



SETELAH KENDURI BESAR 2014: INDONESIA 2015-2020

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APA YANG INGIN SAYA DISKUSIKAN HARI INI

Fakta dan Tantangan Ekonomi hingga 2020

Sekilas tentang Growth Accounting

Bagaimana kita bisa memenuhi Indonesia Rising?

Penutup

TANTANGAN YANG KITA HADAPI

Ekonomi Dunia makin Menggejolak dan Frekuensi Bencana Alam Meningkat serta Dampak Perubahan Iklim Tidak Terduga

- Perlu cadangan yang lebih besar dalam APBN
- Rasio Utang [Dan Defisit Anggaran] perlu dijaga seminimal mungkin

Pengalaman Pembangunan Pasca Krisis 1997/98 menunjukkan kita belum mampu mengatasi kendala utama (binding constraint)

- Pertumbuhan Ekonomi tidak mampu tumbuh 7% tanpa disertai dengan kenaikan inflasi.
- Ada sejumlah defisit dalam perekonomian : defisit

Meningkatnya Kesenjangan di semua dimensi dan Efektifitas Pertumbuhah ekonomi dalam mengatasi kemiskinan mengalami penurunan.

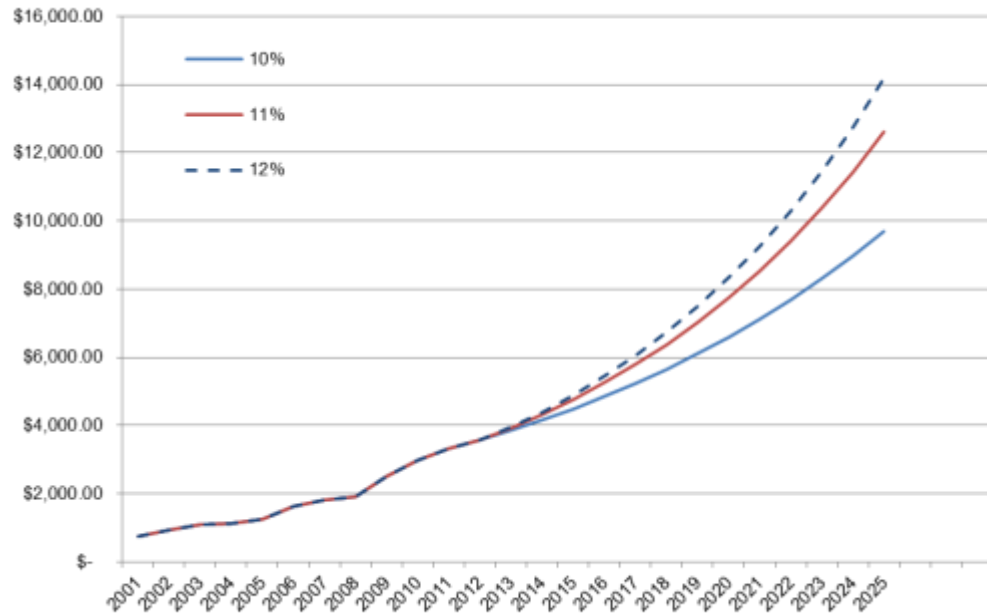
Fleksibilitas institusi untuk me-respons – misalnya krisis- makin berkurang; sementara di pihak lain probabilitas krisis terjadi meningkat.

- UU baru yang dihasilkan beberapa tahun terakhir cenderung tidak konsisten dan didorong oleh kelompok kepentingan yang menggunakan jargon nasionalisme yang mempersulit ruang gerak untuk merespons unexpected events

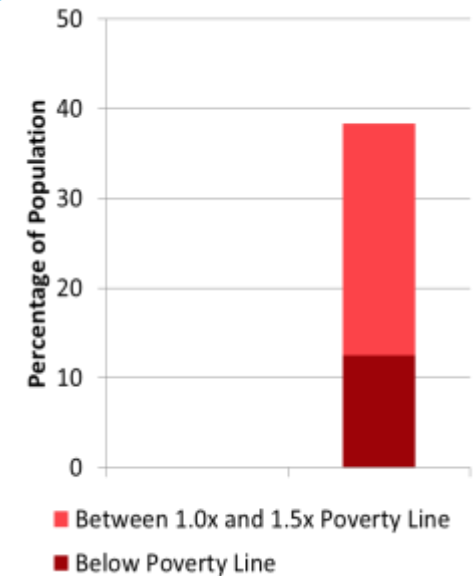
Kita sering terbuai dengan keberhasilan semu dan gampang puas.

UNTUK MENCAPAI CITA-CITA INDONESIA “MAKMUR DAN BERKEADILAN SOSIAL

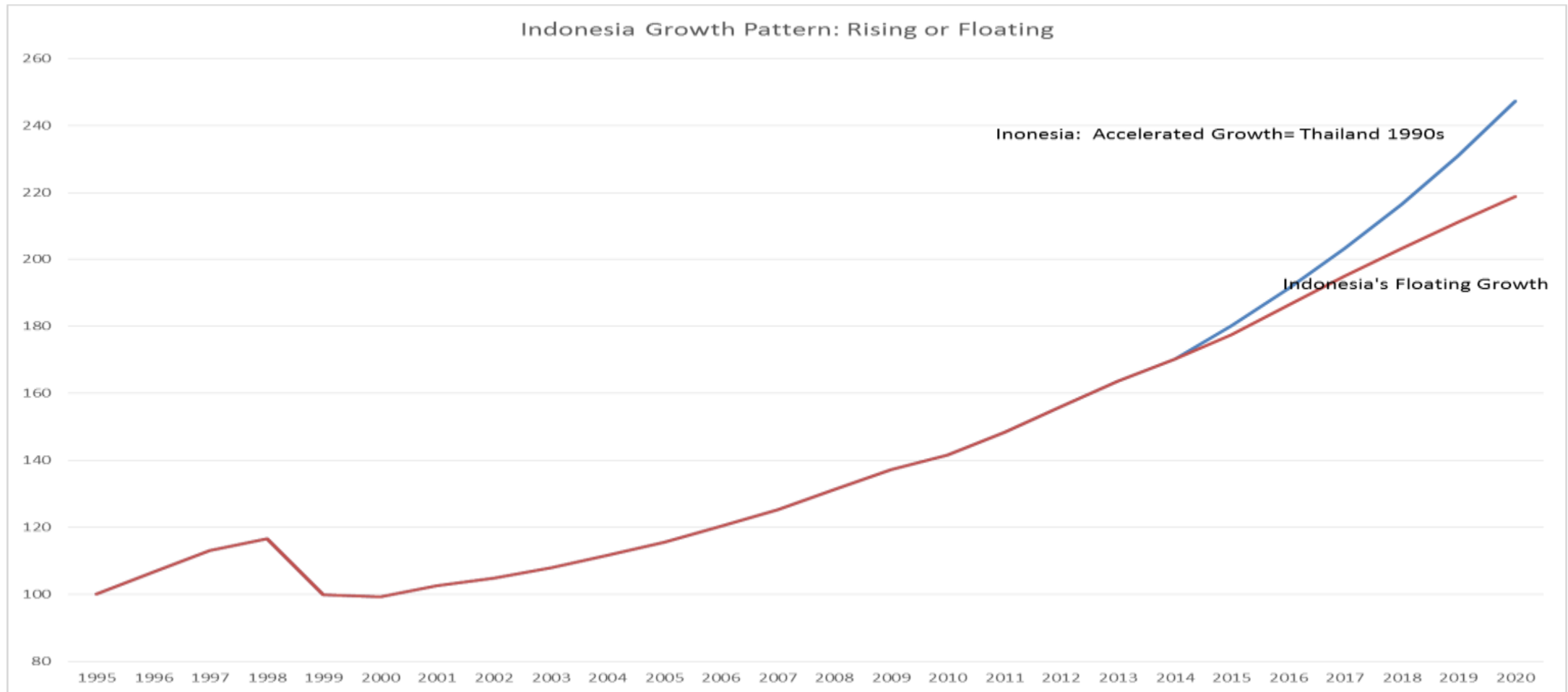
Indonesia harus tumbuh minimal 7+% rata-rata per tahun hingga 2025



