

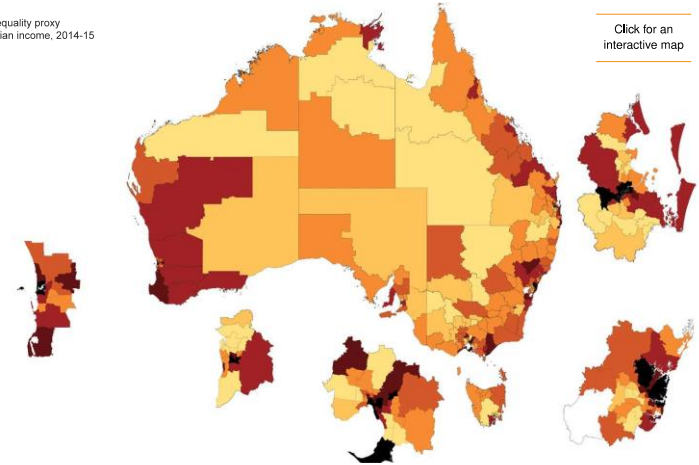
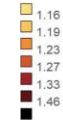
Uneven Development in Indonesia

**Mr Agung Dorodjatoen, Professor Matthew Tonts and
Professor Paul Plummer**

- Research group at UWA interested in spatial inequality – though mainly in Australian contexts
- Agung Dorodjatoen joined the group with an ‘Australia Award’
- Applied methods and concepts to Indonesia
- Submitted his PhD last Thursday!

Figure 2.7: Areas with high incomes tend to be the most unequal

Income inequality proxy
mean/median income, 2014-15



ADDRESSING REGIONAL INEQUALITY A STUDY ON REGIONAL PLANNING IN INDONESIA

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This thesis is presented for the degree of
Doctor of Philosophy of The University of Western Australia
School of Agriculture and Environment
Human Geography and Planning

2018

The problem of inequality...

Inequality is complex...

- Definitions
- Underlying causes
- Measurement
- Implications
- Solutions



How is Indonesia faring?

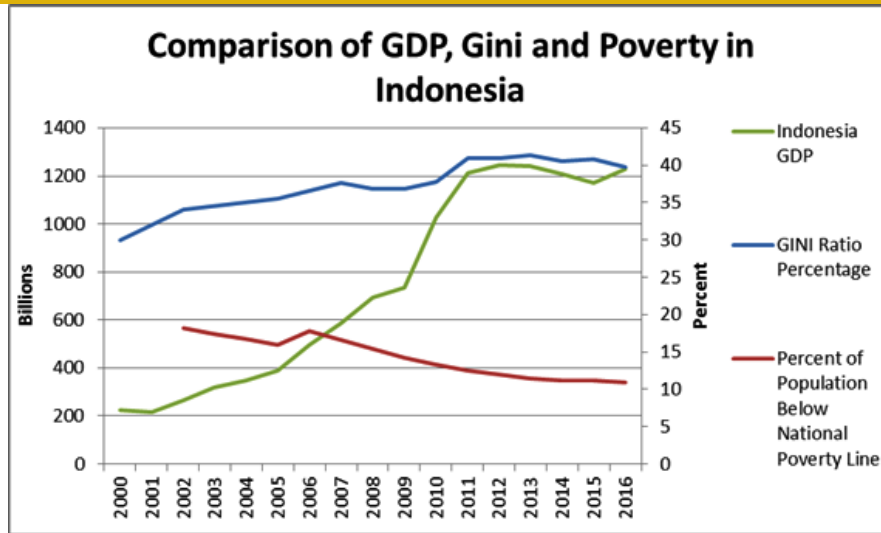
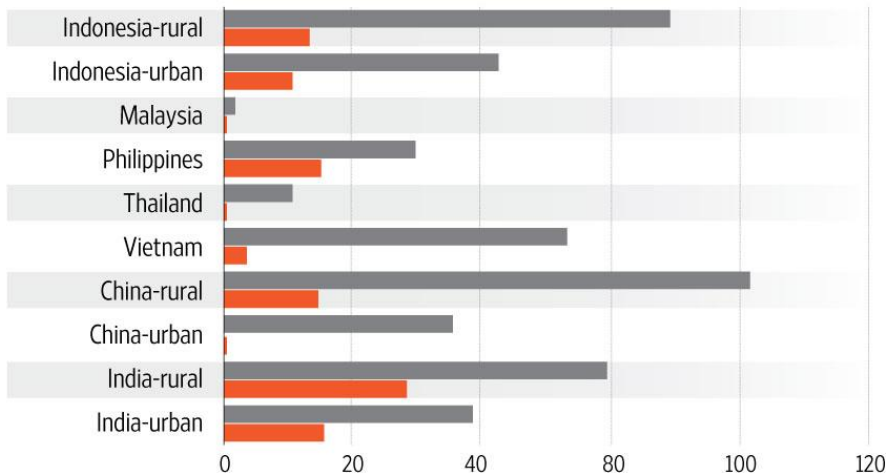


