

DESIGNING A SUSTAINABILITY REPORTING FRAMEWORK FOR INDONESIAN LOCAL GOVERNMENTS THROUGH STANDARD HARMONIZATION AND STAKEHOLDER VALIDATION



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Abstract

Local governments face growing demands for sustainability disclosure, yet the absence of a sustainability framework for local governments limits accountability and effective use of sustainability information. This study develops a conceptual sustainability reporting (SR) framework for Indonesian local governments. The framework was constructed in three stages. First, internationally recognized standards and guidelines, the Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), INTOSAI Working Group on Environmental Auditing (WGEA), and Indonesia's Sustainable Development Goals (SDGs), were systematically mapped and synthesized. Second, the integrated elements were structured into a framework aligned with public-sector governance and accountability requirements. Third, the framework was validated and refined through stakeholder feedback collected via online questionnaires from 20 key public-sector respondents. The resulting framework offers a structured reporting architecture that incorporates legal, governance, and local government dimensions. This study contributes a practical reference for policymakers and auditors while advancing SR research in decentralized public-sector contexts.

INTRODUCTION

The Sustainable Development Goals (SDGs) are an international consensus agreed upon in 2015, which is a continuation of the Millennium Development Goals (MDGs) that have not yet been achieved (Sarkar et al., 2022). The SDGs represent a global development framework grounded in sustainability across economic, social, environmental, and governance dimensions. (United Nations, 2015). The main targets of the SDGs by 2030 are no poverty, no hunger, social inequality, and protection of the environment, which are outlined in the SDGs agenda, namely 17 goals and 169 indicators on the United Nations (UN) scale of ambition (United Nations, 2015).

To achieve SDGs, sustainability information and measurement is needed. Hence, sustainability reporting (SR) strengthens transparency, promotes accountability, and supports more informed decision-making. By systematically disclosing environmental, social, and governance (ESG) performance, local governments can align their policies and actions with the SDGs, identify gaps, and monitor progress effectively. SR refers to involves the disclosure of information concerning ESG issues. (GRI, 2021). SR is an organization's responsibility for the impact of its activities on the ESG (GRI, 2021), and focuses on non-financial information that is not disclosed in financial statements.

To date, SR has been mostly disclosed by businesses and industries, as it directly impacts global activities, natural resources, and technology (Bebbington & Unerman, 2020). After the establishment of the SDGs by the United Nations, governments began to disclose sustainability reports in the local governments (Figueira et al., 2018). This situation reflects a growing recognition that governments, play a strategic role in achieving sustainable development goals through policy formulation, budget allocation, public service delivery, and environmental management (Hossain, 2018). Consequently, SR in the local government is not merely a matter of transparency, but also a mechanism to strengthen accountability, enhance stakeholder engagement, and demonstrate the government's contribution to long-term social, economic, and environmental outcomes (Guerrero-Gómez et al., 2021).

Furthermore, local governments play an important role in achieving SDGs as policymakers, catalysts of change, and links between global goals and communities (Figueira et al., 2018; Sarkar et al., 2022). However, there is still limited research on the implementation of SDGs and SR by local governments (Akbas, 2021; Domingues et al., 2017). Prior studies in Spain show that the disclosure of SR in local governments is still not widely adopted and still in the development stage (Larrinaga et al., 2018), compared to SR in private sector (Akbas, 2021; Domingues et al., 2017; Figueira et al., 2018; Niemann & Hoppe, 2018). The reporting standard and guidelines for local government is also lacking (León-Silva et al., 2022; Ulyati et al., 2024).

The results of previous studies show the variation in sustainability disclosures between local governments, even though they are in the same country (Akbas, 2021; Domingues et al., 2017). The reason could be that the absence of appropriate guidelines and policies in each local government, such as differences not only between countries but also between regions within one country (Grainger-Brown & Malekpour, 2019), and misalignment between environmental, social, and governance (Imperiale et al., 2023). Existing SR frameworks, for instances the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) are primarily designed for corporate entities. When applied to local governments, these frameworks exhibit important conceptual limitations. In particular, they insufficiently reflect public-sector accountability logics, statutory obligations, governance structures, and audit processes. As a result, local governments lack a harmonised, audit-ready, and decision-useful SR framework that aligns international standards with national regulations and public-sector governance requirements.

In local governments, SR should be a source of information for users and stakeholders. Users consist of the public and legislative bodies while stakeholders are local government leaders and SR preparers (McGhee, 2023). The government has policies and regulations with the potential to achieve sustainability goals (McGhee, 2023). Local governments use SR as a source of information for evaluating sustainability performance results, comparison with other organizations, facilitating transparency and external audits, promoting sustainability, encouraging organizational change, and

considering sustainability development (Domingues et al., 2017; GRI, 2021; GSSB, 2023; Larrinaga et al., 2018).

This study aimed to identify important components in the SR framework and evaluate the perspectives of policymakers and users on the draft conceptual framework for SR by local governments in Indonesia. Existing sustainability reporting frameworks were primarily developed for private-sector accountability and capital-market users (Biondi & Bracci, 2018). Consequently, they emphasize investor-oriented disclosure and materiality, with limited attention to democratic accountability, fiscal responsibility, and transparency (Othman et al., 2017). Hence, it is hoped that this research provides new insights into the draft conceptual framework for SR in local governments, as well as provide guidelines or an overview of SR in local governments, and make a significant contribution to increasing the transparency and accountability of local governments in reporting sustainability efforts.

This draft conceptual framework was compiled based on the conceptual framework and SR standards that have been widely used, consisting of GRI, SASB, WGEA, and SDGs as sustainability achievers, as well as the perspectives of policymakers and users. Policymakers and users of sustainability reports need to evaluate the resulting draft conceptual framework for local government SR by providing suggestions and responses for the development and improvement of a conceptual framework that is appropriate and describes the conditions of sustainability in local governments.

