

Diagnosing The Indonesian Economy Toward Inclusive And Green Growth

This is a pivotal period in Sri Lanka's economic development. The end of conflict opens a door for accelerated economic growth and poverty reduction. Reform is needed to regain momentum because fiscal imbalances and rising public debt could jeopardize macroeconomic stability. The economy would benefit from significant trade and commercial policy reform. The labor market suffers from sluggish growth of formal sector employment and from skills mismatches, which can be addressed by changes in education policy and systems. The book analyzes these and related critical constraints on the Sri Lankan economy, and proposes a set of policy reforms that would lay the foundations for more rapid and inclusive development.

“As the euphoria fades from the Jokowi presidency, this timely book reviews the processes that brought him to the top, and the processes that have undermined his initial standing. The nineteen articles by ten writers provide views from along the way, starting with a chapter on the Jakarta governor elections from November 2012 and preceding through the key events up to a contemporary assessment in February 2015. Several major clues to the current disillusion are provided in accounts of the legislative elections and the presidential campaigns. Key topics are vote buying, the Islamic factor, economic platforms, pluralism, economic challenges. Max Lane points to deep alienation from politics and the emergence of new unions and a new political arena. The ISEAS team provides a range of events and analyses that will be most useful to all students of current Indonesian politics; clear, concise, insightful.” - David Reeve, Conjoint Associate Professor UNSW, ILTI Academic Coordinator ACICIS. “This book effectively captures the dynamics of Indonesian politics by focusing on the various phenomena surrounding the 2014 elections. It begins this political journey with an analysis of the implementation of local autonomy, and the birth of a leader brave enough to challenge extant political elites. It further explores the application of political culture in campaigns, the shortcomings of elected leaders, and the inadequacy of a state obliged to accommodate various interest groups. Beyond all these, this book proves that the political culture approach remains crucial in investigating Indonesia's political realities.” - Sukardi Rinakit, Political Analyst, Special Staff to President Joko Widodo

Oil palm plantations and smallholdings are expanding massively in Indonesia. Proponents highlight the potential for job creation and poverty alleviation, but scholars are more cautious, noting that social impacts of oil palm are not well understood. This report draws upon primary research in West Kalimantan to explore the gendered dynamics of oil palm among smallholders and plantation workers. It concludes that the social and economic benefits of oil palm are real, but restricted to particular social groups. Among smallholders in the research area, couples who were able to sustain diverse

farming systems and add oil palm to their repertoire benefited more than transmigrants, who had to survive on limited incomes from a 2-ha plot.

Why are carefully designed, sensible policies too often not adopted or implemented? When they are, why do they often fail to generate development outcomes such as security, growth, and equity? And why do some bad policies endure? World Development Report 2017: Governance and the Law addresses these fundamental questions, which are at the heart of development. Policy making and policy implementation do not occur in a vacuum. Rather, they take place in complex political and social settings, in which individuals and groups with unequal power interact within changing rules as they pursue conflicting interests. The process of these interactions is what this Report calls governance, and the space in which these interactions take place, the policy arena. The capacity of actors to commit and their willingness to cooperate and coordinate to achieve socially desirable goals are what matter for effectiveness. However, who bargains, who is excluded, and what barriers block entry to the policy arena determine the selection and implementation of policies and, consequently, their impact on development outcomes. Exclusion, capture, and clientelism are manifestations of power asymmetries that lead to failures to achieve security, growth, and equity. The distribution of power in society is partly determined by history. Yet, there is room for positive change. This Report reveals that governance can mitigate, even overcome, power asymmetries to bring about more effective policy interventions that achieve sustainable improvements in security, growth, and equity. This happens by shifting the incentives of those with power, reshaping their preferences in favor of good outcomes, and taking into account the interests of previously excluded participants. These changes can come about through bargains among elites and greater citizen engagement, as well as by international actors supporting rules that strengthen coalitions for reform.

This report builds on the OECD Well-being Framework and applies a new perspective that analyses synergies and trade-offs between climate change mitigation and broader goals such as health, education, jobs, as well as wider environmental quality and the resources needed to sustain our livelihoods through time. This report takes an explicitly political economy approach to the low-emissions transitions needed across five economic sectors (electricity, heavy industry, residential, surface transport, and agriculture) that are responsible for more than 60% of global greenhouse gas emissions.

