

Event Summary



Following the global launch of the 2024 Regional Human Development Report, *Making Our Future: New Directions for Human Development in Asia and the Pacific*, in Japan, UNDP Indonesia organised a dialogue introducing the findings of the Report and discussing its implication for Indonesia. Audience from embassies, development partners, UN agencies, universities, civil society, and businesses, representing various sectors were present to echo the multiple issues and challenges.

Human development is about expanding the richness of the economy to empower people to access opportunities and make their own choices.

Human Development Reports (HDRs) have explored different themes through the human development approach, influencing development debate worldwide by exploring ideas and constructively challenging policies. The reports have also inspired national and regional analyses which, by their nature, usually address issues that are more country – or regionally – specific.

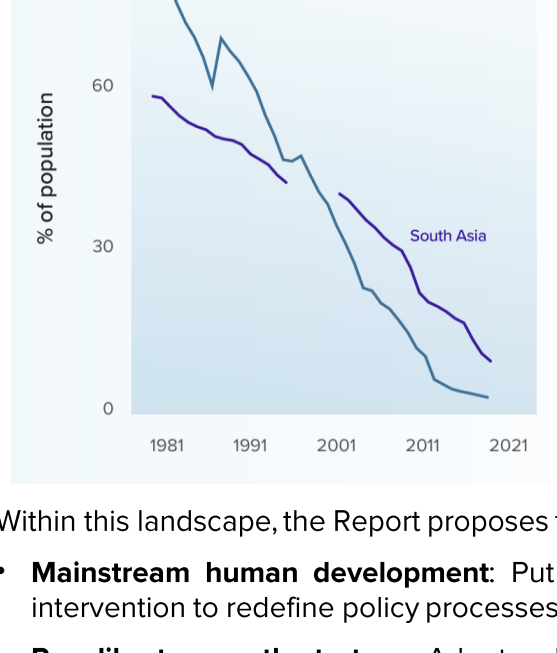


Christophe Bahuet
Deputy Regional Director for Asia and the Pacific
Director of UNDP Bangkok Regional Hub

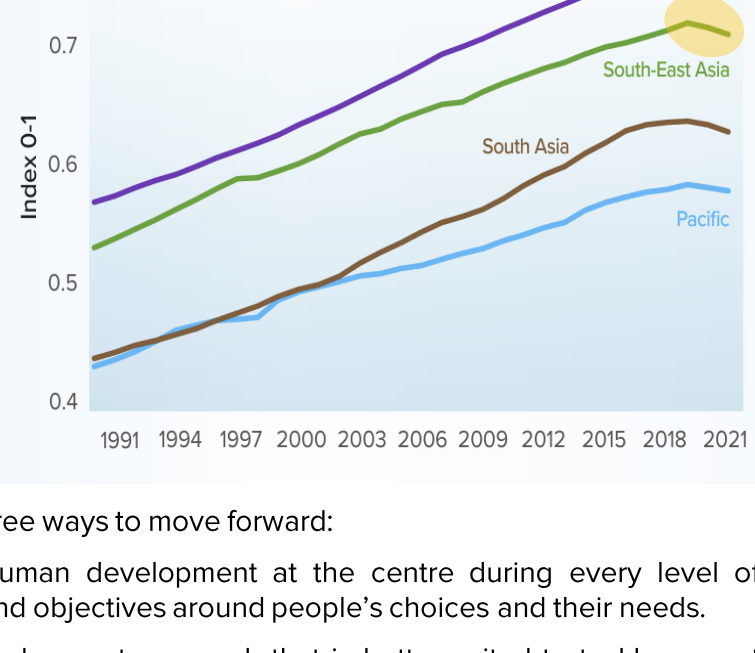
Presentation of The 2024 Asia-Pacific Human Development Report by Mr. Christophe Bahuet

There has been tremendous progress in reducing the extreme poverty rate of the region from 83% to 1% between 1981 and 2019. However, the developmental progress has been reversed in the past few years due to multiple disruptions, such as the COVID-19 pandemic and increasing cost of living. Three challenges to human development stand out, namely unmet aspirations in achieving developmental goals, heightened human insecurity especially from informal employment, and a potentially more turbulent future due to disasters, disruption in social cohesion, and increasing economic inequality.

