

## Priority sectors for development in Indonesia

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### ABSTRACT

This study aims to identify and assess the priority sectors of national development in Indonesia by employing government policies, economic data, and strategic planning papers from 2020–2025. Data were collected using a qualitative descriptive methodology from national development plans, ministerial reports, and peer-reviewed journal papers. The findings indicate that Indonesia's current development agenda focuses on human capital enhancement, infrastructure, digital transformation, food and energy sovereignty, and green economy initiatives. These areas demonstrate the government's dedication to inclusive and sustainable growth, aligning with national objectives and global commitments, such as the Sustainable Development Goals (SDGs). This research underscores the importance of intersectoral collaboration, fiscal prudence, and innovation in enabling effective execution. Policy recommendations include enhancing the capacity of local governments, improving public-private partnerships, and refining data-driven monitoring systems. This study contributes to the scholarly discourse on development administration by situating Indonesia's national priorities within its own social, political, and economic framework.

**Keywords:** development priorities; Indonesia; public policy; sustainable development; governance

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## 1. INTRODUCTION

Indonesia's national development process is dynamic, intricate, and multifaceted. Its objectives encompass not only the enhancement of economic growth but also the promotion of social justice, environmental sustainability, and effective governance (Adeniji, 2021). Since the 1998 reform era, Indonesia has transitioned from a centralized to a more decentralized development model. This grants local governments greater autonomy to establish priorities that align with regional requirements. The central government persists in designating critical sectors as fundamental components of its five-year development strategy, particularly within the National Medium-Term Development Plan (RPJMN) 2020–2024 and Indonesia Emas (Golden Indonesia) 2045 Vision.

Global catastrophes, such as the COVID-19 pandemic and geopolitical instability, have accelerated the transformation of development objectives. Health, food security, renewable energy, and digital transformation have transitioned from supplementary elements to essential components of national resilience in Indonesia. Moreover, structural issues such as regional disparities, inadequate worker productivity, and dependence on imported raw resources necessitate a more comprehensive and sustainable policy framework (Hadiz, 2022).

The Indonesian government maintains its national development framework through the Ministry of National Development Planning (Bappenas) to address global and domestic changes (Bappenas 2020). Currently, the essential priorities include enhancing individuals' competencies via education and vocational training, accelerating infrastructure development for connectivity, and advancing green and blue economies. These goals align with Indonesia's international commitments, including the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs).

Recent empirical studies have sharpened our understanding of how these priorities are operationalized in practice. An analysis of the 2020–2024 RPJMN fiscal framework shows that state finances have been deliberately redirected toward human resource development, connectivity infrastructure, and economic transformation, although shocks such as the COVID-19 pandemic and persistent inequality have constrained the achievement of several macro targets (Wulandari, 2025). Complementary evidence indicates that infrastructure expansion, especially in lagging regions such as Papua and West Papua, is critical for raising the Human Development Index and narrowing interprovincial disparities, confirming the centrality of territorial connectivity in Indonesia's development model (Syam, 2025). Simultaneously, emerging research on green human development and green economy policies stresses that long-term prosperity depends on aligning energy transition and digital transformation with environmental limits, for example, through planetary-pressure-adjusted human development metrics and green-economy-oriented governance of digitalized sectors such as forest management (Hardi et al., 2025; Rohmy & Nihayaty, 2023). Taken together, these findings suggest that Indonesia's priority sectors should not be understood as isolated domains, but as an integrated agenda that connects fiscal policy, infrastructure development, and low-carbon, digitally enabled growth (Kuncoro, 2020).

This study aims to identify and analyze Indonesia's key development sectors from 2020 to 2025 using official policy documents, statistical data, and scholarly literature. This study examines the establishment and implementation of these priorities, as well as the challenges that arise from a public-administration perspective. A comprehensive understanding of these strategic areas should result in improved, efficient, and responsive policymaking.

## 2. LITERATURE REVIEW

The concept of development priorities has been essential to public administration and development economics since the mid-20th century. Todaro and Smith (2020) contend that economic development must be assessed not only by Gross Domestic Product (GDP) growth, but also by income distribution, access to fundamental services, and societal participation. In Indonesia, the development paradigm has undergone significant alteration, transitioning from a sole focus on economic growth during the New Order era to a more human-centered approach in the post-reform period.

