

# GOOD PRACTICES INTEGRATING THE SDGS INTO DEVELOPMENT PLANNING



## INDONESIA

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This brief is part of a series produced by UNDP Bangkok Regional Hub, based on case studies commissioned in six Asian countries: Bangladesh, Indonesia, Malaysia, Nepal and the Philippines at the national level and India at the subnational level in Assam state. The briefs illustrate emerging good practices in integrating the 2030 Agenda for Sustainable Development and the SDGs into development planning in these countries. They also highlight innovative practices in development planning that can serve as good examples for other countries and regions for their work in planning for the 2030 Agenda. The content of these briefs will be updated to reflect the evolving experiences of the countries involved. We welcome your comments and updates at: [uyanga.gankhuyag@undp.org](mailto:uyanga.gankhuyag@undp.org).

### Country context

Indonesia has achieved impressive economic growth rates since overcoming the Asian financial crisis in the late 1990s, becoming one of world’s 10 largest economies largest economies<sup>1</sup> and a member of the G20 group of countries. Despite such economic performance, Indonesia still faces major development challenges, with nearly 29 million people living in poverty, increasing inequality across income groups and regions, and environmental degradation. In order to address these crucial challenges, the Government of Indonesia is highly committed to implementing the SDGs.

POPULATION **261,115,456**

### HUMAN DEVELOPMENT

HDI **0.689** Medium Human Development

#### HDI Rank

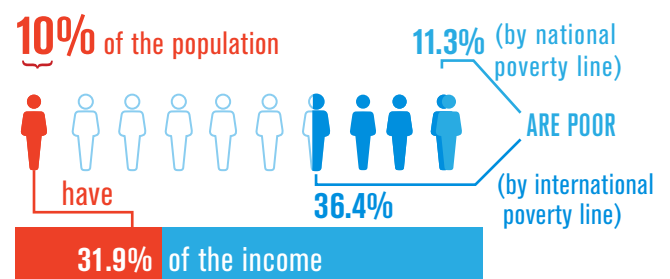


### ECONOMY

GDP per capita: **US\$ 3,570**

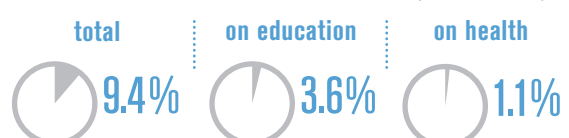
GDP growth: **5.6%** (2010-2016)

