

REGIONAL DEVELOPMENT IN INDONESIA: GOALS AND POLICIES

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Upaya pengembangan wilayah (regional development) harus diarahkan pada pemecahan masalah ketimpangan antara wilayah dalam tingkat kesejahteraan dan pertumbuhan ekonomi. Di samping itu pengembangan wilayah juga harus merupakan alat koordinasi pembangunan sektoral di daerah, dalam rangka desentralisasi. Dewasa ini pemerintah sangat menekankan pendekatan pengembangan wilayah terpadu melalui rencana tata ruang pada skala nasional, propinsi maupun kabupaten. Masalah yang dihadapi kini adalah masih belum memadainya kemampuan perencanaan di daerah, serta ketergantungan finansial daerah pada pemerintah pusat.

Indonesia's Condition

A. General Profile

The unique characteristics of Indonesia, a unitary state, are its size and geographic and demographic spread. Its land area of about 2 million sq km is distributed over 13.000 islands of which only five are major islands. Geographic distances among these islands especially in the eastern part of the country makes the task of public administration and an integrated socio-economic development approach, a challenging one.

The latest census (1990) reveals that the total population is 179.3 million, of which more than 30.93% lives in urban areas. About 60% lives in Java which is only 6.9% of the total area of Indonesia. Average annual growth rate of the population during the last decade was 1.97%, lower than in the previous decade which was 2.32%. Urban areas are growing with an annual rate of 5.36%, while the rural areas grew with an average of 0.79%. See Table 1.

With regards to its economic structure, it has underwent a considerable change in the past two decades. Whereas it was dominated by the agricultural sector up to the late sixties, during the seventies the mining and manufacturing sector gained increasingly in importance. During this period, Indonesia achieved relatively high GDP growth rates. However, the slowing down of world trade in the early eighties, the relatively poor export price performance of a number of non-oil commodities, and the fall of oil price in 1986, deteriorated the external economic

conditions considerably in the mid-eighties. GDP growth slowed down from an average annual rate of about 8% during the seventies to less than 4% in that year (1986). Under these changed economic conditions, the preparation of REPELITA V was started in 1988, covering the period of 1989/90-1994/95.

B. Recent Regional Economic Developments

According to provincial estimates, gross domestic product in Indonesia increased during the 1983-1989 period at an annual average rate of 6.7% including the contribution of the "migas" (oil and natural gas) sector, and 7.3% excluding this sector (respectively 7.8% and 7.9% in 1989). In per capita terms these figures are 4.6% and 5.3% respectively (5.9% and 6.0% in 1989). See Table 2 and Table 3. The variation between provinces is quite significant. Including migas, Bali and Lampung performed best during this period (7.6% and 6.9% per capita annually), whereas Riau, Irija and Kaltim decreases with 1.3%, 0.6% and 0.5% respectively. Excluding migas, the provincial per capita growth rates vary between 2.8% in Aceh and North Sulawesi, and 8.4% and 7.6% in East Kalimantan and Bali respectively. Comparing each provinces non migas growth performance during the 1983-1988 period in relation to its non migas GDP per capita in 1983, with the national average, shows the following results. See Figure 1. Provinces with above average per capita product which at the same time show above average annual growth rates are Bali, North Sumatra and East Kalimantan. Provinces which perform relatively poor with a per capita GDP below average as well as low annual growth

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rates are : West Sumatra, Jambi, Bengkulu, Yogyakarta, the four provinces of Sulawesi, East and West Nusa Tenggara, East Timor and Irian Jaya (12 provinces in total). This picture clearly shows the reason the government's recent concern with regard to the eastern part of Indonesia. With the exception of Maluku, all eastern provinces show a relatively low per capita production with below average growth rates. It has to be noted that Sumatera is with six out of eight provinces also significantly represented in the group of low production growth provinces. With the exception of Yogyakarta, the Java provinces perform on or above the average.

With regard to sectoral development, it can be mentioned that the agricultural sector's contribution to total GDP has decreased from more than 30% in 1975, to about 23% in 1989. The industrial share increased from about 10% to about 18% during the same period. The agricultural sector remains the largest sector in most provinces. In 1989 Aceh, Riau and East Kalimantan (the migas producing provinces) show agricultural shares below the national average. This is also true for South Sumatra and DKI Jakarta the two provinces with a relatively high industrial share. Most of Indonesia's Manufacturing Value Added (MVA), is generated in Java (74.1% in 1989), followed by Sumatra with a share of national MVA of 17% in 1989. Kalimantan, Sulawesi and the Eastern Islands showed a share of 6.8%, 1.6% and 1.5% respectively. These figures showed their manufacturing sector's relative importance from a national perspective. However examining the manufacturing share in their total provincial GDP, indicate the existence of several provinces outside Java with a considerable industrial sector, such as North Sumatra, South Sumatra, West Kalimantan and East Kalimantan. The eastern provinces excluding Maluku show a very small part of their provincial GDP generated through the manufacturing sector. This is also the case with Riau, Jambi, especially Bengkulu. The relative concentration of industrial activities in Java and the strong agricultural orientation of the outside Java provinces have lead to a regional pattern of activities that should be noted.

The regional economic specialization pattern in Indonesia as described above, is clearly reflected in the exports abroad. Estate crops and related manufactures mostly originate from Sumatra. Kalimantan specializes in wood and wood products while Sulawesi and the Eastern Islands are the main suppliers of fishery products. Mining products such as copper, nickel and tin are almost exclusively exported by Irian Jaya, South-east Sulawesi and some Sumatra provinces respectively. Almost all of manufactures originate from Java with the exception of processed wood. The import substitution policies of the seventies, abundant oil export revenues, may have hampered considerably the expansion of

exports of non migas commodities in the seventies and early eighties. After 1985 this situation has changed dramatically. Following the export promoting policies which started in the mid-eighties, non- migas have grown very fast. This has resulted in the shifting export patterns in the regions. In the late seventies, Sumatra was by far the main exporter of non-migas commodities (48%) followed by Kalimantan (25%) and Java (17%). Sulawesi and the Eastern Island regions showed shares of almost 5% and 6% respectively. After 1980, there is a drastic change. In that decade exports from Sumatra lag considerably (less than 30% in 1990), because of the poor performance of Sumatra's principal export commodities (tin, coffee and rubber) in the world market.

The contribution of Kalimantan also declined from about 25% in the late seventies to about 15% in the early mid-eighties. This is mainly the result of the policy induced shift from the exports of logs to wood processed products. Sulawesi and the Eastern Islands succeeded in maintaining their shares in total export revenues during the eighties. However the variation within these regions are quite substantial. The opposite of the trends for Sumatra and Kalimantan can be witnessed for Java. The Java provinces collectively more than tripled their share in total national non-migas exports (about 50% in 1990), reflecting the growing importance of manufactures and textiles in particular, in the Indonesian non-migas export commodity mix. In summary, the national export promoting policies have had a considerable regional impact. They have encouraged exports of manufactures and therefore, exports from Java. As a result industrial growth has accelerated in Indonesia, particularly in Java.

A region's growth potential is often reflected in the regional investment-GDP ratios (both public and private investment). The following tables (Table 4 and Table 5) give the investment-GDP ratios and public-private investment shares in the provinces. There exist significant differences in the investment ratios among the provinces. Java shows a value above the national level during the period of 1983-1988, while the other provinces show values below the national level. However, the investment ratio in Sumatra increased faster than at the national level. A similar development took place in the Eastern Islands but at a lower level than the national average. (Sumatra in 1983 was still 4.4% points below the national average, increased to only 0.2% point below the national average in 1988. In the Eastern Island the figure decreased from 6.6% in 1983 to 3.7% in 1988). In Kalimantan and Sulawesi, the investment ratios are more or less stable at a relatively low level. In 1988, low investment ratios (below 16%) can be observed for the provinces Aceh, West Sumatra, Lampung, South Kalimantan, Maluku and Irian Jaya. High ratios (above 30%) are recorded for North Sumatra, Riau, South Sumatra, Bengkulu, DKI

Jakarta and West Kalimantan. Jakarta still shows an increasing investment ratio. East Timor also shows a high and increasing investment-GDP ratio. Although total investment shows an uneven provincial distribution, private investment is even more skewedly distributed. East Timor has a negligible private investment activity, as is the case with Irian Jaya and East Nusatenggara. On the average, government contributes 28% to total investment. In the eastern part of Indonesia this share is significantly higher (about 64%). It is clear that the government compensates the lack of private investments in this region which is relatively less developed. This is also the case in some provinces in Sumatra and Kalimantan. The highest private investment ratio is in DKI Jakarta, followed by South Sumatra, West Kalimantan, Bali and North Sumatra. These provinces are therefore perceived to have relatively bright prospects in terms of near future development.

