usually on specific issues, such as land use and land use change, renewable energy, sustainable agriculture, climate funding, etc.

Overall, while Indonesia welcome bilateral, regional and international cooperation that facilitate and expedite technology development and transfer, payment for performance, technical cooperation, and access to financial resources to support Indonesia's climate mitigation and adaptation efforts towards a climate resilient future, each of those climate finance funding supports focus on different areas of their funding. Until now,

international financing such as GCF, GEF, and AF still has a huge focus area following to the Indonesia NDC and RPJMN. Meanwhile, other financings such as Indonesia Climate Change Trust Fund (ICCTF), Environmental Fund Management Agency (BPDLH), and SIO have more specific focus area such as on specific program based such as on marine, forestry, and infrastructure. It reflects a need to have a better coordination to have complete and comprehensive pictures on the management of climate change related funds. Considering of many different stakeholders involved, the need of a coordination mechanism between climate finance focal agencies in Indonesia to achieve the Nationally Determined Coordination (NDC) target effectively and efficiently has increasingly become more apparent.

In October 2020, the Fiscal Policy Agency of Indonesia's Ministry of Economic (FPA), as the National Designated Authority Green Climate Fund (NDA GCF), initiated a preliminary meeting to discuss the idea of a coordination mechanism between climate finance focal agencies in Indonesia. This meeting was held to synergize all efforts in achieving the NDC targets. Furthermore, in the third coordination meeting that was held on April 7th, 2021, all participating climate finance focal agencies discussed the characteristics and uniqueness of each funding institution; from the governance, project cycle, financing instruments, and targeted sectors. This coordination mechanism forum is also trying to initiate the development of a climate change financing platform. The expectation is to have every climate finance focal agency synergizing their funding area through an information-sharing mechanism that is transparent and accessible by the public. In this follow-up meeting, each climate finance focal agency discusses the trend and track record of their funding disbursement. It was agreed by all focal agency that a variety of environmental and social standards are required. This has long been a major obstacle for project proponents in Indonesia. The presence of this coordination

forum and the planned information platform are expected to boost the capacity of the potential climate project proponents widely and significantly to improve the efficiency of climate financing and to avoid overlapping funding in similar projects or programs.

Recommendations

Since the Central Government Budget alone will not be able to meet the financing needs for climate change actions, it is recommended for the government to take the following:

- (i) Having a standardized method for calculating the funding needs to achieve the NDC's target. The fulfillment of NDC targets to meet the emissions reduction target for 2030 will require a significant amount of funds estimated at USD 247.2 billion, or approximately IDR3.461 trillion. Unfortunately, at present, there is no standard method in place for the calculation of funding needs to achieve the NDC's target. Multiple studies performed used their own respective methods with limitations to come up with different results. As a result, projections on public financing needs for climate change management has not been properly made. This is despite the projection being crucial to budget planning and climate funding mobilization. This affects the portion of funds the Indonesian government needs in order to fulfill commitments in the NDC. Furthermore, this can also be used as a baseline in evaluating the efforts of the Indonesian government with regards to public financing for climate change management.
- (ii) Forming the Climate Change Fiscal Framework. The present estimated disparities between climate change financing needs and funding availability are a main component that underlies the necessity to form a Climate Change Fiscal Framework (CCFF) for Indonesia in the future. CCFF will set out policy strategies to mobilize public and private finance for sustainable development. With this framework, fiscal incentives, subsidies and taxes would all be directed to create a favorable investment environment for the green sector.
- (iii) Formulating regulations on the mobilization of climate change funds from various sources. A concerted effort will be required by the government in the designing of a climate change finance strategy and/or financing instrument framework that will serve as the government's work agenda for green PFM, and in the formulating of regulations that support the mobilization of climate change funds from both the public and non-public sectors. The Climate Actions needs a strategic policy and clear legal regulation to arrange financing collaboration among the stakeholders in the local, national and global level, such as government (central & sub-national), business entities (private, SOEs), International Donors organizations, NGOs/CSOs, communities, and other related stakeholders.
- (iv) Enabling environment for more private participation. Funding from the private sector through banking instruments, capital markets and securities also needs to be maximized to attract funding from both domestic and international sources, to meet the funding needs for climate change activities.

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4. Subnational governments and state-owned enterprises

The pillar assesses the effectiveness of the intergovernmental system in facilitating action by subnational governments (SNGs) to address local and national climate objectives, and – separately - the incorporation of climate change in the governance and management of state-owned enterprises (SOEs).

4.1 Subnational functional assignment, coordination and capacity

The element covers the functional assignment of competencies to SNGs, processes of coordination and technical capacity.

Topic areas	Current status
<p>2.5.1. Functional assignment. Assesses the assignment of functional responsibilities to SNGs consistent with effective climate action, including:</p> <ul style="list-style-type: none"> • Clarity of functional assignment in relevant sectors for decarbonization and adaptation (e.g., electricity, transport, housing, and agriculture). • Existing policies at subnational levels for decarbonization and adaptation. • Incentives for SNGs to take climate actions and innovate. 	<p><u>Functional Assignment</u></p> <ul style="list-style-type: none"> - The general framework for inter-governmental functional assignments in Indonesia is set out in law 23/2014 on local government. - The law provided central and provincial government with major roles in the key sectors for Indonesia’s decarbonization target (forestry, energy, mining), - Particularly in the forestry sector (which should deliver 56% of Indonesia’s emission reduction target), the functional assignment lacks a clearly defined role for district government. Districts government was only assigned minor tasks of managing forest park (TAHURA) while majority of assignment for managing, and protecting areas become the concurrent responsibilities of central and provincial government. The planning function as well conservation forest management become the exclusive function of provincial government.

Topic areas	Current status
	<ul style="list-style-type: none"> - The relatively minor functional assignment for districts in forestry and mining sectors was justified on the basis of “unchecked” forest extraction and mining activities, during the previous phase of decentralization when districts play major roles (2001-2014). - A new government regulation (GR 23/2021) on Forestry Management re-established some functional assignment for district governments, including: maintaining the adequacy of forest cover, providing incentives for forest cover maintenance, and managing social forestry. However, it still lacking in specificities, and have not clearly assigned district government to carry out functions that would be within their comparative advantage to carry out, for example, community management in forest areas and their buffer zone. - In energy sector, the limited role of SNGs in the sector constrained the development of program by SNGs to support renewable energy. - In most other sectors, including sectors that are relevant for adaptation (public works, agriculture), the roles of district government are more substantial. The challenge in implementing functional assignment in these sectors are similar to most other sectors, among others, a rigid demarcation of local government’s role that constrained their action, for example, to response to central’s infrastructure decay, and continuing central execution of some district functions resulted in district under-investment and unbuild capacity. <p><u>Existing Policies for Decarbonization and adaptation</u></p> <ul style="list-style-type: none"> - For decarbonization, National Planning Agency (BAPPENAS) lead the process for rolling out and cascading low carbon development plan (PPRK), including in guiding and supervising subnational government to develop their own plan.

Topic areas	Current status
	<ul style="list-style-type: none"> - For Adaptation, Ministry of Forestry and Environment lead the process for rolling out of local government action plan for climate adaptation (RAD API), including through the issuance of Minister’s regulation on guideline for preparing action plan for climate change adaptation <p><u>Incentives for Climate Actions</u></p> <ul style="list-style-type: none"> - There are still limited nationally driven incentives for decarbonization and adaptation. Among of these are: MOFE’s award for best SNGs in guiding “climate village (Proklim)””; MOF’s regional incentive fund (DID) for waste management performance; and province to district ecological fiscal transfer implemented by a number of provinces (Kaltara, West Papua). - The new law of intergovernmental fiscal transfer (UU HKPD) is expected to include provision that conditioned the disbursement of national resources revenue sharing to the performance in environmental conservation. - Another sources of incentives are: internationally driven incentives (including REDD+), and market led incentive (preferential sourcing for palm oil) - The effectiveness and appropriateness of design for nationally driven incentives need to be assessed (DID, EFT in some provinces)
<p>2.5.2. Intergovernmental coordination. Assesses the effectiveness of horizontal (among SNGs) and vertical (between national and subnational levels) coordination mechanisms, including:</p> <ul style="list-style-type: none"> • Existence and functioning of dedicated coordination mechanisms for climate change and/or inclusion of climate issues on the agenda of general coordination processes. • Inclusion of subnational government views in the development of nationwide strategies, plans and policies. 	<p><u>Vertical coordination</u></p> <ul style="list-style-type: none"> - There are absences of well-defined mechanism for coordination and consultation between central and SNGs for centrally executed functions, for example in issuing forest utilization licenses for food estate. - While the spatial planning regulation specify the need for lower level government to refer to the upper tier government plan, no cross reference requirement

Topic areas	Current status
<ul style="list-style-type: none"> • Alignment and any variations in stringency of climate policies between national and subnational levels. • Mechanisms to address climate policy overlap/inconsistency between national and subnational governments. 	<p>between provincial and district government general development plans.</p> <ul style="list-style-type: none"> - “Sporadic” mechanism on the inclusion of climate issues in general coordination process between central and subnational government (e.g Musrenbang processes). - Bappenas has established a mechanism to review of local low carbon development plan as mechanism to align local and national plan for carbon development. These review mechanisms could serve to address overlap/inconsistency between national and subnational government plan - However, mechanism to integrate low carbon development plan with overall SNG’s development plan is still lacking. <p><u>Horizontal coordination</u></p> <ul style="list-style-type: none"> - Several “indigenous” initiatives supported by international partner exist to facilitate horizontal coordination: (i) Sustainable Kabupaten circle (LTKL); (ii) Governor’s forum on climate change; (iii) urban local government forum for sustainability (TriKarsa Bogor). However, these initiatives are limited to SNGs that are highly exposed to international support.
<p>2.5.3. Technical capacity. Assesses the adequacy of organizational structures within SNGs (and in regional/national agencies supporting SNGs) to achieve climate change goals, including:</p> <ul style="list-style-type: none"> • Level of awareness of climate change issues and assessment of internal readiness. • Clarity of roles and responsibilities to act on climate issues, (e.g., existence/functioning of climate department, unit, or focal points). • Rules and practices to recruit, train and motivate staff on climate change. • Availability, scope, effectiveness and sustainability of climate change training programs, technical support to 	<p><u>Awareness of Climate Change Issues</u></p> <ul style="list-style-type: none"> - SNGs located in regions that are critical for Indonesia’s decarbonization strategies (forested regions in Kalimantan, Sumatra, Sulawesi, and Papua) have been highly aware of climate change issues. Several of them have developed local plan, and strategy for sustainability (Kaltim Green Growth Strategy, Sintang Lestari, etc), likewise urban regions that have been exposed to climate issues, for example 12 cities that signed TriKarsa Bogor declaration. Some have issued governor’s/mayor’s regulation on climate change and adaptation (e.g. DKI Jakarta).