### POVERTY AND INEQUALITY



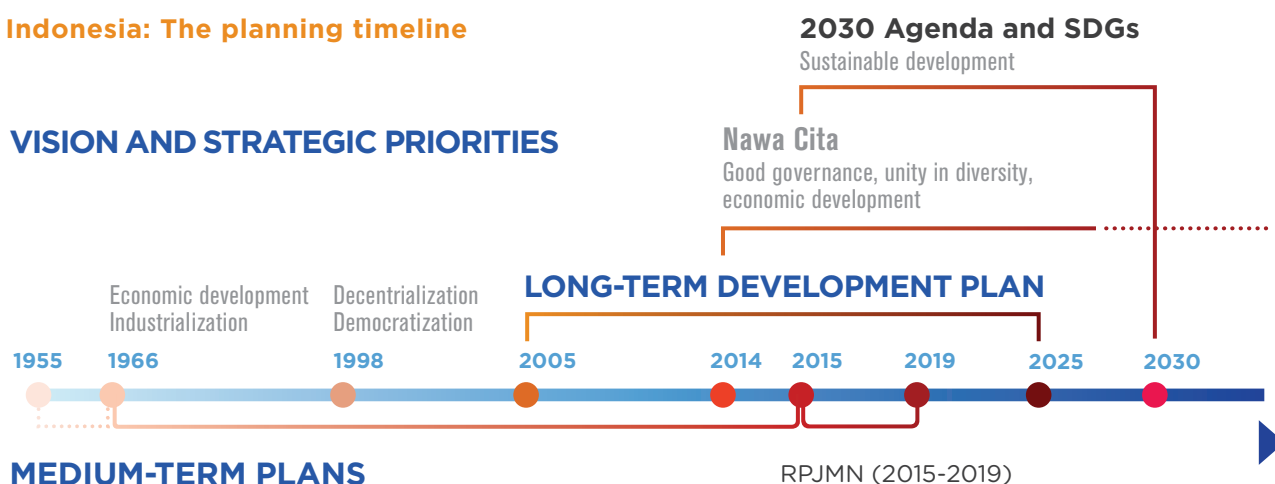
### GOVERNMENT SYSTEM: Unitary

#### GOVERNMENT EXPENDITURES (% of GDP)



In 2014, the new administration established a new vision of national aspiration called Nawa Cita, or the nine visions or hopes, which aims at ensuring the safety of all citizens, developing good governance, developing peripheral regions, reforming law-enforcement agencies, improving the quality of life, increasing productivity and competitiveness, developing strategic sectors of the economy, overhauling the character of the nation, and strengthening the spirit of Indonesia's "unity in diversity" and social reform.<sup>2</sup> In order to realize the nine visions, the government translated them into the National Medium-Term Development Plan (RPJMN) 2015–2019 that has been well-aligned with the SDG targets. This alignment is the principal foundation for SDG implementation in Indonesia.

## Indonesia: The planning timeline



## Multi-stakeholder partnerships in preparing for the SDGs

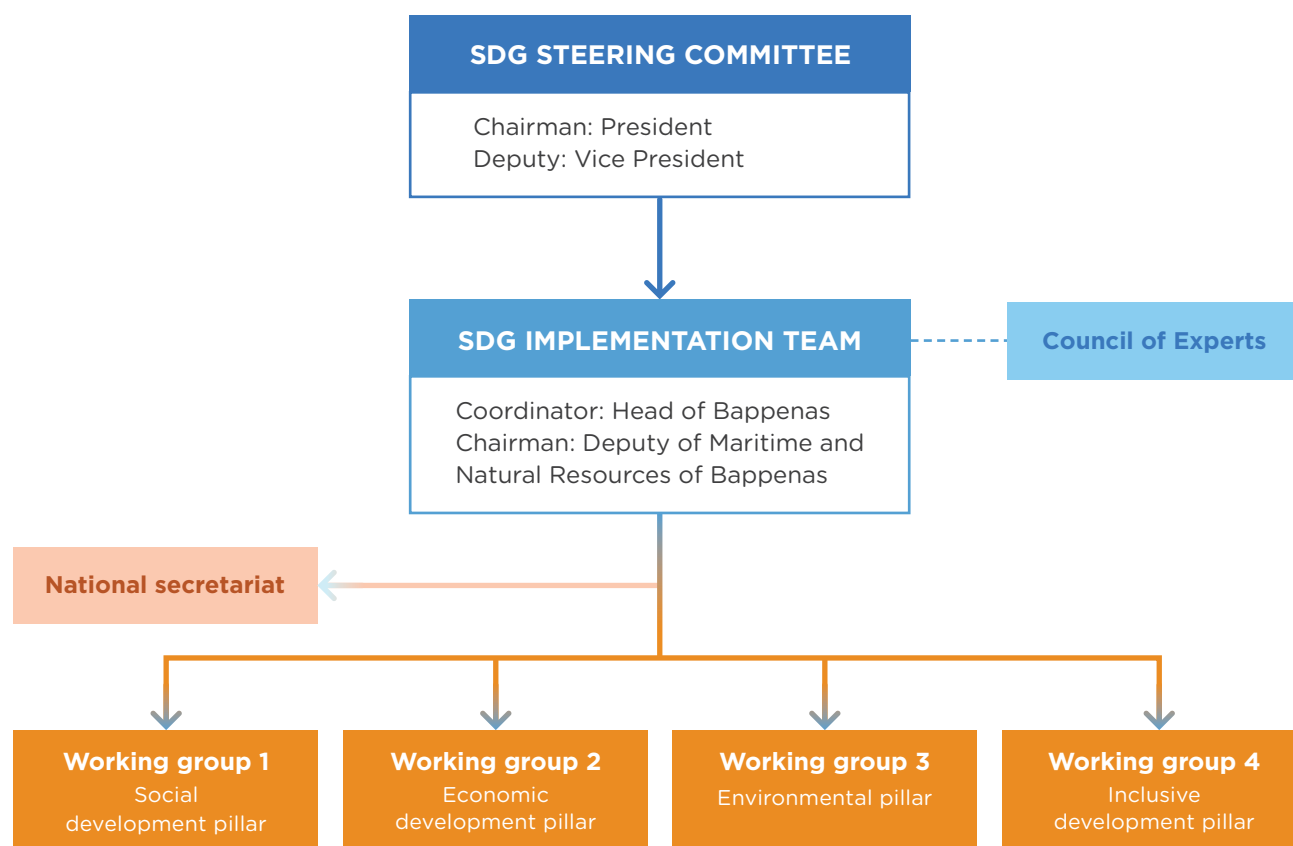
The Government of Indonesia consistently applied “whole of government” and “whole of society” approaches throughout the processes of SDG preparation. For example, important documents such as the National Guidelines for SDG Action Plans, the SDG indicators metadata and the Voluntary National Review of Indonesia (2017), which is the report to the UN High-Level Political Forum, have all been prepared with input from various stakeholders.

