CLIMATE EMERGENCY COLLABORATION GROUP

Climate Transparency

IESR Institute for Essential Services Reform

CLIMATE POLICY IMPLEMENTATION CHECK

PUBLIC FINANCE ON INDONESIA'S ENERGY TRANSITION: **IMPLEMENTATION ASSESSMENT**

Climate Transparency

Climate Transparency is a global partnership with a shared mission to stimulate a “race to the top” in climate action in G20 members through enhanced transparency.

www.climate-transparency.org

Published 13 November 2024

Authors and acknowledgements

IESR Institute for Essential Services Reform

Muhammad Aulia Anis,
Putra Maswan

Climate Transparency

CLIMATE EMERGENCY COLLABORATION GROUP

We would like to express our gratitude for inputs, reviews, and helpful hints to Fabby Tumiwa.

This paper is part of the Climate Transparency project Driving Climate Implementation and Financing the Energy Transition in the G20, funded by the Climate Emergency Collaboration Group (CECG). The contents of this publication are the sole responsibility of the authors and do not necessarily reflect the views of the CECG.

CONTENTS

EXECUTIVE SUMMARY

Indonesia faces challenges in transitioning to a low-carbon economy. Despite its commitment to reducing greenhouse gas emissions, the country's reliance on fossil fuels, particularly coal, poses a major obstacle. The government has set ambitious targets for renewable energy adoption but securing the necessary financing remains a hurdle. The financing needs for Indonesia's energy transition are estimated to reach USD 20–40 billion annually by 2050. However, the current realization of financing is significantly lower, with only USD 1.47 billion invested in new and renewable energy in 2023. This shortfall highlights the urgent need to increase investment in clean energy technologies and infrastructure. While initiatives like the Just Energy Transition Partnership (JETP) and the Energy Transition Mechanism (ETM) offer potential solutions, challenges related to funding, transparency, and project bankability persist. Indonesia's success in achieving its net-zero emissions goal will depend on its ability to overcome these obstacles and accelerate its energy transition.

This report highlights the implementation of Ministry of Finance Regulation (MoFR) No. 103/2023 regarding the national energy transition financing acceleration through the establishment of the Energy Transition Platform (*Platform Transisi Energi*/PTE). The regulation was a key milestone in the development of enabling policies, particularly from the financing side. Specifically, it provides fiscal support for energy transition financing. Using the Climate Policy Implementation Check framework, the report assesses four dimensions of the MoFR No. 103/2023 implementation; legal status, oversight, institutional and governance, and resourcing. Every dimension has been assessed by answering specific questions through the literature reviews and stakeholder interviews. Afterward, the report rated the overall implementation of the regulation as 'Medium', as it rated as 'Strong' in the legal aspect while 'Medium' on the other three dimensions.

Additionally, The report provides three recommendations to improve the implementation of Indonesia's energy transition policy. First, the government should clarify the policy's goals and targets, including renewable energy targets and a strategic plan for achieving them. For instance, The current policy did not provide a clear renewable energy (RE) target that will serve as the benchmark, as multiple targets across government institutions have led to inconsistent perceptions of the overall goal. Otherwise, it should outline a strategic plan for achieving the target and specify the financing needed to support the national energy transition through the platform. Second, the government should provide guidance on budgetary implications, including budget allocation and a cost-recovery mechanism. Finally, the platform's managing institution should be more independent and transparent, allowing for better financial mobilization and public oversight. By addressing these recommendations while developing other enabling policies (e.g. incentives for RE development, local content requirement adjustment, fossil fuel subsidies and revision on coal domestic market obligation), it is hoped that Indonesia could scale up energy transition financing to achieve the overall net zero emissions target.

