

WORK WORK WORK – IS IT ENOUGH?



HISTORY often suggests that countries prosper or wither entirely on individual leadership. But is that all it took? History also shows that each of these visionary leaders were in fact supported by a political system, a bureaucracy and a private sector that believed and supported the same nation

building aspirations of its leader.

For Indonesia, we have a visionary leader, who is directly involved in delivering priority programs. He has literally rolled up his sleeves to unlock projects that were stuck for years. His cabinet's motto of "work work work" is exemplary, too, but sadly it's not enough. The president has been let down by inter-ministerial squabbles, counterintuitive policy reforms from ministries, and a political system apparently blind to urgently solving the nation's development constraints.

To put these constraints into perspective, by 2030, Indonesia will be the world's ninth largest economy, with a GDP more than four times that of the current \$1 trillion. If the current infrastructure is inadequate, then consider what will happen in a \$4.5 trillion economy. We will hit the proverbial wall, with infrastructure bottlenecks constraining growth, and even less quality of life.

Despite this, the lack of a cohesive approach to achieve the president's priorities is troubling. For example, the recent policy reforms for the renewable energy program by the Ministry of Energy and Mineral Resources has been universally condemned as counterintuitive and anti-investment.

A lawyer friend aptly put it that the ministry tried to fix something that was not broken and thus broke the whole sector. This self-inflicted wound undercuts the president's vision of electrifying thousands of islands via renewable energy sources, including solar power. Yes, the ministry was "working"—yet did it align the president's goals?

In another example, the SOE Ministry announced in April last year the government's vision of creating mega-SOEs by consolidating large SOEs by sector. The market

liked this idea, and hoped that this long overdue strategy would create larger and financially stronger SOEs to regionally and globally compete.

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To date, there's no clarity (and less action) on this mega-SOEs strategy, and, importantly, the political system apparently doesn't support this strategy. Granted, transformation programs are difficult to pull off, but are nearly impossible to achieve without political courage and a conviction that they are in the nation's best interest.

China, Japan, Malaysia, Singapore, Thailand all have hundreds of SOEs, also known as government



linked companies (GLCs). Unlike Indonesia, these GLCs, some 100% owned by government, don't report to government servants and are generally run like any large private corporation, with supervisory boards that includes shareholder representatives, including the government.

I am hopeful that the government will hire more enlightened technocrats from Indonesia's inspired youth to chart a more cohesive way forward and manifest the belief that nation building should transcend politics. Indonesia's hands-on leadership is a great start, but it needs to be supported, coordinated and delivered to build this great nation, as 2030 is fast approaching. **F**