The National Secretariat of SDGs at Bappenas<sup>3</sup> has written communication strategy guidelines on the SDGs in order to raise more awareness, interest and commitment to create more engagement from all parties and stakeholders that have not been involved in implementing the SDGs programmes in Indonesia.<sup>4</sup> The communication strategy guidelines set out four platforms of stakeholders involved in the SDGs: the government; philanthropy and private sector; academia and civil society organizations; and media. Each of these stakeholders will have unique roles and responsibilities with respect to the SDGs and approaches to communicate to the public about their own SDG-related programmes and efforts through forums, social media and official meetings. The guidelines emphasize that key messages about the purpose of SDGs – leaving no one behind and improving the quality of life, the environment, and the welfare of the nation in a sustainable way – should be consistently conveyed through various communication forums by stakeholders.

## Institutional arrangements to support the implementation of the SDGs

To kick off implementation of the SDGs, the President established an institutional structure of SDG monitoring and implementation. The SDG Steering Committee is chaired by the President, while the SDG Implementation Team is chaired by the Head of Bappenas. The Steering Committee will oversee the Implementation Team. The Implementation Team and four Working Groups consist of representatives from the government, philanthropy and business community, civil society organizations, and academics and experts. The Working Groups are responsible for preparation of SDG Action Plans in their respective areas, conducting research and monitoring progress toward the SDGs.

**Figure 1. Organizational structure for SDG coordination in Indonesia**



Source: Appendix to the Presidential Decree No. 59 (2017).

The President also instructed national and local governments to develop three additional development planning documents in regards to SDGs implementation. The Roadmap of the SDGs will be the official guidelines for all levels of government towards the long-term implementation of the SDGs. The National Action Plan of the SDGs and the Regional Action Plans of the SDGs are five-year work plans for implementing various development programmes and activities that are related to the achievement of national and local SDG targets.

In order to help local governments to draft their Regional Action Plans of the SDGs, Bappenas has prepared the National Guidelines for SDG Action Plans (RAN TPB).<sup>5</sup> These guidelines are intended to give national and local stakeholders a good understanding in conducting the planning and budgeting processes, as well as a greater sense of ownership in implementing programmes and activities to achieve SDG targets.

### Aligning the SDGs and the national priorities

In order to implement his new vision, the President announced 10 national priority programmes for the upcoming Government Work Plan to be implemented in Indonesia from 2018 onwards, which covers education, health, housing and residential areas, business and tourism, energy resilience, food security, poverty alleviation, infrastructure development, maritime connectivity and other maritime issues, and regional development. These priority programmes are designed to tackle the most serious challenges facing the country – increasing inequality between regions, increasing poverty and increasing unemployment.<sup>6</sup> All these national priorities are aligned with the SDGs to a large extent.

In July 2017, the President of Indonesia required all government programmes in the provinces and cities to be aligned to the above national priorities and the SDGs.<sup>7</sup>

## The “whole of society” approach to programme and budget planning

A unique example from Indonesia’s planning process is a well-established practice of consultations about programme and budget planning at the local and national level, called “Musrenbang”. Although the practice of Musrenbang was introduced in Indonesia well before the SDGs and the 2030 Agenda, it could become an important forum for discussions about programmes and budgets that are oriented towards SDG targets.