Extreme poverty rate



HDI by sub-regions (1991 – 2021)



Within this landscape, the Report proposes three ways to move forward:

- **Mainstream human development:** Put human development at the centre during every level of intervention to redefine policy processes and objectives around people's choices and their needs.
- **Recalibrate growth strategy:** Adopt a development approach that is better suited to tackle current challenges and future uncertainties such as further facilitating export and manufacturing while exploring opportunities in the service sector, tapping into green, blue, and care economies, and creating decent employment—all of which can be catalysed by enhancing state capacity.
- **Make change happen:** Execute anticipatory, adaptable, and agile course corrections and foster a spirit of change by nurturing political will, promoting collaborative leadership, and engaging with civil society and other diverse stakeholders.

The uptake of policy suggestions presented in the Report is better assessed and localized according to the national context. Furthermore, best practices from around the region could also be a reference point to be adapted where relevant for Indonesia.



H.E. Budi Sadikin
Minister of Health

Keynote Statement on Health and Human Development by H.E. Mr. Budi Sadikin

Health is a catalyst for human development as it facilitates economic development, quality of growth, and consequently, poverty eradication. In 2030, the number of productive citizens (aged 15-65 years) is projected to reach its peak, comprising 68% of Indonesia's population. This is expected to provide a significant momentum to achieve the vision of Golden Indonesia 2045, which aims to escalate the country into a high-income country status. However, failing to seize the potential of a large domestic workforce will entrap Indonesia in the current middle-income status, making growth much more difficult for future generations. It is therefore critical to cultivate an enabling environment for the people of Indonesia by investing in their health.

Building resilience to future risks is a necessity to fully leverage the capacity of healthy citizens. To effectively utilize resources to make Indonesia resilient to unexpected disturbances such as pandemics, the current national health plans prioritize preventive disease surveillance measures. Through the initiatives, it is expected that gaps in health system will be identified, allowing the country to take corrective actions in a timely manner.

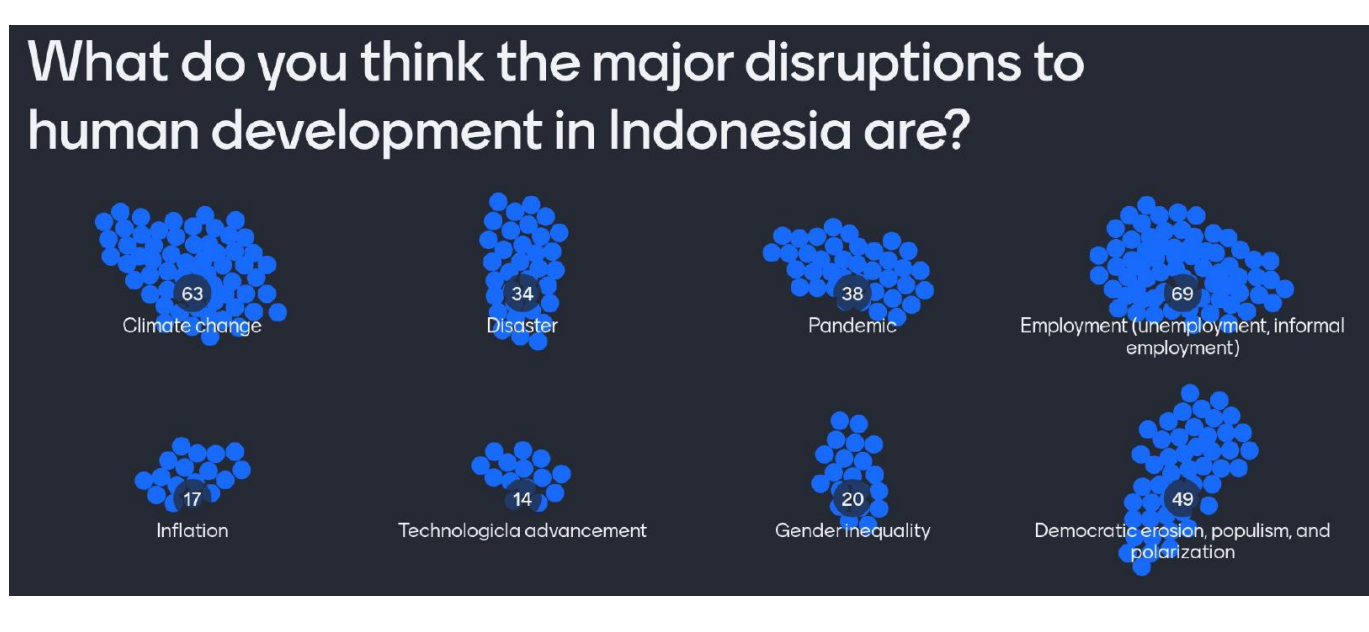
Health is one of the most important enablers of development, and investment in health can be leveraged to develop well-resourced national health security plans, with equity at the core.



