



INTEGRATED SDG INSIGHTS INDONESIA

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.



HOW TO READ THIS REPORT



Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).



It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).



Combined, these insights are mapped against SDG interlinkages to define policy choices that accelerate SDG progress, tailored to national context (**SDG Interlinkages**).



These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

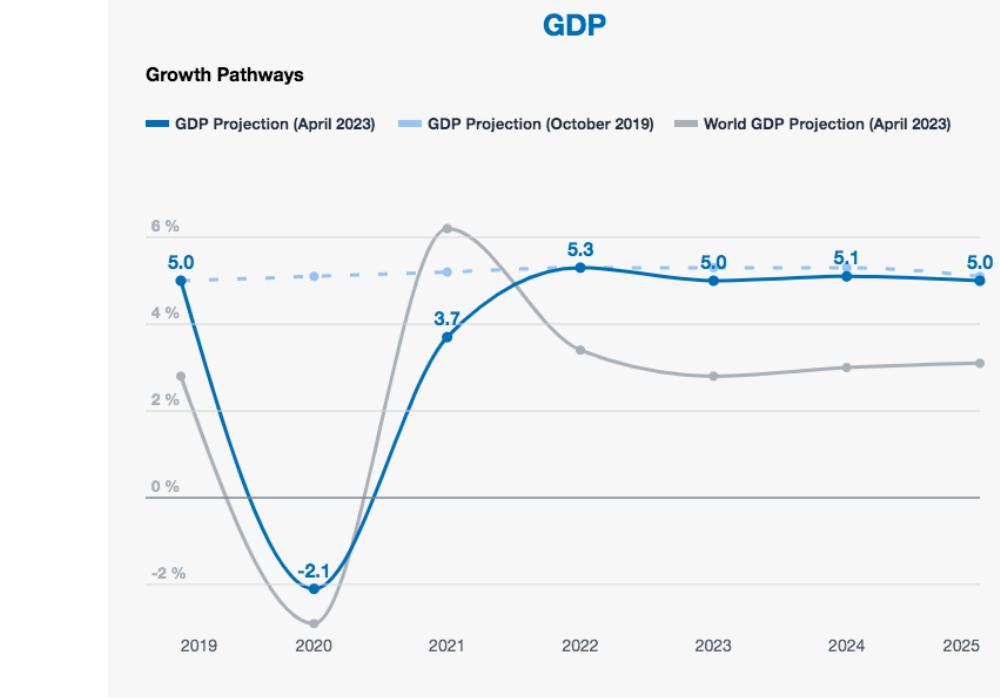
SDG MOMENT INDONESIA

While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Indonesia's growth trajectory during the 2023-2025 cycle is in acceleration, projected to be 69% higher than the global average, aligning with pre-pandemic projections¹. Accordingly, Indonesia's commitments to achieving the SDGs are focused on increasing people's well-being.

However, Indonesia's carbon emissions intensity is expected to slightly increase at an annual rate of 1.3% due to fossil fuel usage.² Despite the positive impact of economic growth on extreme poverty reduction, there are still significant distributional challenges, especially when using more stringent poverty thresholds.

To reduce carbon emission intensity, the Indonesian government is committed to implementing a circular economy as an economic model that optimises the use of resources, designs products to be as efficient as possible, and returns the rest of the production and consumption processes into the production cycle.



Source: IMF World Economic Outlook (WEO) (April 2023 and October 2019).



¹ The economic cycle is determined by adjusting the country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.

² CO2 emissions intensity of GDP is computed as tonnes of CO2 per \$1,000 (2017 PPP).

SDG TRENDS

Understanding how Indonesia performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows [UN Stats](#) standards and [methodology](#), and is aligned with country profiles.



- Additional national SDG data has been incorporated to address gaps and provide a comprehensive overview for identification of SDG policy pathways.

SDG PRIORITIES

Indonesia's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.



Key documents analyzed:

1. [National Development Plan 2030](#)
2. [Cooperation Framework](#)
3. [Common Country Analysis](#)
4. [Voluntary National Review](#)
5. [SDG Roadmap](#)

SDG INTERLINKAGES

SDG Interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Indonesia to achieve the 2030 Agenda for Sustainable Development and navigate trade-offs.

Based on a global framework for interlinkages, Indonesia's SDG progress is colour-coded at the target level.