C. Recent Regional Socio-economic Welfare Developments.

The distribution of income does not necessarily coincide with the distribution of production activities. Therefore, provincial gross domestic product per capita is not an adequate measure for comparing income per capita between provinces. Household income per capita, which includes wage income and that part of capital income which can be considered as household income, seems to be a better measure for comparing inter provincial distribution of income. Table 6 shows the following phenomena :

- inequality between provinces decreased from 1983 to 1988. In 1983 the highest per capita household income (DKI Jakarta) was about 6.1 that of the lowest (East Timor); this decreased to 5.2 times in 1988.
- the eastern part of the country is generally worse off in terms of household income, however the per capita household income in the 3 most populous provinces in Java is about 10 % lower than the average.
- The Nusa Tenggara provinces also lagged behind the national figures. Both show a decline from 57% of the national average to 50%. There is an improvement, but still below national average.
- Kalimantan and Sumatra in general compare favourably with the national average. Exceptions are Lampung, Bengkulu, Jambi and West Kalimantan.
- the poor performance of Sulawesi (also concluded from its performance in production activities) is confirmed by the estimates on household income.

This description of the regional income disparities can be complemented with the World Bank estimations on the incidence of absolute poverty. Indonesia as a whole

shows a continuous decline of absolute poverty incidence from about 40% of total population in 1976 to about 15% of the total population in 1991. In Jawa and Bali there are almost 19% of the total population living below the poverty line in 1987 as compared to 24% in 1984. In the eastern islands the figures are 29.8% and 24.9% in 1984 and 1987 respectively. For Sumatra and Kalimantan the figures are 10.5% (1984) and 9.5% (1987). Overall there is a reduction of population living below the poverty line.

The social aspects of the interprovincial distribution of welfare can be measured by such indicators as infant mortality rate, illiteracy ratios, availability of health and education facilities, etc. There were significant progress in most of these areas since the early eighties. Infant mortality rate declined from 108 per 1000 births to 67 per 1000 birth during the period of 1980-1985. During the same period life expectancy increased from 52 to 61 years, primary school enrollment ratio shows an increase from 84 to 94 (annual growth of 2.4%). Literacy for population over 10 years old has grown from 71% to 81% over this period. The actual distribution of these welfare indicators can be seen in Tables 7 and 8.

The educational attainment by province is derived from:

- provincial's literacy ratio;
- percentage of provincial population over 10 years of age with completed primary education, and
- percentage of the population with more than primary education.

Sixteen provinces are above the national average, of which eight clearly shows a significantly higher level (Aceh, North Sumatra, West Sumatra, Riau, South Sumatra, Central Kalimantan, North Sulawesi and naturally DKI Jakarta). Five provinces are significantly below the national average, namely: West Kalimantan, West and East Nusa Tenggara, Irian Jaya and East Timor.

The indicator for health condition by province is derived from:

- infant mortality rates by province, and
- life expectancy by province.

Yogyakarta, DKI Jakarta and Bali are the provinces with the best health attainment, while West Sumatra, Central Sulawesi, West Nusa Tenggara, Maluku and East Timor are significantly below the national average. The variation between the provinces is small.

The third welfare indicator, the housing conditions by province is derived from data on housing quality, availability of drinking water source, sanitary facilities, electricity, etc. The variation between the provinces of this indicator is large, in contrast to the health condition. The highest ranking provinces are DKI Jakarta, East

Kalimantan, North Sulawesi and Bali. While the lowest ranking are Aceh, West Sumatra, Jambi, West Kalimantan, Central Kalimantan and West Nusa Tenggara.

If these three indicators are taken together, it will result in a "Social Welfare Indicator" (SWI). Provinces with a high SWI score are DKI Jakarta, Yogyakarta, North Sumatra, East Kalimantan and Bali. The lowest ranking provinces are East Timor, West Nusa Tenggara, Irian Jaya, West Kalimantan and East Nusa Tenggara. The combination of these social welfare indicators with economic welfare indicator (EWI) which is defined as the average per capita household income, will provide a GWI (general socio-economic Welfare Indicator). If the SWI weighted by 2 and the EWI is weighted by 1, the following results were found. The majority of the provinces are found in a range of more or less 15-20% of the national average welfare level. The two provinces far above the rest are DKI Jakarta and East Kalimantan. Three provinces are significantly below the national average, namely East and West Nusa Tenggara and East Timor.

D. The Need for Promoting Regional Development

As was presented above, Indonesia's main development issue is closely related to its geographic setup and population distribution, namely the disparities of welfare and economic growth among the regions.

The national figures on economic development as well as socio-economic welfare development is encouraging. Despite of fluctuating oil prices, linkage with world market which affects prices for our export commodities, Indonesia was able to maintain an annual average rate of increase in its GDP of 6.7% (including oil) and 7.3% (excluding oil) during the period of 1983-1989. Since Repelita V, the economic growth rate has picked up momentum again although it decreased during Repelita II and III, remaining stable in Repelita IV. However, when the distribution among the provinces is examined, it is clear that regional imbalances still exist. There are provinces which perform high above the national level while there are some which are lagging behind. In addition, interregional linkages is necessary if there is to be a trickling down effect from the well developed provinces to those lagging behind. Examining the existing pattern, these interregional linkages is mostly benefiting the advanced region more, rather than the less developed regions.

In addition these linkages are still limited (not to say lacking) and needs to be reinforced. What can be concluded from the above is that there is a need to focus more on the regions' development needs within the national development framework. Regional development

focus is also important to avoid sectoral overlap and to have a more integrated development plan and program in the regions.

National Development Goals and Policies

A. The Five Year Development Plans

At present Indonesia is completing its Fifth Five Year Plan. These consecutive five year plans (REPELITA) was started with REPELITA I covering the period of 1969/70 - 1973/74. The current plan, REPELITA V, is for the period of 1989/90 - 1993/94. During the past decades we have achieved many of our development objectives, but many more still need to be accomplished. The development issues vary from REPELITA to REPELITA. In Repelita I, the main issue was the poor general condition of the economy and the very limited availability of job opportunities. Repelita II was characterised by large socio-economic disparities-especially among regions/provinces. This was compounded by high population growth rates. Regional disparities still characterized the period of Repelita III. Even in Repelita IV and V this development issue still exist although in a lesser degree than in Repelita III. From the national perspective labor absorption, providing adequate job opportunities are among the major issues faced in Repelita IV and V.

In response to the varying development issues the objectives, targets and development focus of the five Repelita also varies. The objective of both Repelita I and II was specifically to lay down the basic foundation for the coming plans. This basis in Repelita II was explicitly stated as "Wawasan Nusantara" (national unity perspective). This would be the framework for an integrated national economic, social and political development. The objectives in the following Repelitas (III, IV and V) was to achieve economic growth. Repelita V specifically addresses the poverty problem. Poverty alleviation is one of the main concern in Repelita V. The targets of the five Repelitas are to continuously meet the basic needs of the population with regard to shelter, food and basic infrastructure. In Repelita I this involved rehabilitation of the infrastructure, while in the following Repelitas this include constructing new and expanding the existing infrastructure such as transportation and irrigation. The target in Repelita V is also to include increasing the non migas export, human resource development and regional development.

The focus of development in the five Repelitas are based on two key sectors namely agriculture and manufacture/industry. It is expected that there will be a balanced development of the two sectors and a shift from

agriculture as a leading sector to industry as leading sector supported by the agriculture sector. The strategy adopted is to improve the economic structure and import substitution economy with a stress on non oil export to be started in Repelita IV. This is still the main strategy in Repelita V. Further, there is an emphasis on regional development programs. It was expected that there will be compatibility between national development and regional development, as well as between sectoral and regional development in the regions.