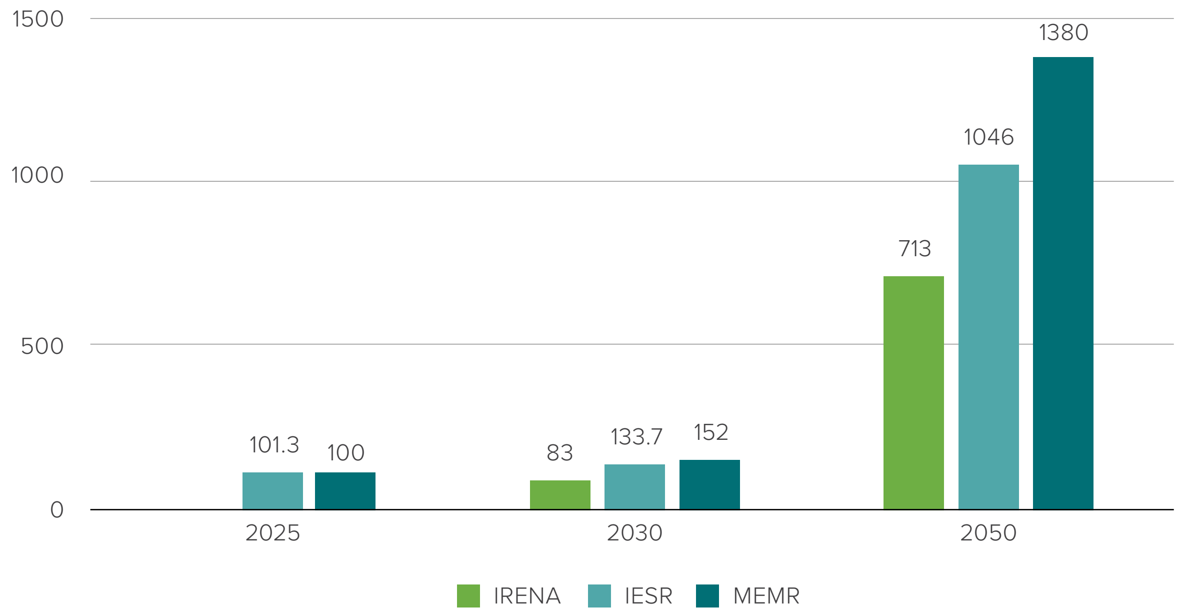
A. OVERVIEW: ENERGY TRANSITION FINANCE IN INDONESIA

Indonesia's commitment to combating climate change is evident through its ratification of the Paris Agreement in 2015, enacted under Law No. 16/2016 (GoI, 2016). This commitment laid the foundation for the country's climate policies, including submitting its first Nationally Determined Contribution (NDC) in 2016. Indonesia's NDC sets targets for reducing greenhouse gas (GHG) emissions by 2030. Following that, in 2021 Indonesia issued a Long-Term Strategy for Low Carbon and Climate Resilience (LTS-LCCR) that targets net zero in 2060, which is further supported by the Enhanced Nationally Determined Contribution (ENDC) (UNFCCC, 2021; MoEF, 2022). These strategies collectively reflect Indonesia's aspiration to achieve net-zero emissions by 2060, demonstrating an alignment with global climate goals under a common but differentiated responsibility principle.

The challenge of addressing GHG emissions is underscored by Indonesia's significant contribution to global emissions, particularly from the energy and agriculture, forestry, and other land use (AFOLU) sectors. In 2022, these activities accounted for 743.5 MtCO2e, with energy demand and supply contributing 52.8% and 47.2%, respectively. Projections indicate that if current trends continue, these emissions could rise to 962.7 MtCO2e annually by 2030 and potentially double by 2060, driven by population growth and increased GDP (IESR, 2024). This highlights the urgent need for Indonesia to enhance its efforts in energy transition to curb these emissions to meet the net-zero target.

However, energy transition requires investment to build up clean energy infrastructures while maintaining energy supply to meet growth in energy demand. To achieve the target of renewable energy shares in 2025, 2050, and 2060, the country needs an estimated USD 20–40 billion annually to support its energy transition to decarbonize by 2050 (Figure 1). (IESR, 2024; IESR, 2022; IRENA, 2022).

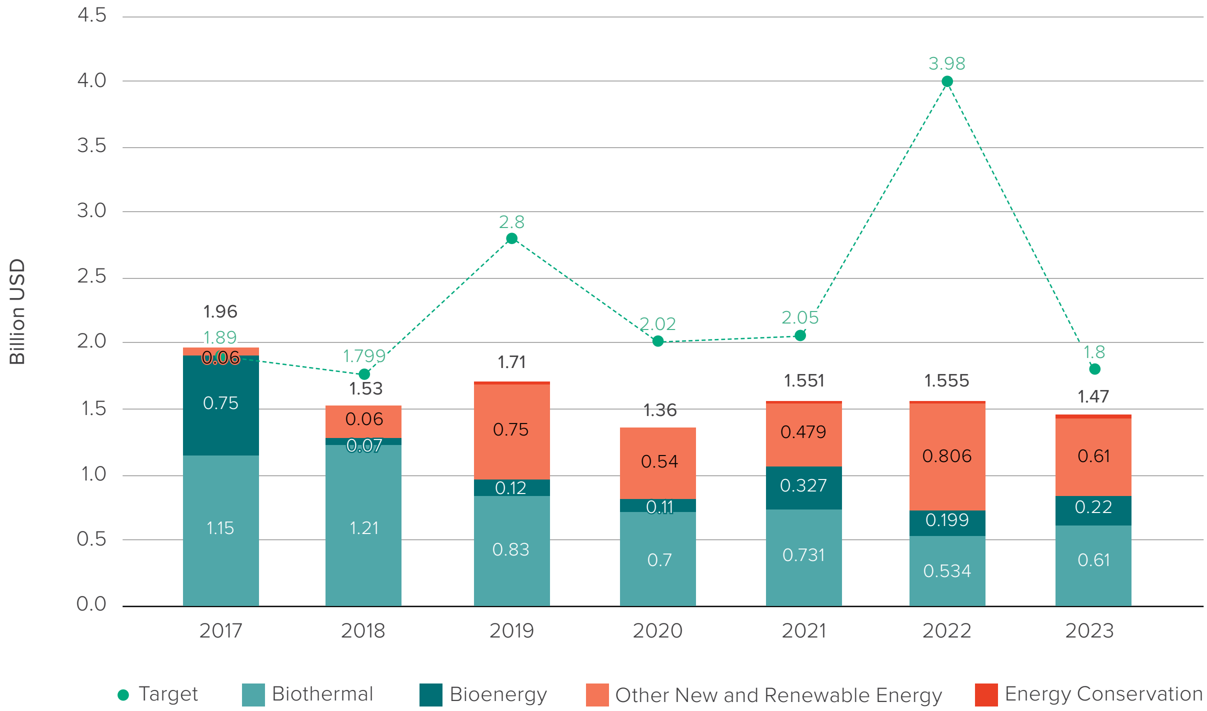
FIGURE 1. Total Renewable Energy Investment Needs
(IESR, 2022a; MEMR, 2023; IRENA, 2022)



The financing required for Indonesia's energy transition must catch up to the necessary levels to achieve its net-zero emissions target. However, the current trends indicate that the level of investment needs to catch up to the government-owned target. The current performance has drawn skepticism on the ability of the government to mobilize financing. As depicted by Figure 1, the annual investment realization for new and renewable energy (including energy conservation) only reached USD 1.47 billion in 2023, still below the USD 1.8 billion investment target of the Ministry of Energy and Mineral Resources (MEMR) for the same year (IESR, 2024; IESR, 2022; IRENA, 2022).