Topic areas	Current status
<p>SNGs from higher levels of government and peer learning opportunities among SNGs.</p> <ul style="list-style-type: none"> Inclusion of climate change in individual staff/team performance framework and other incentives to reward performance. 	<p><u>Clarity of role and responsibilities to act on climate issues</u></p> <ul style="list-style-type: none"> At the local government level, most climate change/low carbon development plan are spearheaded by Bappeda (local planning agency), Bappeda is also play a critical role in advocating the integration of climate change issues into other agency operations. Local environmental agency (DLH/BPLHD) mostly concerned with the implementation of broader environmental task functions including implementing environmental regulations and overseeing environmental impact analysis. In East Kalimantan, provincial government formed local climate change council (DDPI) that include non-governmental stakeholders. <p><u>Rule and Practices to recruit, train, and motivate staff on climate change</u></p> <ul style="list-style-type: none"> State Administrative Institution (LAN RI), an agency that is responsible for implementing functional training for civil servants have developed a new massive open online course (MOOC) on Green Growth and Sustainable Development (Pro Hijau training). LAN also delivered “reform leader academy” for young local civil servant, the alumni of this program in South Kalimantan initiated “green public procurement” regulation. The national focal point for climate change mitigation and adaptations, MoEF provide technical training to local governments. For example, in district Kendal for Adaptation action The performance evaluation framework for local civil servants followed government regulation 30/2019 on civil servant performance evaluation which include the obligation for having individual performance goal as a standard for evaluation. The assessment has not been able

Topic areas	Current status
	to see evidence of the inclusion of climate change mitigation goal in these performance evaluation goals for local civil servants.
Recommendations	
References	

4.2 Subnational strategic and land use planning

This element assesses the effectiveness of SNGs in strategic and land-use planning and MRV.

Topic areas	Current status
<p>2.5.4. Strategic planning. Assesses the integration of climate change in subnational planning instruments, and mandates for risk and vulnerability assessments, including:</p> <ul style="list-style-type: none"> • Regulatory requirement for SNGs to prepare decarbonization and adaptation strategies and plans. • Requirement and practice of SNGs to ensure integration of climate change in existing SNG planning instruments (development plans, sector plans and annual budget process). • Requirement and practice of SNGs to prepare, regularly update and publish climate risk and vulnerability assessments. 	<p><u>Requirement and practice for SNGs to prepare decarbonization and adaptation strategies and plans</u></p> <ul style="list-style-type: none"> - Bappenas mandate the preparation of local low carbon development plan (previously emission reduction action plan/RAD GRK). The process includes regular review - KLHK mandate the preparation of local action plan for climate adaptation (RAD API) and has issued a Ministerial Regulation <p><u>Requirement and practice to ensure integration of climate change in existing SNG planning instruments</u></p> <ul style="list-style-type: none"> - The potential established mechanism for integrating environment and climate change issues into local government plan is through the requirement for local medium term plan to be supported by strategic environment analysis (KLHS). There are evidences that some SNGs, such as, Central Java province have discussed climate change mitigation and adaptation aspects in their KLHS. - MOEF has developed vulnerability index information system (SIDIK) which provide vulnerability map up to

	<p>subdistrict level. This index has been used by SNGs in developing their strategic environment analysis.</p>
<p>2.5.5. Land-use planning. Assesses the inclusion of climate change risks, vulnerabilities and opportunities in SNG land-use planning and regulation, including:</p> <ul style="list-style-type: none"> • Authority of SNGs to take climate into account in land use planning and regulation. • Inclusion of climate change in land use systems and processes – e.g., zoning, building codes, development permitting/licensing, and environmental standards. • Consistency of land use and other regulatory regimes with national strategies and targets. 	<p><u>Authority of SNGs to take climate into account in land use planning and regulation</u></p> <ul style="list-style-type: none"> - Local governments have the authority to develop spatial planning for their respective regions (RTRW). The preparation of RTRW should be supported by strategic environment analysis (KLHS) which include climate change analysis as one of its component. <p><u>Inclusion of Climate Change in Land Use systems and Processes</u></p> <ul style="list-style-type: none"> - There are evidences that suggest some regions (e.g. Sleman) has included vulnerability to disaster risks when they are preparing their district spatial plan (RTRW and RDTR). - Ministry of Public Works have launched program of green cities development (P2KH) to facilitate districts in integrating environmental consideration in their infrastructure development <p><u>Consistency of land use and other regulatory regimes with national strategies and targets</u></p> <ul style="list-style-type: none"> - The assessment team do not have access to individual plan to assess their consistencies
<p>2.5.6. Monitoring, reporting and verification. Assesses the responsibilities for MRV at the subnational level and the capacity and system in place to ensure compliance, including:</p> <ul style="list-style-type: none"> • Clarity of roles and responsibilities for MRV at the subnational level. • Existence of subnational GHG inventory. • Level of compliance with data collecting and reporting requirements (quality of reporting and timeliness). 	<ul style="list-style-type: none"> - The regulation on distribution of role and responsibilities for MRV is included in the regulation of Presidential decree number 71/2011 on GHG inventory. Article 10 assigned district government to inventorize GHG at the district level which should be reported to Governor once a year. - MOEF has published guideline for district level GHG inventory and developed an information system for reporting inventory results (SIGN SMART)

	<ul style="list-style-type: none"> - The published guideline include a case studies from Gorontalo, one of the district that has been relatively successful in conducting the inventory. - Information on level of compliance has yet to be accessible to the assessment team
Recommendations	
References	

4.3 Subnational climate finance

This element assesses the effectiveness of SNG public finance systems, picking up the core issues assessed at the national level under elements 3.1 (PFM), 3.2 (infrastructure governance); 3.3 (green public procurement); and 3.4 (climate finance).

Topic areas	Current status
<p>2.5.7. Revenue sources and administration. Assesses climate-related revenue for SNGs and transfers to incentivize climate action, including:</p> <ul style="list-style-type: none"> • Subnational climate-related revenue authority and collection (e.g., environmental taxation, emissions trading schemes, carbon pricing, green bonds, permitting and licensing). • Capacity for climate-related revenue design and administration. • Intergovernmental transfers that incentive SNGs to combat climate change (e.g., payments for environmental services; performance-based grants). 	<ul style="list-style-type: none"> - Currently there are no legal framework that allowed climate related revenue collection by local government - New provisions in upcoming law on intergovernmental financial relations (UU HKPD) allowed local government to include environment variable in the vehicle valuation which served as a base to determine vehicle tax. - The legal framework for the issuance of municipal bond (PP 56/2018) allowed for the issuance of green bond, but implementation are constrained by complex eligibility requirements, and low green awareness in financial industry. <p><u>Intergovernmental transfers that incentivize SNGs to combat climate change</u></p> <ul style="list-style-type: none"> - IG transfer instruments are still limited to incentives fund for waste management and provincial ecological transfer

<ul style="list-style-type: none"> • Mobilization of resources from international climate funds and the private sector. 	<p>fund. Effectiveness and soundness of design need to be evaluated</p> <ul style="list-style-type: none"> - There are new provision in draft of UU HKPD on linking revenue sharing disbursement to environmental performance - There are some developments on implementing Jurisdictional approach to attract international climate finance in some provinces. - Two provinces East Kalimantan and Jambi has entered into emission reduction payment agreement through World Bank's managed forest carbon partnership
<p>2.5.8. Public financial management. Assess the integration of climate considerations into subnational PFM systems, including.</p> <ul style="list-style-type: none"> • Medium term risk and expenditure frameworks. • The budget preparation process. • Tagging of climate expenditure in annual budget proposals. • Review of climate finance and climate expenditure (e.g., Climate Public Expenditure Review). • Requirement to publish information on public finances and climate. 	<ul style="list-style-type: none"> - Currently there are no requirement to prepare medium term risks and expenditure framework - The guideline for annual budget process issued by MOHA has not included any references to climate mitigation, but it has included a few references to disaster risk reduction, which can include some elements of climate change adaptation. - Fiscal Policy Agency (BKF) has implemented a pilot for climate expenditures tagging in 11 provinces. - Thus far, the government has not conducted subnational review of climate finances and expenditures, however independent effort supported by international partners have been attempted. - There are no requirement to publish information on public finances and climate.

2.5.9. **Public investment and asset management.** Assesses the integration of climate considerations in subnational PIM and asset management, including:

- Planning, strategy and regulation – e.g., risk, vulnerability and needs assessments (including critical and at-risk infrastructure assets are regularly identified), long-term infrastructure strategies, and land use planning.
- Project management – e.g., project identification, screening, appraisal and selection, monitoring and evaluation, operation and maintenance, asset management and portfolio management.
- Working with the private sector – e.g., establishing means of engagement, leveraging opportunities, developing engagement modalities, enhancing public-private partnerships, and catalyzing research and development.
- Regulations in place for energy efficiency, design standards for future extreme weather events, life-cycle management of building materials, equipment, and appliances.

- Risk, vulnerability and needs assessment have been implemented in some districts (e.g Menado), but since there are no legal requirement, it is hard to know the extent of implementation in other districts. Long term infrastructure strategies are required to be included as part of spatial plan and medium-term plan.
- Overall, the system for project identification, screening, appraisal and selection in Indonesian SNGs are still haphazardly implemented, thus far there are yet to be known case studies of districts that have integrated climate change issues in their project management cycle.
- Several districts (e.g. Magetan) have been engaged in PPP with private sector entity for small scale energy efficiency street lighting project which resulted in some efficiency.

