

Foreword

This publication presents the OECD country review of small and medium-sized enterprise (SME) and entrepreneurship policy in Indonesia. The report is part of the series of OECD Studies on SMEs and Entrepreneurship undertaken by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities. In addition to Indonesia, country reviews have covered Canada, Israel, Italy, Kazakhstan, Mexico, Poland, the Russian Federation and Thailand.

The series provides a tool for assessing and improving the design and implementation of SME and entrepreneurship policy and for sharing policy experiences among OECD member and partner countries. The reviews are based on a standard methodology, which includes a diagnostic questionnaire completed by national government authorities, a fact-finding mission by an OECD team to hold detailed interviews with policy and business stakeholders and discussion of a draft report at a peer review session in the OECD Working Party on SMEs and Entrepreneurship (WPSMEE). The final report of the Indonesia review of SME and entrepreneurship policy (CFE/SME(2018)4/REV1) was approved by the WPSMEE through written procedure on 31 August 2018.

The report highlights that the Indonesian government recognises SMEs as key drivers of economic growth and social inclusion. Indonesia has a Micro, Small and Medium Enterprise (MSME) Law (Law 20/2008) and a dedicated Ministry for the development of co-operatives and SMEs. SMEs also feature prominently in the National Medium-Term Development Plan, 2015-2019, which sets out the development priorities of the executive in office. As a result, many ministries operate programmes supporting SMEs, which is good for the overall development of SMEs but also poses a co-ordination challenge to ensure that programmes are coherent, complementary and have sufficient scale. The report recommends that the government prepare an SME Strategy document with the aim of strengthening the overall coherence of national SME policies.

The government of Indonesia has also undertaken important reforms in specific policy areas, such as improving the ease of doing business and enhancing access to finance for SMEs. This report suggests that these policy measures are helpful for SMEs, but it also recommends placing stronger attention in the future on measures that foster firm-level productivity through increased innovation activity in SMEs, and increased participation of SMEs in global markets and global value chains.

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A Steering Group was formed for this review composed of delegates of the OECD Working Party on SMEs and Entrepreneurship (WPSMEE), involving Mattia Corbetta (Ministry of Economic Development, Italy) who also provided written inputs, Veronika Michalkova (Ministry of Economy, Slovak Republic), Eoghan Richardson (Department of Business, Enterprise and Innovation, Ireland), and Karl Woodhead (Ministry of Business, Innovation and Employment, New Zealand).

The report benefitted from comments from Christine Lewis (Senior Economist) and Patrice Ollivaud (Economist) from the Indonesia Country Desk of the OECD Economics Department and from Max Bulakovskiy (Policy Analyst) and Annie Norfolk Beadle (Policy Analyst) from the Southeast Asia Division of the OECD Global Relations Secretariat.

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