

Indonesia in a Regional Context

Harvard Kennedy School

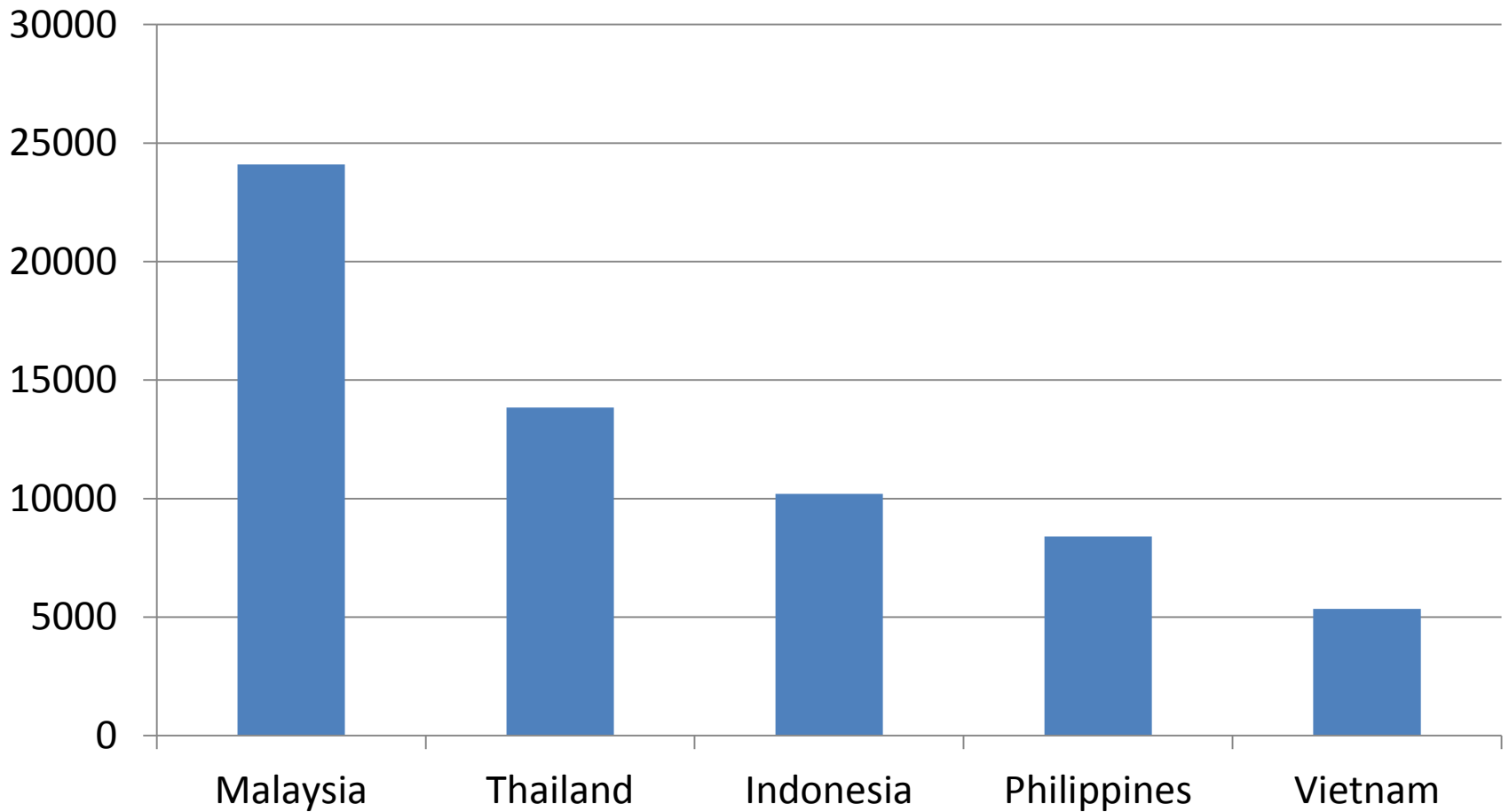