In general, SNGs follow Ministry of Energy regulations on energy efficiency and green building management (e.g Ministerial Regulation 14/2012 on Energy management)

Recommendations

References

4.4. State-owned enterprises⁷

This element assesses the obligations of state-owned enterprises (SOEs) to prepare and respond to climate change, their compliance with these obligations and the capacity of the state to ensure compliance.

Topic areas	Current status
<p>4.4.1. Obligations. Assesses the legal/regulatory requirements for SOEs to prepare for and respond to climate change, including through:</p> <ul style="list-style-type: none"> • Identifying, assessing, and managing climate-related risks through portfolio and enterprise-level assessment of physical and transition risks. • Establishing metrics and portfolio and enterprise-level targets for climate action, consistent with national climate targets, to assess and manage climate-related risks and opportunities. • Integrating climate change into SOE strategies, statements of corporate intent and performance contracts. • Establishing governance arrangements for climate-related opportunities and risks. 	<ul style="list-style-type: none"> • There is one direct regulatory that required SOEs to prepare for and somehow respond to climate change: • The regulatory is related to corporate social responsibility. However, in SOEs, there is a program specially for social and environmental responsibility including climate change. The program is adopted in Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia number per-05/MBU/04/2021 concerning social and environmental responsibility program for state-owned business entities (TJSL BUMN) • Same as the name of the regulation, the program is company's commitment to sustainable development by providing benefits to the economy, social, environment as well as law and governance with principles: <ul style="list-style-type: none"> ○ integrated, namely based on risk analysis and processes businesses that have relationships with stakeholders ○ directed, which has a clear direction to achieve company goals ○ impact is measurable, namely having a contribution and provide benefits that result in change or added value for stakeholders and company; and ○ accountability, that is, can be accounted for thereby keeping away from potential abuse and deviation. • By complying with the provisions to develop and run the TJSL BUMN program, indirectly, SOEs are invited to respond to

⁷ For more detailed assessment questions see Climate Change for SOE Toolkit and Assessment Matrix (ask Patrick Kabuya). The toolkit is based on Task Force on Climate-Related Financial Disclosures recommendations.

	<p>climate change by identifying, assessing, and managing risks to climate change through company and portfolio assessments, making metrics and portfolios as well as company targets for change actions. climate change, integrating climate change into strategy, corporate statements, planning for climate change opportunities and risks, and implementing more climate friendly purchasing of goods and services.</p>
<ul style="list-style-type: none"> • Implementing climate-smart procurement. 	<ul style="list-style-type: none"> • Related to procurement, the basis regulations: <ul style="list-style-type: none"> • Minister of SOE No. PER-05/MBU/2008 that has changed to be No. PER-15/MBU/2012 on SOE’s goods and services procurement • To enhance competitiveness, transparency, and accountability for procurement in all SOEs, the minister adopted a new regulation Number PER-08/MBU/12/2019 on Guideline for SOE’s Goods and Services Procurement. • All regulations on SOE’s procurement do not mention the needs for SOEs to implement or support climate-smart procurement.
<p>4.4.2. Reporting and disclosure. Assesses reporting to owners, shareholders, regulators and to the public, including:</p> <ul style="list-style-type: none"> • A legal/regulatory requirement to report and disclose climate-related information on any/all the issues in 4.4.1. • A review of the latest SOE annual reports in key climate sectors to evaluate the extent to which they comply with the requirements to report and/or disclose [including in countries with no regulatory requirement to disclose climate related information]. • The availability of the climate-relevant information to the public. 	<ul style="list-style-type: none"> • There is a regulatory requirement to report and disclose climate-related information. Further, with this report, public will get the climate-relevant information of private sectors (financial institutions, issuers, and public companies, including SOEs) <ul style="list-style-type: none"> ○ In 2015, Financial Service Authority (OJK) launched The First Phase of Roadmap for Sustainable Finance (2015-2019). ○ In the first phase, it needs to introduce the concept and increase the awareness about what is sustainable finance. ○ In 2017, OJK launched a regulation, Financial Services Authority Regulation Number 51/POJK.03/2017 on the Implementation of Sustainable Report for Financial Services Institutions, Issuers, and Public Companies

	<ul style="list-style-type: none"> ○ A Sustainability Report is a report published to the public that contains the economic, financial, social and environmental performance of a Financial Service Institution, Issuer, and Public Company in running a sustainable business. ○ The objectives of implementing Sustainable Finance are: <ul style="list-style-type: none"> ▪ provide the funding sources needed to achieve sustainable development goals and funding related to climate change in sufficient quantities; ▪ improve the resilience and competitiveness of LJK, Issuers, and Public Companies through better management of social and environmental risks by developing financial products and/or services that apply the principles of Sustainable Finance so as to be able to contribute positively to financial system stability; ▪ reduce social inequality and prevent environmental damage, maintain biodiversity, and encourage efficient use of energy and natural resources; and ▪ develop financial products and/or services that apply the principles of Sustainable Finance. ● By submitting the sustainable report, SOEs can share their activities in key climate sectors and available to the public, including the report of TJSJ BUMN Programme implementation by SOEs
<p>4.4.3. Regulatory capacity. Assess the authority and capacity to enforce SOE compliance with climate-related obligations, including:</p>	
<ul style="list-style-type: none"> ● Existence of an institution with regulatory authority to monitor and enforce SOEs compliance with the legal and regulatory requirements in 0 and 0. 	<ul style="list-style-type: none"> ● There are about two institutions with regulatory authority to monitor and enforce SOEs compliance with the legal and regulatory requirements in 4.4.1 and 4.4.2:

	<ul style="list-style-type: none"> • Financial Authority Services (OJK) for 4.4.2 and this Sustainability Reporting will affect the urgency to complete the requirement under 4.4.1. • Besides OJK, since this 4.4.2. is part of SDG indicator for Goal 12, the second institution would be BAPPENAS, through SDG Secretariat, would also enforce SOEs to comply with the requirements.
<ul style="list-style-type: none"> • Human capacity, financial resources, and instruments of the institution to monitor and enforce compliance. 	<ul style="list-style-type: none"> • Currently, based on the news after the COP 26 UNFCCC in Glasgow November 2021, the Minister of SOE during the climate change negotiation stated that The Minister of SOEs, Erick Thohir, said that the UK's interest in investing in export credit is an opportunity that must be seized so that the transformation carried out by SOEs must uphold the principles of clean energy transformation while accelerating the green economy. "I hope that energy SOEs, such as PLN, Pertamina and our mineral and coal industry can respond and carry out the transformation of clean energy and reduce carbon emissions. After all, this is a shared responsibility for the sustainability of our environment," Erick said in his statement, Wednesday (3/11/2021). • Deputy Minister of State-Owned Enterprises 1, Pahala Nugraha Mansury said that in achieving the target to reduce carbon emissions, the Ministry of SOEs collaborates through state-owned companies. "The Ministry of SOEs has a target in order to reduce carbon emissions through its state-owned companies." (Glasgow, November 2021)
<p>4.4.4. Practice. Assesses the extent to which key SOEs in climate-relevant sectors comply with the obligations in 4.4.1, based on the latest annual reports of SOEs and (time permitting) interviews with owners, regulators and SOE leadership.</p>	<p>In relation to 4.4.1, Many corporate SOEs have already comply with the obligations. However, it needs further interviews in this regard.</p>

- Based on the news online, Pertamina became a winner of the best company committing SDGs including the climate-relevant sectors.
- The current practices that are announced during the COP 26 UNFCCC:
 - Two State-Owned Enterprises (BUMN) namely PT Superintending Company of Indonesia (Persero) or SUCOFINDO and PT Pelabuhan Indonesia (Persero) or Pelindo support mitigation efforts in handling the climate crisis, especially in the context of reducing carbon emissions and preserving biodiversity at the meeting 26 Conference of the Parties (CoP26) which took place in Glasgow, United Kingdom. This activity will be held online and offline on 31 October – 12 November 2021.
 - In 2021, Indonesian Fertilizer SOEs (PT Pupuk Indonesia (Persero)) began to prepare subsidized fertilizer stocks in warehouses early. This is done as an effort to anticipate climate change which could have an impact on the distribution of subsidized fertilizers.

Recommendations

The regulation for SOEs to take the leap on fighting climate change is needed including adding the green procurement for SOEs. SOEs can serve as a hub between government (national & local) and community including research/academics/universities in developing some climate actions – it could also link to SDGs 13

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5. Accountability

This pillar assesses the effectiveness of transparency and engagement mechanisms that promote the development of ambitious climate actions and mechanisms that hold the government and others accountable for implementation.

5.1. Access to climate information

This element assesses the availability of key climate change information to inform public decision making.