In summary, in Repelita I growth and rehabilitation of the national economy is the main objective. The focus is put on providing sufficient food and shelter for the population. The priority is in the agricultural sector especially food crops. This development strategy is continued in Repelita II in the form of more focused development programs. In Repelita III, in addition to the agriculture sector, the industrial sector is beginning to be developed with emphasis on agro processing industry. Repelita IV focuses on strengthening the economic base through import substitution policies and developing non-oil exports. This is also carried on in Repelita V. In addition, in Repelita V there is also a focus on poverty alleviation and the fulfillment of basic needs of the population.

The achievements of the Repelitas were as follows. The economic growth targeted reached 7.5% in Repelita I, 6.5% in Repelita II, 5% both in Repelita III and Repelita IV. The first years of Repelita V have reached more than 7% annually. In addition to sectoral programs, in each of the Repelitas there were also specific programs with specific targets such as Family Planning, InPres programs, Transmigration, Tax improvement, Poverty Alleviation, Basic Needs programs etc. These programs, implemented for five consecutive years or more, have a great impact on the development performance of the regions.

As mentioned, regional development programs is currently one of the important focus of the national development policy. Integration of sectoral development is one of the major efforts being implemented, starting with the preparation of the provincial spatial plans, interregional and national-regional consultation and program preparation by the regions based on the recommendations (selected) of the various regional development studies. This is a major effort to support the government's policy of decentralization and augmenting regional autonomy.

B. National Economic Performance and Implementation of Regional Development

National economic performance, its regional distribution and regional socio-economic development welfare of the regions was discussed in the previous section. Suffice to

say that many have been achieved but there are still many more to be done. It can also be mentioned that the previous Repelitas were stressing more on sectoral development in the regions rather than a regional development program per se. Only recently, more efforts have been put to a more regionally integrated approach. Small scale efforts, specifically addressing poverty alleviation efforts, have been implemented since 1989 (known as PKT, integrated area development for poverty alleviation). The problems and programs were identified and developed by the local government. Funding is mostly from the central government with some cofinancing from the regional government. Positive impacts have been reported, although in a very minute scale. This program, because of its small scale, is less complex than the Area Development Projects discussed below, although its principles are more or less similar to that of the ADPs.

C. Administrative Setup for Regional Development

There are three basic principles of local administration in Indonesia namely: deconcentration, decentralization and co-administration. Under deconcentration, functions are carried out by Central Government through its agencies in the regions (KanWil at the provinces and KandDep at the kabupatens and the kotamadyas or municipalities). Under decentralization, functions are carried out by autonomous local governments. Coadministration covers those functions which are carried out by local government on behalf of central government. For decentralization purposes, Indonesia is divided into First and Second Level Governments (Dati I and Dati II) which coincide with provinces, and Kabupatens (regencies, districts) or Kotamadyas (municipalities). The division of the country into administrative territories (i.e. Provinces, Kabupatens and Kotamadyas) are for the implementation of the deconcentration principles. Therefore, each area has two functions, as an autonomous region (Dati I or Dati II) and as an administrative area (Province or Kabupaten or Kotamadya).

Each local government, has an elected assembly, the DPRD which have the power to make local policies and regulations. However, some of the policies and regulation are subject to the approval of the next higher level government especially if it involves financial assistance from the higher level government. The Dati I and Dati II, have their own budgets and can levy specific taxes and charges.

Since 1974, Regional Development Planning Agencies for the Provinces/Dati I (Bappeda I), was established. It was envisaged that the Bappeda I would play a central role in the formulation and coordinating the

implementation of development programs at the provincial level. It was expected that the Bappeda I would be concerned with coordinating central and local government programs, as well as with the planning of annual and long term development of the region. Annual schedule of development project proposals are prepared based on proposals from the Kabupatens and Kotamadyas. Once approved by the regional head (Governor), they are submitted to central government.

In principle, these submitted proposals are used as the basis for the higher level government/central government to allocate budget for both sectoral department development projects and budgets for special programs such as Inpres programs to be carried out in the regions. In 1980, the Regional Development Planning Agencies for the Kabupatens and Kotamadyas/Dati II (Bappeda II), was established. It has more or less similar functions and responsibilities as the Bappeda I, but at the lower level local government. At present, many of the Bappeda I staffs are quite capable and function effectively within the framework of existing national-regional program planning and development. Because it was more recently established, most of the Bappeda II still need strengthening and need guidance and technical assistance from higher level government. Because of the recent policy to focus autonomy on the Dati II, increasing their capabilities is more needed.

Financing Regional Development

A. The Central Government Budget

The central government budget or APBN¹⁾ is one of the major policy instruments for the Indonesian Government, not only at the national, but also at the provincial (regional) level. About 80 percent of the total public expenditures is disbursed through APBN; the rest by provincial or lower level governments. In the fiscal year 1989/1990²⁾ the total central government budget approaches Rp. 42.6 trillion or almost 26 percent of the Gross Domestic Product (GDP). APBN can be divided into domestic revenues and foreign aid at the revenue side and routine and development expenditures at the expenditure side. Elsewhere it has been estimated that about 65 percent of total development expenditures can be considered as government investment. See Table 9 for the pattern of the central government budget for the past two Repelitas and the first three years of Repelita V.

¹⁾ APBN stands for "Anggaran Pendapatan dan Belanja Negara" or National Budget of Revenues and Expenditures.

²⁾ The fiscal year in Indonesia is from April 1st to March 31st.

Examining the above table, it should be noted that several aspects of the public finance are likely to have a profound impact on the Government's ability to pursue national and Regional policies through the national budget during Repelita V:

- a seemingly structural decline of the part of the total budget available for development expenditures, from about 50% in the beginning of the eighties to about 40% in more recent years.
- A sharp increase in foreign financing of the development budget.
- The increasing debt service ratios of foreign program and project aid.

Furthermore, the share of the government development budget in total GDP has been declining, from 16% at the end of the seventies to 8% in 1989. The limitations posed by these developments make it all the more necessary to study the impact of the various public investment programmes on the regional economies.

The two most important parts of the development budget, covering about 95% of it, are the expenditures through the sector departments (DIP)³⁾ and the INPRES⁴⁾ transfers to lower level governments. These two groups of expenditures will be examined below.

B. Central Local Financing Relation.

Since the early seventies the government has recognized the need for a better spatial distribution of income, education, health facilities, etc. In pursuing this objective the development budget is potentially one of the most effective instruments. Regional considerations play an important role in the allocation of INPRES⁵⁾ funds, but the share of INPRES in the total budget is still relatively small (on average of 12% in the fiscal years 1989/90 and 1990/91). The sectoral programs of the various departments are quantitatively more important. The significance of the national development budget for the individual provinces varies considerably. Some provinces are extremely dependent on this source of finance, while for others it constitutes only a relatively minor item.

The distribution of the development expenditures over the so-called APBN categories, has shifted significantly during the past decade, both for INPRES and DIP expenditures. See Table 10. INPRES for Regional

3) DIP : Daftar Isian Proyek (Project Budget List)

4) INPRES : Instruksi Presiden (Presidential Intruction)

5) INPRES grants are grants given by Presidential Instruction to finance specified development programs. Currently there are eight types of INPRES grants: INPRES Dati I, INPRES Dati II, INPRES Desa (village), INPRES for roads and bridges, INPRES for health facilities, INPRES for primary school facilities, INPRES for greening and reforestation, and INPRES for market facilities.

Development (Dati I, Dati II and Desa) showed an increase although not as high as INPRES for Roads. Education, health and natural resources decreased significantly. Variation in the distribution by region, indicated an implicit regional development policy by the central government. For example in the eastern islands, the stress is more on roads and regional development. The share of INPRES in Java decreased considerably, whereas the other regions, and particularly the Eastern Islands received a larger share in recent years compared to Repelita III and IV. The decreasing share of Java is due to decreasing shares of West Java, Central Java and East Java, whereas for the provinces of DKI Jakarta and DI Yogyakarta remained at the same level. The increase of the Eastern Island is concentrated in Irian Jaya, where its share was almost doubled.