Mengatasi kesenjangan Dan mengurangi kemiskinan & kelompok rentan

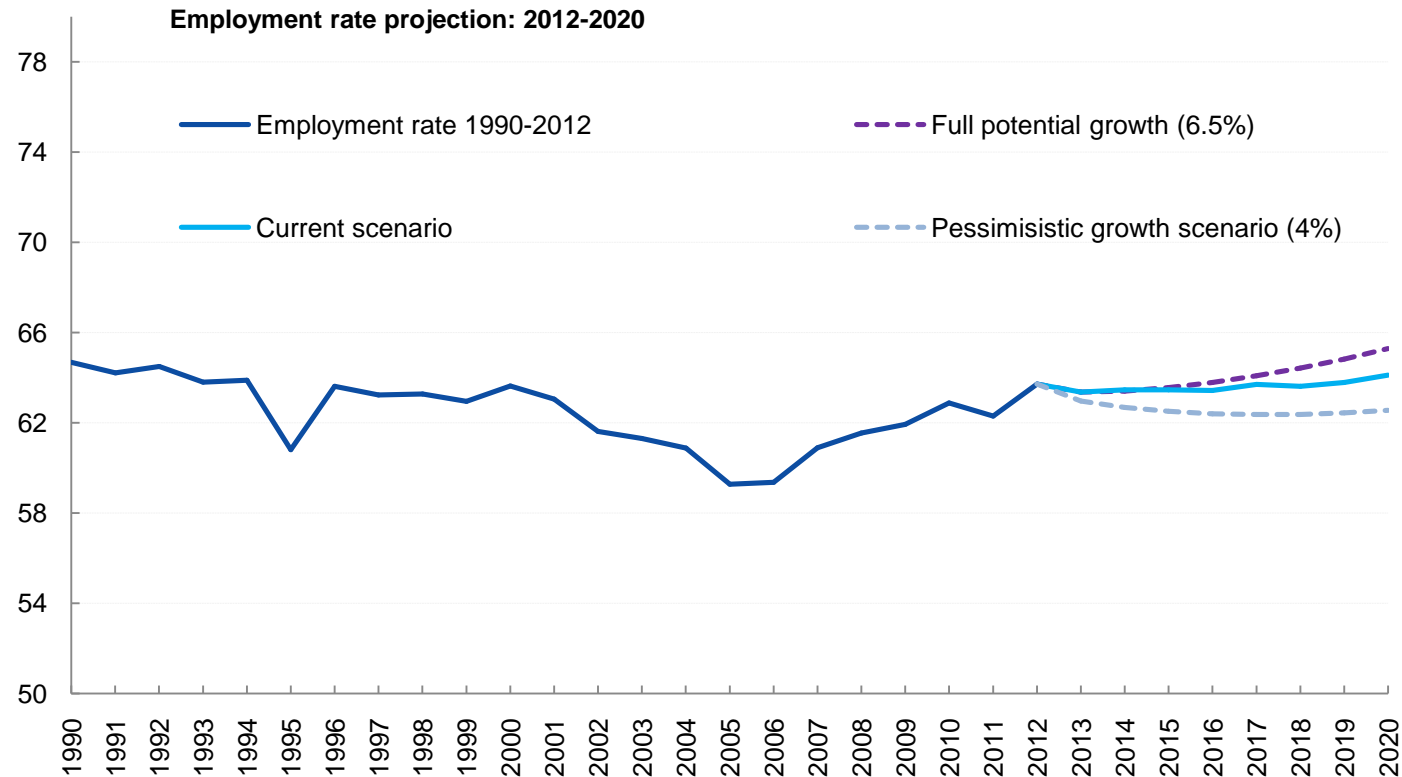


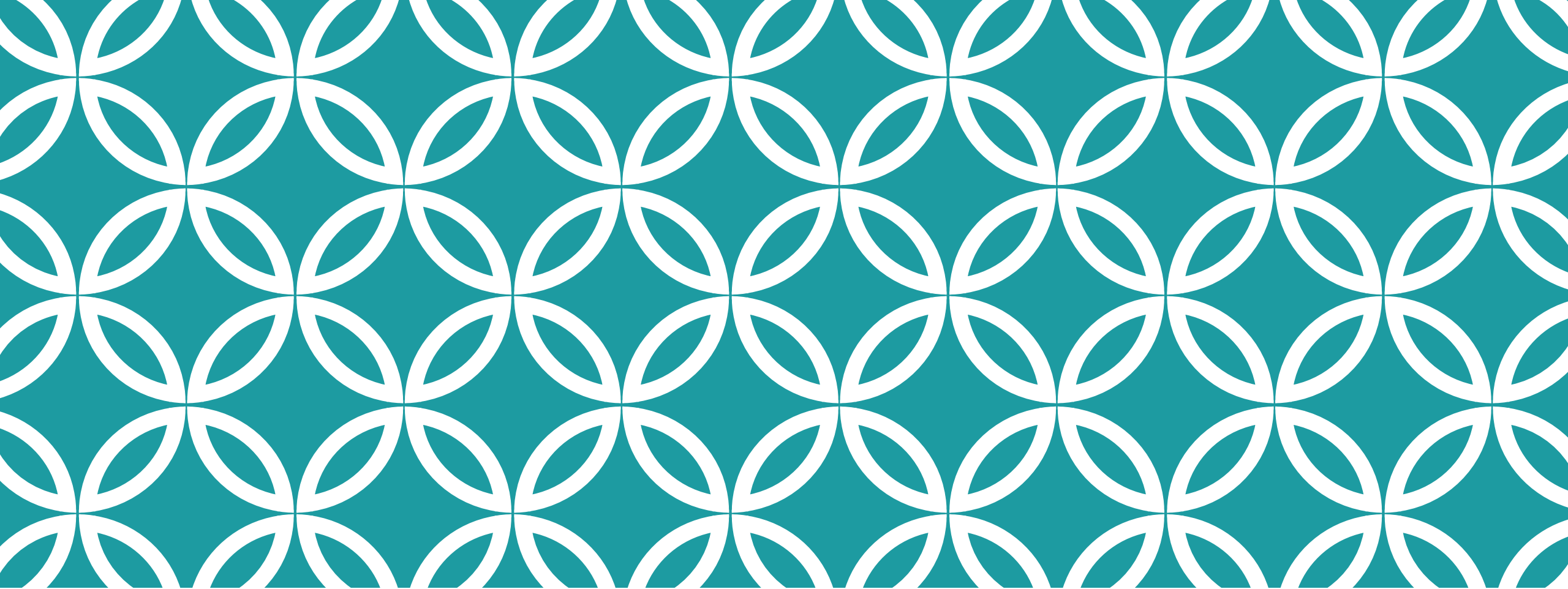
PILIHAN GROWTH SCENARIOS



REWARD SUCCESSFUL REFORM – MEDIUM TERM: JUTAAN LAPANGAN PEKERJAAN YANG LAYAK – MILLION DECENT JOBS

The difference between growing by 6.5% or more and growing at 4% = millions of jobs!





SEKILAS TENTANG GROWTH ACCOUNTING



EXPLAINING TO ANALYTICAL FRAMEWORK: UNDERSTANDING SOURCES OF GROWTH

Decompose output per capita

$$\text{Output/Pop} = (\text{Output/worker}) \times (\text{worker/working age population}) \times (\text{working age population/total population})$$

Output per workers = labor productivity

Worker/working age population = labor participation

Working age population/population = age structure of population = 1 – dependency ratio.

DEKOMPOSISI LABOR PRODUCTIVITY

Labor productivity:

- Capital deepening (increases in physical capital per worker)
- Rising labor quality
- Growing TFP

SECTORAL EFFECT: CROSS SECTORAL SHIFT OR WITHIN SECTOR GROWTH

Growth bisa disebabkan oleh perubahan struktur (proses alokasi) dan bisa disebabkan oleh peningkatan produktivitas dalam sektor yang bersangkutan.

Sectoral shift disebabkan karena faktor produksi pindah kepada sektor yang lebih produktif (dan menghasilkan return yang lebih tinggi) sebagai response terhadap insentif dan kebijakan.

