

Press
Release

Bappenas Holds End-of-Year Press Conference to Announce Government's Plans for 2021, SDG Achievements and Economic Transformation Results

BALI – The Minister of National Development Planning/Head of Bappenas Suharso Monoarfa led the State Year-End Press Conference which discussed three main focuses, namely the 2021 Government Working Plan (RKP), the achievement of the Sustainable Development Goals (SDG), and Indonesia's economic transformation plans on Monday (28/12).

The Ministry of National Development Planning/Bappenas emphasized the importance of development planning, both in the medium and long term that is adaptive in the era of volatility, uncertainty, complexity and ambiguity, in order to maintain a balance between the interests of advancing the economy, productive businesses, and staying healthy.

"Going into 2021, of course the challenges will still revolve around the pandemic, and this is of course a matter of vaccine distribution effectiveness in achieving herd immunity. The government is trying to optimize vaccine distribution as well as possible," Minister Suharso said.

The 2021 Government Working Plan carries the theme of "Accelerating Economic Recovery and Social Reform" by focusing on six development efforts, namely industrial recovery, tourism and investment, strengthening the food security system, reforming the disaster resilience system, and strengthening human resources through education and vocational training.

"The year 2021 is projected to be the first year of our economic recovery, which will also provide the momentum to encourage social reform both in terms of structural changes, as well as changes in culture, mindset and paradigms. One of the development targets for 2021 is to provide better public services," said the Ministry of National Development Planning/Bappenas' Main Secretary Himawan Hariyoga.

The 2021 National Development Targets include two key components. The first is an economic recovery with a 5.0% growth rate target, a 7,7% to 9.1% unemployment rate, a 0.377 to 0.379 Gini Ratio, and a reduction in greenhouse gas emissions of up to 29.85% to 30.64% in 2030. The second component is the improving of human resource quality and maintaining the public's purchasing power, with a Human Development Index (HDI) target of 72.78 to 72.95 and a poverty level of 9.2% to 9.7%.

In addition to economic recovery, which will be the government's main focus in 2021, the Ministry of National Development Planning/Bappenas emphasized that the big task is for the Indonesian people to help carry out economic transformation in order for Indonesia to achieve "developed country" status by 2045. For this reason, the Minister of National Development Planning/Bappenas will carry out six strategies for Indonesia's economic transformation. These strategies include implementing competitive human resources in the healthcare, education and research & innovation ecosystems, as well as increasing economic productivity through industrialization, small-to-medium scale industry (IKM) productivity, and agricultural modernization.

Other strategies include implementing a green economy through low-carbon economy, blue economy and energy transition measures aimed at meeting increasing energy needs, opening up more sustainable green job opportunities, and reducing greenhouse gas emissions. Additional strategies include digital transformation and the strengthening of enablers, domestic economic integration with a focus on

connectivity infrastructure (superhubs, air hubs, sea hubs and other domestic value chains) and relocating the country's capital city to stimulate new growth and balancing the economic disparity between regions.

Data calculated by the Ministry of National Development Planning/Bappenas show that due to the Covid-19 pandemic, people's purchasing power has been affected negatively due to a loss of income of up to Rp 374.4 trillion due to a decrease in productivity in the industrial and tourism sectors. The Covid-19 pandemic also caused the industrial utilization rate to drop from 76.3% to 55.3%.

"To improve the trajectory of the Indonesian economy, especially to get out of the Middle Income Trap, we must carry out proper economic transformation. If we can't do so, we cannot return our gross domestic product (GDP) back to pre-crisis levels. The key to economic transformation is to change the structure of the economy from a lower productivity sector to a high productivity sector. Regarding our investment needs, in 2021, our economic growth is estimated to grow by 5%, requiring an investment of around Rp 5.8 trillion to Rp 5.9 trillion," said the Ministry of National Development Planning/Bappenas' Deputy for Economic Affairs Amalia Adininggar Widyasanti.

Indonesia's economic transformation can also be achieved by fulfilling the Sustainable Development Goals (SDG), although its progress so far has been affected by the Covid-19 pandemic from an environmental, social and economic standpoint. However, Indonesia's SDG achievements should be appreciated considering that Indonesia is one of six countries with the best Voluntary National Review formulation. Indonesia has also succeeded in listing Report Goal 16: Peace, Justice and Strong Institutions as one of the best in the world. Based on the 2019 Indonesia SDG Implementation Report launched by the Ministry of National Development Planning/Bappenas in October 2020, their SDG achievements are reflected through 280 indicators, 52% of which has reached the targets set out in the 2017-2019 National Action Plan (RAN), while 18% show that the trend will improve, and 30% states goals that require special attention.

The "special attention" SDG achievement measures include the slowing rate of poverty reduction, the relatively high prevalence of stunting and micronutrient deficiencies in children under five years old, the need to improve the quality of learning and teaching in schools, more efficient use of energy, reduction of inequality, ineffective management of water conservation, as well as the availability of quality data to support appropriate policymaking plans. Indonesia has 29 provinces that have their own SDG Regional Action Plans. Around 100 companies listed on the Indonesia Stock Exchange have also submitted Sustainability Reports as indication of their participation towards SDG fulfillment.

The SDGs also ensure sustainable development in Indonesia, emphasizing the importance of harmony between the economy and environmental conservation. The Ministry of National Development Planning/Bappenas' Deputy for Maritime Affairs and Natural Resources Arifin Rudiyanto said that economic transformation efforts will also require green and low-carbon economy measures to improve both the economy and livelihoods in the short term while protecting welfare in the long term. Creating new job opportunities (mostly green jobs), and new investments (green investments), encouraging low-carbon economic growth, and increasing the carrying capacity of natural resources and the environment are priorities for the implementation of a green economy. The strategies carried out include the development of new and renewable energy sources, the application of a circular economy, the construction of waste and B3 processing applications required in a circular economy, sustainable land restoration, and the development of sustainable agriculture.

Regarding the new State Capital City (IKN), the Ministry of National Development Planning/Bappenas' Deputy for Regional Development Rudy Soeprihadi Prawiradinata stated that in terms of timelines, the construction of the IKN is still running on schedule, despite some slight changes in planning. It is planned that by the end of 2024, the President of the Republic of Indonesia Joko Widodo will already operate from the new capital city.

"Bappenas has completed both the general IKN Masterplan and the Detailed IKN Masterplan so that if there were to be an order from the President, any measure could be carried out immediately. This includes the creation of jobs and accelerating economic transformation efforts. The draft IKN Bill has now been included in the National Legislation Program (Prolegnas). That means plans to establish a new, formal Capital City Authority Agency is already in place," concluded Minister Suharso.



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Parulian Silalahi
Head of Public Relations
& Executive Administration

For More Information:
Kementerian PPN/Bappenas
Jl. Taman Suropati No. 2 Jakarta 10310

Telepon: (021) 31934283; Faks.: (021) 31901154
e-mail: humas@bappenas.go.id