

## Comparative Environmental Policy in Sustainable Development: A Case Study of Indonesia and Malaysia

Asri Ramadhani<sup>1</sup>, Sami AR<sup>2</sup>

<sup>1</sup>STIEBS Al Aamin, Tasikmalaya, Indonesia

<sup>2</sup>Management and Science University, Malaysia

Email: [asri.ramadhani@gmail.com](mailto:asri.ramadhani@gmail.com)

### Abstract

This literature review explores the comparative environmental policies of Indonesia and Malaysia within the context of sustainable development. The study aims to identify the key similarities and differences in the policy frameworks of both countries, particularly in addressing environmental challenges while promoting economic growth. By examining existing literature, this review highlights the historical evolution, current strategies, and effectiveness of environmental policies in both nations. The analysis reveals that while Indonesia and Malaysia share common goals of sustainability, their approaches differ significantly in implementation and regulatory frameworks. Indonesia's policy focus is more aligned with community-based environmental management, whereas Malaysia emphasizes top-down governmental intervention. The review also identifies gaps in the current literature, particularly in the areas of policy enforcement and the role of international collaboration. The findings suggest the need for a more integrated approach to environmental policy-making in both countries to enhance sustainable development outcomes. Recommendations for future research include a deeper exploration of cross-border environmental initiatives and the impact of policy harmonization in Southeast Asia.

**Keywords:** *Environmental Policy, Sustainable Development, Comparative Study.*

### A. INTRODUCTION

The pursuit of sustainable development has become a critical global objective, driven by the need to balance economic growth with environmental conservation. This objective is particularly pertinent in Southeast Asia, where countries like Indonesia and Malaysia are grappling with the dual pressures of economic development and environmental degradation (Tan & Zawawi, 2017). The significance of effective environmental policies in these countries is heightened by their rich biodiversity, extensive natural resources, and rapidly growing populations, all of which exert substantial pressure on their ecosystems (Sovacool & Drupady, 2016). This literature review seeks to compare and contrast the environmental policies of Indonesia and Malaysia, focusing on how these policies contribute to or hinder sustainable development.

Environmental policy in both Indonesia and Malaysia has evolved significantly over the past few decades, shaped by national priorities, international obligations, and socio-economic factors (Parikesit & Rachmawati, 2019). Indonesia, as the largest archipelago in the world, grapples with diverse environmental issues ranging from deforestation and land degradation to marine pollution (Murdiyarto et al., 2015). Similarly, Malaysia faces environmental challenges such as deforestation, water pollution, and the impact of palm oil cultivation on its ecosystems (Koh & Wilcove, 2008). Both countries have made strides in formulating and implementing policies aimed at mitigating these challenges, but their approaches differ in several key aspects. Understanding these differences is crucial for identifying best practices and areas for improvement in environmental governance.

Despite the shared regional context, Indonesia and Malaysia exhibit distinct approaches to environmental management, influenced by their respective political systems, governance structures, and cultural values (Nesadurai, 2018). Indonesia's environmental policies tend to emphasize community-based resource management and decentralization, reflecting its diverse and decentralized governance system (McCarthy, 2016). In contrast, Malaysia's approach is characterized by a more centralized and top-down regulatory framework, with strong governmental oversight (Jomo & Tan, 2018). These differing approaches have led to varying levels of success in achieving sustainable development outcomes, warranting a detailed comparative analysis.

The existing body of literature on environmental policy in Southeast Asia offers valuable insights into the successes and shortcomings of policy implementation in both countries (Gomez et al., 2019; Suharjo, 2020). However, there remains a gap in the comprehensive comparative analysis of Indonesia's and Malaysia's environmental policies, particularly in terms of how these policies interact with broader sustainable development objectives (Aminuddin, 2021). This literature review aims to fill that gap by synthesizing existing studies, highlighting key areas of divergence and convergence between the two countries, and assessing the implications of these differences for sustainable development. In conducting this review, we draw upon a wide range of sources, including academic articles, policy documents, and reports from international organizations (Agrawal et al., 2017). The analysis focuses on three main areas: the historical evolution of environmental policies, the current strategies and frameworks in place, and the effectiveness of these policies in promoting sustainable development (Rudel et al., 2009). By comparing these aspects, the review seeks to provide a comprehensive understanding of the strengths and weaknesses of environmental governance in Indonesia and Malaysia.