The unachieved target of 2023 makes it more prominent that the 2024 investment target of USD 2 billion will become unachievable, too. The MEMR argued that the unachieved target was due to 1) data unavailability from several state-owned enterprises (SOEs), 2) project financial attractiveness, 3) delay in several project implementations by PLN (*Perusahaan Listrik Negara*) – state-owned enterprise for electricity generation, transmission and distribution – and 4) technical, social, and legal issues surrounding several projects, mainly geothermal, that hamper the development of the project (MEMR, 2024). While domestic banks have increased their financing for renewable energy projects, their investment in the mining sector continues to dominate. The actual deployment of these funds into projects remains constrained by regulatory certainty, project bankability, transparency, and environmental and social safeguards despite various innovative financing instruments that have been developed, such as green sukuk and carbon markets, to support clean energy (IESR,2024).

FIGURE 2. Investment Realization in New Energy, Renewable Energy, and Energy Conservation Sub-sector (MEMR, 2024)



Energy transition financing in Indonesia have recently seen progress through key initiatives like the Just Energy Transition Partnership (JETP) and the Energy Transition Mechanism (ETM). In 2023, the JETP launched its Comprehensive Investment and Policy Plan (CIPP) and signed a non-binding framework agreement for the early retirement of the Cirebon 1 coal-fired power plant by 2035. However, the CIPP revealed that achieving its 2030 targets would require at least USD 97 billion, far exceeding the USD 22 billion committed by the International Partners Group (IPG) and the Glasgow Financial Alliance for Net Zero (GFANZ). Additionally, public concerns about the allocation of funds for just transition aspects and the transparency of asset valuation have emerged as significant challenges for the ETM, despite securing USD 2.5 billion in commitments for coal-fired power plant early retirements (JETP Secretariat and Working Groups, 2023).

Following the launch of ETM, in October 2023, Indonesia strengthened its energy transition efforts with the release of Ministry of Finance Regulation (MoFR) No. 103/2023. The MoFR No. 103/2023 is a critical component in achieving Indonesia's net-zero emissions targets by enhancing the regulatory framework and attracting further investment in sustainable energy projects (MoF, 2023a). The regulation established the Energy Transition Platform (*Platform Transisi Energi*/PTE) to streamline financing for power sector projects. It facilitates the allocation of public funds to accelerate energy transition initiatives, addressing financing gaps by setting clear criteria, improving project bankability, and ensuring transparency. Specifically, the regulation stated at least three types of projects that could be funded through the platform: 1) early-retirement of coal-fired power plants (CFPP), 2) early-retirement of CFPP which the power purchase agreement (PPA) forced-to-end earlier, and 3) new and renewable energy development (including transmissions system development). On the governance side, PT Sarana Multi Infrastruktur (PT SMI), the MoF's special mission vehicle (SMV) in the infrastructure financing sectors, will act as the platform manager while the Fiscal Policy Agency (*Badan Kebijakan Fiskal*/BKF) will be the chief of the steering committee (Figure 3).

FIGURE 3. Institutional Arrangement of the Energy Transition Platform as in MoFR No. 103/2023

*Fiscal Policy Agency – The Ministry of Finance acts as the chair of the steering committee, while other ministries act as the members of the steering committee.

**Beneficiaries of this facility included PT PLN – the state-owned enterprises in electricity generation, transmission, and distribution – and its subsidiaries, private IPPs, and other investors/project sponsors

KEY FEATURES OF MOFR 103/2023

The MoFR No. 103/2023 acts as a legal basis for allowing the use of the government's budget (*Anggaran Penerimaan dan Belanja Negara*/ APBN), besides other sources of financing, through the establishment of the Energy Transition Platform (*Platform Transisi Energi*/PTE) to accelerate national energy transition programs. In addition, the regulations also regulate governance and financing mechanisms within the platform. PT Sarana Multi Infrastruktur (PT SMI) – a special mission vehicle for infrastructure financing – is assigned as the platform manager, while the Fiscal Policy Agency of MoF will monitor, consult, and evaluate the processes as the chair of the steering committee. The platform specifically aims to provide fiscal support for two types of projects: 1) early retirement of coal-fired power plants, and 2) renewable energy development (including transmission and distribution).

B. POLICY IMPLEMENTATION CHECK

In this part, the implementation of the MoFR No. 103/2023 was analyzed using The Climate Policy Implementation Check framework developed by Climate Transparency – a partnership of civil society organizations and think tanks focusing on climate policy issues (Climate Transparency, 2024). The Climate Policy Implementation Check is a tool that helps civil society monitor the progress of climate policies, including climate-related financing policies, from the early stages. The tool allows stakeholders to assess policy implementation, exchange best practices, and hold governments accountable. The framework evaluates multiple dimensions of policy implementation, including legal status, institutions and governance, resourcing, and oversight. It provides specific questions to enable comparisons across countries (see Appendix). After answering questions through a literature review and interviews with stakeholders, the framework will determine the rating for each dimension and the overall rating of the policy implementation.

Overall Assessment of Policy: MoFR No. 103/2023

RATING **MEDIUM**

The release of Ministry of Finance Regulation (MoFR) No. 103/2023 is essential, as it established the Energy Transition Platform (PTE) that is designed to accelerate investment flows towards the early retirement of coal-fired power plants and new and renewable energy developments in Indonesia. As a derivative regulation of Presidential Regulation No. 112/2022, it governs the public fund investments for energy transition acceleration programs. The framework within the regulation is systematic and clear, with PT SMI, a state-owned special mission vehicle (SMV) designated for infrastructure financing under the Ministry of Finance (MoF). The MoF, through the Fiscal Policy Agency, will serve as the chair of the steering committee.

