



Indonesia

SDG PUSH FRAMEWORK

Unlocking New Pathways to SDG Acceleration

2024



Acknowledgements

The SDG Push Framework **is led by the government** as part of their journey of developing roadmaps to achieve the SDGs in the country through a structured approach to identifying the accelerators.

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Table of Contents

1. Executive summary	4
2. Introduction	6
3. SDG Push Pilot: Indonesia	7
3.1 Scoping Phase.....	8
3.2 Acceleration dialogues	10
3.3 Modelling phase	10
3.4 Results	12
3.5 Costing of SDG accelerators	15
4. Conclusion	15
References	17
Technical Appendices	19
Appendix I - Dialogue report	19
Appendix II – Methodology and data	60
Annex III – Public expenditure model	64
Appendix IV – Caveat and Sensitivity Analysis	65

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Acronyms

BAU	business-as-usual
BAPPENAS	Ministry of National Development Planning/National Development Planning Agency
CGE	Computable General Equilibrium
GDP	Gross domestic product
INFF	Integrated National Financing Framework
MS	micro-simulation
NDP	National Development Plan
NPC	National Planning Commission
PESTLE + V	Political, Economic, Societal, Technological, Legal, Environmental, values
SAM	Social accounting matrix
SDG	Sustainable Development Goal
UNDP	United Nations Development Program
VNR	Voluntary National Review

List of Tables

Table 1: Annual public expenditure growth over the 2008–2019 period.....	11
Table 2: Selected SDG indicators over the 2008–2019 period.....	12
Table 3: Projected annual growth rates of public expenditure under the business-as-usual and policy scenarios (%).....	12
Table 4: Projection of SDG indicators under the business-as-usual scenario, 2030.....	12
Table 5: Projection of SDG indicators under policy scenarios.....	13
Table 6: Projection of SDG indicators under the business-as-usual and SDG Push scenarios.....	14
Table 7: Public expenditures (LCU billion; 2021 prices).....	Error! Bookmark not defined.

1. Executive summary

Indonesia achieved robust economic growth in recent years, leading to the emergence of a millennial middle class. Despite this, the COVID-19 pandemic partially reversed Indonesia's development progress in reducing poverty, and caused inequality to worsen (IMF, 2022). The pandemic impacted different sectors of Indonesia's economy and regions asymmetrically (IMF, 2022). These development challenges, coupled with the need for more sustainable cities and communities created by the rising middle class, calls for innovative policy interventions that support inclusive economic growth while addressing key development challenges.

Indonesia is well-advanced in mainstreaming the Sustainable Development Goals (SDGs) and leading sustainable finance innovation. This is reflected in the country's Voluntary National Reviews (VNRs).

To investigate new policy options that support this mainstreaming, the Government of Indonesia, with technical support from the United Nations Development Programme (UNDP), piloted the SDG Push Framework. The SDG Push Framework provides a comprehensive and country-specific UNDP tool to plan and implement SDG breakthroughs in various development contexts, for both pro-cyclical and anti-cyclical response moments – elevating fiscal, financial, digital/data and governance enablers of sustainable development. The framework as an all-terrain tool, meant to catalyze breakthroughs from real-world constraints, rather than adding mechanical benchmarks or targets.

The Ministry of National Development Planning/National Development Planning Agency (BAPPENAS) identified SDG Push as an approach to significantly contribute to revisions of the 'Roadmap of the SDGs Indonesia: Towards 2030' planned in 2023 by proposing portfolios of development interventions with the most impact on Indonesia's SDG ambition. The Framework comprised chronological and integrated phases: scoping, acceleration dialogues, modeling, sustainable finance, and acceleration pathways.

In the scoping phase, national data on SDG trends was enhanced and visualized through the SDG Push Diagnostic. This integrated evidence base of progress and 'last mile' challenges provided a common foundation to assess gaps and challenges ahead of multistakeholder acceleration dialogues led by the Ministry of National Development Planning/National Development Planning Agency (PPN/Bappenas), with UNDP support.

The acceleration dialogues considered critical challenges and opportunities and zeroed-in on priority areas based on progress and trends over the last seven years. It also identified the challenges, bottlenecks, interlinkages, and potential accelerators considering the future country trajectory. Utilizing a tailored facilitation approach drawing from sensemaking

methodologies, generative dialogue and futures methods, the dialogues supported a structured exploration of current and future interventions of interlinkages with the most potential to advance multiple SDGs across the country.

The main drivers of progress with demonstrated impact included free primary and secondary education, the doubling of energy efficiency, universal health coverage, and the increase of renewable energy. These drivers contribute to the end-goals of eliminating hunger and malnutrition and achieving more inclusive economic growth. Other crucial interventions include ensuring universal access to urban housing and basic services, providing safe drinking water, reducing poverty, eradicating epidemic diseases, improving access to energy, and increasing the income of the poor.

With quantitative data from the scoping phase and qualitative insights from the acceleration dialogues, new policy scenarios were created using Computable General Equilibrium (CGE) model (SDG Push), to interrogate the potential impact of different policy choices through 2030. Six articulated scenarios were identified, and the modelling exercise evaluated the impact on selected SDG indicators that are directly and indirectly affected. The scenarios reflect a different combination of public spending on education, health, transport infrastructure, renewable electricity, and housing, with the following results:

- Under the baseline scenario (BAU), the country is expected only to achieve SDG 4.1.2 related to the primary and lower secondary completion rate, while under full implementation of SDG Push scenarios, the country could achieve the SDG 4.1.2 target but would also make significant progress on the upper secondary completion rate (SDG 4.2).
- SDG Push would help the country achieve an annual GDP growth rate of 7.12 per cent, higher than the SDG 8.1.1 target (7 per cent). In addition, if the country benefits from a stimulus from foreign funds, the growth rate could reach 7.72 per cent, and the country would experience lower inequality (SDG 10. 1.1).
- Further, increased public spending as part of the SDG Push could contribute to half of the country's roads being in good condition (SDG 9.1.1) while using renewable electricity (SDG 7.2.1) and adequate housing in urban areas would increase.
- Finally, an additional 2.4 million people would be lifted out of poverty if all scenarios were implemented and financed at the domestic level (compared to the baseline scenario); if the country receives foreign financing (stimulus), more than 3.7 million additional people would be lifted out of poverty by 2030, and the poverty rate would fall to 4.3 per cent.

2. Introduction

The SDG Push Framework is a set of comprehensive and country-specific tools developed by the United Nations Development Programme (UNDP) to accelerate progress towards achieving the Sustainable Development Goals (SDGs). In 2022, the Government of Indonesia, with technical support from the United Nations Development Programme (UNDP), piloted the SDG Push framework to investigate new policy options to address development gains threatened by the impacts of the COVID-19 pandemic.

The SDG Push framework aims to reimagine and recalibrate how development interventions are planned and implemented to create meaningful progress in sustainable development. The framework is designed to adapt to the unique challenges and opportunities each country faces. It considers individual countries' specific contexts, priorities, and development trajectories. It allows for addressing various constraints and issues countries face to achieve the SDGs.

The framework combines the power of data, state of the art modelling, and finance to enhance the effectiveness of development interventions. By leveraging data and evidence-based approaches, fostering innovation, and mobilizing financial resources, the SDG Push framework seeks to make interventions more impactful. The SDG Push framework recognizes the importance of a participatory approach, i.e., collaboration and partnerships, in achieving the SDGs. It aims to bring together various stakeholders, including governments, civil society organizations, private sector entities, and international agencies, to work collectively towards common goals.

The SDG Push framework comprises the following key components:

- **Scoping**: examining specific contexts and trends with data visualization through the SDG Push Diagnostic, establishing a rapid landscape of trends, current priorities, futures, and interlinkages.
- **Acceleration Dialogues**: leveraging sensemaking protocols to explore scoping outcomes, interrogate previous policies, and chart accelerators.
- **Modelling**: engaging new forms of participatory and economic modelling to assess impact of potential accelerators.
- **Sustainable Finance**: estimating financing and the feasibility of potential accelerators, using SDG finance tools, including the Integrated National Financing Framework (INFF).
- **Acceleration Pathways**: integrating insights developed through this approach with data visualizations and recommendations to advance policy interventions.

These components are essential to identifying development gaps, challenges, and drivers, developing potential interventions to address each challenge, and systematically assessing the costs, interlinkages and trade-offs related to the acceleration plan. They work as an integrated iterative process, where progress in each component reinforces the other elements of the SDG Push Framework.

The goal of this Framework is to expedite the achievement of the SDGs by providing countries with a comprehensive toolkit and support. It aims to accelerate positive outcomes and make a tangible difference in sustainable development. In Indonesia, the Ministry of National Development Planning/National Development Planning Agency (BAPPENAS) identified the SDG Push as an approach that can significantly contribute to the 'Roadmap of the SDGs Indonesia: Towards 2030' revisions planned in 2023 by proposing portfolios of development interventions with the most impact on Indonesia's SDG ambition.

This report synthesizes the main findings of different stages of the SDG Push Framework in Indonesia. Doing so provides information and analyses of the country's context and development priorities. It summarizes outcomes of the multistakeholder dialogues, which interrogate acceleration options to inform the modelling phase, which in turn provides inputs into the financing aspect of the exercise. Together, these parts contribute to the final component called Acceleration Pathways; and complements the suite of SDG Push tools and the diagnostic, together with [technical annexes](#).

3. SDG Push Pilot: Indonesia

Indonesia is the world's tenth-largest economy in terms of purchasing power parity (World Bank, 2022). Since the Asian financial crisis of the late 1990s, the country has had significant economic growth (World Bank, 2022). Between 2015 and 2019, robust economic development, with an average annual growth rate of 5%, was supported by strong macroeconomic fundamentals. Every year, the economy added roughly two million jobs, which resulted in low unemployment and a substantial drop in the poverty rate to under 10% (World Bank, 2020). At that time, Indonesia was on the path to achieving further gains in poverty reduction and moving away from the 'middle income trap' into a 'middle-class society' (World Bank, 2020). Unfortunately, in 2020 the COVID-19 pandemic led to a severe economic downturn in Indonesia, as was seen globally (IMF, 2022). The pandemic partially undid progress on poverty reduction (from a record-low of 9.2 per cent in September 2019 to 10.14 per cent in 2021), while inequality worsened (IMF, 2022). The pandemic impacted different sectors of Indonesia's economy and regions asymmetrically (IMF, 2022).

Nevertheless, owing to strong initial conditions, substantial space for policy actions, and a bold policy response package, the recession in Indonesia was less severe than in other countries (IMF, 2022). Although the economic recovery in 2021 was slower than expected due to a more

disruptive effect on demands from contamination measures, it has accelerated since late-2021. The local demand, accommodative fiscal policy, and favorable global commodity prices are expected to assist the economic recovery in 2022–2023, with a projected 5.1 growth in 2022 (IMF, 2022; World Bank, 2022).

Apart from socioeconomic challenges, Indonesia is one of the nation's most vulnerable to natural disasters brought on by climate change, which brings a risk of additional economic disruption, financial strains, strained assets, and deforestation, to mention a few (IMF, 2022). Climate change is projected to influence Indonesia's capacity to access water, health and nutrition, disaster risk reduction, and urban growth, especially in coastal areas, with consequences for inequality and poverty (World Bank, 2022).

