



INDONESIA'S B20 PRESIDENCY PUSHED THE BOUNDARIES OF SUCCESS

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EXECUTIVE SUMMARY

Despite pressing global challenges, B20 Indonesia offered a remarkably encouraging platform for global collaboration and one which sets a new benchmark for future B20 presidencies to come.

As B20 Indonesia passed the baton on to India for 2023, it offers the chance to reflect on the positive progress made during Indonesia's presidency. That includes a commitment to three key priorities—to boost an innovative global economy, to forge an inclusive and sustainable future, and to embrace a collaborative recovery and growth.

B20 Indonesia championed three vital pillars to deliver on this need – a commitment to prioritize innovation to unlock post-growth, facilitate sustainable development, inclusive of MSMEs and vulnerable groups, and finally, support multistakeholder collaboration across developed and developing countries to build a resilient and sustainable future.

INDONESIA SUCCESSFULLY NAVIGATED A B20 PRESIDENCY THAT IS REGARDED TO BE ONE OF THE MOST CHALLENGING PREMIERSHIPS IN RECENT TIMES.

The Business 20 (B20)—the business arm of the global G20 intergovernmental forum— offers a powerful international platform for dialogue between the business community, policymakers, and civil society. In fulfilling this role, the B20 must wrestle with the most pressing issues of its time, seeking to build a more open, collaborative, and equitable global landscape.

At the time Indonesia received the G20 presidency from Italy in December of 2021, the world was cautiously looking forward to an optimistic rebound following two consecutive years of challenging growth triggered by the COVID-19 pandemic. Most countries were projected to revert to pre-pandemic economic output recovery by 2023.

However, as the global rebound took its first steps toward recovery, fresh headwinds emerged to suppress growth hopes. Persistent global supply chain disruptions triggered by lingering pandemic impacts, and compounded by new COVID-19 variants, cast a continued cloud over economic fortunes. Accelerating inflation in major G20 economies—particularly the US and parts of Europe—coupled with worse-than-expected economic slowdowns in China hinted at a further looming recession. These challenges were compounded by the effects of the military conflict in Ukraine, which had wide-reaching ramifications for global commodity markets and triggered further inflationary pressures.

Despite the challenges, Indonesia was successful in navigating this uncertain global dynamic, and ensuring continued collaboration across parties, while representing the diverse interests of the B20 business community.

B20 Indonesia delivered actionable policy recommendations, building on the work of past presidencies, with the goal of ensuring genuine, pragmatic progress to accelerate the global economic recovery through a sustainable growth agenda. It delivered on this agenda across three key priorities:

- **Boosting an innovative global economy**
- **Forging an inclusive and sustainable future**
- **Embracing a collaborative recovery and growth**

B20 Indonesia hosted the first in-person B20 summit since the COVID-19 pandemic. It featured over 100 speakers from more than 40 countries and was attended by more than 3,000 business and government leaders from 69 countries, with an additional 45,000 participants engaging online.

INDONESIA'S B20 BREAKTHROUGHS

Indonesia's B20 presidency delivered an effective forum for discussion that was conducive to wide-reaching change efforts. This provided a path to unlock three key breakthroughs outlined in B20 Indonesia's policy recommendations:

- **Prioritizing innovation to unlock post-crisis growth**
- **Facilitating sustainable development inclusive of MSMEs and vulnerable groups**
- **Supporting multistakeholder collaboration across developed and developing countries to build a resilient and sustainable future**

PRIORITIZING INNOVATION TO UNLOCK POST-CRISIS GROWTH

The global COVID-19 pandemic catalyzed technology adoption, and accelerated innovations across a wide range of industries. This necessary transformation revealed the remarkable economic potential of new and emerging technologies and ways of working.

The world must ensure equitable opportunities are at the heart of successfully empowering post-crises growth. It cannot afford to leave behind or put at risk, global communities including MSMEs, women, and other vulnerable groups, that—given the right access to innovation enablers—would act as powerful drivers of global economic growth.

B20 Indonesia placed significant emphasis on promoting solid foundations for equitable growth, which can act to unlock value-creating opportunities for all stakeholders. This includes opening up digital opportunities across the global economy, expanding cooperation for better cybersecurity response and resilience, and increasing funding for great infrastructure through a blended finance mechanism—supported by strong collaboration with the private sector.

B20 Indonesia committed to driving economic growth and resiliency by bridging the digital divide.