Many academic studies have identified the key sectors favored by the Indonesian government. The [World Bank \(2021\)](#) asserts that investing in individuals, particularly in education, health, and social security, is crucial for sustainable growth. This study discusses the Kartu Pra-Kerja (Pre-Employment Card) and the BPJS program, which enhances universal health coverage, as strategic methods to augment human capital.

Infrastructure development is a crucial component of economic transformation. [Hill \(2019\)](#) demonstrated that connectivity infrastructure, particularly in border regions and remote islands, significantly mitigates regional disparities. Indonesia's ambition to establish itself as a global marine hub is significantly dependent on National Strategic Infrastructure Projects (PISN), including toll highways, seaports, airports, and dams.

Digital transformation has emerged as a focal point. The OECD indicates that Indonesia is somewhat prepared for digital technology but possesses significant potential. By 2025, the digital economy is projected to be valued at USD 146 billion. The government is committed to establishing an inclusive digital ecosystem, as evidenced by initiatives such as the Digital Talent Scholarship and the development of smart cities in 25 major urban areas.

Following the global crises of 2022, the significance of food and energy security has intensified. [Resosudarmo et al. \(2020\)](#) underscore the imperative for ecosystem-based approaches in agricultural land management and energy diversification. To address food insecurity and reliance on fossil fuels, the government has initiated projects such as the food estate initiative and accelerated the use of renewable energy.

Finally, green and sustainable economic frameworks are prevalent in national development strategies. According to [UNEP \(2023\)](#), Indonesia has incorporated low-carbon economy concepts into the RPJMN through initiatives such as carbon trading and mangrove restoration. These solutions benefit the climate, generate green employment, and enhance ecosystem resilience.

The current literature indicates that Indonesia's development priorities constitute a holistic plan that integrates economic growth, social fairness, and environmental sustainability in accordance with the widely recognized principles of sustainable development.

### **3. METHOD**

This study employed a qualitative descriptive methodology, utilizing document analysis as the primary data collection tool. The examined documents comprise the RPJMN 2020–2024, an official government policy document; annual reports from the Ministry of National Development Planning (Bappenas); the Indonesia Emas 2045 Vision; and technical reports from the Ministry of Public Works and Housing, the Ministry of Energy and Mineral Resources, the Ministry of Health, and the Ministry of Communication and Informatics. This study incorporates reports from international organizations such as the World Bank, IMF, OECD, and UNEP regarding Indonesia's developmental trajectory.

Data analysis utilized [Patton's \(2015\)](#) policy analysis methodology, encompassing issue identification, policy context assessment, stakeholder analysis, and implementation evaluation. The data were categorized by sector and subsequently coded manually to identify patterns, consistencies, and contradictions in the establishment of development priorities. We ensured the validity of the data by cross-referencing it with three distinct sources: governmental records, scholarly publications, and official media.

The study is limited to the 2020–2025 period, corresponding to the current RPJMN cycle. Although based on secondary data, this research is highly relevant as it offers a contextual examination of policy papers from the perspective of public administration. This strategy elucidates the detailed utilization of public policy instruments for the political articulation, technical justification, and operational implementation of priority sectors.

#### 4. RESULT AND DISCUSSION

Between 2020 and 2025, Indonesia's national development agenda prioritizes five key areas: (1) Human Capital Development, (2) Strategic Infrastructure, (3) Digital Transformation, (4) Food and Energy Security, and (5) a Green and Sustainable Economy.

Human capital development is crucial in this regard. The government allocates 20% of the state budget to education and has initiated programs such as Kartu Pra-Kerja, vocational training for Industry 4.0, and initiatives to enhance children's nutrition. This emphasis addresses the persistent issue of "learning poverty" and the inadequacy of graduates' skills for available employment opportunities.

Second, infrastructure remains a significant component of growth. The Jakarta–Bogor LRT, Trans-Sumatra toll roads, and Integrated Border Checkpoints (PLBN) in Kalimantan and Papua exemplify the government's efforts to ensure equitable access to quality infrastructure. However, challenges persist regarding funding, inter-agency coordination, and environmental impacts.