The disclosure of economic, social, and environmental information is known as SR (GSSB, 2023), and has undergone many developments (Rosati & Faria, 2019). The report not only focuses on economic and financial performance but also on related economic, social, and environmental accounting. Organizations disclose information based on institutional theory because they make sustainability reports in response to social pressures, expectations, and changes (Farneti et al., 2019; León-Silva et al., 2022). The level of sustainability information disclosure is influenced by board commitment, according to institutional theory (Fuente et al., 2017). The conceptual framework is a structure of accounting theory that explains new phenomena or facts, which forms the basis for the decline in standards and provides an overview of the nature, functions, and limitations of financial accounting and reporting (INTOSAI WGEA, 2013). Standards are the development of a conceptual framework that serves as a guideline (KSAP, 2021). Moreover, the conceptual framework is a structure of accounting theory that explains new phenomena or facts, which form the basis for the derivation of standards that provide an overview of the nature, functions, and limitations of financial accounting and reporting (Abeysekera, 2022). The conceptual framework underlies the preparation and development of Government Accounting Standards, serving as a reference for accounting issues (KSAP, 2021).

To date, a conceptual SR framework specifically designed for Indonesian local governments has not yet been established. Hence, sustainability-related disclosures in Indonesian local governments were dispersed across various documents, such as Government Agency Performance Accountability Report (or LAKIP), Local Government Administration Report (or LPPD), and SDG reporting instruments, without a unified conceptual structure. Existing disclosures lacked an integrated architecture linking principles, dimensions, indicators, and reporting outputs. Governance and audit mechanisms were reported separately from sustainability performance, limiting coherence and accountability. This fragmented condition highlights the need for a structured conceptual framework.

This study offers three novelties. First, it develops a structured SR architecture specifically tailored to local government accountability. Second, it harmonizes multiple international standards while adapting them to Indonesian regulatory and fiscal contexts. Third, it incorporates stakeholder validation as part of the framework design process, strengthening both legitimacy and practical feasibility.

Institutional theory provides the lens for understanding both the need for and the design of the framework. Coercive pressures from laws, regulations, audit requirements, and national SDG commitments drive local governments to disclose sustainability information. Normative pressures from professional communities shape expectations regarding reporting quality and characteristics, while mimetic pressures encourage the adoption of internationally recognised reporting practices in response to uncertainty. The proposed framework translates these institutional pressures into a coherent SR design aligned with public-sector governance and accountability needs.

Institutional theory has been widely used in economic, social, and political research in the government sector (DiMaggio & Powell, 1983; Frumkin & Galaskiewicz, 2004). According to DiMaggio & Powell (1983), institutional isomorphism theory is classified into three types based on the changes organizations make to adjust to the environment: coercive isomorphism, mimetic isomorphism, and normative isomorphism. Coercive isomorphism occurs when organizations are forced to follow the pressures, regulations, and standards of larger organizations due to interdependence, which is the activity of organizations that imitate other similar organizations to reduce the risk of environmental uncertainty. Normative isomorphism is the uniformity of widely accepted and professional methods or practices (León-Silva et al., 2022; Montecalvo et al., 2018; Nadila et al., 2021). The adoption of SR is influenced by both internal organizational dynamics and external pressures, including regulatory requirements, normative expectations, and cognitive factors. (Bellucci & Manetti, 2018).

In this study, institutional theory is not only used to explain why local governments engage in SR, but also to inform the design of the proposed reporting framework. Coercive institutional pressures, arising from laws, regulations, audit mandates, and national commitments to the SDGs, justify the inclusion of legal and governance-related reporting dimensions within the framework. These pressures emphasise compliance, accountability, and alignment with formal policy objectives. Normative pressures, shaped by professional norms and expectations promoted by auditors, academics, and civil society, inform the articulation of reporting characteristics such as relevance, reliability, transparency, and comparability. Meanwhile, mimetic pressures, reflecting local governments' tendency to emulate internationally recognised SR practices under conditions of uncertainty, underpin the harmonisation of global standards and support comparability and benchmarking across jurisdictions. By explicitly linking institutional mechanisms to specific elements of the framework, this study positions institutional theory as a design rationale rather than merely a contextual backdrop.

METHOD

This study adopts a qualitative research method. Existing SR well-known standards and guidelines (SASB, GRI, WGEA, and SDGs) were reviewed using document analysis. The standards were accessed through their official websites. Firstly, each standard was analysed by identifying and documenting its main topics, objectives, aspects, and reporting focus. Secondly, the unit of comparison used in this analysis consisted of reporting principles, dimensions, and indicators. Indicators from each standard were mapped and compared to identify areas of overlap, convergence, and divergence. Indicators addressing similar sustainability issues across different standards were grouped together, while inconsistencies were reviewed by assessing their relevance to local government responsibilities and reporting capacity.

Thirdly, to ensure contextual relevance, the analysis incorporated SDG indicators applicable to Indonesia, accessed through official national and international SDG reporting platforms. Given that the framework targets local governments in Indonesia, indicator selection focused on SDGs adopted at the national level and disclosed by the central government, as local governments are institutionally required to align with national regulations. Fourthly, indicators were filtered based on their feasibility and relevance for local governments, particularly their alignment with existing accountability and performance reporting systems such as LAKIP and LPPD. This process ensured that the selected indicators are not only theoretically relevant but also practically implementable within the institutional and regulatory context of Indonesian local governments. These revisions clarify how standards were analysed, how indicators were compared and harmonised, and how overlaps or inconsistencies were resolved in developing the final conceptual framework.

The resulted draft of the conceptual was sent to selected policy makers and users who commented and provided recommendations for its finalization. Their feedback and comments refine and validate the proposed conceptual framework. These include evaluation of the indicators, terminology and dimensions. This iterative process ensured that the final framework is not only conceptually robust but also feasible, auditable, and aligned with both national priorities and international reporting standards. This iterative process ensured that the final framework is not only conceptually robust, but also feasible,

auditable, and aligned with both national priorities and international reporting standards. The summary of data collection can be seen in the figure 1 below.

