



USAID
FROM THE AMERICAN PEOPLE



PHOTO CREDIT: Danumurthi Mahendra, USAID

BOOSTING ECONOMIC GROWTH

CONTEXT

The annual growth of the Indonesian economy—Southeast Asia’s largest—has slowed over the past ten years due in part to underinvestment, slow growth in manufacturing, and recently, COVID-19. The Government of Indonesia seeks to accelerate economic recovery to realize the country’s full growth potential.

In 2020, the World Bank upgraded Indonesia to an upper-middle income country— and then came COVID-19. In the wake of the pandemic’s humanitarian and financial devastation, the Government of Indonesia has focused on stabilizing the economy in the short term and increasing economic growth and productivity in the long term.

USAID ECONOMIC GROWTH SUPPORT ACTIVITY (EGSA)

USAID helps the Government of Indonesia accelerate economic growth by advising on how to improve public financial management and making it easier for people to start and operate businesses. By providing research, demand-driven training, policy-level advisory services, and supporting business forums, USAID EGSA aims to achieve the three objectives of:

- **Strengthening Indonesia’s public financial management** by enhancing the government’s ability to mobilize, budget, and allocate public funds effectively and with accountability;
- **Improving the business enabling environment in Indonesia** by supporting economic reforms to support businesses growth and boost Indonesia’s competitiveness by reducing barriers to business entry and foreign and domestic investment; and
- **Supporting GOI priority programs** by providing direct implementation support and technical assistance based on GOI needs.

RESULTS

- Provided a system for provincial economic forecasting and introduced a tool for economic modeling to forecast the impact of policies and external shocks to the national economy through a dashboard in the Ministry of National Planning (Bappenas);
- Trained South Sulawesi Provincial Government officials to assess revenue policies and forecast revenue collection, and facilitated upcoming collaborative discussions with short- and medium-term recommendations;
- Trained GOI officials to manage savings and loans cooperatives to increase MSMEs’ access to finance, and provided recommendations to establish an apex institution to strengthen governance;
- Supported the GOI to increase the resilience of micro and small enterprises to impacts of the COVID-19 pandemic through training at the Center for Integrated Business Services;
- Provided inputs to the GOI’s omnibus law for financial sector development to develop and strengthen financial institutions, including savings and loan cooperatives;
- Supported the Coordinating Ministry of Economic Affairs with a study on the ways overlapping, excessive, and sometimes outdated non-tariff measures affect the food industry;
- Updated the National Logistic System roadmap and targets for 2024, providing policy recommendations and an action plan on supply chain management relevant to the food and beverage industry, and provided input to the GOI’s Annual Work Plan (RKP) 2023 on strategies to improve logistics to support export performance;
- Supported the GOI with coordination, planning, and operationalizing development and relocation of the national capital from Jakarta to Nusantara State Capital City (IKN);
- Developed an economic transformational roadmap in Riau Province;
- Developed a financing framework for Indonesia’s long-term development strategy;
- Conducted a feasibility study on Indonesia’s capability to produce heavy-grade plastic humanitarian sheeting, and a needs assessment to improve recycling infrastructure in Indonesia.

CONTACT

Alexis Polovina, USAID
apolovina@usaid.gov

Renata Simatupang, USAID EGSA
rsimatupang@devtechsys.com