This book is a history of the Asian Development Bank (ADB), a multilateral development bank established 50 years ago to serve Asia and the Pacific. Focusing on the region's economic development, the evolution of the international development agenda, and the story of ADB itself, this book raises several key questions: What are the outstanding features of regional development to which ADB had to respond? How has the bank grown and evolved in changing

circumstances? How did ADB's successive leaders promote reforms while preserving continuity with the efforts of their predecessors? ADB has played an important role in the transformation of Asia and the Pacific the past 50 years. As ADB continues to evolve and adapt to the region's changing development landscape, the experiences highlighted in this book can provide valuable insight on how best to serve Asia and the Pacific in the future.

The 30th edition of the World Investment Report looks at the prospects for foreign direct investment and international production during and beyond the global crisis triggered by the COVID-19 (coronavirus) pandemic. The Report not only projects the immediate impact of the crisis on investment flows, but also assesses how it could affect a long-term structural transformation of international production. The theme chapter of the Report reviews the evolution of international production networks over the past three decades and examines the configuration of these networks today. It then projects likely course changes for the next decade due to the combined effects of the pandemic and pre-existing megatrends, including the new industrial revolution, the sustainability imperative and the retreat of laissez faire policies. The system of international production underpins the economic growth and development prospects of most countries around the world. Governments worldwide will need to adapt their investment and development strategies to a changing international production landscape. At the request of the UN General Assembly, the Report has added a dedicated section on investment in the Sustainable Development Goals, to review global progress and propose possible courses of action.

A country's education system plays a pivotal role in promoting economic growth and shared prosperity. Sri Lanka has enjoyed high school-attainment and enrollment rates for several decades. However, it still faces major challenges in the education sector, and these challenges undermine the country's inclusive growth goal and its ambition to become a competitive upper-middle-income country. The authors of Sri Lanka Education Sector Assessment: Achievements, Challenges, and Policy Options offer a thorough review of Sri Lanka's education sector—from early childhood education through higher education. With this book, they attempt to answer three questions: • How is Sri Lanka's education system performing, especially with respect to participation rates, learning outcomes, and labor market outcomes? • How can the country address the challenges at each stage of the education process, taking into account both country and international experience and also best practices? • Which policy actions should Sri Lanka make a priority for the short and medium term? The authors identify the most critical constraints on performance and present strategic priorities and policy options to address them. To attain inclusive growth and become globally competitive, Sri Lanka needs to embark on integrated reforms across all levels of education. These reforms must address both short-term skill shortages and long-term productivity. As Sri Lanka moves up the development ladder, the priorities of primary, secondary, and postsecondary

education must be aligned to meet the increasingly complex education and skill requirements.

Uzbekistan has achieved sustained growth through its gradual transition to a market-based economy through cautious economic policy reforms. Despite its gradual approach to development challenges, the country experienced the smallest output decline among former Soviet economies and enjoyed high rates of economic growth from 2004 to 2015, largely driven by the high prices of its major export commodities. However, the drop in the global prices of many key commodities in recent years have severely impacted Uzbekistan's economy. Under these circumstances, the new government introduced major reforms. The pace of reform is unprecedented. The government has formulated its long-term economic strategy in its Vision 2030, which aims to double the country's gross domestic product by 2030 through a program of economic diversification. This book analyzes how Uzbekistan can boost sustainable economic growth to create more and better jobs. It considers how the country can consolidate achievements from recent policy reforms and maintain reform efforts to accelerate sustainable growth. Policy recommendations cover fostering macroeconomic stability, increasing investment in physical infrastructure, enhancing human capital, improving firms' access to finance, and lowering barriers to international trade and foreign investment inflows.