Building from national trends and priorities, the following integrated SDG pathways reflect policy choices with the most potential to accelerate the SDGs for Indonesia:

- Target 3.8: Achieve universal health coverage
- Target 8.5: Full employment and decent work with equal pay
- Target 11.1: Safe and affordable housing
- Target 16.6: Develop effective, accountable and transparent institutions



ACCELERATION PATHWAYS



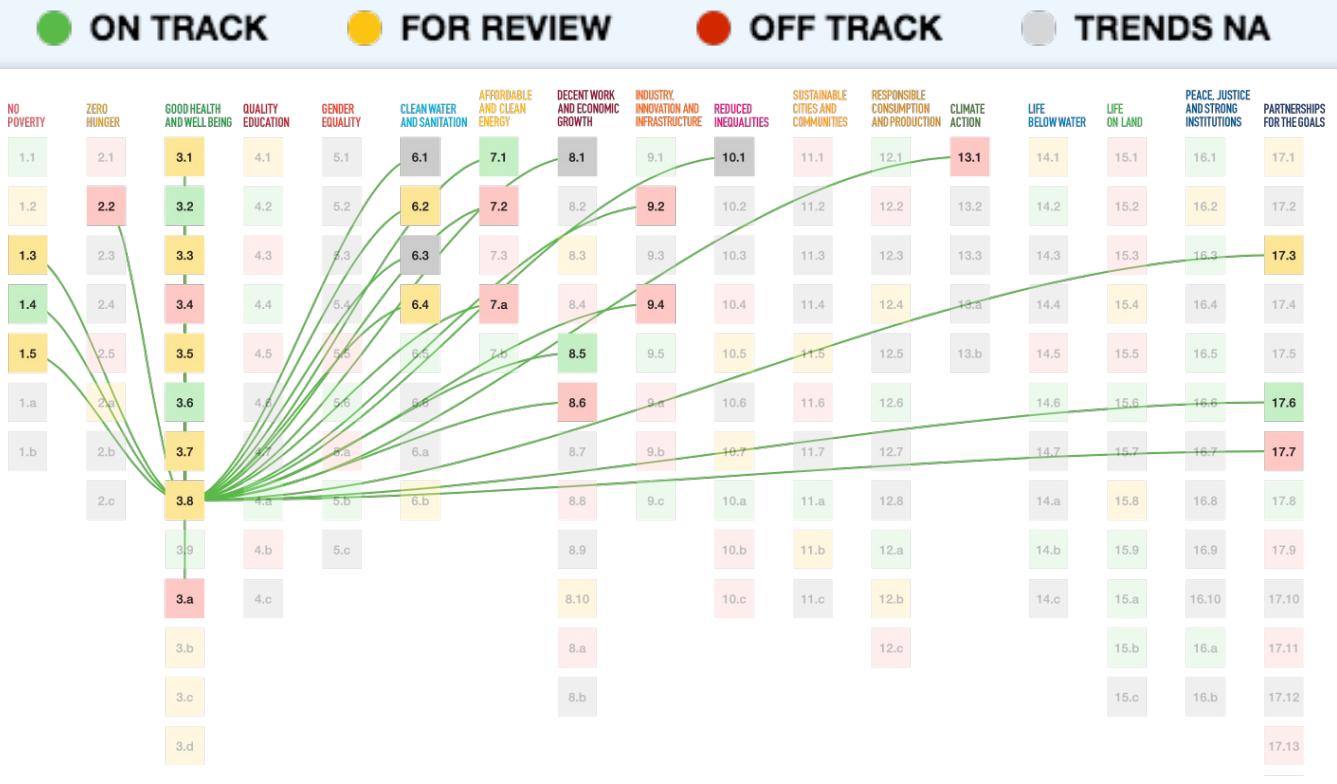
SDG INTERLINKAGES

3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

While Indonesia's youth remains the dominant demographic, the rapidly increasing elderly population (65+) - projected to nearly double from its 2015 level, must not be overlooked. This demographic shift necessitates heightened policy attention be paid to health and social protection alongside current youth-orientated policies.

The country's universal healthcare system, the National Health Insurance, provides coverage to approximately 224 million individuals (around 82% of the population) through the Healthy Indonesia Card.

By increasing government investments in digital health technology, there is potential to extend healthcare services to remote areas and, as indicated by synergies, enhance investments in energy, decent jobs, and improved education.



Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/IDNWithCountryGovInput/synergies-and-tradeoffs>

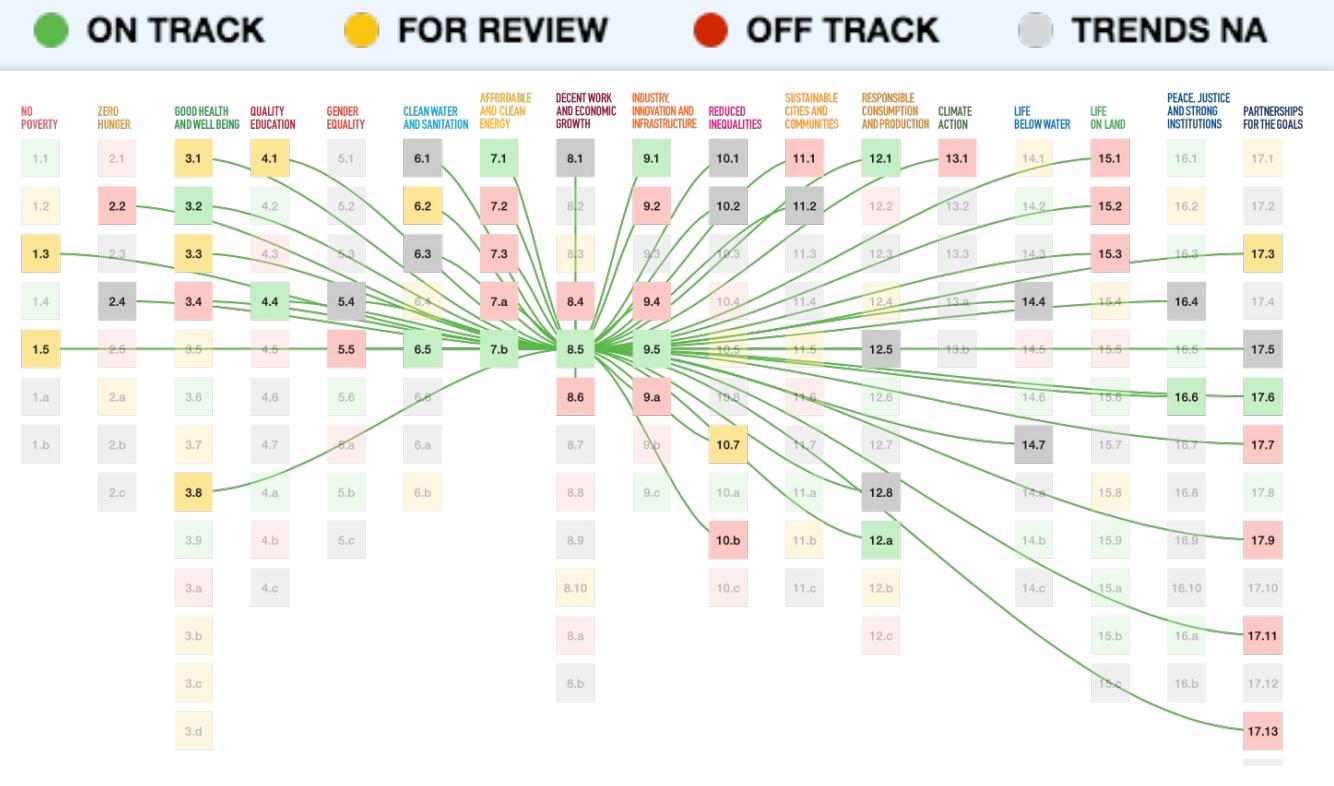
SDG INTERLINKAGES

8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Decent work and economic growth are drivers of Indonesia's social and environmental progress. With projected economic growth of nearly 5% annually until 2028, it is crucial to ensure it is inclusive and raises standards across the whole population.

Jobs play a significant role in shaping our identity and relationships. However, Indonesia still faces a substantial gender gap in labour-force participation, with rates of 83.6% for males and 54.2% for females in 2022. Addressing this gap is essential to promote equal employment opportunities.

Equality, non-discrimination, respect for human dignity, and equal participation are fundamental factors forming the foundation of progress achieved through investments in decent work.



Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/IDNWithCountryGovInput/synergies-and-tradeoffs>

