LEGAL POLICY ON ECO-PARTNERSHIPS TO ACHIEVE SUSTAINABLE DEVELOPMENT

Absori, Mohammad Indra Bangsawan, Arief Budiono, Hari Sutra Disemadi

1Faculty of Law, Universitas Muhammadiyah Surakarta, Indonesia, abs154@ums.ac.id
2Faculty of Law, Universitas Muhammadiyah Surakarta, Indonesia, mibsambi@gmail.com
3Faculty of Law, Universitas Muhammadiyah Surakarta, Indonesia, ab368@ums.ac.id
4Faculty of Law, Universitas Internasional Batam, Indonesia, hari@uib.ac.id

Abstract

There is a lack of maximum realization of sustainable development in the Surakarta City Government’s partnerships. This study proposes a fishbone diagram that seeks the root causes that affect the realization of partnerships that encourage sustainable development in Surakarta. The study aimed to convey ideas on environment-based local government partnership policies (Eco-Partnerships) to achieve sustainable development. It was a descriptive, doctrinal-method legal research. The primary data was sourced from library research, and the author also carried out some field research. The research used several indicators, namely Surakarta City Government’s Partners, Regulations, and Culture as the small bones and the analysis result of the failure to realize eco-friendly partnerships as the big bone. The result of the study showed that the implementation status of 19 out of 52 regional partners and five regional partners with a focus on environmental activities had not yet been followed up by the regional government. The regulation was ineffective because the Surakarta Government lacked adequate policies on eco-partnerships. Therefore, the Surakarta City Government needed to enforce a policy based on regional regulations on partnerships that integrate economic, social, and environmental aspects (Eco-Partnership).

Keywords: Eco-Partnership; Legal Policy; Sustainable Development

1. Introduction

According to Juwana, legal politics or legal policies have an important role as the reason for the formation of constitutional regulations. They also determine what will be translated into legal sentences in the formulation of articles. The legal politics or policies are categorized into the basic policy and the enactment policy. The former is legal politics that become the basic reason for creating constitutional regulation. The latter is the reason for implementing constitutional regulation.1

The success in translating legal politics has a good influence on the implementation of the laws and articles. Juwana’s research on constitutional regulations in the economic sector found that the weakness of the Indonesian laws is not only in the implementation process but also in the law-making process.2 The legal aspect is useful to give directions of safety and regulations in

---

maintaining the balance of various parties’ interests in running economic activities.\(^3\) Regarding that, the juridical instrument related to development is stipulated in the concept of sustainable development in Article 1 number 3 of the Law No. 32 of 2009 on Environmental Protection and Management.

Local partnership programs are a strategy of the regional government to achieve the aims of regional development that cannot be achieved by the local government alone due to limited resources, such as capital, infrastructure, and technology, with different mechanisms. One of them is Corporate Social Responsibility (CSR).\(^4\) It is proof that the private sector, as a non-governmental state actor, has a role in the effort to achieve good governance that synergizes and collaborates with the people and the government, as summarized in the partnership principles between the government and private companies.\(^5\) According to Bibri and Krogstie, these basic principles of a partnership must be carried out as follows: (1) Equity or balance, where the approach must-be based on mutual respect, mutual appreciation, and mutual trust, instead of top-down, bottom-up, or merely based on power, (2) Transparency, to prevent suspicion among work partners. (3) Mutual profit, as the partnership must bring benefit to all parties involved.\(^6\)

Surakarta or commonly known as “Solo City”, is a big city in Central Java that supports other cities, such as Semarang and Yogyakarta. The Surakarta City Government has been active in carrying out regional-level to international-level partnerships. From 2013 to 2017, this city had five partnerships: (1) Partnerships with the governments of Boyolali, Karanganyar, Klaten, Sragen, Wonogiri, and Sukoharjo regencies in fourteen sectors; (2) Partnerships with other regional governments in Indonesia, in the sectors of development, transmigration, sister city, and promotions on investment potentials and opportunities; (3) Partnerships with Ministries, non-


