

# City Enabling Environment on Environmental and Climate Governance (CEE-ECG) in Indonesia

## Executive Summary





## About the Urban-Act Project

The Integrated Urban Climate Action for Low-Carbon and Resilient Cities (Urban-Act) is a regional project funded by the International Climate Initiative (IKI) of the German Federal Ministry for Economic Affairs and Climate Action (BMWK) over the period April 2022 to December 2027. This regional project aims to support the transformation towards low-carbon and resilient urban development in Asia and the Pacific while contributing to countries' Nationally Determined Contributions (NDCs) and advancing the Sustainable Development Goals (SDGs). Urban-Act is implemented in five pilot countries (China, India, Indonesia, the Philippines, and Thailand). Regional partners of Urban-Act Project are the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the United Cities and Local Governments Asia-Pacific (UCLG ASPAC), the TU Dortmund and the University of Stuttgart, as well as national consortium partners in each of the five (5) partner countries.

## What is the CEE-ECG?

The City Enabling Environment on Environmental and Climate Governance (CEE-ECG) is an attempt to understand which “enablers” and “actors” underpin the transformation of 21<sup>st</sup>-century cities and thereby attenuate, drive, or shape challenges to implement climate action in cities today. The ‘enablers’ that the assessment examines are ‘core enablers’ – policies, law, institutions, governance systems, fiscal autonomy, and levels of public engagement that hamper or unleash urbanisation’s potential for climate action. It assesses the “de jure” – national legislation and policies – that allow local governments to benchmark themselves against the minimum standards required for cities and local governments to contribute significantly to global climate action efforts. This assessment uses a country perspective of analysis to deliver a significant contextual review of the function of local governments. However, a national-wide overview is needed because their performance depends mainly on the country’s nature. This document serves as both a benchmark and a guide for improving urban climate governance, ensuring that cities are better equipped to contribute to national and global climate goals at five Urban-Act pilot countries.

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## DISCLAIMERS

This CEE-ECG is a preliminary result used as the baseline for the Urban-Act project that highlights key areas of focus including legal and regulatory frameworks, governance and policy support, bureaucratic capacity, climate financing, and public participation. The final assessment will be finalised by the end of the Urban-Act project implementation, and it is open to receive/gather feedback from various stakeholders.



# Environmental and Climate Change Governance

Indonesia's environmental and climate change governance is primarily managed at the national level by the Ministry of Environment and Forestry, with significant contributions from other sectoral ministries and government bodies. These bodies, including the National Development Planning Agency (PPN/BAPPENAS) and the Ministry of Home Affairs, are tasked with mainstreaming climate change into national planning, disaster risk reduction, and ensuring the capacity building of local governments for climate adaptation and mitigation. However, coordination among these entities often lacks consistency, leading to fragmented implementation of environmental policies. Despite this, Indonesia has made strides in aligning its environmental governance with global commitments, yet challenges remain in achieving seamless inter-agency coordination.

## Political Structure and Organisation

Indonesia's political structure operates under a republican system, with the president serving as the head of state and government. Elected directly by the citizens, the president oversees domestic governance, policy-making, and foreign affairs, supported by sectoral ministries that can enact detailed regulations. Legislative power is shared among three bodies: the People's Consultative Assembly (MPR), the People's Representative Council (DPR), and the Regional Representative Council (DPD), each playing distinct roles in governance and regional representation. Environmental and climate change policies are the responsibility of the Ministry of Environment and Forestry, but other ministries and government bodies also contribute based on their sectoral duties. The lack of coordination among these bodies can complicate the effective implementation of policies, though the overall structure allows for comprehensive governance across the national and local levels.

## Local Government and Decentralisation System

Indonesia's decentralised governance system divides authority between the central government and sub-national entities, including provinces, districts, and municipalities. While the central government retains exclusive control over areas like foreign policy, defence, monetary policy, and religious affairs, other sectors are shared with local governments. Local governments are responsible for managing affairs within their administrative boundaries, with the authority to enact local regulations that incorporate national development agendas into regional plans.