Two main targets have been identified for climate change mitigation:

- a conditional reduction target of up to 41 per cent; and
- an unconditional greenhouse gas (GHG) reduction target of 29 per cent.

The country has taken significant steps to support these objectives, including creating a green financing pipeline through Green Sukuk in 2018, implementing a carbon pricing scheme in 2021, and introducing the Indonesia Green Taxonomy version 1.0 in the same year. Moreover, Indonesia has plans to establish an emission trading system (ETS) by 2024.

3.1 Scoping Phase

The scoping note marked the initial step in Indonesia's SDG Push Framework. The revision of Indonesia's SDG Roadmap in 2023 stands as the primary avenue for the SDG Push initiative. An in-depth overview of national development plans and strategies was essential to understand the countries' socioeconomic, institutional, and environmental landscape, map out SDG gaps, evaluate SDG progress and identify potential interventions that could accelerate the achievement of SDG 2030 Agenda. In addition, the initial phase of the SDG Push identified data availability, disaggregation, and consistency in monitoring over time. This is important as data availability, reliability and accuracy were needed to correctly identify SDG gaps and development pathways that could accelerate the SDGs.

The Indonesian Government has ambitious goals for the country's economic and social development by 2025. The Government designed the three interconnected and interdependent development plans to help attain these goals, which are heavily aligned with SDG 2030 Agenda. Presidential Decree No. 59/2017 outlines the formulation and integration of SDG targets into the country's development planning documents. For Indonesia, implementing the SDGs equates to implementing the national development plan (VNR, 2019; 2021). SDG targets have been mainstreamed into the current national medium-term development plans, 2020-2024 RPJMN, with 124 targets. Consequently, the targets are also

included in the sub-national medium-term development plan (Rencana Pembangunan Jangka Menengah Daerah/RPJMD). Indonesia has formulated its National Action Plan along with the 'Roadmap of the SDGs Indonesia: Towards 2030'.

An integral aspect of the scoping process was the SDG Push Diagnostic Simulator, which leveraged sophisticated machine learning techniques to detect disparities in SDG advancement on a national scale. It undertook a preliminary, in-depth examination of accessible national data and knowledge reservoirs to pinpoint areas of paramount importance for national development.

Based on the diagnostic simulator progress toward distinct SDG targets was assessed and systematically organized in accordance with the five Ps of sustainable development: People (comprising 47 targets), Peace (encompassing 12 targets), Planet (encompassing 46 targets), Prosperity (encompassing 45 targets), and Partnership (comprising 19 targets). SDGs 11, 8, 3 and 16 emerged as the most prominent goals after assessing five strategic documents (National Development Plan 2030; Cooperation Framework Common Country Analysis; Voluntary National Review).

In addition, by mapping SDG priorities to current SDG progress identified in trend analysis, it was clear which SDGs were off track but potentially a low/high priority in national documents, thus providing an insightful starting point for acceleration dialogues. For instance, SDG 11 has been identified as off track and ranks very high in national development documents. Furthermore, through the analysis of synergies and trade-offs, more than 20 synergy links with other targets, shared across 14 of the 16 SDGs, were found for indicator 11.1. Thus, getting this indicator back on track for 2030 through bold and innovative development policies could help elevate many other indicators, some of which are also currently lagging.

Based on the conclusions of the scoping phase, several challenges linked to Indonesia's ongoing SDG journey can be enumerated as follows: (1) Ensuring consistent availability of data and information, which serve as the bedrock for targeting resources and gauging progress; (2) Navigating investments and development trajectories that can expedite the most critical SDGs in Indonesia while fostering an equitable and sustainable recovery from the impacts of COVID-19; (3) Fostering cross-sector collaboration and transcending boundaries to make SDGs 11, 3, and 8 pertinent to everyone.

Outlined in the scoping note were four focal priority areas:

- Enhancing access to essential services for the impoverished, encompassing education, healthcare, water and sanitation, and energy.
- Facilitating affordable housing and upgrading slum areas, alongside fortifying urban centers against climate change and other disruptions.
- Addressing land tenure and legal identity challenges.

- Advancing integrated transportation systems and efficient waste management.

3.2 Acceleration dialogues

A series of systemic and multi-stakeholder dialogues were the next step in the SDG Push. Acceleration dialogues were held in partnership with BAPPENAS from December 12-13, 2022, hosting 36 participants from various ministries and one participant from the private sector. The dialogue process focused on SDG 11 and other areas of interest related to access to basic services (education, water, sanitation, energy), affordable housing, land tenure, climate change, transportation, and waste management. Based on topics, eight expert teams were created for each area of interest.

The first phase of the dialogue assessed current issues, the underlying root causes for challenges, the reasons for those challenges not being addressed and interconnections with other issues (see [Annex I](#) for details).

The second phase explored current interventions where participants interrogated both the intended solutions and beneficiaries, alongside an exploration of bottlenecks and the role of different stakeholders experienced in implementing specific interventions. Participants selected up to three interventions which they thought had the highest impact for its target audience, contributed to wider transformation, prioritized root causes and had longer term implications and cross-sectoral impacts.

The participants were introduced to Horizon scanning which is a foresight process focused on scanning the horizon to identify and collate emergent signals of change and the PESTLE + V framework (Political, Economic, Societal, Technological, Legal, Environmental, values) to organize their analysis and ensure they are being comprehensive in their scanning efforts. Three Horizons foresight methods synthesized current state (Horizon 1), future state (Horizon 3), and a transitional state (Horizon 2). These scenario/future states directly informed the policy scenarios created in the subsequent modeling phase, expanding the parameters normally included in scenario development to explore/design/propose transitional strategies, policies and programmes that can bridge between the current and future states for each of the issues.

3.3 Modelling phase

The SDG Push exercise employed a CGE (computable general equilibrium) model to understand the potential impacts of identified drivers and interventions. This model is used to build a case for policy intervention and assist policymakers in understanding the extent to which some sectors of the economy might be affected by change. Its main advantage is its flexibility which focuses on the structure and detail of agent-specific behavior and allows to capture of detailed economic relationships and connections that would otherwise be missed in other models. This complexity allows the models to be applied to a wide range of 'what if'

questions. This model builds a baseline scenario and projects its outcomes up to 2030. Additionally, six articulated scenarios were identified through acceleration dialogues and evidence gathering during the scoping phase. The CGE model evaluated the impact of these scenarios on selected SDG indicators, considering wide economy effects. The aim was to quantify the impact of policy scenarios (drivers identified in the Dialogue) on the SDG indicators, and thus to assess efforts needed to achieve specific targets. For more on the methodology and data see [Annex II](#).

Indonesia's SDG Roadmap and the Dialogue suggested the following main drivers of the SDG targets: free primary and secondary education; energy efficiency improvement; universal health coverage; and higher share of renewable energy, and transportation infrastructure. According to the Roadmap and the Dialogue, the above drivers would help to achieve the end goals of development, i.e. eliminate hunger and malnutrition, and achieve a more inclusive economic growth. The other important interventions, according to the roadmap, are to achieve universal access to urban housing and basic services; to provide safe drinking water; to reduce poverty; to eradicate epidemic diseases; to improve access to energy, and to increase the income of the poor. By analyzing these scenarios, policymakers can better comprehend the short-term and long-term structural transformations needed to achieve the SDGs effectively.

1. Baseline Scenario: business-as-usual (BAU)

Under the baseline scenario, public expenditure for the period 2023–2030 was expected to follow past trends¹ (see Table 1). From this baseline, changes in SDG indicators that are directly and indirectly affected were computed.

Table 1: Annual public expenditure growth over the 2008–2019 period

Public expenditure (LCU Trillion)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Average Annual growth rate (%)
Government expenditure on education ^a	143.6	197.6	193.0	249.8	293.6	320.7	347.5	413.1	434.1	362.8	445.2	449.9	10.0
General government expenditure on Housing and community amenities ^b	89.6	64.8	79.2	89.8	108.7	140.0	153.0	143.9	183.2	184.9	187.6	187.3	6.3
General government expenditure on health ^b	61.9	62.0	56.2	61.0	69.3	79.5	86.3	98.6	190.1	188.5	207.8	234.3	11.7
Environment function expenditure ^b	14.8	22.9	15.1	18.4	20.8	25.6	23.9	24.4	32.0	26.4	31.5	36.0	7.7
Infrastructure function expenditure ^a	15.9	20.7	18.9	18.1	28.0								11.9

^a World development Indicators (2023); ^b International Monetary Fund (2023), ^c authors' calculation.

Indonesia is on track for the primary and lower secondary education SDGs. However, for health (essential health care coverage), the country is far from the target (100 per cent). For

¹ We computed the average annual growth rate over the period 2008-2019, i.e. before the pandemic.

the other key SDGs, there are no specific targets; hence, the appreciation of progress is left to the discretion of decision-makers (or researcher). See Table 2.

Table 2: Selected SDG indicators over the 2008–2019 period

SDG Indicators	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Target ,2030
4.1.2 Lower secondary completion rate, total (%) ^a	74.9	82.3	85.6	89.2	82.7	81.4		91.6	93.9	90.0			95-100%
4.1.2 Primary completion rate (%) ^a	96.7	98.5	100.6		103.1	101.1	103.5			100.8	102.3		95-100%
4.2 Educational attainment, at least completed upper secondary, population (%) ^a	26.2	27.8		28.9			31.1	32.3	33.7		34.6		>
11.1.1 Population living in slums (% of urban population) ^a			23.0				21.8		30.9		30.6		<
3.8.1 Coverage of essential health services (%) ^b			42.0					50.0		54.0		56.0	95-100%
7.2.1 Renewable electricity output (% of total electricity output) ^a	13.3	13.2	15.9	12.0	11.2	12.3	11.5	10.7	12.1	12.6	17.0	16.2	>
9.1.1 Road with good condition ^c				42.0	42.0	42.0	42.3	42.2	45.1	39.9	43.8	43.4	>

^a World Development Indicators (2023); ^b Global Health Observatory, Geneva: World Health Organization (2023). ^c Statistics Indonesia, Land transportation statistics (2011-2021)

2. Intervention scenario

Table 3 presents the growth rate of public expenditure under the BAU and policy interventions. Infrastructure, housing, and the environment are drivers of public expenditure under policy interventions. See [Annex III](#) for public expenditure model.

Table 3: Projected annual growth rates of public expenditure under the business-as-usual and policy scenarios (%)

	BAU	Policy scenarios	Difference (percentage points)
Government expenditure on education	10.0	15.6	5.6
General government expenditure on housing and community amenities	6.3	16.7	10.3
General government expenditure on health	11.7	19.4	7.7
Environment function expenditure	7.7	16.9	9.2
Infrastructure function expenditure	11.9	22.7	10.8

3.4 Results

The modelling showed that under a BAU scenario where Indonesia maintains the same public spending trend on education, primary and lower secondary education targets will be achieved. However, significant progress needs to be made in upper secondary education. Coverage of essential health services would be 70 per cent (below the target) if the country were to maintain the same trend in public spending on health as observed in the past. See Table 4.