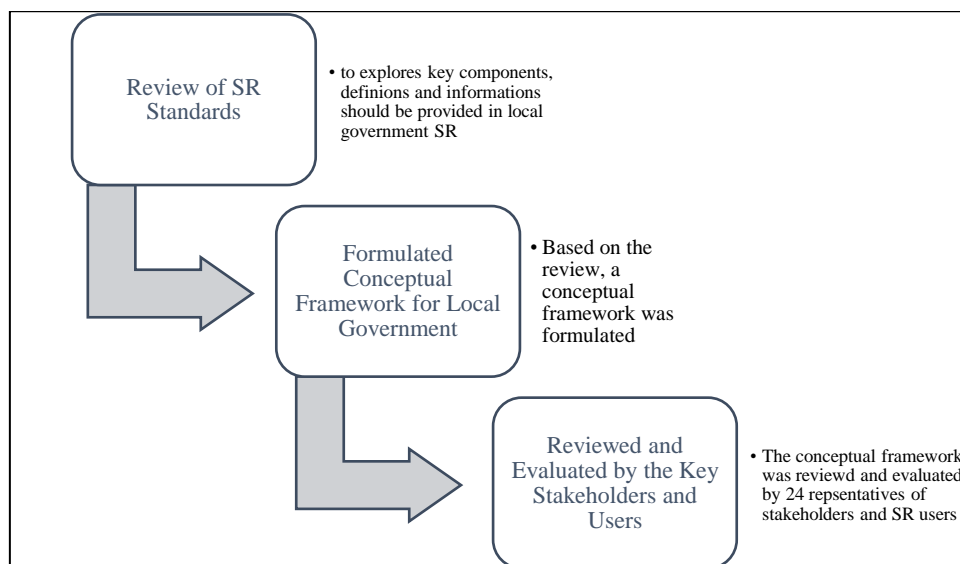


Figure 1. Summary of data collection method

The stakeholder and policymakers comprised the head of the region and a representative of the Regional Development Planning Agency (or *BAPPEDA*). The local governments used as respondents are provincial governments where the Sustainable Development Action Plan ends in 2021-2023 and local governments that received SDGs Awards in 2023. Meanwhile, the users consisted of members of parliament, NGOs, and centers. Members of parliament were selected based on local governments whose sustainability report action plans. The total number of targeted respondents was 48, but there were only 35 of their contacts were obtained through email addresses listed on local government websites. The questionnaire was sent via email on April 23, 2024, with a response waiting period of one week. Finally, there were 20 responses from multiple respondents from local governments, the Audit Board of The Republic of Indonesia, academicians, ministries/government bodies, central government, and NGOs. Local government officials formed the largest group (8 respondents; 40%), followed by representatives from audit and supervisory bodies (BPK/BPKP) (5 respondents; 25%). Academics accounted for 3 respondents (15%), while representatives from ministries or government agencies comprised 2 respondents (10%). Central government officials and non-governmental organisations were each represented by 1 respondent (5%). This composition ensured that the framework was assessed from multiple perspectives, combining academic insight, regulatory and audit expertise, and practical experience in local government planning and accountability.

RESULTS

Similarities and differences between the topics, issues, aspects, and objectives within the disclosed dimensions in the reviewed standards were found in this study. Similarities were found in the environmental discussion, where the topics of water use, biodiversity, waste management, and emissions were found in GRI, SASB, and WGEA. In contrast, in the context of economic performance and market stability GRI, WGEA, and SDGs place this aspect in the economic dimension while SASB includes it in the Business capital and innovation category. In issues related to health, education, and security, GRI, WGEA, and SDGs unify this focus in the social dimension, whereas SASB handles this issue under human capital. While the SDGs have a dedicated pillar for law and governance, this dimension is found in the social dimensions of the GRI, SASB, and WGEA standards. These differences reflect the different emphasis and focus among these standards in terms of sustainability.

The preparation of this draft conceptual framework was carried out using the equations that exist in the standards that apply to GRI, SASB and WGEA as well as important components that achieve the SDGs. Dimensions and topics use equations from each standard, whereas indicators using SDGs adjust the needs of Indonesian local governments. Based on the review conducted, a conceptual framework for SR in local governments was formulated as follows (Figure 2):

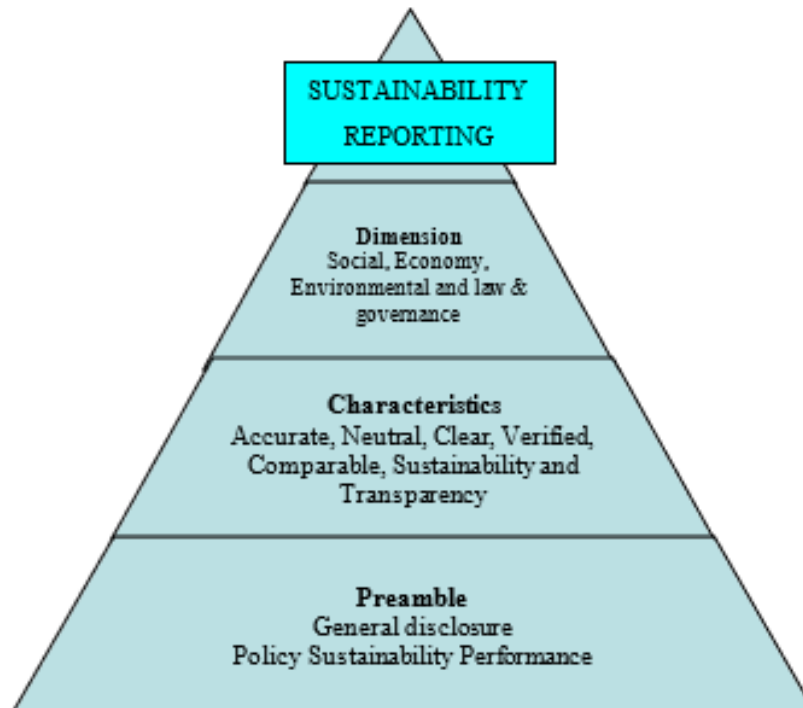


Figure 2. Proposed conceptual framework of local government sustainability reporting

As illustrated in Figure 2, the SR framework is organised into hierarchical levels that reflect how SR in local governments is conceptually structured. Each level serves a distinct role and collectively supports the development of a coherent sustainability report. The first level (preamble) forms the foundation of the framework and includes general disclosures related to policy commitments, regulatory mandates, and overall sustainability performance. This level establishes the institutional and accountability context within which SR is conducted.