Ministerial Governmental Institutions in six sectors; (4) Partnerships with Incorporated Third Parties in ten sectors; and (5) Partnerships with Foreign Parties in four sectors.7

The Surakarta City Government’s legal basis for these partnerships is the Surakarta City Regional Regulation No. 8 of 2002 on Regional Partnerships. Article 1 number 6 states, “Partnership is a business cooperation between small businesses with medium businesses and/or large businesses and/or regional-government-owned business entities, or business cooperation between medium businesses and/or large businesses with the regional government that involves small businesses based on the principles of mutual need, mutual support, and mutual profit to increase social welfare and to bring benefit to the region.”

At the implementation level, not all of these programs are environment-based. Worse, they negatively impact the environment. For example, the construction of the Solo-Kertosono highway eliminates 12 hectares of productive land. It also eliminates rice field irrigation, road access to the rice fields, and increases air pollution from the many large vehicles that transport materials.8 Development in the cities also pollutes rivers. According to the Surakarta City Environmental Agency, almost all rivers are impacted by water pollution.9 Based on the analysis, the key parameters are biological oxygen demand, chemical oxygen demand, copper (Cu2+), and zinc (Zn2+). In the dry season, Pepe River shows a high level of pollution. Then, Gajah Putih River, Pepe River, Anyar River, Brojo River, Bayangkara River, and Jenes River have the levels of copper and phosphate such as detergents that exceed the quality standard threshold of 0,2 mg/liter. Based on the results of this research, it is found that the river water in the Surakarta area is not consumable due to river pollution from domestic and industrial waste pollution.10

The governmental legal instrument, namely the Surakarta City Regional Government Regulation No. 8 of 2002 on Regional Partnership, does not explicitly regulate environment-based partnership programs. The legal uncertainty regarding the regulation of environment-based

---

regional partnerships causes the lack of maximum realization of sustainable development elements from the Surakarta City Government’s partners.

2. Method

This research used the doctrinal approach with a descriptive analysis that explained the research object. The authors used a descriptive analysis to find the problem and how to resolve it. After the description and the main problem were made clear, the solution on how to resolve the problem would follow. Scientific papers are part of this research, considering that the data used are sourced from legal documents, laws, scientific journals, and other literature. This research proposed a policy derived from the fishbone model of analysis to seek the root causes that influence the lack of legality on the sustainable implementation of regional government partnerships in Surakarta City. The indicators of regional partners, regulations, and culture served as the small bones, and the analysis results of the root problems from these indicators served as the big bone.

3. Results and Discussion

3.1. Legal Policy of Environment-Based Partnership (Eco-Partnerships)

The implementation of the post-1999 regional autonomy in Indonesia has changed the face of the regional government’s establishment for 19 years. The political transformation has radically changed the way the regional government carries out its functions. In the New Order Era, the city and regency governments have limited autonomous authorities due to centralization. The governments have more room for action through the two regional autonomy laws. Law No. 22 of 1999 on the Regional Government amended into Law No. 32 of 2004 and renewed to the Law No. 23 of 2014 has made many regions to establish partnerships with legal entities to provide public services that become the responsibility of the Regional Government. The implication of the Law on Regional Autonomy is that governmental affairs are divided into the central government and the regional government.

---

The affairs related to foreign politics, defense, security, justice, monetary, national fiscal, and religion are affairs of the central government. It is to guarantee the life of the state and the nation. Before the issuing of the implementing regulation from the new Regional Government Law, the procedures for implementing regional partnerships are regulated in the Governmental Decree No. 50 of 2007 on the Implementation Procedures of Regional Partnerships. These regional partnerships are manifested in the form of cooperation agreements between governors; between governors and mayors/ regents; between mayors/ regents; or between governors, regents/ mayors, and third parties, for instance, the regional partnership agreement with incorporated private-owned companies, state-owned business enterprises, and regional government-owned business enterprises.¹⁴

It must be known that the regional governments’ pattern of developmental financing has been reliant on the budget sourced from conventional funds such as tax and retribution. They still depends on the increase of original regional income to solve problems in the limited developmental budget. It shows that the regional government is still financially incapable that results in lax law enforcement on partnerships, thus being unable to reach maximum effect.