Table 4: Projection of SDG indicators under the business-as-usual scenario, 2030

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	Value	Cumulative changes	Estimated value,2019
Lower secondary completion rate, total (%)	111.85	0.24	90.0
Primary completion rate, total (%)	107.63	0.05	102.3
Educational attainment, at least completed upper secondary (%)	52.90	0.39	38.1
Population living in slums (% of urban population)	28.95	-0.05	30.6
Coverage of essential health services	70.05	0.25	56.0
Renewable electricity output (% of total electricity output)	19.39	0.19	16.2
Road with good condition %	44.93	0.03	43.4

Under the BAU scenario, only 19.39 per cent of the country's electricity comes from renewable sources, more than half the roads are not in good condition, and 29 per cent of the urban population still lives in slums.

If Indonesia increases investment in health (see Table 5), the target will be reached by 2030. Furthermore, if the country invests more in education, the upper secondary completion rate will be 75.82 per cent, compared with 52.90 per cent under the business as usual (BAU) scenario. Further investment in renewable energy production, housing and transport would significantly improve the SDG indicators; the share of renewable electricity would be 30.06 per cent, and half of all roads would be in good condition.

Table 5: Projection of SDG indicators under policy scenarios

Projected SDG indicators under intervention, 2030			
	Value	Cumulative changes	Estimated value,2019
Lower secondary completion rate, total (%)	111.85	0.24	90.0
Primary completion rate, total (%)	107.63	0.05	102.3
Educational attainment, completed at least upper secondary school, (%)	75.82	0.99	38.1
Population living in slums (% of urban population)	21.42	-0.30	30.6
SDG 3.8.1 Coverage of essential health services	99.68	0.78	56.0
Renewable electricity output (% of total electricity output)	30.06	0.85	16.2
Roads in good condition, %	49.95	0.15	43.4

Compared to the BAU scenario, the SDG Push scenarios show significant progress on the SDG indicators is possible. The main reason for this, is that, under the SDG push scenarios, productive public spending on education, transport and housing has triggered productivity growth and lower input and production factor costs. See Table 6.

In the BAU scenario, two indicators - labor productivity growth rate and labor share of GDP - out of seven are not on track, while five indicators show slight progress. When the public spending scenarios are combined, the country can achieve an annual GDP growth rate of 7.12 per cent, which is higher than the target (7 per cent); if Indonesia benefits from stimulus from foreign funds, i.e. 35 per cent of the cost of the policy intervention, the growth rate could

reach 7.72 per cent. The SDG Push scenarios results show public spending on education, transport and housing triggers productivity growth, and lower input and production factor costs.

While the productivity growth rate could stagnate under the BAU scenario, it could increase by over 4 per cent (per year) under the combined SDG Push policy scenarios relative to the value observed in 2022. When all scenarios are combined and exclusively financed by domestic private savings (including public debt), the country could record good progress (green) for four indicators (SDGs 8.1.1, 9.2.2, 7.2.1 and 10.1.1) out of seven; it could also record slight progress for SDGs 8.2.1 and 9.2.1 (Table 6). External financing could adversely affect the economy due to the appreciation of real exchange rates, which is particularly important for export-oriented sectors.

Table 6: Projection of SDG indicators under the business-as-usual and SDG Push scenarios

	Indicator	Estimated value, 2022	Annual average (2023–2030), per cent						
			BAU	EDU ^a	EDU+HLT ^b	EDU+HLT+TRA ^c	EDU+HLT+TRA+REL ^d	EDU+HLT+TRA+REL+HOU ^e	Stimulus ^f
8.1.1	GDP growth rate	5.29	5.70	6.26	6.35	6.77	6.92	7.12	7.72
8.2.1	Labor productivity growth rate ^g	2.80	2.80	2.84	2.85	2.87	2.88	2.91	2.92
9.2.1	Manufacturing value-added share of GDP	18.34	18.68	18.69	18.68	18.58	18.60	18.70	18.49
9.2.2	Manufacturing employment share of total employment	11.60	12.29	12.52	12.53	12.51	12.52	12.63	12.28
7.2.1	Renewable electricity share of total final energy consumption	13.67	13.77	13.49	13.47	13.38	14.01	13.98	13.73
10.4.1	Labor share of GDP	29.49	27.10	25.66	25.65	25.59	25.57	25.35	25.52
10.1.1	Growth rate of household expenditure (bottom 40%)	3.58	4.38	4.84	4.89	5.23	5.36	5.40	6.15

^a The authors used the change in GDP per employed person from the World Indicators database (2023); ^{an} increase in public expenditure on education; ^bincrease in public expenditure on education and health; ^cincrease in public expenditure on education, health and transportation; ^dincrease in public expenditure on education, health, transportation and renewable electricity; ^eincrease in public expenditure on education, health, transportation, renewable electricity, and housing; ^fincrease in public expenditure on all sectors, partly financed by external funding (35%).

For all the policy scenarios, the results showed that Indonesia would not be on track with respect to SDG 10.4.1 (labor share of GDP); the possible explanation for this is that the investment plan implemented under the policy scenarios has increased capital accumulation and productivity; as a result, production has become less labor-intensive.

More than 2.4 million additional people will be lifted out of poverty if all scenarios are implemented; if the country benefits from foreign financing (stimulus), more than 3.7 million additional people will be lifted out of poverty by 2030, and the poverty rate should drop to 4.3 per cent.

3.5 Costing of SDG accelerators

The average additional fund needed to deliver the SDG Push policy accelerators is 2% of baseline GDP and the total estimated additional cost is \$281 billion over the period 2023-2030 (see Table 8).

Based on estimated costs, Indonesia's Integrated National Financing Framework (INFF) in line with SDG finance strategy, could be used as a tool to explore options to mobilize the financial resources needed to cover the costs of the SDG accelerators. Based on Indonesia's experience, these options could include mobilizing national public resources (fiscal policy, budget reallocation), partnering with the national private sector or mobilizing external funds (public or private).

4. Conclusion

The SDG Push found that critical drivers of SDG acceleration in Indonesia center around policy interventions in education, health, transport, housing, and renewable energy. Overall, public interventions through productive investment in these areas could help the country get back on track with SDGs that may have regressed because of the COVID-19 pandemic. Specifically, the SDG Push showed that higher public spending in these areas not only improve SDGs indicators but also has positive spillover effects on the entire economy.

Under the SDG push scenarios Indonesia is expected to achieve SDG 3.8.1 and SDG 8.1.1 related to coverage of essential health services and GDP per capita growth rate, respectively. While the country could achieve the SDG 4.1.2 target related to primary and lower secondary completion rate under a BAU scenario, SDG push accelerators would trigger significant positive changes in upper secondary completion rate compared to BAU, in addition to reaching SDG 4.1.2 target.

The modelling also showed that the SDG push interventions enable significant progress on transportation infrastructure, resulting in half of all roads being in good condition (SDG 9.1.1), higher use of renewable electricity (SDG 7.2.1), and a lower proportion of the urban population living in slums (SDG 11.1.1). When the required investments under the SDG push framework are partially funded by external funding, the GDP growth rate could reach 7.72% with a significant reduction in inequality (SDG 10.1.1). Adding up public investments in areas identified in the Dialogue, pushes Indonesia further toward achieving SDG 8.1.1, SDG 8.2.1, and SDG 10.1.1.

Finally, 2.4 million additional people will be lifted out of poverty if all scenarios are implemented and funded domestically (compared to BAU); if Indonesia benefits from foreign financing (stimulus), more than 3.7 million additional people will be lifted out of poverty by 2030, and the

poverty rate should drop to 4.3%. To achieve this, the average financing requirement is 2% of baseline GDP and represents \$281 billion over 2023-2030.

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Technical Appendices

Appendix I - Dialogue report

1.1 Understanding how issues are presented on the ground.

Note: outputs for Teams 1,2,3,4 labor were captured and shared below. Outputs for teams 5-8 were not captured.

Discussion notes table 1- Access to Education

Target 4.3 Technical, vocational, and tertiary education

Indicator 4.3.1 Youth and adult participation rates in formal and non-formal education and training (Data source: Susenas Module, BPS 2018)

Current progress

Rural: Teenagers (45.72%), Adults (1.67%)

Remote: by province?

Urban: Youth (50.90%), Adult (2.78%)

Bottom 40%: Teenagers (42.69%), Adults (0.89%)

2015 situation

- In the education sector, the 2015-2019 RPJMN has not yet touched the target for vocational education and training. The baseline for tertiary education is the gross enrollment rate for tertiary institutions of 28.5%.
- In the field of increasing human resources, there is a target of increasing training and certification as well as the number of state-owned training institutions.

Changes in the last 7 years:

- In the 2020-2024 RPJMN, the issues of vocational education and training have been integrated towards revolution 4.0.
- RPJMN 2020-2024, there has been a target for the number of vocational training graduates from 1.4 million (2019) to 2.8 million (2024).
- The number of training institutions until 2018 = 4,039 units
- PT APK 2021: 31.19%.

Challenge:

- Mismatch between the competencies of vocational education and training graduates and industry needs.
- In addition to being limited in number, infrastructure facilities at government-owned training institutions also have not been updated.
- Efforts to encourage informal workers to formal are not entirely bad, because the phenomenon of informal workers has several advantages in the form of flexibility in working hours, higher income (Gig Worker), not depending on one industry or expertise so that they have opportunities in many fields.

Attempts to overcome challenges:

- Currently there is Presidential Decree No. 68 of 2022 concerning the revitalization of vocational education and training.

Interlinkage:

- Target 4.3 conditions are related to Target 8.5. However, it cannot be separated from the target condition 8.6.
- In 2021, the number of unemployed reached 9.10 million people with the open unemployment rate dropping to 5.86 (2022) from 6.49 (2021), the underemployment rate to 6.32 (2022) from 8.71 (2021),
- The percentage of young people who are not in school, working or attending training (NEET) is 22.40 (2021) from 22.28 (2020).

Discussion notes table 2- Health, Water and Sanitation

Current Situation

- Problem of stunting (4th countries with highest burden) □ 2013: 37.2% □ 2021: 24.4% shows improvement but still high
 - Urban: 21.70% vs Rural: 27.80% (2021)
 - Poorest: 34.70% vs Richest: 14.30% (2021)
 - Despite the pandemic COVID-19, and disruption to the national development of health, social and the economy, the stunting rate has reduced from 31% in 2018 to 24,4 % in 2021
- Related factors:
 - maternal health (hypertension, pre-eclampsia, diabetes, anemia, chronic energy deficiency, pregnancy at younger age)
 - unsafe water and sanitation
 - poverty
 - education attainment
- Target: 14% in 2024
- Stranas Stunting □ Indonesia has a strong commitment and multiform interventions to tackle stunting since 2017 by launching the National *Strategy to Accelerate Stunting Prevention* (Stranas Stunting)

Discussion notes table 3- energy

How does this issue currently appear on the ground in different national contexts (rural, remote, urban, urban poor)?

