Sustainable Development in Indonesia: 
Ten Years After Rio

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Introduction

The 1992 Earth Summit in Rio de Janeiro became the landmark for the recognition of Sustainable Development. It is a very positive concept that see development in a broader context which include social, economic, and environmental aspects. The summit was also considered successful in trying to integrate environmental aspects in economic development. Governments all over the world made their commitment to work together in order to achieve a better life for its own people in particular and for mankind in general. Many international conventions were produced, signed and ratified by the UN-member governments to show their commitments to promote sustainable development.

The commitment from a country to actively participate in an international treaty does not stop on the signature or ratification of the convention alone. This action carry the consequence of the follow up steps needed for the implementation of those international conventions to the country level. The commitment must be given flesh through formulation of concrete legislation and eventual enforcement. The most important thing is the understanding of the problems by the broad society, and most especially the stakeholders and those who work on related issues.

Ten years has almost passed since the convention in Rio was signed. Not only the governments, but civil society organisations and other stakeholders have also initiated activities in order to assess and evaluate the implementation of the ratified results of the convention. All these actors are now eager to see whether sustainable development has been in place.

During the Suharto era, the Indonesian government showed its interest in sustainable development by signing and ratifying conventions produced in Rio. They include among others: the UN Framework Convention on Climate Change (1994), the Convention on Biodiversity (1994), Kyoto Protocol (signed in 1998), and the Indonesia National Agenda 21 in 1997.

Due to the authoritarian style of government then, the participation of citizens to development processes was poor and policies were implemented in an oppressive and top-down manner. In the process of producing Agenda 21 for instance, most major stakeholders were not involved, or involved only in a marginal way. They are not major players. Public awareness and education work to make the people understand the government’s programs were not applied widely. The Indonesian people do not know or realise the international commitments that their government has made on sustainable development-related issues, nor fully understand the implications that they could have in their lives. The preparations made for any agreement or attendance to international conventions are usually exclusive discussions among government officials concerned...
without involving related stakeholders or those that will suffer the impacts.

Sustainable development then remained as a foreign concept, a term not fully understood even by academics and government officials. In September 2001, wide consultations with civil society organisations were held to assess what sustainable development means in Indonesia and to Indonesians. Most participants, who came as representatives of major groups coming from all over the country, said that it was the first time for them to hear about Agenda 21. This starkly shows that the basis for the involvement of civil society in sustainable development failed during the Suharto era. The past government did not give a big priority to provide the public with information, or to share with civil society the process of decision-making, or educate them of their legal rights. The complete insulation of governance was a form of social control. If there were a few semblance of people participation or involvement, they were mere pseudo participation.

After 32 years of authoritarian rule Suharto finally stepped down in 1998 amidst a wide spread people and students protests. An independent and free election was then conducted in 1999. Two succeeding democratic governments governed since then. The political life in Indonesia could now be said to be more open and democratic. We still have a lot of problems in our transition into democracy. The military have yet to step aside from the political life and those cliques who hindered the reforms before are still very powerful. Corruption and nepotism are still rampant throughout the country. However, some progress can be noted like the freedom for expression by the press and of the people.

The Indonesian Agenda 21: Process and Content

One of the most important results of the Earth Summit in Rio de Janeiro in 1992 was the signing of Agenda 21 by all countries represented during that historic occasion. Agenda 21 became the guideline world-wide in the implementation of the concepts of sustainable development. The Agenda 21 Indonesia came about in March 1997, five years after the signing of the Rio Convention in 1992. However, since the process of the national agenda building did not involved the majority of civil society groups, except for a very few representative of the environmental organisations, a lot of people do not know what Agenda 21 is or how it was formulated.

The Agenda 21 Indonesia sets the priorities on four major issues:

1. Human services - poverty alleviation, consumption patterns, population dynamics, management and promotion of health, promotion of human settlement development, global trade, economic instruments and environmental accounting.
2. Waste management - atmospheric protection, toxic chemical management, hazardous (B-3) waste management, radioactive waste management, and liquid and solid waste management.
3. Land resource management - land resource planning, forest management, sustainable agriculture and rural development, and water resource management.
4. Natural resource management - biodiversity conservation, management and promotion of Biotechnology, integrated management and sustainable development of coastal and marine areas.

The State of (Sustainable) Development in Indonesia

The dichotomy between the environment and development dominates almost all decision making processes in Indonesia. Most of the time, environmental aspects are seen as an obstacle to the achievement of high economic growth. The prevalent notion is that for the sake of economic consideration, the environment has to suffer. Although Indonesia has
agreed to adopt agenda 21 in 1992, it could be concluded that the implementation of agenda 21 is extremely poor. For the last 10 years, the 'fruit of development' has not benefited the poor, the government has failed to alleviate poverty, the environment has deteriorated and natural resources are depleting at a tremendous rate.

