

Is Indonesia's Growth Inclusive?

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ABSTRACT

The concept of inclusive growth has emerged as one of a new development agenda both at national and international level. This paper will measure inclusive growth in Indonesia using the Asian Development Bank (ADB)'s inclusive growth definition where "growth that not only creates new economic opportunities, but also one that ensures equal access to the opportunities created for all segments of society, particularly for the poor". Drawing from the work of Ali and Son (2007) we calculate Indonesia's Growth inclusiveness using Social Opportunity Function between 2010 and 2015. We discuss the share and equity of access to education, access to health services and access to basic services such as electricity, improved sanitation and clean drinking water. The result shows that Indonesia's strong economic growth has increased access to education, health services and basic services in Indonesia. However, the result also shows that the disparity between western and eastern region is still very high. It is not surprising that in general, access to education, health services and basic services in eastern part of Indonesia is always below national average. This paper also provides some policy recommendations where the government can increase access to those services to make sure that everyone benefits from Indonesia's economic growth.

Keywords: Inclusive growth, Indonesia

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