The second level (reporting characteristics) defines the quality attributes of sustainability information, such as accuracy, neutrality, clarity, verification, comparability, sustainability orientation, and transparency. These characteristics guide how information should be reported to ensure credibility and usefulness. The third level (reporting dimensions) specifies the substantive areas of disclosure, covering social, economic, environmental, and low & governance aspects. The inclusion of a legal governance dimension reflects the public-sector context, where regulation and accountability are central.

The general foundation includes general disclosure, policies, and sustainability performance. In general disclosures, local governments are expected to explain and describe the general condition of local governments in the form of local government profiles, reporting entities, and reporting fiscal year periods (León-Silva et al., 2022; Ulyati et al., 2024). In the local government policy section, local government work plans and targets contain the vision and mission of the local government and the sustainability Action Plan, which are the focus of the fiscal year (Akbas, 2021; Figueira et al., 2018; León-Silva et al., 2022; Ulyati et al., 2024). The government's sustainability performance reveals the results of sustainability work that the government focused on in the reporting fiscal year period and comparisons between previous periods for reference material for the current year (Figueira et al., 2018).

SR characteristics are things that local governments must present in SR to meet the required reporting objectives, based on the similarities of the GRI, SASB, and WGEA. First, accuracy is information that is conveyed correctly and in sufficient detail to enable assessment, which is found in GRI and WGEA, whereas SASB uses adequate fair representation. Second, neutral is information that is general, impartial, and balanced about negative and positive impacts, which is taken in SASB, whereas in GRI and WGEA, it uses a balance.

Third, the information conveyed can be accessed and easily understood; this characteristic is found in GRI and WGEA, whereas SASB uses complete information to provide sufficient information. Fourth, verifiable, the information conveyed can be tested, and if the test is carried out by different parties, it produces almost the same conclusion, which is found in GRI and SASB, while WGEA does not.

Fifth, comparability is that the information provided can be compared with previous or other reports; this characteristic is used in all three standards, namely GRI, SASB, and WGEA. Sixth, sustainability is a report that can predict and become a reference for future policies; this characteristic is used by the GRI. Seventh, Transparency means that sustainability reports must be accountable and measurable in order to produce the same assessment between policymakers and users.

The addition of transparency as a characteristic is based on feedback from the respondents. In the characteristics section, transparency must be added to produce a transparent and fair sustainability report, which is expected to produce accountable and measurable SR (Akbas, 2021; Montecalvo et al., 2018) to assess sustainability performance (León-Silva et al., 2022). SR characteristics are accurate, neutral, clear, verified, comparable (GRI, 2021), sustainable (Domingues et al., 2017), and transparent (Akbas, 2021; Domingues et al., 2017; Montecalvo et al., 2018).

Dimensions or topics/issues that are the focus of SR focus on economic, environmental, social (Amanpreet & Sumit, 2018; Manes-Rossi et al., 2020; Montecalvo et al., 2018), and governance (United Nations, 2015; GRI, 2021). This study focuses on social, economic, environmental, and law & governance dimensions such as research conducted (Ulyati et al., 2024). Moreover, several indicators in the framework capture broad development outcomes, such as poverty rates and life expectancy, which are widely used in SDG monitoring. These outcomes are not presented as results solely caused by local governments. Rather, they are used to describe the wider development context in which local policies and programs take place. To deal with issues of attribution and control, the framework encourages reporting alongside these indicators on concrete actions and outputs, for instances policy initiatives, budget priorities, and program implementation. Hence, the stakeholders can better understand local governments' contributions, rather than assume direct causal impacts.

In the social dimension, the achievements of SR goals consist of Poverty, Food Security, Health and Welfare, Education and Gender Equality (*Presidential Regulation of the Republic of Indonesia Number 111, 2022*). The social dimension focuses on what the government should do to improve the welfare of local government communities, while in the research conducted (Figueira et al., 2018), the organization improves staff welfare and governance. Research conducted in Tanzania (Lauwo et al., 2022) The five social dimension goals used were no poverty, no hunger, health and well-being, quality education, and gender equality. The indicators used to achieve these goals are an important component of local government disclosure.

Table 1. Social dimension and indicators of local government SR

Topic	Indicator	Reference
Social		
Poverty (SDGs)		
The regional poverty rate is calculated based on the percentage of the population living under the international, national and regional poverty lines.	Extreme poverty rate (%)	SDGS, GRI
	Poverty level	SDGS, GRI
Food security		

Explaining the regional food security index, malnutrition and stunting rates	Prevalence of population with food insecurity	SDGS, GRI
	Prevalence of stunting	SDGS, GRI
	Proportion of agricultural land area	SDGS, GRI
GOOD health and well-being		
Explaining healthy and prosperous life	Life expectancy rate	SDGS, GRI
	Maternal mortality ratio	SDGS, GRI
	Neonatal mortality rate	SDGS, GRI
	New HIV infection	SDGS, GRI
	Incidence of tuberculosis, malaria and infectious diseases	SDGS, GRI
	Death rate due to cardiovascular disease, cancer, diabetes or chronic respiratory	SDGS, GRI
	Number of drug abusers who received medical rehabilitation services	SDGS, GRI
	Traffic deaths	SDGS, GRI
	Death rate attributable to household air pollution and ambient air pollution	SDGS, GRI
Education		
Describe education enrolment rates at each school level and literacy rates	Completion rate of primary school, junior high school, and senior high school education	SDGS
	Youth and adult participation rates in formal and non-formal education	SDGS
	Percentage of literacy rate	SDGS
	Percentage of students who experienced bullying	SDGS
	Percentage of teachers meeting qualifications	SDGS
Gender equality		
Equal opportunities for rights and duties as measured by the ratio of women to men in education and the labour force, and the number of women gaining positions in politics.	Availability of a legal framework for gender equality and elimination of discrimination based on sex	SDGS, GRI, WGEA
	The proportion of women and girls experiencing sexual violence	SDGS, GRI, WGEA
	The proportion of seats held by women in parliament, government, and managerial positions	SDGS, GRI, WGEA
	Regulations that guarantee equal access to education for women and men	SDGS, GRI

End poverty is the first goal in the SDGs and is categorized as poor if citizen's income divided by expenditure is less than the poverty line. The indicator used was the extreme poverty rate, measured as the percentage of the population living below the international poverty line. The poverty rate represents the share of the population living below the national poverty line and reflects the level of poverty within a local government (Griggs et al., 2013; Ministry of National Development Planning/National Development Planning Agency, 2020; Sdindex.org, 2023). Local governments can access data sources through the Statistics Indonesia documents in a national socioeconomic survey.