The distribution of development expenditures through the DIP also showed some regional variation, a deviation from the national distribution. For example, Kalimantan shows relatively low expenditures in the categories Agriculture, Mining/Electricity and Natural Resources but a high level in Manpower/Transmigration. Sumatra received a relative large share for the development of natural resources. Sulawesi and the Eastern Islands show a high share for education against a low share for natural resources. See Table 11.

The distribution of the development expenditures by province can be considered as the result of the implicit or explicit regional dimension of the national development policy. Not only the mere percentage distributions of the expenditures and the changes in that distribution over time are of interest, but also the comparison of the expenditures per capita over the provinces. The development budget is an important instrument in pursuing the regional equity objective. Through this budget the disposable income of some provinces increases relatively more compared to that of others. It should however be noted that the production effects of these income increases, are distributed differently over the provinces. Most regions depend for the implementation of their development projects heavily on imports from Java. Therefore benefits or production effects of the income increases in other regions, mostly go back to Java.

C. Financing Regional Development Projects

The sources for financing regional development projects can come from several sources: central government loans and/or grants, offshore loans and local government revenues. Local government revenues for routine and development budget are made up from three main sources: revenues from higher levels government (Central and/or province), regional own revenues and

borrowing/loans. Regional own revenues are the regional governments own revenues in their capacity as autonomous authorities. The components are: local taxes, revenues from local enterprises (BUMD), revenues from local service departments and miscellaneous local revenues. So far, only local taxes and charges provide significant direct revenue sources either for Dati I or Dati II. There is a very wide range of taxes and charges, that are formally available for local government, but only a few of them are actually exploited. The problem usually faced here is that these regional taxes and charges are traditionally very small. Recently, studies to identify methods to increase local government's own revenue, were included as part of a project's planning and appraisal (still limited to the integrated urban infrastructure development projects). Another effort has been to invite the participation of the private sector through BOTs (for toll roads, bulk water processing and distribution, etc.).

The source for financing regional developments is through inter governmental fiscal transfer: from central government, and/or provincial government, to the provinces or kabupaten. Inter governmental fiscal transfer, dominate the finances of both Dati I and Dati II. The largest part of the total revenues of local government comes from higher levels of government. Since central-local transfers are of major importance for local government finance, they can be used by central government to influence the provision of public services in a decentralized government system, as well as being a tool of economic management. Another objective that can be pursued through inter governmental transfer is equalizing the distribution and standards of public service provision between the regions. Transfers in Indonesia can be divided into two groups:

- grants and subventions, i.e. the allocations from the central government to regional governments in the form of INPRES and SDO⁶⁾
- assigned revenues, i.e. taxes, royalties, etc. which are levied by the central government and assigned wholly or in part to regional governments.

In addition to these transfers, there are allocations from central ministerial budgets which are spent by the technical departments of the regional governments, which do not pass through the regional government's budget. Recently, a new source of regional development funding is in the form of offshore loans, in which local government can obtain loans from foreign donors, through subsidiary loans from central government.

6) SDO means subsidy/subvention for Autonomous Regions, a subsidy to create financial balance in autonomous regions. This is the main grant to the routine account of the regional government.

Regional Development Planning and Policies

From the above discussions, it is apparent that there is a need for a more regionally oriented approach in development. However the experience gained during the last decade with regional development planning has not been satisfactory in all respects, for which there are several reasons. In the first place, the development of planning skills at the regional level took some time to develop. From a technical point of view this was further complicated by the rapid expansion of the availability of development funds, requiring a considerable effort in project identification, implementation, and management. In the second place, the high provincial dependency on central government funds, has also hampered effective regional development planning and implementation at the provincial level. Perhaps, the most important cause for the disappointing experience with regional development planning has been the financial dominance of the central government over the local/provincial government.

The need for effective regional development planning is more urgent under the present economic conditions. As was shown in the previous parts, the need to develop non-oil exports and to broaden the country's industrial base, put some provinces at a distinct advantage compared to others. This could jeopardize the equity objectives unless some measures are taken. This raises the important question on how to deal with provinces which have, at least in the short run, limited capacity of non-oil (non- migas) exports and limited industrial development perspectives. In this light regional development planning will play an important role. Regional development planning derives its significance from taking into account specific regional conditions, which due to their nature can not be taken fully into account at the national level. National objectives are not always in the same degree relevant to all provinces.

The anticipated growing significance of regional planning should contribute to a fuller utilization of regional potential, with less reliance on central

government resources both financially and in terms of manpower. In addition, it is necessary for the central government's more sectoral approach to gradually shift into a more regional and integrated development approach. For that reason, regular consultations between different levels of government will be necessary.

Concomitant to the central government's current policy to put more emphasis on an integrated regional development approach, there is also the realization for the need to take the spatial aspects of development, into consideration. In 1989 a National Spatial Development Coordinating Team was established through Presidential Decision 57/89. The task of this team among others is to see to it that all local government will prepare a spatial plan for their respective regions, which will give a locational dimension to their development plans. It is expected that through the preparation of this spatial plan, sectoral development will duly be integrated and no conflicts or overlap will occur. At present, all 27 provinces have prepared or are preparing their spatial development plan. At the same time, most of the Kabupatens are also preparing their spatial development plans which in effect is working out into more detail the provincial spatial plan, for each of their kabupatens. The government's concern for an integrated regional development - although in a much smaller scale - is also demonstrated with a nation wide poverty alleviation program as was mentioned in the preceding sections. This program's objective is poverty alleviation through an integrated area development program. This program was started in 1989 and is at present still being implemented.

All of the above indicate the current views and policies of the Indonesian government on regional development and planning. However, it is still too recently adopted to be able to assess its success or failure. In the meantime, numerous regional development and planning studies have been prepared and each has come up with issues, problems and proposed solutions. A review of these studies and recommendations, might be of help in determining future policies on the Indonesian government's national and regional development efforts.

POPULATION (CENCUS 1990)	179,378.9 (in thounsand)
# OF VILLAGE	68,762 (67,033)
# OF DATI II	296 Including 55 MUNICIPALITIES
# OF DATI I	27
ANNUAL URBAN GROWTH RATE	5.36%
ANUUAL RURAL GROWTH RATE	0.79%

Number and Percentage of Poor People (living below poverty line) in 1990						
Region/Island	Poor People in million			% Poor People		
	Urban	Rural	Urban + Rural	Urban	Rural	Urban + Rural
Indonesia	9,4	17,8	27,2	26,75	14,33	15,08
Java	6,8	8,8	15,6	17,56	12,66	14,41
Outside Java	2,6	9,0	11,6	15,11	16,39	16,09
Sumatera	1,3	3,8	5,1	14,16	13,80	13,89
Nusa Tenggara	0,4	1,8	2,2	20,67	21,68	21,51
Kalimantan	0,4	1,7	2,1	16,58	24,96	22,65
Sulawesi	0,4	1,0	1,4	13,96	10,50	11,26
Maluku + Irja	0,1	0,7	0,8	13,23	26,13	23,36

Source : - BPS, Sensus Nasional 1990
- BPS, Statistik Indonesia and Population Census 1990