Figure 2: Based on statistics from BPS – Statistics Indonesia and World Bank

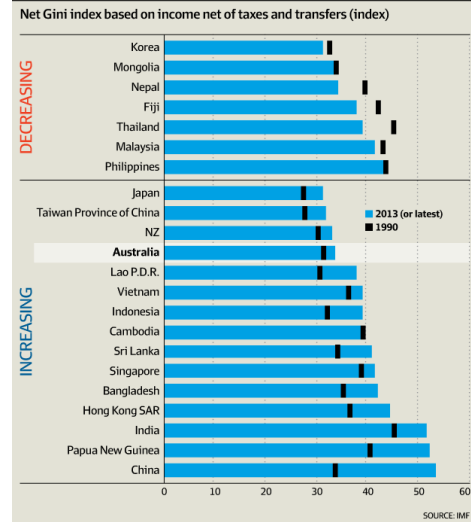
Chart 3: INDONESIA, VIETNAM CHINA DO A BETTER JOB IN REDUCING POVERTY

Percentage of total population in poverty

■ 1990 ■ 2012 (or latest)



A less equal Asia



Gender inequality still haunts Indonesia: UNDP

Marguerite Afra Sapiea
THE JAKARTA POST/JAKARTA

In the last 25 years, Indonesia has made a remarkable improvement in its human development index (HDI), climbing from 0.528 in 1990 to 0.689 in 2015.

According to the 2016 UN Development Program (UNDP) report on the HDI, which uses data from 2015, Indonesia ranks 113rd out of 188 countries. The nation's ranking went down from 110th in the previous report, which used data from 2014, during which Indonesia's HDI was 0.686.

Despite the progress, Indonesia is not doing a good job in ending gender inequality. Highlighting Indonesia's gender inequality, the latest UNDP data shows that the HDI value for women stands at 0.660, while the HDI value for men stands at 0.712.

In terms of the gender development index (GDI), Indonesia stands at 0.926, trailing behind the Philippines with 1.001. It is worth highlighting that the Philippines trails Indonesia in its overall HDI value, which stands at 0.682.

UNDP Indonesia country di-

rector Christophe Bahuet said there were many reasons that caused gender inequality in many countries – social norms, differences of education levels, lack of access to general and financial services and also cultural factors.

"I think the economic structure and political structure [in Indonesia] is still dominated by men. To change them, we have to change perceptions. If gender equality is achieved, the HDI of the whole nation will go up," Bahuet said after the report's release on Wednesday.

The UNDP data shows a wide gap between Indonesian women and men in terms of gross national income per capita, which stands at 6,608 and 13,591, respectively. Moreover, only 50.9 percent of women participate in the labor force, while men stand at 83.9 percent.

Gender inequality consists of multidimensional issues that cannot be overcome by national laws alone. Ansey said, adding that the central government should ensure capacity building for local government given that promoting gender equality in re-

gions depended largely on regional leaders, she added. Ansey highlighted that the country needed more women to participate in politics. Indonesian women in the House of Representatives is still low at 17.1 percent, only slightly higher than the set 30 percent quota.

"We need to talk more about how to take affirmative action in this matter. If we can overcome gender inequality, our HDI position will go up further," Ansey said. She added that the government should also create more public policies that could improve chances for women to participate in business and empower marginal people.

Bahuet noted that differences in how each culture acknowledged the role of women presented challenges in regions across Indonesia in terms of achieving gender equality. The answer, Bahuet said, lay in how the government could adjust its efforts according to local norms.

The government should strive to engage civil society organizations and human rights organizations at the national and local levels, Bahuet said.

However, Bahuet noted that Indonesia's progress in terms of policies pushing for female empowerment had been good, including policies facilitating better access for women to finance, which could encourage women to run business, generate income and empower themselves in the society.

"Indonesia also has a number of successful women in business, those who are CEOs, who can show how women can actually engage in economic development," Bahuet said.

Meanwhile, UNDP Indonesia Sustainable Development Goals (SDGs) adviser Ansey Sopuca highlighted that the implementation of prevailing public policies that advocated for gender equality should be improved to realize Indonesia's commitment to SDG-5 on gender equality and female empowerment.

Gender inequality consists of multidimensional issues that cannot be overcome by national laws alone. Ansey said, adding that the central government should ensure capacity building for local government given that promoting gender equality in re-

What about geography? Space/place matter!



- Uneven development concentrates on inequality across geographic space
- Focus is on understanding the underlying causes at multiple scales – global, national, provincial and local
- Both quantitative and qualitative understandings – patterns and processes
- A central concern is with resolving uneven development, and hence there is a focus on policy and practice