Q: DAPATKAH INDONESIA KEMBALI KE THE OLD GROWTH PATH? TENTU, TETAPI PERLU MENGATASI BEBERAPA HAMBATAN STRUKTURAL

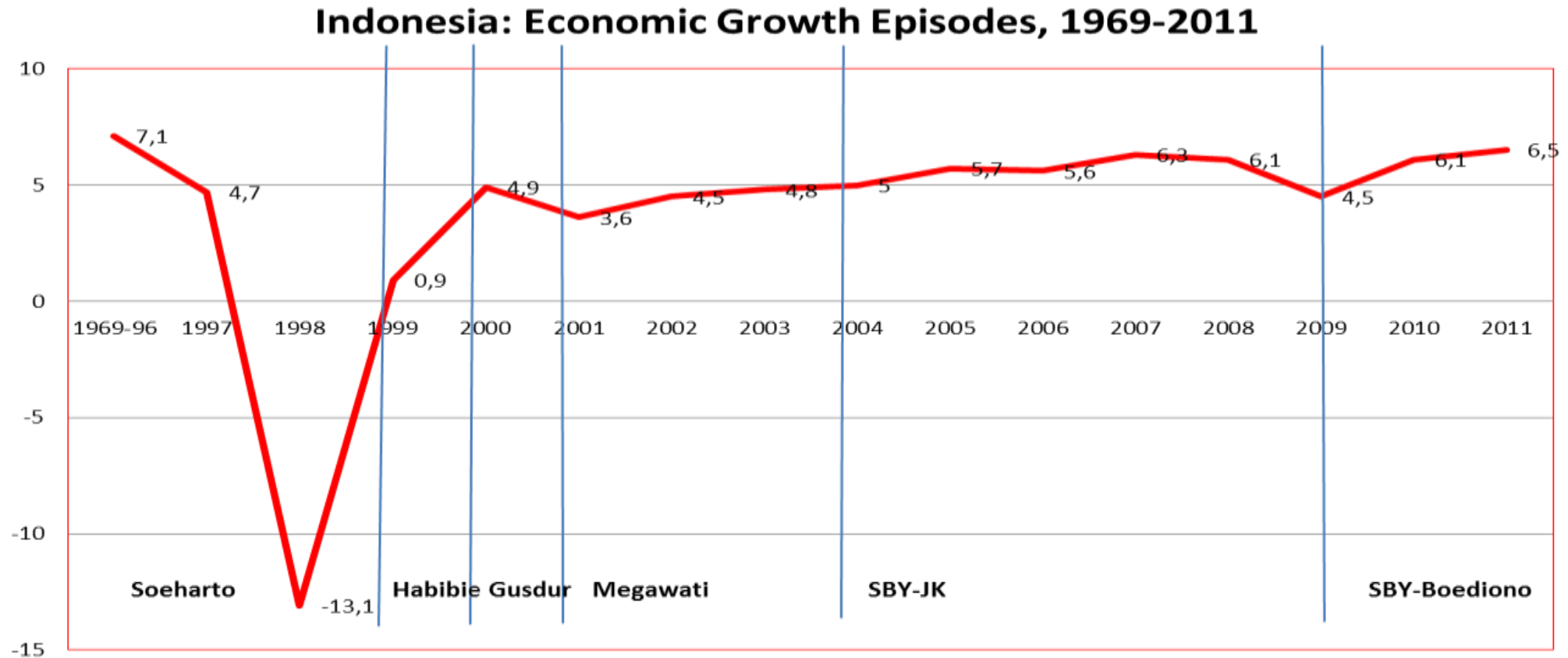


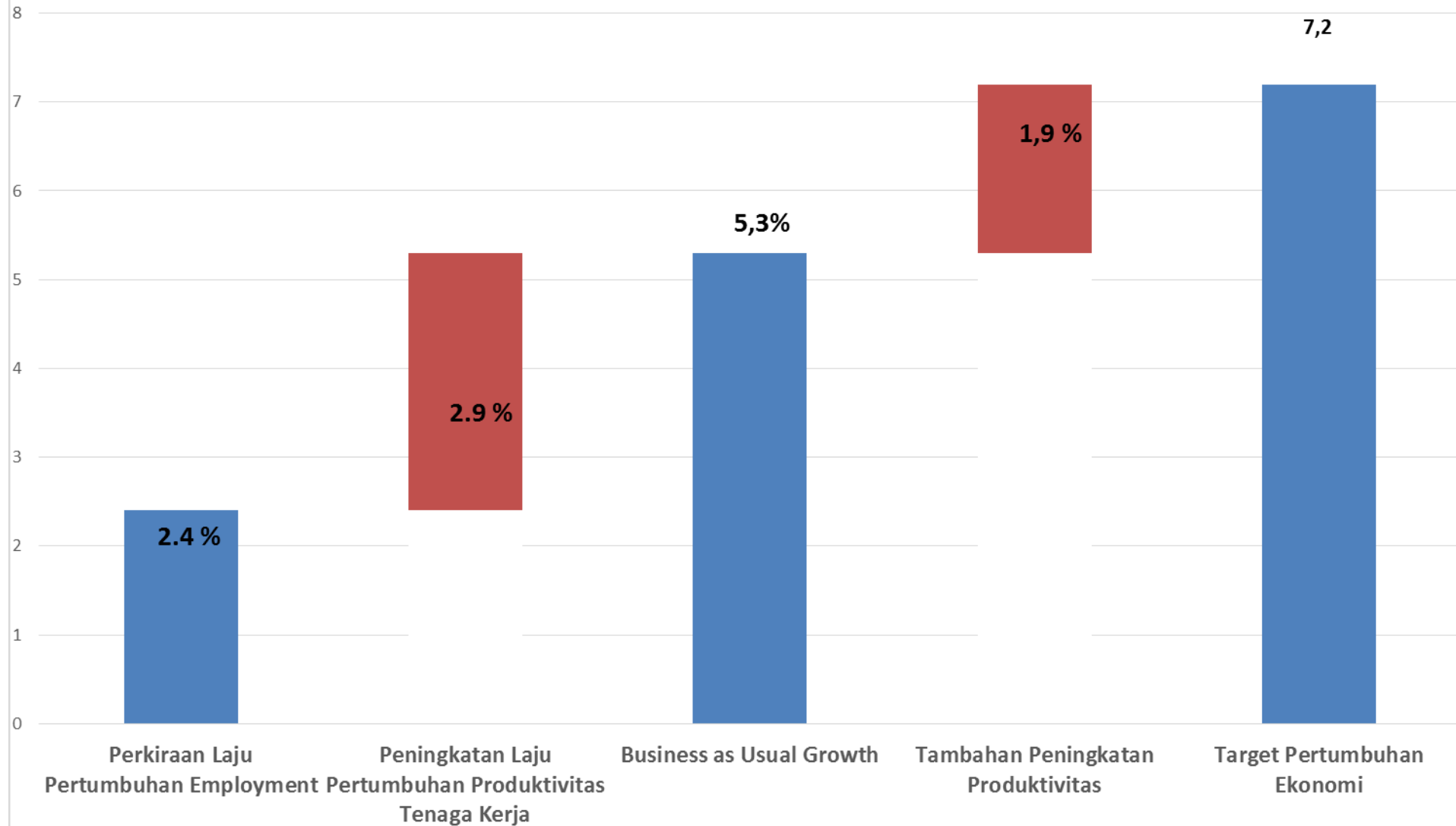
Table 1.4: Categorisation of Countries based on Income Trajectories *

Advancers	Stagnant	Under-performers	New Growth Miracles [^]
<ul style="list-style-type: none"> • Botswana • China • Dominica • India • Indonesia • Korea, South • Malaysia • Singapore • St. Lucia • St. Vincent & Grenadines • Taiwan • Thailand 	<ul style="list-style-type: none"> • Dominican Republic • Egypt • Morocco • Philippines • Sri Lanka • Syria • Zimbabwe 	<ul style="list-style-type: none"> • Angola • Benin • Bolivia • El Salvador • Mozambique • Namibia • Nicaragua • Niger • Peru • Senegal • Sierra Leone 	<ul style="list-style-type: none"> • Equatorial Guinea • Guyana • Vietnam <hr/> <ul style="list-style-type: none"> • China • Ireland • Lebanon • St Kitts & Nevis • Singapore • Taiwan

* Countries with less than 10 data points were excluded.

[^] Countries that appeared in the previous three categories, or whose incomes were above the 50-percentile are listed below the line, and will be excluded for analysis purposes from this category. Countries with less than five observations in the 1990-2000 window were also excluded.

Tanpa Peningkatan Laju Produktivitas, Mustahil Indonesia dapat mencapai Target Pertumbuhan Ekonomi



RECALL : KEY ELEMENTS OF PRODUCTIVITY

Accumulation

Capital Deepening --- Increase quantity of capital per labor

Rising Quality of Labor

Growing of TFP

Plus Structural Change

Within the Sector

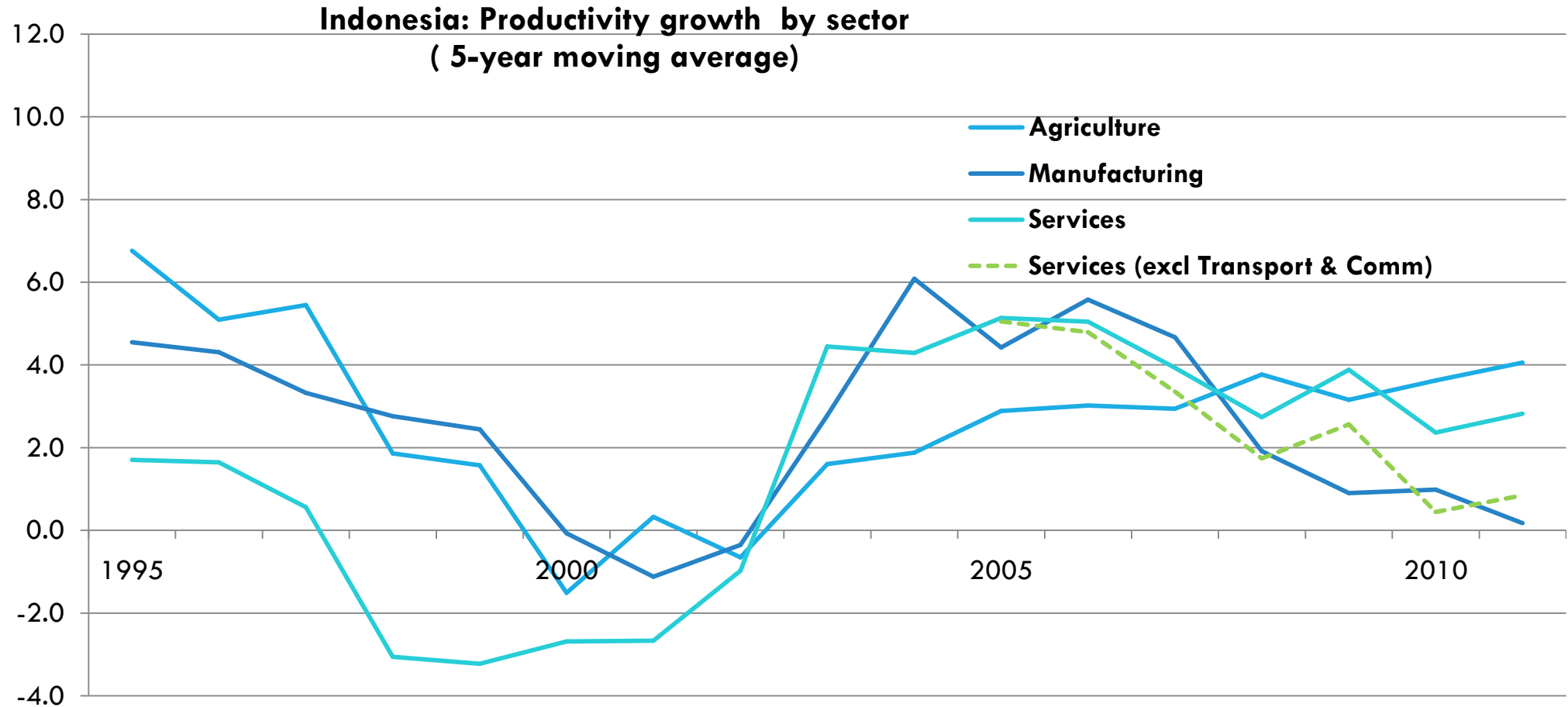
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Sectoral Shift

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BAD NEWS: LABOR PRODUCTIVITY GROWTH TRENDED DOWN IN THE SECOND HALF OF THE DECADE

(EMPLOYMENT GROWTH FASTER THAN VALUE-ADDED GROWTH)



THUS BEHIND THE HIGH LEVEL OF VULNERABILITY: LOW LEVELS OF PRODUCTIVITY IN AGR AND LOW-END SERVICES THAT ABSORB CLOSE TO 80 % OF WORKERS

“Distance” to agriculture in productivity (sector labor productivity relative to agriculture)
(in constant terms)