Although the regulation has been imposed since October 2023, the impact of this policy remains unclear. There is a monitoring and reporting framework for investments made within the platform, but there are no publicly available reports about the impact and performance of the platform. However, some information regarding the platform can be traced through the MoF Performance Report and PT SMI Annual Report. Additionally, the cost recovery mechanism for the program is still being determined as there is no clarity on how much public funding from the national budget will be allocated for the platform in the next years. Considering these factors, the authors rate the overall implementation of the regulations as 'Medium,' since the policy has a strong legal basis but lacks in other components, particularly in oversight and resourcing. Therefore, the Government of Indonesia is encouraged to refer to the recommendations in this report to improve the current energy transition finance policy and regulations.

IMPLEMENTATION CHECK OF MOFR NO. 103/2023

Overall Assessment of Policy: MoFR No. 103/2023

RATING MEDIUM

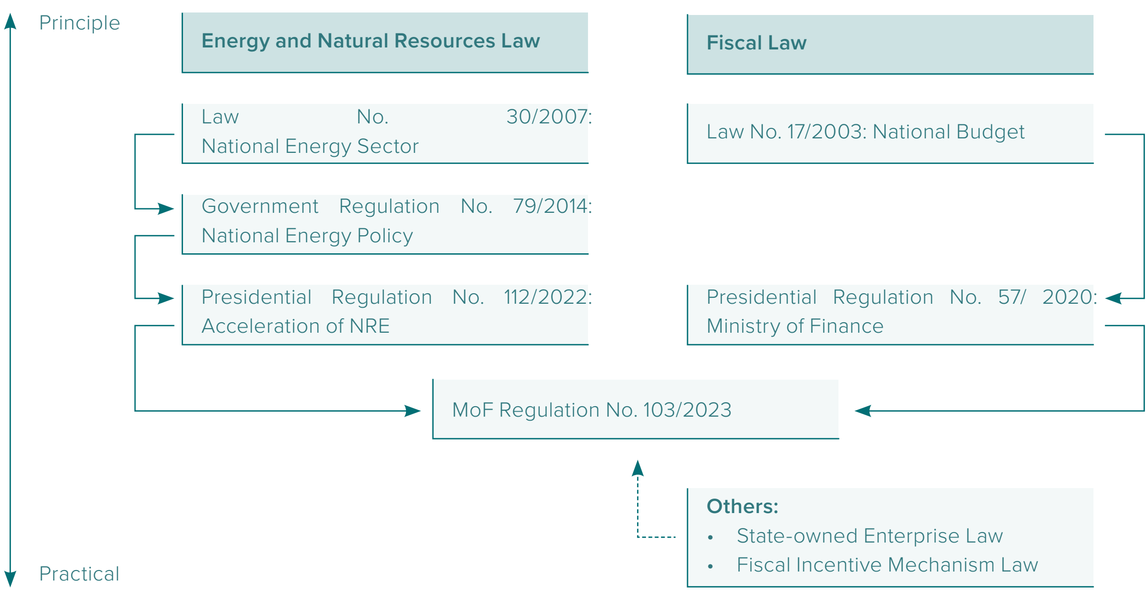
LEGAL STATUS

STRONG

In this part, The Climate Policy Implementation Check Framework assesses whether the legal basis for implementation has been established. The author analyses the state of implementation by breaking down the legal status and its relation with other regulations. As the national treasury, the Ministry of Finance (MoF) of the Republic of Indonesia bears the responsibility of planning, disbursing, transferring, and reporting the national budget, which encompasses all state revenues and expenditures. Consequently, the MoF possesses the authority to regulate a country's expenditure and public investment for the energy sector through various channels. These channels include transfers to regional governments, fulfillment of state obligations for strategic projects, and national capital injection (*Penyertaan Modal Negara*/PMN) to state-owned enterprises.

In the Indonesian legal framework, ministerial-level regulations typically serve as practical or implementation bases for specific actions. Compared to other types of regulations, MoFR 103/2023 falls under several higher-level laws, as illustrated in Figure 1. MoFR 103/2023 is one of the offshoots of Presidential Regulation (PR) 112/2022, which focuses on accelerating new and renewable energy in Indonesia (GoI, 2022). This regulation also derives from higher-level energy and natural resources laws. Furthermore, MoFR 103/2023 is subject to higher-level fiscal laws – as it contains articles which allow the public financial flows through the platform. In general, the higher the level of law, the more it consists of principles rather than practical guidelines, and vice versa. It is important to note that the higher laws were also determined by the House of Representatives (*Dewan Perwakilan Rakyat*/DPR) and/or the People's Consultative Assembly (*Majelis Permusyawaratan Rakyat*/MPR).

FIGURE 4. Legal and Policy Mapping of MoFR No. 103/2023 (Author's Compilation)



OVERSIGHT

MEDIUM

The Ministry of Finance Regulation (MoFR) 103/2023 establishes a governance and monitoring system for any type of fund, including the national budget, involved in the Energy Transition Platform (Platform Transisi Energi/PTE). Specifically, Article 10 of the regulation states that the Ministry of Finance will form a steering committee and appoint the PT SMI as the platform manager. Articles 29 and 31 require the platform manager, PT SMI, to report to the steering committee at least once every six months, providing information on the amount and beneficiaries of the facilities, the sources of funds, relevant activities, and the implementation of financing partnerships. The steering committee and platform manager will collaborate to create an annual report that records the quantitative and qualitative outcomes of the policy. Also, as outlined in Article 17, the platform manager will evaluate their performance with the support of third-party auditors before reporting their achievements to the steering committee.

Although the monitoring and evaluation framework for the program has been established by MoFR 103/2023, there is no explicit and specific obligation for the platform manager or steering committee to report comprehensively the evaluation results to the public.