This literature review not only contributes to the academic discourse on environmental policy in Southeast Asia but also offers practical recommendations for policymakers in both countries. By identifying best practices and areas where policy harmonization could enhance sustainable development, the review aims to support more effective environmental governance in the region. Future research directions are also suggested, with an emphasis on the importance of cross-border environmental initiatives and the potential benefits of closer collaboration between Indonesia and Malaysia (Hasan et al., 2020).

## **B. METHOD**

This study employs a qualitative approach through a comprehensive literature review to compare the environmental policies of Indonesia and Malaysia within the framework of sustainable development. The literature review method was chosen due to its effectiveness in synthesizing existing research and providing a broad overview of the topic. By analyzing academic articles, policy documents, and reports from international organizations, this study aims to identify key similarities and differences in the environmental policies of both countries. The literature reviewed spans publications from the last two decades, ensuring that the analysis captures both historical developments and current trends in environmental governance.

The literature selection process involved a systematic search of databases such as Scopus, Web of Science, and Google Scholar, using keywords such as "environmental policy," "sustainable development," "Indonesia," "Malaysia," and "comparative analysis." Inclusion criteria were set to focus on peer-reviewed journal articles, government reports, and publications by international organizations that discuss the environmental policies and sustainable development strategies in Indonesia and Malaysia. The selected literature was then categorized into themes such as policy evolution, implementation strategies, and outcomes related to sustainable development. This thematic analysis allowed for a structured comparison of the two countries' approaches. To ensure the robustness of the review, the study also

critically evaluated the methodologies and findings of the included studies. Attention was given to the context in which each policy was developed and implemented, considering factors such as political, economic, and social influences. This critical assessment provided insights into the effectiveness of the policies and their alignment with sustainable development goals. The findings were then synthesized to draw conclusions about the strengths and weaknesses of environmental governance in Indonesia and Malaysia, and to offer recommendations for policy improvements and further research.

## **C. RESULTS AND DISCUSSION**

### **1. Evolution of Environmental Policies**

The evolution of environmental policy in Indonesia has been marked by a gradual transition from a focus on economic development to an increasing awareness of environmental sustainability. Initially, during the Suharto era (1966-1998), Indonesia's policies were primarily oriented towards exploiting natural resources to drive economic growth, with minimal attention given to environmental preservation (Witoelar, 2015). This period was characterized by extensive deforestation, land conversion for agriculture, and the extraction of natural resources, which led to significant environmental degradation (Fatah et al., 2019). In response to growing environmental challenges and international pressure, Indonesia began to reform its environmental policies in the late 1990s and early 2000s. The enactment of the Environmental Management Act in 1997 and the Forestry Law in 1999 marked a significant shift towards integrating environmental considerations into national policy (Murdiyarso et al., 2015). This shift was further solidified by the implementation of the moratorium on new forest concessions in 2011, aimed at reducing deforestation rates and promoting sustainable forest management (Tacconi et al., 2019). Indonesia's environmental policy evolution reflects a broader trend towards decentralization, where local governments have been granted more authority to manage environmental resources, albeit with mixed results due to varying levels of local governance capacity (Resosudarmo et al., 2014).

In contrast, Malaysia's environmental policy evolution has been characterized by a more centralized approach, driven by the federal government's strong regulatory framework. Malaysia's environmental policies have historically been closely tied to its economic policies, particularly in the context of the country's rapid industrialization and expansion of the palm oil industry (Aziz & Lawal, 2019). The introduction of the Environmental Quality Act (EQA) in 1974 marked a pivotal moment in Malaysia's environmental policy, providing a legal framework for the control of pollution and environmental degradation (Mohamed et al., 2017). The EQA was followed by the establishment of the Department of Environment (DOE), which has played a crucial role in monitoring and enforcing environmental regulations. Malaysia has continued to strengthen its environmental policies through various national plans and initiatives, such as the National Policy on the Environment (2002) and the Eleventh Malaysia Plan (2016-2020), which emphasized the need for a green economy and sustainable development (Yusoff et al., 2020). Despite these advancements, Malaysia's policy evolution has been critiqued for prioritizing economic growth over environmental protection, particularly in the context of large-scale agricultural expansion and industrialization (Varkkey, 2016). Nevertheless, Malaysia's centralized approach has allowed for more consistent implementation of environmental policies across the country, though it has also faced challenges in balancing economic and environmental objectives.