When the last century ended, Indonesia have lost 72% of its original frontier forest while 54% of the remaining forest continue to face threat. Logging operations in Indonesia are carried out by more than 652 concessionaires which have logged as much as 69.5 million hectares that covers more than fifty million cubic meters a year. The logging operations done over the last thirty years have made the rate of deforestation in Indonesia the highest in the world.

The rate of deforestation increased sharply with the conversion of forest areas to plantations. The politics of forest conversion have already caused forest and plantation fires last year. In East Kalimantan, one of the provinces which experienced the most devastating fires, 62% of the burned area was part of timber plantations, large scale plantation areas and logging concessions. Forest areas in Indonesia shrink dramatically each year. Since 1994, 3.8 million hectares of timber estates were built. For this year, 161 companies have already applied to create timber estates as vast as 7.96 million hectares. Ninety eight percent of the applicant companies have already received approval for an area of 4.62 million hectares. There are at least three incentives for companies to race to create timber plantations: cheap credit from the reforestation fund, permission to use timber from the forest areas they develop and control of large scales of land areas.

Following the IMF packages, the government undertook deregulation measures to provide maximum opportunity for domestic and foreign investors to open palm oil plantations. Since July 1998, as many as fifty foreign investors have already built palm oil plantations investing as much as $US 3 billion with the plan to open plantations as vast as 926,650 hectares. In the last ten years, oil palm plantations have increased by an average of 22% each year. This figure is predicted to dramatically increase with further openings for foreign investments as promised by one of the provisions of the IMF package.

The problems produced since the beginning of logging operations in Indonesia’s forests also concerns the peoples’ rights in the forest. Most research studies report that the logging operations have created social conflicts, especially as community access to natural resources decreased.

This condition is made even worse by the development of timber estates and plantations. The logging operations cut timber in the forests owned by indigenous peoples. The land clearings done by timber estates and plantations also encroach upon community homelands. The government generally justify this robbery legally. Some rules are created to facilitate and expedite the encroachment of lands. It is also common for members of the military to take land from the indigenous people. In Kalimantan, a large portion of the palm oil plantations have annexed productive lands owned by the Indigenous Dayak people.

Multinational corporations also own shares in the aforementioned plantations through joint ventures with local corporations. A few palm oil corporations from Europe invested in Kalimantan, and a number of Malaysian corporations have expanded in Sumatra.

In many location of palm oil plantations, the people’s conditions are very bad. Lands are taken-over by corporations to create palm oil plantations. The most common pattern applied in Indonesia is the PIR scheme or nucleus small holder. Local people are encouraged to enter this scheme with the offer of two hectares of oil palm on credit.
Several plantations which are operating for a long time now assert that the conditions of local peoples have never been better since they joined the scheme. Those who got involved in a long term credit program are trapped in a monopoly system run by the corporation who buy the products of their plantation with very low prices and make farmers dependent upon the corporation.

In addition, the families who joined the nucleus small holder will now depend, for all their lives, on just two hectares of plantation land which they now own. The people also became very dependent upon the modern economic system. They now have to buy all of their basic needs and the risk of economic failure becomes much greater because they only have one product to rely on.

In other aspects, liberalisation directly threatens the forest resources of Indonesia. Although the demand for plywood from Korea and Japan decreased, it does not mean that the pressure on natural forests has similarly decreased. With the increase of the dollar against the rupiah, a significant increase in smuggling of logs from Kalimantan emerged. Although the export of raw logs is already legalised, the black market continue to exist and the smuggling route also have the potential to increase. The opening of the Indonesian market to the world will also increase the opportunity for northern countries to control Indonesian forest products.

Large scale mining operations also pose a threat to the existence of Indonesian tropical forests. Since 2000 the total area given to mining concession covered almost 50 per cent of Indonesian terrestrial area. Mining concession permits were issued to six hundred and sixty eight companies. They cover more than 48 million hectares while 105 companies holds Contract of Work permit (KK) that cover more than 50 million hectares. At the same time, 116 companies own Coal Mining Operation permit (PKP2B) which affects more than 110 million hectares. Beside destroying the forest and its biodiversity, large mining operations often cause severe conflict with local and indigenous people. The dumping of mining wastes like tailings and acidic wasterock to the environment, the river body, and to the sea caused a very huge impact and damage to the environment.

Indonesia is also facing environmental and social problems as a result of the expansion of big scale fishery farming. As much as 860,000 hectares of mangrove has been converted to other functions like big scale ponds for shrimps and fish. The destruction of the coastal areas in Indonesia is also worsened by coastal reclamation geared for physical development for various purposes.

The unchanged development paradigm which solely pursue short term economic growth created big interest on marine and fisheries exploitation. Until now the Indonesian Government pay no attention to big sized trawls. Usage of these trawls caused coral reef destruction (baits fishing issue) and closed the access for traditional fishermen to own renewable resources. The destruction of coral reefs is getting worse with the coral and aquarium fish trade. In the last five years the volume of coral exports from Indonesia reached an all time high.

