



## UrbanShift Indonesia National-Local Dialogue

Summarised by Pratibha Caleb

**Topic of First National-Local Dialogue:** Multi-level Governance for Enhancing Sustainable, Low-carbon and Climate-resilient Development

### Level of Representation:

- National government representatives – Ministry of National Development Planning, Ministry of Home Affairs, Ministry of Environment and Forestry, Ministry of Energy and Mineral Resources, Ministry of Agrarian Affairs and Spatial Planning, Ministry of Finance through Fiscal Policy Agency
- Local government representatives from five cities: Balikpapan, Bitung, Jakarta, Palembang, and Semarang
- Representatives from Institute for Transportation and Development Policy (ITDP) and World Resources Institute (WRI)

### Overview

The national dialogue highlighted both challenges and opportunities for achieving sustainable development in Indonesian cities.

1. **Energy Efficiency and Renewable Energy:** Cities need support with measurement, financing, coordination mechanism and knowledge sharing to implement energy-saving practices and promote renewable energy sources,
2. **Urban Biodiversity and Landscape:** Budgetary constraints and uneven distribution of green spaces require innovative financing and strategic planning for urban biodiversity initiatives.
3. **Water Resources Management:** Unclear division of authority at the local and provincial levels, flood and sea level rise risks, and fragmented water management necessitate collaborative governance, improved technology, innovative financing and nature-based solutions.
4. **Sustainable Transport:** Limited focus on public transport, lack of indicators for city development, financing limitations, unclear transition incentives, and national policy restrictions require adjustments to prioritise sustainable transportation options.
5. **Circular Economy and Waste Management:** (Details to be populated in next session)

### How the National-Local Dialogue Contributed to Existing Policy:

- **National Level:**

Indonesia has enhanced its commitment to climate action within its Nationally Determined Contribution (NDC), noting that existing efforts are inadequate to combat climate change



effectively. The country employs mechanisms like Measurement, Reporting & Verification (MRV), the National Registry System (SRN), and Emission Reduction Certificates (SPE) to document climate actions.

Key urban mitigation strategies include mandating the integration of climate goals into urban planning, promoting resilient buildings, decarbonizing transportation, and addressing urban service gaps, particularly in housing. Emphasis is placed on building climate resilience with a focus on water and nature, such as mangrove conservation for blue carbon development. These strategies align with Presidential Regulation No. 98 of 2021 and the Long-Term Low Carbon and Climate Resilience 2050 Strategy (LTS-LCCR 2050), which emphasize a balanced approach to emission reduction, economic growth, justice, and climate resilience, highlighting Indonesia's commitment to effective climate action and sustainable development.

There was a consensus among the participants that the cities would need to explore alternative financing sources from private sector and banking institutions, since the government funding would be limited. It was also mentioned that the Low Carbon Development Initiative at the national level could serve as a reference for local development agencies to formulate green projects.

Overall, it was clear that the collaboration between various government agencies, including the Ministry of National Development Planning, the Ministry of Environment and Forestry, the Ministry of Home Affairs, the Ministry of Energy and Mineral Resources, the Ministry of Finance, the Ministry of Agrarian Affairs and Spatial Planning, and the Provincial to Local Development Agencies is crucial for achieving these goals.

- **Local Level:**

Cities gained a clearer understanding of national priorities and available resources, facilitating the alignment of local development plans with national goals.

The Regional Development Planning and Research Agency plays a crucial role in developing the city plan and policies for the next 20-30 years. The majority of the cities involved have begun the early phase of planning for the Regional Medium-Term Development, with the objective of aligning their plans with the national climate objectives.

The National-Local Dialogue served as a forum for cities to exchange information on the many projects implemented within the 5 thematic areas, as well as to emphasize some of the difficulties encountered. An ongoing obstacle that persisted was the insufficient financial resources, coupled with the intricacy of public-private partnership (PPP) protocols. Additionally, a significant obstacle arose from the insufficient collaboration among several agencies and the absence of effective regulatory and monitoring measures.

Discussions at the National-Local Dialogue helped cities learn from each other's challenges and solutions, aiding in crafting more effective local policies. Additionally, the dialogue helped to prioritise budget allocations and explore alternative financing options. Overall the discussion was directed towards cross-sector collaboration, enabling cities to tackle complex issues like



energy efficiency, biodiversity, water management, transport, and waste management more holistically.

### **Outlook for the Second National-Local Dialogue:**

During the second National-Local Dialogue, planned for late 2024, the progress made since the first dialogue on the status of the agreed-upon multilevel governance roadmap (co-defined by all levels of government) will be shared. Further local governments will present their specific city-level local project development interests based on thematic areas.

### **Reflections on National-Local Dialogue: Key Challenges and Opportunities**

The National-Local Dialogue has underscored critical challenges and opportunities in advancing climate action and sustainable development across Indonesian cities. Major issues include the need for improved financial mechanisms, better alignment of national and local policies, and the integration of climate strategies into formal urban planning.

In **Energy Efficiency and Renewable Energy**, challenges like measuring efficiency, financing projects, and public adoption of technologies such as LED lights are prominent. Opportunities include leveraging PPP schemes, promoting renewable energy, incentives for regions and setting clear regional indicators.

For **Urban Biodiversity and Landscape**, budget constraints and limitations in acquiring green spaces are key obstacles. Yet, innovative urban designs and CSR optimization in cities like Palembang and DKI Jakarta are paving the way for enhanced biodiversity and sustainable urban development.

In **Water Resources Management**, fragmented authority and sectoral egos complicate governance, particularly in flood-prone areas like Palembang, DKI Jakarta and Semarang. Collaborative master plans, joint commitments, Integrated Water Resources Management (IWRM) optimization, and innovative financing schemes offer pathways for improvement.

**Sustainable Transport** faces barriers in financing, regulatory gaps, and integration of transportation modes. Despite these, initiatives such as bike lanes and solar energy in terminals show promise, with further opportunities in capacity-building, feasibility studies to ensure readiness and integrated public transportation planning between different modes.

In **Circular Economy and Waste Management**, lack of public awareness, technology limitations, inconsistent regulation enforcement and limited funding hinder progress. However, initiatives like waste banks and waste-to-energy solutions present opportunities for reducing landfill waste and fostering a circular economy.

As part of the next steps, it was concluded that the following actions support in addressing some of the issues that the cities have been facing:

1. **Utilise Local Budgets and Revenues:** Cities should allocate funds for environmentally oriented development, leveraging local taxes and build financial literacy for effective project funding.



2. **Strengthen Enforcement:** Enhance monitoring systems and enforce regulations to ensure effective implementation of climate actions.
3. **Integrate Climate Action into Urban Planning:** Incorporate climate action plans into formal city planning for coherent and sustainable urban development.
4. **Collaborative Approaches:** Foster collaboration between national and local governments, supported by external partners, to overcome implementation barriers and meet climate targets effectively.
5. **Emphasize Inclusivity:** Ensuring that initiatives are inclusive by actively reaching out to all community members, with a special focus on vulnerable groups, women, and marginalised populations.

Overall, while substantial challenges exist in each thematic area, the dialogue reveals numerous opportunities for advancing sustainable practices through financial innovation, collaborative approaches, and targeted capacity-building. Addressing these challenges with comprehensive and integrated strategies will be essential for achieving Indonesia's climate and sustainability goals.