Third, digital transformation has emerged as a novel and competitive strategy. Legislation, such as the Omnibus Law on Job Creation and the Digital Roadmap 2021–2024, promotes innovative technological initiatives. The startup ecosystem in Indonesia is thriving; however, a digital divide persists among areas, and there is a shortage of educated digital professionals.

Recent evidence suggests that integrating human capital and digital transformation policies is crucial for reducing long-standing regional disparities in Indonesia's decentralized setting. Studies on the digital economy show that provinces with more advanced digital infrastructure and higher levels of Internet adoption enjoy significantly faster economic growth, but these benefits are disproportionately captured by already developed regions unless they are accompanied by targeted investments in education and skills upgrading (Suhendra et al., 2025; Maharani et al., 2022). District-level analyses of digital inequalities further document persistent gaps in household connectivity and device ownership between Western and Eastern Indonesia, which are strongly correlated with differences in income and schooling outcomes (Kartiasih, 2023). A recent "digital society index" confirms that lagging regions are systematically those with weak human capital indicators and limited administrative capacity to design and implement digital initiatives, reinforcing the argument that human capital development, regional connectivity, and institutional strengthening must be treated as a single, mutually reinforcing policy package rather than as separate sectoral agendas (Jaya et al., 2024).

Fourth, with the global crisis, there is an increased emphasis on food security. The food estate initiative in Central Kalimantan and the objective of sourcing 23% of energy from renewable resources by 2025 are two critical strategies. Concerns regarding the long-term sustainability of food estates arise because of their potential to harm peatlands and incite conflicts among farmers.

The green economy is becoming increasingly prevalent in all aspects of society. Indonesia has initiated carbon trading schemes and committed to restoring 620,000 hectares of mangroves. However, inadequate enforcement of environmental regulations and reliance on international financing hinder their implementation.

In practice, Indonesia's green and blue economy agenda illustrates how ambitious national targets depend on effective, multi-level governance and coherent policy design. Quantitative assessments of mangrove conservation and restoration show that protecting and rehabilitating Indonesia's mangrove ecosystems could deliver substantial emission reductions and make a globally significant contribution to climate change mitigation, particularly when these programs are integrated with coastal livelihoods and local development planning (Arifanti et al., 2022; Murdiyarso et al., 2023). At the same time, recent analyses of peatland and mangrove governance in Central Kalimantan reveal that overlapping mandates, trends toward recentralization, and weak coordination between national agencies, provincial governments, and local communities often slow implementation, fragment monitoring systems, and limit the effectiveness of restoration initiatives. These findings suggest that Indonesia's green economy priorities cannot be realized solely through sector-specific environmental regulations, but require stronger horizontal and vertical coordination, clearer assignment of authority across levels of government, and robust data-sharing

mechanisms that enable planners to track carbon, biodiversity, and social outcomes in an integrated manner.

Overall, these priorities indicate that the government is attempting to achieve a balance between economic growth, social equity, and environmental sustainability. Success is significantly contingent on the efficacy of government operations, clarity of the budget, and level of public engagement.

## 5. CONCLUSION

Indonesia's selection of priority development sectors for 2020–2025 demonstrates its ability to adjust to complex global and domestic conditions. The five principal domains—human capital, infrastructure, digital transformation, food-energy security, and the green economy—embody an inclusive, sustainable, and globally competitive developmental vision. This approach aligns with the Sustainable Development Goals and principles of good governance, demonstrating a robust commitment to transforming existing practice.

Nonetheless, significant challenges persist in implementing the strategy, including inter-institutional coordination, constrained resources, and insufficient local bureaucratic capacity. To address these issues, the government must enhance data-driven monitoring and evaluation processes, increase policy transparency, and empower civil society as a development partner. Indonesia must continue to advance its developmental priorities as it progresses further. It must be capable of adjusting to strategic alterations while maintaining sustainability and social equity.

### **Ethical Approval**

Not applicable

### **Informed Consent Statement**

Not applicable

### **Disclosure Statement**

The authors declare no potential conflict of interest.

### **Data Availability Statement**

The data presented in this study are available on request from the corresponding author due to privacy reasons.

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### **Notes on Contributors**

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