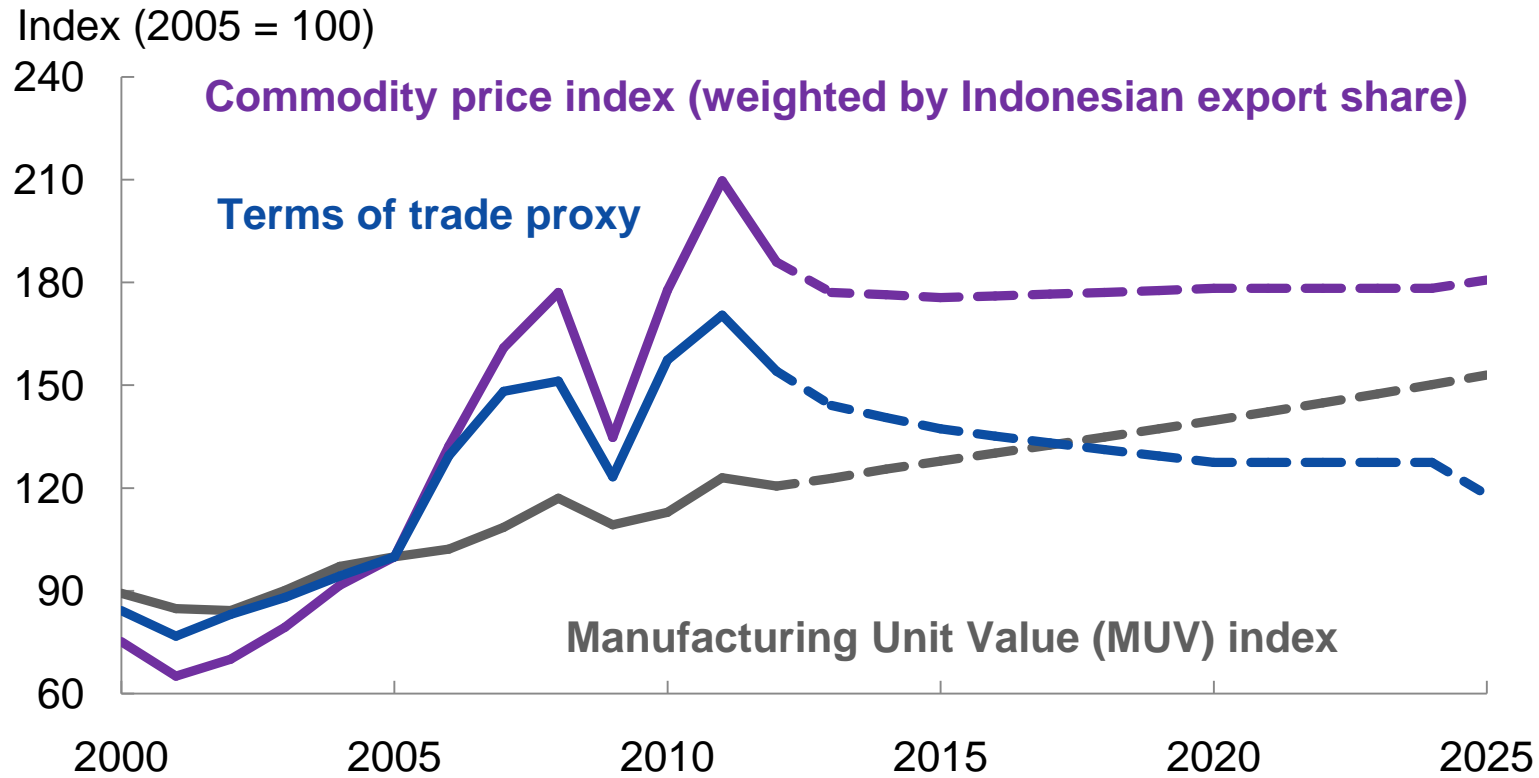
Sector	1990-96	2000-2003	2005-2008	2009-2012
Agriculture	1.0	1.0	1.0	1.0
Low-end services	2.5	2.4	2.5	2.2
Manufacturing industries	5.6	5.7	5.8	5
Transport and communication	3.3	2.8	3.5	5.5
Financial services	37	21.5	20.5	14.6
Mining and quarrying	43.6	46.8	26.7	18

GOOD NEWS: CLOSING CURRENT LARGE PRODUCTIVITY GAPS COULD DRAMATICALLY BOOST HIGH QUALITY GROWTH

Sector	1990-96	2000-2003	2005-2008	2009-2012
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...BY RESTORING INCENTIVE TO INVEST IN MANUFACTURING EVEN IF TOT WOULD DECLINE

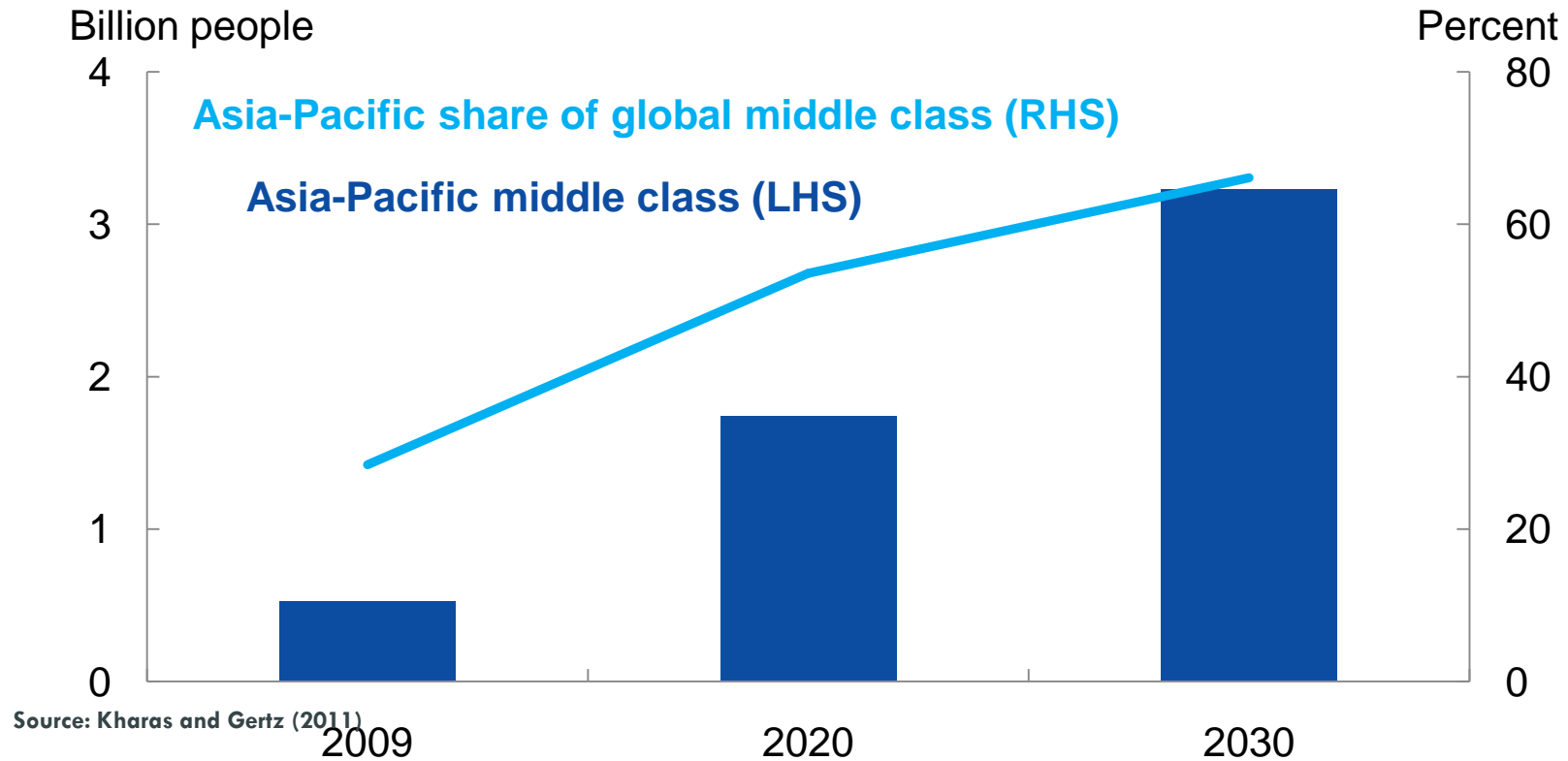
Indonesia's terms of trade are expected to decline as global commodity prices retreat from recent historic highs



Source: BPS; World Bank DEC projections; World Bank staff calculations. Note: nominal commodity price index weighted by the share of major commodities in Indonesia's export basket.