Economic and social progress requires a diverse ecosystem of firms that play complementary roles. *Making It Big: Why Developing Countries Need More Large Firms* constitutes one of the most up-to-date assessments of how large firms are created in low- and middle-income countries and their role in development. It argues that large firms advance a range of development objectives in ways that other firms do not: large firms are more likely to innovate, export, and offer training and are more likely to adopt international standards of quality, among other contributions. Their particularities are closely associated with productivity advantages and translate into improved outcomes not only for their owners but also for their workers and for smaller enterprises in their value chains. The challenge for economic development, however, is that production does not reach economic scale in low- and middle-income countries. Why are large firms scarcer in developing countries? Drawing on a rare set of data from public and private sources, as well as proprietary data from the International Finance Corporation and case studies, this book shows that large firms are often born large—or with the attributes of largeness. In other words, what is distinct about them is often in place from day one of their operations. To fill the “missing top†? of the firm-size distribution with additional large firms, governments should support the creation of such firms by opening markets to greater competition. In low-income countries, this objective can be achieved through simple policy reorientation, such as breaking oligopolies, removing unnecessary restrictions to international trade and investment, and establishing strong rules to prevent the abuse of market power. Governments should also strive to ensure that private actors have the skills, technology, intelligence, infrastructure, and finance they need to create large

ventures. Additionally, they should actively work to spread the benefits from production at scale across the largest possible number of market participants. This book seeks to bring frontier thinking and evidence on the role and origins of large firms to a wide range of readers, including academics, development practitioners and policy makers.

Indonesia's gross domestic product growth rate declined significantly after the Asian financial crisis (AFC) of 1997–1998. The country's potential and balance-of-payments growth rates are only about 5.5% and 3%, respectively. One important reason is that the country's industrialization pace declined after the AFC. Today, Indonesia is still exporting many unprocessed natural resources and simple manufactures (not complex products) with a low income elasticity of demand. This report analyzes how Indonesia's manufacturing sector could diversify and upgrade during 2020–2024 and beyond. This is essential if Indonesia is to attain upper middle-income status as soon as possible. Policy makers and the private sector need to collaborate to identify the coordination failures that hamper the discovery of those products that Indonesia could successfully produce and export. These must be complex products with a high income elasticity of demand. The report proposes a number of policies to expedite this process.

How location, natural resources, and different policies toward the elite's preemption of unused land shaped the historical development of different agrarian structures across Southeast Asia, conditioning agricultural growth performance until today.

Inclusive Green Growth: The Pathway to Sustainable Development makes the case that greening growth is necessary, efficient, and affordable. Yet spurring growth without ensuring equity will thwart efforts to reduce poverty and improve access to health, education, and infrastructure services.

This report repositions a group of 17 neglected tropical diseases on the global development agenda at a time of profound transitions in the economies of endemic countries and in thinking about the overarching objectives of development. In doing so it reinvigorates the drive to prevent control eliminate or eradicate diseases that blind maim and disfigure making life miserable for more than a billion people. Undetected and untreated several almost invariably kill. The burden of these diseases is further amplified by the fact that many require chronic and costly care underscoring the economic as well as the health benefits of preventive chemotherapy and early detection and care. The report brings a new dimension to long-term thinking about the future approach to these diseases. For the first time it sets out financing needs options and targets for meeting WHO Roadmap goals by 2020 but also for reaching universal coverage of all people in need by 2030. The report makes one investment case for cost-effectiveness and a second investment case where equity is the focus. It sets targets for ending catastrophic health expenditures and as part of the drive to strengthen health systems for getting services closer to where people live.

This report analyzes Indonesia's participation in and contribution to global value chains (GVCs) during 2000-2017 as the largest economy in the Association of Southeast Asian Nations. The evolving role of Indonesia in GVCs and its exports have impacts on economic performance. However, in a highly globalized environment, the fragmentation of production processes across geographical borders calls for a reevaluation of countries' contributions to global production. The report draws on recent empirical and theoretical frameworks in GVC analysis and multiregional input-output tables compiled by the Asian Development Bank.

Although he has dominated Indonesian politics for years, President Joko Widodo remains a beguiling figure. He has consistently defied both his sternest critics and his strongest supporters. A brilliant instinctive politician, Jokowi, as he is known, was resoundingly re-elected in 2019. However, he has struggled to turn success at the ballot box into the transformational change that Indonesia desperately needs. Jokowi has vowed to turn the world's fourth most populous nation into an Asian powerhouse with a strong economy and the heft to defend its international interests at a time of renewed US-China rivalry. Progress has been slow, however. And the scale of the challenge is increasing, at home and abroad. As he gets to work in his second and final term, will Jokowi deliver on his grand ambitions? Or will Indonesia once more fall short of expectations? *Man of Contradictions*, the first English-language political biography of Jokowi, will examine how he became so popular, what makes him tick, and why he will struggle to remake Indonesia. The key to understanding Jokowi lies not in uncovering some core inner convictions but in embracing his contradictions.

