



Smart decisions. Lasting value.

Indonesia

Becoming An Entrepreneurial Government
in Stimulating Growth

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2020 Economic Outlook

5.1-
5.5%

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

886
T

Investment

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

Source: BKPM

423
T

Infrastructure

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

Source: Ministry of Finance.

10 -
12%

Credit

Credit is expected to grow with additional bank lending of IDR 51T (2019: 6.08%).

Source: Bank Indonesia

4.8 -
5.1%

Unemployment

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

Source: Coordinating Ministry of Economy

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%.

Infrastructure Projects

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



Fiscal (Incentives)

Tax Omnibus Law; besides:
Super Deduction (for Vocational training & R&D)
Investment Allowance for labor-intensive 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.

Omnibus Law

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

Economic Challenges



01

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.**

02

I C O R...

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

03

Industrial sector's...

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

04

Mismatch

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

Entrepreneurial Government

Mission Driven

Transforming from a rule-based organization.



Competitive

Injecting competition into service delivery.



Result Oriented

Funding outcome not input



Customer Driven

Meeting the needs of the customers



Enterprising

Earning rather than spending.

Source: David Osborne & Ted Gaebler



Thank You



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