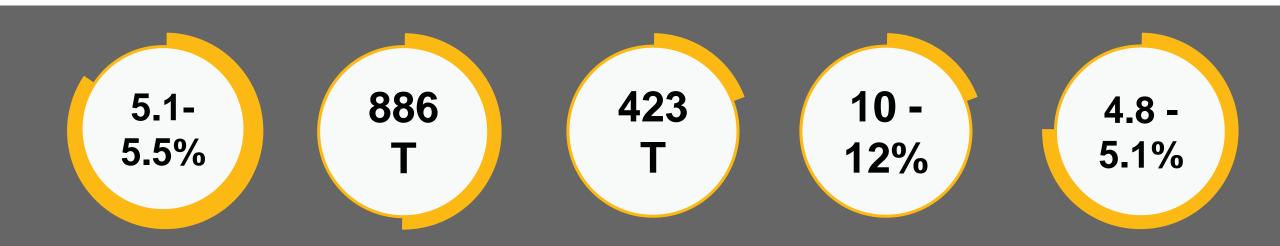


2020 Economic Outlook



Growth

Higher growth is expected (2019: 5.1%) as structural reform is taking shape. Inflation maintained at 2.9-3% (2019:2.7%).

Source: Bank Indonesia

Investment

The amount of investment being executed (2019: 809 T) with BKPM facilitation from licensing to production.

Source: BKPM

Infrastructure

Spending for infrastructure Credit is expected to grow projects in state budget to increase (2019: 399 T). Deficit financing is maintained at 1.76% PDB.

Source: Ministry of Finance.

Credit

with additional bank lending of IDR 51T (2019: 6.08%).

Source: Bank Indonesia

Unemployment

Rate of open unemployment to decline (2019: 5.2%) from a labor force of 134 million people.

Source: Coordinating Ministry of

Economy

2 © < Current Year> < Member Firm Legal Name>

2020 Growth Policies

(Accommodative) Monetary

Maintain stability while exploiting space to push growth. Growth is aimed to improve above 5% while CAD and NPL are expected to slightly increase to 3% PDB and 2.77%.

Fiscal (Incentives) Tax Omnibus Law; besides: Super Deduction (for Vocational

training & R&D)
Investment Allowance for laborintensive industry



Investment (Execution)

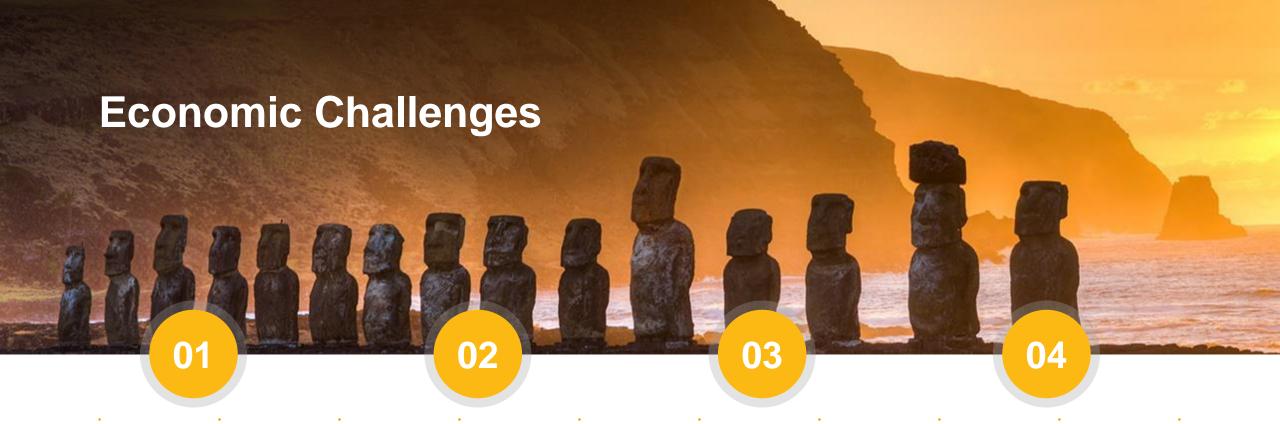
Delegation of authority for investment licensing and facility granting to BKPM and one-stop service to regional investment office and structural reform to improve EODB.

Infrastructure Projects

Complete 5 tourist destinations; Plan 4 Palapa satellites and new toll roads in Sumatera, etc.

Omnibus Law

11 Clusters to create employment from investment, MSME and government projects sectors.



Economic Growth...

has been sluggish at 5% (last 5 years) and need to grow at 6% p.a. (by 2024) to exit "middle income trap" by 2036. **Boosting investment is critical.**

ICOR...

is relatively low at 6.8% compared to other ASEAN competitors due to issue in labor productivity and high costs in investment execution.

Industrial sector's...

contribution to GDP has declined to 19.8% (from 25% in 2002). Promote industrial investment in Natural Resource Based Sector (downstreaming).

Mismatch

Government spending and capacity have not been well-matched with the specific needs of private investors for productive labor & connecting infrastructure support.

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Entrepreneurial Government

Mission Driven

Transforming from a rule-based organization.







Competitive

Injecting competition into service delivery.



Meeting the needs of the customers

Result Oriented

Funding outcome not input



Enterprising

Earning rather than spending.

Source: David Osborne & Ted Gaebler



Thank You



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