Uneven Development in Indonesia

Figure 4.5 District GRP per capita by quintile, 1999 and 2011

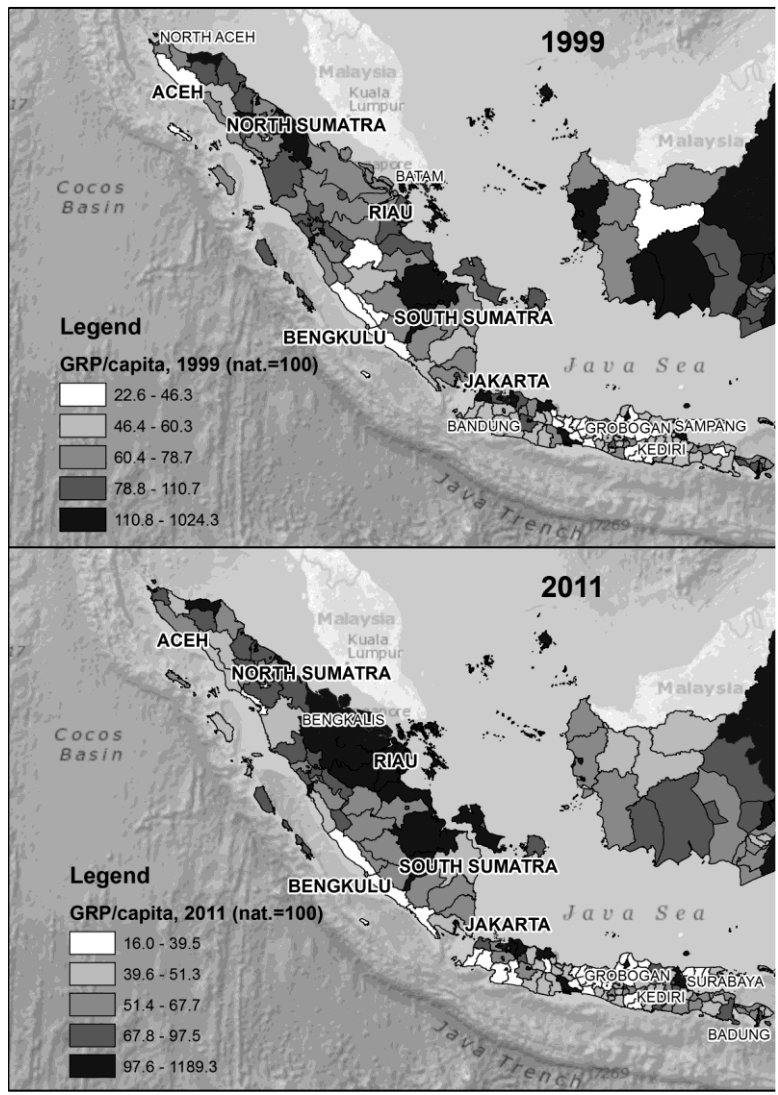
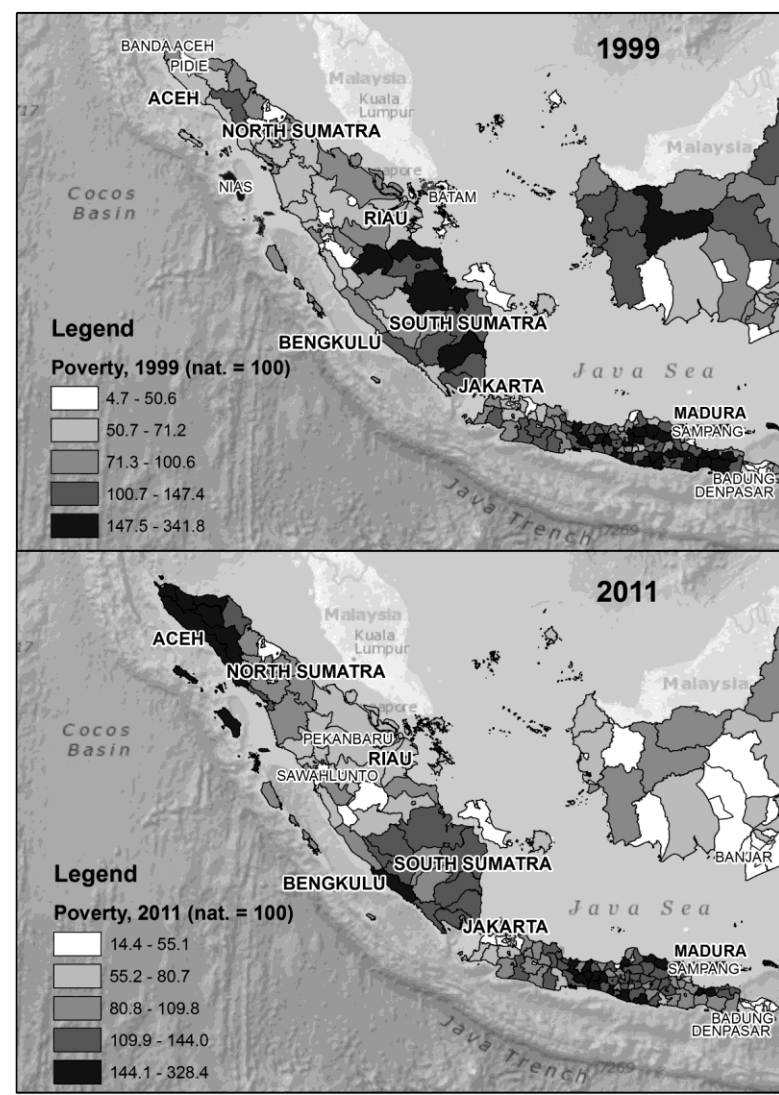


Figure 4.6 District poverty incidence by quintile, 1999 and 2011



Uneven Development in Indonesia

Table 4.4. Top Ten and Lowest Ten Real GDP by Districts
(in Indonesian Rupiah; Source: Author's calculation based on BPS data)