End hunger represents the second goal of the SDGs, focusing on eliminating hunger, ensuring food security and adequate nutrition, and advancing sustainable agriculture. The indicators used were the prevalence of food insecure populations, with the aim of eliminating hunger and ensuring access for all. Prevalence of stunting with the aim of eliminating malnutrition in children, adolescent girls, pregnant and lactating women, and the elderly. The proportion of agricultural land area for sustainable food agriculture aims to ensure a sustainable food production system (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020b; Sarkar et al., 2022). Local governments may use data from the national socioeconomic survey conducted every year by the Statistics Indonesia.

Good health and well-being. A healthy and prosperous life is the 3rd goal of the SDGs, which is to ensure a healthy life and improve the welfare of people of all ages. Life expectancy, which is the degree of population health, was used as the indicator. Reduce maternal mortality, end newborn and under-five mortality, and end the AIDS, tuberculosis, malaria, and other infectious disease epidemics. Reduce premature deaths from non-communicable diseases, improve prevention and treatment of substance abuse, lower deaths and injuries from traffic accidents, and cut mortality and illness caused by air, water, and soil pollution (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020b; Sarkar et al., 2022). Data sources can be accessed by local governments through Statistics Indonesia, ational Population and Family Planning Board (BKKBN), the Health Office, the Social Affairs Office, and the National Narcotics Agency (BNN).

Education and quality education are the 4th goal of the SDGs,. This SDG focuses on how to make quality education inclusive and equitable a long with the opportunity to facilitate lifelong learning experiences. The indicators used are the completion rate of elementary/equivalent, junior/equivalent, and senior/equivalent levels of education with the aim of ensuring that every child completes school relevantly and effectively. Youth and adult participation rates in formal and non-formal education with the aim of ensuring equal access to vocational and university education. Literacy rate to ensure that all adolescents have literacy skills. Percentage of students experiencing bullying by improving child-, disability-, and gender-friendly education facilities. Percentage of teachers qualified to increase the supply of qualified teachers (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020b; Sarkar et al., 2022; Sdginde.org, 2023). Local governments can access data sources through the Education and Culture Office, Health Office, and Statistics Indonesia documents. Based on references related to education in SDGs, the government focuses on education received from early childhood to university, while in SASB, GRI, and WGEA, the education received by employees in achieving company goals.

Gender equality is the 5th SDG goal to achieve gender equality and empower women. This indicated by the presence of legal frameworks that promote, establish, and monitor gender equality and the elimination of discrimination based on sex, with the goal of ending all forms of discrimination against women. The proportion of women experiencing sexual violence measures progress in eliminating violence against women, including trafficking and exploitation. The share of women in leadership roles in government and parliament shows efforts to ensure equal opportunities for women to lead. Regulations guarantee equal access to education for women and men (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020c; Sarkar et al., 2022; Sdginde.org, 2023).

In the economic dimension, sustainability reporting (SR) focuses on advancing access to clean and affordable energy, promoting decent work and economic growth, supporting industry, innovation, and infrastructure, reducing inequalities, and strengthening partnerships to achieve shared goals (Presidential Regulation of the Republic of Indonesia Number 111 of 2022 concerning the Implementation of Achieving Sustainable Development Goals, 2022). The economic dimension needs to be adjusted on the topic of partnerships to achieve goals to be changed from the amount of tax revenue to local own-source revenues, which is most suitable for the conditions and capabilities of local governments in carrying out their sustainable development of local governments (Ministry of National Development Planning/National Development Planning Agency, 2020c). Private investment in local government planning documents has been included in local government plan items, which supports the research conducted (Masuda et al., 2022) that the government must use the private sector to achieve SDGs.

In this study, the economic dimension is that the government conducts activities to achieve economic sustainability by focusing on the most efficient programs for sustainability performance according to research conducted (Figueira et al., 2018) and economic activities that support organizational sustainability (León-Silva et al., 2022), focusing on how the government conducts economic activities that increase the economic value of society. In the study by Lauwo et al. (2022) in Tanzania, the government focused on affordable clean energy, industry, innovation, infrastructure, and partnerships to achieve the goals, while in this study, the SDGs were based on Ministry of National Development Planning/National Development Planning Agency (2020) and Sdginde.org (2023). Table 2 shows economic dimension and indicators of local government SR.

Table 2. Economic dimension and indicators of local government SR

Topics	Indicators	Reference
Economic		
Affordable and clean energy		
Ensuring Access to Affordable, Reliable, Sustainable and Modern Energy for All	Electricity consumption per capital	SDGS, GRI, WGEA
	Household gas utilisation ratio	SDGS, GRI
Decent work and economic growth		

Inclusive and sustainable economic growth, productive and full employment opportunities, and decent work for all	GRDP per capita	SDGS, GRI, WGEA
	Percentage of micro finance	SDGS, GRI, WGEA
	Average wage per worker hour	SDGS, GRI
	Unemployment rate	SDGS, GRI
	Proportion and growth rate of tourism contribution to GRDP	SDGS, GRI
	Proportion of MSME loans to total loans	SDGS, GRI
Industry, innovation and infrastructures		
Resilient infrastructure, inclusive and sustainable industries and driving innovation	Roadworthy Condition	SDGS, GRI
	Proportion of manufacturing industry sector value added to GRDP	SDGS, GRI
	Greenhouse gas emissions	SDGS, GRI
Gap reduction		
Reduce intra- and inter-regional disparities	Gini ratio	SDGS, GRI
	Proportion of population reporting discrimination	SDGS, GRI, WGEA
Partnership to attain objectives		
Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	Total local revenue	SDGS, GRI, WGEA