- Issues related to energy today are regarding the provision and access to energy sources for the community. The provision of electricity to rural and remote areas is carried out through the expansion of the electricity network by PLN which is limited by geographical conditions, costs, and the economic situation in the target areas, and through the installation of off-grid systems by developing electricity networks.
- There are still 433 villages that do not yet have electricity, according to the KESDM report for 2021. Of the 433 villages that do not yet have electricity, only 117 villages have been completed with a total of 13,477 household customers.
- Other issues related to the supply of electricity need to also include context, for example reliability and affordability (people's purchasing power).
- In relation to the provision of fuel, it is still difficult for the 3T area and several other border areas to get access to fuel at an affordable price due to the distance constraint which causes

the cost of fuel transportation to become more expensive.

- The Funding Strategy for the Development of the Physical Special Allocation Fund is used to support the development/procurement of local public service facilities and infrastructure and encourage other non-government actors within the framework of multi-stakeholder cooperation such as increasing connectivity and electrification for inclusive development in target areas, one of which is Renewable Energy Infrastructure (IET).

How would you describe the reality of these issues in 2015?

- The number of villages that have not yet been electrified is greater, the provision of renewable energy or alternative energy, for example solar panels, biomass has not been massively distributed/evenly distributed.

What has changed in the last 7 years? Better, worse?

- Provision of access to electricity is gradually increasing so that the electrification ratio is increasing, more villages are electrified, better in terms of developing electricity supply infrastructure and alternatives □ support from non-government is starting to be seen even though it only exists in a few areas, including the ability of farmers to utilize and organize solar panels themselves are better (there is an economic improvement) on Sumba Island, NTT. In addition, the construction of gas stations in border areas has also been increased so that access to energy can be more equitable. However, in the last 7 years, the use of energy still uses a lot of fossil energy so that it has a negative impact on the environment, especially in tackling climate and the greenhouse gas effect.

What are the root causes of the challenges we experience with these problems?

- In terms of the development of electricity infrastructure and new and renewable energy, development in Indonesia is currently still constrained by the cost of developing the required EBT infrastructure and technology, which costs are still very high and limited.
- The community's economic aspect is also a determinant of the community's ability to access energy availability.

Why have we not been able to overcome these challenges?

- In terms of developing EBT infrastructure, financing is a big challenge that must be solved. Currently, many government allocations are still given to the payment of energy subsidies that are not environmentally friendly. If the subsidy allocation can be reduced and diverted to increase the allocation for EBT infrastructure development, it can certainly accelerate the development of EBT infrastructure in Indonesia and assist in mitigating the impacts of climate change.
- The approach taken is not multi-stakeholder so that the settlement of root causes is still incomplete.

How does your issue relate to other issues?

- Energy utilization, which currently still uses a lot of fossil energy, has a negative impact on the environment, especially in terms of increasing CO₂ and the greenhouse gas effect.
- The economic capacity of the community affects utilization in obtaining access to energy (electricity)
- Access to electricity also affects education, health, and economic activities.

Discussion notes table 4- affordable public housing

How does this issue currently appear on the ground in different national contexts (rural, remote, urban, urban poor)?

- The issue of relocating/improving slum areas in Jakarta in the context of restructuring and repair (North Jakarta)
- The location flats are less accessible.
- In rural areas (Probolinggo), the transfer of land from paddy fields to low-cost housing (no one is interested with house complex in rural areas)
- The high price of buying a house or renting a house in big cities and changing interest in housing investment.
- The COVID-19 pandemic has hampered housing construction.
- In remote areas, houses are still not feasible in terms of building resilience.

How would you describe the reality of these issues in 2015?

- In rural areas there are still not many housing (Probolinggo)
- There are many issues of clearing slum areas for infrastructure projects.

What has changed in the last 7 years? Better, worse?

- Urban planning is more organized.
- There are many new city developments but not affordable, then also the design of the new city is mostly car centric.

What are the root causes of the challenges we experience with these problems?

- Inappropriate supply and demand. High house prices that do not suit the economy of the community.
- Ownership of land controlled by large developers.
- The flats were not on target (low-income people), causing the relocated residents to become squatters.

Why have we not been able to overcome these challenges?

- Government commitment is lacking.
- The difficulty of land or a strategic location for flats, even if there is a high cost.

How does your issue relate to other issues?

- The slum areas have a lot to do with land ownership issues and are built on site.
- Housing development should be integrated with public transportation.
- Adequate water and sanitation facilities are part of adequate housing, which in turn affects public health.

1.2 Identifying current interventions

Day 1: Current Interventions - Identification of Indonesia National Policies per issue

1. Access to Education

- Presidential Regulation No 47 Year 2008 concerning the 9th Year Compulsory Education in Indonesia.
- Presidential Regulation No 68 Year 2022 on the revitalization of vocational education and vocational training, focusing on vocational revitalization intervention.
- Regulation of the Minister of Education and Culture the Republic of Indonesia No 10 Year 2020 on the Implementation of Smart Indonesia (Indonesia Pintar).
- Regulation of the Secretary General of the Ministry of Education and Culture No. 22 of 2021 on Indonesian Smart Card for Higher Education

2. Health, Water and Sanitation

- Law No. 36 of 2009 concerning Health, including directions and goals improving community nutrition.
- Indonesian National Strategy on Food Security and Nutrition 2020 - 2024.
- Indonesian National Strategy (STRANAS) Year 2017 on Stunting.
- President Regulation No 42 Year 2013 concerning National Acceleration on Improving Nutrition.
- President Regulation No 72 Year 2021 on stunting policy lens.
- Regulation of Minister of Health No 492 Year 2010 and No 736 Year 2010 on drinking water quality.
- Regulation of Minister of Health No 3 Year 2014 concerning sanitation community based.
- Regulation of Minister of Health No 32 Year 2017 concerning standard on environment, water, and sanitation.

3. Access to Energy

- Law No 30 Year 2007 Concerning Energy
- Government Regulation No 79 Year 2014 Concerning National Energy Policy
- Regulation of the Minister of Energy and Mineral Resources No 50 Year 2017 on the Renewable Energy for Electrical Supply

4. Affordable Housing

- Government Regulation No 12 Year 2021 on Management of Housing and Housing Settlement Area.
- Regulation of the Minister of Public Works and Public Housing No 7 Year 2022 on Grant for Housing Development and Providing Special House.

5. Protecting cities to climate change and other shock

- Law No 16 Year 2016 concerning NFCCC agreement
- Law No 32 on the protection and management of natural environment
- The Job Creation Act No 11 Year 2020
- Government Regulation No 46 Year 2017 on the economic instrument for natural environment
- Government Regulation No 24 Year 2021 on Environmental Strategic Study.
- President Regulation No 77 Year 2018 on Management of Natural Environment Fund
- President Regulation No 98 Year 2021 on Carbon Economic Value.

6. Land Tenure and Legal Identity

- Government Regulation No 18 Year 2021 on Management Rights, Land rights, Apartment, and Land Registration.
- Regulation of Minister of Home Affairs No 73 Year 2022 concerning Civil Registration Data.

7. Integrated Transport

- Regulation of Minister of Transportation No 76 Year 2021 on Management System of Smart Transportation

8. Waste Management

- Government Regulation No 27 Year 2020 on Plastic Waste Management.
- Regulation of Ministry of Environment and Forestry No 14 Year 2021 on Waste management in waste bank.

1.3 Analyzing current interventions using guided prompts

Table 1: Access to Education						
Question #1	#2	#3	#4	#5	#6	#7
What is it solving and who is this benefiting from this? What are those benefits? What is it not solving, and who is not benefiting, and how?	What is enabling the current intervention? What are its strengths?	What are the gaps in the intervention? What are the barriers, bottlenecks to its success?	What is the role different stakeholders to implement this successfully?	Is this stop gap or is it addressing an underlying issue? What underlying issue is it addressing?	Is this a sustainable intervention (apply to programs only)?	Does this intervention support the country its transition to a circular development model?
Intervention will improve access of school age child and equal access for employability for adult	Policies for vocational revitalization intervention are: Presidential Regulation no. 68 of 2022 on the revitalization of vocational education and vocational training	Adjusting competencies in research institutions with industry needs	The role of non-government actors to increase education participation through KIP- Advocacy & Communication- Funding to increase capacity- Provision of government institutions, trainers, infrastructure, scholarships	Yes, intervention breaks down the problem. Underlying ISO: Demand: - poor school children - adults education participation lacks competency Supply: provision of KIP assistance, training	Yes, Sustainable intervention → KIP program, formal and non-formal education (training) continue to run.	As per indicator 4.7.1 Values of circular development have been mainstreamed into the national education system (policy, curriculum, student assessment, teacher training). The hope is that later they can be implemented when entering the workforce or create innovations in circular development.
Benefit: - Benefits the child's school	Policies that support intervention-	Gap intervention: MIS targeted bottle	Non-government actors can play a	The ATS handling program can	The ATS handling program is still a	Vocational training adapts to the

fees- Improve adult competencies for employment	Technical Guidelines for ATS- ABPS Stranas → as technical steps for stakeholders in handling out-of-school children (ATS)	neck: update data on poor people by name and address	role in: - Funding → private sector- Data collection → community, CSO- Advocacy, publication, communication → CSO, community- Studies/research for program optimization → academia, governance	increase educational participation, but there is a phenomenon that the enthusiasm of ATS to return to school is quite low because they are already in other systems such as working.	priority for the government in the future. However, support from non-government actors is needed to optimize the scope of this program.	development of green jobs
Revitalization of vocational education and new vocational training in 2022. So, it is yet to be determined whether this intervention can successfully solve the problem? Is it beneficial?	Policies that support the KIP program- Permendikbud no 10 of 2020 on the smart Indonesia program- Regulation of the secretary general of the Ministry of Education and Culture no. 22 of 2021 on KIP- College	Data Collection (Society & Governance) High budgetATS willingness to return to school is still below target availability of flexible learning system	Role of state holder: - Gov: planning and monitoring program- CSO: support teacher competency inauguration-: workforce competency training	Provision of scholarships/education assistance is proven to increase access to education for children from poor families	This intervention is still the focus of the government	
	(-) smart Indonesia card helps poor school children for school needs (+) Strengths → existence of rival stranasxx and funding	KIP program challenges: - Accurate data collection- Misuse of KIP- Government fiscal capacity				
		Limitation → KIP, ATS → formal				

		education→ scholarship for minimal training				
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Table 2: Health, Water and Sanitation