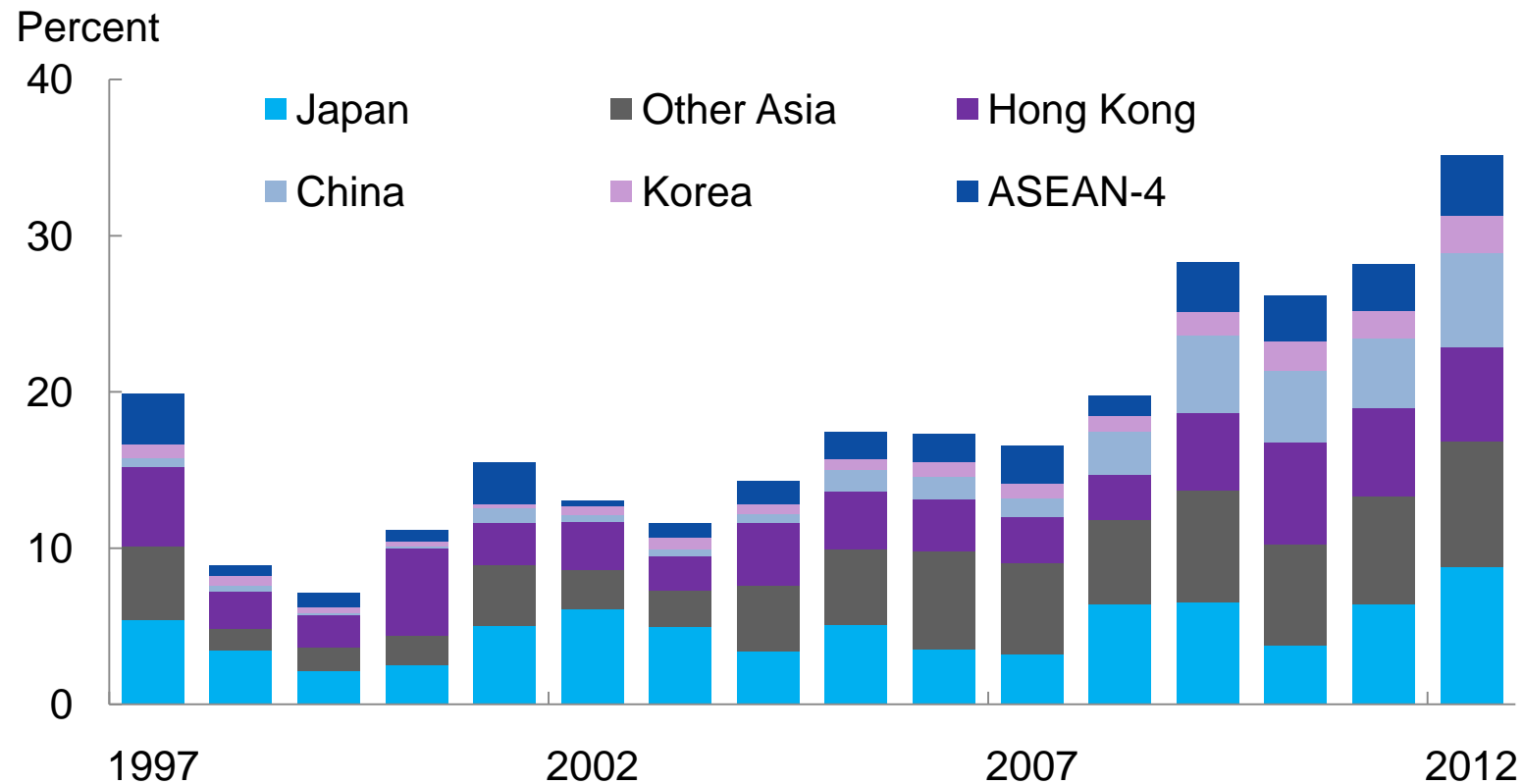
IN A FAVORABLE REGIONAL CONTEXT FOR TRADE AND INVESTMENTS

Asia's middle class is expected to swell to over 3 billion people by 2030, or two-third of the global total, generating significant new demand for goods and services



...IN A FAVORABLE REGIONAL CONTEXT FOR TRADE AND INVESTMENTS (2)...

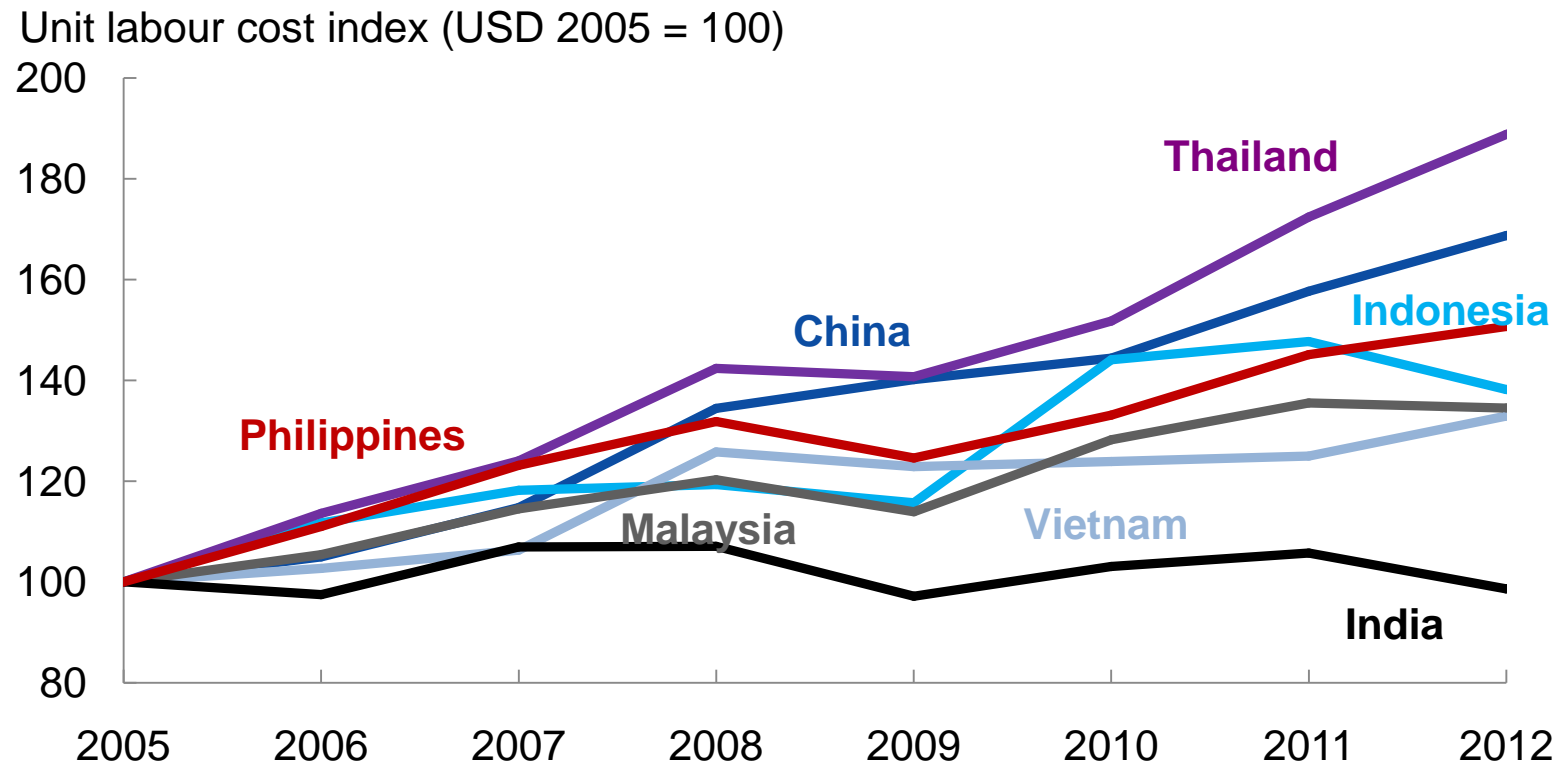
Asia now accounts for over 35 percent of global outbound FDI, having seen its share double in the past five years



Source: UNCTAD; World Bank staff calculations. Note: FDI flows are in current USD and calculated at current exchange rates. ASEAN-4 refers to Malaysia, Thailand, Philippines and Singapore.

...WHILE CHINESE REBALANCING PRESENTS INDONESIA WITH A 'SECOND CHANCE' IN MANUFACTURING EXPORTS

Average Chinese unit labor costs are rising, presenting new opportunities for ASEAN economies to specialize in low cost manufacturing



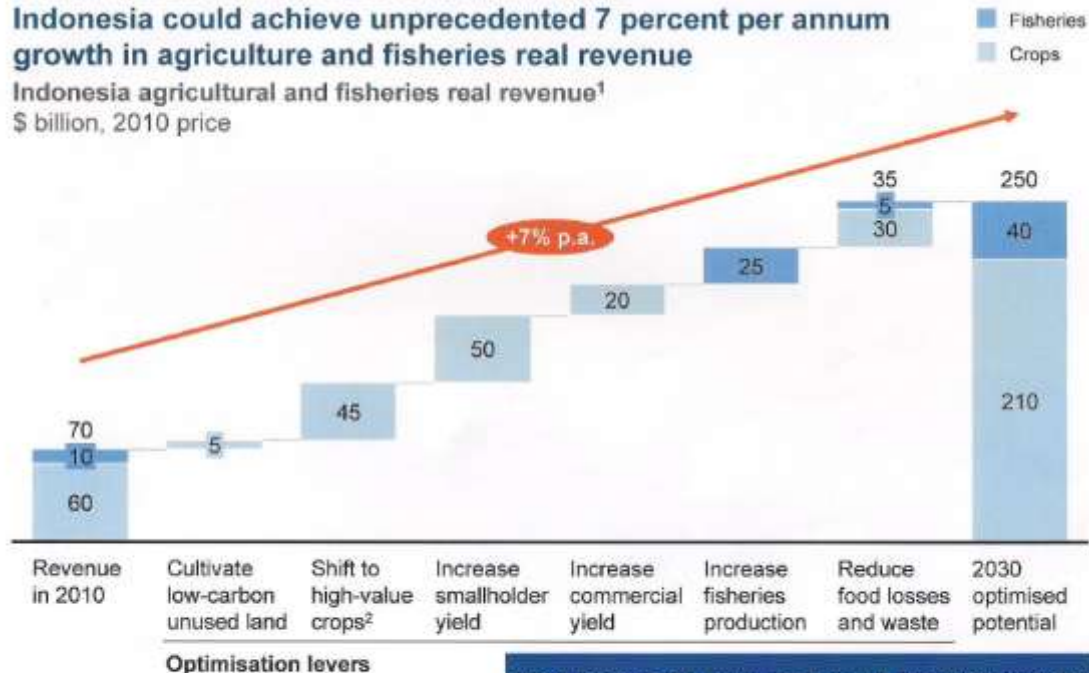
Source: Economist Intelligence Unit; World Bank staff calculations.