Norimasa Shimomura
Resident Representative of UNDP Indonesia

The RHDR in Indonesian Context by Mr. Norimasa Shimomura

The regional trends of key indicators illustrated in the Report are mirrored in Indonesia. Indonesia has experienced much progress with 5% annual GDP growth and reduction of poverty rate from over 40% in 2000 to 2.5% in 2022 (as per the international poverty line of \$2.15 PPP, World Bank). Indonesia's HDI has shown nearly 40% increase, surpassing 0.7 in 2020. However, it is challenged with regional and economic disparities, which are aggravated by multiple disruptions such as pandemic, inflation, and climate change. When the audience was asked to identify major disruptions to human development Indonesia, the response was as follows:



In addition, when asked on how they felt about the future for themselves and their children, it showed that only 42% of the participants felt optimistic about the future, prompting the necessity to discuss solutions.



Vivi Alatas
Senior Economist
Chief Executive Officer at Asakreativita

Panelist Session (1) by Dr. Vivi Alatas

COVID-19 was a wake-up call for Indonesia on the importance of having strong social protection, which will empower the nation to grow out of the middle-income trap. It is clear that while there has been significant improvements over the past few years, there still exists considerable gaps in the current social protection system of Indonesia, such as lack of provision for all the population in need of coverage and coherence between institutions and programmes.

To overcome these challenges, Indonesia's social protection system requires contextualized strategies for human development. There needs to be a comprehensive understanding of the dynamic and fluid nature of the poverty landscape in Indonesia as 50% of those below the poverty line currently were not in poverty the year before. Moreover, social protection should not overlook the threat of climate change and include plans to not only mitigate its impact but to help people who are most affected to adapt to changes as Indonesia is prone to climate change induced disasters. The nation would be able to tackle poverty and inequality more effectively and efficiently through such strong and comprehensive social protection system.

Moderator's Response (1) by Norimasa Shimomura

Indonesia indeed requires a new contextualized model of growth that incorporates social protection to strengthen the resilience of its society and economy. For example, the archipelagic island status of Indonesia makes timely delivery of human security commodities challenging. In this regard, UNDP has been working with the Ministry of Health to digitalize public health service to deliver vaccines across the country, providing 400 million doses of COVID-19 vaccines, and strengthen the disease surveillance system by building a network of laboratory for genome sequencing to support preventive approach to combatting diseases.

Changing Economic Value Sets

The importance of social protection system for growth illustrates that there needs to be shift in what is economically valued in the market. In this regard, UNDP has helped the private companies to place value on human rights within their business practices by supporting the ratification of the National Strategy for Business and Human Rights through a Presidential Decree. In addition, to position environment at the centre of economic activities, carbon pricing was operationalized, which introduced emission caps, carbon tax, and carbon trade.



Puteri Komarudin
Member of the House of Representatives of Indonesia

Panelist Session (2) by Ms. Puteri Komarudin

Investing in the growth of the next generation is essential, and the parliament has committed to allocating 20% of the national budget to education, which reached 612.2 trillion rupiah in 2023. The budget was used to elevate the competence of teachers and staff, mitigate educational disparity across the country, widen access to education across all levels, and enhance the quality of early childhood education. In addition, the parliament is focused on nurturing research innovation, which is falling behind other countries in the region.

Emphasis goes beyond allocating budget in necessary sectors to ensuring that the spending translates into tangible outcomes by reaching the people. Therefore, the parliament is enhancing spending quality by promoting regulations and legal frameworks to steer government spending towards providing high quality and equitable public services.

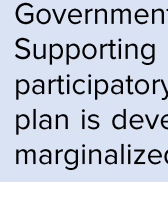
In addition, with 54% of the population to be categorized as youth (16-30 years old) in 2024, Indonesia's development must tackle persistent exclusion of and enhance capabilities of youths, such as equipping them with financial knowledge to protect them from falling victim to financial fraud. Their voices should have more representation in the parliament to effectively push the agenda of protecting the next generation.

Moderator's Response (2) by Norimasa Shimomura

The parliament having an inclusive approach to development has multiple benefits. Among others, it promotes equity, which mitigates a sense of grievance from being left behind. According to the Report, engaging the people and hearing their voices can spark the spirit of change for political leaders to promote the right kind of growth contextualized to each country. This is especially important as disruption in social cohesion was highlighted as a significant obstacle in the Asia-Pacific, especially in the context of reforming and implementing changes.