Human capital is an important factor for economic growth in South Asia. Between 1981 and 2010, human capital contributed about 22% of annual gross domestic product per worker growth in India. During the same period, it contributed around 21% in Bangladesh, and 16% in Sri Lanka. However, education and skills remain the binding constraint. Raising the quality of education and skills in South Asia's workforce can play a critical role in catching up to the level of development of the People's Republic of China, the Republic of Korea, and other successful Southeast Asian economies. This study reviews the development of human capital in South Asia and analyzes contributing factors to human development including policies and strategies that countries in South Asia follow.

Analytical work on Indonesian macroeconomic and financial issues, with an overarching theme on building institutions and policies for prosperity and inclusive growth. The book begins with a 20-year economic overview by former Finance Minister Chatib Basri, with subsequent chapters covering diverse sectors of the economy as well as Indonesia's place in the global economy.

In 2004 the Indonesian government made a commitment to provide its entire population with health insurance coverage through a mandatory public health insurance scheme. It has moved boldly already provides coverage to an estimated

76.4 million poor and near poor, funded through the public budget. Nevertheless, over half the population still lacks health insurance coverage, and the full fiscal impacts of the government's program for the poor have not been fully assessed or felt. In addition, significant deficiencies in the efficiency and equity of the current health system, unless addressed will exacerbate cost pressures and could preclude the effective implementation of universal coverage (UC) and the desired result of improvements in population health outcomes and financial protection. For Indonesia to achieve UC, systems' performance must be improved and key policy choices with respect to the configuration of the health financing system must be made. Indonesia's health system performs well with respect to some health outcomes and financial protection, but there is potential for significant improvement. High-level political decisions are necessary on key elements of the health financing reform package. The key transitional questions to get there include: [the benefits that can be afforded and their impacts on health outcomes and financial protection; [how the more than 50 percent of those currently without coverage will be insured; [how to pay medical care providers to assure access, efficiency, and quality; [developing a streamlined and efficient administrative structure; [how to address the current supply constraints to assure availability of promised services; [how to raise revenues to finance the system, including the program for the poor as well as currently uninsured groups that may require government subsidization such as the more than 60 million informal sector workers, the 85 percent of workers in firms of less than five employees, and the 70 percent of the population living in rural areas. The January 2016 edition of Global Economic Prospects discusses current global and regional economic developments and prospects, analyzing key challenges and opportunities confronting developing countries. This volume addresses, among other topics, spillovers from large emerging markets and macroeconomic vulnerabilities during resource development. Global Economic Prospects is a World Bank Group Flagship Report. Semiannually (January and June), it examines global economic developments and prospects, with a special focus on developing countries. The report includes analysis of topical policy challenges faced by developing countries through in-depth research in the January edition and shorter analytical pieces in the June edition.

The book focuses on Indonesia's most pressing labor market challenges and associated policy options to achieve higher and more inclusive economic growth. The challenges consist of creating jobs for and the skills in a youthful and increasingly better educated workforce, and raising the productivity of less-educated workers to meet the demands of the digital age. The book deals with a range of interrelated topics---the changing supply and demand for labor in relation to the shift of workers out of agriculture; urbanization and the growth of megacities; raising the quality of schooling for new jobs in the digital economy; and labor market policies to improve both labor standards and productivity.

'Diagnosing the Indonesian Economy: Toward Inclusive and Green Growth' analyzes the critical development constraints

facing the country, and proposes policy options to help overcome these constraints and set the country on a path of high and sustained inclusive economic growth in the medium term.

This book investigates long-term development issues for members of the Association of Southeast Asian Nations (ASEAN). It finds that with the proper policy mix—including domestic structural reforms and bold initiatives for regional integration—ASEAN has the potential to reach by 2030 the average quality of life enjoyed today in advanced economies and to fulfill its aspirations to become a resilient, inclusive, competitive, and harmonious (RICH) region. Key challenges moving forward are to enhance macroeconomic and financial stability, support equitable growth, promote competitiveness and innovation, and protect the environment. Overcoming these challenges to build a truly borderless economic region implies eliminating remaining barriers to the flow of goods, services, and production factors; strengthening competitiveness and the institutional framework; and updating some governing principles. But ASEAN should not merely copy the European Union. It must maintain its flexibility and pragmatism without creating a bloated regional bureaucracy. The study's main message is that through closer integration, ASEAN can form a partnership for achieving shared prosperity in the region and around the globe.

