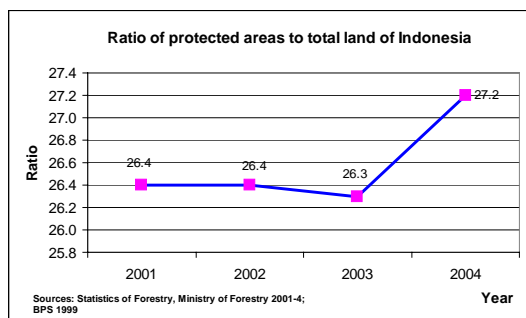


GOAL 7: ENSURING ENVIRONMENTAL SUSTAINABILITY

Target 9 : Integrate the principles of sustainable development into national policies and programmes and to reverse the loss of environmental resources

Status and trends

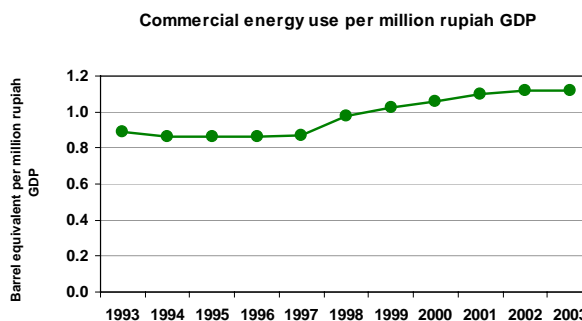
The proportion of forest areas to land has reduced to 63.0 percent in 2004 from 67.7 percent in 1993 and 64.2 percent in 2001. The reduction was caused by illegal logging, bush fires, and forest conversion for development activities, such as mining and road construction and settlement. Indonesia has the biggest forest areas as compared to other ASEAN countries. However, along with the Philippines, Indonesia has the highest rate of deforestation. The deforestation rate during the period of 1985-1997 was 1.6 million hectares per year, and it increased to 2.1 million hectares during the 1997-2001 periods.



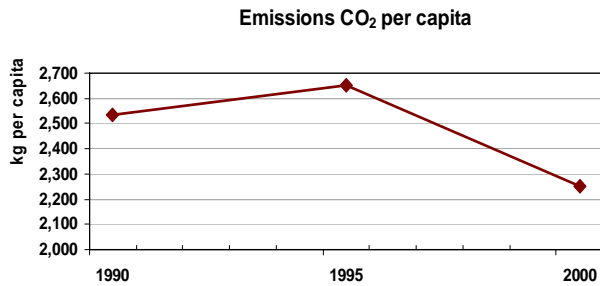
The ratio of conservation areas to the overall land area during the 2001-2004 periods tend to increase. The management of conservation areas faces great challenges, such as illegal cutting of trees in national parks, illegal logging and the violation of borders of conservation areas.

The ratio of energy usage per domestic product tends to increase. It shows that energy usage is not efficient. On the other hand, non-renewal energy resources are limited. It may cause energy crisis in the future.

Indonesia is one of the participant countries of ozone depleting substances (ODS) phase-out programme under the Montreal Protocol since 1992. Even though import of CFC and CFC-related stuff has been banned since 1998, the fact that fulfilling the demand for CFC indicates the existence of illegal import of ODS. Enforcing the ban is difficult in large archipelago like Indonesia.



Sources: Economy and Energy Statistics 2000, Department of Energy and Nature
Resources: Indonesia Energy Outlook and Statistics 2004; and BPS



Source: National Strategy Study on Clean Development Mechanism in Indonesia 2001
 Note: emission values after 1994 are projections
 Population data from 1990 and 2000 censuses and 1995 inter-censal survey

First Indonesian National Communication in 1994 inventoried all major greenhouse and related gases, including CO₂, CH₄, N₂O, NO_x, and CO₃. Energy-demand sectors are the biggest contributors to the greenhouse gas emission and their increase to the next two decades. Forestry sector is

expected to contribute 11-13 percent and agricultural sector about 12 percent to the total emission.

Challenges

In the future, there will be four challenges in sustainable development and the restoration of depleted natural resources, namely economy recovery, decentralization, good governance, and globalization. Economy recovery is expected to improve the economy of one-third of the population in forest conservation areas so that the illegal cutting can be reduced. Decentralization is expected to give an opportunity for the restoration of natural resources, conservation, and efficiency, but also poses risks for biodiversity, which may be regarded as a source of regional governments' revenue. Good governance should support sustainable development programs. Globalization also offers an opportunity for sustainable development.

Policies and Programs

In the 2005-2009 National Middle-term Development Plan, the development policies are directed toward the balance management of natural resources and the environment, between their function as the capital of economic growth and as life support system, in order to guarantee the sustainability of the national development program.