What is it solving and who* is this benefiting from this? What are those benefits? What is it not solving, and who* is not benefiting, and how?	What is enabling the current intervention? What are its strengths?	What are the gaps in the intervention? What are the barriers, bottlenecks to its success?	what is the role different stakeholders to implement this successfully?	Is this stop gap or is it addressing an underlying issue? What underlying issue is it addressing?	Is this a sustainable intervention (apply to programs only)?	Does this intervention support the country its transition to a circular development model?
Plus: all citizens, universal access, equitable healthy water, and sanitation	- there is no pollution of drinking water and proper sanitation in districts and cities- no joint commitment from the center and regions- central policy encourages revenue generating LGs	- budget constraints- differences in priorities- community household behavior (siphon pam contents)- natural conditions	- non-K/L, CSO, NGO must collaborate- academic -> safe water source mapping and sanitation and water source behavior change- build monitoring and evaluation system	Providing access to sanitation and safe drinking water is a national commitment such as the stunting policy.	Yes, it is sustainable until 2024	- Quality of human resources for the 2045 golden generation -Stunting ↓- PBHS↑- Education↑- Germas↑
Minus: Private sector (selling clean water)	- policy induce SDG 6.1 and 6.2- Stranas stunting 2017- Perpres 72 of 2021(stunting policy lens)- Collaboration of 14 K/L stunting	STUNTING STRANAS SUCCESS a. collaboration of 14 ministries/institutions and non-ministries/institutions. regular				

	locus 2023 (1514 city districts)	monitoring and evaluation. good "political will" budget				
Current status: safe drinking water (ladder 4); Gap to sustainable safe drinking water status (ladder 5)	Budget: - K/L Expenditure -> not yet integrated- Transfer Fund -> specialized for stunting areas- Village Fund -> 1000 HPK target					
	DAK SANITATION DAK WATER SUPPLY- provision of piped and non-piped drinking water facilities- construction of septic tanks and lpal					
	PMK 492/2010 PMK 736/2010 > water quality					

Table 3: Access to energy						
What is it solving and who* is this benefiting from this? What are those benefits? What is it not solving, and who* is not	What is enabling the current intervention? What are its strengths?	What are the gaps in the intervention? What are the barriers, bottlenecks to its success?	what is the role different stakeholders to implement this successfully?	Is this stop gap or is it addressing an underlying issue? What underlying issue is it addressing?	Is this a sustainable intervention (apply to programs only)?	Does this intervention support transition to a circular development model?

benefiting, and how?						
<p>Issues related to energy today are regarding the provision and access to energy sources for the community. The provision of electricity to rural and remote areas is carried out through the expansion of the electricity network by PLN which is limited by geographical conditions, costs, and the economic situation in the target area, and through the installation of off-grid systems by developing electricity networks</p>	<p>The number of villages that have not yet been electrified is greater, the provision of renewable energy or alternative energy, for example solar panels, biomass has not been massively distributed/evenly distributed</p>	<p>provision of access to electricity is gradually increasing so that the electrification ratio is increasing, More villages are electrified, Better in terms of infrastructure development for electricity supply and alternatives >> support from non-gov is starting to be seen even though it only exists in a few areas, including the ability of farmers to utilize and procure solar the panel itself is better off (there is an improvement in the economy) on Sumba Island, NTT. In addition, the construction of gas stations in border areas has also been increased so that access to energy can be more equitable. However, in the last 7 years, energy use still uses a lot of fossil</p>	<p>In terms of the development of electricity infrastructure and new and renewable energy, development in Indonesia is currently still constrained by the cost of developing the required EBT infrastructure and technology, which costs are still very high and limited. The community's economic aspect is also a determinant of the community's ability to access energy availability.</p>	<p>In terms of developing EBT infrastructure, financing is a big challenge that must be solved. Currently, many government allocations are still given to the payment of energy subsidies that are not environmentally friendly. If the subsidy allocation can be reduced and diverted to increase the allocation for EBT infrastructure development, it can certainly accelerate the development of EBT infrastructure in Indonesia and assist in mitigating the impacts of climate change. The approach taken is not multi-stakeholder so that the settlement of root causes is still incomplete.</p>	<p>Energy utilization, which currently still uses a lot of fossil energy, has a negative impact on the environment, especially in terms of increasing CO2 and the greenhouse gas effect. The economic capacity of the community affects utilization in obtaining access to energy (electricity). Access to electricity also affects the education, health, and economic activities.</p>	

		energy, which has a negative impact on the env, especially in climate control and the greenhouse gas effect.				
There are still 433 villages that do not yet have electricity, according to the MEMR report for 2021. Of these, only 117 villages have been completed with a total of 13,477 household customers.						
Other issues related to the supply of electricity need to also include context, for example reliability and affordability (people's purchasing power).						
In relation to the provision of fuel, it is still difficult for the 3T area and several other border areas to get access to fuel at an affordable price due to the distance constraint which causes the						

cost of fuel transportation to become more expensive.						
The Funding Strategy for the Development of the Physical Special Allocation Fund is used to support the development/ procurement of local public service facilities and infra and encourage other non-gov actors w/in the framework of multi-party cooperation such as increasing connectivity and electrification for inclusive development in target areas, one of which is Renewable Energy Infrastructure (IET).						

Table 4: Affordable housing						
What is it solving and who* is this benefiting from this? What are those	What is enabling the current	What are the gaps in the intervention? What are the	what is the role different stakeholders to	Is this stop gap or is it addressing an underlying issue? What underlying	Is this a sustainable intervention (apply to programs only)?	Does this intervention support transition to a circular

benefits? What is it not solving, and who* is not benefiting, and how?	intervention? What are its strengths?	barriers, bottlenecks to its success?	implement this successfully?	issue is it addressing?		development model?
<p>The 1 million housing program, housing for MBR, thematic integrated DAK: alleviation of slums. The housing availability issues. There are cash assistance interventions, but there are limitations on the coverage of interventions</p>	<p>Enabler: a clear legal framework and budget. Strength: a simple policy design</p>	<p>1) Land issues, location wise, public transportation. 2) Access to economic zone. 3) Tendency to live in landed house</p>	<p>1) Government: effective and responsible policy, commitment on the budget and allocation; evidence-based planning 2) Private sector: PPP (Public Private Partnerships); and CSR (Corporate Social Responsibility) on housing and sanitation. 3) Academia/ researcher: feasibility study/ pre-FS and policy recommendation. 4) Others: development partners, international standardization.</p>	<p>1) Middle income people are not touched wider the gap of economy; 2) Reducing housing back log.</p>	<p>There is the need for multi-stakeholder involvement</p>	

Table 5: Protecting cities to climate change and other shocks

What is it solving and who* is this benefiting from this? What are those benefits? What is it not solving, and who* is not benefiting, and how?	What is enabling the current intervention? What are its strengths?	What are the gaps in the intervention? What are the barriers, bottlenecks to its success?	What is the role of different stakeholders to implement this successfully?	Is this stop gap or is it addressing an underlying issue? What underlying issue is it addressing?	Is this a sustainable intervention (apply to programs only)?	Does this intervention support transition to a circular development model?
<p>1) Slum areas, especially in urban areas, especially on the coast; 2) Disaster-prone areas are spread across the coast and disaster-prone areas (natural, social, health). 3) Impacts in rural areas related to erratic weather have disrupted social and economic activities of the community (agriculture, water resources), and disrupted access to marine resources in coastal areas. 4) The impact on urban slum areas on riverbanks and coasts is disrupted by flooding during the rainy season</p>	<p>1) Currently there are many improvements in various locations affected by climate change. 2) In addition, government and public awareness has increased, such as climate change management policies that are based on mitigation, which are currently increasing awareness of climate change adaptation. 3) Today's society is also increasingly aware of the impacts of climate change and disaster events.</p>	<p>Improved in terms of awareness, capacity, infrastructure, and policies for dealing with climate change and disasters. However, in general disaster events due to climate change (hydrometeorology) are occurring more frequently and resulting in losses.</p>	<p>Improved in terms of awareness, capacity, infrastructure, and policies for dealing with climate change and disasters. However, in general disaster events due to climate change (hydrometeorology) are occurring more frequently and resulting in losses.</p>	<p>Climate change can also disrupt people's access to economic resources, which has implications for increasing poverty and access to education, as well as access to adequate housing. Poverty and access to education can also affect public awareness to support climate change management programs (such as spatial planning, infrastructure, relocation etc.)</p>	<p>1) PN 6: PP2 Increasing Disaster and Climate Resilience; 2) KP 2 Increasing Climate Resilience (ProP: Coastal-Sea, Water, Agriculture, Health + DRR); PP3 Low Carbon Development (CE, FLW; 3) Transp; Forest & Land; Energy; Industry & Solid Waste);4) Enabling: Support sector, education, budget and regulation; 5) Difficulty: multisector; energy utilization transformation; budget Additional interventions: policy integration and program</p>	

<p>and high waves which can damage infrastructure (abrasion, houses, roads, places of work, etc.)</p>					<p>implementation, such as regional arrangement, transportation, waste management- BI policy through CE and capacity building (Protection of Vulnerability of the Coastal & Marine Sector; Water Security; Climate Resilience in the Agricultural Sector; Protection of the Health Sector from Climate Impacts); 6) Implementation of policy adjustments and strengthening regulations; Improved mitigation to reduce GHG emissions which trigger climate change; Increasing the capacity of the parties Infrastructure strengthening; Spatial planning and increasing access to basic community services</p>	
<p>Disaster-prone areas are spread across the coast</p>						

and disaster-prone areas (natural, social, health).						
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Table 6 Land tenure and legal identity						
What is it solving and who* is this benefiting from this? What are those benefits? What is it not solving, and who* is not benefiting, and how?	What is enabling the current intervention? What are its strengths?	What are the gaps in the intervention? What are the barriers, bottlenecks to its success?	what is the role different stakeholders to implement this successfully?	Is this stop gap or is it addressing an underlying issue? What underlying issue is it addressing?	Is this a sustainable intervention (apply to programs only)?	Does this intervention support transition to a circular development model?
Impacts in rural areas related to erratic weather have disrupted social and economic activities of the community (agriculture, water resources), and disrupted access to marine resources in coastal areas.	In urban areas, the lack of secure tenure and property rights is a major barrier to achieving domestic water, sanitation, and waste management objectives. Due to the scarcity of land and the informality of rights, marginalized groups, including rural migrants to cities, are often found on public or limited land on hillsides or in areas prone to flooding, leaving a challenge for governments and development actors to decide whether to recognize and	These people are mobile and often do not have a clear address, making tracking their relationship with the health system a challenge. This dynamic reflects the huge gap between the urban poor and the urban rich that has changed the face of Jakarta and other big cities in Indonesia.	Rural residents face equally daunting challenges, though more related to the protection of their lands in dealing with concessions where small-scale land use and enterprise intersect and sometimes collide. High-profile conflicts over community land rights and the impact of large-scale timber exploitation and forest conversion for oil palm plantations have increased international scrutiny of Indonesia's agricultural and forestry sectors. While the	There is a target to certify 126 million plots of land, based on 2021 data 72.2 million plots have been certified, 54 million have not been granted certificates	The root cause of the problem of land ownership is: -Still using a dual land certification system (using letter c/kirig); The willingness of the people to register their land is still low; Lack of sufficient archival system	

	regulate these informal slums. by providing much-needed services, or displacing populations to protect the wider landscape and reduce vulnerability		opportunity to register community rights in this environment exists within the Indonesian legal framework and can help reduce conflicts with investors			
The impact on urban slum areas on riverbanks and coasts is disrupted by flooding during the rainy season and high waves which can damage infrastructure (abrasion, houses, roads, places of work, etc.)						