Promoting Inclusive Governance

Making sure that no-one is left behind is at the core of human development agenda. In this regards, the Government allocates 5 billion USD each year for village development to empower the people. Supporting this agenda, UNDP is currently partnering with the Ministry of Villages to integrate participatory and inclusive methodology in local development planning process so that when a local plan is developed, it would reflect the priorities and needs of all, including those who are traditionally marginalized or excluded.



Shinta Kamdani
Business professional
Vice chairwoman of KADIN

Panelist Session (3) Ms. Shinta Kamdani

Stagnant global economic growth, high global inflation, geopolitical tension, and climate issues converge, leading to higher production costs, decreasing purchasing power, decreasing foreign demand for export, and high uncertainty—all challenges impacting the private sector in Indonesia. However, there are various mechanisms that can circumvent these challenges such as digital transformation, growth of MSMEs (which account for 61% of overall GDP and absorb 97% of total workforce), positive domestic consumption growth rate, commitment for sustainable business practices, and abundant human resources.



The Indonesian Chamber of Commerce and Industry's (KADIN) roadmap towards Golden Indonesia 2045 includes increasing resilience, promoting prosperity, strengthening inclusivity, and decarbonisation. It also focuses on transforming the priorities of human development, namely by enlarging opportunities for all, diminishing human insecurity, and upholding obligations to future generations. As the proposed coping mechanisms all require high quality human resources, KADIN is especially focused on equipping workers with the skills demanded by the jobs, contributing to the overall human development.

Financing Development

In order to bridge the trillion dollar gap in achieving the SDG, collective effort to mobilise resources from both public and private, and also domestic and international sources is required. Indonesia is currently spearheading climate and SDG financing, and UNDP is proud to have contributed to leveraging \$8 billion through innovative financing mechanisms such as the Green Islamic Bonds, SDG Bonds, and Blue Bonds.

Moderator's Response (3) by Norimasa Shimomura

With existing uncertainties, the private sector has both a high risk and a significant role in combatting the challenges faced by Indonesia, especially in terms of employment and financing. According to the Report, private sector, particularly MSMEs can mitigate the disruptions by absorbing workers displaced due to economic, social, and climate shocks, as well as disruptions from advancement in technology. For example, the Government has an aspiration of increasing the share of renewable energy from 14% to 44% by 2030, and 75% by 2045. While this is timely for environmental protection and is projected to provide significant number of new employment opportunities, it is likely to disrupt business operations and subsequently livelihoods that rely on traditional sources of energy. In this regard, UNDP has led the Just Energy Transition Working Group under the Just Energy Transition Partnership, to ensure an inclusive approach to the transition.

Audience Question: How should the traditional donors change in facing the new challenges?

Answer by Dr. Vivi Alatas: Changes should be driven by evidence and data. Donors should understand the importance of performance-based budgeting and use examples from around the world to guide their decisions. This is especially a weak point in Indonesia as the country has allocated only a small portion of its budget in research. In addition, as the world faces the challenges together, there should be active knowledge sharing and collaboration between Indonesia and development partners.

Final Takeaways

In light of the convergence of various risks, it has become clear that a business-as-usual strategy of growth is not sufficient to tackle the uncertainties of the future in Indonesia. The Report advocates for behavioural changes such as having long-term vision that is inclusive and focused on people, while anticipating and acting with agility to adapt to possible disruptions.

In its concluding feedback, the audience chose "reforming governance and fostering spirit of change" as a key solution, and direction for human development in Indonesia.



Reflections

This event provided a unique opportunity to delve into the comprehensive findings of the Regional Human Development Report and, more significantly, to explore what these insights mean for Indonesia. Through the discussions, it was found that to meet the country's ambitious growth plans, Indonesia should mainstream human development throughout its plans and strategies, strengthen initiatives that empower people, ensure health, food and social security, and protect the environment for future generations. In doing so, the country must strengthen its governance capacity to better anticipate future scenarios and uncertainties, adapt its plans to changing conditions, and do so with speed and agility.

The dialogue brought together a diverse array of stakeholders, each offering a unique perspective. The public and private sector have much to contribute by balancing growth, people, and planet to suggest innovative and sustainable pathways to achieve national and global goals. All the while, policy makers should listen to the voices of all people, especially that of the next generation, to mitigate the shocks they may face due to inadequate decisions of today. In the end, human development is a collaborative effort that everyone has a role to advocate for and a responsibility to transform dialogues into action. UNDP will continue to engage and work with partners from various parts of the society, supporting Indonesia's holistic development trajectory.