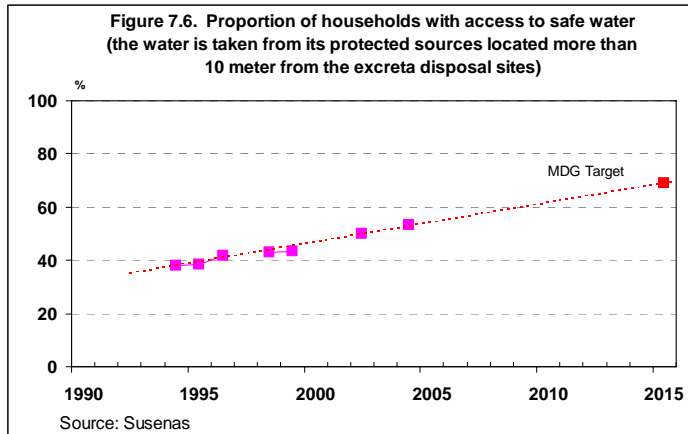
The steps taken and to be taken by the government are as follow. Eradication of illegal logging in a number of regions in order to maintain the number of protected forests and conservation areas. The government has also launched the national movement of forest rehabilitation in order to rehabilitate critical areas. The government is promoting energy-saving movement and the use of alternative, efficient, and environmentally-friendly energy, such as natural gas and bio-diesel. Through the ozone protection program, the government will keep reducing ODS until it will be no longer used by 2010.

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Safe drinking water

Based on the definition that safe water is the water taken from its protected sources located more than 10 meter from the excreta disposal sites, the access to drinking water in Indonesia in 2002 was only 50 percent, where 18 percent was through the piping system. In 2004, it increased to 53.4 percent.

It shows that the access to safe drinking water has improved. However, there is a big amount of fund needed to achieve the MDGs targets by 2015.

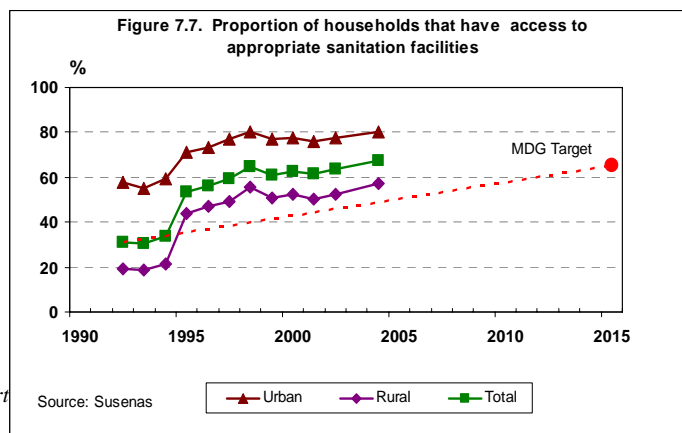


The relatively low access to safe water is the result of the low commitment of the government (both central and local) to build water facilities, low technical-financial-managerial capabilities of Regional Drinking Water Enterprise (PDAM), vague water sector investment regulations which lead to low community and private sector participation in water sector development. Moreover, most of built facilities are not well-maintained and some are no longer operational. The condition worsened by the unavailability of accurate data which is agreed by all stakeholders so that the policy making is not optimal.

Water sector development policies are directed to increase service coverage in order to meet the demand of the community. The improvement of service coverage can be reached by fostering the participation of all stakeholders, Regional Drinking Water Enterprise's performance improvement, regionalization of water management, and regulations improvement. In addition, community-based rural water facilities development also conducted.

Basic Sanitation

Household's access to basic sanitation facilities increased from 63.5 percent in 2002 to 67.1 percent in 2004. Access to basic sanitation has shown major improvement, but most of the facilities don't



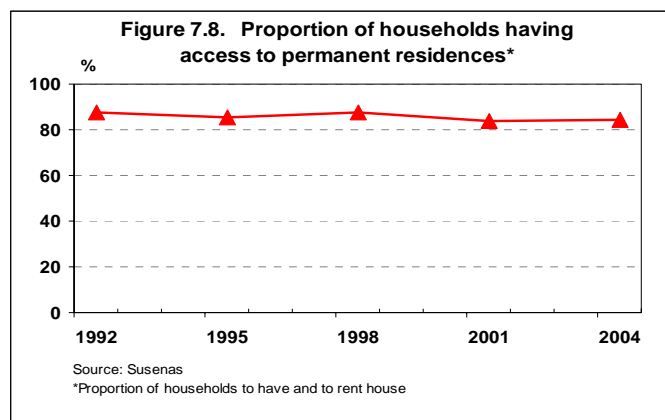
meet appropriate sanitation standards.

The high proportion of households in rural areas without appropriate sanitation facilities is caused by lack of awareness of the community, low priority of the government and legislatures, and low participation of the private sectors in wastewater management.

The policies on basic sanitation development are directed to improve community's access to sanitation facilities by enhancing community's awareness towards healthy life-style, fostering the participation of all stakeholders, and developing community-based sanitation facilities.

Target 11: By 2020, to have achieved a significant improvement in the life of slum dwellers

In 2001, around 17 % of 52 million households (at least 8,8 million households) that still don't have house or live in rented houses. Most of them are live in urban area. In 2004, this proportion have reduced to 16 % or 8,7 million out of 55 million households. This condition worsened by the fact that most of the houses are in poor condition and built on slum areas.



The condition is the result of unsatisfactory housing management, unavailability of supporting regulations, and non-operational of housing management institutions. In addition, the land status is also a big problem.

Fulfilling the demand for affordable, appropriate and safe housing is done comprehensively with the focus on poor and low-income people. Some of the efforts taken were the launching of One Million Houses Development National Movement, improving basic facilities in simple and healthy housing areas, and community-based housing development. In addition, there will be some efforts to develop housing micro credit schemes, new subsidy scheme, and setting up an institution that will responsible for housing development in order to increase low-income people ability to improve or build their own houses. In line with these, secondary mortgage facility (SMF) will be established and new supporting regulations will be developed to increase alternative housing financial resources