The Ministry of Finance's Annual Performance Report and the PT SMI Annual Report provide some information on a number of milestones. For instance, the 2022 MoF Performance Report highlighted the progress in establishing the ETM Country Platform and securing USD 500 million in funding through the Climate Investment Funds (CIF), which is expected to increase to USD 4 billion (MoF, 2023b). The 2023 MoF Performance Report also set the effectivity and establishment of a legal basis for the Energy Transition Platform (Platform Transisi Energi/PTE) as a key performance indicator for the Fiscal Policy Agency (Badan Kebijakan Fiskal/BKF), a specialized agency under the MoF. The report noted that the 2023 target for the regulation's effectiveness was achieved due to the release of MoFR 103/2023 (MoF, 2024a). Furthermore, PT SMI's Annual Report provided information on several grants related to the ETM and/or Energy Transition Platform (Platform Transisi Energi/PTE), including technical assistants funded to support ETM implementation (PT SMI, 2024).

However, these published reports did not indicate any specific targets or progress related to the number of public financing flows or other sources through the Energy Transition Platform (Platform Transisi Energi/PTE) within the ETM program or others. Moreover, the regulation did not mention any derivatives roadmaps or strategies that will be complementary to the regulation.

INSTITUTIONAL FRAMEWORK AND GOVERNANCE

MEDIUM

The assessment aims to evaluate the institutional framework and regulatory clarity at this stage. The rating will be determined by the appointed institution's authority to enforce the rules and the clarity of those rules in achieving the set targets. Institutionally, the regulations clearly designate PT SMI as the platform manager and establish a legal framework for its governance. As a Special Mission Vehicle (SMV) under the Ministry of Finance (MoF), which serves as the regulator for Indonesia's financial and fiscal activities, PT SMI holds the legal authority to enforce these regulations in support of Indonesia's energy transition plan.

This regulation offers comprehensive guidance to PT SMI on the funding and utilization of the platform. It outlines sources of funding and specifies the entities and projects that are legally eligible to access fiscal facilities through the platform. The support mechanism is directed toward projects that align with the national energy plan provided by the Ministry of Energy and Mineral Resources (MEMR). However, there is limited information available on whether the fiscal support will effectively meet the policy objectives. The policy does not provide details on the amount of funds allocated to the energy transition platform in relation to the national renewable energy and early retirement targets. Therefore, this section is rated as medium in terms of the clarity of its regulation for achieving the intended goals.

RESOURCING

MEDIUM

This section assesses the budgetary implications of the regulation and whether the regulatory authority is adequately equipped to fulfill its mandate. The primary purpose of the regulation is to offer fiscal support for energy transition, which is part of budgetary activities. The financial implications of this support are expected to be funded by the national budget and other relevant sources, including international contributions and entities through a blended finance scheme. However, there is currently no available information detailing the amount or percentage of funds allocated to the platform from either the national budget or international sources. Additionally, there is a lack of accessible information regarding the total funds mobilized to support energy transition projects through the platform and the number of projects that have been funded under the ETM. Furthermore, the provisions do not include any statement regarding a cost recovery mechanism within this process.

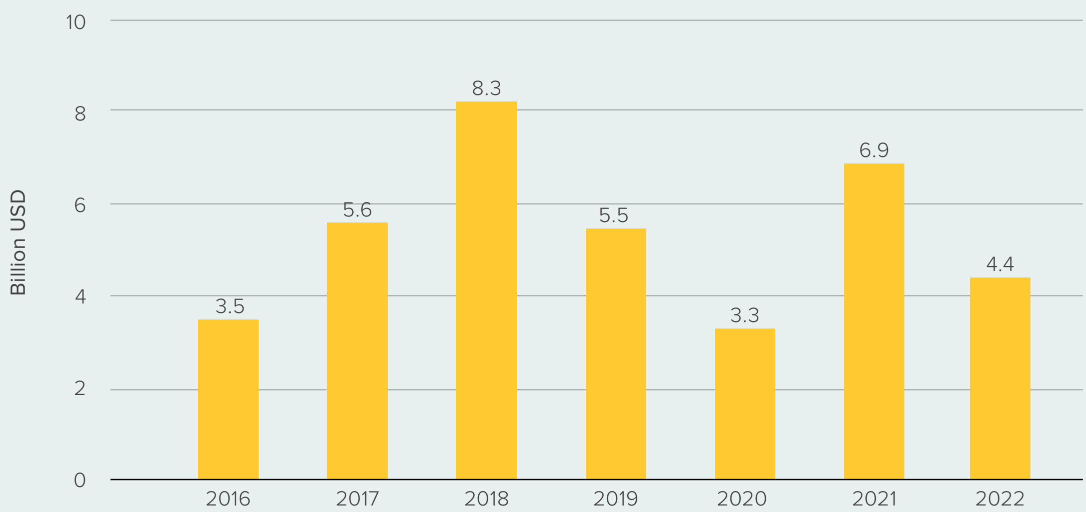
PT SMI, as the SMV established by the MoF to finance national development projects, is well-equipped to manage the ETM as the platform manager. PT SMI has demonstrated strong performance in managing funds and providing financial support for strategic national projects. Its solid reputation facilitates easier access to international funding sources. As an institution, PT SMI possesses sufficient financial reserves that can be mobilized as fiscal support for transition projects. However, the institution has not yet established a specific budget allocation target for achieving Net Zero Emissions (NZE) as part of the national energy transition objectives through this platform. Moreover, PT SMI's authority is limited by its institutional mandate, as it must solely follow the Ministry of Finance's instructions in its actions and decision-making processes. This limitation restricts PT SMI's ability to involve in regulatory settings and reforms and provide support for the energy transition under a Paris-aligned scenario. Therefore, this category is rated medium.

PARIS-ALIGNED CLIMATE FINANCE

The Paris Agreement provides a legally binding framework for countries to set goals toward a low-carbon economy, making climate finance a central focus for both public and private economic actors since its adoption in 2015. Paris-Aligned Financing, or Paris Alignment, refers to financial flows directed toward emission reductions and climate action activities that align with the objectives of the Paris Agreement. Article 2.1(c) explicitly states that financing for climate action must be consistent with a pathway toward a low-emission economy and sustainable development. This alignment is crucial in establishing benchmarks for the global and national financial needs required to mitigate and adapt to climate change.