1993 (in trillions Rupiahs)		2013 (in trillions Rupiahs)	
Top 10 Districts			
South Jakarta, DKI Jakarta	43.39	Central Jakarta, DKI Jakarta	124.99
Central Jakarta, DKI Jakarta	43.28	Surabaya, East Java	109.14
West Jakarta, DKI Jakarta	41.48	South Jakarta, DKI Jakarta	107.51
Surabaya, East Java	40.05	North Jakarta, DKI Jakarta	87.76
East Jakarta, DKI Jakarta	33.76	Bekasi (District), West Java	84.21
North Jakarta, DKI Jakarta	27.81	East Jakarta, DKI Jakarta	80.12
Bogor (District), West Java	18.78	West Jakarta, DKI Jakarta	70.53
Bandung (District), West Java	16.60	Bogor (District), West Java	46.70
Medan, North Sumatra	15.75	Kutai, East Kalimantan	45.43
Bekasi (District), West Java	14.20	Medan, North Sumatra	43.30
Lowest 10 Districts			
Pare Pare, South Sulawesi	0.28	Gorontalo (Municipality), North Sulawesi	0.75
North Central Timor, East Nusa Tenggara	0.27	Majene, South Sulawesi	0.74
Sibolga, North Sumatra	0.27	Solok (Municipality), West Sumatra	0.63
Yapen Waropen, Papua	0.26	Sawahlunto, West Sumatra	0.62
Solok (Municipality), West Sumatra	0.24	Yapen Waropen, Papua	0.62
Alor, East Nusa Tenggara	0.23	Selayar, South Sulawesi	0.60
Gorontalo (Municipality), North Sulawesi	0.21	North Central Timor, East Nusa Tenggara	0.56
Selayar, South Sulawesi	0.20	Padang Panjang, West Sumatra	0.50
Padang Panjang, West Sumatra	0.19	Alor, East Nusa Tenggara	0.50
Sabang, Aceh	0.08	Sabang, Aceh	0.28

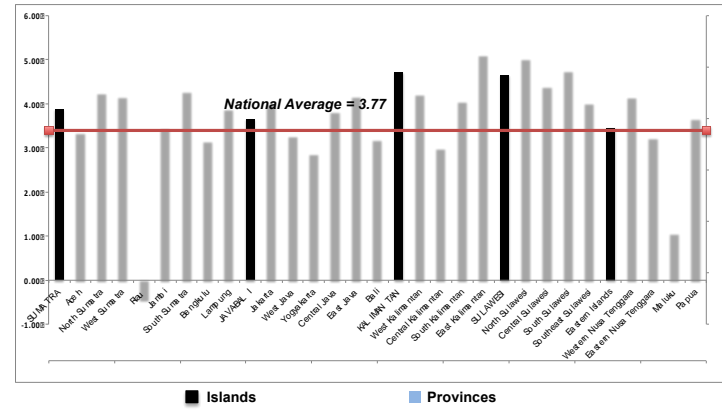


Figure 4.4. Real GDP per Capita Growth 1993-2013
(Source: Author's calculations based on BPS data)

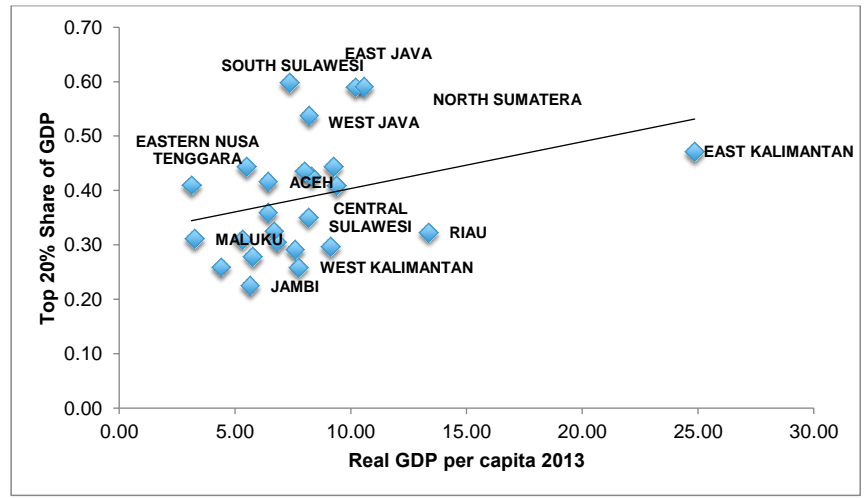


Figure 4.6. Concentration of Economic Activity by Province (without Jakarta)

Uneven Development in Indonesia

Table 4.10. Highest and Lowest Districts by Human Development Index 1996 & 2013

(Source: Author's own calculation based on BPS data)