Table 1
Population by Province

Provinces of Indonesia	Area (Km ² * 1000)	Population 1980 (* 1000)	Population 1990 (* 1000)	Av. Ann. Gr. Growth 1980 - 1990	Population Density/Km ² 1990
01. Aceh	55	2,511	3,414	2.72	52.7
02. Sumatera Utara	72	8,351	10,252	2.07	143.0
03. Sumatera Barat	42	3,405	3,999	1.62	94.5
04. Riau	95	2,154	3,281	4.25	34.7
05. Jambi	53	1,444	2,014	3.38	37.7
06. Sumatera Selatan	109	4,528	6,276	3.09	57.4
07. Bengkulu	20	0,758	1,179	4.38	59.6
08. Lampung	35	4,524	6,004	2.65	169.7
51. SUMATERA	482	27,995	36,420	2.67	75.6
09. DKI Jakarta	1	5,481	8,223	2.41	12,534.3
10. Jawa Barat	44	27,450	35,378	2.57	800.9
11. Jawa Tengah	35	25,367	28,517	1.18	826.5
12. DI Yogyakarta	3	2,750	2,913	0.58	927.0
13. Jawa Timur	48	29,169	32,488	1.08	577.9
52. JAWA	130	91,217	107,518	1.66	824.5
14. Kalimantan Barat	147	2,485	3,235	2.57	22.0
15. Kalimantan Tengah	154	954	1,396	3.88	9.1
16. Kalimantan Selatan	37	2,053	2,597	2.33	70.2
17. Kalimantan Timur	211	1,215	1,875	4.44	8.9
53. KALIMANTAN	549	6,717	9,103	3.09	16.6
18. Sulawesi Utara	26	2,115	2,478	1.60	96.1
19. Sulawesi Tengah	68	1,285	1,703	2.85	25.0
20. Sulawesi Selatan	52	6,060	6,981	1.43	111.7
21. Sulawesi Tenggara	38	942	1,349	3.66	35.4
54. SULAWESI	194	10,401	12,511	1.86	64.3
22. Bali	6	2,470	2,777	1.18	502.1
23. Nusa Tenggara	20	2,724	3,369	2.15	157.2
24. Nusa Tenggara Timur	47	2,737	3,268	1.79	69.0
25. Maluku	86	1,408	1,851	2.77	21.6
26. Irian Jaya	420	1,107	1,529	3.94	3.9
27. Timor Timur	15	555	0,748	3.02	51.1
55. EASTERN ISLANDS	593	11,001	13,642	2.17	23.0
90. INDONESIA	1,949	147,332	179,194	1.98	92.0

Source : BPS, Statistik Ind. and Population Census 1990

Table 2
Provincial Total GRDP

Provinces	Total GRDP			NON MIGAS GRDP			DKDKI 1983 =100		Provincial Share in Indonesia			
	Growth	Growth	Av. Ann. GR	Growth	Growth	Av. Ann. GR	Total GDP	Non-Migas	Total GDP		Non Migas	
	87-88	88-89	88-89	87-88	88-89	88-89	1989	1989	1983	1989	1983	1989
01. Aceh	9.1	17.2	9.4 ++	8.7	7.2	5.6 --	171	139	4.8	4.5	2.1	1.9
02. Sumatera Utara	11.3	9.7	7.9 +	12.0	9.9	8.4 +	158	162	4.9	5.8	5.9	6.7
03. Sumatera Barat	8.3	7.3	5.6 -	6.3	7.3	5.6 --	139	139	1.7	1.8	2.2	2.1
04. Riau	4.3	6.1	3.2 --	8.7	9.8	7.3 +	157	157	10.6	7.2	1.8	1.7
05. Jambi	17.6	5.3	8.9 ++	10.0	5.5	6.9 -	149	149	0.7	0.8	0.9	0.8
06. Sumatera Selatan	6.2	7.2	5.9 -	8.2	8.3	6.3 -	144	144	4.9	4.4	4.6	4.1
07. Bengkulu	10.1	7.3	8.4 ++	10.1	7.3	8.4 +	162	162	0.4	0.4	0.5	0.5
08. Lampung	8.4	7.3	8.9 ++	8.4	7.3	8.9 ++	167	167	1.5	1.8	1.9	2.1
09. DKI Jakarta	8.3	8.9	7.1 +	8.3	8.9	7.1 o	151	151	11.0	11.6	14.2	13.7
10. Jawa Barat	7.9	8.1	8.2 ++	8.9	8.6	9.1 ++	168	168	14.4	16.1	15.4	17.5
11. Jawa Tengah	6.4	6.5	7.6 +	7.2	6.3	6.6 -	147	147	10.3	11.6	12.7	12.4
12. DI Yogyakarta	6.0	6.3	5.2 --	6.0	6.3	5.2 --	136	136	1.1	1.0	1.4	1.2
13. Jawa Timur	6.6	7.5	6.1 -	6.6	7.5	6.1 -	143	143	15.3	15.2	19.6	18.0
14. Kalimantan Barat	17.1	5.0	9.1 ++	17.1	5.0	9.1 ++	168	168	1.2	1.4	1.5	1.7
15. Kalimantan Tengah	8.5	8.6	7.7 +	8.5	8.6	7.7 +	156	156	0.7	0.8	0.9	0.9
16. Kalimantan Selatan	8.4	7.0	6.0 -	9.9	6.9	6.7 -	148	148	1.3	1.2	1.5	1.4
17. Kalimantan Timur	-0.1	3.0	4.0 --	12.6	6.6	13.2 ++	211	211	6.1	5.5	1.9	2.8
18. Sulawesi Utara	7.1	5.5	4.4 --	7.1	5.5	4.4 --	130	130	0.9	0.8	1.2	0.9
19. Sulawesi Tengah	8.1	8.6	6.5 o	8.1	9.4	6.5 -	146	146	0.5	0.5	0.7	0.6
20. Sulawesi Selatan	9.1	7.0	6.2 -	9.1	6.5	6.2 -	144	144	2.5	2.3	3.2	2.7
21. Sulawesi Tenggara	9.0	3.0	7.9 +	9.0	10.5	7.9 +	158	158	0.4	0.4	0.5	0.5
22. Bali	8.6	8.7	8.8 ++	8.6	8.7	8.8 ++	166	166	1.3	1.6	1.6	1.9
23. Nusa Tenggara Barat	6.7	8.5	6.3 o	6.7	8.5	6.3 -	145	145	0.7	0.7	0.9	0.8
24. Nusa Tenggara Timur	4.0	5.5	5.0 --	4.0	5.5	5.0 --	134	134	0.7	0.8	0.9	0.8
25. Maluku	9.0	6.0	8.4 ++	9.1	6.1	8.4 +	162	162	0.7	0.8	0.9	1.0
26. Irian Jaya	8.9	11.5	3.2 --	10.4	14.5	8.0 +	159	159	1.2	1.0	0.9	1.0
27. Timor Timur	9.1	7.2	7.2 +	9.1	7.2	7.2 o	152	152	0.1	0.1	0.1	0.2
28. Sumatera	7.5	9.1	6.2 -	9.2	8.5	7.3 o	152	152	29.6	26.7	20.0	19.9
29. Jawa	7.3	7.7	7.2 +	7.7	7.8	7.2 o	151	151	52.1	55.4	63.2	62.9
30. Kalimantan	4.1	4.3	5.3 --	12.6	6.5	9.8 ++	175	175	9.2	8.9	5.8	6.8
31. Sulawesi	8.5	7.1	6.1 -	8.5	7.1	6.1 -	142	142	4.4	4.1	5.6	4.8
32. Eastern Islands	7.8	8.3	8.4 o	8.0	8.6	7.5 o	155	155	4.	4.9	5.4	5.6
	7.1	7.8	6.7 o	8.4	7.9	7.3 o	147	153	100.0	100.0	100.0	100.0

Source : BPS Figures Adapted by LTA 97

++ = > 120 % of National Average

+ = 105 - 120 % of National Average

o = 95 - 105 % of National Average

- = 80 - 95 % of National Average

-- = < 80 % of National Average

--- = < 50 % of National Average

Table 2a
GDP, Regional Share Main by Economic Sector

	SUMATERA		JAWA		KALIMANTAN		SULAWESI		EASTERN ISLANDS		TOTAL	
	1983	1989	1983	1989	1983	1989	1983	1989	1983	1989	1983	1989
Agriculture	24	25	53	52	6	7	8	7	8	8	100	100
Mining	63	67	13	12	21	16	0	1	3	4	100	100
Manufacturing	29	23	60	62	9	12	1	1	1	1	100	100
Public Utilities	10	13	80	78	3	3	4	3	3	3	100	100
Construction	16	13	71	73	5	5	4	4	5	5	100	100
Trade, Hotels and Rest.	20	19	65	64	7	9	4	4	4	4	100	100
Transp. and comm	23	22	58	58	8	7	7	6	5	6	100	100
Finance	15	15	73	73	6	6	5	4	2	3	100	100
Other Services	16	17	55	65	4	4	6	6	7	8	100	100
GDP Migas	64	63	13	16	21	20	0		2	1	100	100
GDP Non Migas	20	20	63	63	6	7	6		5	6	100	100
Total GDP	30	27	52	55	9	9	4		5	5	100	100