Indonesia is one of the largest economies in the world and is one of the major players in the global economy. The diversity in Indonesia's socio-economic structure from province to province and region to region warrants an in-depth inquisition at the sub-national level. This book forms part of the series of Asia Competitiveness Institute (ACI) annual flagship study on the competitiveness of the 34 provinces in Indonesia. Using over 100 indicators, the study covers four environments in (1) Macroeconomic Stability, (2) Government and Institutional Setting, (3) Financial, Businesses and Manpower Conditions and (4) Quality of Life and Infrastructure Development, and 12 sub-environments. This book also provides insights to the comparative strengths and weaknesses of the sub-national economies and conducts a 'What-ifs' policy simulation to craft targeted policy recommendations for each province. This sixth edition will continue to elucidate the competitiveness landscape of each province's competitiveness. Additionally, this edition will also feature commentaries by the local academics on the recent developments in the 34 provinces of Indonesia. In view of the importance of international trade to the Indonesia's economy, this book also features the study of impact estimation of exchange rates on exports in Indonesia.

This book reviews progress with regional cooperation and integration in Asia and the Pacific and explores how it can be reshaped to achieve a more resilient, sustainable, and inclusive future. Consisting of papers contributed by renowned scholars and Asian Development Bank staff, the book covers four major areas: public goods, trade and investment, financial cooperation, and regional health cooperation. The book emphasizes how the region can better leverage regional integration to realize its vast potential as

well as overcome challenges such as the coronavirus disease (COVID-19) pandemic.

Indonesia is often viewed as a country with substantial natural resources which has achieved solid economic growth since the 1960s, but which still faces serious economic challenges. In 2010, its per capita GDP was only nineteen per cent of that of the Netherlands, and twenty-two per cent of that of Japan. In recent decades, per capita GDP has fallen behind that of neighbouring countries such as Malaysia and Thailand, and behind China. In this accessible but thorough new study, Anne Booth explains the long-term factors which have influenced Indonesian economic performance, taking into account the Dutch colonial legacy and the reaction to it after the transfer of power in 1949. The first part of the book offers a chronological study of economic development from the late nineteenth to the early twenty-first century, while the second part explores topics including the persistence of economic nationalism and the ongoing tensions between Indonesia's diverse regions.

The world economy is experiencing a very strong but uneven recovery, with many emerging market and developing economies facing obstacles to vaccination. The global outlook remains uncertain, with major risks around the path of the pandemic and the possibility of financial stress amid large debt loads. Policy makers face a difficult balancing act as they seek to nurture the recovery while safeguarding price stability and fiscal sustainability. A comprehensive set of policies will be required to promote a strong recovery that mitigates inequality and enhances environmental sustainability, ultimately putting economies on a path of green, resilient, and inclusive development. Prominent among the necessary policies are efforts to lower trade costs so that trade can once again become a robust engine of growth. This year marks the 30th anniversary of the Global Economic Prospects. The Global Economic Prospects is a World Bank Group Flagship Report that examines global economic developments and prospects, with a special focus on emerging market and developing economies, on a semiannual basis (in January and June). Each edition includes analytical pieces on topical policy challenges faced by these economies.

This publication is a history of the partnership between Indonesia and the Asian Development Bank (ADB). When Indonesia became a founding member of the bank in 1966, the country faced daunting challenges. In the five decades that passed, both Indonesia and ADB have evolved in remarkable ways. Indonesia developed rapidly through the late 1990s yet faced a difficult time of adjustment after the Asian financial crisis of 1997–1998. The country has since resumed growth in the last decade. For its part, ADB has widened its activities in Indonesia, transforming from a project-oriented bank into a broad-based development institution. This effective partnership reflects Indonesia's success in working with the international community in the past 50 years.