Top 10 Districts				
Districts	HDI 1996	Districts	HDI 2013	Relative GDP per Capita to GNP per Capita 2013
South Jakarta, Jakarta	77.20	Yogyakarta, Yogyakarta	80.51	1.64
Palangkaraya, Central Kalimantan	76.90	South Jakarta, Jakarta	80.47	5.10
East Jakarta, Jakarta	76.40	Makassar, South Sulawesi	80.17	1.54
Manado, North Sulawesi	76.20	East Jakarta, Jakarta	80.07	2.92
Bukittingi, West Sumatra	76.10	Sleman, Yogyakarta	79.97	0.66
West Jakarta, Jakarta	76.10	Balikpapan, East Kalimantan	79.87	2.43
Yogyakarta, Yogyakarta	76.10	West Jakarta, Jakarta	79.69	2.99
Central Jakarta, Jakarta	76.00	Ambon, Maluku	79.58	0.59
Pekanbaru, Riau	75.90	Palangkaraya, Central Kalimantan	79.52	0.81
Klungkung, Bali	75.80	Pekanbaru, Riau	79.47	1.23
Lowest 10 Districts				
Districts	HDI 1996	Districts	HDI 2013	Relative GDP per Capita to GNP per Capita 2013
South Central Timor, East Nusa Tenggara	55.90	Situbondo, East Java	65.73	0.40
Nias, North Sumatra	55.50	West Sumba, East Nusa Tenggara	65.49	0.19
Bondowoso, East Java	55.40	Bondowoso, East Java	65.39	0.51
Bangkalan, East Java	55.00	Probolinggo, East Java	65.19	1.12
East Lombok, West Nusa Tenggara	54.40	West Lombok, West Nusa Tenggara	63.82	0.34
West Lombok, West Nusa Tenggara	51.60	East Sumba, East Nusa Tenggara	63.80	0.35
Central Lombok, West Nusa Tenggara	51.20	Central Lombok, West Nusa Tenggara	63.51	0.33
Paniai, Papua	48.90	Sampang, East Java	62.39	0.38
Sampang, East Java	48.20	Paniai, Papua	60.81	0.39

National Spatial Planning

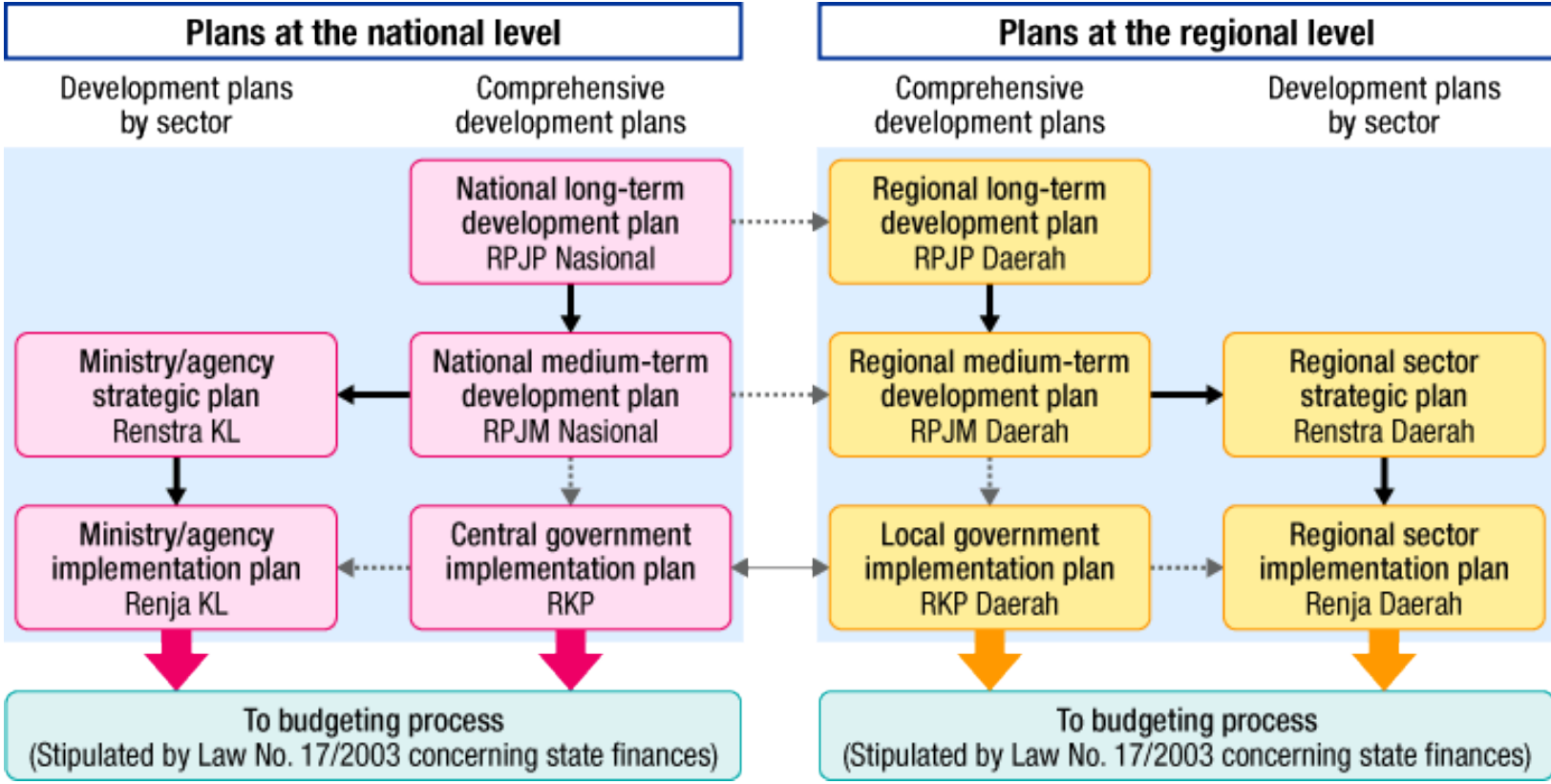




Figure 5.2. The Location of the Special Economic Zones

(Source: kek.go.id. accessed 25 July 2018)