The incrementalism and line-item systems are used to create the development budget allocation arrangement. It is the development budget allocation given to governmental institutions based on the amount of budget used in the previous year. The usage techniques are up to those institutions.¹⁵ The most visible bad practices and failures may be seen from many regencies and city governments that collect tax and retribution without considering its implications towards economic development and public welfare.¹⁶

Belanusa states that, regarding the economic legal structures, the “spirit” of partnerships lies in the agreement (an aspect of private law/ contract law). The constitutional regulations stipulate that regional partnerships are manifested in the form of contracts even though the contracted materials are public policies.¹⁷

---


Thus, the partnership relations between regions or between regions and third parties must comply with the principles of private law or contract law. Even so, as the contracted materials are public policies based on the principle of *freies ermessen* or discretionary power to establish regional government affairs, the public law aspect, especially procedures, authorities, and substances that become the requirement of validity for governmental actions also apply in creating these regional partnership agreements according to the administrative law.\(^{18}\) The governmental action’s requirement of validity influences the subjective requirements (authorities instead of capabilities) and objective requirements (permissible causes) in forming the regional partnership agreements according to the private law/contract law.\(^{19}\)

In line with the fast economic advancement, many infrastructure procurements in developing and developed countries have used public-private partnerships (PPP) in the last few years. In Indonesia, it is known as the *Kerjasama Pemerintah dan Badan Usaha* (KPBU/Partnerships between the government and enterprises). Governments all over the world have adopted the PPP model in various forms, such as Build-Operate-Transfer (BOT), Build-Own-Operate Transfer (BOOT), Rehabilitate-Operate-Transfer (ROT), Operate and Maintain, Lease-Develop-Operate (LDO), and other partnership models. In addition to the funding from a third party, PPP also helps to bridge the relations between the government and the private sector. It includes the procurement of technological experts and other resources. Most importantly, the government can share the high financial risks in building infrastructure. Apart from that, regarding the profit of a project, the capital returning process is quite faster. Overall efficiency increases as it directly influences the company’s balance.\(^{20}\)

The World Bank studied Private Participation in Infrastructure (PPI) from 1990 to 2008. It analyzed 22 developing countries that implemented the PPP in developmental projects, namely Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, South Afrika, Sri Lanka, Thailand, Turkey, Venezuela, and Vietnam.\(^{21}\) The entrance of investors to the public sectors has resulted in the Public-Private Partnership (PPP) concept, which Felsinger defines as a framework that involves


\(^{19}\) Hadin, “Karakteristik Hukum Kerjasama Daerah.”


\(^{21}\) Harsasto and Adnan, “Kerjasama Pemerintah Dan Swasta Di Kota Surakarta (Studi Kerjasama Pemerintah Dan Swasta Di Surakarta 2005-2009).”
the private sector and the government. The private sector becomes the investor with technical, operational, and innovative expertise in running the business efficiently, and the government has the role of creating regulations or policies for that development.\textsuperscript{22}

In responding to those partnerships, the regional government uses the basis of the Law No. 23 of 2014, which implies that the regional government may carry out interregional partnerships and partnerships with incorporations to provide public service facilities that become the responsibility of the Regional Government. There is also a regulation that substitutes the Governmental Decree No. 50 of 2007 on the Implementing Procedures of Regional Partnership and the Regulation of the Ministry of National Affairs No. 22 of 2009 on the Technical Guideline on the Procedures of Regional Partnerships.