November 21, 2015

David Dapice

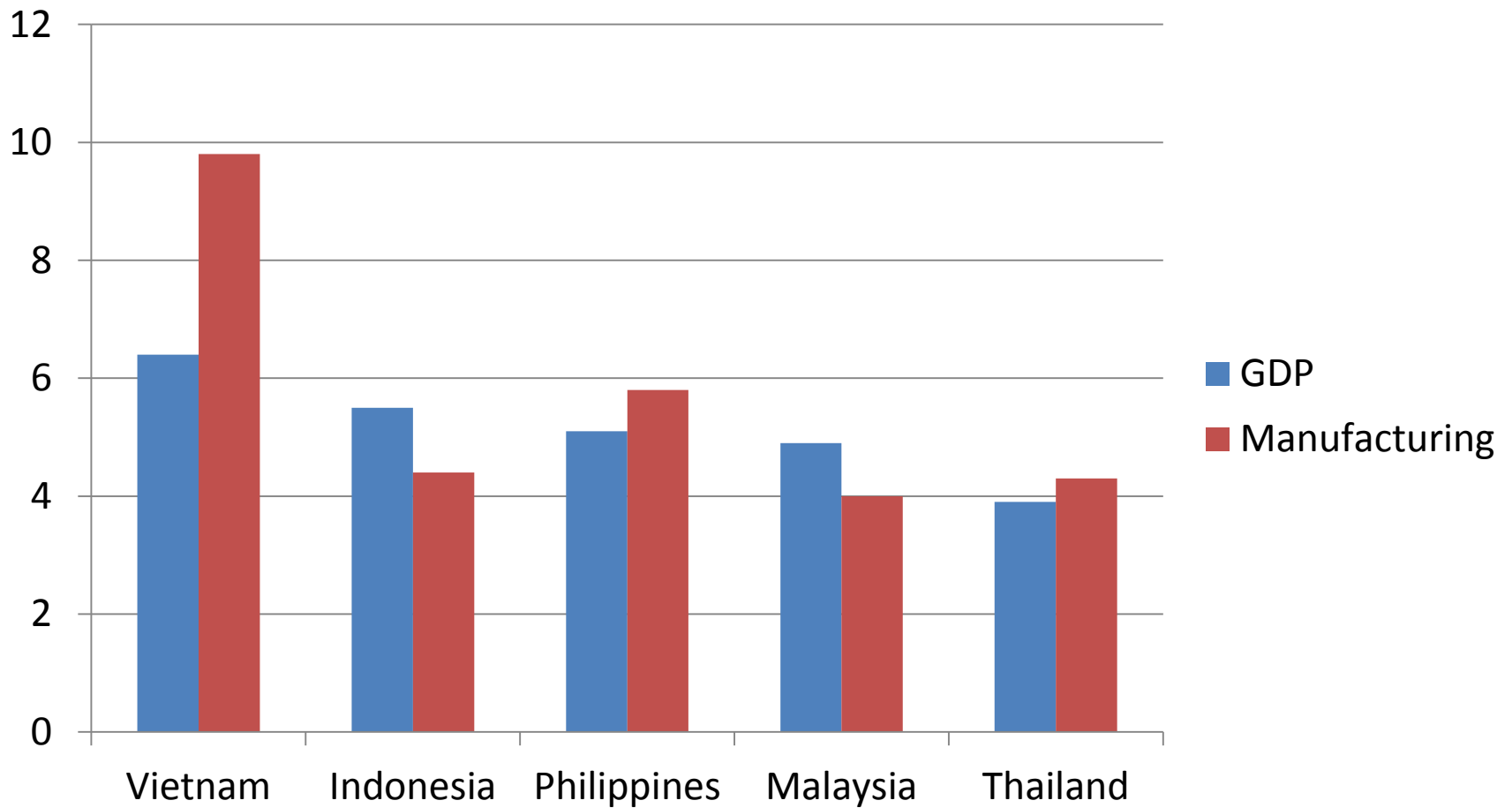
Indonesia has a so-so image - is it right?

