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The Dynamics of Climate Change Governance in Indonesia

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Introduction

IN recent years, as described in other chapters in this book, the intention to mitigate greenhouse gas (GHG) emissions has been growing across a diverse range of non-Annex I countries. Often, these countries signal their intentions by announcing their commitments to Nationally Appropriate Mitigation Actions (NAMAs) in a list of policies and programmes that is submitted to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat. Indonesia is no exception in this regard. At the 2009 Group of 20 (G20) meeting in Pittsburgh, the president of Indonesia announced for the first time the country's national commitment to mitigating CO₂ emissions, particularly through the reduction of deforestation rates and forest degradation. It stated that Indonesia 'will reduce its annual emissions by 26 per cent by 2020 from BAU (Business As Usual)', and that, with international support, the country 'could reduce emissions by as much as 41 per cent' (Yudhoyono 2009). Indonesia was among the first non-Annex I countries to make such a commitment (Jotzo 2012), and it was subsequently submitted to the UNFCCC Secretariat as the country's NAMA on 30 January 2010. It was, nevertheless, a surprising move, and, domestically, was not well understood. Until that point, there had been important national discussions of Indonesia's contribution to global CO₂ emissions, but discussions of the kinds of programmes that should be adopted, if any, had been limited.

The international community embraced this commitment by promising funding and technical assistance to facilitate and encourage Indonesia's efforts. In May 2010, the government of Norway pledged to support Indonesia in its preparations for Reducing Emissions from Deforestation and Forest Degradation Plus (REDD+) by promising US\$1 billion conditional on Indonesia fulfilling certain tasks set out in a letter of intent (LOI) between the two countries. Within Indonesia, the commitment announced by the president was then translated into a national strategy for reducing CO₂ emissions as well as related



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sectoral commitments by various line ministries. In 2011, Presidential Decree No. 61/2011 on the National Action Plan for Greenhouse Gases Reduction (*Rencana Aksi Nasional Penurunan Emisi Gas Rumah Kaca*, or RAN-GRK) was enacted and was to lead to the production of a more detailed Indonesian NAMA commitment (Thamrin 2011).

Despite these promising commitments from both Indonesia and the international community, the development of climate change policies and the implementation of mitigation programmes in Indonesia has been challenging. Indeed, progress has been slow. In spite of the fact that there are over thirty REDD+ demonstrations throughout Indonesia at various stages of implementation, the implementation of a national REDD+ programme has been hampered by problems of unclear land tenure, other land-based short-term economic development projects, especially those related to mineral extraction and oil palm expansion, and weak forest governance in general (Resosudarmo et al. 2012). With respect to emissions arising from the energy sector, not only has Indonesia not started discussing the possibility of a carbon tax or a carbon market, although several research institutions have suggested the government initiate this, but it has so far proven unable or unwilling to eliminate the country's system of energy subsidies which has fostered inefficient use of fossil fuels (Nurdianto & Resosudarmo 2011). Support for reducing CO₂ emissions from fossil fuel combustion has been relatively weak both within Indonesian society and within the government.

This chapter is an attempt to explain why the Indonesian president made a major climate change commitment, although the issue of mitigation had not been widely discussed domestically. The chapter also offers an explanation as to why the implementation of this commitment has been relatively slow so far. Understanding the forces behind Indonesia's climate change commitment and the complexity of its implementation constitutes an important first step on the path towards resolving the challenges that have hindered progress. To achieve the first goal, this chapter will first review some of the major forces that led to and shaped Indonesia's climate change commitments, such as new information about Indonesia's status as a major emitter, and events, such as the 13th session of the Conference of the Parties (COP13) of the UNFCCC in Bali in 2007 and the G20 meeting in Pittsburgh in 2009. To achieve the second goal, this chapter will discuss the institutions that have been involved in the implementation of climate change policy in Indonesia: their roles, incentives, the strategies they have used to increase their authority, and the conflicts of interests that exist between them. The conclusion will then summarize the chapter's central arguments and draw out the main lessons for the future.

Explaining Indonesia's Climate Change Commitments

This section will describe in chronological order how climate change eventually emerged as one of the country's top national priorities, in order to explain Indonesia's commitment on this issue. In the 1980s and before, climate change was an issue that was discussed only within the Ministry of Environment (MoE) in a very limited way, and among climate scientists, of whom there were relatively few at the time in the country. Research on climate change issues in Indonesia started to become available to the public in the mid-1990s. However, significant work revealing Indonesia's contribution to global CO₂ stocks and reviews of existing climate change policies only emerged in the mid-2000s, especially around the time that Indonesia agreed to host COP13. Part of the reason for this more intensified and available research on climate change in the 2000s was that various environmental research centres (*Pusat Studi Lingkungan* or PSL) were established in major universities (Djajadiningrat 2010), influenced by international research communities that were also working on the issue of climate change.