So far, the governmental policies in the environmental sector are identical to the issuing of environmental permits. These permits are preventive efforts in protecting and managing the environment to control environmental impacts, and they serve as an instrument to prevent environmental damage and/or pollution. The environmental permits are requirements to obtain business permits and/or activities. Therefore, a business or an activity cannot operate before the central or the regional governments have issued the environmental permit. The permit may be issued if the activity and/or business have obtained the Environmental Impact Assessment, Environment Management Efforts, and Environment Monitoring Efforts.\textsuperscript{23} However, in reality, any business that did not have any partnership could still operate without any sanction policies or law enforcement, thus the law was ineffective.

Environment-based partnership policies (eco-partnerships) combine economic, social, and environmental aspects in regional partnership programs. These partnerships may be carried out between governors; between governors and mayors/regents; between mayors/regents; or between governors, regents/mayors, and third parties, for instance, the regional partnership agreement with incorporated private-owned companies, state-owned business enterprises, and regional government-owned business enterprises. Environment-based partnerships in the investment sector (eco-economic partnerships) aim to achieve sustainable development principles as regulated in the stipulations of Article 1 number 3 of the Law on Environmental Protection and


Management. It states that sustainable development is a conscious and planned effort that combines environmental, social, and economic aspects into developmental strategies to guarantee environmental unity and safety, capability, and welfare in order to achieve the life quality of the current and future generations.

3.2. Implementation of Regional Partnership in Surakarta City Area

Institutional is a series of rule frameworks that regulate institutional interaction, both culturally and structurally. A good organization is able to efficiently and effectively formulate, implement, and monitor regulations and policies, and vice versa. Then, the issued regulation may regulate some things in the infrastructure market that then impact the dynamics of infrastructural development.24 The regional partnership of the Surakarta City Government is regulated in the Surakarta City Regional Regulation No. 8 of 2002 on Regional Partnership. Article 1 number 6 states: “Partnership is a business cooperation between small businesses and medium businesses and/or large businesses and/or regional government-owned business enterprises or business cooperation between medium businesses and/or large businesses with the regional government that involves small businesses based on the principles of mutual need, mutual support, and mutual profit to increase social welfare and to bring benefit to the region.”

The Surakarta City Government has been active in carrying out regional-level to international-level partnerships. From 2013 to 2017, the partnerships of this city include (1) Partnerships with the governments of Boyolali, Karanganyar, Klaten, Sragen, Wonogiri, and Sukoharjo regencies in fourteen sectors; (2) Partnerships with other regional governments in Indonesia, in the sectors of development, transmigration, sister city, and promotions on investment potentials and opportunities; (3) Partnerships with Ministries, non-Ministerial Governmental Institutions in six sectors; (4) Partnerships with Incorporated Third Parties in ten sectors; and (5) Partnerships with Foreign Parties in four sectors.25

The Surakarta City Center of Statistics noted that up to 2018, there were 405 registered companies, consisting of 279 construction companies and 126 medium to large industrial management companies.26 Among those registered companies and/or industries, only some carried out partnerships with the Surakarta City Government. On the official website of the

26 Ibid.
Surakarta City Partnership Section, only sixteen companies have undertaken partnerships, and two partnerships with companies have ended. Based on that data, there have not been any special partnerships in the environmental sector.\(^{27}\)

The research findings showed that the Surakarta Government was not serious about implementing the law because out of a hundred companies, only a small number voluntarily fulfilled this obligation. As for the companies that ignored the rules and obligations, there were no sanctions at all, but only a recommendation on partnerships. It was obviously not about the law but the policy of implementing the law.

The number of intrastate partnerships of the Surakarta City Regional Government up to 2016 according to the city’s Partnership Section is presented in Table 1. Table 1 shows that 37% of the partnerships with other parties have not been followed up nor implemented by the regional governmental apparatus, consisting of three partnerships with other regional governments, five partnerships with other governmental institutions, three partnerships with universities, and eight partnerships with private institutions. It also shows that environmental partnership is part of the partnerships carried out by governmental and private institutions. Ironically, if referring to the Surakarta City Regional Regulation No. 8 of 2002 on Regional Partnerships, these partnerships focus on economic and social welfare aspects. However, it has not yet accommodated the environment as a pillar of sustainable development.