SDG INTERLINKAGES

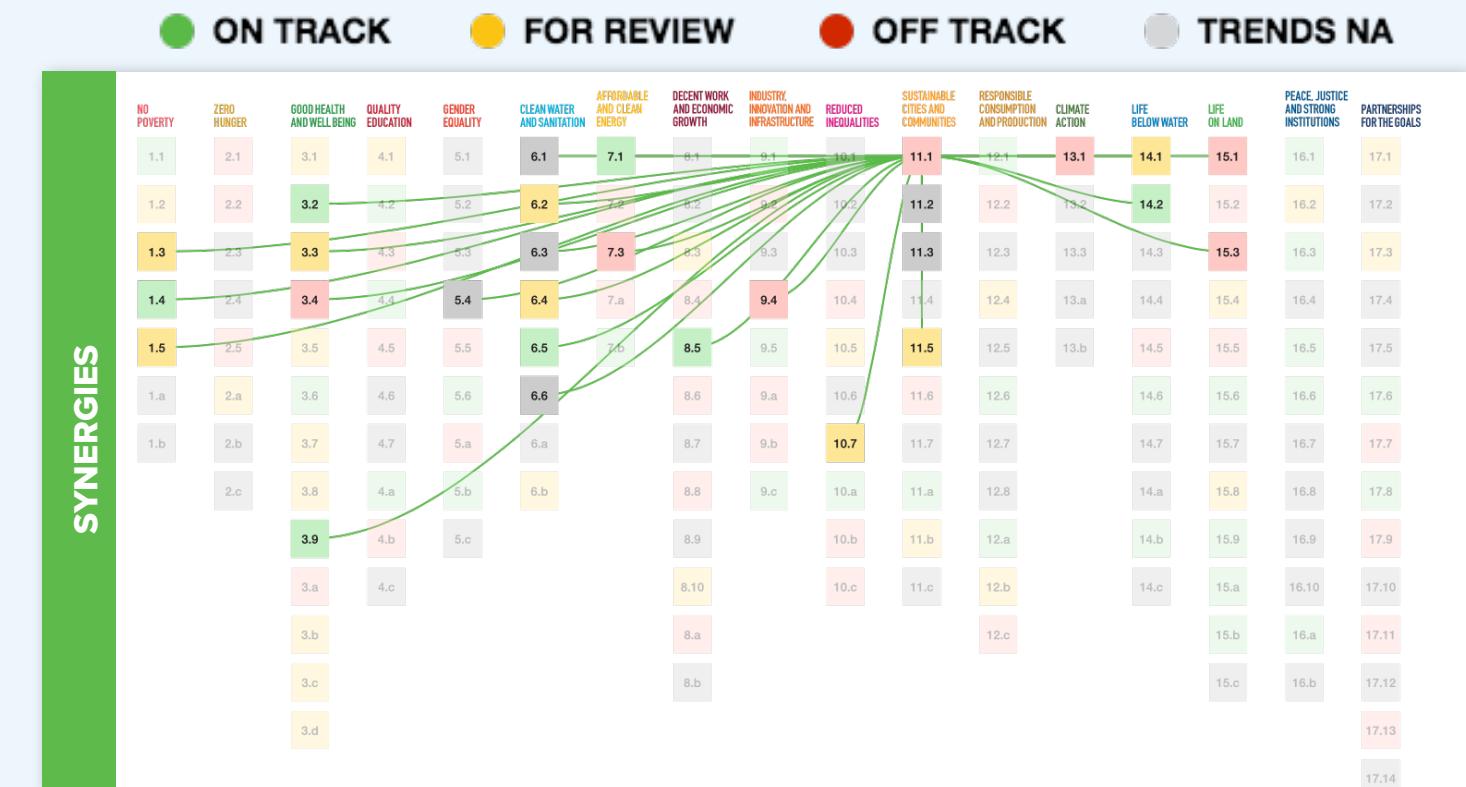
11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Indonesia recognizes the challenges of rapid urbanization and the need for equitable urban development. While significant measures have been taken by the government, further policy focus and investment are required to bridge existing gaps.

In 2000, 34.4% of the urban population resided in slums and progress was made in addressing this until 2014. However, the situation has since worsened with nearly all progress reversing to 30.6% in 2018.

By improving housing conditions through interventions that focus on safety and accessibility, upgrading informal settlements and connecting housing investments to basic sanitation access, Indonesia will build synergies that improve well-being for the population as a whole – a driving ambition for the country.

To implement this effectively, national and subnational actions will be critical to reach those left behind.



Explore the interlinkages at:

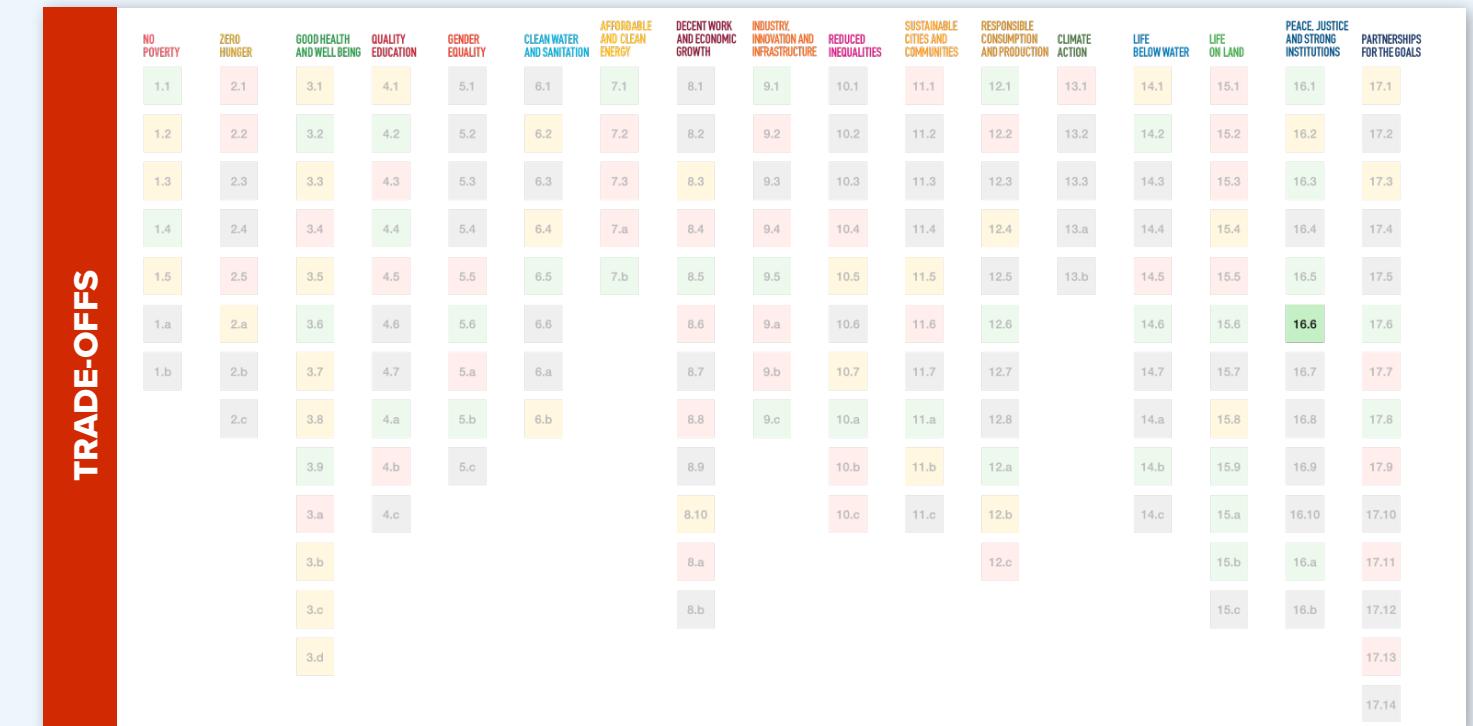
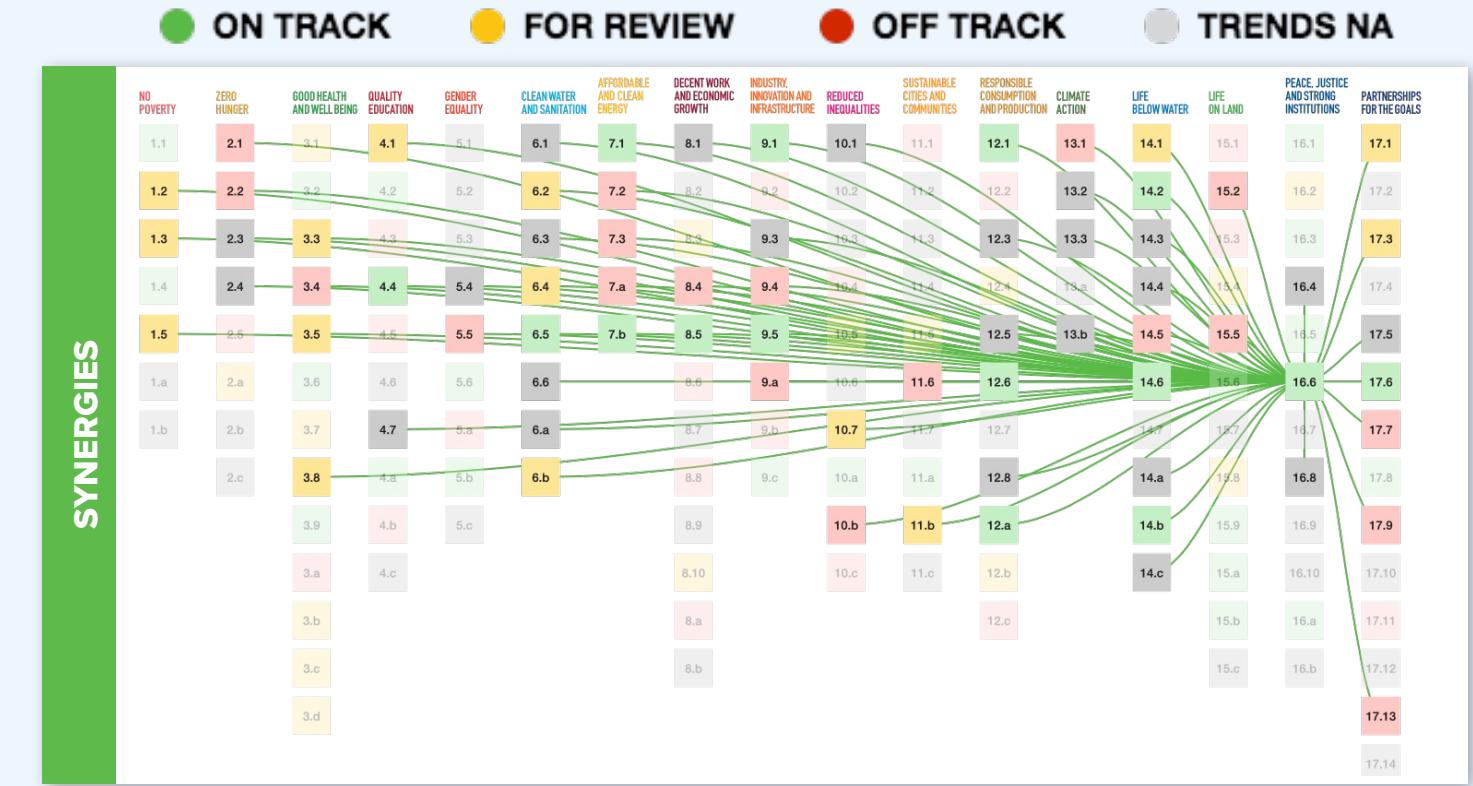
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SDG INTERLINKAGES