Source : BPS, Adapted from "Regional Income 1983-1989"

Table 3
GRDP PER CAPITA

Provinces	Total GRDP Per Capita						Non-Migas GRDP Per Capita					
	GRDP/CAP Rp. 1000 INDEX				Growth	AV ANN.GR	GRDP/CAP Rp. 1000 INDEX				Growth	AV ANN.GR
	Const 83 Prices		Curr. Indon-100				Const 83 Prices		Curr. Indon-100			
	1983	1989	1983	1989	88-89	83-89	1983	1989	1988	1989	88-89	83-89
01. Aceh	1214	1768	2177	235++	14.0++	8.5++	419	495	769	99 o	4.2--	2.8--
02. Sumatera Utara	337	544	540	102o	7.9++	5.8++	385	526	912	117 +	8.1++	6.3+
03. Sumatera Barat	345	434	736	80--	5.7o	3.9-	345	434	736	95-	5.7-	3.5--
04. Riau	3147	2908	3730	405++	0.9---	-1.3---	409	492	763	98 o	4.4--	3.1--
05. Jambi	328	454	691	75--	2.4---	5.5+	293	361	571	74--	2.5---	3.5--
06. Sumatera Selatan	679	795	1180	128++	3.9--	2.6--	505	605	916	118 +	5.0-	3.1--
07. Bengkulu	300	374	605	66--	2.6---	3.7-	300	374	805	78--	2.6--	3.7--
08. Lampung	199	297	474	52--	6.9+	6.9++	199	297	474	61--	6.9+	6.9++
09. DKI Jakarta	1072	1446	2302	250++	8.0++	5.1+	1072	1446	2302	297++	8.0++	5.1o
10. Jawa Barat	345	475	156	82-	5.1-	5.4+	288	415	693	89-	5.9--	6.2+
11. Jawa Tengah	278	402	685	72--	5.3-	6.4++	266	385	601	77--	5.1-	5.4o
12. DI Yogyakarta	287	356	586	61--	6.4+	4.9+	267	356	566	73--	6.4+	4.9-
13. Jawa Timur	357	481	785	83-	6.6+	5.1+	357	480	764	98 o	6.6+	5.1o
14. Kalimantan Barat	317	455	727	79--	2.2---	6.2++	317	455	727	94-	2.2---	6.2+
15. Kalimantan Tengah	456	558	963	103o	3.9--	3.4--	456	558	953	123++	3.9--	3.4--
16. Kalimantan Selatan	412	507	781	85-	4.2--	3.5	388	496	769	99o	4.1--	4.2---
17. Kalimantan Timur	3117	3044	4946	537++	-1.4---	-0.4---	757	1230	2109	272++	2.1---	8.4++
18. Sulawesi Utara	301	356	527	57--	4.1--	2.8--	301	356	527	68--	4.1--	2.8--
19. Sulawesi Tengah	257	320	519	56--	6.8+	3.7--	257	320	519	67--	6.8+	3.7--
20. Sulawesi Selatan	274	365	541	59--	5.4-	4.9 o	274	365	541	70--	5.4-	4.9-
21. Sulawesi Tenggara	282	358	556	60--	6.5+	4.1-	282	358	556	72--	6.5+	4.1--
22. Bali	350	543	943	102o	7.7++	7.6++	350	543	943	121++	7.7++	7.6++
23. Nusa Tenggara Barat	180	228	334	36---	6.0o	4.0-	180	228	334	43---	6.0o	4.0--
24. Nusa Tenggara Timur	170	207	323	35---	4.2--	3.3--	170	207	323	42---	4.2--	3.3--
25. Maluku	314	432	740	80-	3.1--	5.5+	310	426	733	94-	3.1--	5.4o
26. Irian Jaya	677	654	1032	112+	7.7++	-0.6---	389	495	848	109+	10.6++	4.1--
27. Timor Timur	137	173	319	35---	3.6--	3.9-	137	173	319	41---	3.6--	3.9--
28. Sumatera	683	844	1215	132++	6.7+	3.6--	359	471	765	99o	6.1o	4.6-
29. Jawa	383	529	849	92-	6.1o	5.5+	363	499	811	104o	6.3o	5.5o
30. Kalimantan	896	1013	1637	178++	0.9	2.1---	442	640	1055	136++	3.1--	6.4++
31. Sulawesi	278	356	537	58--	5.4	4.2-	278	356	537	69--	5.4-	4.2--
32. Eastern Islands	283	362	593	64--	6.1 o	4.2-	252	343	570	73--	6.4+	5.3o
INDONESIA	451	592	921	100a	5.9 o	4.6 o	351	479	776	100o	6.0o	5.3o

Source : LTA 97. BPS

++ = > 120 % of National Average
+ = 105 - 120 % of National Average
o = 95 - 105 % of National Average
- = 80 - 95 % of National Average
-- = < 80 % of National Average
--- = < 50 % of National Average

Figure 1

**Province Grouped According to Level (1983)
and Growth (1983-1989) of Non-Migas GRD per Capita**

	Low Growth 1983-1989	Medium Growth 1983-1989	High Growth 1983-1989
Level '83 Above Average	DI Aceh Riau Sumatera Selatan Kalimantan Tengah Kalimantan Selatan	DKI Jakarta Jawa Timur	Sumatera Utara Kalimantan Timur Bali
Level '83 Below Average	Sumatera Barat Jambi Bengkulu DI Yogyakarta Sulawesi Utara Sulawesi Tengah Sulawesi Selatan Sulawesi Tenggara NTB NTT Timor-Timur Irian Jaya	Jawa Tengah Maluku	Lampung Jawa Barat Kalimantan Barat

Source : LTA 97

Table 4

**Investment as Percentage of GRDP by Province,
Based on Values in Current Prices**

Province/region	Year					
	1983	1984	1985	1986	1987	1988
1. Aceh	14.9	4.9	4.3	5.0	8.9	13.2
2. Sumatera Utara	27.4	27.8	27.1	30.8	29.6	31.5
3. Sumatera Barat	20.2	20.0	14.0	10.8	11.0	11.1
4. Riau	17.3	17.8	22.4	29.1	28.9	30.1
5. Jambi	29.4	21.5	30.6	26.9	15.7	17.9
6. Sumatera Selatan	30.9	28.7	30.6	29.2	35.4	35.2
7. Bengkulu	39.3	33.1	38.4	48.2	47.2	51.1
8. Lampung	16.2	15.2	19.5	15.2	13.4	12.7
9. DKI Jakarta	39.9	36.4	36.9	40.9	40.6	42.5
10. Jawa Barat	24.4	21.2	19.6	20.9	20.7	21.4
11. Jawa Tengah	30.6	23.0	22.0	21.8	22.0	21.8
12. Yogya	24.3	21.6	25.0	23.3	23.7	23.1
13. Jawa Timur	23.4	21.5	22.0	21.6	26.2	27.4
14. Kalimantan Barat	36.0	33.4	42.4	40.7	29.2	41.0
15. Kalimantan Tengah	24.3	18.7	23.3	16.7	15.5	17.3
16. Kalimantan Selatan	41.8	35.0	31.7	22.5	4.9	6.3
17. Kalimantan Timur	14.5	13.8	15.1	19.1	19.3	20.3
18. Sulawesi Utara	23.8	23.6	25.3	22.9	19.7	19.1
19. Sulawesi Tengah	24.7	25.5	26.6	22.5	8.6	19.8
20. Sulawesi Selatan	20.0	19.4	19.8	18.2	19.3	18.6
21. Sulawesi Uatra	13.5	17.5	19.2	19.9	23.7	21.4
22. Bali	29.4	31.5	31.2	31.9	30.9	32.0
23. Nusa Tenggara Barat	24.9	22.4	21.4	22.2	27.3	26.4
24. Nusa Tenggara Timur	14.6	16.8	14.9	14.2	17.0	18.5
25. Maluku	14.4	11.7	17.3	19.4	14.6	15.2
26. Irian Jaya	7.2	7.2	9.4	9.6	9.9	9.9
27. Timor Timur	25.7	21.9	22.5	20.7	24.6	29.2
Sumatera	21.5	19.5	21.4	23.1	24.6	25.7
Jawa	28.6	24.9	24.5	25.6	26.8	27.6
Kalimantan	21.9	19.4	21.5	22.5	18.4	21.3
Sulawesi	20.8	20.8	21.7	19.8	18.5	19.1
Eastern Isl	18.5	19.0	20.6	21.2	21.5	22.2
Indonesia	25.1	22.4	23.1	24.1	24.8	25.9