Affordable and clean energy. In the economic dimension, SR focuses on advancing access to clean and affordable energy, promoting decent work and economic growth, supporting industry, innovation, and infrastructure, reducing inequalities, and strengthening partnerships to achieve shared goals. Clean and affordable energy is the 7th SDG goal to ensure access to affordable, reliable, sustainable, and modern energy for all. The indicators used were electricity consumption per capita and household gas usage ratio indicators that ensure universal access to affordable, reliable, and modern energy services (Ministry of National Development Planning/National Development Planning Agency/Bappenas, 2020a; Sdindex.org, 2023). The Indonesian local governments can access data sources through National Electricity Company (PLN) for the number of electrified households

Decent work and economic growth. the eighth SDG, focuses on promoting inclusive and sustainable economic growth, expanding productive employment, and ensuring decent work for all. This goal is commonly measured using indicators such as GRDP per capita, which reflects economic growth at the regional level, as well as the percentage of micro, small, and medium enterprises (MSMEs) with access to financial services to support entrepreneurship, innovation, and job creation. Additional indicators, including average hourly wages and the open unemployment rate, are used to assess the availability of stable, productive jobs and the overall quality of employment across different groups. The proportion and growth rate of tourism contribution to GDP with the aim of formulating and implementing policies to promote sustainable tourism that creates jobs and promotes local culture and products. The proportion of MSME credit to total credit by strengthening the capacity of domestic financial institutions to expand access to banking insurance and financial services (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020c; Sdindex.org, 2023). Local governments can access data sources through the Financial Services Authority, Office of Cooperatives and MSMEs, Tourism Office, and Statistics Indonesia.

Industry, innovation and infrastructure, industry, innovation, and infrastructure are the 9th SDGs goal that build resilient infrastructure, promote inclusive and sustainable industries, and encourage innovation. The indicator is the steady state of roads, which is a quality, reliable, sustainable, and resilient infrastructure that supports economic development and human well-being. The proportion of the manufacturing industry sector value added to GRDP and per capita by promoting inclusive and sustainable industrialization, and significantly increasing the proportion of industry in employment. By improving infrastructure and industry to be sustainable with efficient use of resources, the greenhouse gas emission ratio of the industrial sector can become a clean and environmentally friendly industry (Ministry of National Development Planning/National Development Planning Agency, 2020; Sdindex.org, 2023). Local governments can access data sources through the Department of Public Works, and Statistics Indonesia.

Reduced inequality is the 10th SDGs goal of reducing intra- and intercountry disparities. Indicators are the Gini Ratio, which progressively achieves and sustains income growth for those in the bottom 40% of the population. Proportion of population reporting discrimination by ensuring equal opportunities and reducing inequalities and inappropriate policies (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020c; Sdindex.org, 2023). Local governments and Statistics Indonesia can access data sources.

Partnerships for the goals, partnership to achieve goals, are the 17th SDGs goal that strengthens the means of implementation and revitalizes the global partnership for sustainable development. The indicator used was local own-source revenue, which represents the ability of the region in its operational activities (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020c; Sdindex.org, 2023). The data sources can be accessed by the local governments of the Regional Financial Management Agency (BPKD) and Statistics Indonesia.

In the environmental dimension, SR goals consist of Clean Water and Adequate Sanitation, Sustainable Cities and Settlements, Responsible Consumption and Production, Handling Climate Change, Marine Ecosystems, and Terrestrial Ecosystems. based on the *Presidential Regulation of the Republic of Indonesia (No. 111 of 2022, 2022)*. The indicators used are important components expressed by local governments (Table 3).

Table 3. Environmental dimension and indicators of local government SR

Topic	Indicator	Reference
Environment		
Clean water and sanitation		
Availability and management of clean water and sanitation	Population using at least basic drinking water services	SDGS, SASB, GRI, WGEA
	Population using at least basic sanitation service	SDGS, GRI
Sustainable cities and communities		
Inclusive, safe, resilient and sustainable cities and settlements	Percentage of households that have access to decent and affordable housing	SDGS, GRI
	Percentage of population served by public transport	SDGS, GRI
	Quality of Air	SDGS, SASB, GRI
Responsible consumption and production		
Ensure sustainable production and consumption patterns	Hazardous and toxic waste (B3) generated per capital and handled	SDGS, SASB, GRI
	Amount of waste recycled	SDGS, SASB, GRI
	Number of local eco-friendly products registered with local government	SDGS, SASB, GRI
Climate action		
Rapid action to address climate change and its impacts	Vulnerability to disasters	SDGS, GRI
	Total Greenhouse Gas Emissions	SDGS, SASB, GRI, WGEA
Life below water		
Conserving and Sustainably Utilising Marine and Ocean Resources for Sustainable Development	Percentage reduction in marine litter	SDGS, GRI, WGEA
	Proportion of marine fish catch that is within safe biological limits	SDGS, GRI
	Number of marine protected areas	SDGS, GRI
	Number of fishermen protected	SDGS, GRI
Life on land		
Protect, restore and enhance sustainable use of terrestrial ecosystems, sustainably manage forests, halt desertification, reverse land degradation, and halt biodiversity loss.	Proportion of forest area to total land area	SDGS, GRI
	Red-list index	SDGS, GRI, WGEA
	Number of cases of poaching or illegal trade in Wild Plants and Animals (TSL)	SDGS, GRI, SASB, WGEA

Clean water and sanitation, and proper sanitation are the 6th SDGs which aims at to ensure access to safe water and proper sanitation. Key indicators include the percentage of households with access to drinking water services and the percentage using safely managed sanitation, both reflecting progress toward universal and equitable access (Ministry of National Development Planning/National

Development Planning Agency/ Bappenas, 2020b; Sdindex.org, 2023). Local governments can access data sources through Regional Drinking Water Companies and Statistics Indonesia.