A DECLINING AGRICULTURE SECTOR SHOWS SOME POTENTIAL IF STRUCTURAL CHANGES WITHIN THE SECTOR ALLOWED

BOOST PRODUCTIVITY IN AGRICULTURE AND FISHERIES

Indonesia could achieve unprecedented 7 percent per annum growth in agriculture and fisheries real revenue

Indonesia agricultural and fisheries real revenue¹
\$ billion, 2010 price



1 Rounded to the nearest \$5 billion.

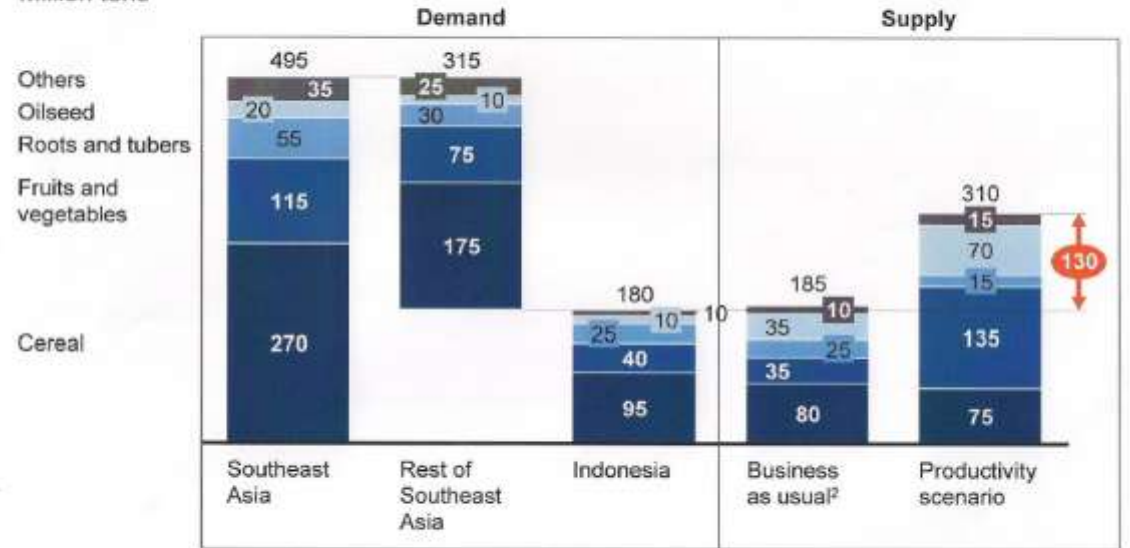
2 Includes palm oil, fruits, and vegetables.

SOURCE: Food and Agriculture Organization; International Institute for Applied Systems Analysis; Ministry of Agriculture; Ministry of Marine Affairs and Fisheries; Ministry of Forestry; McKinsey Global Institute analysis

BOOST PRODUCTIVITY IN AGRICULTURE AND FISHERIES

As a result, Indonesia could become a large exporter of agricultural crops

Crop supply and demand, 2030¹
Million tons



1 Rounded to the nearest five million tons.

2 After accounting for post-harvest and value-chain waste.

SOURCE: Food and Agriculture Organization; Indonesia's Ministry of Agriculture; McKinsey Global Institute analysis

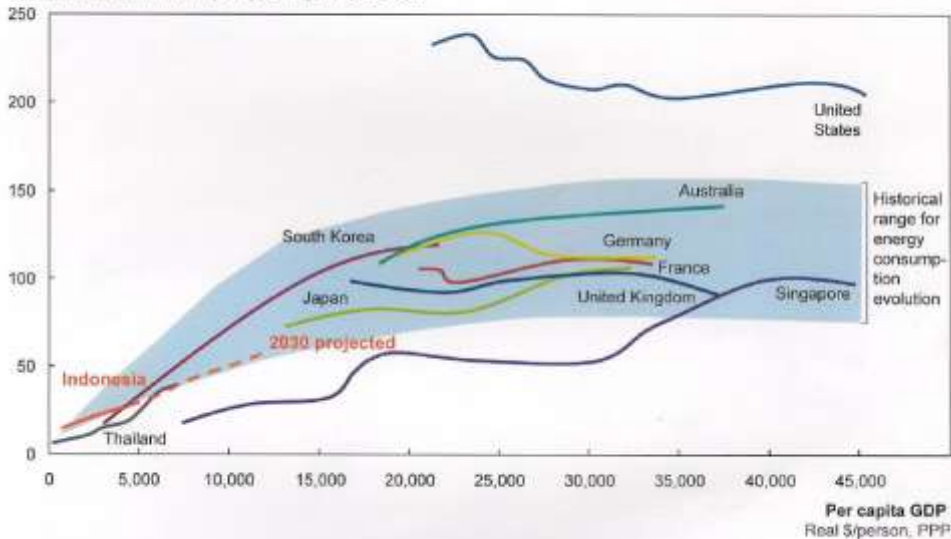
..AND WE ARE ABLE TO SMARTLY TAP OUR RESOURCES AND TRANSFORM THEM INTO HIGH VALUE ADDED ACTIVITIES

CREATE A RESOURCE-SMART ECONOMY

Indonesia's economy will enter a resource-intensive stage of development to 2030

Per capita energy consumption

Million British thermal units (BTU) per capita, 1970–2010



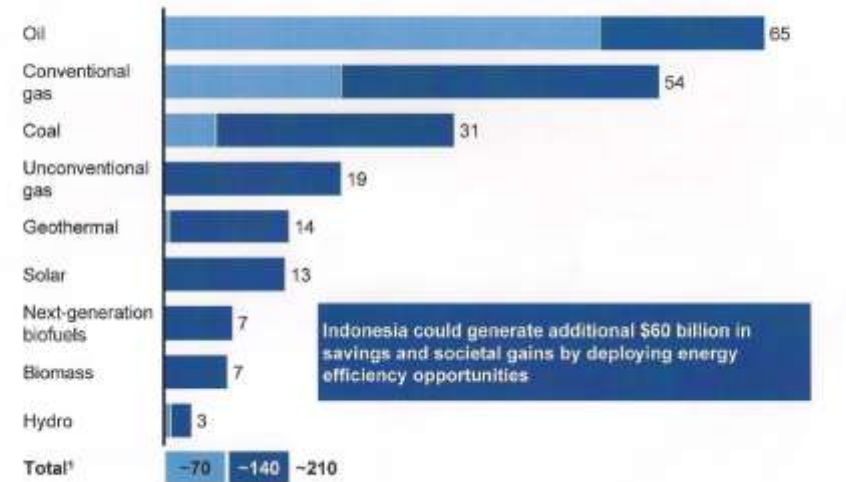
SOURCE: International Energy Agency (IEA); Global Insight; McKinsey Global Institute analysis

CREATE A RESOURCE-SMART ECONOMY

The value of Indonesia's energy market could increase from about \$70 billion in 2010 to around \$210 billion in 2030

Revenue pools, 2030

\$ billion, current



¹ Rounded to the nearest \$10 billion

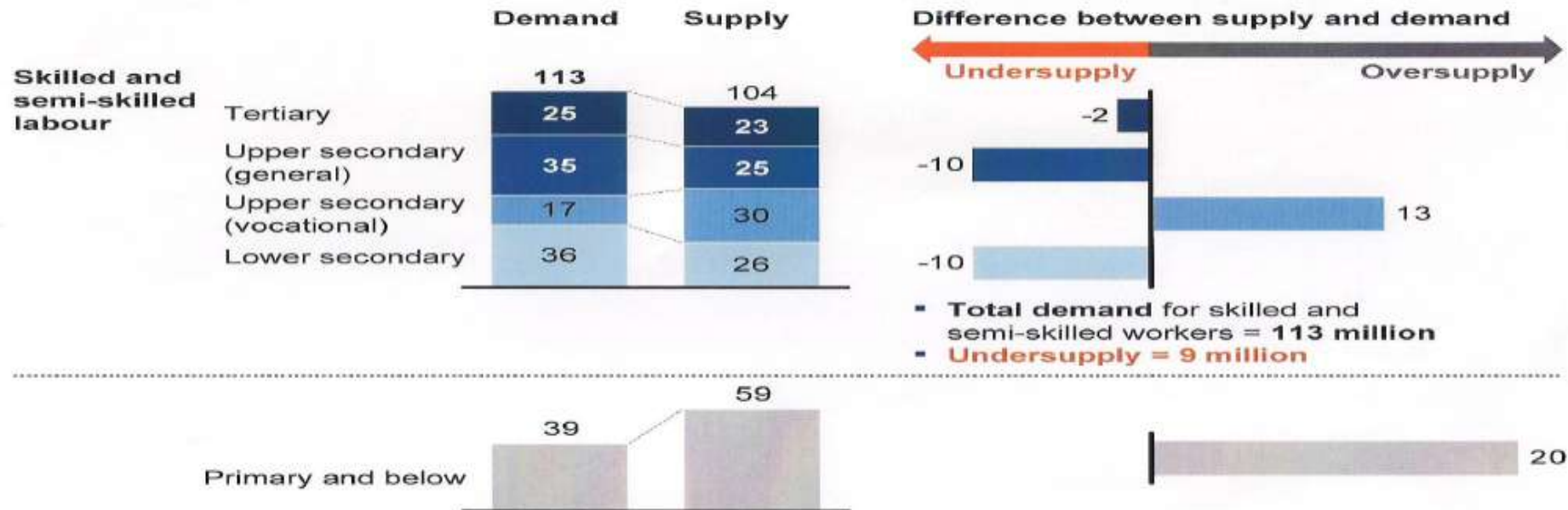
SOURCE: IEA; FACTS; ASEAN; McKinsey Global Institute analysis