One of the most widely cited and influential studies was published by PEACE (2007), which reviewed and summarized the existing literature on economic trends and future GHG emissions in Indonesia. This report showed, first, that Indonesia was among the top five global emitters and that almost 80 per cent of its CO₂ emissions presently come from deforestation and forest degradation. Figure 4.1 is, more or less, the same as that used by PEACE (2007). It shows that if emissions from land use, land use change and forestry are taken into account, Indonesia is one of the top emitters in the world. Second, the report also argued that the impact of climate change on Indonesia's ecology and society would be significant; particularly via sea level rise, ocean warming and coral bleaching. Finally, it argued that Indonesia had not done much to control its CO₂ emissions and ameliorate the impact of climate change thus far.

Several works followed the PEACE study that provided different estimates of Indonesia's CO₂ emissions, particularly from forestry-related sectors, but which reached broadly similar conclusions, namely that Indonesia was one of the largest CO₂ emitters and the main issue was deforestation, land use change and forest degradation (Ministry of Forestry 2008; Resosudarmo et al. 2009).¹ By focusing attention on these facts, these works managed to spur campaigns by international and national non-governmental organizations (NGOs), such as those by the World Wide Fund for Nature (WWF), Pelangi and Walhi (*Wahana Lingkungan Hidup Indonesia*), as well as donor organizations for Indonesia to reduce its emissions. These campaigns were highlighted in the media and effectively put a great deal of pressure on the government to respond. They were particularly effective because, as the host of COP13, which was held in Bali in December 2007, Indonesia was under the world's spotlight. Indonesia's mitigation

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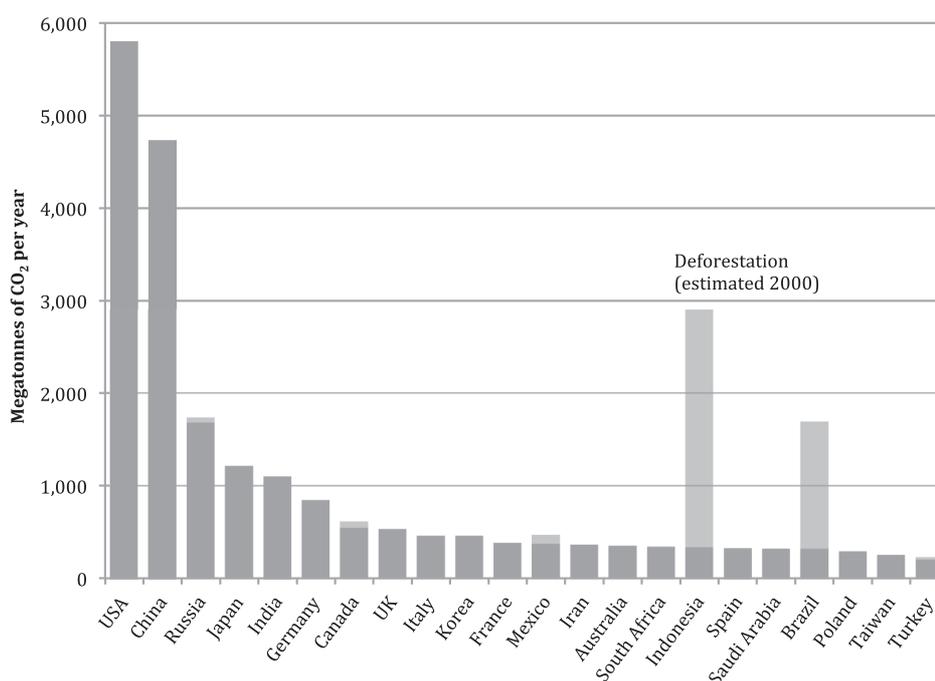


Figure 4.1 Top world CO₂ emitters, 2004

Source: Resosudarmo et al. (2009).

policies were regarded as relatively weak and its rate of deforestation was thought to be one of the highest in the world (Resosudarmo & Subiman 2006; Resosudarmo et al. 2012). Thus, Indonesia had little choice but to become more proactive and to display its willingness to participate in mitigating the GHG emissions arising from within its territory.² The participation of the Indonesian president in COP13 was, for instance, an initial attempt to demonstrate to the world that Indonesia was indeed concerned about the issue and willing to take action. Meanwhile, the international community, particularly aid agencies, also indicated that there were possibilities for establishing international sources of funding that Indonesia could reap if it was able to control its emissions, and these possibilities were certainly an attraction for Indonesia as well.