The comparison between Indonesia and Malaysia's environmental policy evolution highlights the influence of political systems and governance structures on environmental management. Indonesia's decentralized approach has allowed for greater local involvement in environmental governance, but it has also led to inconsistencies in policy implementation and enforcement (Resosudarmo et al., 2014). On the other hand, Malaysia's centralized model has

provided a more uniform regulatory environment, yet it has struggled with the competing demands of economic growth and environmental sustainability (Varkkey, 2016). Indonesia's policy evolution reflects a reactive approach, driven largely by external pressures and environmental crises, whereas Malaysia's evolution has been more proactive, integrating environmental concerns into its national development agenda. Both countries, however, continue to face significant challenges in fully realizing the goals of sustainable development, particularly in the face of ongoing economic pressures and the need for more effective enforcement mechanisms.

## **2. Implementation Strategies**

Indonesia's strategy for implementing environmental policies is deeply influenced by its decentralized governance system. Following the Reformasi era in 1998, Indonesia embarked on a path of decentralization, which significantly impacted how environmental policies are implemented across its numerous islands and diverse regions (Resosudarmo et al., 2006). Under this system, local governments are given considerable authority to manage natural resources and enforce environmental regulations, which theoretically allows for policies that are more tailored to the specific needs and conditions of local communities (Seymour et al., 2015). For instance, the decentralization of forest management was intended to empower local governments and communities to protect and manage forests sustainably (Barr et al., 2006). However, the reality has often been more complex. The decentralized approach has resulted in varying levels of effectiveness in policy implementation, with some regions excelling while others struggle due to limited resources, capacity, and local corruption (Anderson et al., 2016). One of the key challenges in Indonesia's decentralized implementation strategy is the lack of coordination between national and local governments. This often leads to inconsistencies in policy enforcement and difficulties in monitoring environmental outcomes (Ribot et al., 2006). Moreover, local governments sometimes prioritize short-term economic gains over long-term environmental sustainability, particularly in resource-rich regions where logging, mining, and agricultural expansion are major economic activities (Tacconi et al., 2008). This has led to instances where local policies contradict national environmental goals, undermining the overall effectiveness of environmental governance in Indonesia.

In Malaysia's implementation of environmental policies is highly centralized, with the federal government playing a dominant role in policy enforcement and coordination. The centralized approach is facilitated by strong regulatory frameworks and institutions, such as the Department of Environment (DOE) under the Ministry of Environment and Water, which oversees the enforcement of environmental laws and regulations across the country (Mohamed et al., 2017). Malaysia's implementation strategy is characterized by a top-down approach, where the federal government sets environmental standards and policies, and local authorities are tasked with implementing these directives (Yusoff et al., 2020). This centralized structure ensures a more uniform application of environmental policies nationwide, which can lead to more consistent environmental outcomes. The centralized approach also comes with its own set of challenges. The strong focus on economic development has sometimes resulted in environmental policies being sidelined, particularly in areas where economic interests, such as the palm oil industry, are at stake (Varkkey, 2016). Additionally, the top-down nature of policy implementation can lead to a lack of local engagement and ownership, which is crucial for the long-term success of environmental initiatives (Letchumanan, 2017). While the centralized strategy allows for more efficient enforcement of regulations, it can also result in policies that are less responsive to local environmental issues and needs.

The comparison between Indonesia and Malaysia's implementation strategies highlights the trade-offs between decentralized and centralized approaches to environmental governance. Indonesia's decentralized strategy offers potential for more locally-adapted

environmental management, but its effectiveness is often hampered by poor coordination and local capacity issues (Seymour et al., 2015). On the other hand, Malaysia's centralized approach ensures greater consistency in policy enforcement but can be less adaptive to local conditions and sometimes places economic priorities above environmental sustainability (Varkkey, 2016). Both countries face significant challenges in balancing environmental protection with economic development. In Indonesia, the lack of effective coordination between national and local governments has often resulted in conflicting policies and enforcement gaps, undermining environmental sustainability (Tacconi et al., 2008). In Malaysia, while the centralized implementation strategy has led to more consistent environmental governance, the strong focus on economic growth has sometimes overshadowed environmental considerations, particularly in sectors like palm oil production (Mohamed et al., 2017).