Musrenbang is a deliberative multi-stakeholder forum that identifies and selects community development priorities. It aims to be a process for negotiating, reconciling and harmonizing differences between government and non-governmental organization (NGO) stakeholders, and reaching mutual consensus on development priorities and budgets.<sup>8</sup> All government officials together with local citizens gather at Musrenbang every year, which begins in January at the village community-level to discuss the next year’s proposal of development programmes and budgets to be included in the government work plan.

Since the decentralization process was launched in 1999, the central government of Indonesia has spearheaded efforts, through regulations and other actions, to encourage a participatory approach in community and regional planning, and has opened up “entry points” for citizens to get involved in local governance. These participatory entry points have been implemented through the Musrenbang process which was officially started since the Law of the National Development Planning System was adopted in 2004. Regional governments have supported these measures by directly implementing participatory practices such as public hearings and participatory planning. Such “grassroots consultations” aim to encourage a sense of local ownership in community projects, build and sustain democratic institutions, reduce conflicts and achieve development objectives.<sup>9</sup> Despite these objectives, Musrenbang consultations in recent years have started to become ceremonial in their approach. Local government officials are also often perceived to have a lack of commitment to genuine and broad-based community participation.<sup>10</sup>

Nevertheless, Musrenbang provides a crucial opportunity for the government to acquire valuable input on subnational and national governments’ budget formulation processes. The process of the forums starts in each village, continues to sub-districts, districts/cities, then provinces and ends in the capital city. At each level, the discussions result in selection of programmes. At each respective level, the government then prepares a programme and budget proposal on the basis of the Musrenbang discussions. Subsequently, the proposals are collated at upper levels of government, and are discussed at the national Musrenbang.

At the national level, the proposed programmes and activities for the given year are approved at multilateral meetings between Bappenas, the Ministry of Finance and the line ministries, thereby adopting the final results of the National Musrenbang. The President then finalizes the Government Work Plan for that respective year and presents the final draft of the National (State) Budget (APBN) to the national parliament. Finally, the parliament approves programmes listed in the APBN for funding by the government.

A similar process takes place at the local level. Bappeda, the Regional Development Planning Agency of Indonesia, as well as the Finance Management units and technical units of the respective subnational governments hold multilateral meetings and approve the proposed programmes and activities for the given year, taking into consideration the discussions held in local Musrenbang meetings, as well as the national Government Work Plan. The Governors and Mayors of the respective provinces and districts finalize the Local Government Work Plans and present draft Local Government Budgets (APBDs) to the province or district/city parliaments. The APBDs are subsequently approved by these regional parliaments.

Since the election of President Jokowi in 2014, much transformation has been brought to the old “bureaucratic” governance system in Indonesia. One of the most visible new practices is the utilization of electronic budgeting and planning by the government. These practices started with the implementation of e-Musrenbang in 2015 for the Government of DKI Jakarta, the capital city of Indonesia. Through the e-Musrenbang process, government officials from the village level through to the provincial level will be able to enter information on their proposed community programmes and budgets on a specific website dedicated for Musrenbang, and then view the final results online once programmes and budgets are approved by the central government. Prior to the implementation of e-planning and e-budgeting, these processes were done through numerous meetings and it took a long time for the community to find out which programmes were funded and accepted by the regional government.

Another benefit of the e-Musrenbang process is that it brings the role of decision-making on funding programmes proposed by regional and provincial governments back to Bappenas. Previously, decisions on funding programmes proposed by regional and provincial governments were made by the Ministry of Finance without the requisite technical knowledge of the programmes, which led to many duplicated or redundant programmes. This change is expected to revamp the Musrenbang process. In addition, it is also expected to strengthen the link between development priorities and programmes.

### **Resource allocation to development priorities**

In Indonesia, the government is required by law to allocate budgetary resources toward education and health – two important Sustainable Development Goals. For instance, the National Constitution of Indonesia (the 1945 Constitution), in Article 31, Paragraphs 2, 3 and 4, state that every citizen of Indonesia has the rights to education, and thus it is the obligation of the government to ensure that every citizen of school age can obtain primary education. Moreover, the Amendments to the National Constitution state that 20 percent of central and local government budgets must be allocated to education. The Law on Education (No. 20/2003) also states that the effort to fund education is a shared responsibility between the national government, local governments and communities.<sup>11</sup> Furthermore, the Law on Health (No. 36/2009) also states that 5 percent of national and local budgets are to be allocated to health. Such earmarked budget allocations ensure that fiscal resources are available to achieve health and education goals (SDGs 3 and 4).