Table 7 Integrated Transport						
What is it solving and who* is this benefiting from this? What are those benefits? What is it not solving, and who* is not benefiting, and how?	What is enabling the current intervention? What are its strengths?	What are the gaps in the intervention? What are the barriers, bottlenecks to its success?	what is the role different stakeholders to implement this successfully?	Is this stop gap or is it addressing an underlying issue? What underlying issue is it addressing?	Is this a sustainable intervention (apply to programs only)?	Does this intervention support transition to a circular development model?

Problem: unintegrated transportation system	high level gov policy	inequality	policy enforcement	building comfortable environment		Halfway
inequality in infrastructure development and transportation system		finance				
govt has built hard infrastructure across regimes						
Transportation services provider						
Lowest level HH rural						
Automotive industry						
in general, many get benefits						

Table 8: Waste Management						
What is it solving and who* is this benefiting from this? What are those benefits? What is it not solving, and who* is not benefiting, and how?	What is enabling the current intervention? What are its strengths?	What are the gaps in the intervention? What are the barriers, bottlenecks to its success?	what is the role different stakeholders to implement this successfully?	Is this stop gap or is it addressing an underlying issue? What underlying issue is it addressing?	Is this a sustainable intervention (apply to programs only)?	Does this intervention support transition to a circular development model?
<p>Bank Sampah- what it is solving -> recovering value of material/waste (plastic, cardboards)</p> <p>Beneficiaries -> Procurers, informal sectors</p>	Permen LKH 14/2021 Waste management in waste banks	exclusive- limited to local government - voluntary nature	Gove, budget, socialization, policy -> Pergub/Perwali- Community: managing facilities, compost house, waste motorbike- Private: hazardous waste management facilities, CSR -> waste- Academic? - CSO?	underlying issue: - unintegrated waste management- marine waste & pollution	sustain -> 2024 is included as KPI in the Environmental Pillar	YES
Communities -> Support, waste collection- Gov -> Provide incentives - CSO -> Advocate the issue in community- Private -> support financially / Academic -> how to increase collection	IKPS = Waste management performance index	Gaps Barrier- alternative material substitution for packaging- behavioral change		schedule waste management as a key issue to be resolved	bank sampah policy -> ministry decree no 14/2021	

utilizing local government attention in waste management-budget-socialization	Permen LHK 75/2019 Roadmap for waste reduction by producers	Gaps -> financial support- Barriers -> areas / little availability				
Bank sampah - what not solved-only focus on valuable materials/waste	single-use plastic banned					
solving to reduce waste for producer benefit -> environment & society prevent to generate waste disposal	Enables -> Policy (Permen 14/2021)- Collected waste from informal sectors					
	Bank sampah strength -> Direct incentives					
	Reduction of waste volume upstream (production) to not supply the market;					
	Companies/manufacturers develop targets/roadmaps for waste reduction					

1.4 Horizon Scanning: Identifying Emerging Trends

Table 1 Education						
Political	Environmental	Economic	Social	Technological	Legal	Values
revision of regional agreements		5% economic growth	improving the quality of learners	better access to internet and information	revision of regional agreements	mainstreaming of sustainable development education in the education system (indicator 4.7.1)
20% education funding		unemployment rate decreases	Increase in the number of training institutions	adoption of technology in higher education (applied)		
			unemployment rate decreases			
			increase in secondary education			
			mainstreaming of sustainable development education in the education system (indicator 4.7.1)			

Table 2: Health, Water, Sanitation						
Political	Environmental	Economic	Social	Technological	Legal	Values

future interventions, sustainable city w/ community movement, (healthy living movement)	water, sanitation > good	sin tax	health security	digitalization for health services and education		
		Urgency: active mobilization citizen, better transportation, better housing, and open space	availability of healthy and safe food	new health tech		
		recession and unemployment	BPJS, insurance ↑			
		daily, health, expenditure ↑	NCD disease ↑			
			sports community ↑			
		 NCD's risk factor screening			
			(urgency) collaborative funding scheme screening, curative, rehabilitative			
Political	Environmental	Economic	Social	Technological	Legal	Values
Steam-electric power station usage until 2050,	Increase use of E-money	Carbon footprint calculator offset	Usage of Big Data for government's	Increase of work from anywhere which is going to		

reduction of greenhouse gas by 35%			decision-making process	update the regulation regarding labor and working condition		
			Social media campaign by youth			

Table 4: Affordable housing						
Political	Environmental	Economic	Social	Technological	Legal	Values
	election hoax	energy efficient home	core-center new city role	telemedicine	telemedicine	
	clean water	food scarcity, clean water, shortage	flexible working arrangement	flexible working arrangement		
	more pollution & high emission	sustainability focused industry	healthy lifestyle	data leak		
	waste management household/industrial level	preference to renting than buying a house	skilled labor shortage	depending on technology (AI development)		
	rising of hydrometeorology disaster	skilled labor shortage	Sustainable lifestyle as new identity	emerging smart satellite cities		
		upsurge of housing price	gender equality			
		more vertical housing	tendency to stay single			

Table 5: Protecting cities to climate change and other shocks

Political	Environmental	Economic	Social	Technological	Legal	Values
coastal spatial planning	use of private vehicles	increasing public awareness	use of digital technology (manufacturing, commerce, education)			
	housing environment arrangement	population growth	urbanization			
	EV using	disaster resilient infrastructure development				
	reducing the use of fossil fuels	green industry development				
	integrated waste management	smart city development				
	disaster incident	low carbon financing				
	use of mass transportation	disaster-resistant housing development				
		mass transportation development				
		GDP increasing				

Table 6: Land tenure and legal identity						
Political	Environmental	Economic	Social	Technological	Legal	Values
unstable democracy	Rising levels	Transitioning job market/industries (analog -> digital, an....)	single identity integration -> e-certificate	Improved community access to information	Discussion of the PA Law (Law No 5/1960)	
implementation of agrarian reform (Perpres 86/2018)			education level increases	SPBE -> integrated database	implementation of agrarian reform (Perpres 86/2018)	
					Indigenous law (Recognition protection)	

Table 7: Integrated Transport						
Political	Environmental	Economic	Social	Technological	Legal	Values
Cancel culture due to political changes	Cancel culture due to political changes	deglobalization -> each countries promotes local products				
	failure public transportation and EV development	disruption in labor market due to tech transformation				

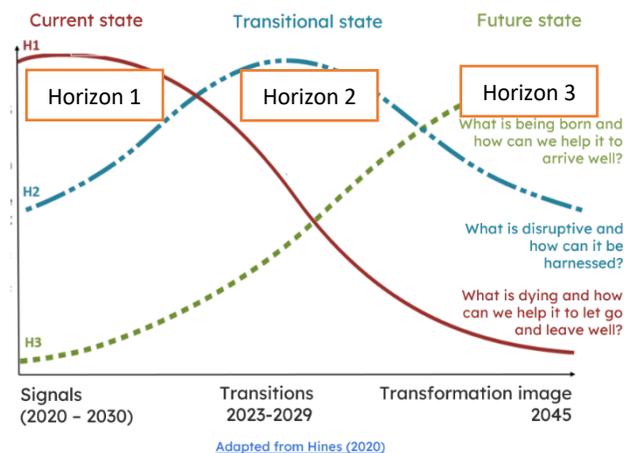
Table 8: Waste Management						
Political	Environmental	Economic	Social	Technological	Legal	Values
have done CE=> - initial study related CE - stakeholder mapping - policy related CE mapping - public campaign	sustainable public procurement -> integrated eco-friendly material into LKPPs e-catalogue	Funding, platform, financial and incentive scheme	SDGs -> initiatives to support SDG achievement increase	industry mindset -> technology that creates more waste	SDGs -> initiatives to support SDG achievement increase	Public awareness increases as environmental impact decreases
- EPR implementation Permen LHK 75/2019	the use of plastic sachets for packaging is more economical	legal & policy  circular economy	Demographic bonus -> unemployment increases	start-up waste management masif (digitalisasi waste management) 	RPJMN & RPJMD 2025 Synergy	
Presidential election 2024	industry mindset -> technology that creates more waste	circular economy action plan	start-up waste management masif (digitalisasi waste management) 		legal & policy circular economy  circular economy action plan 	
SDGs -> initiatives to support SDG achievement increase	mixed waste treatment and open dumping disposal	RPJMN & RPJMD 2025 Synergy				
RPJMN & RPJMD 2025 Synergy	integrated household waste management => well-collected, well-managed & well-transported digitalization of waste mgt	industry mindset -> technology that creates more waste				

2024 election, regime change -> policy (ultimate)	- circular economy design '- reusing material -> recycling & recovery rate increasing	Public awareness increases as environmental impact decreases				
	2024 election, regime change -> policy (ultimate)					
	legal & policy circular economy ⬆️					
	start-up waste management masif (digitalisasi waste management) ⬆️					
	Post -pandemic effect -> economic bounce back↓					

1.5 Three Horizons: Identifying 'new' Interventions

3H Framework

- H1 (top left): populated with barriers, bottlenecks and other current system issues (Day 1)
- H3 (top right): You are standing in 2045- what do you see for your area?
- H3 (bottom left): populated with 'seeds' or initiatives which are not dominant but have potential
- H2: identify new intervention needs based on H1 & H3



The Three Horizons framework visualizes how a group views the present conditions of a topic and what they think is changing and declining from our current 'normal' (Horizon 1). The group then articulates what their 'preferred/dream/ideal' state for the topic would be in the future (Horizon 3). Next the group acknowledges there has to be a bridge between what is today's normal and the desired future state (Horizon 2). Horizon 2 is the transitional state, where group articulates what are the kinds of interventions (policies, programmes) we would need to go from where we are to where we want to be.

In addition to the above, participants use the framework to acknowledge that even in the present there are already seeds of the desired future (forward thinking cutting-edge innovative ideas, organizations, interventions, people). Sometimes we need new policies and programmes to support their development (for example).

It is worth stating that for most participants this was their first time using the Three Horizons framework as such it was not always clear if the responses were placed where they intended them to be. We took photos of each table's Three Horizons template and transcribed them as we saw them in the chart below. This was then reviewed, synthesized, and simplified in Annex VIII to share with you two elements (a) What participants want in the future for their topic (Horizon 3) and (b) what are some interventions they think are needed to get us from where we are today to where we want to go (Horizon 3).

