

Empowered People, Prosperous Nation: Human Capital as Indonesia's Path Toward Welfare and Sustainability

Ayuanda Sekar Melati

International Relations, University of Groningen, the Netherlands

E-mail: amel.susanta@gmail.com

ABSTRACT

A prosperous nation is born from its empowered people. Indonesia is currently facing major challenges in developing human capital, which will determine the success of harnessing its demographic dividend. Indonesia's Human Capital Index (HCI) is only 0.54, meaning that a child born in Indonesia is expected to reach only 54% of their future productivity potential (World Bank, 2020). This figure is lower than Thailand (0.61) and Malaysia (0.62) (Tanoto Foundation, 2025), reflecting the urgency of improving the quality of education, health, and social equality as the three main pillars of enhancing citizens' quality of life.

This paper aims to examine the urgency of human capital development in Indonesia by highlighting key issues in education, health, and social equality, while reviewing initiatives that have been implemented. The paper's new contribution is to emphasize the importance of cross-sectoral integration and the shift of focus from quantity to quality in human capital development.

This study uses a qualitative approach based on policy analysis and literature review, drawing on World Bank and Statistics Indonesia (BPS) reports, as well as case studies on the Smart Indonesia Card (KIP), National Health Insurance (JKN), the National Strategy for Accelerating Stunting Reduction, and the Family Hope Program (PKH).

The analysis reveals several critical issues. First, education. A learning crisis, where the average length of schooling is 12.3 years but equivalent to only 7.9 effective years (World Bank, 2020). Second, health. Stunting prevalence declined from 31.4% (2018) to 21.6% (2022), with a target of 14% by 2024 (World Bank, 2023). JKN coverage also rose significantly, reaching 98% of the population by the end of 2024 (Titin, 2025). However, progress remains uneven across regions, and disparities in healthcare quality persist. Third, social equality. Poverty declined to 9.03% in March 2024, while the Gini ratio fell to 0.379, the lowest level in a decade (Cabinet Secretariat RI, 2024). Yet, regional disparities remain significant, and vulnerable groups such as rural communities and persons with disabilities continue to face serious barriers.

Thus, despite progress, structural challenges remain: national achievements are uneven, targets are not fully met, and the quality of education and healthcare has not yet matched the level of access provided.

Human capital development is an urgent necessity to ensure that the demographic dividend truly becomes an opportunity. This article concludes with policy recommendations: improving the quality of basic learning through evaluation and educational technology, strengthening community-based primary healthcare services, accelerating digitalization of public services, and expanding inclusive social safety nets for vulnerable groups. With cross-sector collaboration and strong political commitment, Indonesia can prepare a healthy, intelligent, and productive generation as the foundation for a just and globally competitive future. It is hoped that the findings of this study can assist the government and policymakers in designing more inclusive, sustainable, and adaptive development and financing policies to meet the needs of Indonesian society.