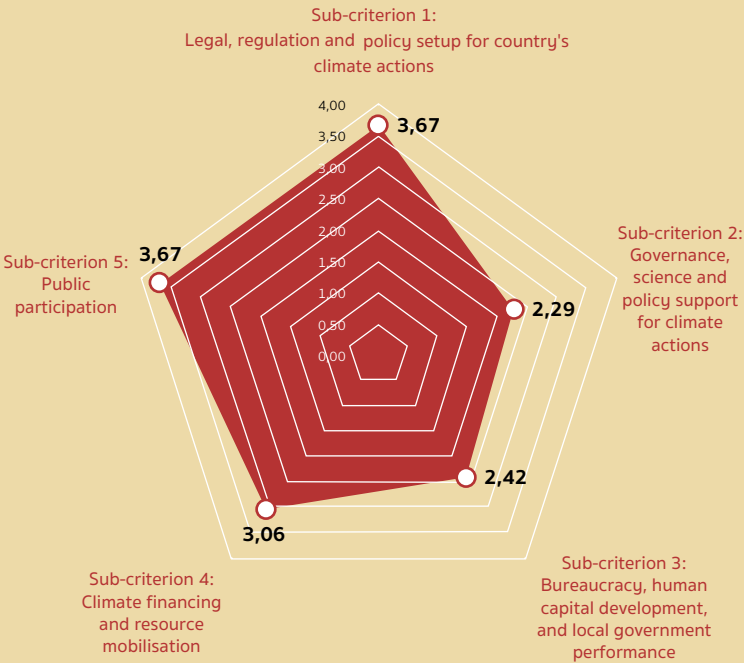
However, climate change response is not explicitly categorised within concurrent governmental affairs, which can limit the effectiveness of local climate initiatives. Although decentralisation empowers local governments to tailor actions to meet local needs, the lack of a clear framework for climate action within this system presents challenges for consistent implementation across regions.

## Coordination Mechanism between State and Non-Governmental Actors

Coordination between state and non-governmental actors in Indonesia is facilitated through development planning processes, technical assistance, and fiscal decentralisation funding. Although no single institution is assigned to coordinate spatial planning, disaster risk reduction, and climate change adaptation, these efforts are integrated through various mechanisms, including multi-stakeholder consultation forums led by BAPPENAS. Local governments receive technical support from upper-level entities, with the Ministry of Home Affairs playing a key role in coordinating these efforts. Additionally, fiscal decentralisation initiatives like the Special Allocated Fund and regional incentive funds can enhance local governments' capacity to implement national policies. Non-state actors, including NGOs, often collaborate with government institutions to address gaps in capacity building, governance, and project implementation, contributing significantly to environmental protection and climate action at the local level.

# The Results of CEE-ECG in Indonesia

## CEE-ECG Score of Indonesia by Sub-Criteria



Indonesia's CEE-ECG rating, with an overall score of 3.02 out of 4, highlights the country's progress in integrating city-level actions into national and international climate commitments. High scores in sub-criteria 1 and 5 (both at 3.67) reflect the effectiveness of Indonesia's regulatory framework, which empowers local government to make decisions and access national funding, public-private partnerships, and other resources for disaster risk management and climate action. The framework also mandates public participation in climate action planning, ensuring that gender and vulnerable community perspectives are considered. However, the lowest score, 2.4 in sub-criterion 3, which focuses on governance, science, and policy support, highlights challenges in coordination. While designated ministries and national agencies oversee climate change, disaster management, and biodiversity protection, there is no single dedicated body to ensure coordinated implementation across these areas. Currently, BAPPENAS plays a key role in coordinating planning and monitoring. However, the absence of a specific coordinating agent limits the effectiveness of integrated climate action and environmental management efforts.

## Sub-criterion 1: Legal, regulation and policy setup for country's climate actions

Indonesia has made significant strides in aligning its national legislation with international climate commitments, including the Paris Agreement, the Sendai Framework for Disaster Risk Reduction (SFDRR), and the Convention on Biological Diversity. The country ratified the Paris Agreement in 2016 through Law No. 16 of 2016 and established a comprehensive National Disaster Management Master Plan (NDMMP) for 2020-2044 to meet SFDRR objectives. The Ministry of Environment and Forestry has been designated as the focal point for

implementing biodiversity commitments and actively participating in international negotiations. Indonesia has also met all requirements for climate change documentation, including submitting an updated NDC with the higher GHG reduction targets and integrating urban roles into its Climate Resilience Development (CRD) plans. However, while the National Biodiversity Strategy and Action Plan (IBSAP) addresses biodiversity management, the involvement of urban and local governments in this context remains underdeveloped.