At the same time, at the end of 2000s, the Indonesian economy was growing rapidly, despite the global financial crisis that began in 2007. The country's gross domestic product (GDP) was growing at an annual rate above 5 per cent. As the fourth most populated country in the world – and having demonstrated a strong ability to develop at a considerable rate – Indonesia was invited to become part of the G20. This seemed to acknowledge the fact that Indonesia was now one of the most important economies in the world. Yet this achievement also helped to convince the president of Indonesia that the country could do better than 'business-as-usual' in controlling the country's GHG emissions. In particular, it suggested to government officials that the

country could take on mitigation commitments without deleterious effects upon economic growth. A report released by the National Council on Climate Change (DNPI) on Indonesia's GHG abatement curve, for instance (DNPI with McKinsey & Co. 2010), revealed that there were relatively cheap and easy options for mitigating climate change without jeopardizing the country's economy. Finally, the president also saw an opportunity for Indonesia to be seen as a leader among developing nations on the issue of climate change if it took action as a member of the G20.

Hence, it can be argued that the factors leading to the announcement of Indonesia's CO₂ emission mitigation commitments by the president at the 2009 G20 meeting in Pittsburgh were, first, international and domestic pressures that arose in response to new information showing that Indonesia was one of the largest emitters in the world, and therefore needed to control its emissions for any meaningful global reductions to take place; second, an expectation on the part of the president and other high level officials that taking action to mitigate emissions would attract international funding; third, growing confidence in the government as a result of the Indonesian economy's good performance, making it an appropriate time to couple economic and environmental policies; and, finally, the fact that the president was attracted to the idea that Indonesia could be seen as a developing country leader on the issue of climate change.

Climate Change Coordination and Institutional Competition for Climate Leadership

After COP13, it became clear that the president wanted to put the mitigation of Indonesia's GHG emissions at the top of the country's agenda, and the international community encouraged Indonesia to increase its efforts by offering promises of financial and technical support. This increased the incentives for the government to begin the elaboration and implementation of climate policies and programmes. But, notably, these same developments also created incentives for Indonesian institutions to vie for larger shares of climate change-related activities and funds. Their goal in doing so was clear: to achieve recognition as the leading institution conducting climate change programmes and therefore to control inflows of domestic and international funding for implementing climate change-related policies and programmes.

This tendency can be seen by briefly considering the experience of the DNPI, although it is explored more fully in the following section. In 2008, the minister of environment at that time made a significant move to provide some overall direction to climate-related activities by persuading the president to establish DNPI, an institution that would develop national strategies, policies and programmes for mitigating and adapting to climate change, and which would coordinate their

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implementation across the country. The aim was for this council to become the leading institution for developing and implementing climate change programmes. In reality, however, DNPI was only partially successful at coordinating efforts on climate change. Seeing the growing opportunities at hand, line ministers subsequently developed their own programmes and sometimes even insisted that their ministries should be the leading institutions instead. Among these ministerial institutions, the ones directly competing with DNPI/MoE were the Ministry of Forestry and the National Development Planning Agency (BAPPENAS). Other related ministries, such as the Ministry of Energy and Mineral Resources and the Ministry of Finance, may not have been competing to be the leading national institution, but they did try to establish their own programmes and exert and maintain exclusive control over them.

Subsequent events exacerbated this tendency. At the end of 2009, for instance, a new minister of environment was appointed, yet the chairman of DNPI remained the previous minister of environment.³ This situation created even more friction within the government since it meant that DNPI and the MoE were now competing for leadership in directing climate change programmes across line ministers as well. Another institution that became involved in developing climate change policy around this time was the President's Delivery Unit for Development Monitoring and Oversight (UKP4), which is part of the President's Office. The president asked the UKP4 to oversee the implementation of the LOI with Norway in September 2010. The Norway pledge and the involvement of UKP4 precipitated the REDD+ national policy process and influenced the development of so-called 'REDD-readiness' programmes at the national level. It also led to the initiation of early actions in the form of Reducing Emissions from Deforestation and Forest Degradation (REDD) demonstration activities at sub-national levels (i.e. landscape or district levels) and the exploration of financing options. Demonstration activities for REDD+ have, as a result, burgeoned in Indonesia; in 2011, over thirty pilots associated with REDD+ were recorded (Forest Carbon Asia 2011; Forest Carbon Partnership 2011; Resosudarmo et al. 2012).

With these activities, the UKP4 became the pivotal institution for overseeing the most significant dimension of Indonesia's climate change strategy. This in turn increased its power considerably relative to the others that had been competing for the top leadership position. In May 2011, for instance, the UKP4 was able to convince the president to produce a Presidential Decree (No. 10/2011) on a forest moratorium as part of Indonesia's commitment with Norway. This moratorium impinged on the jurisdiction of a number of other ministries by ensuring that no new permits would be issued for forest clearance over the next two years and that there would be efforts to better manage primary forests and peat lands. Later in 2011, two other Presidential Decrees were issued, namely No. 25/2011, regarding the formulation of a REDD+ Task Force, and No. 61/2011, outlining

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more than seventy self-funded government programmes as part of the national action plan to mitigate GHG emissions (RAN-GRK). However, the good intentions behind establishing the UKP4 as the primary institution for leading REDD implementation has in reality had the effect of creating yet another institution competing to lead efforts to implement climate mitigation programmes.

