

Incorporating Just Transition strategies in developing country NDCs and post COVID responses: Indonesia

Tari Lestari

Azka Azifa

Aidy Halimanjaya

Kuki Soejachmoen

(Dala Institute for Environment & Society)

Cite this report as: **Lestari, T.** et al. (2021) Incorporating Just Transition strategies in developing country NDCs and post COVID responses: Indonesia

This paper was prepared as part of a Climate Strategies project [Incorporating Just Transition strategies into developing country NDCs](#) funded by the European Climate Foundation.

The meaning of Just Transition in the Indonesian context

Just Transition is a relatively new topic in Indonesia. Many stakeholders including the Ministry of Environment and Forestry, the country’s NDC focal point, have a very limited conceptual understanding of Just Transition. Leaders lack confidence to take the lead on Just Transition-related discussions in Indonesia due to this limited awareness. Nevertheless, some personnel in the Bureau of International Cooperation of the Ministry of Manpower have a good understanding of the topic as they have been involved in the international discussions on Just Transition, including the side event of the COP25 in Madrid organized by the ILO.

Furthermore, there is a knowledge imbalance within government institutions. For example, in the Ministry of Manpower, the knowledge of Just Transition is centered only in the Bureau of International Cooperation while other units or divisions are not familiar with the topic. In the Ministry of Manpower itself, Just Transition-related issues still remain in the scope of work of the Bureau of International Cooperation and have not been translated into policies and programs. Most of the stakeholders engaged in the discussions organized by the Dala Institute understand Just Transition as a way to manage changes in human aspects responding to shocks due to climate change, particularly how to incorporate justice and equity as an integral part of the transition to low carbon development or climate actions.

The methodology developed to engage stakeholders, including the government, and the obstacles that had to be overcome

Dala’s initial approach to engaging stakeholders in a formal setting was not successful as several invitees were reluctant to participate in Just Transition-related discussions held by external parties. Subsequently, the Dala Institute experimented with a different method of informal engagement including the use of personal contacts and organized meetings and webinars in the form of capacity building, i.e. informal discussions and knowledge sharing. This informal approach was better received by the stakeholders as they did not feel any pressure to show that they are knowledgeable on the topic. Respondents voluntarily participated in the discussions to learn and see how Just Transition is specifically related to their tasks and functions. Between October 2020 - March 2021, Dala have conducted 3 (three) webinars with description of participants as follow:

| Date of Webinar | Institution | Department/Division |
|------------------|--------------------------------------|--|
| 19 November 2020 | Ministry of Environment and Forestry | <ul style="list-style-type: none"> • Director of Climate Change Mitigation • Director of Climate Change Adaptation |
| 16 December 2020 | Ministry of Manpower | <ul style="list-style-type: none"> • Head of Sub Division of Multilateral Cooperation, Bureau |

| | | |
|-----------------|--|--|
| | | <ul style="list-style-type: none"> of International Cooperation • Head of Sub Division of Policy Studies • Head of Sub Division of Foreign Cooperation, Directorate General of Training and Productivity Development • Head of Sub Division of Foreign Cooperation, Directorate General of Industrial Relations Development and Manpower Social Security |
| 4 February 2021 | Ministry of Environment and Forestry | <ul style="list-style-type: none"> • Head of Land Ecosystem Adaptation • Directorate General of Training and Productivity Development |
| | Ministry of Manpower | <ul style="list-style-type: none"> • Head of Sub Division of Policy Studies |
| | Ministry of Cooperatives and SMEs | <ul style="list-style-type: none"> • Deputy Assistant Marketing, Deputy for Production and Marketing |
| | Ministry of Tourism & Creative Economy | <ul style="list-style-type: none"> • Coordinator of Tourism Human Resources Competency Training, Directorate of Human Resource in Tourism |

To overcome the lack of knowledge and conceptual understanding of Just Transition, Dala delivered a presentation at the beginning of each discussion or webinar. The presentation covered the background and history of Just Transition, the importance of Just Transition in the Indonesian context, and case studies of Just Transition implementation around the world. This presentation was useful in improving stakeholders' understanding of the topic and setting up a basis for further discussion. One of the responses of the participant was coming from the Director of Climate Change Adaptation who acknowledged that her previous understanding of Just Transition was a "mere" transition. In a further engagement with stakeholders with main tasks and functions that are less relevant to climate change, an

additional presentation on introduction to climate change, the Paris Agreement, and NDC was done to improve their general understanding of climate change issues and their relation to Just Transition. "I really appreciate Dala for initiating this discussion. Of all the issues in the Paris Agreement, this issue is the only one which has not been discussed," Director of Climate Change Mitigation responds.

The government in Indonesia functions in silos, based on departmental responsibilities. There is a lack of communication and coordination between government institutions on Just Transition in relation to climate change issues. For that reason, the Ministry of Manpower presumes that the Ministry of Environment and Forestry does not give enough attention to labor issues related to climate change and focuses only on emission reductions. On the other hand, the Ministry of Environment and Forestry presumes that the Ministry of Manpower does not put Just Transition issues as a priority as it is occupied with more urgent manpower and labor issues. Other ministries such as the Ministry of Cooperatives & SMEs hoped that the Ministry of Environment and Forestry would give special treatment to businesses that have taken into account and implemented measures to help tackle climate actions.