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| <p><b>1.1</b></p> <p>Indonesia has ratified the Paris Agreement, the Sendai Framework, and the Convention on Biological Diversity through national legislation.</p> | <p><b>1.2</b></p> <p>Indonesia has fulfilled climate change documentation. Such as developed an NDC report and submitted the new commitment version for a higher GHG reduction target. The roles of urban actors in climate action have been acknowledged in its latest Climate Resilience Development (CRD).</p> | <p><b>1.3</b></p> <p>The indicator has fulfilled by providing mechanisms for private financing of national climate action through the National Adaptation Fund for Climate Change (NAFCC) and the Green Climate Fund, which support various adaptation projects and initiatives across the country.</p> |
| <p><b>1.4</b></p> <p>Indonesian CRD documents also contain a framework for MRV mechanisms of national-level climate actions.</p>                                    | <p><b>1.5</b></p> <p>Has met the Indicator by reflecting on The NDMMP 2015 - 2045 on addressing climate risks and the strategies implemented in the NDMMP 2020-2024 Period.</p>   | <p><b>1.6</b></p> <p>Has fulfilled the indicator on Indonesia Biodiversity Strategy and Action Plan (IBSAP) for managing Indonesia's biodiversity. However, the plan explicitly did not mention the importance of city &amp; local governments.</p>   |



## Sub-criterion 2: Governance, science and policy support for climate actions

Indonesia has established a robust framework for reporting and monitoring climate action, including periodic national-level reports that incorporate local data. The government has issued guidelines for assessing climate change vulnerability, risk, and impact, which serve as the basis for sub-national climate adaptation actions. Although a digital database for GHG inventory and climate action GHG inventory and climate action database exists, the system lacks transparency and accessibility for public use. Additionally, there is no

mechanism for local governments to leverage digital data for planning purposes. While the country has mechanisms for public participation and expert consultation, there is no legal foundation for local governments to establish multi-stakeholder collaborations with research institutions or to local governments have no legal foundation to establish multi-stakeholder collaborations with research institutions or incentivise market-based mechanisms for climate action.

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| <b>2.1</b><br>Indonesia has a periodical/annual national-level climate action report with contributions from local reports.  | <b>2.2</b><br>The government also issued the Minister of Environment and Forestry Regulation 7/2018. This guideline contains instructions for conducting climate change risk assessment at the subnational level. | <b>2.3</b><br>There are digitalised database service on climate change information, especially GHG inventory.   | <b>2.4</b><br>The local data submitted to the system by the sub-national governments is not provided or shown publicly on the platform. |
| <b>2.5</b><br>The platform could be used to monitor NDC implementation but did not provide a report on the progress of NAP implementation.   | <b>2.6</b><br>The government did not have a mechanism/framework for local governments to leverage the digitalisation of climate data, information, and knowledge for planning purposes.                           | <b>2.7 - 2.9</b><br>No research institution on climate change to support the planning and actions   | <b>2.13</b><br>Local governments did not have legal basis to nor the incentive to establish/enhance market mechanisms.                  |
| <b>2.10</b><br>The government accepts assistance from public participation for disaster and/or climate risk assessment, including expert consultation, monitoring, and evaluation process. | <b>2.11</b><br>The government accept collaboration between civil society, including local businesses, and local governments on climate change.  | <b>2.12</b><br>Local governments did not have a legal basis to set up multi-stakeholder mechanisms with universities/research bodies/civil society/businesses for receiving and using scientific measures to create climate actions, DRR, and biodiversity policy planning documents. |   |

## Sub-criterion 3: Bureaucracy, human capital development, and local government performance

Indonesia's climate governance is primarily overseen by the Ministry of Environment and Forestry, with cross-sectoral coordination supported by the Ministry of National Development Planning of the Republic of Indonesia (PPN/BAPPENAS). The Directorate General for Climate Change within the Ministry plays a critical role in providing technical guidance to sub-national governments. However, there is no national legislation that enables local governments to establish dedicated climate agencies. Networks such as the Association

of Indonesia Municipalities (APEKSI) do support local governments in their climate resilience efforts. While the country's legal framework permits trans-municipal cooperation on climate issues, there is no overarching mechanism for mobilising citizens in climate initiatives. Indonesia has begun integrating e-governance systems, but these remain in the early stages, especially at the local level.

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| <b>3.1</b><br>Indonesia has allocated a national budget for climate actions.                  | <b>3.2 &amp; 3.6</b><br>The Directorate General for Climate Change within Indonesia's Ministry of Environment and Forestry is responsible for guiding and supervising sub-national climate adaptation and mitigation but similar works could be done by other national bodies.  | <b>3.3</b><br>No particular act at the national level has enabled local governments to establish a dedicated local agency/body to plan and implement climate actions.   | <b>3.4</b><br>Fulfilled the local government network focused on climate change like The Indonesian Municipal Government Association (APEKSI) has been involved in facilitating and supporting advocacy at the sub-national level and dialogues with the national government. |
| <b>3.5</b><br>There was no umbrella for LGUs' selfgovernance in climate citizen mobilisation. | <b>3.7</b><br>Indonesia's Law 23/2014 and Government Regulation 28/2018 allow sub-national governments to collaborate across regions for various purposes, including climate action, environmental protection & disaster management, though these are not considered mandatory. | <b>3.8</b><br>Indonesia's national e-governance system, based on President Regulation 95/2018, is in the early stages of integration, focusing on digital literacy and online processes, but has not yet advanced to full digital governance and data-based integration, particularly at the local level. |  |