AND ABLE TO TRANSFORM OUR HUMAN RESOURCES

INVEST IN SKILL BUILDING

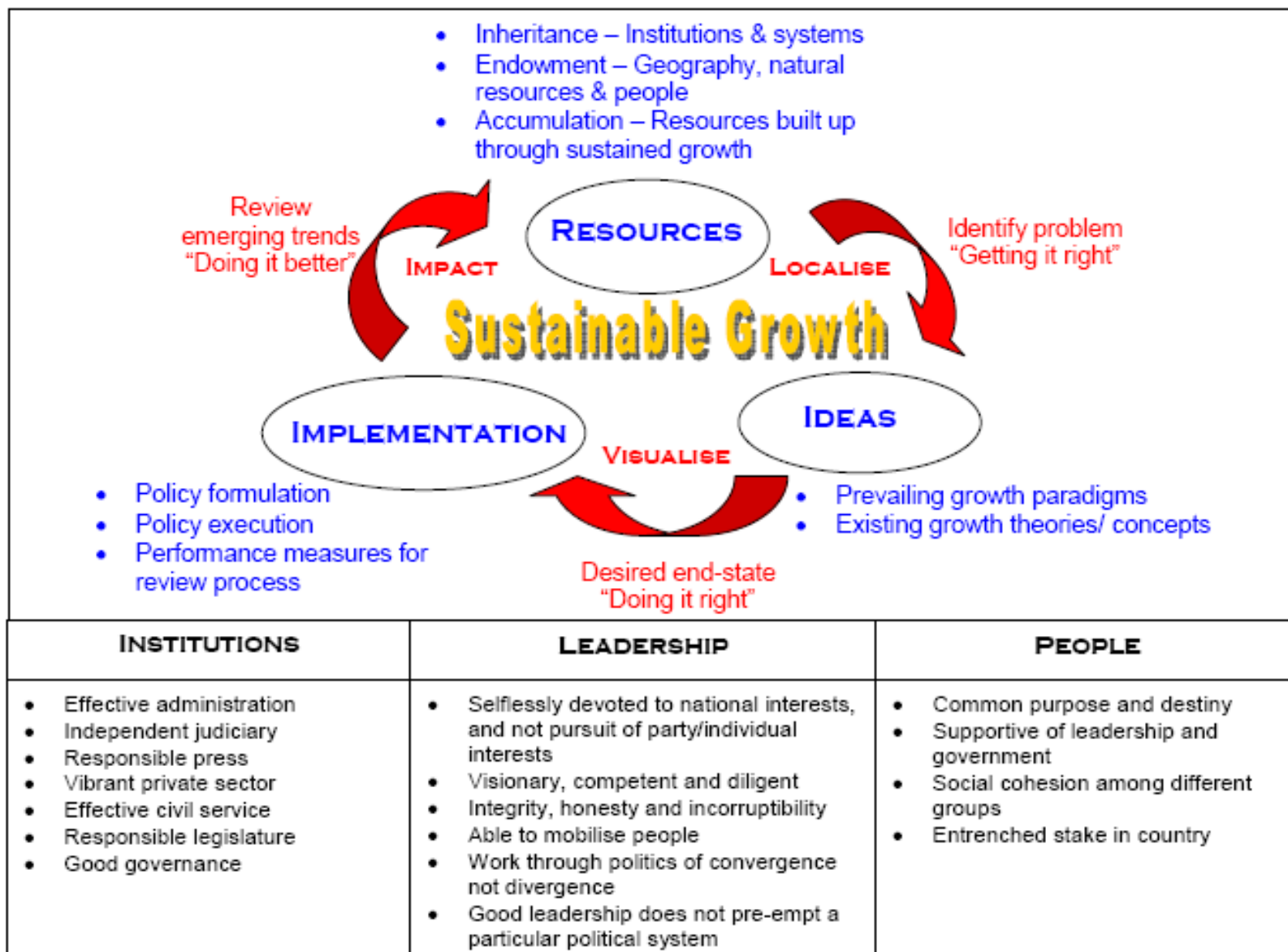
Indonesia is projected to face challenges in ensuring that workers receive the right level of education

work force demand vs. supply, 2030 projections
Million workers



SOURCE: Indonesia's Central Bureau of Statistics; CEIC Data; United Nations Statistics Division; World Bank; The Economist Intelligence Unit; McKinsey Global Growth Model; McKinsey Global Institute analysis

Figure 2.1: The Economic Growth Cycle



Kebijakan Besar untuk mencapai: Productivity Driven Growth yang Ber-Keadilan Sosial



MENGATASI KESENJANGAN INFRASTRUKTUR

Solusi

1. Melipatgandakan pengeluaran infrastruktur yang dibiayai APBN dari 2 % dari PDB (2014) menjadi 4,5% PDB (2019)
2. Memperbaiki Mekanisme Kerjasama Pembangunan Infrastruktur antara
 - Pemerintah Pusat dan Pemerintah Daerah
 - Pemerintah Pusat dan BUMN dan Swasta
 - Pemerintah Daerah dan BUMN & Swasta
3. Pendayagunaan BUMN
4. Memperbaiki dan Penyederhanaan DAK (Governance dan meningkatnya besarannya)
5. Mengembangkan alternative Pembiayaan Infrastruktur bagi Daerah-daerah yang sudah siap
6. Memperkuat proses seleksi dan persiapan proyek pembangunan
7. Mendayagunakan asset milik negara
8. Mengefektifkan proses pengadaan tanah untuk infrastruktur.

Menutupi Kesenjangan Skill

Fakta-Fakta

- Jumlah lulusan PT akan berlipat ganda dalam 10 tahun mendatang.
- Namun, perusahaan mengeluh sukar mendapatkan tenaga kerja trampil yang siap bekerja
- 50 persen lulusan SMA dan 15 persen lulusan PT bekerja pada unskilled positions
- Hanya 5% tenaga kerja yang mendapatkan formal on-the-job training

SOLUTIONS

1. Perubahan Kurikulum PT – ketrampilan dan Soft Skill
2. Make tertiary and vocational education more responsive to the market's needs
3. Utilisasi dan Optimalisasi BLK dan SMK

Mengatasi distorsi ekonomi dan menghilangkan ekonomi biaya tinggi.

SOLUTIONS

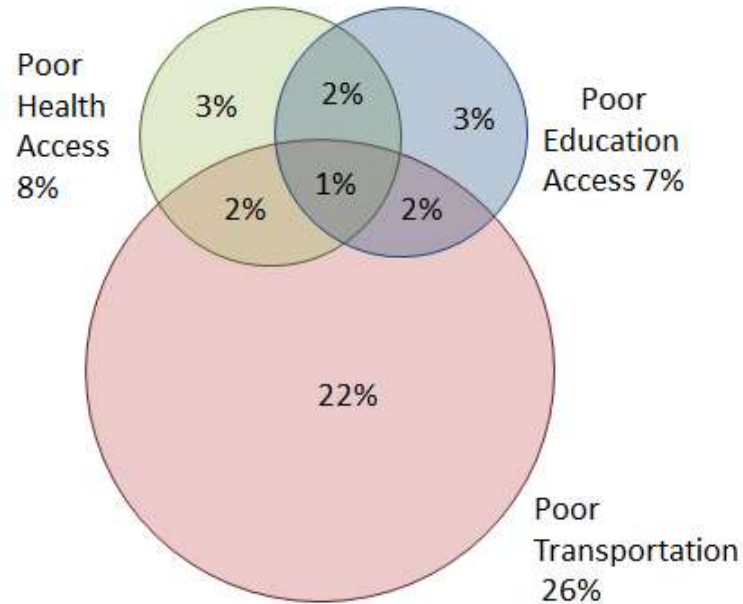
1. Membangun dan Memperkuat “Policy Integrator” dan Business Complaint Center
2. Meneruskan perbaikan Procedur berusaha, khususnya untuk UKM dan entrepreneurs muda dan baru
3. Memperbaiki hubungan industrial yang saling menguntungkan
4. Memperluas Sumber Pembiayaan Jangka Panjang dan Sumber Pembiayaan untuk UKM
5. Mendorong Reformasi Hukum untuk meningkatkan kepastian berusaha



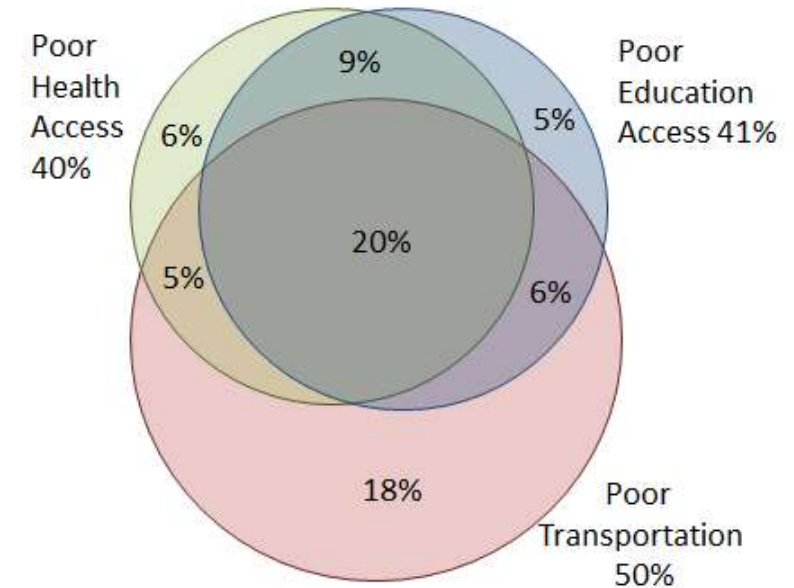
**POLICIES TO
SHARE
PROSPERITY**

Perbaikan Akses terhadap Jasa Publik yang berkualitas

Urban access to services, 2011



Rural access to services, 2011



SOLUTIONS

1. Realokasi anggaran untuk memperbaiki jasa public khususnya untuk kesehatan, sanitasi dan transportasi umum
2. Menerapkan sistem performance based untuk memperbaiki kualitas pelayanan
3. Mendorong champion-champion pada tingkat lokal dengan memberikan rewards dan penalties dalam dana transfer

Reformasi Sistem Proteksi Sosial.

- Masalah sekarang: bantuan sosial tidak jatuh pada the right benefits, at the right time, delivered to the right people, in the right way.
- **Kesenjangan masih terjadi.** Orang jompo, orang cacat dan kelompok near poor belum sepenuhnya tersentuh oleh social assistance, sementara PAUD masih underinvested.
- **Persoalan-persoalan dalam UU Jaminan Sosial perlu diselesaikan**

SOLUTIONS

1. Pemanfaatan Database dan Akumulasi Pengetahuan serta IT untuk memperbaiki Sistem Delivery
2. Ubah Raskin menjadi Sistem Kupon Makanan atau Cash Transfer
3. Integrasikan Bantuan Sosial dalam Smart Card
4. Selesaikan issues dalam UU Sistem Jaminan Sosial: benefit levels, risk and institutional management, and the right mechanisms for the poor and the non-poor

NATURAL RISK MANAGEMENT IS KEY TO PROTECT THE PROGRESS OF POVERTY REDUCTION.