Indonesia has outlined its pathway through the Enhanced Nationally Determined Contribution (ENDC), which presents the country's ambitious roadmap to achieve net-zero emissions by 2060. Paris-aligned public funding ensures that all government economic actions and financial decisions integrate climate-resilient objectives. To finance its climate actions and meet its ENDC target, Indonesia needs an estimated USD 285 billion for its conditional goals and USD 281 billion for its unconditional goals between 2018 and 2030, equivalent to about USD 21,6 billion annually (UNFCCC, 2022). However, the average national climate financing over the past seven years amounted to USD 5.4 billion, covering only a quarter of the required funds (MoF, 2024b), revealing a significant financing gap in achieving the ENDC targets.

FIGURE 5. Investment Realization of National Climate Finance (MoF, 2024b)



To fully align with the Paris Agreement goals, the previously mentioned financing needs are likely underestimated, as Indonesia's ENDC is not yet aligned with the 1.5°C pathway. Furthermore, Indonesia has raised its emission reduction targets in the draft of the second NDC (GoI, 2024), which will require additional financial mobilization. However, the financial strategy remains vague and lacks sufficient detail in the second NDC, potentially hindering the allocation of national funds for climate action.

The Ministry of Finance plays a key role in aligning Indonesia's national financial flows with the Paris Agreement. It has the authority to mandate government bodies, such as establishing a national development bank to support climate-related programs, and can regulate national budget spending by incorporating green budgeting and subsidies for climate action projects. Therefore, the MoFR 113/2023 is among the key instruments critical for scaling up Paris-aligned financing, specifically within the energy sector, in Indonesia.

However, several existing regulations and practices currently hinder the effective mobilization of climate finance in Indonesia. First, cross-sectoral policies are still not aligned with climate action and energy transition efforts. This includes limitations on local content requirements (LCRs) for renewable energy technologies, while domestic industries on renewable energy technologies remain underdeveloped. In addition, the coal domestic market obligation (DMO) and fossil-fuel subsidy regime made renewable energy still financially uncompetitive compared to fossil-based energy. Second, the national climate ambition, as stated in the Nationally Determined Contribution (NDC) and Enhanced NDC, remains insufficient compared to the 1.5-degree Celsius pathways (CAT, 2024). This also leads to unambitious renewable energy targets on the national primary energy supply mix as one of the most strategic mitigation actions. Even worse, the latest Draft for the National Energy Policy (*Rancangan Peraturan Pemerintah Kebijakan Energi Nasional*/RPP KEN) developed by the MEMR along with the National Energy Board lowered their target of renewable energy portion on the national energy supply mix from 23% to 17–19% in 2025. This could hamper investors and the international community's trust in Indonesia's energy transition commitment (Waluyo, 2024; Pristiandaru, 2024). Third, the lack of transparency in the project pipeline for energy transition projects hinders the mobilization of blended finance for appropriate initiatives. For example, within the power generation sub-sector, several pipelines were not in line with the electricity planning of the government and state-owned enterprises. Otherwise, MoF (2023) asserts that several projects did not fulfill the requirement for any blended finance scheme formed by financiers, such as risk assessment and tenure.

C. POLICY RECOMMENDATION

Based on findings from this report, here are recommendations for the improvement of future policies:

- **Improve clarity and alignment**

  This provision requires further elaboration on several key aspects to improve its clarity and alignment. First, it should specify which renewable energy (RE) target will serve as the benchmark, as multiple targets across government institutions have led to inconsistent perceptions of the overall goal. Second, it should outline a strategic plan for achieving the target and specify the financing needed to support the national energy transition through the platform. These details are crucial for ensuring clear and credible regulations, which are vital for better governance.

- **Provide guidance on budgetary implications**

  This regulation should provide clear guidance on the platform's budgetary implications. The budget allocation must specify the amount, either as a number or percentage, to indicate the available funds for disbursement on transition-related projects. For instance, the chair and steering committee of the Energy Transition Platform should provide a clear allocation of the annual government budget (Anggaran Penerimaan dan Belanja Negara/APBN) to support ETP, specifically, and equity financing to PLN in the form of Penyertaan Modal Negara (PMN). These figures should also be equal to the size of the annual investment needed for PLN to reach 44% renewable energy mix by 2030, as targetted by the JETP. Additionally, a cost-recovery mechanism for the platform should be developed and reported. Finally, the institution managing the platform should expand its mandate to operate independently, facilitating more effective financial mobilization.

- **Improve reporting and provide public transparency**

  The government needs to improve public transparency for the Energy Transition Platform, as it allows more public financing from the national budget towards national energy transition programs. The current regulation (MoFR 113/2023) has provided mechanisms on how the platform manager (PT SMI) should report to the Steering Committee, chaired by the MoF, for monitoring and evaluation purposes. Developing similar mechanisms for public reporting will allow civil society to oversee ongoing and upcoming energy transition projects better. Furthermore, ensuring civil society participation in programmatic planning and implementation would be critical. This could be done either through project-level planning dialogues or including civil society representatives on the governance mechanisms of the platform itself (e.g. steering committee, board of advisory, etc.).

D. METHODOLOGY: POLICY IMPLEMENTATION CHECK

The Climate Policy Implementation Check provides a concise framework to check from an early stage whether a policy is being implemented from the policy-maker side. Therefore, it can serve as an evaluation tool for civil society. This early check is important, as policy outcomes and impacts on greenhouse gas emissions are typically only measurable several years after the implementation, leaving little time for course correction if the implementation of the policy is weak.