Sub-criterion 4: Climate financing and resource mobilisation

Indonesia’s climate financing framework is well-structured, with budget allocations tied to national strategies and action plans. The country allows foreign funding through various mechanisms, including the Climate Change Trust Fund and the Environmental Fund Management Agency (BPD LH). Public-private partnership schemes are promoted to finance climate-resilient infrastructure, and local

governments can access the Special Allocation Fund (Dana Alokasi Khusus or DAK) for climate-related projects that align with national priorities. However, fiscal decentralisation for climate action remains somewhat limited, with most funding decisions controlled by the national government.

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| <p><b>4.1</b></p> <p>Indonesia has a national budget allocation for climate actions attached to the national strategy. The national government holds most funding and resource mobilisation, and also allows foreign funding through agency.</p> | <p><b>4.2</b></p> <p>The decision on funding and resource mobilisation is not exclusively in the hands of the national government.</p>   |
| <p><b>4.3</b></p> <p>The government promotes the Government and Business Entities Partnership Scheme, focusing on financing climate-resilient infrastructure. The cooperation may between government-owned enterprises and private entities.</p> | <p><b>4.6 &amp; 4.8</b></p> <p>Indonesia’s Law 33/2004 provides a regulatory framework for fiscal decentralization, allowing local governments to use the Special Allocation Fund (DAK) for climate actions that align with national priorities, particularly for developing or improving public service infrastructure.</p> |

Sub-criterion 5: Public participation

A strong regulatory framework mandates public involvement in Indonesia’s environmental and climate governance, with Law 32/2009 ensuring community involvement in decision-making processes. The Climate-Resilient Village programme exemplifies community engagement in climate adaptation. Vulnerable communities are recognised in national climate policies, and the National Registry System for Climate Change allows these groups to contribute

to climate action initiatives. Gender perspectives are also integrated into climate adaptation strategies, supported by Protection Ministry of Women’s Empowerment and Child Protection guidelines. The National Disaster Management Agency’s in a RISK platform also provides public access to disaster risk information, enhancing community preparedness and participation.

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| <p><b>5.1</b></p> <p>There are regulation on the importance of public participation in environmental and climate change governance. By the Government Regulation 22/2021 which mandated to provide space for the communities to become the environmental watchdog, and the communities can provide feedback.</p>                          | <p><b>5.2</b></p> <p>The Ministry of Women’s Empowerment and Child Protection and the Ministry of Finance issued guidelines for integrating gender perspectives into climate adaptation and policy planning, while the National Disaster Management Agency provides public access to early disaster risk information through the in a RISK web application.</p> |
| <p><b>5.3</b></p> <p>Vulnerable communities in Indonesia are recognized in climate-related regulations, and they can participate in the Climate-Resilient Village program or other activities through the National Registry System for Climate Change, which tracks and acknowledges their contributions to national climate efforts.</p> | <p><b>5.4</b></p> <p>The participation has been facilitated by Climate-Resilient Village program that helps communities build skills to prepare their villages for climate change impacts.</p>  |



## Recommended Actions



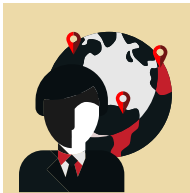
**Strengthen coordination and integration:** The lack of a dedicated agency for climate action and the ad hoc nature of coordination mechanisms can lead to inefficiencies and inconsistencies. Establishing a central coordinating body and formalising coordination mechanisms would ensure a more integrated and effective approach.



**Enhance the role of local governments:** While Indonesia has a decentralised system, local governments need more autonomy and capacity to implement climate policies effectively. The central government should consider devolving more decision-making powers and providing more resources and training to local officials.



**Improve data management and accessibility:** While Indonesia has a digital database for climate change information, it is not publicly accessible. Making data more readily available to policymakers and the public would enhance transparency and facilitate evidence-based decision-making.



**Establish dedicated research centres:** The absence of dedicated research centres for climate change can hinder the development of evidence-based policies. The government should invest in establishing research centres and promoting collaboration between scientists and policymakers.





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