### **3. Effectiveness of Environmental Policies**

The effectiveness of Indonesia's environmental policies has been a subject of considerable debate among scholars and policymakers. While Indonesia has made significant strides in formulating comprehensive environmental laws and regulations, the implementation and enforcement of these policies have often been inconsistent, leading to mixed results in achieving sustainable development goals (Murdiyarto et al., 2015). One of the primary challenges has been the enforcement of deforestation laws, particularly in regions where illegal logging and land conversion for agriculture are prevalent. Despite the introduction of the forest moratorium in 2011, deforestation rates have remained high, largely due to weak law enforcement and the influence of powerful economic interests (Sloan et al., 2018). Another area where Indonesia's environmental policies have shown limited effectiveness is in controlling air and water pollution. Rapid industrialization and urbanization have led to significant environmental degradation, particularly in major cities like Jakarta and Surabaya, where air quality often exceeds safe levels (Putra et al., 2020). While there are regulations in place to control emissions and manage waste, enforcement is often hampered by corruption, lack of resources, and the complex bureaucratic structure that governs environmental policy in Indonesia (Setyowati, 2016). Despite these challenges, there have been some successes, such as the improved management of protected areas and increased public awareness of environmental issues, which have contributed to incremental progress in certain areas (Purnomo et al., 2018).

Malaysia's environmental policies have been relatively more effective in certain areas, particularly in controlling pollution and managing natural resources. The country's centralized governance model has allowed for more consistent enforcement of environmental regulations, particularly in urban areas where industrial pollution is a major concern (Jalaludin et al., 2014). Malaysia has implemented several successful initiatives to reduce air and water pollution, such as the Clean Air Action Plan and the National River Water Quality Monitoring Program, which have contributed to measurable improvements in environmental quality (Yusoff et al., 2020). However, the effectiveness of these policies has often been challenged by the country's strong focus on economic growth, particularly in the agricultural and industrial sectors. The expansion of palm oil plantations, for example, has been a significant driver of deforestation and biodiversity loss in Malaysia, despite the government's efforts to promote sustainable practices through certification schemes like the Malaysian Sustainable Palm Oil (MSPO) standard (Varkkey, 2016). While the MSPO has improved the sustainability of palm oil production to some extent, its voluntary nature and the economic importance of palm oil have limited its overall impact. Furthermore, Malaysia's success in urban environmental management has not been consistently replicated in rural areas, where environmental degradation continues to pose significant challenges (Aziz & Lawal, 2019).

The effectiveness of environmental policies in Indonesia and Malaysia reveals the complex interplay between governance structures, economic priorities, and environmental outcomes. Indonesia's decentralized approach has resulted in varying levels of policy effectiveness across regions, with successes in some areas offset by failures in others (Murdiyarso et al., 2015). The lack of consistent enforcement and the influence of economic interests have undermined many of Indonesia's environmental initiatives, particularly in relation to deforestation and pollution control (Sloan et al., 2018). In contrast, Malaysia's centralized governance has allowed for more uniform policy implementation, particularly in urban areas, but has also faced challenges in balancing economic growth with environmental protection, especially in the context of the palm oil industry (Varkkey, 2016). Both countries illustrate the difficulties of implementing environmental policies in a context where economic development is often prioritized over environmental sustainability. Indonesia's challenges are largely rooted in its decentralized governance model, which, while allowing for local adaptation, has also led to significant disparities in policy effectiveness. Malaysia, on the other hand, demonstrates how centralized governance can enhance policy enforcement but may also lead to trade-offs between economic and environmental goals, particularly in sectors critical to national development (Jalaludin et al., 2014; Yusoff et al., 2020).

#### **D. CONCLUSION**

This comparative study of environmental policies in Indonesia and Malaysia reveals the complexities and challenges both countries face in balancing economic growth with sustainable development. Indonesia's decentralized approach to environmental governance has resulted in mixed outcomes, with successes in certain areas, such as community-based forest management, being offset by challenges in policy enforcement and coordination between national and local governments. The country's struggle to curb deforestation and manage pollution highlights the difficulties of implementing effective environmental policies in a diverse and sprawling archipelago. Despite these challenges, there are signs of progress, particularly in raising public awareness and improving the management of protected areas. In Malaysia's centralized approach has led to more consistent enforcement of environmental regulations, particularly in urban areas where pollution control measures have shown measurable success. However, the country's strong focus on economic development, especially in the palm oil industry, has sometimes come at the expense of environmental sustainability. The centralized governance model, while effective in certain respects, has also faced criticism for prioritizing economic interests over environmental protection. Both countries demonstrate that while policy frameworks are crucial, their effectiveness is ultimately determined by the ability to enforce regulations and reconcile economic and environmental goals. Future efforts in both nations must focus on strengthening enforcement mechanisms, fostering cross-border collaboration, and integrating sustainability more deeply into national development agendas.

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