Sustainable cities and communities and sustainable cities and settlements are the 11th SDGs goals that make cities and settlements inclusive, safe, resilient, and sustainable. The indicators used are the percentage of households that have access to decent and affordable housing by ensuring access to decent, safe, and affordable housing, basic services, and organizing slums. Percentage of the population served by public transportation that provides access to safe, affordable, and accessible transportation systems. Air Quality Index by reducing adverse urban environmental impacts (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020b; Sdindex.org, 2023). Local governments can access data sources through Regional Water Supply Companies (PDAMs) and Statistics Indonesia.

Responsible consumption and production, Responsible consumption and production is the 12th SDG goal that ensures sustainable production and consumption patterns. The indicator used is the proportion of hazardous waste that is handled/processed based on the type of handling/processing, achieving environmentally friendly management of chemicals and all types of waste and reducing environmental pollution. The amount of waste generated that is recycled substantially reduces the waste production through prevention, recycling, and reuse. Several local green products are registered with local governments and included in public procurement to promote sustainable public procurement practices through local policies and priorities (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020c; Sdindex.org, 2023) (Ministry of National Development Planning/Bappenas, 2020c; sdindex, 2023). The data source can be accessed by local governments through the Department of the Environment.

Climate change. The thirteenth SDG focuses on taking urgent action to respond to climate change and its impacts. Progress is reflected in the extent to which local governments implement disaster management strategies aligned with national plans, helping to strengthen resilience and adaptive capacity. It is also indicated by annual greenhouse gas emissions, which show how well climate considerations are integrated into policies and planning (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020b; Sdindex.org, 2023). Local governments can access data sources through the Regional Disaster Management Agency (BPBD) and Environment Agency.

Life below water and marine ecosystems are the 14th goal of SDGs by conserving and sustainably utilizing marine and ocean resources for sustainable development. Indicator Percentage reduction in marine litter by preventing and significantly reducing all types of marine pollution. The proportion of marine fish species caught is within safe biological limits by effectively regulating harvesting, stopping overfishing, illegal fishing, and socializing the restoration of viable fish stocks. The number of marine protected areas by conserving 10 percent of coastal and marine areas by national law. A number of fishers are protected by providing access to marine resources for small-scale fishers (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020b; Sdindex.org, 2023). Data sources can be accessed by local governments through the Department of Marine Affairs and Fisheries,

Terrestrial ecosystems are the 15th SDGs goal that protects, restores, and enhances the sustainable use of terrestrial ecosystems, sustainably manages forests, stops desertification, restores land degradation, and stops biodiversity loss. The indicator uses the proportion of forest area to total land area, which ensures preservation, restoration, and sustainable use of terrestrial ecosystems and inland waters. The red-listing index takes rapid and significant action to reduce the degradation of natural habitats, halt biodiversity loss, and prevent the disappearance of endangered species. A number of cases of poaching or illegal trade in plants and wildlife (TSL) have taken rapid action to end poaching and trade in protected species of flora and fauna and address the demand and supply of illegal wildlife products (Ministry of National Development Planning/National Development Planning Agency/ Bappenas, 2020b; Sdindex.org, 2023). Local governments can access data sources through forestry services.

The law & governance dimension is conceptually distinct from the social dimension. While the social dimension focuses on social outcomes, equity, and service impacts experienced by communities, the law and governance dimension address the institutional mechanisms that ensure accountability for sustainability commitments. This includes compliance with legal mandates, the functioning of internal control systems, transparency in decision-making, and the role of audit and oversight institutions. By emphasizing auditability and institutional accountability, the law and governance dimension strengthens the credibility and reliability of SR in the local governments.

Furthermore, the law & Governance dimension is constructed based on the 16th SDGs goal, namely Peace, Justice, and Resilient Institutions by strengthening inclusive and peaceful societies for sustainable development; providing access to justice for all; and building effective, accountable, and inclusive institutions. Table 4 shows law and governance dimension and indicators of local government SR.

Table 4. Law and governance dimension and indicators of local government SR

Topic	Indicator	Reference
Law & Governance		
Peace, justice and resilient institutions		
	Number of homicides	SDGS, GRI
	Deaths due to conflict	SDGS, GRI
An inclusive and peaceful society for sustainable development, providing access to justice for all, and building effective, accountable, and inclusive institutions at all levels.	Proportion of population experiencing physical, psychological, sexual violence	SDGS, GRI
	Proportion of population who feel safe walking alone in the area where they live	SDGS, GRI
	Proportion of prisoners to all detainees and prisoners	SDGS, GRI
	Anti-Corruption Behavior Index	SDGS, GRI, WGEA
	Agencies obtaining Audit Board of Indonesia (BPK RI) opinion, Government Agency Performance Accountability System (or SAKIP), Bureaucratic Reform Index, Satisfaction with public services	SDGS, GRI, WGEA
	Press Freedom Index	SDGS, GRI, WGEA
	Percentage coverage of birth certificate ownership	SDGS, GRI

Stakeholder evaluation involved 20 respondents and provided constructive input that was synthesised into five main thematic categories: indicator coverage, feasibility and relevance, alignment with international standards (GRI), governance and auditability, and environmental specificity. First, regarding indicator coverage, 11 respondents considered the proposed framework sufficient, while 4 respondents explicitly requested the inclusion of broader poverty indicators beyond extreme poverty. In response, the framework was revised to incorporate the poverty rate, defined as the percentage of the population living below the national poverty line, to better reflect local government development conditions and align with SDG monitoring practices (Griggs et al., 2013).

Second, feedback related to feasibility and contextual relevance was raised by 5 respondents, who emphasised stronger linkages between social, economic, and environmental dimensions, as well as the need for indicators reflecting equitable income distribution, stunting reduction, and community approval of sustainability programmes. These inputs informed the refinement of indicators and strengthened cross-dimensional coherence within the framework.

Third, several respondents highlighted the importance of alignment with the GRI. This resulted in revisions such as replacing “tax revenue” with local own-source revenue, which is more appropriate for assessing local fiscal capacity. Additional disclosures on budget allocation by dimension, supporting infrastructure, and private-sector investment which are already embedded in local planning documents were also incorporated.