Source: BPS/Adapted by LTA97

Table 5
Government/Non-Government Investment as % of GRDP
by Province, Annual Averages 1983-1988

Province/region	Government	Non Government	Total Investments
1. Aceh	3.4	5.1	8.6
2. Sumatera Utara	8.4	21.0	29.4
3. Sumatera Barat	11.0	2.8	13.7
4. Riau	2.0	22.5	24.5
5. Jambi	13.1	9.6	22.6
6. Sumatera Selatan	5.7	26.3	32.0
7. Bengkulu	20.4	24.1	44.5
8. Lampung	10.0	4.8	14.9
9. Dki Jakarta	7.4	32.4	39.8
10. Jawa Barat	6.7	14.5	21.2
11. Jawa Tengah	6.3	16.7	23.0
12. Yogya	11.4	12.1	23.5
13. Jawa Timur	4.9	19.2	24.1
14. Kalimantan Barat	10.9	26.3	37.3
15. Kalimantan Tengah	13.1	5.6	18.7
16. Kalimantan Selatan	12.3	8.6	21.0
17. Kalimantan Timur	2.5	14.9	17.4
18. Sulawesi Utara	15.0	7.0	22.1
19. Sulawesi Tengah	16.7	3.8	20.5
20. Sulawesi Selatan	10.5	8.7	19.1
21. Sulawesi Uatra	18.6	1.2	19.8
22. Bali	9.0	22.3	31.3
23. Nusa Tenggara Barat	12.9	11.4	24.3
24. Nusa Tenggara Timur	16.5	-	16.2
25. Maluku	14.4	1.1	15.5
26. Irian Jaya	12.7	-	9.0
27. Timor Timur	47.6	-	24.6
Sumatera	5.8	17.1	22.9
Jawa	6.4	20.0	26.4
Kalimantan	5.9	14.9	20.7
Sulawesi	12.9	7.0	20.0
Eastern Islands	13.3	7.5	20.8
Indonesia	6.8	17.6	24.4

Source: Estimates by LTA97

Table 6
Per capita Household Income by Province, 1975, 1983, 1988

PROVINCE	Level Index 1975	rank 1975	Level Index 1983	rank 1983	Level Index 1988	rank 1988
1. Aceh	102	12	133	5	115	5
2. Sumatera Utara	118	7	103	11	111	7
3. Sumatera Barat	100	14	101	12	103	9
4. Riau	198	3	149	3	113	6
5. Jambi	109	10	89	16	77	21
6. Sumatera Selatan	139	4	133	4	111	8
7. Bengkulu	82	20	91	14	92	13
8. Lampung	100	13	62	24	71	23
9. DKI Jakarta	233	2	258	1	242	1
10. Jawa Barat	86	19	81	20	90	16
11. Jawa Tengah	70	23	78	22	83	17
12. Yogya	79	21	81	21	82	19
13. Jawa Timur	96	17	104	10	102	10
14. Kalimantan Barat	107	11	90	15	91	14
15. Kalimantan Tengah	112	9	124	6	117	4
16. Kalimantan Selatan	88	18	107	9	100	11
17. Kalimantan Timur	309	1	208	2	212	2
		8	92	13	77	22
18. Sulawesi Utara	112					
19. Sulawesi Tengah	79	22	78	23	70	24
20. Sulawesi Selatan	98	15	84	19	79	20
21. Sulawesi Uatra	61	24	86	18	82	18
22. Bali	96	16	111	8	137	3
23. Nusa Tenggara Barat	61	25	57	25	50	26
24. Nusa Tenggara Timur	60	26	57	26	51	25
25. Maluku	123	6	89	17	90	15
26. Irian Jaya	130	5	113	7	95	12
27. Timor Timur	NA	27	42	27	47	27
51. Sumatera	119	2	106	2	101	3
52. Jawa	95	4	101	3	103	2
53. Kalimantan	132	1	122	1	122	1
54. Sulawesi	96	3	85	4	78	5
55. Eastern Islands	84	5	78	5	79	4
90 INDONESIA	100		100		100	
STANDARD DEVIATIONS (scaled to 100)						
INDONESIA	55.5		45.2		42.6	
Sumatera	36.1		28.8		17.1	
Jawa	68.0		77.6		68.6	
Kalimantan	103.8		52.5		55.6	
Sulawesi	22.2		6.1		5.2	
Eastern Islands	33.0		30.4		35.6	

Source : LTA 97, Discussion Paper Series XXII

Table 7
Social Welfare Indications by Province

PROVINCE	Educationa Attainment Weights : Literacy 2 Prim. school 2 >Prim. Sch		Health Attain- ment Weghts: Inf. mort 1 Life exp. 1		Housing Quality		Social Welpare Indicator Weghts: Educatio 3 Health 3 Housing 1	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
1. Aceh	112	5	108	5	63	27	103	8
2. Sumatera Utara	119	2	107	6	104	7	112	5
3. Sumatera Barat	111	6	89	23	64	26	95	21
4. Riau	115	4	96	16	83	15	102	29
5. Jambi	107	11	94	17	67	24	96	17
6. Sumatera Selatan	111	7	101	12	105	6	106	6
7. Bengkulu	101	15	106	8	80	18	100	12
8. Lampung	98	17	110	4	79	19	100	10
9. DKI Jakarta	134	1	145	2	269	1	158	1
10. Jawa Barat	103	14	90	21	96	8	97	15
11. Jawa Tengah	95	19	106	9	90	10	99	13
12. Yogya	100	16	151	1	87	12	120	2
13. Jawa Timur	90	22	101	13	95	9	96	19
14. Kalimantan Barat	81	24	94	18	68	23	85	24
15. Kalimantan Tengah	111	8	101	14	66	25	100	11
16. Kalimantan Selatan	104	13	90	22	106	5	98	14
17. Kalimantan Timur	106	12	106	7	151	2	112	3
18. Sulawesi Utara	115	3	104	10	122	3	112	4
19. Sulawesi Tengah	109	9	83	25	89	11	95	20
20. Sulawesi Selatan	93	20	103	11	84	13	96	18
21. Sulawesi Uatra	97	18	97	15	76	20	94	22
22. Bali	92	21	112	3	120	4	105	7
23. Nusa Tenggara Barat	69	25	73	27	69	22	71	26
24. Nusa Tenggara Timur	86	23	91	20	76	21	86	23
25. Maluku	108	10	89	24	84	14	96	16
26. Irian Jaya	68	26	91	19	82	17	79	25
27. Timor Timur	28	27	81	26	83	16	59	27
51. Sumatera	112	1	102	1	87	4	104	1
52. Jawa	99	3	101	2	107	1	101	2
53. Kalimantan	96	4	96	4	96	2	96	4
54. Sulawesi	100	2	99	3	92	3	99	3
55. Eastern Islands	79	5	88	5	86	5	84	5
Indonesia	100		100		100		100	
STANDARD DEVIATIONS (scaled to 100)								
Indonesia	20.2		16.6		40.3		17.3	
Sumatera	7.0		7.7		16.6		5.3	
Jawa	17.2		27.4		79.3		26.5	
Kalimantan	13.1		7.2		39.8		11.3	
Sulawesi	10.5		9.5		20.4		8.4	