This implementation check is a tool that enables stakeholders to evaluate the implementation status of policies, engage in the exchange of good practices, and hold governments accountable. Multiple tools and assessments already exist to evaluate ambition, but only few assess the implementation. These independent assessments are especially valuable in the run-up to the Global Stocktake, given that formal processes under the UNFCCC are not set up to fulfil this remit.

The framework checks different characteristics of policy implementation, which can be grouped into four categories: legal status, institutions and governance, resourcing, and oversight. For each of these categories, the framework includes specific questions that are designed to make the results comparable across different countries.

TABLE 6. Guiding questions for Climate Transparency Implementation Check

THE CHECK IN A NUTSHELL

Legal Status

Q1: Is there a legal basis for the implementation?

Institutions & Governance

Q2: Are there institutional bodies tasked with implementation of the policy instrument and its laws and regulations?

Q3: Are the rules and regulations clear and credible to meet the policy objective?

Resourcing

Q4: If the policy instrument has budgetary implications, does the budget include it and/or is the cost recovery mechanism clear?

Q5: Are the implementing bodies well-resourced and existing at the appropriate level?

Oversight

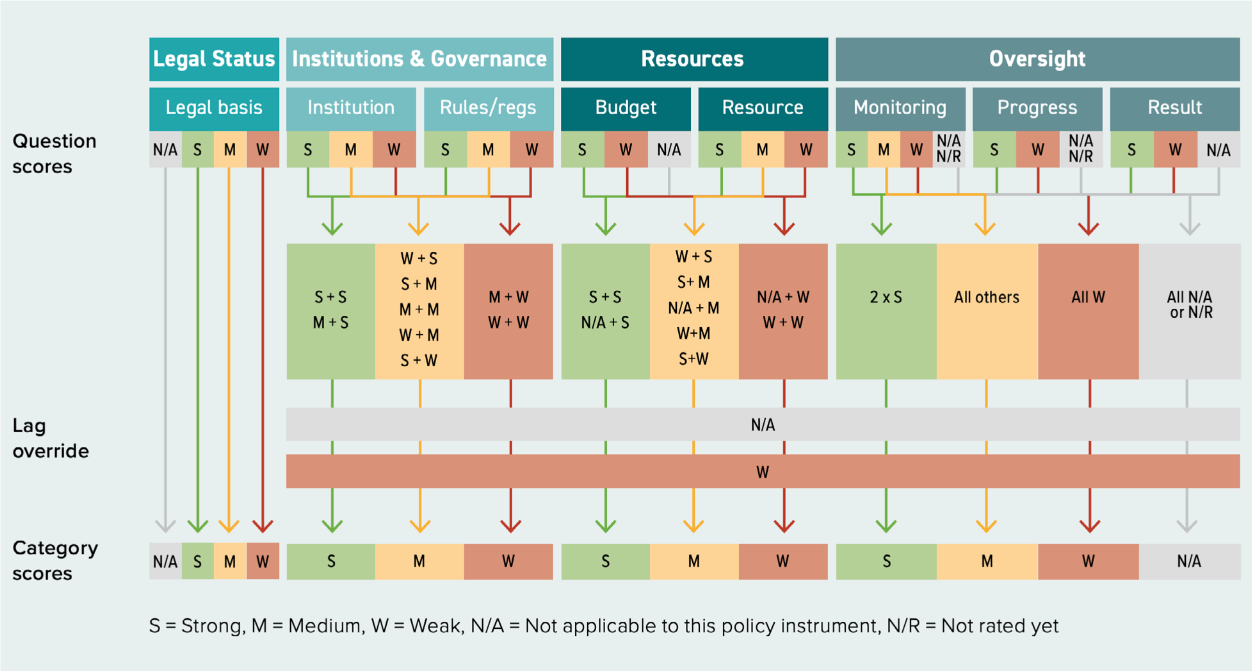
Q6: Have any monitoring results been made public?

Q7: Does the latest monitoring report indicate that the policy's goal will be achieved on time?

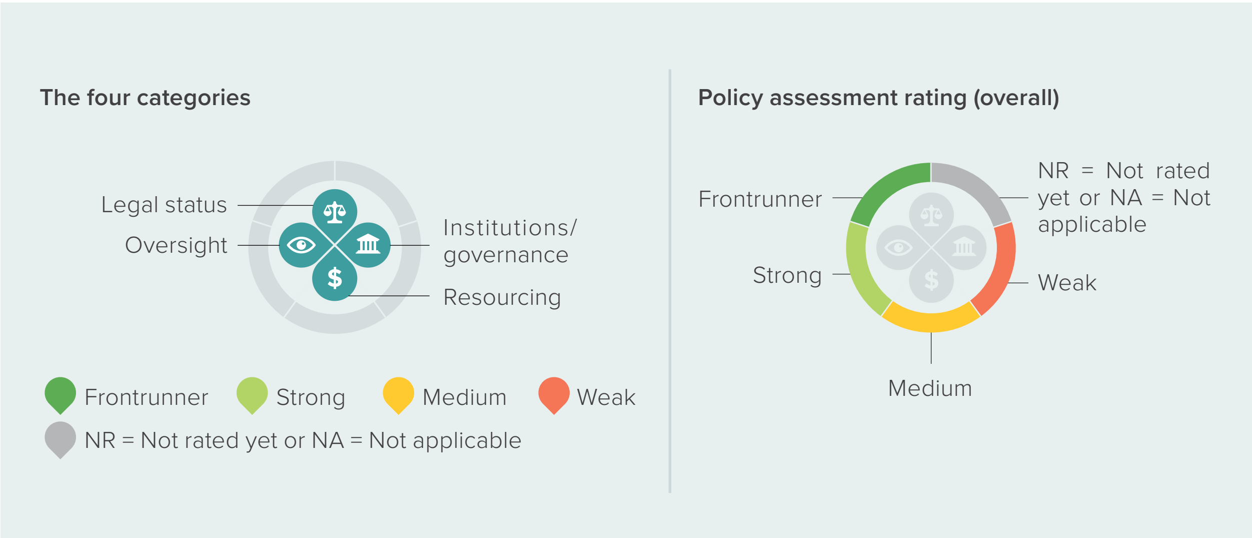
Q8: Is there a process of evaluation to assess the quantitative outcome of the policy instrument?