As a number of ministries and institutions were brought in to manage the government's climate change strategy, this has had the unintended effect of further exacerbating the growing competition among the various ministries that were involved. And, most importantly, this competition has tended to limit progress in the implementation of climate change policies in the country. Despite the fact that that 2020 is not far ahead, a national REDD+ programme has yet to be implemented, no clear activities related to controlling the emissions from peat lands have been initiated, very little has been done to reform the energy sector to enable the large-scale adoption of renewable sources of energy in the country's energy mix; and finally, there has not been a major push to improve energy efficiency in industries and households. Competition among the various institutions that have separate mandates to take action on climate change has encouraged the production of various strategy documents and regulations related to climate change, as each institution has attempted to demonstrate leadership. But this competition has also meant that there is little incentive for any one institution to support documents and regulations initiated by others. Hence, the implementation of each of their programmes and regulations – which require cross-ministerial coordination for them to be successful – has so far been lagging.

The Institutional Setting of Climate Change Policymaking in Indonesia

This section considers the process of inter-ministerial competition in greater detail. In particular, it will describe the interests and actions of individual ministries, as well as past and potential conflicts with other institutions as related to the development and implementation of climate change policies. Almost all line ministerial institutions participate to varying degrees in the implementation of Indonesia's climate change programmes. However, this section will deal only with those with relatively significant roles in developing national climate change policies and implementing major climate change programmes, especially those related to the REDD+ programme. Finally, the section will turn to consider the role that the international community has played in all of this.

The Ministry of Environment (MoE)

Climate change issues have been part of the MoE's portfolio for a long time; long before any other institution became involved. Up until COP13, the MoE was Indonesia's focal point for the UNFCCC and was the Indonesian government's representative in various international forums to discuss and negotiate climate change issues. As such, the Ministry was an early champion of Indonesia's efforts to take action on climate change. It significantly contributed to the decision by the UNFCCC to allow Indonesia to host COP13 in Bali in 2007, where the minister of environment acted as president. It was therefore natural for the MoE to assume that when other line ministers began to be involved in climate change matters around the time of COP13, it should take the lead in developing and overseeing the implementation of Indonesian climate policies.

After COP13, however, there were a number of challenges to the MoE's leadership. Examples include competition from BAPPENAS in developing the country's climate change strategy, competition from the MoE's offspring, DNPI, and, later on, the UKP4/REDD+ Task Force, to become the focal point for the UNFCCC. The MoE, nevertheless, made a number of attempts to resume its position. For example, the Ministry was a strong supporter of Law No. 32/2009, which explicitly stated it was responsible for conservation and management of CO₂ pollution in Indonesia, and for coordinating a CO₂ emissions inventory that would measure, report and verify activities related to the abatement of GHGs. The Ministry also engaged in a significant restructuring and reorganization of its own activities, creating a department explicitly dedicated to the management of activities related to climate change, in order to bolster its capacity for inter-ministerial coordination. Finally, it did its best to maintain a strong relationship with UNFCCC and to ensure that its minister could serve as the main focal point for the UNFCCC in Indonesia. It has used this relationship in order to bolster its own authority domestically. These efforts were relatively effective while Rachmat Witoelar was the minister of environment.

The challenge faced by the MoE was, however, its weakness compared to other ministries. For a long time, the MoE was not in the core of the Cabinet; it was effectively marginalized, and managed what were widely regarded as low priority issues. Furthermore, and relatedly, it was an institution with a relatively small budget and (frequently) poor quality human resources. Thus, it faced considerable difficulties in maintaining its hold on the leadership of climate change issues in the country. The toughest challenge for the MoE came when the president, as mentioned before, appointed a new minister of environment but kept the previous minister, Rachmat Witoelar, as the head of DNPI. As such, when he and his colleagues left the MoE and established DNPI to become the main focal point for UNFCCC, the MoE lost its most significant link to the

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UNFCCC and thereby its ability to lead climate change programmes in Indonesia.

The National Council on Climate Change (DNPI)

DNPI, discussed in greater detail above, is a specialized committee on climate change at Cabinet level. This institution was proposed by the then minister of environment to the president in order to strengthen the former's role in leading climate change initiatives in Indonesia. The president established DNPI in July 2008 with Presidential Decree (PerPres) No. 46/2008. Officially, DNPI is now the leading body managing the government's response to climate change, and it is more or less completely detached from the MoE. Its main responsibilities are to formulate national policies, strategies and programmes related to climate change, including adaptation, mitigation, technology transfer and financing. The head of DNPI was appointed as the president's special envoy for climate change and thus became the focal point for UNFCCC – on paper the most important person on climate change in the country. However, since its establishment, DNPI has never really been able to coordinate effectively all of the cross-cutting climate change programmes that have arisen across various line ministers and levels of government. A possible explanation for this could be the fact that DNPI neither has budgetary authority to derive its power from, nor is staffed with strong public servants linked with line ministries. The head of DNPI, although directly accountable to the president, also does not have ministerial status, which limits its authority considerably. Further, when the president decided to form the REDD+ Task Force as the main institution coordinating the implementation of REDD in Indonesia, DNPI effectively lost most of its power to coordinate the development of climate change policies and programmes.