Source : LTA 97, Discussion Paper Series XXII

Table 8
Economic and Social Welfare Combined

PROVINCE	Economic Welfare Index (EWI) Per Capita Household Income 1988, see Table 3.1.6)		Social Welfare Index (SWI)		General Welfare Index (GWI) Weight Economic BWI 1 Weight Social SWI 2	
	Index	Rank	Index	Rank	Index	Rank
1. Aceh	111	7	103	8	106	7
2. Sumatera Utara	109	9	112	5	111	3
3. Sumatera Barat	110	8	95	21	100	10
4. Riau	113	5	102	9	106	8
5. Jambi	73	22	96	17	88	21
6. Sumatera Selatan	118	4	106	6	110	4
7. Bengkulu	90	13	100	12	97	14
8. Lampung	68	24	100	10	89	20
9. DKI Jakarta	242	1	158	1	186	1
10. Jawa Barat	89	14	97	15	94	16
11. Jawa Tengah	85	18	99	13	94	15
12. Yogya	80	20	120	2	107	8
13. Jawa Timur	102	12	96	19	98	13
14. Kalimantan Barat	88	15	85	24	86	24
15. Kalimantan Tengah	114	6	100	11	105	9
16. Kalimantan Selatan	101	10	98	14	99	12
17. Kalimantan Timur	219	2	112	3	148	2
18. Sulawesi Utara	76	21	112	4	100	11
19. Sulawesi Tengah	68	23	95	20	86	23
20. Sulawesi Selatan	83	19	96	18	91	19
21. Sulawesi Uatra	89	16	94	22	92	18
22. Bali	120	3	105	7	110	5
23. Nusa Tenggara Barat	49	26	71	26	64	26
24. Nusa Tenggara Timur	54	25	86	23	76	25
25. Maluku	85	17	96	16	93	17
26. Irian Jaya	103	11	79	25	87	22
27. Timor Timur	41	27	59	27	53	27
51. Sumatera	101	3	104	1	103	2
52. Jawa	103	2	101	2	102	3
53. Kalimantan	121	1	96	4	104	1
54. Sulawesi	80	4	99	3	92	4
55. Eastern Islands	77	5	84	5	82	5
Indonesia	100		100		100	
STANDARD DEVIATIONS (scaled to 100)						
Indonesia	19.4		5.3		8.7	
Sumatera	68.9		26.5		39.5	
Jawa	59.8		11.3		26.8	
Kalimantan	9.4		8.4		5.6	
Sulawesi	32.1		16.8		20.6	

Source : LTA 97, Discussion Paper Series XXII

Tabel 9

**Central Government Budget Summary,
Repelita III, IV and V first 3 years ¹⁾**

	Repelita III 1979/84 Value	%	Repelita IV 1984/89 Value	%	1989/90 Value	%	1990/91 Value	%	1991/92 Value	%
1. Total Budget	66395	100	124058	100	38169	100	42873	100	50556	100
2. Domestic revenues	55988	84	95106	77	28740	75	31584	74	40184	79
3. Routine Expenditures	26521	40	42858	35	12392	32	13664	32	16178	32
4. Interest & Amort.	5728	9	30303	24	11939	31	12984	30	14380	28
5. Government savings	23739	36	21945	18	4409	12	4936	12	9636	19
5. Programe Aid	204	0	4865	4	1007	3	2885	7	1538	3
7. Project Aid	10203	15	24087	19	8422	22	8404	20	8834	17
8. Development Budget	34146	51	50897	41	13838	36	16225	38	19998	40
9. Development Expend. of which Through:	34129	51	50885	41	13838	36	16225	38	19998	40
10. Departements		69		73		84		78		81 ²⁾
11. Inpres		13		12		9		14		16
12. Non Inpres Transfers		1		2		4		3		3
13. Others ³⁾		17		13		3		4		-
14. % Foregen Finance of Dev't Exp.		30		57		68		70		52

Source : Ministry of Finance; BAPPENAS

Notes:

- 1) Data for Repelita III, IV and 1989/90 are realizations, for 1990/1991 based on APBN, for 1991/92 on RAPBN.
- 2) Including 'others'. Values are in Rp. Billion, current prices.
- 3) 'Others' consists of PMP, LPP and fertilizer subsidy.

Table 10
Percentage Distribution of INPRES over Categories by Region

	Sumatera	Jawa	Kalimantan	Sulawesi	Eastern Islands	Indonesia
Region Repelita III						
Roads	6.4	1.8	7.0	6.5	7.4	4.8
Regional Development	41.4	39.1	42.4	36.4	46.5	40.7
Education	41.4	45.9	39.8	39.8	36.6	42.2
Health	5.2	8.1	5.0	4.9	5.1	6.3
Natural Resources	5.6	5.1	5.8	12.4	4.4	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Repelita IV						
Roads	13.1	3.3	12.7	12.4	9.9	8.9
Regional Development	53.8	55.6	54.6	53.2	57.5	55.0
Education	24.4	27.5	24.65	25.0	24.9	25.7
Health	6.2	12.0	4.9	5.6	5.9	8.1
Natural Resources	2.5	1.6	3.3	3.8	1.8	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Repelita V (first 2 years)						
Roads	33.5	20.6	32.2	36.6	35.4	29.7
Regional Development	54.2	59.4	56.0	50.6	52.6	55.5
Education	7.4	12.8	7.7	7.6	6.9	9.2
Health	4.0	6.6	3.4	3.5	4.3	4.8
Natural Resources	0.8	0.8	0.8	1.6	0.9	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : LTA 97/BAPPENAS: Estimated

Table 11
Percentage Distribution of Development Expenditures
by Department by Region Over Categories (Based on DIP-data), Repelita IV

Category	Sumatera	Jawa	Kalimantan	Sulawesi	Eastern Islands	Indonesia
1. Agriculture	13.0	11.5	7.9	13.6	10.3	11.6
2. Industry	0.3	0.4	0.3	0.4	0.3	0.4
3. Mining/Electric	11.5	17.4	7.9	13.9	8.4	14.1
4. Communication	23.2	23.9	24.6	19.8	27.0	23.7
5. Trade	0.8	1.3	1.0	1.5	1.3	1.2
6. Manpower/transmig	10.1	4.1	22.0	10.8	11.6	8.2
7. Regional dev't	0.7	0.6	1.1	1.1	2.7	0.9
8. Religion	0.6	0.5	0.7	0.6	0.5	0.6
9. Education	14.5	16.4	16.4	20.1	18.3	16.4
10. Health	3.6	3.3	4.1	4.9	5.1	3.7
11. Housing/water	3.1	6.1	2.8	2.8	3.0	4.6
12. Justice	1.0	0.7	1.4	1.1	1.4	0.9
13. Defence/secur	0.0	0.0	0.0	0.0	0.0	0.0
14. Information	0.6	0.6	0.8	0.7	1.0	0.7
15. Research/dev't	3.1	5.2	3.6	3.2	3.8	4.3
16. Public ad	3.4	3.0	4.5	3.6	4.1	3.4
17. Investment/banks	0.0	0.0	0.0	0.0	0.0	0.0
18. Natural resources	10.2	5.0	2.0	2.0	1.3	5.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source : BAPPENAS and Ministry of Finance

Table 12
Development Expenditures Through Departments,
Percentage Distribution over 18 Catagories in Repelita III, IV, and V

Category	Repelita III	Repelita IV	Repelita V (first 2 years)
1. Agriculture	14.6	16.7	17.7
2. Industry	8.0	6.0	3.2
3. Mining/Electric	17.8	16.9	14.5
4. Communication	14.6	16.2	18.5
5. Trade	1.7	2.1	1.8
6. Manpower/transmig	6.0	4.2	3.6
7. Regional dev't	1.0	1.2	2.6
8. Religion	0.7	0.5	0.2
9. Education	6.2	10.8	13.2
10. Health	2.9	2.6	2.9
11. Housing/water	2.9	4.2	5.4
12. Justice	0.9	0.6	0.3
13. Defence/secur.	8.2	6.7	7.2
14. Information	0.6	0.5	0.4
15. Research/dev't	2.3	3.2	2.8
16. Public adm.	3.5	2.0	1.0
17. Investment/banks	6.0	2.7	2.5
18. Natural resources	2.1	2.9	2.0
Total expenditures	100.0	100.0	100.0

Source : Ministry of Finance, Nota Keuangan Various