- GDP growth stuck in 4-6% range
- Manufacturing as % of GDP falling since 2000
- SBY failed to pursue reforms
- Jokowi is seen as inexperienced by many and undercut by Megawati – hard to get things done – in spite of fuel subsidy progress
- Chronic problems (corruption, infrastructure, power, education) slow to be resolved
- China slowdown will hurt raw material exports

PPP GNI Per Capita, 2014

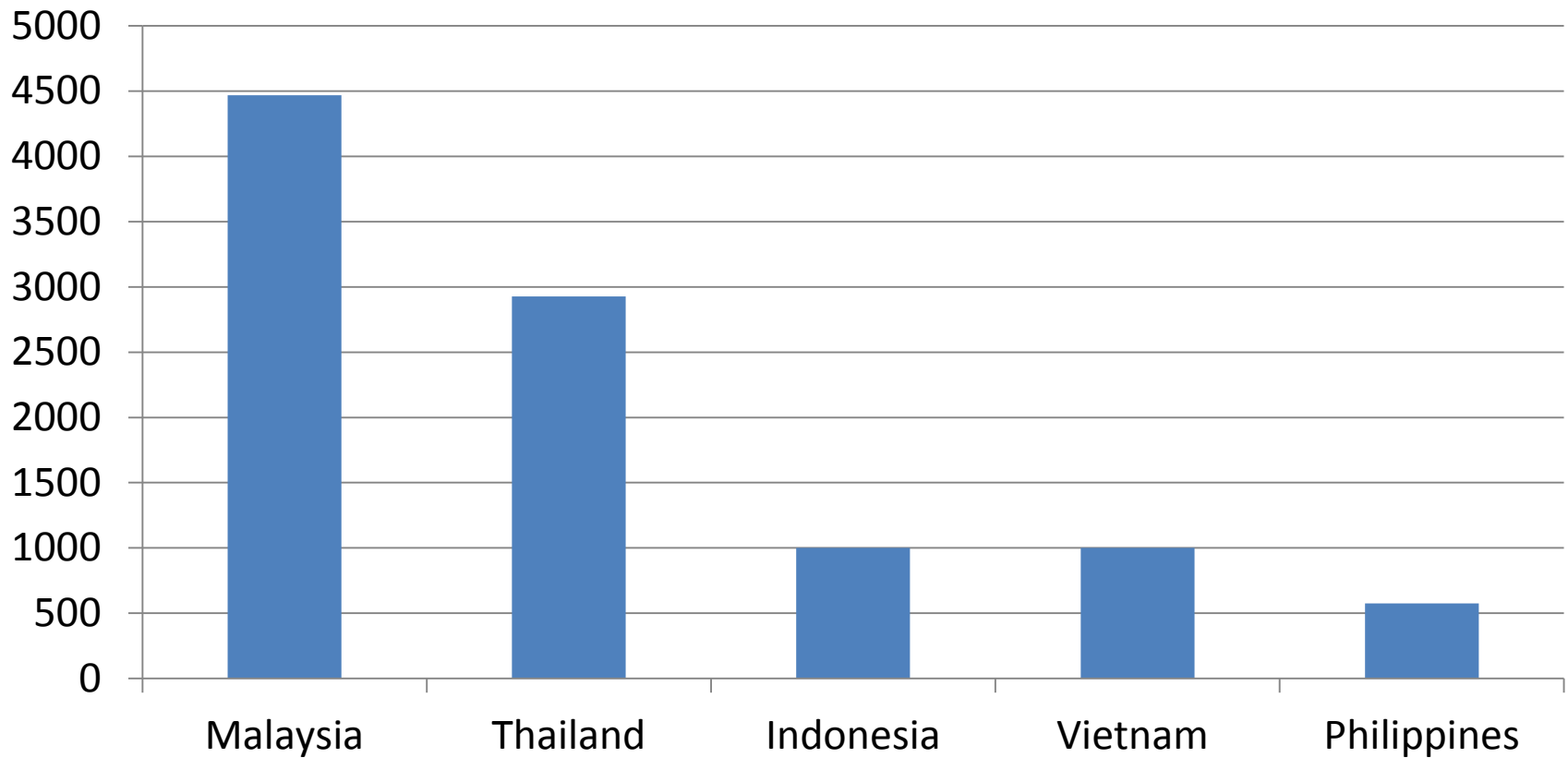


Annual GDP Growth 2000 - 2014



Stock of FDI Per Capita 2014

\$ per capita

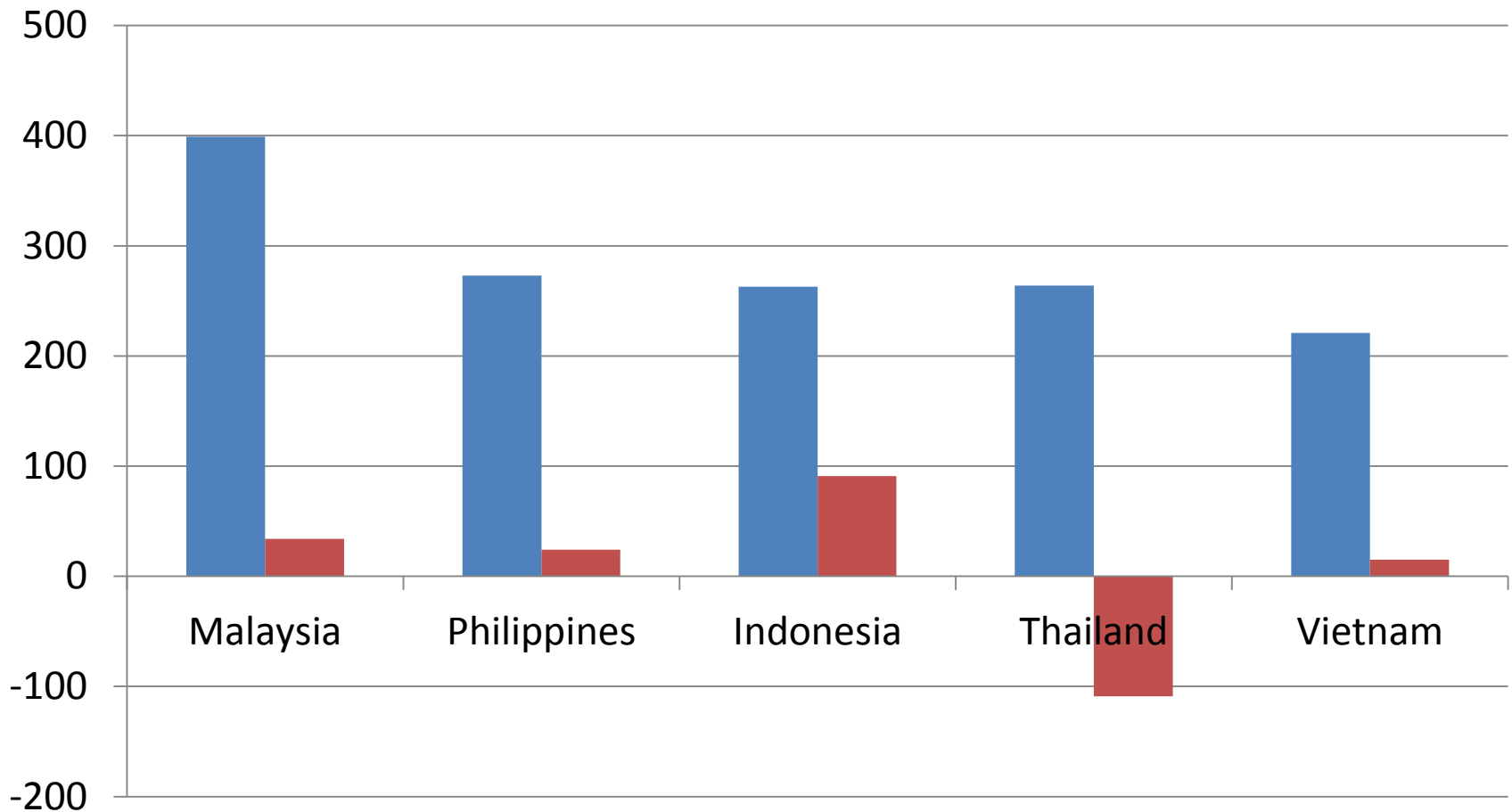


Labor Force Quality

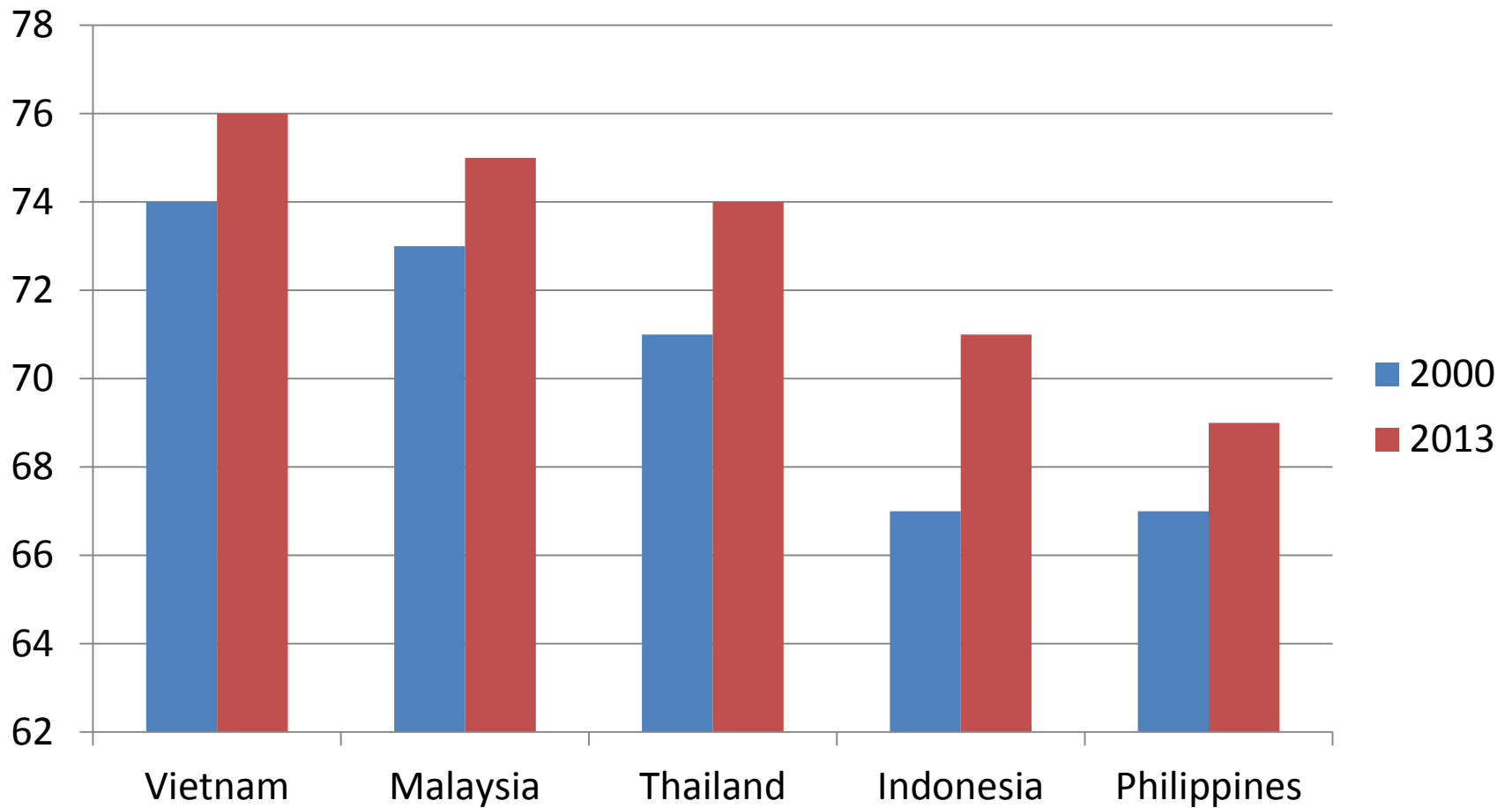
- Share of workers with middle school graduation or less fell from 78% in 2000 to 65% in 2014
- PISA scores are very low in math, science, reading (75% to 80% of average)
- Share of those with “regular employment” rose from 33% in 2000 to 37% in 2014 – most are casual, temporary or family/unpaid workers