The UKP4 and its REDD+ Task Force

The UKP4 is an institution within the President's Office that is widely respected for its role in evaluating and monitoring the performance of the Cabinet. It was, initially, not explicitly concerned with climate change issues. However, it became a key institution in this area after the president asked the UKP4 to lead the implementation of the arrangement with Norway. As mentioned in the previous section, the UKP4's first achievement in this regard was the orchestration of Presidential Decree No. 10/2011, passed in May 2011, which instated a two-year moratorium on new permits to clear primary forests and peat lands throughout Indonesia (Murdiyarso et al. 2011). Later, in 2011, a REDD+ Task Force was established within UKP4 through Presidential Decree No. 25/2011, and the head of UKP4 also became the head of this new task force. When this occurred, the REDD+ Task Force effectively became the most powerful institution in the

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country for managing the implementation of REDD+, which gave it a significant degree of control over all climate policymaking due to the government's emphasis on REDD+ in its overall climate change strategy. Indeed, through the UKP4, the task force is theoretically able to control the activities of all other line ministries in this area. Further, the UKP4, or, to be precise, its current head, is very close to and has a direct link to the president, and regularly reports to the president on the performance of each ministry.

The challenges facing the REDD+ Task Force in leading the implementation of REDD+, however, have been more or less similar to those facing DNPI when it was more powerful. The UKP4/REDD+ Task Force has limited resources, in terms of both human capital and basic information. In many cases, it must rely on the human and informational resources of other ministries, effectively giving them a great degree of influence over its decisions. Further, despite its official powers, it has only a limited capability to enforce its programmes and goals vis-à-vis other line ministries and local governments. Its main strategy for doing so has been to present other line ministries with a fait accompli by convincing the president to enact a Presidential Decree related to REDD+ or to announce programmes designed by the REDD+ Task Force in international forums. Since other ministries cannot challenge the president, they are obliged to comply with the decisions of the REDD+ Task Force, however reluctantly. Yet, as the current president's term will be up in 2014, it remains to be seen whether or not the newly elected president will support the UKP4/REDD+ Task Force as much as the current one has. If not, UKP4 and its REDD+ Task Force will be likely to lose the power to lead the implementation of REDD+ in the country, since its capacity for leadership ultimately rests on its presently close but ultimately tenuous relationship with the President's Office.

The Ministry of Forestry

The Ministry of Forestry has also become an important actor in the governance of climate change in Indonesia, and has tried to expand its authority over the issue area in recent years. Since the enactment of the Forestry Law in 1967 (Law No. 5/1967), the Ministry of Forestry has become a strong and lucrative department (Resosudarmo 2005), though it has also been strongly criticized by domestic and international observers for the way it manages Indonesia's forests. These criticisms have mainly been related to the fact that rates of deforestation in Indonesia have been among the highest in the world, releasing massive amounts of CO₂ (Hansen et al. 2009; Broich et al. 2011; FAO 2010), as well as evidence of rampant forestry-related corruption within the Ministry.

Around the time of COP13, however, the Ministry of Forestry took the initiative in leading the country's REDD programmes by establishing and leading the Indonesian Forest Climate Alliance (IFCA),

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which comprised various government departments, donor agencies, research institutions and NGOs. The main task of the IFCA was to outline key elements of REDD, including methodologies, land use policies, institutional arrangements and benefit distribution mechanisms (Ministry of Forestry 2008). It therefore became one of the key institutions in the arena of climate change as well. Yet, since the president created the REDD+ Task Force within UKP4 to manage the bilateral arrangement between Indonesia and Norway and to oversee REDD+ development at the national level, the Ministry's authority for leading the implementing of REDD/REDD+ has tended to wane. It has nevertheless remained an important ministry, as it has more data on forestry and forest coverage in the country than any other institution, which has given it a degree of leverage over the decision-making processes of other institutions, especially the REDD+ Task Force. Examples of its ongoing importance include its role in producing the indicative maps for the moratorium called for by the REDD+ Task Force, developing the Forest Resource Inventory System (part of the Indonesia National Carbon Accounting System, which is used for the monitoring, reporting and verification of GHG emissions reductions), and providing guidance for the development of REDD+ demonstration activities.