The Surakarta Government is not serious about implementing the partnership program as required by the law. If the government wants to optimize partnerships, it cannot rely on voluntary fulfillment because companies are profit-oriented, and partnerships do not bring financial benefit. The government could execute the implementation and impose sanctions if the companies fail to fulfill their obligations. The problem lies in the will of the Surakarta Government to carry out the policy, not in the law.

An example of a partnership in the infrastructural sector in Surakarta City is the construction of the Solo-Kertasono highway that stretches 179 kilometers and goes through two provinces, namely Central Java and East Java. A problem in the economic sector is that it is not financially adequate, as the Economic Internal Rate of Return (EIRR) of the project reaches

22%, while the Financial Internal Rate of Return (FIRR) is only 14%. In the environmental sector, the construction of the Solo-Kertasono highway eliminates 12 hectares of productive land. It eliminates rice field irrigation and road access to the rice fields. It also increases air pollution from the many large vehicles that transport materials.

3.2.1. The Concept of Environment-Based Regional Partnerships to Achieve Sustainable Development

The current reality shows that the handing over of authorities in managing the environment to the provincial and the city/regency governments does not improve the environmental conditions. It is ironic, as the handing over of the authority to manage and protect the environment was aimed at improving environmental conditions. According to Santosa, to analyze the obstacles that potentially emerge in implementing the city or regency’s authorities, the authority gives natural resource concessions and takes control of environmental impacts. This problem shows that the regional government apparatus’s performance in protecting and managing the environment is non-optimal because the regional policies or regulations are still unclear. It may be regarded as a governmental agenda if the two requirements below, as argued by Cobb and Elderr, are fulfilled: a) That issue received public attention or caused awareness among the public. Subsequently, the government must make an effort to take an action that may principally be regarded as a form of “fusion” between the regional developmental interests and the interest in protecting the environment. A concrete action of that effort may be inserting environmental protection issues into the regional government partnership activities; b) The government needs to take action in resolving problems as a response to the public perspective. The government must immediately issue policies related to the implementation of sustainable development of regional government partnership by considering economic, social, and environmental aspects.

The legal policy concept proposed in this research was analyzed using the fishbone analysis, which visually explains the various causes that influence a process. The processes were

---


Legal Policy on Eco-Partnerships to Achieve Sustainable Development

categorized to ease understanding. The identification process was carried out by seeking the root causes that influenced the failure to manifest the environment-based regional government partnership legality in Surakarta City using three indicators: (1) Surakarta City Regional Partners, (2) Regulation, and (3) Culture illustrated as small bones. The big bone illustrates the analysis results of the root problem based on those three indicators. The root problem (the big bone to the head) demonstrates the failure to manifest the environment-based regional government partnership legality in Surakarta City.

The case of the failure to manifest the environment-based regional government partnership legal policy in Surakarta City is not a new thing. In 2017, it was found that even though there was a legal instrument on the creative industry in Surakarta City Regional Regulation No. 9 of 2003 that gave legal protection to creative industries to undertake their activities, the implementation was still suboptimal. The Surakarta City Regional Regulation No. 8 of 2002 on Regional Partnership, which contained a legal instrument clause on eco-friendly regional partnerships, contained a similar provision. Unfortunately, this law was not applied, and thus sustainable development elements were not optimally realized by the regional government partners in Surakarta City.

During the past five years, there have been partnerships, but they were still suboptimal, meaning that only a small number of companies built partnerships. The rest violated the law by neglecting to build these partnerships. Worse, there are no implemented policies such as sanctions for those who fail to comply with the law. Without implemented policies, the partnerships will not happen, as the law will only become written on paper without application.