To strengthen local fiscal capacity, the Law on Central and Local Fiscal Balance (No. 33/2004) also mandates the central government to allocate 26 percent of national domestic revenue as an unconditional General Allocation Transfer Fund (DAU) to local governments. The main objective of DAU is to equalize fiscal capacities across the regions to finance their expenditure needs. Since local and regional governments in Indonesia are the main actors in delivering SDG-related programmes to communities, the trend toward greater fiscal decentralization is conducive to meeting the SDGs.

### **Good practices in alternative financing**

As a member of the G20 group of countries and a middle-income country, Indonesia is no longer considered by traditional donors to be a beneficiary of development assistance; its status has changed to that of a partner in implementing development projects. As such, in order to fund development programmes, in particular programmes which relate to achieving the SDGs, the Government of Indonesia needs to increasingly rely on its own revenues from taxes.

The current government strategy is to strengthen domestic financial resource mobilization and multi-stakeholder partnerships to acquire funding for its development programmes. This is happening through increasing public-private partnerships in financing strategic projects, developing banking services, increasing tax revenues, and exploring alternative contributions from private sector organizations, philanthropic foundations, funds from the diaspora and religious social funds such as the well-known Badan Amil Zakat Nasional (Baznas).<sup>12</sup>

The private sector in Indonesia has been among the most active partners in mobilizing stakeholders for the SDGs. The Association of Philanthropy Indonesia (Filantropi Indonesia), together with the Indonesian Global Compact Network (Indonesian Business Council for Sustainable Development) and the Indonesian Chamber of Commerce (KADIN), have launched the Indonesia Philanthropy and Business Forum for the SDGs (Forum Filantropi dan Bisnis – Indonesia untuk SDGs), which is comprised of 10 associations, representing more than 600 businesses and philanthropic foundations in Indonesia.

## Box 1. Contribution of philanthropies to development programmes in Indonesia

Philanthropic and private foundations have funded several successful SDG-related projects in Indonesia:

- 1) The Tanoto Foundation supported the project “Localizing SDGs in Riau Province” (as discussed below).
- 2) Private banking corporations such as Mandiri Bank, Indonesian State Bank (Bank Negara Indonesia) and Financial Services Authority (Otoritas Jasa Keuangan) have introduced innovative cashless payments system to support the goal of the government to promote financial inclusion and implement its social assistance programmes (SDG 1).
- 3) Badan Amil Zakat Nasional (Baznas), a religious social fund, implemented the Aisiyah Project to improve access to health services for women and girls. It gives access to free medical screening services to detect cervical cancer and breast cancer, and provides access to family planning services. Initially started in 2014 in the Blitar District, Central Java Province, the project quickly scaled up diagnostic services for women. Within 3 years, 7,271 women had visual inspections with acetic acid, 1,271 women had pap smear tests and 1,638 women had clinical breast examinations in 14 additional districts and 5 provinces. To enhance access to early detection services, Aisiyah has made several efforts to overcome the financial burden of the services for women by advocating for coverage by the Social Security Administrative Body at the subnational level, allocating funds in local government and village budgets, and partnering with the private sector. It also succeeded in raising additional funds from other sources – such as Gerakan Infaq Sayang Ibu (GSI) in cooperation with Lembaga Zakat Infaq Shodaqah Muhammadiyah (LazisMu) and Badan Amil Zakat Nasional (Baznas).

### Localizing the SDGs in Riau Province

One good example in practice of the multi-stakeholder partnership approach in achieving the SDGs at the local level is the project Localizing SDGs in Riau Province, implemented by the Riau government with support from the Tanoto Foundation and UNDP Indonesia. At the national level, the project is implemented in close collaboration with the Local Development Planning Authority (Bappeda) as the main implementing partner. The project is located in Riau Province, as well as three districts in the Riau province, namely, Indragiri Hilir, Meranti Island, and Pelalawan.