Depending on the answer to each specific question, the implementation of the relevant policy instrument in each category is rated as Weak, Medium, Strong, or Frontrunner.

TABLE 7. Rules for combining ratings per question to an overall rating at category level



These ratings are combined to produce an overall rating for the policy implementation in the format below.



REFERENCES

Climate Action Tracker. (2024). Indonesia. https://climateactiontracker.org/countries/indonesia/

Government of Indonesia. (2016).Undang-undang (UU) No. 16 Tahun 2016: Pengesahan Paris Agreement To The United Nations Framework Convention On Climate Change (Persetujuan Paris Atas Konvensi Kerangka Kerja Perserikatan Bangsa-Bangsa mengenai Perubahan Iklim). https://peraturan.bpk.go.id/Details/37573

Government of Indonesia. (2022). Peraturan Presiden (PERPRES) Nomor 112 Tahun 2022: Percepatan Pengembangan Energi Terbarukan untuk Penyediaan Tenaga Listrik. https://peraturan.bpk.go.id/Details/225308/perpres-no-112-tahun-2022

Institute for Essential Services Reform (IESR). (2024). Indonesia Energy Transition Outlook (IETO) 2024. https://iesr.or.id/pustaka/indonesia-energy-transition-outlook-ieto-2024/

Institute for Essential Services Reform (IESR). (2022). Deep decarbonization of Indonesia's energy system: A Pathway to zero emissions by 2050. https://iesr.or.id/en/pustaka/deep-decarbonization-of-indonesias-energy-system-a-pathway-to-zero-emissions-by-2050/

International Renewable Energy Agency (IRENA). (2022). Indonesia Energy Transition Outlook. https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2022/Oct/IRENA_Indonesia_energy_transition_outlook_2022.pdf?rev=b122956e990f485994b9e9d7075f696c

Just Energy Transition Partnership (JETP) Secretariat and Working Group. (2023). Comprehensive Investment and Policy Plan. https://id.jetp-id.org/cipp

Ministry of Energy and Mineral Resources. (2024). Laporan Kinerja Kementerian ESDM Tahun 2023. https://www.esdm.go.id/assets/media/content/content-laporan-kinerja-kementerian-esdm-tahun-2023.pdf

Ministry of Environment and Forestry. (2024). Second National Determined Contribution Draft.

Ministry of Environment and Forestry. (2022). Enhanced NDC: Komitmen Indonesia untuk Makin Berkontribusi dalam Menjaga Suhu Global. https://ppid.menlhk.go.id/berita/siaran-pers/6836/enhanced-ndc-komitmen-indonesia-untuk-makin-berkontribusi-dalam-menjaga-suhu-global

Ministry of Finance. (2024a). Laporan Kinerja Kementerian Keuangan 2023. https://media.kemenkeu.go.id/getmedia/a9cc1150-90b6-4c6c-93dd-933d1454265c/Laporan-Kinerja-Kemenkeu-2023.pdf?ext%3D.pdf&sa=D&source=docs&ust=1727315874836241&usg=AOvVaw1GlaTbkbBaOaj_mW2Z3SDd

Ministry of Finance. (2024b). Kebijakan dan Dukungan Insentif Fiskal untuk Percepatan Investasi Energi.

Ministry of Finance. (2023a).PMK 103 Tahun 2023: Pemberian Dukungan Fiskal Melalui Kerangka Pendanaan dan Pembiayaan dalam Rangka Percepatan Transisi Energi di Sektor Ketenagalistrikan. https://peraturan.bpk.go.id/Details/270988/pmk-no-103-tahun-2023

Ministry of Finance. (2023b). Laporan Kinerja Kementerian Keuangan 2022. https://media.kemenkeu.go.id/getmedia/cff4d7de-5602-418c-95d6-7e9817ce76b7/LAKIN-Kemenkeu-2022-up.pdf?ext=.pdf

Ministry of Finance. (2023c). Blended Finance: Antara Manfaat dan antangan dalam Penerapannya. https://kpbu.kemenkeu.go.id/read/1130-1294/umum/kajian-opini-publik/blended-finance-antara-manfaat-dan-tantangan-dalam-penerapannya

Pristiandaru, D.L.(2024). RPP Kebijakan Energi Nasional Disepakati Menteri ESDM dan DPR RI, Tunggu Pengesahan. Kompas.com: https://lestari.kompas.com/read/2024/09/08/130000886/rpp-kebijakan-energi-nasional-disepakati-menteri-esdm-dan-dpr-ri-tunggu.

PT Sarana Multi Infrastruktur. (2024). Laporan Tahunan 2024: Mempertajam Strategi untuk Mendukung Pembangunan Berkelanjutan Negeri. https://ptsmi.co.id/cfind/source/files/annual-report/annual-report-pt-smi-2023-1.pdf

UNFCCC. (2022). Enhanced National Determined Contribution. https://unfccc.int/documents/615082

Waluyo, D. (2024). ESDM Jelaskan Alasan Pemerintah Turunkan Target Bauran EBT 2025 jadi 17-19%. Katadata.co.id: https://katadata.co.id/ekonomi-hijau/energi-baru/66b444257eda2/esdm-jelaskan-alasan-pemerintah-turunkan-target-bauran-ebt-2025-jadi-17-19

www.climate-transparency.org