Fourth, strong feedback emerged on governance, auditability, and institutional accountability. Respondents recommended clearer indicators related to policy commitment, consistency of implementation, monitoring and evaluation mechanisms, and the availability of publication media for SR. Consequently, the framework was enhanced by integrating governance-related indices, including anti-corruption behaviour, bureaucratic reform, performance accountability systems (SAKIP), audit

opinions, and public satisfaction. Supporting indicators related to the Corruption Eradication Commission's Monitoring Center for Prevention (MCP) and internal audit capability (APIP) were also clarified.

Finally, respondents proposed refinements to environmental indicators, particularly for water management and ecosystems. Indicators on clean water supply, water quality, and water source conservation were strengthened, while household-based drinking water access indicators were retained for representativeness. Additional indicators on forest cover, land use, and the presence of environmental NGOs were included to better capture terrestrial and marine ecosystem governance.

Overall, stakeholder feedback played a refinement and validation role, directly informing revisions to indicator selection, terminology, and dimensional emphasis. This iterative process ensured that the final framework is not only conceptually robust but also feasible, auditable, and aligned with both national priorities and international reporting standards.

DISCUSSION

The evaluation results show a clear agreement among stakeholders that local governments need a SR framework that is different from those used in the private sector. Although widely adopted standards such as GRI and SASB offer useful guidance, they were primarily designed for corporate accountability and capital-market audiences. As a result, they do not fully reflect the local government-sector context, where democratic accountability, policy mandates, and service delivery play a central role (Domingues et al., 2017; Manes-Rossi et al., 2020). The framework developed in this study responds to this gap by explicitly incorporating public-sector considerations, particularly fiscal capacity, policy commitment, and governance accountability, which are often overlooked in frameworks that focus mainly on disclosure completeness rather than institutional purpose (Calabrese et al., 2021). In addition, the findings highlight that SR in the local governments cannot rely solely on adapting private-sector models; instead, it requires institutional alignment with government governance structures, regulatory mandates, and development planning systems. This perspective reinforces the need for frameworks that capture not only performance outcomes but also the policy and governance processes through which governments pursue sustainability objectives.

Compared with existing local government SR approaches, this framework adds value in several important ways. First, it brings together social, economic, environmental, and law-and-governance dimensions within a single structure, while linking SDG outcome indicators with process- and output-level information. This design responds to concerns that SDG-based reporting often highlights high-level outcomes without sufficiently explaining how governments contribute to them (Grainger-Brown & Malekpour, 2019; Sarkar et al., 2022). Second, the framework harmonises key international standards while adapting indicators to local government realities, for example by emphasising local own-source revenue and fiscal capacity rather than corporate-style tax measures. This makes the framework more practical and context-sensitive than earlier models that remain largely normative (Montecalvo et al., 2018). Third, the explicit inclusion of governance and audit-related indicators strengthens the link between SR and institutional accountability, an area that has received limited attention in much of the existing literature (Manes-Rossi et al., 2020). Moreover, by integrating governance and accountability indicators, the framework helps position SR as part of broader local government performance management rather than merely a disclosure exercise.

From an implementation perspective, the framework recognises that reporting capacity, data availability, and audit integration are critical for practical adoption. Stakeholder feedback suggests that most indicators can be drawn from administrative and planning data already produced by local governments, helping to reduce additional reporting burdens. At the same time, the integration of audit-related information supports the credibility and reliability of sustainability disclosures by linking them to existing local government assurance mechanisms (Figueira et al., 2018). By encouraging the combined reporting of outcomes, outputs, and processes, the framework allows local governments to demonstrate their contribution to sustainability goals without overstating direct causal impacts, addressing long-standing concerns about attribution and control in public-sector performance reporting

(Calabrese et al., 2021; Domingues et al., 2017). This approach also supports more transparent communication with stakeholders by clarifying the relationship between government actions, policy implementation, and sustainability outcomes.

Overall, the proposed framework functions not only as a reporting tool but also as a strategic and governance instrument that supports transparency, evidence-based decision-making, and long-term sustainable development planning. By grounding SR in the institutional, fiscal, and audit environment of local governments, this study contributes to the growing international literature on public-sector accountability and provides a foundation for future empirical research and cross-country comparison (Grainger-Brown & Malekpour, 2019; Sarkar et al., 2022). In this sense, the framework may also support policy harmonization and encourage more consistent sustainability disclosure practices across local governments.

CONCLUSION

This study aimed to develop a conceptual SR framework tailored to Indonesian local governments that is audit-ready, decision-useful, and aligned with public-sector accountability. Through systematic mapping of international standards and public-sector guidelines, followed by stakeholder validation, the study produced an integrated framework that harmonizes key sustainability principles with governance, legal, and accountability dimensions specific to local governments.

The findings confirm that existing SR approaches are fragmented and largely business-oriented, making them insufficient for public-sector needs. The proposed framework addresses this gap by offering a structured reporting architecture that reflects stakeholder expectations and the institutional context of Indonesian local governments. Accordingly, this study achieves its objective by providing a validated conceptual foundation that can guide the development, implementation, and future refinement of SR practices in Indonesian local governments.

This study makes three contributions. Conceptually, it proposes a SR framework for the public sector that integrates social, economic, environmental, and governance dimensions, addressing gaps in models largely adapted from the private sector. Practically, the framework provides local governments with a clear guide to organise sustainability information, identify relevant indicators, and improve the transparency and consistency of SDG-related reporting. From a policy perspective, it strengthens the link between SR, governance, and audit information, enhancing its value for decision-making by policymakers, auditors, and other stakeholders.

Several limitations should be noted. First, as a conceptual study, the proposed SR framework has not yet been empirically tested through full implementation across Indonesian local governments. The validation relied on expert and stakeholder feedback rather than statistical generalization. Second, although respondents represented key stakeholder groups, the number of participants was limited and may not capture the full diversity of regional perspectives. Third, the study focuses on the Indonesian public-sector context, which may limit its direct applicability to other countries with different institutional and governance settings.

Future research should involve a broader and more diverse group of stakeholders, including in-depth interviews with experts in SDGs, public-sector accounting, and sustainability governance. Further studies could also empirically test the framework in different local government contexts and explore its integration with performance management and audit systems. In this sense, the present study represents an initial but important step toward the development of more robust, accountable, and context-sensitive sustainability reporting practices in local governments.

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