The project aims to develop an enabling policy and regulatory environment and provide support to mainstreaming the SDGs into the Riau province development plan.<sup>13</sup> The long-term outcome expected from this project is to build ownership and trust among SDGs stakeholders in the province.

The project has employed a strategy of involving both local and national stakeholders, such as the National Bureau of Statistics (BPS), civil society organizations, media, researchers, businesses and local communities, at various steps of mainstreaming the SDGs into local development perspectives and practices.

During its first year of implementation, the project achieved several promising outputs, such as:<sup>14</sup>

1. The mapping analysis report on the Mid-Term Development Plans (RPJMD) of Riau province as well as the three pilot districts against SDG indicators has been developed and reported back to the respective government agencies. The mapping analysis is a fundamental step toward integration of the SDGs into local development plans. From the mapping result, Riau province as well as the pilot districts can understand how many SDG indicators already exist in the development plan documents, in order to identify what needs to be done to develop a set of indicators in their planning documents that are aligned with the SDG indicators.
2. An inclusive structure of the SDGs coordination team has been developed and formulated. In keeping with the SDG principles of inclusiveness, integration and partnership, the government in Riau province involved all development stakeholders, such as government, business and philanthropy, non-governmental organizations, community groups, mass media and academics, to collaborate and work together through their respective resources and programmes towards the realization of the SDGs. The structure has been adopted by a Governor Decree that regulates the tasks and functions, organizational structure and membership of the working groups.

The working groups are divided into four sub-groups based on the SDG pillars: a) working group on social development, b) working group on economic development, c) working group on environment, and d) working group on law and governance. In principle, the SDGs team has been developed based on trust and equality to deliberate substantive issues and take decisions in regards to SDG implementation.

3. The Riau provincial government agreed and committed to develop the SDG acceleration framework focusing on poverty reduction, which corresponds to SDG 1. This agenda is in line with the efforts of Riau province to reduce the poverty which has been rising in recent years. Actions to reduce poverty will be implemented jointly by the Poverty Eradication Coordination Team of Riau Province (Tim Koordinasi Pengentasan Kemiskinan Daerah Provinsi Riau/TKPKD) led by the Governor. A task force is based in the Bappeda office.

4. The Bureau of Statistics (Badan Pusat Statistik) of Riau province committed to work together with the Local Development Agency of Riau in developing an SDG data system by establishing a Provincial Data Forum. A comprehensive data system is needed to facilitate local government institutions to better monitor the progress on the SDGs in the region and to have the data accessible to all stakeholders in order to make important future decisions. Two main sources of development data have been identified: BPS's DDA (Daerah Dalam Angka/Regions in Figures) and the Ministry of Home Affairs' SIPD (Local Development Information System, or Sistem Informasi Pembangunan Daerah). Both data sets are regularly used by Bappeda to measure development progress, and are easily accessible on Bappeda's website. In addition, Bappeda also uses administrative data from departments or ministries such as health data from the Ministry of Health and education data from the Ministry of Education.

## One-data policy: An innovative approach to SDG monitoring

The government of Indonesia created a policy for coordinated and integrated data provision for all related SDG programmes implemented in all regions and provinces, under the leadership of the National Bureau of Statistics (BPS-Statistics Indonesia) as the coordinator and centre of the One Data system.

The National Secretariat of SDGs created the SDG indicators metadata guidelines with participation of all respective stakeholders. The SDG indicators metadata describes the indicators to be utilized in monitoring and evaluating the achievement of each SDG target in Indonesia, and includes the definition, computation method, frequency of data collection, and disaggregation. These metadata guidelines will provide common guidance for all stakeholders both at the national as well as at the sub-national level to measure the progress of SDG programmes, and to compare the achievements of SDG goals between regions and among different groups of households.

Of the 241 global SDG indicators, Indonesia currently has data for 85 national indicators matched to the global indicators, 76 national indicators used as proxy indicators to the global indicators and 75 global indicators that will be developed, and will not collect data for 5 global indicators which are not relevant for Indonesia.<sup>15</sup> Data for the SDGs will be disaggregated by socio-economic status, gender, age group, and domicile, as well as administrative level, to address the 'no one left behind' principle. The data will be acquired through existing censuses and surveys done by BPS-Statistics Indonesia, technical ministries, research institutions, NGOs and universities.