The increasing emphasis on international as opposed to local and national trade posed severe impacts on agriculture. Because lands are increasingly converted to production for export use, small farmers are being displaced and at best taken on as small holders in poor conditions. They now suffer from unfair contracts and without due compensation. There is a plan for example to increase the land under palm oil development from 2.5 million hectares to 7 million (and possibly even 9 million) hectares.

Competitive pressures under the myth of globalisation have compelled farmers to
abandon sustainable agricultural practices and turn to high chemical and capital-intensive farming. The processes prevalent now are similar to past cost-reduction measures that characterised the environmental damages brought by Green Revolution agriculture in the past. It also mean the loss of hundreds of local variety of specie that used to support food security throughout Indonesia.

Until the outbreak of the economic crisis in 1997, Indonesia was one of South East Asia’s miracle economies. By combining high growth with an equitable distribution of income, it was considered as a successful case of human development improvement. Human development is the process of enabling people to have wider choices. Income is one of those choices, but it is not the sum total of human life. Health, education, a good physical environment and freedom of action and expression are just as important.

Perhaps the most powerful indicator of Indonesia’s achievements in human development is the rate of poverty reduction. Indonesia ranked fifth in the ten countries with largest reduction in income poverty incidence from 1970 to 1990. The absolute number of poor people¹ was reduced from 54.2 millions in 1976 to 42.3 million people in 1980. This is a reduction from 40% of the population in 1976 to around 28% in 1980. This number further declined to the level of 30 million people or 17.4% of the population in 1987, and not more than 25.5 millions people in 1993. The pre-crisis estimation by BPS (Central Bureau of Statistics) even stated that there were only 22.5 millions people living below the poverty line or 11.3% of the population. From this figure, 9.7% were urban poor and 12.3% were rural poor.

The Asian Economic Crisis that hit the region in 1997 changed Indonesia’s status from middle-income country to lower income country. The crisis also placed Indonesia as one of the most indebted country in the world with a total external debt of around US$ 154 billion or around 102% of Indonesia’s GDP. More than 50% of Indonesia’s export earning annually goes for debt servicing.

This huge debt burden is directly affecting the ability of the Indonesian government to provide adequate basic social services. A very rough calculation shows that every Indonesian now has to pay US$ 45 to the creditors and while at the same time receiving a mere US$ 2 for health services. As a result of declining health services, Indonesia is facing the possibility of losing a generation. UNICEF data shows that every year around 2 million Indonesian babies are malnourished and underweight.

Ironically, despite the severe impact of adjustment lending and debt burden on Indonesia’s poor and other vulnerable groups, both the Indonesian government and the donor communities remain committed to continue the adjustment program and servicing of the debt. The Indonesian government and the donor community must be persuaded and convinced that there is a dire need to shift the paradigm on development policies. There is a need to change the focus from merely boosting economic growth and creating a viable environment for trade and investment, to that of ensuring social and economic justice. Mechanisms to allow developing countries to get out of the debt trap, such as debt cancellation, should also be discussed intensively. On the issue of Financing for Sustainable Development, northern countries must be encouraged to keep their commitment to give 0.7% of their GDP for ODA.

A big change took place after the fall of Suharto and the formation of a more democratic

¹ Absolute poverty refers to some absolute standard of minimum requirement, while relative poverty refers to failing behind most others in the community. With respect to income, a person is absolutely poor if his/her income is less than the defined income poverty line, while he/she is relatively poor if she belongs to a bottom income group.
government. Laws that limit freedom to assemble, freedom of expression and freedom to organise have been revoked. We now have several farmers, fishers and labour unions. Students have much more freedom now to express and to participate in political activities. A national indigenous people’s alliance was established with several local indigenous alliances. Freedom of press are now in place. The non governmental organisations, which were labelled as troublesome during the Suharto era are now acknowledged as the most important civil society groups. The former top down approaches are being reformed and the formerly very centralised government is now decentralised. Yet, the devolution has also created another threat to the environment and natural resources condition due to the intention of local governments to earn as much income as possible by exploiting the already scarce natural resources.

Experiences tell that under a democratic system, there is a bigger chance that sustainable development would be achieved. However, the political reforms that took place following the economic turbulence were affected when the economy was hit by the crisis and these backtracking are not yet over. The economic crisis worsened the chance for sustainable development to be implemented. In Indonesia, the opportunity given by the fall of the authoritarian government and the transition to democracy was offset by the structural adjustment program that was put in place by IMF to restructure the Indonesian economy.

Now, Indonesia faces a vicious cycle of debt problem, faster rate of deforestation, worsening air and water condition, larger amount of poor people, and increasing rate of unemployment. The already scarce natural resources will continue to be exploited in order to pull the economy back into recovery. Sustainable development is still at the periphery of development agenda almost ten years after it was adopted by leaders of the world.