Topic areas	Current status
5.1.1. General documents. Availability and accessibility of climate change related documentation, including (as relevant/feasible):	
<ul style="list-style-type: none"> Regulation stipulating public access to laws, decrees, regulations, policies, plans, monitoring reports and evaluations. 	<p>Indonesia has a Law stipulating Public Information Disclosure that guarantee the right of public to know public policy processes – UU 14 / 2008.</p> <p>This law also mandates the establishment of a government regulation, Presidential Regulation PERPRES 61/2010 that regulates the period of exemption of exempted information and the procedure for payment of compensation by State Public Bodies.</p>

Topic areas	Current status
	<p>This law applies to all state documents including climate change related documentation</p>
<ul style="list-style-type: none"> • Availability of documents on government websites. • Ease of access (e.g., centralized platform) 	<p>Under Presidential Regulation Perpres 33/2012, Indonesia has a centralized platform for joint utilization of legal documents in an orderly integrated, and sustainable manner.</p> <p>It is called by a National Legal Documentation and Information Network (jdihn.go.id) that is also available on government websites.</p>
<p>5.1.2. Risk and vulnerability, climate indicators and emissions. Availability and accessibility of national, subnational, and sectoral risk and vulnerability assessments, climate indicators (e.g., NDC indicators) and emissions data (e.g., GHG inventory), including:</p>	
<ul style="list-style-type: none"> • Regulation stipulating public access. 	<p>The regulation stipulating public access on risk and vulnerability, climate indicators and emissions is not so clear as it is embedded in each topics/issues/sector.</p> <p>For example, the Minister of Environment and Forestry Regulation PERMEN P.71/MENLHK/SETJEN/KUM.1/12/2017 on National Registry System for Climate Change Control (SRN PPI) that manage and provide data and information-based web on actions and resources for adaptation and climate change mitigation in Indonesia as part of transparency framework article 13 on Paris Agreement implemented in National.</p>
<ul style="list-style-type: none"> • Availability of relevant data and reports on government websites. • Ease of access and usability (e.g., online tools, interactive maps, data visualization, analyzable raw data). 	<p><u>Not all relevant data and reports</u> on climate change actions, including national, subnational, and sectoral risk and vulnerability assessments, climate indicators (NDC indicator), and emissions data (GHG Inventory) available on government websites.</p>

Topic areas	Current status
	<p>Government websites that have special page on climate change, as they are the national focal point on climate change and development planning coordinator in national – subnational are:</p> <p>1. Ministry of Environment and Forestry (MOEF) under the Directorate General for Climate Change - http://ditjenppi.menlhk.go.id/ specifically under its links site:</p> <ul style="list-style-type: none"> • Information Data System for Vulnerability Index available in - http://sidik.menlhk.go.id/ • The National GHG Inventory System (SIGN-SMART). (http://signsmart.menlhk.go.id/v2.1/app/) • The National Registry System (SRN) (http://srn.menlhk.go.id/index.php?r=home%2Findex) • The REDD+ Safeguards Information System (SIS) (http://ditjenppi.menlhk.go.id/sisredd/) • Forest and land fires Monitoring System – SiPongi (http://sipongi.menlhk.go.id/) <p>2. BAPPENAS</p> <ul style="list-style-type: none"> • Develop a special platform for low carbon development Indonesia (LCDI) (https://lcdi-indonesia.id/) that has a development topic based on sectoral (low carbon development and climate resilience development). • To monitor the low carbon and climate resilience development Indonesia, BAPPENAS develop a platform to record / save all low carbon and climate resilience actions called AKSARA (application for planning-monitoring national low carbon actions) (https://pprk.bappenas.go.id/aksara/) <p>All information on those websites is easy to access and usable with attractive design and online tools, interactive maps, data visualization, except analyze raw data.</p> <ul style="list-style-type: none"> • Most documents that are available are in pdf / jpg forma. To get further information, such as raw data (excel/doc), it

Topic areas	Current status
	needs to contact or send an official letter to the intended directorate.
5.1.3. Revenues and expenditures. Availability and accessibility of budget documents, execution reports and analytical reports, including:	
<ul style="list-style-type: none"> • Regulation stipulating public access. 	<p>No comprehensive climate change Public Expenditure Review or spending reviews being conducted by the government (Pillar 3.1. on Public Financial Management)</p>
<ul style="list-style-type: none"> • Publication of reports and data on carbon taxes, fossil fuel subsidies and green bonds. 	<p>Publication of reports and data on carbon taxes, fossil fuel subsidies, and green bonds are mostly available and accessible on <u>Ministry of Finance (Fiscal Policy Agency /BKF) and Authority Financial Service (OJK) Website.</u> – except on Carbon Tax</p> <p>However, regarding carbon taxes, it's still ongoing progress.</p> <ul style="list-style-type: none"> ○ It is noted from the online article, news, that In the Law on the Harmonization of Tax Regulations (HPP) the government will implement a carbon tax that aims to reduce emissions. ▪ The implementation of a carbon tax is proof to the public and the outside world that the government is committed to using various fiscal instruments to finance climate change control as a priority development agenda and an important milestone towards a sustainable Indonesian economy. ▪ As an initial stage, the carbon tax will be applied to the Coal Steam Power Plant (PLTU) sector on April 1, 2022 using a tax mechanism based on the emission limit (cap and tax). A tariff of IDR 30 per kilogram of carbon dioxide equivalent is applied to the amount of emissions that exceed the set cap. In the imposition mechanism, taxpayers can take advantage of carbon certificates purchased on the carbon market as a reduction in their carbon tax obligations.

Topic areas	Current status
<ul style="list-style-type: none"> Analytical reports on budget allocations and execution for climate relevant actions. 	<p>Analytical reports on budget allocations and execution for climate relevant actions is available on Ministry of Finance website:</p> <ul style="list-style-type: none"> Report on mitigation and adaptation for climate change budget and realization year of 2018-2020 Climate budget tagging report as an important reference for evaluation and development of climate change budgeting policies. Even though Climate budget tagging is still lacking some issues in the implementation, but it is anticipated to support not only on the evaluation and development budgeting policies, but also on the progress of achieving Indonesia's climate change mitigation contribution target under the Paris Agreement. Global Funding for Climate Change in Indonesia. The report is available on the Climate Policy Initiative website
<ul style="list-style-type: none"> Ease of access and usability (e.g., online tool, citizens' budget, analyzable raw data). 	<p>Access is available and usable for public. However, the documents that are available are not containing analyzable raw data.</p> <p>However, Ministry of finance has a special link www.kemenkeu.go.id/APBNKita for public to access the information on realization of current state budget</p>
Recommendations	
<ul style="list-style-type: none"> To have a regulation or decree specifically for climate change information disclosure for public. It is because in general, the regulation for public information disclosure is available. However, there's no regulation specifically for climate change information. Needs an integrated, synergized knowledge management on climate change. It could be by linking the existence knowledge center ministries initiatives (Knowledge center for Climate change (KCPI) under Directorate General of Climate Change MOEF and LCDI Aksara BAPPENAS, including other relevant ministries/institutions). Public awareness on the knowledge center would be needed to be enhanced. 	
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5.2. Stakeholder engagement

This element assesses the effectiveness of mechanisms to engage the private sector, civil society, the scientific community, and the public at large through the obligations to engage and the outcomes.

Topic areas	Current status
5.2.1. Obligation. Assesses the regulatory requirement to engage stakeholders in the formulation, implementation and monitoring of climate action, including:	It is understood that stakeholder in this sub-pillar means: Private sector, civil society, the scientific community, and the public at large – as written in the explanation of sub-pillar 5.2.
<ul style="list-style-type: none"> Whether a standing stakeholder engagement mechanism has been created, with a clear mandate, objective, and structure. Coverage of the engagement mechanism - whether through standing mechanisms or otherwise (e.g., 	List of Regulation: UU 32/2009 on Protection and Management of Environment (including climate change) <ul style="list-style-type: none"> The meaning of Environmental protection and management under this law is a systematic and integrated effort carried out to

Topic areas	Current status
<p>adaptation/mitigation, sectoral/ cross-sectoral, targets/strategies, policies, plans and evaluations.)</p>	<p>preserve environmental functions and prevent environmental pollution and/or damage which includes planning, utilization, control, maintenance, supervision, and law enforcement.</p> <ul style="list-style-type: none"> • It covers the involvement of stakeholder will be needed in planning, utilization, control, maintenance, supervision, and law enforcement. • This Law gives broad authority to the Minister to carry out all government authorities in the field of environmental protection and management as well as to coordinate with other agencies. • However, it doesn't mention about the stakeholder mechanism. • It seems that stakeholder engagement is through actions (adaptation/mitigation), sectoral/cross-sectoral, targets/strategies, policies, plans and evaluation. <p>PERPRES 18/2020 on RPJMN 2020-2024</p> <ul style="list-style-type: none"> • In terms of climate resilience, the role of Bappenas as the Clearing House focuses on planning and controlling National Priority 6, Priority Program 2 as stated in the 2020- 2024 RPJMN. On the other hand, the Ministry of National Development Planning/Bappenas has translated the President's Vision and Mission into seven (7) development agendas, one of which being the Climate Resilience Development. • Under the scheme of Climate Resilience Development coordination mechanism, the collaboration with stakeholders (NGOs, CSOs, universities, private sectors, communities, etc in: <ul style="list-style-type: none"> • Support the development of concepts and approaches to engage the private sectors in Climate Resilience Development action. • Supporting the idea of forming a network of experts or academics for the capacity building process. • Organizing consultative meetings

Topic areas	Current status
	<p>PERPRES 98/2021 on implementation of economy carbon value to achieve contribution target that has been adopted nationally and ghg emission control in national development.</p> <ul style="list-style-type: none"> It is noted on how stakeholder (private and public) will be included in the implementation, reporting, policies/strategies, and evaluation of mitigation and adaptation of climate change
<ul style="list-style-type: none"> Functioning of stakeholder engagement in practice (e.g., frequency of meetings, stakeholder satisfaction) 	<p>Meetings and result of stakeholder satisfaction are available but the documentation to verify are scattered.</p> <p>For example:</p> <ul style="list-style-type: none"> There's a link on Indonesia Certified Emission Reduction (ICER) under directorate of GHG Inventory and PPV with a request for public input on ICER document. The document of public consultation is also available (http://ditjenppi.menlhk.go.id/icer.html). Inventory one documentation on Discussion series in quick study of policy and budget mapping for low carbon development are noted in the full study report that can be downloaded in LCDI website. (https://lcdi-indonesia.id/wp-content/uploads/2021/08/Kajian-PRK-FINAL.pdf)
<ul style="list-style-type: none"> Inclusiveness of participation (e.g., indigenous people, private sector in favor of transition – e.g., renewable energy industry, unions etc.). 	<p>In the international for “inclusiveness of participation” is already stated in Paris Declaration for Climate change in relation to transparency, and in the principle of Sustainable Development Goals called “Nobody’s left behind”.</p> <p>The law 32/2009 implicitly showed the inclusiveness of participation will be highly needed to protect and manage environment including tackling climate change</p> <p>For example:</p>