Despite continued growth in total global Internet users, 2.9 billion individuals globally still lack access to the Internet.

The B20 Digitalization Taskforce, supported by BCG as Knowledge Partner, highlighted that digital exclusion stretches beyond access to the fundamental infrastructure required for modern connectivity. Digital exclusion also incorporates end-to-end costs of accessing and utilizing the Internet in our modern world. As a result, B20 Indonesia urged all G20 countries to explore targeted demand subsidization initiatives to offset taxes and spectrum or license fees—particularly for lower-income or disadvantaged communities, common good facilities, or eligible micro-, small- and medium-sized enterprises (MSMEs). These initiatives should aim to ensure that the cost of digital devices, Internet services, and other value-chain components do not limit adoption, usage, and equitable access.



B20 promoted innovation and a commitment to supporting private-led innovations to drive green growth.

The B20 Energy, Sustainability and Climate Task Force, backed by BCG as Knowledge Partner, pushed to enhance the pace of improvement for energy efficiency in the global transport industry.

Innovation and energy-efficient growth in the transport industry not only offers a path to reduce global carbon emissions, but it can also act as a pivotal role to spur economic growth. Indonesia's own electric vehicle (EV) manufacturing industry offers a powerful example of this opportunity.

Indonesia aspires to become a leading EV market by 2023, positioning itself as a manufacturing powerhouse for the region. A recent BCG study shows that the electric two-wheel (e2W) industry offers promising potential, with projections that it could generate USD11.4 billion (~IDR 171 trillion) in annual economic value by 2030, adding up to 215,000 jobs in parts, components, and vehicle manufacturing. Unlocking this industry growth could significantly improve the national trade balance, adding up to IDR45 trillion annually by 2030, at the same time mitigating 6.1 million tons of CO2 emissions annually by the same year. More details of this opportunity can be explored in BCG's report, "[Electrifying Indonesia's Two-Wheeler Industry](#)".

B20 Indonesia, supported by BCG and fellow team members of the B20 Energy, Climate, and Sustainability Task Force, identified several additional examples of how Indonesia's private sector can contribute to an accelerated green transition. These examples offer test cases to inform the efforts of companies that include scaling up renewable energy technologies and green technologies, tapping into carbon market opportunities, and driving green investments. Further examples are elaborated on in these BCG-B20 articles: "[Indonesia's green-energy transition is a serious business](#)" and "[Oil and gas companies can accelerate energy transition](#)".

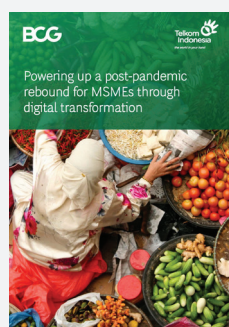
FACILITATING SUSTAINABLE DEVELOPMENT INCLUSIVE OF MSMEs AND VULNERABLE GROUPS

MSMEs play a vital role in the global economy, accounting for over 90% of global businesses and half of global employment. These critical economic engines will continue to play a major role in ensuring equitable economic opportunity in the years ahead, building on strong foundations rooted in communities and locations across the G20 and beyond. It is estimated that MSMEs will account for seven out of ten of the projected 600 million jobs required to maintain sustainable global development and ensure employment for the growing global workforce.

The COVID-19 pandemic triggered significant disruption across the global economy, disproportionately impacting many MSMEs. This disruption was particularly acute for the hardest-hit segments of the economy, which were already at a disadvantage due to their vulnerable financial positions. These enterprises are now struggling to keep operating, much less to do so in a sustainable way.

BCG research into the pandemic impacts on Indonesian enterprises revealed that more than 80% of MSMEs experienced a decrease in revenue, with the share of impact evenly distributed across these enterprises regardless of size or sector of operation.

B20 Indonesia focused heavily on emphasizing the need to facilitate the inclusion of MSMEs, women, and other vulnerable groups, not only as an important engine of growth, but also a fundamental part of truly sustainable development—ranging from climate impacts to empowerment and equality, particularly through digitalization.



B20 Indonesia championed tech-enabled workforce and companies.

Digital transformation offers a powerful opportunity to uplift MSMEs, and ultimately the communities in which they operate. BCG analysis of Indonesia's MSME landscape reveals that digitalization offers a multiplier effect for MSMEs and local economies, providing a 1.1X uplift to revenue, delivering a 1.7X industry multiplier to GDP, and a 1.3X non-revenue multiplier as MSMEs catalyze wider ecosystem benefits

In our joint publication, "[Powering Up a Post-Pandemic Rebound for MSMEs Through Digital Transformation](#)", BCG and the Chair of B20 Indonesia Digitalization Taskforce analyzed the elements required for successful digitalization of MSMEs, and how governments and private-sector organizations can support this journey.