The National Development Planning Agency (BAPPENAS)

Like several of the other institutions described above, BAPPENAS has been a recent contender for the leadership position in the area of climate change. The advantage of BAPPENAS is that it has very strong human resources – indeed, its human resources are better than those of almost any other Indonesian government institution and it has considerable experience in coordinating the activities of other government agencies. On the issue of climate change, in particular, it has been able to demonstrate its leadership by producing several key strategic documents and reports on climate change policy in Indonesia which have helped to shape the government's overall approach. Most notably, in this regard, BAPPENAS produced the Indonesia Climate Change Sectoral Roadmap (ICCSR) in 2010, which elaborated sectoral commitments for achieving the emissions reduction target that was announced at the 2009 G20 summit in Pittsburgh. This report then served as the basis for Presidential Decree No. 61/2011, which established the RAN-GRK.

The production of the ICCSR was clearly an attempt by BAPPENAS to 'coordinate' other ministries in the context of climate change. It also overlapped with and undermined the role of DNPI to some extent. Despite this achievement, it remains unclear to what extent the implementation of the climate change programmes in Indonesia will take the form outlined in the RAN-GRK, and whether BAPPENAS will indeed have the capacity to coordinate them. Although it has been traditionally quite powerful, BAPPENAS is now a much weaker insti-

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tution than it was in the past. Many of its mandates were transferred to the Ministry of Finance, for instance, by Law No. 17/2003 on government finance. Further, most line ministers still recall how dissatisfied they were when BAPPENAS was more powerful and able to control their activities effectively. They have, therefore, been extremely reluctant to cede any power to it yet again by having it coordinating national programmes related to climate change.

The Ministry of Finance

Adequate financing is, of course, required to sustain the implementation of all climate change-related programmes in Indonesia, and, as such, the Ministry of Finance – as the key ministry managing the government's budget – has become more crucial in the country's climate change activities over time. Together with the legislature, it has the primary authority over programme financing. Understanding its importance in this respect, Indonesia's finance minister initially facilitated parallel meetings at COP13 among finance and trade ministers which aimed at, among other things, reviewing the costs of damages from climate change, reviewing the policy instruments available for addressing the issue, setting objectives and common goals, and outlining steps to follow. These meetings drew dozens of trade and finance ministers, who, before COP13, had been largely silent in the climate debate. And, domestically, the Ministry of Finance has also strengthened its position relative to other ministries by forming a unit specializing in climate change finance.

In general, therefore, the Ministry of Finance has become more and more central to climate change policymaking, and it has actively attempted to expand its authority in the area (Resosudarmo & Abdurohman 2011). In contrast with several of the other institutions discussed here, however, its goals have been more limited. Its main intention has been to establish its leading position over the development of climate change financing policies and their implementation, including REDD+. At present, oversight of REDD+ financing continues to be coordinated under the REDD+ Task Force; in particular, under the Working Group on Funding Instruments. Although the Ministry of Finance is a member of the group, it has not yet come to play a leading role. It has, nevertheless, tried to leverage its authority in this area by emphasizing its strong knowledge of the country's finances and using its power to push for the implementation of policies related to climate finances. Its key disadvantage in doing so, however, has been that the Ministry has only limited knowledge of climate change issues. Thus, it must primarily assert itself in climate change policymaking processes as a collaborator rather than a leader. The Ministry as, as noted above, actively sought to change this situation by building expertise in the area of climate finance, but this has not yet helped to bolster its authority over other institutions.

The Role of the International Community in Indonesia

On the issue of climate change, a number of international actors, such as bilateral aid donors, multilateral development agencies and private foundations, have worked together with the Indonesian government and various domestic institutions. Support from such actors increased dramatically in the lead-up to COP13 in Bali and prior to and after COP15 in Copenhagen. Together, these actors have shaped the development of climate change policymaking in Indonesia to a considerable extent. As discussed in the first part of this chapter, they have been extremely important for stimulating Indonesia's more ambitious approach to climate change. However, as we discuss below, they have also tended to exacerbate competition among Indonesia's ministries, thereby leading to poor implementation.

The most significant international actor that has influenced the development of climate change policymaking in Indonesia has, of course, been the government of Norway, which signed an agreement (an LOI) with the Indonesian government in late May of 2010, promising up to US\$1 billion for supporting REDD+ development in Indonesia. This LOI has presented Indonesia with major opportunities, encouraging the groundswell of activities that has since taken place. Yet it has also presented challenges. Instead of utilizing existing institutions, for example, the LOI requires the establishment of new institutions to coordinate the implementation of REDD+ programmes; that is, not the REDD+ Task Force or DNPI or any other existing institution. The REDD+ National Strategy will be implemented by a new institution, the REDD+ Agency (REDD+ Task Force 2012) – and the head of this Agency will be directly responsible to the president. However, it remains to be seen whether or not this institution will be able to realize its mandate in view of the existing competition for authority in this area. The progress of this collaboration so far has been slow. To date, only US\$30 million has been disbursed.