Topic areas	Current status
	<ul style="list-style-type: none"> • the participation of indigenous people (“Masyarakat adat”) to give input for strategy in forest management. • For industry, KADIN, INDONESIA Business Council for Sustainable Development (IBCSD), and Industries Association will be part of participation in policy making represent private sectors to develop the renewable energy industry in Indonesia. • And, for involving with community, there’s a program called The Climate Village Program (ProKlim), referred to Minister of Environment and Forestry Number 84/2016. It is a national-wide program managed by the Ministry of Environment and Forestry to increase the involvement of the community and other stakeholders to strengthen adaptation capacity to the impacts of climate change and reduce GHG emissions as well as to provide recognition for climate change adaptation and mitigation efforts. <p>However, despite of many implementations on inclusiveness, it is still lack on gender mainstreaming. There’s a study from Gender into Urban Climate Change Initiative/GUCCI, which is noted that there has been no meaningful involvement of women and other vulnerable groups in policy planning, implementation, and evaluation of climate change actions, and there has been no mainstreaming of gender into climate change policies and actions.</p>
<p>5.2.2. Consideration of stakeholder inputs. Assesses the extent to which stakeholder inputs are considered in strategies, plans, policies, and evaluations, including:</p>	
<ul style="list-style-type: none"> • Regulatory requirement to consider stakeholder inputs. • Requirement for the government to report back on stakeholder inputs. 	<p>In general issues, the regulatory requirement for considering stakeholder’s inputs is embedded in each strategy, plans, policies, and evaluations. It means that there is no single regulatory in requiring stakeholder inputs’ consideration.</p>

Topic areas	Current status
	<p>In considering inputs from stakeholder, it is also required to report back on stakeholder inputs through either the information system that are easily accessible by the public and/or a face-to-face forums or direct dialogues conducted the community.</p> <p>For example, it is noted in:</p> <ul style="list-style-type: none"> • Presidential Regulation Number 54/2018 on National Strategy to Corruption Eradication that stated about the inclusion of stakeholder in the action plan and strategy because it is needed to be carried out together and in synergy by ministries, institutions, local governments, other stakeholders, and the Corruption Eradication Commission to create a just, flourish, and prosperous society. • Law Number 12/2011 on Law formation /development that is noted that public has an opportunity to give input in the process of Law formation /development and important to ease the access for public to give inputs. • Related to Pillar Legislative: there's a system titled SILEG stands for Legislative Information System that is used to share information on the development process of Laws that can be accessed by public. It is also a way for legislative
<ul style="list-style-type: none"> • Examples of stakeholder inputs materially impacting government action. 	<p>It is noted that the input from GUCCI on gender mainstreaming as it is shared in previous, it is included in the Perpres No. 98/2021 on Implementation of Carbon Economic Value for achieving adopted national contribution target and GHG emission management in national development / Carbon Pricing, article 37. It is included under the basis of developing target for national climate resilience.</p> <p>The impact of the tragedy of Leuwigajah Landfill where has killed 143 people, 71 houses, and 2 villages on 21 February 2005 is a movement. To commemorate the tragedy, in 2006, the Ministry of Environment established the National Waste Care Day (HPSN) on February 21, 2006. This commemoration was prompted by proposals and</p>

Topic areas	Current status
	<p>pressures from various parties to remember and remind that waste can cause casualties. This movement was finally born in response to the Declaration Towards a Clean Indonesia 2020 which was declared by the Ministry of Environment, Ministry of Public Works, local government elements (Regents/Mayors), businessmen (Kadin), religious organizations such as Nahdatul Ulama, Parisada Hindu Darma Buddhist Representatives Indonesia (WALUBI) and other elements of society (NGOs), on the 2014 National Waste Care Day.</p> <p>When Indonesia was anointed to be the second pollutants for marine debris, followed by young people action for clean-up beach, ocean, government started to have policies regarding single use plastic.</p>
Recommendations	
<p>The government should develop detail implementation regulation and procedure to protect environment activities/reporters as mentioned in paragraph 66, Law No.32 Year 2009. Regulation on anti-Strategic lawsuit against public participation (SLAPP) is further regulated by the Decree of the Chief Justice of the Supreme Court of the Republic of Indonesia Number 36/KMA/SK/II/2013. The outlines of the anti-SLAPP enforcement criteria formulated in the Appendix to SK KMA No. 36/KMA/SK/II/2013 which stated that anti SLAPP are not regulated yet in civil law and criminal law. Therefore, it applies consistently in the decisions of various judges. The existing regulation are not sufficient to protect the activist/reporters on attacks, violence, and criminalization. The detail regulation/procedure will protect and ensure public participation in environmental development and preservation.</p>	
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5.3. Independent expert advice

This element assesses the existence and effectiveness of an independent expert advisory mechanism that supports government and the public to take ambitious climate action.

Topic areas	Current status
<p>5.3.1. Authority. Assesses the legal/regulatory basis for the provision of independent expert advice on climate change policy, including:</p> <ul style="list-style-type: none"> • Clarity of mandate, objective, structure, and appointment of experts. • Coverage of the advisory mechanism (e.g., adaptation and/or mitigation, sectoral/cross-sectoral). • Functions of the advisory mechanism (e.g., target setting, policy development, and monitoring and evaluation). 	<p>Under regulations, there is Expert /special staff in government from president, minister, to mayor/head of district or regent, with a clear mandate, objective, structure, and appointment of experts.</p> <ul style="list-style-type: none"> • Based on Presidential Regulation Number 83 / 2019 on Presidential Staff Office whereas the staff office of president consists of the chief staff, deputy chief staff, deputy, and professional / expert staff. The professional staff, that can be from civil servant or non-civil servant, consists of main experts, associate experts, young experts, and skilled power, works under deputy. They were appointed and dismissed by the chief staff. • Based on Presidential Regulation Number 68 / 2019 on State Ministry Organization, Minister and Coordinating Minister can be assisted by the Expert Staff, which is one unit in the organizational structure of the Ministry or Coordinating Ministry and the Special Staff that can be proposed to President for agreement through State Secretary minister. Special staff is not one unit in the organizational structure of the Ministry or Coordinating Ministry, but it is independent, appointed by the Minister / Coordinating Minister after obtaining President’s approval.

Topic areas	Current status
	<ul style="list-style-type: none"> ○ The maximum period of service is equal to term of office of the minister or coordinating minister. Special staff is dismissed by the minister/coordinating minister. ○ The special staff has the task of providing advice and consideration to the Minister/Coordinating Minister as assigned by Minister/Coordinating Minister. The assignment is specifically in addition to the field of work of organizational elements Ministry or Coordinating Ministry. ● There's also expert in specific issues with clear mandate, objective, and appointment of experts that cover adaptation and/or mitigation, sectoral/cross-sectoral as well as the function that are needed by ministries / coordinating ministries. <ul style="list-style-type: none"> ○ For example: expert on special field for Environmental Impact Assessment Evaluator Commissions will be needed based on Law 32 / 2009, article 30 on Environmental Impact Analysis (IEA/AMDAL) ○ expert from university also part of team to verify mitigation action of climate change besides director in DJPPI MOEF, towards the mitigation action accomplishment specifically in forestry, waste, agriculture, energy, and industry based on the Minister Environment and Forestry Regulation Number P.72/MENLHK/SETJEN/KUM.1/2017 on the Guidance of Implementation of MRV Action and Resources on Climate change control, the attachment / annex III ● Most of the experts are needed for their advice in the policy development, evaluation, and verification the data/information.

Topic areas	Current status
<p>5.3.2. Practice. Assesses the technical and financial resources available to the advisory mechanism, its activities, and its independence and impact, including:</p>	
<ul style="list-style-type: none"> • Technical capacity/access to high level technical expertise. 	<p>In practice the expert staff has an access or capacity to high level technical expertise</p>
<ul style="list-style-type: none"> • Stability, independence, and adequacy of funding. 	<p>It can be said that regarding the stability, if it is based on funding, then, the expert staff is stable because they have included in the state budget (APBN).</p> <p>Regarding funding, for all experts, they will be budgeted under the government's budget (presidential staff office and the ministries/institutions). For special staff, there is an administrative support from secretary general or ministry secretariat or coordinating ministry secretariat. For special staff, they will not get a pension when they are dismissed.</p> <p>Regarding a technical capacity needed that aren't in the government's budget, but received from donors, then it appears under the financial report related to donors / capacity building or technical advice by donors.</p>
<ul style="list-style-type: none"> • Discretion of the mechanism to initiate studies. 	<p>There is discretion of the mechanism to initiate studies, where the expert staff gets from minister directly or for presidential office would be from deputy included in the Presidential Regulation, or it can be said it depends on the need of minister/ coordinating minister, mayor/regent, or even President.</p>
<ul style="list-style-type: none"> • Requirement for the government to respond to advice (and legislative oversight). 	<p>There is no requirement for the government to respond to advise from expert. However, responding to legislative, it is required as the legislative has a right to get information from government on policy and strategy.</p>

Topic areas	Current status
	<p>For example: In April 2021, Minister of Education and Culture (Mendikbud) Nadiem Anwar Makarim responded to the legislative oversight on revising Government Regulation (PP) 57/2021 on National Education Standards (SNP). The step to revise got appreciation from the Chairman of Commission X of the House of Representatives, Syaiful Huda.</p>
<p>5.3.3. Transparency and communication. Publication, dissemination, and use made of the expert advice, including:</p>	
<ul style="list-style-type: none"> • Regulatory requirement for a public communication function as part of the mechanism. 	<p>The requirement for a public communication function made by expert advice seems to be not available.</p>
<ul style="list-style-type: none"> • Outputs of the advisory body are required to be published and this is followed in practice. 	<p>The publication of expert advice could be there, or the report from expert / advisory body, but it will not be published to public and will be given only to the higher level (minister/coordinating minister, deputy of presidential office of staff, or head of local government) However, it could be captured in an article or news that are available on government websites.</p>
<ul style="list-style-type: none"> • Examples where the advice has been referred to by the legislature and/or the media, and informed laws, strategies, policies, and public debate. 	<p>Most of examples where the advice has been referred to can be found in the media / news article online on government websites or public media:</p> <ul style="list-style-type: none"> • In the news article of coordinating ministry of maritime and investment affairs, it was covered about a “Government Together with Academics to Design a Series of National Maritime Day activities, Experts from Coordinating Minister for Maritime Affairs Ask for Maritime Aspects to Enter the Direction of Development” <p>It is noted that during the discussion, the Expert Staff of Coordinating Minister Marves Tukram revealed that the government together with various stakeholders had mapped</p>

Topic areas	Current status
	<p>out all agendas towards Maritime Day from April to September 2021.</p> <ul style="list-style-type: none"> • Posting on MOEF Website on COP 4 Minamata whereas it is noted an information brought by Expert staff on Institution Relations, Ministry of Foreign Affairs, Muhsin Shihab. He said that the Bali Declaration will be a real contribution by Indonesia towards elimination process as well as testimony of Indonesia's leadership in environmental diplomacy.