Table 1 Education

Table 1 Education								
Current State			Transitional State			Future State		
First Wave	First Wave	First Wave	Second Wave	Second Wave	Second Wave	Third Wave	Third Wave	Third Wave
(Horizon 1)	(Horizon 2 seeds)	(Horizon 3 seeds)	(Horizon 2)	(Horizon 1 decline)	(Horizon 3 line)	(Horizon 3)	(Horizon 2 decline)	(Horizon 1 decline)
Percentage of students who hasn't finished their study: Senior high school - 21,47% Junior high school - 6,71%		Unemployed: 5,86%	Better access to internet and information	Curriculum Merdeka' also known as self-tailoring curriculum	Participation numbers of stakeholder (CSO, Philanthropist, CSR)	Percentage of youth within age of 19-23 who went to college: 75%	Unemployed by 1,9%	No more unfinished student
	Percentage of youth within age of 19-23 who went to college: 31,9%	Economic growth: 5%	Development of senior and high school merging	Programs for improving teacher's capabilities	Revising constitution of district autonomy to support senior-junior high school. Still discussed in parliament	Percentage of high school accomplishment: 80%	Increasing of certified teachers by 98%	
	Percentage of certified teachers: 53%		Education budget: 20%	Bolstering numbers of training institute		Mainstreaming education, sustainable development goals on education system		

						(Indicator 4.7.1)		
			Priority for 'access' on all policies			Economy growth by 6-7%		

Table 2: Health, Water and Sanitation

Table 2: Health, Water and Sanitation								
Current State			Transitional State			Future State		
First Wave	First Wave	First Wave	Second Wave	Second Wave	Second Wave	Third Wave	Third Wave	Third Wave
(Horizon 1)	(Horizon 2 seeds)	(Horizon 3 seeds)	(Horizon 2)	(Horizon 1 decline)	(Horizon 3 line)	(Horizon 3)	(Horizon 2 decline)	(Horizon 1 decline)
Noncommunicable disease	Scattered data		Development of One Big Data, insurance policy cross cutting with other ministries (new policy)	Collaborative funding scheme		Affordable healthy food and beverage	New Health and Treatment Approach	
Increasing trend of Fast food and coffee milk	Limited human resources on health expertise		Community empowerment for healthy lifestyle (current program)	Digitalization for health service and education		One Big Data available		
Increasing daily health expenditure	Unhealthy diet, catalyzed by digital information flow		Regulation to assure the availability of sustained human			Availability of integrated health service		

			resources (new policy)					
Increasing usage of health insurance	Awareness of mental health issue		Regulation on food label (new policy)			Health aspect in all policies in Indonesia		
Increasing mobility of citizen	Emerging of infectious disease		Capacity building for health provider (current program)			Healthy Community Movement Inpres No 1 (2017)		
Current State			Transitional State			Future State		
First Wave	First Wave	First Wave	Second Wave	Second Wave	Second Wave	Third Wave	Third Wave	Third Wave
(Horizon 1)	(Horizon 2 seeds)	(Horizon 3 seeds)	(Horizon 2)	(Horizon 1 decline)	(Horizon 3 line)	(Horizon 3)	(Horizon 2 decline)	(Horizon 1 decline)
433 villages are not yet acquired electricity		Fossil fuel vehicle	Current Policy: Acceleration of Renewable Energy development for power plant (Perpres No	Campaign on developing renewable energy	Regulation on renewable energy based on societies' economic and social conditions.	Steam-electric power station usage until 2050, reduction of greenhouse gas by 35%	100% electricity access, with consideration of reliability and affordability	Increasing trend of electric car

			112 Year 2022)					
			Providing Off-grid Energy from various factors other than government	Big Data usage, satellite imaginary, to analyze the access of electricity	Multi stakeholder collaboration		Collaborative and innovative funding regarding energy sector	
				Usage of electricity is considering the activity and economic potential from society	President Instruction No 7 2022 for usage of electric car for government sector			

Table 4: Affordable housing

Table 4: Affordable housing								
Current State			Transitional State			Future State		
First Wave	First Wave	First Wave	Second Wave	Second Wave	Second Wave	Third Wave	Third Wave	Third Wave
(Horizon 1)	(Horizon 2 seeds)	(Horizon 3 seeds)	(Horizon 2)	(Horizon 1 decline)	(Horizon 3 line)	(Horizon 3)	(Horizon 2 decline)	(Horizon 1 decline)
Digital divide, rising sea level, unstable democracy, disintegrated data, car centric new city, the preference to renting than buying a house			Political will, continuing or consistency for policy implementation, Land consolidation, strengthening PPP B2G and G2G	1) Support regulation on controlling housing price, incentive for beneficiaries, more attractive offers/payment scheme and housing types. 2) Improving top-down policies and a clear standardization and guidelines	Improve infrastructure development, planning and development of new housing, and urge the issue to be a national focal point	Single identity integration, e-certificate database		
The use of private cars	The development of coastal areas, and housing complex	the development of disaster resilient infrastructure	The development of smart city, low carbon financing, the use of disaster resilient	The use of digital technology, manufacturing commerce, the development of green	Increasing GDP	The use of mass transportation		

			housing, the use of EV, the development of mass transportation, the development of green open space, the development of integrated waste management	industry, and increasing awareness of the society				
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Current State			Transitional State			Future State		
First Wave	First Wave	First Wave	Second Wave	Second Wave	Second Wave	Third Wave	Third Wave	Third Wave
(Horizon 1)	(Horizon 2 seeds)	(Horizon 3 seeds)	(Horizon 2)	(Horizon 1 decline)	(Horizon 3 line)	(Horizon 3)	(Horizon 2 decline)	(Horizon 1 decline)

Table 6: Land tenure and legal identity

	Disintegrate the data		Political will to support continuity of policy implementation on the long run	Digital Literacy improvement for civil service, from center government to district government	Implementation of Agrarian Reform	Single Identity Integration		<u>Unstable democracy</u>
			Infrastructure support (ICT)	Acceleration of database integration	Reduction of digital divide			Rising sea level
					Transitioning job market (automation)			

Table 7: Integrated Transport

Pollution, congestion		Improved transportation system in the big cities	Improved, integrated, and comfortable transportation in regional hub		EV Batteries and charging station investment	Sustainable fuels		Less pollution, less congestion, and more productivity
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Suboptimal people and goods mobility		EV distribution, demand for affordable EV is high				More integrated transportation system across region		
Table 8: Waste Management								
The use of plastic packaging; the industry mindset which increases the plastic pollution	Have done CE: initial study related to CE, stakeholder mapping, policy related CE mapping, public campaign	EPR implementation of PERMEN LHK 75/2019	Gap on funding, platform, financial and incentive scheme	Legal and policy on CE	EC action plan	Integrated household waste management	Well, collected, well managed and well transported digitalization of waste management	CE product, reuse, recycle and waste recovery

1.6 Synthesis of the Three Horizons exercise: What did the participants want to see change for each issue (Desired goals, Horizon 3), and which interventions did they think can support this transition (New interventions, Horizon 2)

	Transitional State	
	Second Horizon – What could help us transition from where we are to where we want to go	
	Desired goals for each topic as articulated by the groups	New Interventions proposed by audience
Table 1 Education	<ul style="list-style-type: none"> -Increasing youth between age of 19-23 who went to college -Increasing high school completion -Increasing of certified teachers -Mainstreaming education, sustainable development goals on education system (Indicator 4.7.1) 	<ul style="list-style-type: none"> -Curriculum Merdeka' also known as self-tailoring curriculum -Initiatives that bring better access to internet and information -Development of senior and high school merging -Programs for improving teacher's capabilities

	<ul style="list-style-type: none"> -Having economic growth -Reduced unemployment -Participation of different stakeholders in the education conversation and work (CSO, Philanthropist, CSR) 	<ul style="list-style-type: none"> -Bolstering numbers of training institute for teachers -Revising constitution of district autonomy to support senior-junior high school. Still discussed in parliament
<p>Table 2 Health, Water and Sanitation</p>	<ul style="list-style-type: none"> -Availability of affordable healthy food and beverage -New Health and Treatment Approach -Health aspect in all policies in Indonesia 	<ul style="list-style-type: none"> -Community empowerment for healthy lifestyle (current program) -Regulation on food label (new policy) -Availability of integrated health services -Healthy Community Movement Inpres No 1 (2017) -Capacity building for health provider (current program) -Collaborative funding schemes -Digitalization for health service and education -Development of One Big Data, insurance policy cross cutting with other ministries (new policy) -Regulation to assure the availability of sustained human resources (new policy proposed by gov)
<p>Table 3 Energy</p>	<ul style="list-style-type: none"> -100% electricity access, with consideration of reliability and affordability -trends of new energy efficient technologies -Steam-electric power station usage until 2050, reduction of greenhouse gas by 35% -Collaborative and innovative funding regarding energy sector 	<ul style="list-style-type: none"> - Develop Campaign on developing renewable energy -Big Data usage, satellite imagery, to analyze the access of electricity -Current Policy: Acceleration of Renewable Energy development for power plant (Perpres No 112 Year 2022) -Providing Off-grid Energy from various factors other than government

	<ul style="list-style-type: none"> -Regulation on renewable energy based on societies' economic and social conditions -Multi stakeholder collaboration -Usage of electricity is considering the activity and economic potential from society 	<ul style="list-style-type: none"> -President Instruction No 7 2022 for usage of electric car for government sector
Table 4 Affordable housing	<ul style="list-style-type: none"> -Political will, continuing or consistency for policy implementation, Land consolidation, strengthening PPP B2G and G2G, -Improve infrastructure development, planning and development of new housing, and urge the issue to be a national focal point 	<ul style="list-style-type: none"> -Support regulation on controlling housing price, incentive for beneficiaries, more attractive offers/payment scheme and housing types -Improving top-down policies and a clear standardization and guidelines -Single identity integration, e-certificate database
Table 5 Protecting cities to climate change and other shocks	<ul style="list-style-type: none"> -The use of digital technology, manufacturing commerce, -the development of green industry, and increasing awareness of the society -The use of mass transportation 	<ul style="list-style-type: none"> -The development of smart city -The development of low carbon financing, -The use of disaster resilient housing, -The increased use of EV, -The development of mass transportation, -The development of green open space in cities, -The development of integrated waste management
Table 6 Land tenure and legal identity	<ul style="list-style-type: none"> -Political will to support continuity of policy implementation on the long run, -Reduction of digital divide, -Infrastructure support (ICT) 	<ul style="list-style-type: none"> -Digital Literacy improvement for civil service, from center government to district government -Implementation of Agrarian Reform -Acceleration of database integration -Transitioning job market (automation)

		-Single Identity Integration
Table 7 Integrated Transport	-Improved, integrated, and comfortable transportation in regional hub -Less pollution, less congestion, and more productivity	-EV Batteries and charging station investment. -Introducing Sustainable fuels -More integrated transportation system across region -More integrated transportation system across region
Table 8 Waste Management	-Widespread CE product, reuse, recycle and waste recovery	-Legal and policy interventions on CE -EC action plan - Reduce gap in funding by introducing financial and incentive schemes -Well collected, well managed and well transported digitalization of waste management -Integrated household waste management

Appendix II – Methodology and data

Model

Our CGE builds off from the PEP recursive dynamic mode (PEP-1-t, Devalue et al., 2010).² The production nest is a Leontief aggregation of the value-added intermediate bundle. Value added is an aggregation of capital and labor. Standard assumptions regarding utility maximization are considered, and household demand is modelled through the linear expenditure system (LES). Household income comprises income derived from the factors of production (capital and labor), as well as transfers from the Government. Household disposable income is obtained by deducting savings and direct taxes from income.

Regarding the government account, expenditure consists of consumption of goods and services, and transfers to households and the rest of the world. The income side consists of taxes and income from enterprises and the rest of the world. The difference between government expenditure and income is government savings, which is endogenously determined in the model.

As in a typical CGE model, imperfect substitution between domestic and foreign goods is assumed. On the import side, the Armington function is used

to capture substitution possibilities between domestic and imported goods in response to changes in relative prices. On the export side, the constant elasticity of transformation (CET) function is used to capture substitution possibilities between domestic and foreign sales.