With regard to the development of REDD+ institutions in Indonesia, a number of other bilateral aid and multilateral agencies have also supported the Ministry of Forestry in establishing a multi-stakeholder platform known as the IFCA, mentioned above, which has helped to develop REDD+ methodologies, strategies, financing and revenue distribution mechanisms (Ministry of Forestry 2008). At the sub-national level, likewise, the Australian Agency for International Development (AusAID) has helped to pilot REDD+ demonstration activities in Central Kalimantan province under the Kalimantan Forest Climate Partnership. Of the central multilateral development agencies, the World Bank's Forest Carbon Partnership Facility (FCPF) and the UN-REDD Programme are examples of two leading international organizations that focus on REDD+ development in Indonesia.

The influence of international actors, however, has not been confined to the domain of forestry. In the energy sector, bilateral donors and multilateral agencies have been working with Indonesia's govern-

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ment and other key actors to promote energy efficiency programmes and renewable energy financing, and to address the issue of energy subsidies. These include the work carried out by the government of Denmark through the Danish International Development Agency (DANIDA). In collaboration with the Ministry of Energy and Mineral Resources (MEMR), DANIDA has helped establish the Energy Efficiency and Conservation Clearing House Indonesia (EECCHI), a service facility aiming to promote and enhance energy conservation (EECCHI 2012). Other transnational actors have also been helping to promote the use of renewable energy sources in the country's energy mix. The World Bank, the Japan International Cooperation Agency (JICA) and other aid agencies, for instance, have provided support for investments and have started initiatives aimed at reducing risks in geothermal energy development. These collaborative efforts in the areas of renewable energy development and energy efficiency, however, face continuous challenges, including significant up-front investments, subsidies for fossil fuels and electricity, and an opaque mix of political and multilevel regulatory authorities that generate uncertainty and high transaction costs for investors.

Finally, international agencies and bilateral donors have also played significant roles in the development of overall national level climate change policies. In particular, they have collaborated with the Indonesian government and relevant institutions in the production of strategic plans for achieving the government's overarching goal of reducing CO₂ emissions by 26 per cent by 2020. These include the Ministry of Finance's Green Paper (i.e. a joint work between the Ministry of Finance and the Australian government), the ICCSR (a joint project between BAPPENAS, line ministries and the German government), and Indonesia's Second National Communication under the UNFCCC (produced by the MoE in collaboration with the UNFCCC; Ministry of Environment 2010).

In general, therefore, a variety of international actors have been shaping Indonesia's approach to climate change to a considerable extent. Some, such as the government of Norway, have had a major impact. More than any other factor, its agreement with Indonesia has helped to raise the government's level of ambition, and its emphasis on REDD has defined the contours of its approach. Others have been less influential, although they have shaped the evolution of particular programmes and helped draw the government's attention to particular issue areas. Nevertheless, it is also important to note that the activities and support of international actors have had negative side-effects. Indeed, international actors have stimulated competition amongst the various institutions involved in climate change policymaking. The promise of large-scale funds has been an important element in this regard, creating an incentive for institutions to compete for leadership. This is reinforced by the actual policies of certain donors and agencies; for the most part, they have tended to pick local counterparts without providing incentives for them to collaborate

with other domestic institutions, further exacerbating the problem. This has led to greater attention being given to the issue of climate change within the government, but has also made it difficult for institutions to cooperate with each other as they seek to obstruct the leadership of others and vie for control of international funding at the expense of actual implementation.

Conclusion

This chapter attempts to account for the climate change commitment that was announced by the president of Indonesia at the 2009 G20 meeting, as well as for Indonesia's strategy for achieving it. The chapter also attempts to explain why, despite the country's growing commitment to governing climate change and the elaboration of a climate change strategy, the implementation of climate change programmes has been lagging. On the factors leading to the announcement of Indonesia's CO₂ emissions mitigation commitments, this chapter has argued that international pressures for Indonesia to control its emissions, a growing perception on the part of the government of opportunities for attracting international funds for REDD programmes, growing confidence in the economy's performance, and the president's interest in being known as a leader among developing nations on the issue of climate change have been the key variables influencing the country's growing ambition. The strong emphasis on the part of the international community on REDD, and the provision of international funding for REDD projects in the country, have also shaped the government's climate change strategy significantly, raising the importance of mitigating emissions from forestry in its overall approach and sidelining other issues such as emissions in the energy sector by comparison.

On the question of why the implementation of climate change programmes has been relatively weak, this chapter has argued that the main reasons are as follows. First, there is no clear hierarchy of authority among the various institutions involved in the country's climate change policymaking process. This is, at base, due to a tug of war among Indonesia's ministries over whether climate change should be regarded as a sectoral or inter-sectoral issue. Although, in general, climate change is widely thought to be an inter-sectoral issue – a view held by the Indonesian president – sectoral ministries in Indonesia continue to argue that climate change is a sectoral issue, and that they should develop and lead particular programmes on climate change fitted to their sector. The Ministry of Forestry, for example, persists in thinking of REDD+ as a purely sectoral programme, and argues that it alone should design and lead the implementation of the programme. A similar situation exists with regard to MEMR and energy use and efficiency policies, as well as with the Ministry of Finance and financing climate change programmes. Meanwhile, BAPPENAS has argued

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that climate change is an inter-sectoral developmental issue which, as such, falls within its remit.