Recommendations

Besides Expert staff under Ministries, to engage with all experts outside governments, a Resource Pool of Climate Change Expert would be needed. It is noted that in the website of DJPPI MOEF, there's a collaboration on all climate change experts in Indonesia with a member of representative from universities, researches institution and training department in all Indonesia called APIK, since the latest activities would be in 2016, it can also be extended with adding new members. The member could also be added from industries/ privates. This resource pool can be developed with a mechanism and regulated to strengthen the existence of the pool.

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5.4. Legislative body

This element assesses the role and effectiveness of the legislature in climate planning, policy making and evaluation.

Topic areas	Current status
<p>5.4.1. Authority. Assesses the authority of the legislature to review executive action/inaction on climate change:</p> <ul style="list-style-type: none"> • Requirement for the executive to submit policies and planning instruments to the legislature (e.g., NDC, LTS, risk assessments, plans). • Requirement for the executive to submit reports and evaluations to the legislature (e.g., UNFCCC reporting, progress reports on domestic policies, etc.) 	<p>The Indonesian Parliament (DPR) is in charge of legislation, budgetary and oversight. As part of its legislative function, DPR began to ratify the United Nations Framework Convention on Climate Change in Law No.6/1994. In Law No.17/2004, DPR continued ratifying the Kyoto Protocol. DPR ratified the Paris Agreement through Law No.16 Year 2016 on the UN Framework Convention on Climate Change. Recently, the DPR approved the Omnibus Law Number 11/2020 on Job Creation completes various cross-sectoral laws, especially for the Environment and Forestry: the amended laws are Law No. 32/2009 on Environmental Protection and Management, Law No. 41/1999 on Forestry and Law No. 18/2013 on Prevention and Eradication of Forest Destruction.</p> <p>In terms of climate change policies, after ratification of Paris Agreement in 2016, the government set Nationally Determined Contribution (NDC) commitment and made climate change</p>

	<p>management as one of national priority agendas in planning and implementing development for 2020-2024. DPR oversight role on the implementation of the annual budget (APBN) and government policies which include in climate change area.</p> <p>Despite the function mentioned above, there is no requirement for the government to submit its climate change plan or implementation report to DPR. However, DPR can require the government to inform such plans and reports when DPR exercise its oversight function through hearing or meeting with the government. DPR may conduct field visit as part of its role as well.</p>
<ul style="list-style-type: none"> • Access of the legislative body to independent expert advice. 	<p>DPR Experts are group of people who have specific skills and specifically recruited to provide expertise or substance support to Members, Committees (AKD), and Factions. DPR Member may have experts at least five people; AKD Staff may have at least ten experts per committee; and Faction may have at least the same number as AKD staffs (DPR RI Regulation number 38 of 2019). The Experts' backgrounds are tailored to the expertise requirements of each Commission. In addition, DPR may request independent expert advice (externally), if required.</p>
<p>5.4.2. Practice. Effectiveness of legislative decision making and oversight, including:</p> <ul style="list-style-type: none"> • Role of legislature in addressing climate change in budget appropriation role. 	<p>DPR carries out its budgeting function through APBN review and approval. DPR approved all government budget, included budget related to climate change activities action. Budget related to climate change may spread to multiple sector and ministries.</p> <p>In carrying out the budget function, DPR can direct APBN financing aimed at implementing climate change mitigation and adaptation efforts in a variety of sectors and ministries, such as financing for environmentally friendly energy development, anticipating floods, landslides, forest and land fires, preventing the spread of diseases caused by climate change, socializing climate change mitigation and adaptation efforts, and many other related matters.</p>

<ul style="list-style-type: none"> • Existence and effectiveness of committees or sub-committees of the legislature with responsibility for climate change issues, including examples where information was requested from the executive and/or hearings held. • Scrutiny of climate change strategies, plans, policies and evaluation reports. 	<p>Since climate change has impacted to cross sectoral and ministries, based on plenary meeting on October 22, 2019, DPR determined that there are 11 commissions with their scope of work on climate changes issues:</p> <ol style="list-style-type: none"> 1. Commission IV, in collaboration with the Ministries of Environment and Forestry, Agriculture, Fisheries and Maritime Affairs, and Bulog, can oversee government policies aimed at reducing GHG emissions, overcoming crop failures, rice import policies, and policies to prevent forest and land fires. 2. Commission V, in collaboration with the Ministry of Transportation and the Ministry of Public Works and Public Housing, can oversee government policies aimed at reducing emissions from the transportation sector, anticipating floods, providing clean water, and improving existing infrastructure to mitigate the community's exposure to the effects of climate change. 3. Commission VI, in collaboration with the Ministry of Trade, can monitor government policies on food imports due to the decline in domestic food production, 4. Commission VII, in collaboration with the Ministry of Energy and Mineral Resources, oversees the development of environmentally friendly energy. 5. Commission VIII, in collaboration with the National Disaster Management Agency (BNPB) and the Ministry of Social Affairs, can oversee efforts to mitigate and adapt to climate-related disasters. 6. Commission IX, in collaboration with the Ministry of Health, can oversee efforts to anticipate the emergence of diseases as a result of climate change. <p>In carrying out its duties in the fields of legislation, budgeting, and supervision, DPR RI may hold:</p>
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1. Working Meeting (Raker) with the government represented by the Minister/Leadership Institution
2. Consultation with the Regional Representative Council (DPD)
3. Hearing Meeting (RDP) with Government Officials who represent their agencies
4. Public Hearing Meeting (RDPU)
5. Joint Working Meeting with other relevant Commissions
6. Working Visit (Kunker)

Currently Commission IV is the major committee on climate change issues. Since Commission IV is responsible for ministries which has major impact on climate change (agriculture, forestry, maritime and food). DPR may set up Working Committee (Panja) to a certain issue if more than one commission involved; or set up a Special Committee (Pansus), if required.

Commission IV requested that the Ministry of Environment and Forestry and the Peat and Mangrove Restoration Agency optimize the utilization of the remaining 2021 budget into activities that have a greater impact on efforts to increase the economic resilience of communities in and around forest areas as a result of the COVID-19 pandemic, through National Economic Recovery Program (PEN).

Commission IV also received an explanation regarding the Special Allocation Fund (DAK) Physical Assignment of the Environment and Forestry Sector for Fiscal Year 2022, amounted to IDR. 700 Billion.

Commission VII convened a Public Hearing Meeting (RDP) of the Electricity Committee, attended by the Director General of Electricity, the Director General of EBTKE, the Ministry of Energy and Mineral Resources, and the President Director of PT PLN (Persero). First, consider supply and demand. Second, the 35,000MW program's renewable energy mix was achieved. Third, all existing electricity generators' energy mix must be achieved. Fourth, an assessment of

	decommissioned renewable energy-based power plants. Finally, there are the stalled power projects.
<ul style="list-style-type: none"> • Other actions by the legislative body (statements, censures, press releases, petitions) on climate change issues. 	<p>Public Hearing Meeting (RDPU) of the forest and land fires Committee with a number of Experts for Observing Forest and Land Fires, on June 28, 2021. Coordination and public awareness about forest protection must go hand in hand with the development of effective legal tools for dealing with them. However, its implementation remains inadequate, necessitating aspirations and studies from experts, academics, and observers in order to improve the effectiveness of controlling and suppressing forest and land fires. Members of the DPR RI's Commission IV concluded that the government's role in preventing and resolving forest and land fires was unclear. On the other hand, he regrets that the budget allocation for dealing with forest and land fires from both the Ministry of Environment and Forestry and the Ministry of Agriculture was minimum. He hopes that by holding this meeting, experts, academics, and observers would be able to provide input and recommendations.</p> <p>The Waste and Environment Committee of Commission VII conducted a Working Visit to the Province of Riau Province in order to carry out the supervisory function and absorb aspirations and see firsthand the management of the environment, as well as a review of environmental damage to the impact of the construction of the Pekanbaru – Dumai (Trans Sumatra) toll road and review of the environmental management of oil palm plantations in Riau Province.</p> <p>Commission VII Electricity Committee Meeting with the Director General of Electricity (Directorate General of Electricity) of the Ministry of Energy and Mineral Resources (ESDM) and the President Director of PLN, held on Wednesday (29/9/2021) at the DPR RI Building, Senayan, Jakarta. The energy crisis in the United Kingdom, which is spreading throughout Europe, must serve as a lesson in energy transition management, particularly in terms of accelerating</p>

the shutdown of PLTU (steam power plants) and increasing EBT (new renewable energy).

DPR play an active role on Inter-Parliamentary Union (IPU), included IPU's Parliamentary Action Plan on Climate Change. A member of Representatives' Inter-Parliamentary Cooperation Agency (BKSAP) emphasized the importance of regional cooperation and collaboration in Southeast Asia in dealing with the impacts of climate change. Considering that climate change is a very real issue experienced for ASEAN countries, including Indonesia.

There is no censure and petition procedures. Unlike in other countries, DPR doesn't have such procedures in Indonesia.

Recommendations

DPR may adopt petition procedures for climate change case. DPR may set up the minimum ceiling of signature for the petition to discuss the case. The petition procedures may encourage public to raise the climate change issues as well as safeguarding the right of citizen to raise a certain issue to DPR.