- **Natural disaster risk.** Indonesia is one of the world's most active disaster zones, prone to a multitude of natural disasters.
- **Low resilience in cities.** Rapid construction of physical assets and weak enforcement of building codes and zoning regulations have resulted in a greater vulnerability to natural disasters.
- **The poor are particularly vulnerable.**

SOLUTIONS

1. A national program on hazardous micro-zoning to incorporate resilience into site design and construction standards
2. A financing framework for infrastructure development that incentivizes investment with built-in resilience
3. A national program on urban upgrading and ecosystem rehabilitation

BAGAIMANA INDONESIA DAPAT MEMBIAYAI PEMBANGUNAN

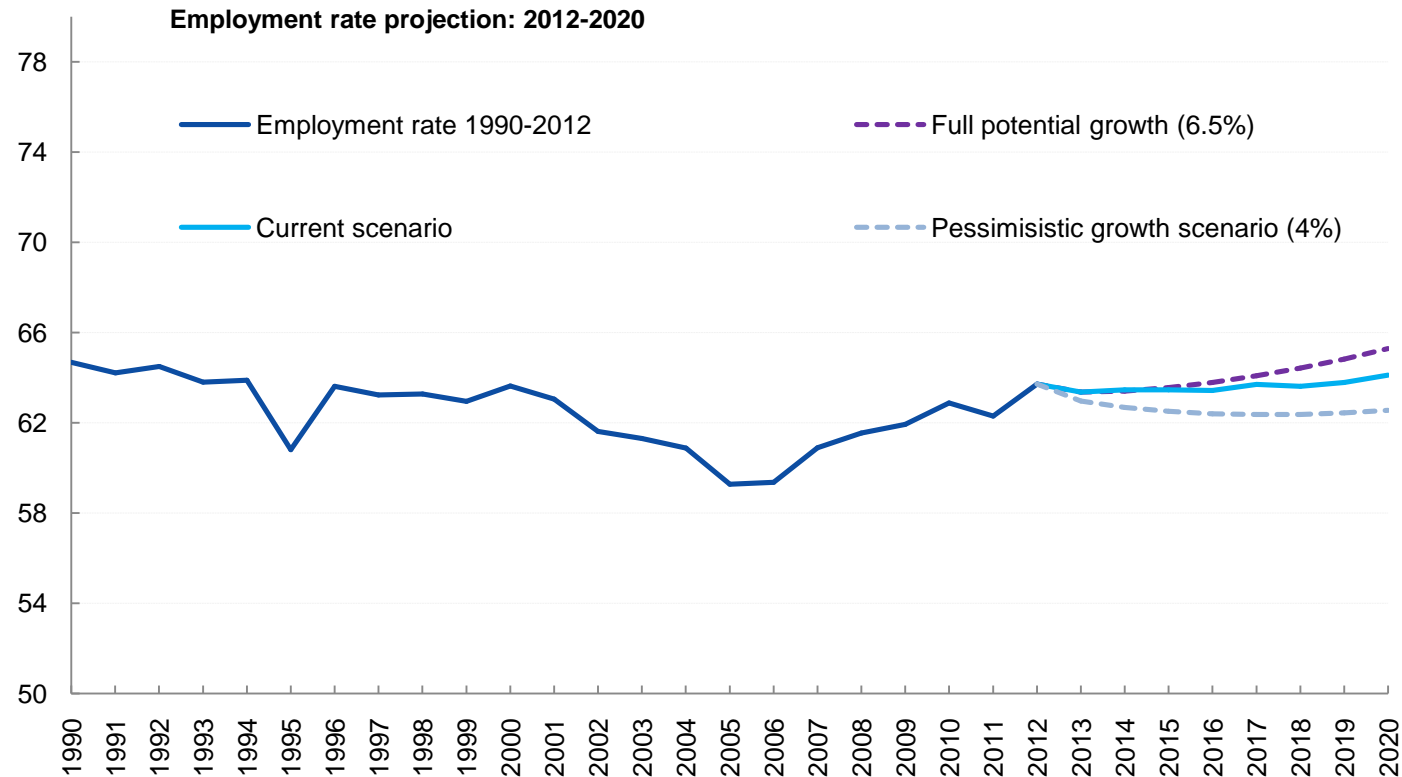
1. Realokasi Pengeluaran Subsidi untuk Pembangunan Infrastruktur dan Pengeluaran Sosial	Kurangi subsidi Energi secara bertahap akan menghasilkan saving 3 % dari PDB pada tahun 2019
2. Menaikkan penerimaan dengan memperbaiki penerimaan pajak, PNPB dan cukai rokok dan tembakau	Dengan perbaikan sistem administrasi, penerimaan pajak dapat meningkat hingga 1,8% pada tahun 2019
3. Menambah defisit anggaran	Meningkatkan defisit anggaran hingga 2,5% dari PDB dan tanpa meningkatkan rasio utang terhadap PDB

BAGAIMANA Memastikan Proses Pembangunan berjalan Efektif?

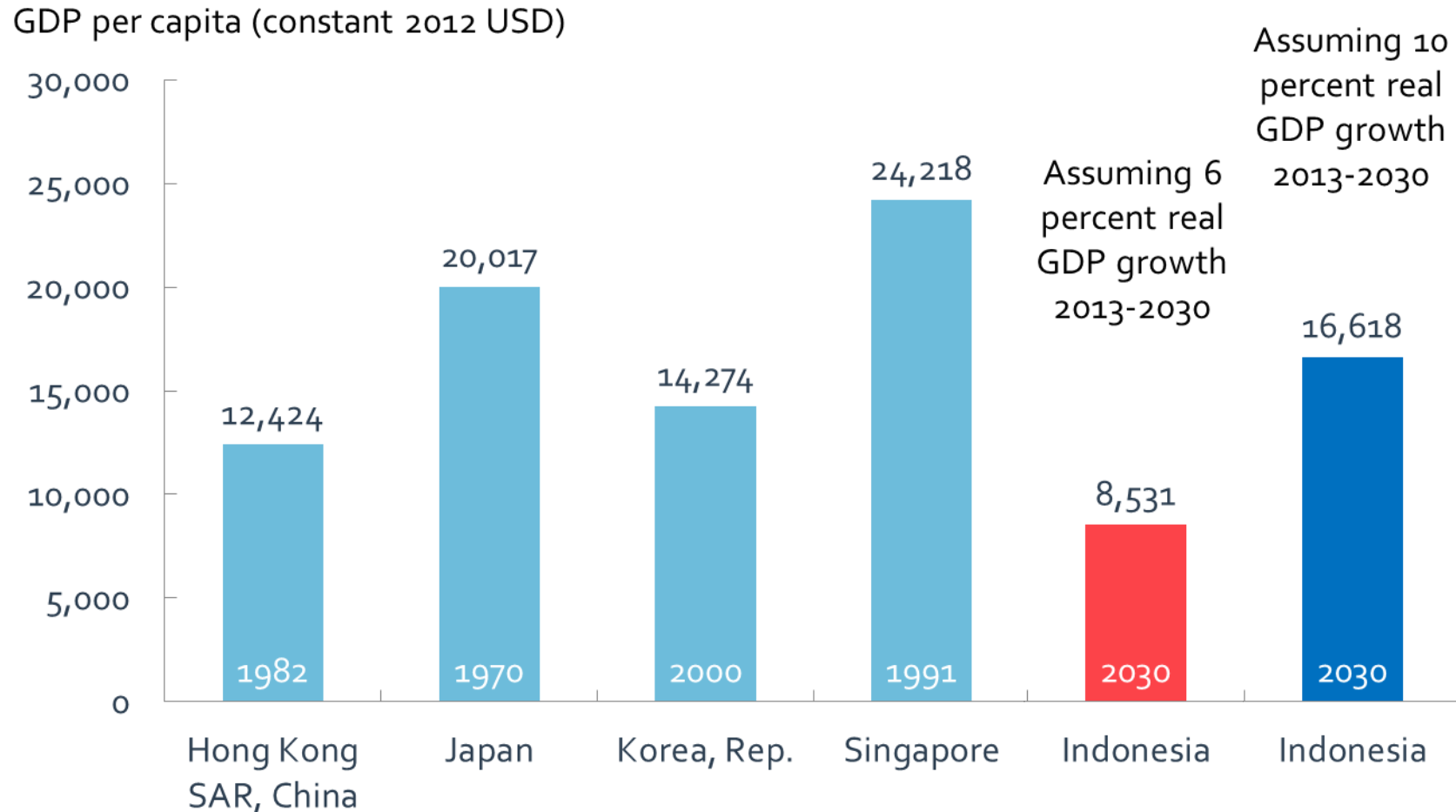
- Reformasi Kantor Presiden sehingga dapat menjadi “A stronger Center of Government” menjadi effective fiscal integrator, effective policy integrator dan delivery unit dan political liason antara pemerintah, DPR, Pemerintah Daerah dan Masyarakat.
- Melanjutkan Reformasi Birokrasi yang Efektif

REWARD SUCCESSFUL REFORM – MEDIUM TERM: JUTAAN LAPANGAN PEKERJAAN YANG LAYAK – MILLION DECENT JOBS

The difference between growing by 6.5% or more and growing at 4% = millions of jobs!



THE STAKES ARE VERY HIGH FOR SUCCESSFUL REFORM – Longer term



Indonesia can become rich before getting old, but with serious reforms!

PENUTUP

Berdasarkan potensinya Indonesia akan dapat dengan mudah mengulangi capaian pertumbuhan ekonomi – dan bahkan mempercepat laju pertumbuhan ekonomi seperti yang pernah dicapai di masa lalu.

Kuncinya adalah bagaimana kita bisa menjamin reformasi yang berkelanjutan

- We are very good in the first generation of reform but often fail to sustain and transform them into the second and third generation (of reform).

Apa pun kuncinya terletak pada membuat the right incentive termasuk harga relative. **Distorted price regime** akan merusak sistem insentif.

Yang tidak kalah penting adalah menciptakan sistem persaingan yang sehat. Belajar dari Germany : resilient economy, competitive manufacturing dan world cup winners.

- Tanpa persaingan tidak akan pernah muncul talented entrepreneurs dan talented workers