Second, there seems to be little consensus among governmental institutions on who should take the lead in developing climate policies in the country and implementing climate change programmes. Currently, there are at least three institutions with mandates to lead climate change policymaking in the country. Since the end of the 1960s, BAPPENAS has had a mandate to coordinate medium-term development planning, and, as mentioned above, it has argued that climate change should be treated no differently from any other development issue. It therefore has a strong claim to be the leading institution on the issue of climate change. Nevertheless, other institutions also have presidential mandates to lead policy development on climate change. DNPI is one, and another – though it is much more specifically focused on REDD+ – is the REDD+ Task Force. All three are competing to capture the authority to coordinate climate change-related activities across the country, and this comes at the cost of reducing incentives for them to cooperate with each other, as well as resulting in ineffective policy implementation. Third, overlapping tasks and conflicting policies among institutions on climate-related issues are quite common. This is the case with BAPPENAS, DNPI and the REDD+ Task Force, as described above, and it holds true for many other ministries and institutions as well. The MoE's activities in many cases overlap with those of MEMR, the Ministry of Forestry and other line ministries, and agreement among them over the terms of cooperation and the distribution of responsibilities has proven difficult to achieve.

Fourth, there are cases in which some government institutions view climate change programmes negatively. For instance, when it comes to REDD+, governmental ministries with programmes to develop industrial timber plantations, agricultural crops and mining activities have vested interests in being able to use the remaining forest and peat land areas (Resosudarmo et al. 2012), and would thus perceive themselves as losers in the promotion of climate change programmes. In addition, it is also worth noting that international donor policy in Indonesia generally seems to exacerbate the problem. So far, there has not been any coordination among international donor activities related to climate change. The donors develop their own programmes, bring in their own experts to run or coordinate Indonesian climate change programmes, and pick different institutions in the country to be their partners in implementing them. These activities then empower their partner institution to compete against other institutions to capture a larger share of climate change programmes. International donors have therefore not provided any incentive for their partners to collaborate with other local institutions.

What direction should Indonesia now take to develop its climate change programme better in the near future? There are not many environment programmes that could be considered to have been

successful, so lessons from previous programmes are rather limited. Furthermore, the scale and complexity of the climate change problem limit their relevance. However, the implementation of the integrated pest management (IPM) programme to reduce the use of toxic pesticides during the early 1990s may hold some lessons (Resosudarmo 2010). The IPM programme was successful because of (1) solid local research on the topic providing the government with accurate information on the issue; (2) national political will to implement the programme, meaning all institutions were willing to support it; (3) the president clearing an institutional bottleneck, that is, resolving resistance to the IPM programme by some institutions; (4) international institutions providing proper support; and, finally, (5) instant benefits provided to the people implementing the programme.

In the case of climate change, the key to successfully implementing climate change programmes, including REDD+, might be different from those relevant to IPM. Nevertheless, we would like to argue that, first of all, strong political will and leadership are needed. Currently it is not clear whether the Indonesian people actually do care about the issue of climate change. National and local Parliaments as representatives of the people have not said much regarding climate change so far. On the leadership issue, first, the Indonesian president should choose one of the existing institutions as a lead institution, be consistent with this choice, and explicitly instruct the other governmental bodies to follow its directives. Second, clear job descriptions should be defined for each institution involved in the development of climate change policies and implementation. A kind of institutional breakthrough is needed to resolve the conflict of interest among the institutions involved. In the case of IPM, initially the Ministry of Agriculture resisted implementing the programme, so the president decided to bypass the Ministry and asked BAPPENAS to implement the programme instead. Once the programme was up and running, the Ministry of Agriculture was asked to join in, and was delegated clear tasks as a condition for involvement. Third, coordination among international institutions is needed so that coherent support can be delivered, limiting domestic institutional fragmentation and providing sufficient resources for implementation. Fourth, people affected by the climate change programmes should benefit from these early on, or should at least understand how they might benefit. Finally, we would argue that local research on climate change is essential. Currently, domestic research is relatively weak, so it needs support and also has to be linked to efforts undertaken by international research communities. International donors and research institutions could contribute to this as well.

Given that there are many challenges, serious doubts remain as to whether or not Indonesia will be able to control its CO₂ emissions in line with its broad agreements and commitments. The signs for hope are not quite there yet and there will be a long way to go before Indonesia can truly become a climate policy leader.

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Notes

- 1 Drafts of these papers were circulated in 2007, though their actual publication came later.
- 2 As the global warming potential is expressed as a factor of CO₂, this paper uses 'CO₂' and 'GHG' interchangeably.
- 3 Indicating the ambition of the previous minister of environment to be able to lead climate change activities in the country.

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