Since climate change has a huge impact, all climate change discussion in DPR should be open to the public, instead of closed meeting. It will encourage public to monitor the case as well, including the follow up action of DPR recommendation.

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5.5. Audit

This element assesses the effectiveness the supreme audit institution (SAI) in reviewing government action on climate change.

Topic areas	Current status
<p>5.5.1. Capacity. Capacity to review implementation of government climate change policy, programs and reporting including:</p> <ul style="list-style-type: none"> Existence and application of specific methodologies for climate informed audits (e.g., based on “Auditing the Government Response to Climate Change: Guidance for Supreme Audit Institutions” issued by the INTOSAI Working Group on Environmental Auditing, June 2010). 	<p>Badan Pemeriksa Keuangan (BPK) is Indonesia Supreme Audit Institution (SAI). BPK follows State audit standards which adopted from International Standards of SAI (ISSAIs). BPK has been active in Asian Organization of SAI (ASOSAI) and International Organization of SAI (INTOSAI), included on climate change issues. BPK was the Chair of Working Group of Environmental Auditing (WGEA) INTOSAI for period 2013 – 2019.</p> <p>Previously, BPK was a project leader to prepare guidance material on Forestry Audit of which a basis for audit manual on forestry management of which used by INTOSAI members. BPK participated as well in Global Coordinates on Climate Change to response to UN Framework Convention on Climate Change and Kyoto Protocol.</p>
<ul style="list-style-type: none"> Number and climate skills of SAI staff. 	<p>BPK also active in IDI (INTOSAI Development Initiative) activities. IDI is unit under INTOSAI that focus on capacity building of a member SAI. BPK auditors joined environmental audit training of ASOSAI and INTOSAI. Since 2014, there are 155 BPK auditors participated in the environment training programs related (39 auditors on Sustainable</p>

	<p>Transports, 11 Climate Action, 93 Forestry and 12 Other Environment Audit). The training program conducted locally and internationally.</p>
<p>5.5.2. Practice. Existence of evaluations by the SAI of:</p> <ul style="list-style-type: none"> • Government’s fiscal and program performance (e.g., efficiency and effectiveness of climate policy intervention). 	<p>Climate change issues has been included in BPK Audit Plan. BPK conducted an environmental audit in 2021. Audit on the Effectiveness of Monitoring B3 Waste Management and Recovery of Land Contaminated with B3 Waste at the Ministry of Environment and Forestry (KLHK). The report shows that there are issues with the government's program to improve public health and environmental quality while lowering the risk of exposure to B3 waste.</p> <p>BPK conducted a performance audit on the Effectiveness of Management and Control of Citarum Watershed Pollution (DAS) at KLHK, Ministry of Public Works and Public Housing (PUPR), and other relevant agencies in DKI Jakarta (Central) and West Java Province from 2016 to the first semester of 2018. This performance evaluation is conducted in conjunction with the implementation of pollution control efforts in the Citarum watershed, particularly after the government formed a team to accelerate pollution control in the Citarum watershed.</p> <p>Earlier in 2020, BPK performance audit focused on air pollution control in the land transportation sector in Jakarta, as well as the effectiveness of monitoring in the management and recovery efforts of B3-contaminated lands (B3: hazardous and poisonous waste materials).</p> <p>BPK won the first INTOSAI WGEA Award for Performance Audit on Citarum Watershed Management and Pollution Control Activities–Inspiration in Environmental Auditing for best visualization in 2021. The topic encourages SAIs around the world to communicate their audit results and present their findings in a clear and engaging manner.</p>

- Government's compliance with international commitments and performance against established targets.

Referring to the government's compliance with international commitments and performance against established targets. BPK conducted two audits related to the government's preparation to implement the SDGs (2018) and the performance of the effectiveness of government programs that contribute to the achievement of the SDGs (2019). BPK examined the government's preparations for implementing the SDGs during the first semester of 2018.

This examination aims to determine the government's readiness after the issuance of Presidential Decree Number 59 of 2017 concerning the Implementation of Achieving Sustainable Development Goals. The results of the examination of the readiness of the Indonesian government in implementing the SDGs. BPK conveyed the importance of data unity and effective use of resources as one of the conditions for the successful achievement of the SDGs. While in 2019, BPK conducted a performance audit on the effectiveness of Government programs that contribute to the implementation of the achievement of the SDGs. The examination was carried out according to several achievements on the SDGs targets and indicators in accordance with the 2019 Voluntary National Review (VNR) theme with the theme Empowering People and Ensuring Inclusiveness and Equality compiled by the Government of Indonesia, namely SDGs goals 4, 8, 10, 13, 16, and 17. This makes BPK one of the SAIs that moved forward regarding the stages of examining the SDGs as agreed in the INTOSAI strategic plan.

For the third time, the government compiled the VNR SDGs 2021 in 2021, which submitted in July 2021 at the HLPF forum organized by ECOSOC. The theme of the HLPF forum was "Sustainable and resilient recovery from the COVID-19 pandemic that promotes the economic, social, and environmental dimensions of sustainable development: building an inclusive and effective path for the achievement of the 2030 Agenda in the context of the decade of action and delivery for sustainable development.

	<p>Despite performance audit on Indonesia climate change mitigation, Indonesia's commitment to meet NDC targets has not been specifically reviewed by BPK on Indonesia's progress status toward meeting these targets.</p>
<ul style="list-style-type: none"> • Publication by the SAI of audit reports and evaluations. 	<p>Public can access a summary of audit report from BPK web: www.bpk.go.id/ihps. Full report can be accessed upon request.</p>
<ul style="list-style-type: none"> • Examples of government action taken to address climate-informed audit findings. 	<p>Based on BPK audit report for Citarum Watershed Management and Pollution Control Activities of B3-contaminated lands (B3: hazardous and poisonous waste materials), Ministry of Forestry and Environment submitted “Gugatan Perdata” (Civil Lawsuit) to two companies which proven on Citarum’s pollution. These companies should pay a fine of IDR 16,2 Billion to government account.</p> <p>Based on BPK findings of an audit of KLHK in 2020, BPK discovered several issues, one of which was the activities to deal with the Covid-19 pandemic through the National Economic Recovery (PEN) program in the form of canal blocking construction by the Directorate General of Pollution and Environmental Damage Control (Ditjen PPKL) that did not follow the peat rewetting infrastructure guidelines.</p> <p>Following up on audit findings from BPK of FY 2017 Renewable Energy (EBT) Project, the Ministry of Energy and Mineral Resources revitalized several of EBT projects through the Directorate General of EBTKE.</p> <p>KLHK was finalizing the Borrow-to-Use Forest Area Permit (IPPKH) covering an area of 4,535.93 hectares as a follow-up to the results of the examination on the implementation of the Contract of Work of PT Freeport Indonesia (PTFI) and billed for total IPPKH Non-tax revenue (PNBP) amounted to Rp 460 billion.</p>

PT Freeport Indonesia has developed a roadmap as an action plan to address the issue of tailing disposal. The issue of a lack of state revenue in the form of PNBP, as well as an excess of disbursement of the total reclamation guarantee of USD 1.61 million, has been resolved in accordance with applicable laws and regulations. In accordance with BPK recommendations, the Ministries of Energy and Mineral Resources and KLHK have made regulatory updates pertaining to the management of mining services businesses.

Recommendations

Indonesia is one of strategic country on climate change issues. Indonesia is greatly affected by climate change. At the same time, Indonesia possesses a large potential to play in reducing global emission. Due to such strategic position, we recommend that BPK develops training program related to climate change matters. It will increase BPK capacity to conduct climate change audit. The program can be attended by BPK auditor as well as other SAI auditors. It may become center of excellent on climate change auditing where auditors around the world can learn directly on the ground on climate changes issues.

Indonesia is too large. BPK can't cover its audit assignment in Indonesia alone. BPK should start introducing climate change audit to government internal auditors (APIP) which includes local government auditors. BPK should work together on climate change audit assignment with them. APIP should start participating in the climate change training program that conducted by BPK Training Center.

BPK conduct performance audit on Indonesia progress status to meet international commitment such as NDC targets in Paris Agreement.

Based on several audit assignment has conducted already, BPK may issue "Pendapat BPK" on climate change matters, such as regulation status, coordination, law enforcement and public participation.

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5.6. Judicial review

This element assesses the effectiveness of the courts in reviewing executive, legislative and private sector actions (and inactions) on climate change. Climate change could be regulated by both criminal and non-criminal (e.g., administrative or civil) law in a country. Courts may play a role in reviewing actions of the legislature (e.g., do climate laws adhere to the constitution or international agreements), reviewing the acts of the executive (e.g., are climate regulations, strategies, and plans in line with climate laws and international agreements; is climate data being published in accordance with law; are emissions permits to firms issued legally), and reviewing acts of private firms and citizens (e.g., are firms complying with the conditions of environmental licenses).