This instrument may be used by governmental and non-governmental institutions to identify a problem and to find the factors that may lead to improvement. If the “problem” and the “cause” have been identified, solutions and steps for improvement are easily found. The fishbone model diagram is shown in figure 1.

Figure 1 illustrates that the government has not yet responded to the lack of maximum realization of government partnership programs regulated in the Surakarta City Regional Regulation No. 8 of 2002 on Regional Partnerships. It may become the factor in the non-optimal

---

32 Bangsawan, “Pemberdayaan Ekonomi Kreatif Di Kota Surakarta Melalui Instrumen Hukum Perizinan Industri Kreatif”.

Diponegoro Law Review, October 2022, Volume 07, Number 02
implementation of governmental partnerships in the environmental sector as a manifestation of the government's commitment to establishing sustainable development.

The regional regulation implementation through policies is not an obstacle for the government and the policymakers who are making efforts in their activities. It is a manifestation of governmental protection to provide legality and facilities to encourage regional development. It is required as Indonesia is currently in the middle of the free-market era which demands all elements to compete globally. During the competition, the government must actively support the establishment of economic activities that not only focus on obtaining profits but also decrease poverty rates and protect the environment.

Table 1.
Regional Partnership of Surakarta City

<table>
<thead>
<tr>
<th></th>
<th>Other Regional Governments</th>
<th>Other Governmental Institutions</th>
<th>Universities</th>
<th>Private Institutions/Companies/State-Owned Business Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Partnership</td>
<td>8</td>
<td>18</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Not yet followed up</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Partnership in the Environmental Sector</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: www.kerjasamasolo.surakarta.go.id
4. Conclusion

At the juridical-normative level, the Surakarta City Regional Regulation No. 8 of 2002 on Regional Partnership has not accommodated the principles of sustainable development as stipulated in Law No. 32 of 2009 on Environmental Protection and Management stating that developmental strategies must guarantee environmental wholeness as well as the safety, capability, prosperity, and life quality of the current and future generations. Thus, the Surakarta City regulation on partnerships should not merely focus on economic development and per capita income acceleration, but also give attention to the environmental aspect.

The eco-partnership concept with the fishbone diagram analysis describes the suboptimum realization of eco-partnerships caused by the following indicators: (1) Surakarta City Regional Partners, (2) Regulation), and (3) Culture. The three indicators are illustrated as the small bones. The big bone illustrates the failure to create environment-based partnership policies in Surakarta City. Based on that, the eco-partnership policy concept proposed in this research is a policy that integrates the economic, social, and environmental aspects of the regional partnership program to realize sustainable development principles as a conscious and planned effort to guarantee environmental wholeness as well as the safety, capability, prosperity, and life quality of current and future generations.

There needs to be a legitimization to the implementation of the eco-partnership program between governors, between governors and mayors/regents, between mayors/regents, and/or between governors, mayors/regents and third parties (private legal entities, state-owned business enterprises, or regional government-owned business enterprises) through the reformulation of the regional regulation on regional partnerships. It will provide legal certainty and legality to help accelerate the growth of the regional economy that accommodates sustainable development principles.

In running their activities through the partnership programs, business owners and/or society must pay attention to the sustainable development element by paying attention and protecting not only the economic aspect but also the social and environmental aspects.

References

Aboyitungiye, Jean Baptiste, and Evi Gravitiani Suryanto. “River Pollution and Human Health Risks: Assessment in the Locality Areas Proximity of Bengawan Solo River, Surakarta, Indonesia.” *Indonesian Journal of Environmental Management and Sustainability* 5, no. 1
Legal Policy on Eco-Partnerships to Achieve Sustainable Development


Bibri, Simon Elias, and John Krogstie. “A Novel Model for Data-Driven Smart Sustainable Cities of the Future: A Strategic Roadmap to Transformational Change in the Era of Big