16.6: Develop effective, accountable and transparent institutions at all levels

SDG 16 (peace, justice, and strong institutions) along with the rule of law and effective public institutions and services, significantly accelerate the SDGs in Indonesia, including progress towards a just energy transition.

Effective provision of basic services is driven by governance at both the national and local levels. The government of Indonesia's annual investments of USD 5 billion through the Village Fund, coupled with national procedures for local planning that prioritize the advancement of SDGs at the village level, have demonstrated impactful results.



Explore the interlinkages at:

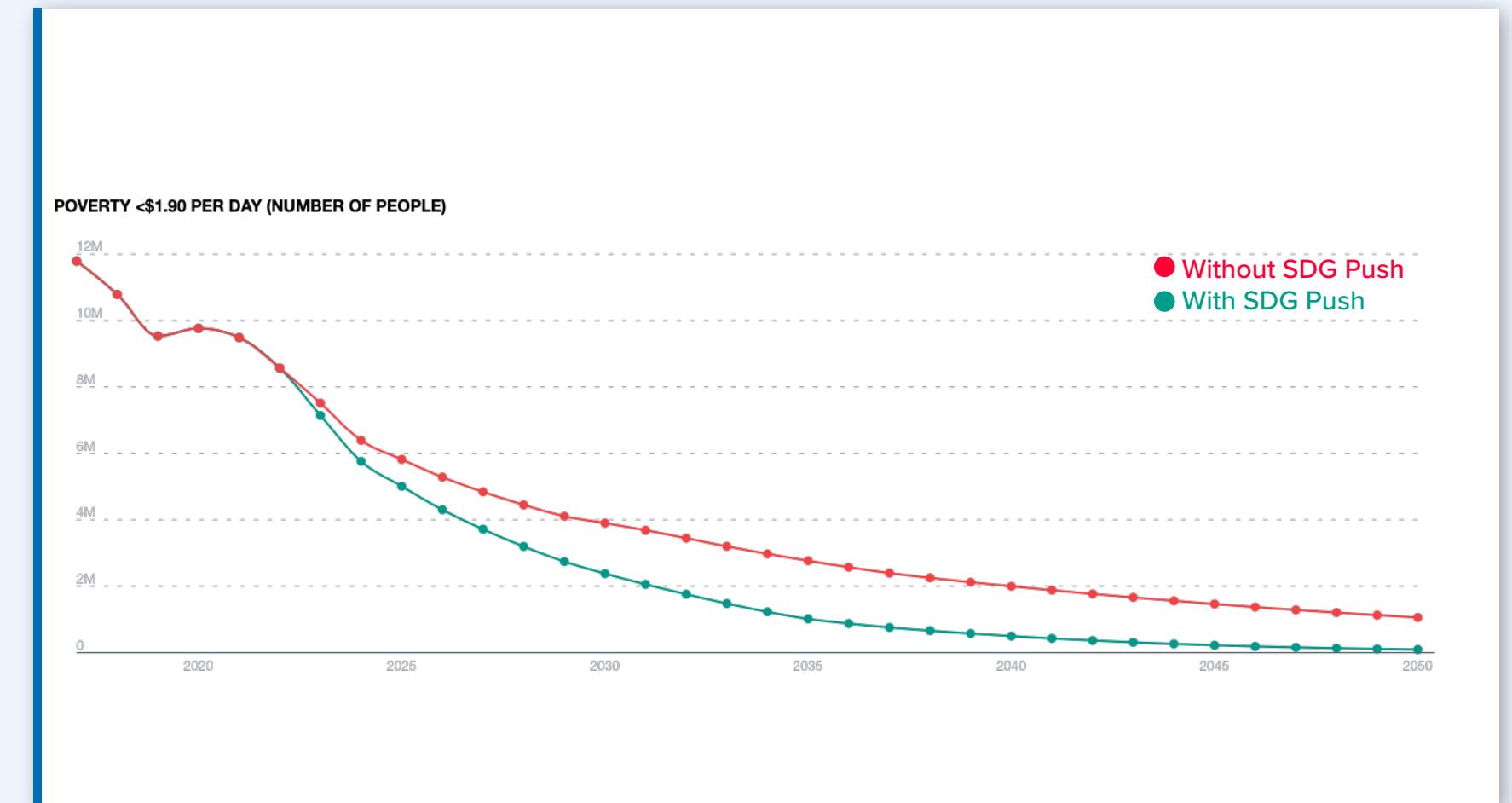
<https://data.undp.org/sdg-push-diagnostic/IDNWithCountryGovInput/synergies-and-tradeoffs>