In response to the Global Financial Crisis, the IMF launched many initiatives to strengthen financial surveillance and better advise member countries of vulnerabilities and risks. While these initiatives have not yet been tested by a major crisis, the efforts have delivered a substantial upgrade of the Fund's financial surveillance, including giving the IMF clearer responsibilities over financial sector stability and cross-country spillovers; making periodic financial stability assessments mandatory for jurisdictions with systemically important financial sectors; invigorating efforts to integrate financial and macroeconomic analysis in bilateral and multilateral surveillance; enhancing cooperation with the Financial Stability Board and standard setting bodies to promote reforms

and monitor agreed standards; and taking steps to recruit and train greater financial expertise. While recognizing these achievements, this evaluation finds that the quality and impact of the IMF's financial surveillance has been uneven. The expansion of products and activities has presented the Fund with difficult trade-offs between bilateral and multilateral surveillance; between countries with systemically important financial sectors and other member countries; and between financial surveillance and other activities. Moreover, resource constraints have slowed the needed build-up of financial and macrofinancial expertise. These are critical issues, given the IMF's position as the only international financial institution with the mandate and ability to conduct financial and macrofinancial surveillance over the full range of countries as well as the global economy, and given that these issues are at the core of the IMF's responsibilities. Thus, to further strengthen financial surveillance, the evaluation recommends devoting greater resources to financial surveillance overall; further strengthening financial and macrofinancial analysis in Article IV surveillance; refining resource allocation for FSAPs; enhancing rigor and transparency in multilateral surveillance; intensifying efforts to be a global center of excellence on financial and macrofinancial research; and extending efforts to develop financial expertise among IMF staff.

'Diagnosing the Philippine Economy' describes the conditions that depress economic growth in the Philippine economy and their causes and potential solutions.

The entire planet looks to Asian and other emerging markets to sustain growth momentum as traditional markets in the USA and Europe struggle with the slow and arduous processes of deleveraging after the global financial crisis. At the same time, there is growing recognition in Asia that the sources of growth must shift to sustain their own growth momentum in the years ahead. Heavy reliance on the region's high savings rates and plentiful supplies of low-cost labour will have to shift towards increasing the human capital embodied in more educated and skilled labour forces capable of contributing to productivity growth and innovation as future drivers of growth. Human Capital Formation and Economic Growth in Asia and the Pacific focuses on why and how countries are making this shift. The demographic transition is shown to be a significant factor as ageing populations in Japan, South Korea and China manage declining growth in the labour force by stepping up investments in education, and by changing policies and institutions. Lessons to be learned from these experiences by more youthful populations in Southeast Asia are explored. In addition, attention is paid to the consequences of cross-border differentials in technical knowledge and the quantity and quality of human capital. Several implications for public policy and for international cooperation on human-capital issues in the Asian region are identified. The chapters in this volume are edited versions of papers presented at the 35th Pacific Trade and Development conference held in Vancouver, Canada, in June 2012. The conference goal was to better understand how governments and business in Asia and the Pacific can apply the key insight that one of the reasons economies grow is because of human-capital formation – the quality and diversity of the labour force are augmented – not just because the labour force grows in size. Students of Asia's growth prospects will find several aspects of this volume of particular value. It includes chapters on the big-picture conceptual and measurement issues; on country experiences in meeting the imperatives of the demographic transition and

investing in education and skills training; and on country experiences with attracting foreign knowledge and the supply and recruitment of skills across borders in Asia and the Pacific. Policymakers will also find useful the discussions of policy implications and the menu of issues requiring intergovernmental cooperation within the Asian region.

This Selected Issues paper focuses on various challenges and opportunities related to reaping Indonesia's demographic dividend. Demographic trends can impact growth through various channels. These include the size of the labor force, productivity, and capital formation. Indonesia's growth is set to have a sizeable tailwind from demographic trends. The paper suggests that Indonesia should seize the window of opportunity to reap the demographic dividend, as aging is projected to start kicking in less than 15 years. In the long-term, Indonesia can grow old before becoming rich. The rapid speed of aging implies that Indonesia, similar to many Asian economies, may face the prospect of becoming old before becoming rich. Given Indonesia's favorable demographic trends, policies should focus first on maximizing the demographic dividend. Reaping the demographic dividend requires appropriate policies to raise productivity and create enough quality jobs for the growing working-age population. Investing in human capital early on, including education and health care, is essential to improve the productivity of the workforce and increase the size of the demographic dividend.