Key elements identified include strategic pillars—product, operations, go-to-market—as well as the critical ecosystem required to enable and support digital transformation—digital talent, access to financing, government support. Encouraging and investing in both strategic and ecosystem pillars, alongside the wider enablers of success, is vital to empowering the successful digital transformation of MSMEs.



B20 Indonesia worked to enable MSMEs through inclusive supply chain ecosystem models.

B20 Indonesia championed inclusive supply chain ecosystem models that take into consideration all aspects of the ecosystem surrounding MSMEs to ensure support and address their pain points towards sustainable development.

B20 Indonesia called on leaders in the business community to help foster resilience and sustainability among MSMEs through its "inclusive closed loop" model. By providing end-to-end ecosystem enablers that support MSMEs—from inception through delivery of their products or services—through a truly integrated approach that incorporates actors from across the ecosystem, including private sector players, governments, NGOs, and academic institutions. The private sector offers a particularly powerful lever to help MSMEs achieve the greatest possible uplift.

BCG, together with the Chair of B20 Indonesia Trade and Investment Taskforce, elaborated on the details of the inclusive closed loop approach, best practices, and practical steps for the private sector, in the joint report: "[Inclusive Closed Loop—The Private Sector's Role in Enabling MSMEs](#)."

SUPPORTING MULTISTAKEHOLDER COLLABORATION ACROSS DEVELOPED AND DEVELOPING COUNTRIES TO BUILD A RESILIENT AND SUSTAINABLE FUTURE

The world is facing an increasingly complex and pressing set of challenges, including the deepening impacts of climate change, post-pandemic health pressures, and ongoing supply chain issues. Solving these issues, by their nature, demands continuous multistakeholder cooperation.

B20 Indonesia drew particular focus to the need to bridge the gap between developed and developing countries, recognizing the different development and socio-economic contexts require different approaches and measures, in order to build resilience and ensuring an equitable and sustainable future for all nations.

B20 Indonesia promoted global collaboration while considering nation's different starting points for the transition to a sustainable economy.

The international community plays an important role in equitable and sustainable global growth through the impact of foreign direct investments and developmental and finance support.

Developing nations should welcome those efforts built on a holistic, measured, and investable 'just transition' roadmap to galvanize investments. At the same time, the international community needs to adapt its support to fit the unique local context of investment destinations.

With its own 2060 net-zero targets, Indonesia has committed to ensuring 50% of new power generation capacity brought online over the next decade comes from renewable energy sources. The Indonesian Government will require support to successfully deliver on this journey, including significant financial, technological, and capacity support to address hard-to-abate sectors effectively.

The Just Energy Transition Partnership—established between Indonesia and key G20 partners—promises a USD20 billion program with the aim of accelerating Indonesia's transition towards enhanced clean energy investment. These funds will be applied to retiring coal power plants earlier than their initial lifespan, and investment in renewable energy projects. It aims to see Indonesia hit peak emissions in 2030, and reach net zero by 2050. The program is being financed and led by the United States, Japan, and a number of European countries. BCG's recent article, "[Net-zero Transition Is Not Enough, We Need a Just Transition for RI](#)", explores and emphasizes the importance of this multistakeholder approach to drive impactful and targeted sustainable transformations.

B20 Indonesia also developed 'Legacy Programs' to ensure long-lasting impact, and catalyze industrial decarbonization and green investments in Indonesia. These programs are targeted at empowering MSMEs and women to increase the competitiveness of these groups in the global supply chain, creating a more resilient and responsive healthcare system, and decreasing vaccine inequality between the Global North and Global South.

PASSING THE BATON TO INDIA

B20 Indonesia invites the India B20 presidency to support, sustain, and further develop these policy recommendations and the B20 Indonesia Legacy Programs.

Building on the priorities championed by B20 Indonesia, the India B20 Presidency has adopted the theme of 'RAISE'—Responsible, Accelerated, Innovative,

Sustainable, and Equitable Business. This theme is focused on the necessary dialogue to enable business action towards driving faster, sustainable, and inclusive economic growth.

Explore <https://b20indonesia2022.org> for further details on the B20 Indonesia priorities, successes, and accompanying documents.

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