FUTURES SCENARIOS

Achieving the SDGs is possible.

The 'SDG Push' is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators, extrapolating the latest economic growth trends and assuming a reduction in inequalities across time. It uses 'International Futures', a systems model designed to explore interactions across development systems.

Incorporating 'SDG Push' accelerators into development interventions in Indonesia can reduce the number of people living in poverty to 2.4m by 2030. This is contrasted with 3.9m people living in poverty without an SDG Push.



Explore the Future Scenarios at:

<https://data.undp.org/sdg-push-diagnostic/IDNWithCountryGovInput/future-scenarios>

FINANCE & STIMULUS

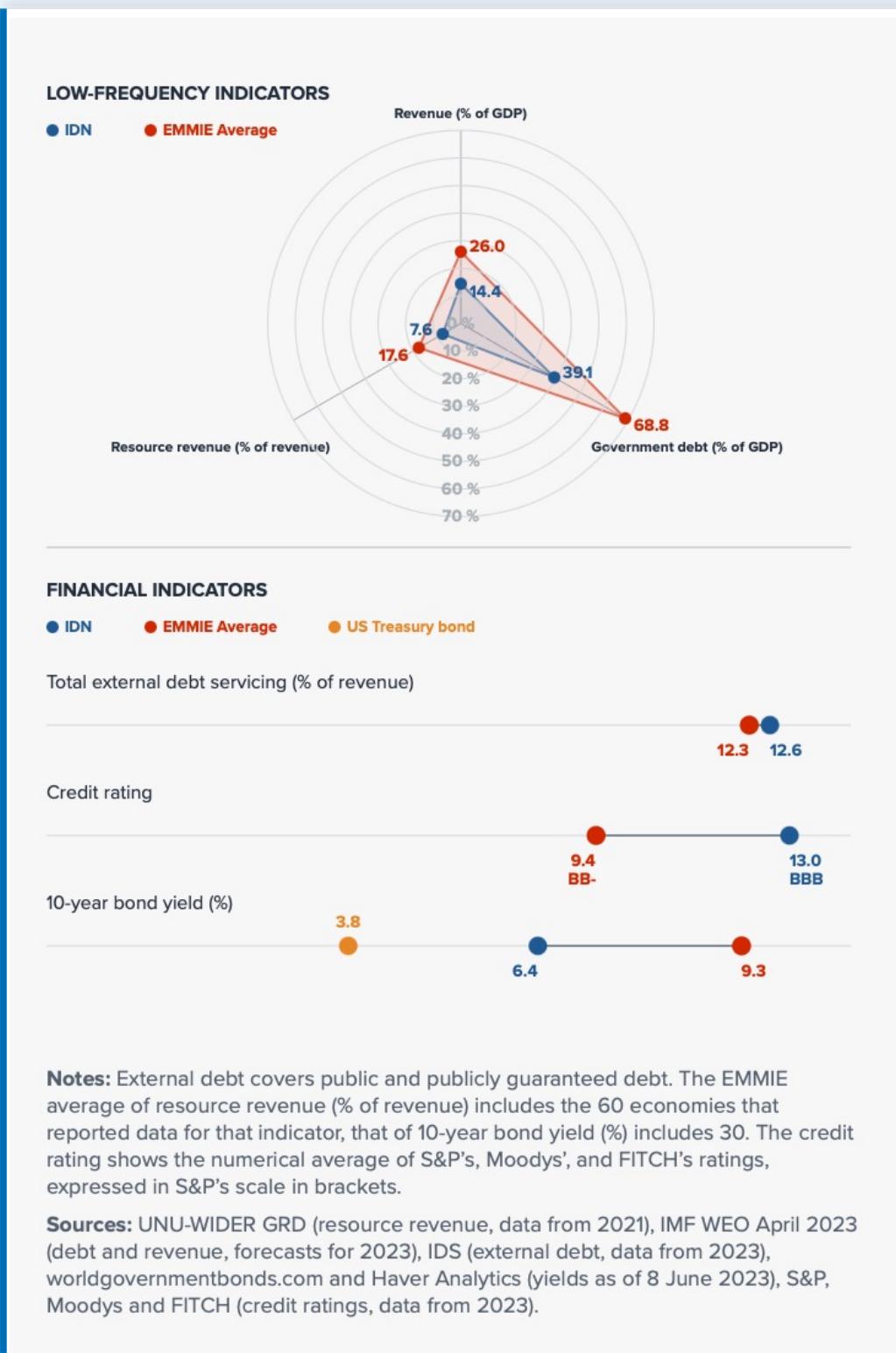
Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low frequency data points linked to tax revenue and debt as a proportion of GDP as well as the natural resource share of total revenue. The financial indicator graph shows higher frequency data on external debt servicing relative to revenue as well as the sovereign credit rating and 10-year bond yield.

Indonesia's government debt, expected at 39.1% of GDP in 2023, is significantly below the emerging market and middle-income economies (EMMIE) group of 68.8%. Notably, Indonesia has one of the world's lowest revenue-to-GDP ratios of 14.4% (with about 8% of revenue coming from natural resources), which is close to 12 percentage points (pp) lower than the EMMIE average.

Relative to revenues, Indonesia's expected 2023 external debt servicing of 12.6% is slightly above the EMMIE average of 12.3%. Indonesia's financial market access looks relatively good with an investment grade credit rating and a 10-year bond yield of 6.4%, which is almost 3 pp lower than the EMMIE average and 2.7 pp higher than a 10Y US Treasury bond.

Indonesia is using an Integrated National Financing Framework to address key fiscal and financial constraints and build a more sustainable financial architecture at the national level. Priority actions include strengthening public spending efficiency, improving domestic resources mobilization, strengthening capacity of financial markets and financial institutions to unlock sustainable investments, scaling up private investment for sustainable development, and expanding the potential of philanthropy and faith-based financing. The country has issued a series of GSSS bonds (SDG bond, green sukuk and blue bond), mobilizing more than USD8 billion to finance projects that contribute to the SDGs.



SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Considering that Indonesia's financial market access looks relatively good, some of the financing mechanism derived from the identified interlinkages are as follows:

- The roll out of the INFF, to align national financing mechanisms, including SDG budgeting
- Building resilience through climate smart infrastructure investments.
- Investments in human capital
- Nature for Debt Swaps

United Nations Secretary-General's SDG Stimulus to Deliver Agenda 2030

FEBRUARY 2023



METHODOLOGY

Click [here](#) to view the Methodological Note for the Integrated SDG Insights



SDG MOMENT

Methodology

Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

Data Sources

Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO₂ emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).



TRENDS & PRIORITIES

Methodology

SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents.

Data Source

Trends utilizes official [UN statistics](#) to assess [SDG progress](#), supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.



INTERLINKAGES

Methodology

Global target-level interlinkages are drawn from the [KnowSDGs Platform by European Commission](#). SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

Data Source

The exercise globally considered a total of 454 documents published from 2015 to August 2022. ([Miola et al., 2019](#) updated in [2021-2022](#))



FINANCE & STIMULUS

Methodology

Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

Data Source

Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).