Topic areas	Current status
<p>5.6.1. Authority. Assesses the constitutional/legal authority of courts to review climate actions and inactions, including:</p> <ul style="list-style-type: none"> • Issuance and compliance with climate change law(s). • Issuance and compliance with climate strategies, plans and policies. 	<p>Indonesia Constitutional Court (Mahkamah Konstitusi) has a role to review invalidate laws, acts and governmental/legislative actions that are incompatible with a higher authority. Indonesian Court has an authority to review issuance and compliance with Indonesian laws, including climate change laws, procedures, plans and policies. While Supreme Court (Mahkamah Agung) has a role as Cassation Court, to foster uniformity in application of the laws through cassation rule and review.</p> <p>There are several laws related to climate change which includes Law No 41 Year 1999 on Forestry, law no.32 Year 2009 Protection and Environment Management (PPLH Law), law no.5 Year 1990 Natural Resources Conservation. There are some laws which include environment aspect as well such as law no. 4 Year 2009 on Mineral and Coal and Mining; law no.18 Year 2004 and no. 39 Year 2014 on Plantation, Law No. 18 Year 2013 on Prevention and Eradication of</p>

	<p>Forest destruction; Law No. 31 Year 2004 in conjunction with Law No. 45 Year 2009 on Fisheries; and Law No. 22 of 2001 on Oil and Gas.</p> <p>The Supreme Court, through the Decree of the Chief Justice (SK KMA) No.134/KMA/SK/IX/2011 on Environmental Judge Certification, the scope of environmental cases is regulated in Article 5 paragraph (3), which includes: a) Violations of administrative regulations in the field of environmental protection and management, including but not limited to regulations in the fields of forestry, plantation, mining, coastal and marine, spatial planning, water resources, energy, industry, and/or natural resource conservation; b) Violations of civil and criminal regulations in the field of environmental protection and management, including but not limited to regulations in the fields of forestry, plantations, mining, coastal and marine, spatial planning, water resources, energy, industry, and/or natural resource conservation.</p>
<ul style="list-style-type: none"> • Issuance and compliance with environmental licensing/ permitting. 	<p>Policies and strategies regarding the environment in the regulations do not always support the provisions on the environment in Article 21 of Law 11 of 2020 concerning Amendments to Law Number 32/2009 in Articles 82A, 82B, and 82C. Article 82A stipulates that if business actors carry out their activities without obtaining permits such as Amdal, UKL/UPL, and waste management, they will only be subject to administrative sanctions. Article 82B paragraph (1) confirms that if the business activities are different or not in accordance with the provisions and permits, they will only be subject to administrative sanctions. Article 82B paragraph (2) regulates the disposal of waste that does not result in health problems, injuries, and death only to be subject to administrative sanctions. Environmental permits can be canceled if they are not in accordance with the provisions. Environmental permits can be canceled through a state administrative court decision.</p>

	<p>Law 11 of 2020 also amends article 109. If a person does not have an environmental approval, one of which can only be obtained by means of Environment Analysis (Amdal), he/she can only be punished if a person's business activities result in casualties/damage to health, safety, security, and the environment. This is different from Law no. 32/2009. Article 109 of Law no. 32/2009 stipulates that the penalty remains valid for those who do not have an environmental permit which has now been converted into an environmental permit. Likewise, in waste management, Law 11 of 2020 allows individuals or business entities to dispose of hazardous and toxic materials (B3) management waste in rivers, seas, and put them into the ground with permission from the government. the occurrence of pollution.</p> <p>According to Article 36 of Law No. 32 of 2009, every business and/or activity that requires an Amdal or UKL-UPL must have an environmental permit. Environmental permits are issued by the Minister, governor, or regent/mayor in accordance with their respective authorities; and must refuse if the permit application is not accompanied by Amdal or UKL-UP. Environmental permits may be revoked if they are not in accordance with the provisions. A state administrative court decision can be used to revoke environmental permits.</p>
<ul style="list-style-type: none"> • Compliance with international commitments. 	<p>International commitment/convention may apply to a specific case when the judge used to his/her judgment as legal breakthrough (terobosan hukum). However, it is more difficult when there is no prior case or Indonesia has not ratified the international convention or commitment.</p>
<ul style="list-style-type: none"> • Legal standing of the public (including civil society organizations) to bring climate change related cases to court. 	<p>Based on Law No.23 Year 1997 on environment management, public have right and obligation on environment management. While legal basis for the party proposing legal standing in Law Number 32 of 2009 concerning Environmental Protection and Management (UU PPLH) is as follows: Individual claim rights, the community's right to sue in the form of a class action, the government's right to sue, Environmental</p>

	<p>organizations' right to sue, and Administrative lawsuit, Article 92 paragraph (1) restricts the rights of non-governmental organizations (NGOs). This means that only environmental non-governmental organizations (NGOs) can have legal standing in a court of law. Furthermore, the criteria for NGOs with legal standing when litigating in court are stated in Article 92 paragraph (3) of the PPLH Law. According to the article, environmental groups can sue if they meet the following criteria: Form a legal entity; affirmed in its articles of association that the organization was established for the purpose of preserving environmental functions; and has carried out real activities in accordance with the articles of association for a minimum of 2 (two) years”.</p>
<p>5.6.2. Practice. Assesses the use of the courts to enforce climate action including:</p> <ul style="list-style-type: none"> • Number and types of climate cases brought before the courts, including information on plaintiffs, court rulings, and legal basis. 	<p>During the period 2015-2018, 519 environmental criminal cases were processed and brought to the Court, as well as 18 companies facing civil cases. The government prevailed in a lawsuit for Rp 17.9 trillion in compensation and environmental restoration costs based on cases that have already been adjudicated. In the case of forest and land fires, 171 corporations face administrative sanctions, and 11 face civil lawsuits with a total insured corporation of Rp 1.4 trillion. Furthermore, KLHK investigators are still working on 12 criminal cases. According to KLHK, Directorate General of Environmental and Forestry Law Enforcement (Ditjen Gakkum) won 28 lawsuits against companies that harmed the environment between 2015 and 2020. There have been 13 lawsuits filed. "The decision (compensation and certain actions) has a value of Rp. 19.8 trillion, while the decision that has not been executed has a value of Rp. 19.3 trillion.</p> <p>According to the report on the study of environmental case decisions by the Judicial Independent Study and Advocacy Institute (LeIP) as of July 2020 which conducted research on decisions on the Supreme Court Decision Directory website, it was found the total cases on environment the amount of 643 cases consist of:</p> <ol style="list-style-type: none"> 1. 73 cases on Civil court (2003 - 2019)

2. 164 cases on State administrative court (2009 - 2019),
3. 406 cases on Criminal court (2013 - 2019),

40 out of 73 Civil Court decisions, cases related on Forestry such as: Forest destruction; Forest and land burning; Forest management, 25 cases on Environment such as Environmental pollution; Environmental destruction; No-smoking zones and Licensing. 4 cases on Minerals and coal such as Licensing and Transportation of mining. and 4 cases Water resources such as Water governance; Watersheds. Of the 73 court decisions indexed, 65 are related to forestry and the environment, 13 were found to contain the concept of strict liability, and 9 mention force majeure. Strict liability and force majeure are most frequently found in cases involving forest fires and environmental pollution on a forestry case, the court was of the opinion that the enforcement of strict liability raises the responsibility for the defendant to provide compensation, as referred to in Court Decisions Number. According to the court, strict liability as contained in the Environmental Protection and Management (PPLH) Law, the Forestry Law, Government Regulation (PP) No. 4 of 2001, PP No. 150 of 2000, and PP No. 45 of 2004 basically regulate the obligation attached to the permit holder regardless of who burned the forest.

State administrative court decision on environment cases amounted to 164 cases. Types of cases related to forestry: Destruction of forest areas; Preservation of forest functions; Utilization of forest products; Application for ownership rights; Protected forest area; Geospatial information; Forest area swap; and Forestry business permits. Related to Environment: Environmental damage; Environmental pollution; Environmental permits; Reclamation permits; Disturbance of public order; Eviction.

The most common types of cases among the 436 criminal court decisions were criminal cases based on the Forestry Law, both of which are governed by Law No. 41 of 1999 and Law No. 18 of 2013,

	<p>which account for up to 220 court decisions. Mining cases were the second most common type of case, accounting for 70 court decisions in total. Meanwhile, three court decisions have been issued in relation to environmental crimes as defined by Law No. 32 of 2009. The issue in cases involving corporate crime, whether in environmental, forestry, or mining crime cases, is determining when criminal responsibility should be placed on the corporation or corporate management.</p>
<ul style="list-style-type: none"> • Available legal support to bring climate change cases. 	<p>There are general legal supports that can support the community to bring an environment case to the court. There are currently 37 active environmental cases being handled by Legal Aid Foundation (LBH) offices throughout Indonesia. Environment NGO such as WALHI, is actively providing a legal support for the community to raise and bring the case to the court.</p>
<ul style="list-style-type: none"> • Compliance with and/or enforcement of judicial climate decisions. 	<p>Compliance to court decision is relatively low. Since there are some regulation gaps to execute the decision. There is lack of implementation regulation to execute the court decision. Therefore, the wrongdoers can't be enforced to perform the court decision.</p> <p>There are small number of cases that public/CSO won in the court for environment cases. Some cases included CSO won Kalimantan forest fire cases in 2019. Recently, CSO Gerakan Inisiatif Bersihkan Udara (clean air movement initiative) won its case in Central Jakarta Court for Jakarta air pollution.</p>
<p>5.6.3. Capacity. Capacity of judicial officials and systems to understand climate change issues and manage climate change cases, including:</p> <ul style="list-style-type: none"> • Existence of specialized judges and/or courts (e.g., environment courts, trained judges, etc.). 	<p>The environmental case court is included in the general court (criminal and civil) and state administrative court (TUN). There is sub-division for environment judge under "Kamar Perdata" (Civil Court), instead of special court for environment. In addition, there are some environment training programs for judges who manage environment cases.</p>

The Supreme Court's Efforts to Improve Judges' Competence in the Environmental Sector. The process of granting certification and appointing judges who have passed the administrative selection and are appointed by the Chief Justice of the Supreme Court is known as certification of environmental judges. The implementation of environmental certified judges is stated in the Chief Justice of the Supreme Court of the Republic of Indonesia's Decree Number: 134/KMA/SK/IX/2011 Concerning Environmental Judge Certification.

As of to date, the Environmental Judge Certification Training has entered Batch XIII on June 10, 2021. Participants who have been educated and trained through this Environmental Judge Certification Training will be able to master the core competencies of Environmental Judges as well as have awareness of and support for environmental conservation. There are approximately 10% (881 out of 8700) judges participated in the program.

Recommendations

- The government should develop several detail regulations and procedures to execute the court decision. For example: A court order to pay fines and enact land rehabilitation, there is unclear regulation on how to execute or enforce the company to do land rehabilitation.
- The government should develop detail procedure. Since there is no environment civil procedure (Hukum Acara khusus dalam perdata lingkungan). It may go through elaboration of peraturan/keputusan MA (decree) on environment civil procedure which include who will monitor the execution on court decision.

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