Level of Governance Indicators 2014

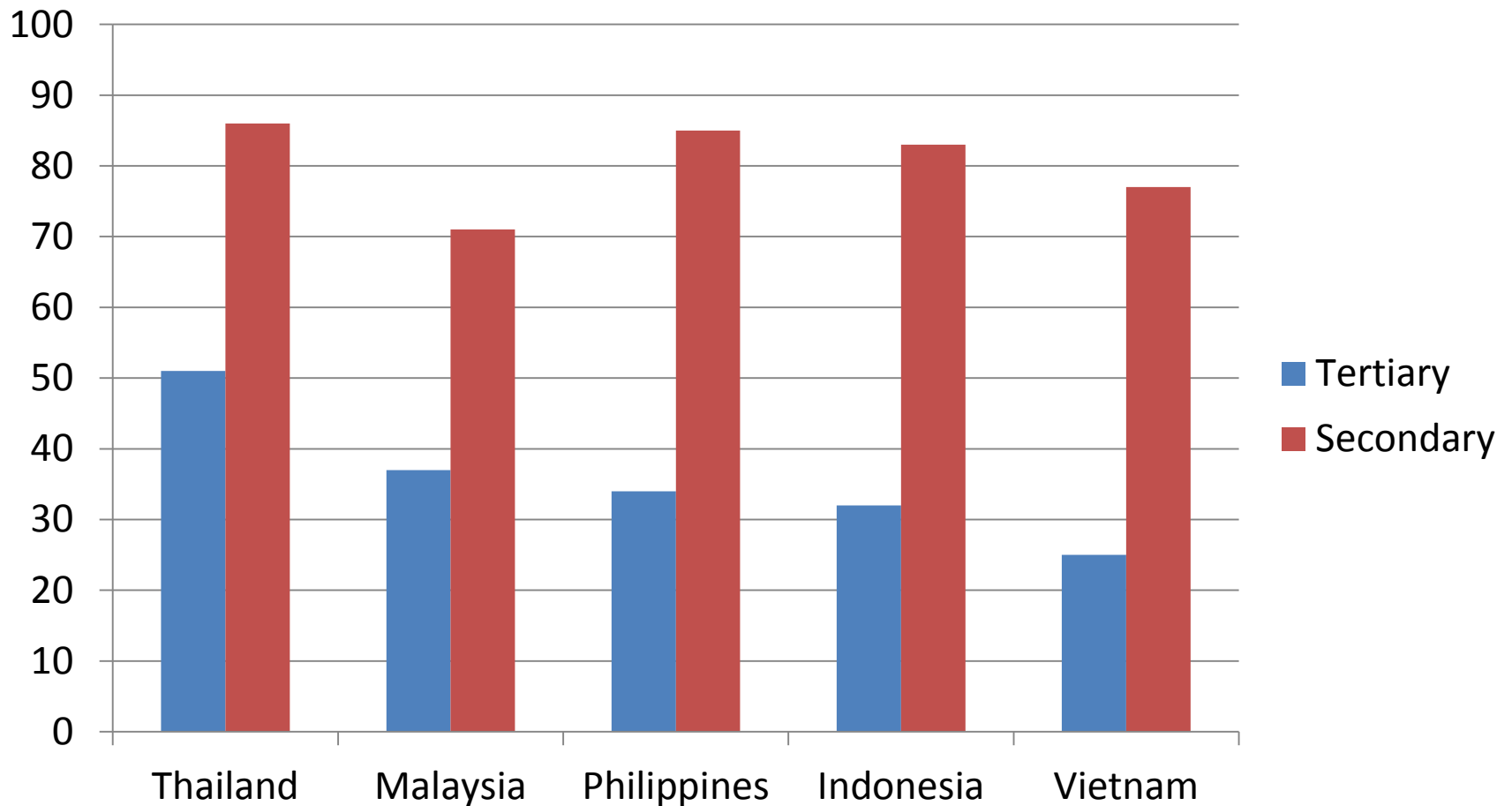
and Change from 2000 (in red)



Life Expectancy in 2000, 2013



Gross Enrollment, 2010-13



Reality is Mixed

- The nation has held together and gone through a major transition – governance has improved more than other ASEAN partners
- Growth is typical of SE Asia except Vietnam, which itself has now slowed down. Poverty reduced by 1/3 since 2000.
- Jokowi has begun addressing long term issues
- Excessive nationalism, populism and cronyism could remain to maintain “middle income trap”