Indonesia's Economic Corridor Development: The development of **main economic activities** in the centers of **economic growth** accompanied by **strengthening the connectivity** between economic centers, the location of the **main economic activities** and **supporting facilities**

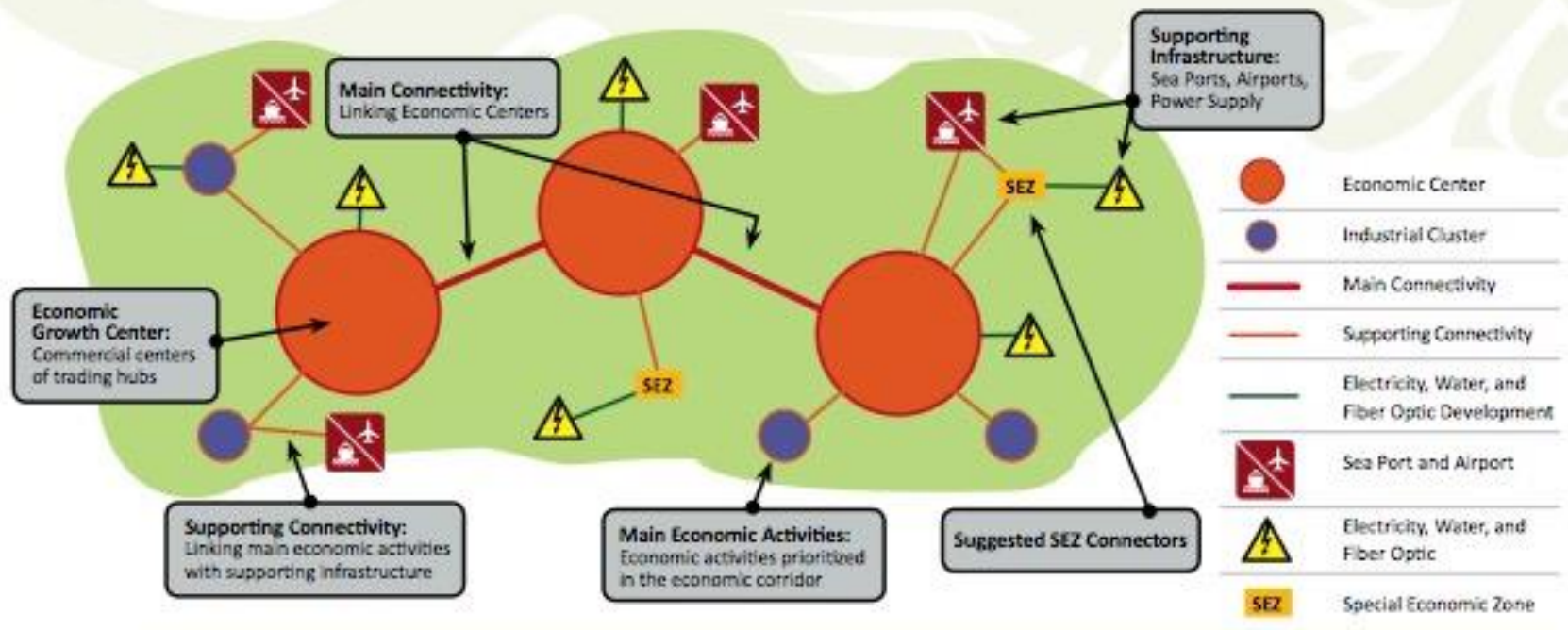


Figure 2.1. Economic Corridors

Theme of every economic corridor for acceleration and expansion of economic development

