



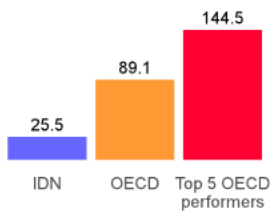
Performance gaps

Recommendations

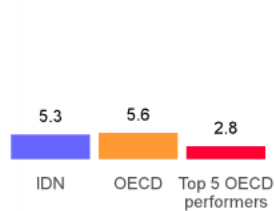
Product and labour markets functioning

- Barriers to private sector investment and productivity, including competition exemptions for state-owned enterprises (SOEs), are far more severe than in comparable countries, making Indonesian firms less productive, less innovative, and less integrated into global value chains.
- High logistics costs and inefficient border practices hamper exports and sap economic resilience. Recent trade and investment reforms have reduced the distance to the OECD average in terms of restrictiveness, but further progress is warranted.
- Remove remaining private and foreign investment restrictions.
- Improve the trade environment (policies and physical infrastructure) and devote more resources to trade facilitation.
- Reduce state-owned enterprises' wide-ranging privileges and accelerate privatisation and governance reform.

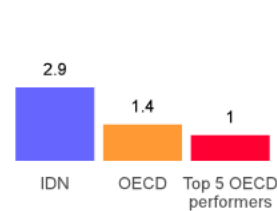
Labour productivity
GDP per employee, USD
2022



Unemployment rate
%, 2022



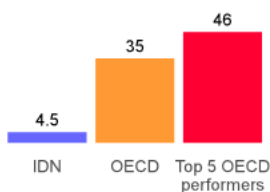
**Product Market Regulation
Economy-wide**
From least to most restrictive
Index of 0-6, 2018 or latest available



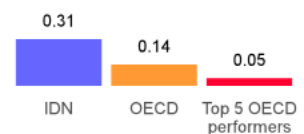
Digital transition

- Despite high mobile telephone penetration rates and a promising start-up ecosystem, Indonesia lags behind its peers in the quality and range of digital services.
- Remove barriers to competition in the ICT sector, notably by introducing number portability and establishing an independent telecom regulator.
- Develop a comprehensive strategy that addresses mobile internet needs, cloud technology, the internet-of-things, and big data analytics, jointly with infrastructure investments.

**Fixed broadband subscriptions
Per 100 inhabitants**
2021 or latest available



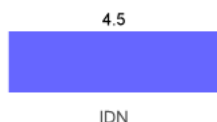
**OECD Digital Services Trade
Restrictiveness Index**
From least to most restrictive
Index of 0-1, 2022



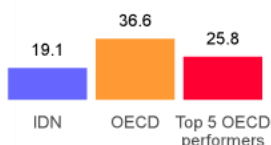
Inclusiveness, social protection, and ageing

- Despite declining poverty rates and improving well-being results, at least before COVID-19, resilience to economic, social, climate, or health-related shocks is insufficient. Making growth more inclusive will depend on widening access to health, education, and vocational training, as well as public infrastructure such as water and sanitation.
- Gender gaps are more severe than in peer economies in particular for female labour participation, remuneration and advancement.
- The Village Fund has positively impacted on some health and well-being outcomes (e.g., stunting cases), but the increase in funding and expanded responsibilities did not immediately translate into different investments and spending patterns.
- Improve regulatory coherence and consistency, reduce the administrative burden on village governments and enable larger, village-wide projects.
- Make social assistance schemes more effective and efficient, in particular by mainstreaming gender-specific criteria.
- Invest in rural infrastructures, in particular water supply and sanitation, which has strong poverty reduction effects via health, nutrition and stunting.
- Improve the quality of spending and investments of Village Funds through greater inclusion and participatory poverty mapping.

Poverty gap at \$3.65 a day
%, 2021 or latest available



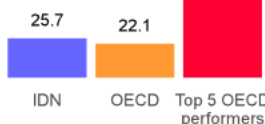
Impact of socioeconomic background in PISA reading score
%, 2018



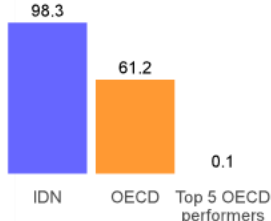
Climate transition

- Climate change and natural resources degradations are producing severe impacts, which disproportionately hit the most vulnerable. The interaction of those with the pandemic threatens to create potentially permanent scars on productivity, human capital and economic mobility.
- Sustainable development requires cost-effective ways to achieve mitigation goals, while mobilizing private sector finance and taking into account citizens' priorities.
- Enhance carbon pricing instruments, such as carbon tax and domestic emission trading system.
- Promote greater participation in policy process on natural resources management, embracing civil society organisations and local communities.
- Facilitate private-public partnerships in green infrastructures.

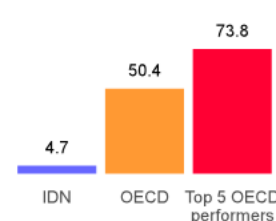
Share of renewables in the energy mix
%, Average over 2019-21 or latest available



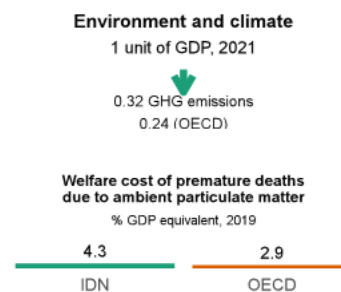
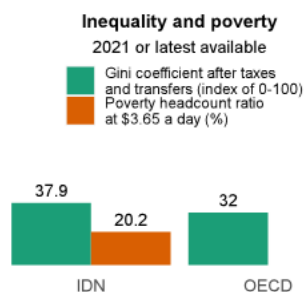
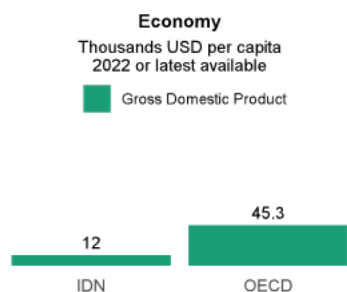
Share of population exposed to more than 10 µg/m3 of PM2.5
%, Average over 2017-19



Carbon pricing score
%, at EUR 30 per tonne CO2, 2018



Overall performance





From:
Economic Policy Reforms 2023
Going for Growth

Access the complete publication at:
<https://doi.org/10.1787/9953de23-en>

Please cite this chapter as:

OECD (2023), "Indonesia", in *Economic Policy Reforms 2023: Going for Growth*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/b0e7a249-en>

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