Market equilibrium is achieved by equalizing demand and supply through price adjustments in commodity, factor, and foreign exchange markets. Regarding macro closures, aggregate capital is fixed and fully employed, while a wage curve is used to model employment, implying the possibility of unemployment. Foreign savings is fixed, and the real exchange rate is flexible. Further, government consumption is fixed, and both direct and indirect tax rates are fixed. The household savings rate is also assumed to be constant.

The above model was extended to analyze the policy interventions related to education, infrastructure (transportation, renewable energy), health and housing. The extensions to the model are discussed below.³

Education

To assess the impact of public expenditure on education outcomes and labor markets, the authors relied on the study by Jung and Thorbecke (2003). The model has three categories

² This has similar features to IFPRI's standard model

³ See Decaluwé et al. (2010) for more details.

of labor: unskilled (1), semi-skilled (2) and high-skilled (3). Unskilled labor includes individuals who have not completed primary school; semi-skilled includes individuals who have finished primary school but have not completed secondary school; and high-skilled labor comprises individuals who completed secondary and tertiary education.

The supply of educated labor is determined by agents' maximization of their lifetime incomes. In a period, t , an agent selects one between the following two options: obtaining a higher-level education in period t to earn higher expected wage incomes from period $(t+1)$ or continuing to work without a higher-level education and earning the wage incomes for the same education level afterwards. The expected value of wage income for an educated worker depends on the wage level and the availability of education facilities.

The supply of educated labor can be specified approximately as:

$$MS_t^m = \varphi_1 ED_t^\rho + \varphi_2 \left(\frac{w_{t-1}^m}{w_{t-1}^l} \right) \left(\frac{1 + g_{t-1}}{1 + r_{t-1}} \right) = \varphi_1 ED_t^\rho + \varphi_2 \left(\frac{w_t^m}{w_t^l} \right)$$

MS = supply of educated individuals; ρ = an elasticity of supply to public expenditure (ED), and the authors used the value of 0.5, as Jung and Thorbecke (2003). φ_1, φ_2 are positive parameters calibrated using the data from the SAM and education return. g is growth rate of wages, and r is the discount rate (interest rate). w_t^m represents the wage rate for higher education, and w_t^l is the wage rate for lower education; ML is labour supply; and MS stands for educated people.

$$MS_3 = ML_3$$

$$MS_2 = ML_2 + MS_3$$

$$ML_1 = PA - ML_3 - ML_2$$

Labor supplied by non-educated individuals (ML_1) is determined residually, i.e. taking the difference between active population (PA) and labour supplied by other categories.

Infrastructure: Transportation and renewable energy

Theoretically, the supply-side effects of infrastructure investment stem from two potential mechanisms. First, greater investment in infrastructure (transport and energy sectors) means higher capital accumulation and production; consequently, the infrastructure sector is likely to

increase its demand for inputs (supplied by other sectors). And second, the induced increase in infrastructure production can lead to lower transport and energy services costs, positively affecting the output of sectors that use these goods as inputs.

Following Cetin (2022), Montaud, Dávalos & Pécastaing (2020) and Boccanfuso et al. (2014), we include externality function ($\theta_{j,t}^{inf}$) in production function to capture the impact of public investment in infrastructure on private output.

$$VA_{j,t} = \theta_{j,t}^{inf} (LDC, KDC)$$

F(.) is the function of composite labor and capital

$$\theta_{j,t}^{inf} = \left(\frac{KD_{inf,t}}{KD_{inf,t-1}} \right)^{\xi_{inf,j}}$$

$\xi_{inf,j}$ represents the elasticity of externality to public investment in infrastructure. The values from Montaud, Dávalos & Pécastaing (2020) were used. In addition, sensitivity analyses were conducted (see Annex).

Health

Like Savard and Adjovi (1998), it is assumed that health may affect private output through an increase in total factor productivity (due to improved human capital). This is captured by the variable $\theta_{j,t}^{health}$:

$$VA_{j,t} = \theta_{j,t}^{health} F(LDC, KDC)$$

$$\theta_{j,t}^{health} = \left(\frac{HG_{health,t}}{HG_{health,t-1}} \right)^{\xi_{health,j}}$$

$\xi_{health,j}$ represents the elasticity of externality to public expenditures ($HG_{health,t}$) in health; the elasticity values are from Savard and Adjovi (1998). In addition, sensitivity analyses were carried out (see Annex).

Housing

As mentioned by Maclennan (2019), housing should be considered infrastructure, because it is likely to have potential supply-side impacts by boosting labor productivity. First, developing better housing outcomes helps workers reduce their travel to work time so they may devote more time to their work, which constitutes a growth-inducing increase in the supply of labor (agglomeration effects and residential densities). Second, when households have access to affordable housing closer to jobs, education, and services, this may result in better job

matching and learning outcomes (human capital accumulation effects). To capture the labor productivity effect related to investment in housing, the authors relied on following equations⁴:

$$LDC_{j,t} = \theta_{j,t}^{house} G(LD_{l,j,t})$$

$$\theta_{j,t}^{house} = \left(\frac{KD_{house,t}}{KD_{house,t-1}} \right)^{\xi_{house,j}}$$

$G(.)$ is the generalized constant elasticity of substitution (CES) of different categories of labor. $\xi_{house,j}$ is the elasticity of labour productivity to public investment in infrastructure. Unlike infrastructure, a credible estimation of $\xi_{house,j}$ was absent from the literature. A smaller value of $\xi_{house,j}$ (0.1) was used and a credible sensitivity analysis was run.

To run poverty analysis, the CGE model was linked with a microsimulation (top-down) using household income as the transmission channel. The microsimulation is based on the reweighting approach using the cross-entropy method (Fofana, Chitiga-Mabugu & Mabugu, 2023).

Data

The main source of data was the 2018 SAM for Indonesia developed by the International Food Policy Research Institute (IFPRI.) The SAM is a detailed representation of Indonesia's economy consisting of 41 sectors. Labor is classified by skill level (unskilled, semi-skilled and skilled); rural and urban households, by expenditure quintiles (five types each of rural and urban); and Government, investment, and foreign accounts. The SAM was updated to 2021 using macroeconomic data of the same year. Further, some accounts of the SAM were divided using coefficients from the Indonesia Input Output Table 2016 (Statistics Indonesia). Specifically, sector of construction was divided into residential buildings; agricultural infrastructure; electricity and gas infrastructure; roads, bridges, and ports; and other buildings. Electricity sector was divided into renewables and non-renewables. Refined oil industry was separated from manufacturing. And finally, mining was split into coal, oil, natural gas, and geothermal, and other mining. The division was aimed at constructing alternative scenarios using the CGE model.

⁴ This equation is like that of Savard and Adjovi (1998)

Annex III – Public expenditure model

To derive public expenditure under policy scenarios, the process is as follows:

Step 1: For each scenario, we computed elasticity parameter as the ratio of change in SDG indicator-to-change in related public expenditure, using data from Tables 1 and 2.

$$e = \left(\frac{\Delta sdg}{sdg} \right) / \left(\frac{\Delta g}{g} \right)$$

It is assumed here that these elasticities are stable over the 2023–2030 period.

Step 2: For the intervention scenario, the SDG target by 2030 was set and the related changes $\left(\frac{\Delta sdg}{sdg} \right)$ were computed; then the change in public expenditure was desired using estimated elasticities. For the baseline scenario, the projection of the public expenditure over the period of analysis was used and then the values of SDG indicators were derived using the same elasticity parameters.

Appendix IV – Caveat and Sensitivity Analysis

The report authors recognize that our methodology has some limitations mainly related to data issues. Because of that, we compute the ratios of relative changes as proxy of elasticities, which should be estimated consistently. In the CGE model, we rely on elasticities that are from literature, while they should be country specific. However, we have conducted a credible sensitivity analysis.

Our results of policy scenarios rely on the values of elasticities $\rho, \xi_{inf,j}, \xi_{health,j}, \xi_{house,j}$. $\xi_{inf,j}$ are taken from Montaud et al (2020); $\xi_{health,j}$ come from Savard and Adjovi (1998) and ρ is taken from Jung and Thorbecke (2003).

To run the sensitivity analysis, we decrease the elasticities by more than 50% (low bound) and increase them by 50% (upper bound) while keeping the model stability⁵.

Although we observe improvement in SDG indicators under high elasticities of investments, the raking of investment stays the same.

Table A1 GDP growth under low elasticities (%)

		Estimated value, 2022	Annual average (2023-2030)						
			BAU	EDU	EDU+HLT	EDU+HLT+TRA	EDU+HLT+TRA+REL	EDU+HLT+TRA+REL+HOU	Stim
8.1.1	GDP growth rate	4.86	4.70	5.27	5.30	5.50	5.58	5.69	6.32
8.2.1	Labor Productivity Growth rate	2.80	2.74	2.78	2.78	2.79	2.80	2.81	2.81
9.2.1	Manufacturing value added share of GDP	18.34	18.71	18.74	18.73	18.69	18.70	18.79	18.55
9.2.2	Manufacturing employment share of total employment	11.58	12.19	12.41	12.42	12.42	12.43	12.50	12.13
7.2.1	Renewable electricity share of total final energy consumption	13.68	14.02	13.76	13.75	13.71	14.28	14.27	14.03
10.4.1	Labor share of GDP	29.58	27.69	26.21	26.21	26.18	26.17	26.07	26.24
10.1.1	Growth rate of households expenditure (bottom 40%)	3.29	3.65	4.11	4.10	4.26	4.32	4.38	5.17

⁵ For some elasticities the increase is lower than 50% because of magnitude of shocks we are analysing.

Table A2 GDP growth under high elasticities (%)

		Estimated value, 2022	Annual average (2023-2030)						
			BAU	EDU	EDU+HLT	EDU+HLT+TRA	EDU+HLT+TRA+REL	EDU+HLT+TRA+REL+HOU	Stim
8.1.1	GDP growth rate	5.56	6.38	6.95	7.11	7.74	7.96	8.11	8.67
8.2.1	Labor Productivity Growth rate	2.80	2.82	2.86	2.87	2.91	2.92	2.94	2.95
9.2.1	Manufacturing value added share of GDP	18.34	18.57	18.58	18.57	18.40	18.42	18.52	18.33
9.2.2	Manufacturing employment share of total employment	11.59	12.22	12.44	12.46	12.42	12.44	12.52	12.19
7.2.1	Renewable electricity share of total final energy consumption	13.67	13.60	13.30	13.28	13.13	13.79	13.76	13.51
10.4.1	Labor share of GDP	29.52	27.22	25.77	25.74	25.66	25.64	25.51	25.69
10.1.1	Growth rate of households expenditure (bottom 40%)	3.86	5.03	5.52	5.62	6.13	6.33	6.38	7.11

Table A3

	Ratio of changes
Lower secondary completion rate	0.131522453
primary completion rate	0.028000105
Educational attainment, at least completed upper secondary, population 25+, total (%) (cumulative)	0.210023055
Housing	-0.055932636
Health	0.105161706
Renew Energy	0.153757142
Transportation	0.014066807