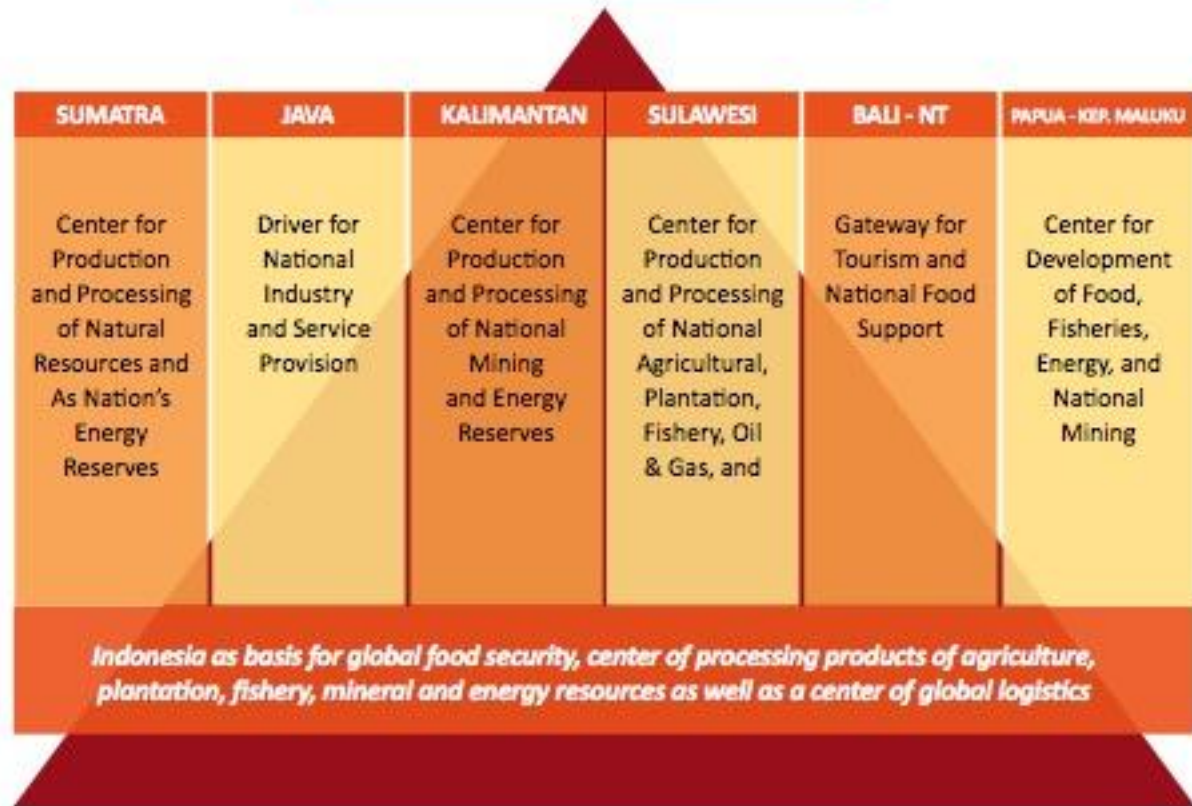


Figure 3.A.2:
Theme of The Six Economic Corridors in Indonesia

National Spatial Planning

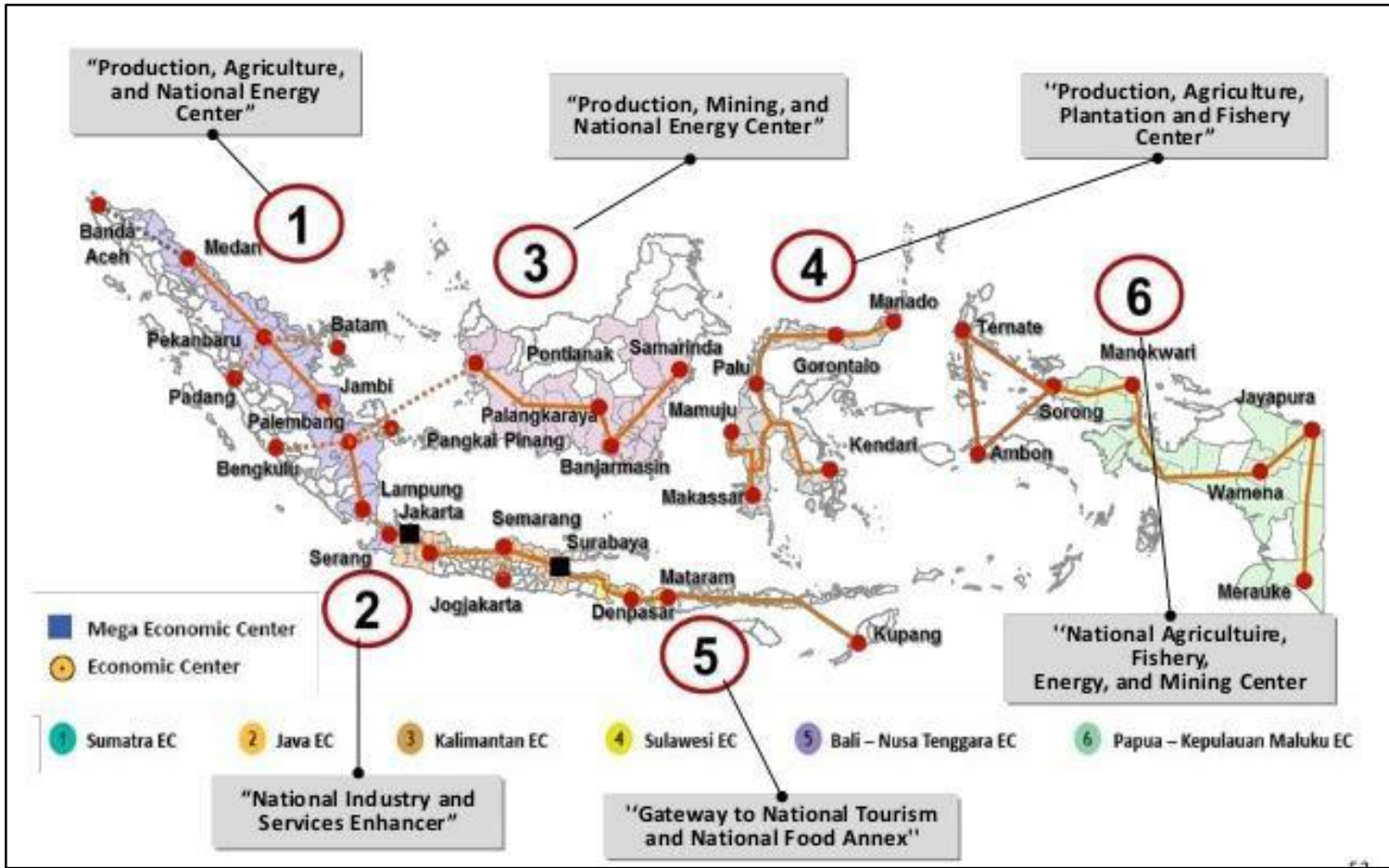


Figure 5.3. Six Economic Corridors of Indonesia
(Source: Susantono, 2012)

Assessing the Impact of Policy Interventions



Integrated order. Following Box-Steffensmeir, Freeman, Hitt, and Pevehouse (2014), ARIMA can be used to detect path dependence through a simple univariate linear time series model below, which is rewritten from the aforementioned equation (5):

$$y_t = \alpha_0 + \alpha_1 y_{t-1} + \epsilon_t \tag{7}$$

Equation (7) above resembles the first order of autoregressive model with constant coefficients. Following Freeman (2010) the solution is:

$$y_t = \alpha_0 \sum_{i=0}^{t-1} \alpha_1^i + \alpha_1^t y_0 + \sum_{i=0}^{t-1} \alpha_1^i \epsilon_{t-i} \tag{8}$$

$$y_t = y_{t-1} + \epsilon_t \tag{9}$$

, the solution is:

$$y_t = y_0 + \sum_{i=1}^t \epsilon_{t-i} \tag{10}$$

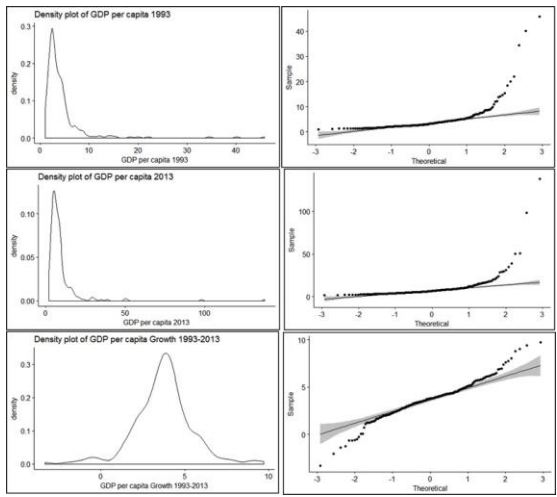


Figure 6.1. Density and QQ Plot of GDP per Capita (Districts) 1993 & 2013
(Source: Author's calculation based on BPS data)

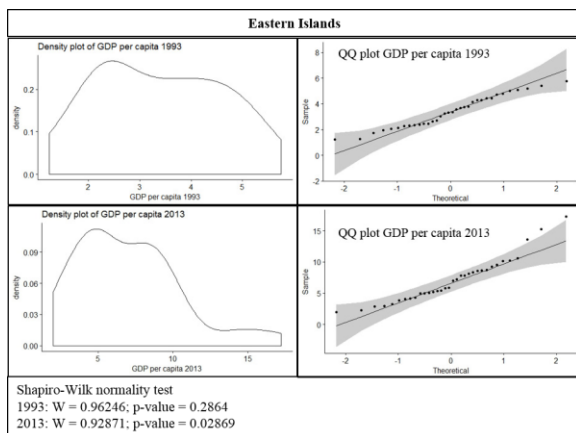


Figure 6.3. Normality Test and Plots GDP per Capita (Districts) for Eastern Islands 1993 & 2013
(Source: Author's calculation based on BPS data)

- Qualitative research revealed complex local interpretations and impacts.
- Subtle and hard to measure positive impacts on wellbeing
- Implications for population flows and the circulation of money
- Ability of local policy to adapt to changing conditions
- Linkages between central policy and local needs.

- Some significant positive impacts in certain locations.
- However, these often had ‘initial advantages’. Development is path dependent (your history impacts your future).
- Institutions matter – support for development, and especially ‘human development’.
- Did policy inadvertently deepen uneven development?
- But uneven development is somewhat persistent – poorer regions tend to remain poor, richer remain rich – in relative terms.



Figure 7.1. Top 20 Districts by GDP per Capita in 1998



Figure 7.3. Bottom 20 Districts by GDP per Capita in 1998



Figure 7.2. Top 20 Districts by GDP per Capita in 2013



Figure 7.4. Bottom 20 Districts by GDP per Capita in 2013

- Overall prosperity has increased, but so too has inequality
- Uneven development (spatial inequality) is persistent
- Indonesia has quite a progressive policy approach, consistent with approaches used internationally
- Policy interventions have stimulated economic development, but success is mixed
- The ongoing dilemma is how to best 'share' Indonesia's growing prosperity