In addition, BPS-Statistics Indonesia and other experts from international organizations (such as UN Agencies) have been helping to provide reliable data to the National Secretariat and Bappenas to set the baseline for each indicator, and to monitor progress in reaching the various SDG targets.

**Notes:**

## Data sources:

- Data on population, GDP, poverty, inequality and government expenditures is from the World Development Indicators, World Bank: <http://databank.worldbank.org/data/home.aspx> .
- Data on human development is from the Human Development Data website, UNDP: <http://hdr.undp.org/en/data>
- The map shows provinces by HDI (2015-2016). The data is from the BPS – Statistics Indonesia. Available from: [https://www.bps.go.id/website/brs\\_eng/brsEng-20170417121236.pdf](https://www.bps.go.id/website/brs_eng/brsEng-20170417121236.pdf)

## Data specifications and years:

- Population (2016), GDP per capita - current US\$ (2016), GDP growth - average for 2010-2016, poverty rate according to the national poverty line (2014), poverty rate according to the international poverty line - PPP US\$ 3.90 a day (2014), share of income of the richest 10 percent of the population (2013), total government expenditures - percentage of GDP (2016), government expenditures on education - as percentage of GDP (2015), government expenditures on health - percentage of GDP (2014).

Disclaimer: Boundaries shown on the map do not imply official endorsement by the United Nations.

<sup>1</sup> Measured by \$PPP.

<sup>2</sup> UNDP (2015). Converging development agendas: 'Nawa Cita', 'RPFJM', and SDGs. Available from: <http://www.id.undp.org/content/indonesia/en/home/library/sustainable-development-goals/converging-development-agendas-nawa-cita-rpjm-and-sdgs.html>

<sup>3</sup> Bappenas is the Ministry of National Planning and Development of Indonesia

<sup>4</sup> Bappenas, Republic of Indonesia (2017). Voluntary National Review: Eradicating Poverty and Promoting Prosperity In A Changing World.

<sup>5</sup> All official documents pertaining to the SDGs have been written and made publicly available by the National Secretariat of SDGs, Bappenas. Available from <http://www.sdgsindonesia.or.id/index.php/dokumen>.

<sup>6</sup> Hukum Online (2016). 'Presiden Jokowi: Perlu keluar dari Zona Nyaman'. Available from: <http://www.hukumonline.com/berita/baca/lt57b27f8bd9335/presiden-jokowi--perlu-keluar-dari-zona-nyaman>

<sup>7</sup> Presidential Decree No 59 on SDG Implementation (July 2017).

<sup>8</sup> USAID Indonesia, Local Governance Support Program (2009). Good Governance Brief: Musrenbang as a Key Driver In Effective Participatory Budgeting, Key Issues and Perspectives for Improvements.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ministry of State Secretariat of the Republic of Indonesia (2009), Budget of Education in APBN. Available from [http://www.setneg.go.id/index.php?option=com\\_content&task=view&id=3723](http://www.setneg.go.id/index.php?option=com_content&task=view&id=3723)

<sup>12</sup> Bappenas, Republic of Indonesia (2017). Voluntary National Review: Eradicating Poverty and Promoting Prosperity In A Changing World.

<sup>13</sup> UNDP Indonesia (2016). UNDP Indonesia Progress Report, 'The Initiative To Support The Roll-Out Of The Sustainable Development Goals/SDGs In Indonesia: Riau Province Activities', 28 August 2016.

<sup>14</sup> UNDP Indonesia (2017). UNDP Indonesia Annual Report, 'The Initiative To Support The Roll-Out Of The Sustainable Development Goals/SDGs In Indonesia: Riau Province Activities: January–December 2016', February 2017.

<sup>15</sup> Bappenas, Republic of Indonesia (2017). Voluntary National Review: Eradicating Poverty and Promoting Prosperity In A Changing World.

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It is also informed by additional research by Roy Andy Panjaitan, Department of International Relations at the University of Pelita Harapan and Juliaty Sopacua, SDG Advisor, UNDP Indonesia.