Indonesia has urbanized rapidly since its independence in 1945, profoundly changing its economic geography and giving rise to a diverse array of urban places. These places range from the bustling metropolis of Jakarta to rapidly emerging urban centers in hitherto largely rural parts of the country. Although urbanization has produced considerable benefits for many Indonesians, its potential has only been partially realized. *Time to ACT: Realizing Indonesia's Urban Potential* explores the extent to which urbanization in Indonesia has delivered in terms of prosperity, inclusiveness, and livability. The report takes a broad view of urbanization's performance in these three key areas, covering both the monetary and nonmonetary aspects of welfare. It analyzes the fundamental reforms that can help the country to more fully achieve widespread and sustainable benefits, and it introduces a new policy framework—the ACT framework—to guide policy making. This framework emphasizes the three policy principles of Augment, Connect, and Target:

- Augment the provision and quality of infrastructure and basic services across urban and rural locations
- Connect places and people to jobs and opportunities and services
- Target lagging areas and marginalized groups through well-designed place-based policies, as well as thoughtful urban planning and design.

Using this framework, the report provides policy recommendations differentiated by four types of place that differ in both their economic characteristics and the challenges that they face— multidistrict metro areas, single-district metro areas, nonmetro urban areas, and nonmetro rural areas. In addition to its eight chapters, *Time to ACT: Realizing Indonesia's Urban Potential* includes four spotlights on strengthening the disaster resilience of Indonesian cities, the nexus between urbanization and human capital, the “invisible” crisis of wastewater management, and the potential for smart cities in Indonesia. If Indonesia continues to urbanize in line with global historical standards, more than 70 percent of its population will be living in towns and cities by the time the country celebrates the centenary of its independence in 2045. Accordingly, how Indonesia manages this continued expansion of its urban population—and the mounting congestion forces that expansion brings—will do much to determine whether the country reaches the upper rungs of the global ladder of prosperity, inclusiveness, and livability.

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Read Online Diagnosing The Indonesian Economy Toward Inclusive And Green Growth

This publication is the annual report of the Asian Development Bank (ADB) on Asia's progress in regional cooperation and integration. It covers ADB's 48 regional members and analyzes regional and global economic linkages. This year's special chapter, "Toward Optimal Provision of Regional Public Goods in Asia and the Pacific," examines how collective action among countries can help find solutions to growing transnational development challenges. It discusses how to best provide regional public goods that transcend the so-called "collective action problem," which occurs when individual interests are too weak on their own to drive cooperation on common issues. The chapter suggests that multilateral development banks should act as honest broker in enhancing mutual trust and facilitating regional cooperation for regional public goods.

In the second quarter of 2021, rising COVID-19 cases have cast a shadow over emerging East Asia's growth outlook. Yet the region's financial conditions remain broadly stable amid accommodative monetary policy stances despite some weakening signs. Local currency (LCY) bond markets in emerging East Asia expanded to \$21.1 trillion at the end of June, as governments tapped LCY bonds to support recovery measures and contain the negative impact of rising COVID-19 cases. The ASEAN+3 sustainable bond market expanded to \$345.2 billion at the end of Q2 2021, accounting for nearly 19% of the global sustainable bond market. The risk to the outlook for regional financial markets remains tilted to the downside. Uncertainty over recovery prospects due to COVID-19, combined with a strong US economic rebound and possible earlier-than-expected monetary policy normalization in the US, could lead to further weakening of financial conditions. This issue of the Asia Bond Monitor features special boxes on emerging East Asia's economic outlook, market capacity and central banks' asset purchasing programs, debt build-up, and social risk in developing Asia.

'Diagnosing the Indonesian Economy: Toward Inclusive and Green Growth' discusses the critical constraints to inclusive economic growth in Indonesia. The volume includes a broad overview of Indonesia's development since the 1960s, and features an analytic framework for the study that aims to identify the most binding constraints. The chapters analyze macroeconomic management since the Asian financial crisis; the status of Indonesia's industrial transformation; the challenges pertaining to Indonesia's infrastructure; the situation of human capital and employment; the record on poverty reduction; the impact and status of the decentralization effort; and the challenges attendant to the country's environment and natural resources.

Indonesia experienced its first recession in over two decades in 2020, although large-scale fiscal stimulus and monetary support limited its depth and impact. The approval of an ambitious package of structural reforms, covering labour laws, taxes and ease of doing business, testifies of the authorities' commitment to attract high-quality investment that will enhance wealth and well-being.

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