Despite constituting up to 60.5% of the employment profile in Indonesia, there is no dedicated institution that deals with the informal economy. Although it does not distinguish between the formal and informal economy in its roles and responsibilities, in reality, the Ministry of Manpower deals more with the formal sector as it defines the workforce based on wage, order, and employment contract. The informal economy remains a cross-cutting and cross-ministerial issue, making coordination between government agencies mandatory on the inclusion of the informal economy in Just Transition and climate actions.

How to engage stakeholders in the policy development and delivery of just transition

Learning from the previous experience, less formal engagement with relevant stakeholders through discussions in the form of knowledge sharing is suggested to be successful and in demand. The purpose of this approach is to make the stakeholders feel more engaged in a more open and transparent manner. With this approach, government institutions consider Dala Institute as a partner that can help them move the Just Transition agenda forward. Identification and engagement with the right people in the relevant institutions are also necessary to expedite the process.

Moving forward, creating a sense of ownership of the Just Transition initiatives from the key stakeholders such as the Ministry of Environment and Forestry as the NDC focal point and the Ministry of Manpower is necessary. It will allow them to take the lead in introducing the Just Transition concept to other stakeholders and shaping the Just Transition agenda and its delivery in Indonesia. A specific discussion point on how to create effective coordination between relevant ministries/institutions in the policy development and delivery of just transition in Indonesia can be explored in the next webinar.

Based on the information gathered from the previous discussions with the key stakeholders, the role and position of the trade and labor unions on Just Transition in Indonesia needs to be further explored. It is suggested that the trade and labor unions already have a good understanding of Just Transition and have done some efforts to move these issues forward.

A summary of the current policy instruments

Indonesia is one of the signatories of the Solidarity and Just Transition Silesia Declaration. However, its steps towards reaching the goal of the Declaration are still less than expected. It is unlikely that Indonesia's updated NDC will explicitly incorporate Just Transition. However, Just Transition has been discussed and tried to be incorporated in the 2050 Long Term Strategy for Low Carbon and Climate Resilience.

Indonesia's most relevant regulatory instrument on climate change is Law number 16 of 2016 on Indonesia's international binding ratification of the Paris Agreement. However, another legal basis is needed for domestic implementation of the Paris Agreement. Some other instruments support climate change action but they are not explicitly linked to its mitigation and adaptation.

Initial initiative is taken by the Ministry of Manpower which plans to develop a National Action Plan (NAP) on the Impact of Climate Change on the Labor Sector and Critical Occupational List (COL). In developing the NAP, the Bureau of International Cooperation of the MoM is planning to make a short term plan to respond to Just Transition issues where it will invite other units within the MoM and other relevant ministries to gather their inputs. As for the COL, this document aims to map out the jobs that are disappearing and those that are emerging..

The Indonesian government's Covid-19 responses are not linked to strategies to manage climate change impacts and its NDC commitment. Some ministries have diverted their budget on capacity building and training programs to improve labor skills, but it is not part of climate actions and Just Transition. Labor market management in Indonesia is directed at job creation and skills that are not linked to strategies to transition to lower-carbon economies.

Dala recommendations for two more years further engagement to deliver just transition

More conversations among governmental agencies and ministries are needed to have a comprehensive understanding on Just Transition issues and its implication for Indonesia. As economic development will still be the focus for Indonesia, the conversations need to consider the economic implication of Just Transition as well as the mainstreaming of Just Transition to some government programs. There are already a number of programs that can be used as tools to introduce Just Transition. The Ministry of Manpower's program on pre-employment training (Kartu Prakerja) is very much aligned with the need for Just Transition effective implementation. Introducing Just Transition through this program will get more buy-ins from the ministry. Adding the climate elements as one consideration in the program will get buy-in from the Ministry of Environment and Forestry. Other ministries, which will be affected by and involved in climate actions, will consider Just Transition as part of their strategies in addressing climate change issues in their respective sector.

There is also an opportunity to support Indonesian government to work with the Ministry of Manpower. In practical terms, the Ministry of Manpower welcomes any organizations such as Dala to help or assist them to prepare the document specific for climate change impact on the labor sector. It also covers conducting an assessment of the vulnerability, risk, and impact of climate change to the workforce. The Dala Institute will support the MoM to promote the issue of Just Transition to be one of the main discussion points during the G20 meeting when Indonesia acts as the host and the chair of G20 meeting in 2022. This is currently the expressed interest from the MoM during the last training given by Dala Institute. Another opportunity is to mainstream Just Transition according to each sector's need.

Energy is one of the sectors where IT is urgently needed to respond to the need of energy transition to a low carbon and cleaner energy which can be considered as mitigation. On the other hand, Just Transition is also key in the tourism sector as a sector will be affected the most by the impact of climate change. The understanding has to be developed in those sectors to help their policy development process and their strategies.

Along with this, an initiation of a working group of Just Transition for climate actions for the ministries that are new to the issue of climate change will accelerate the Just Transition mainstreaming across the government functions. This working group has the potential to engage a number of ministries, such as the Ministry of Village, the Ministry of Social Affairs,

The Ministry of Energy and Mineral Resources, the Ministry of Women empowerment and child protection, the Ministry of Agriculture and the Ministry of Marine and Fisheries in addition to the Ministry of Tourism and the Ministry of Small Medium Enterprise. The engagement with them aims to support them to develop new policies and/or programmes under their ministries about Just Transition for climate actions in Indonesia.