Developing Region to Reduce Economic Gap and to Support Large Environment Activities

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Abstract

The Long Term Development Plan (RPJP) 2005-2025 emphasizes the establishment of a strong environment structure based on competitive advantage in various regions supported by quality and competitive human resources. To create high competitiveness in various regions, regional development approaches and strategies are not only about environment improvement, however, the equitable development in all regions and communities must be watched over. In 2020-2024, regional development is carried out through two main strategies, namely the growth strategy and the equalization strategy as reflected in the growth corridor approach and the island-based equal distribution corridor. The growth strategy is the transformation and acceleration of island and island development. The development focus is the important corridors on each island and archipelago that can drive significant growth in the next five years. The identification of growth corridors on each island and archipelago is carried out by considering the potential of its main economic bases outside Java. The environment bases that have been identified are natural resource processing centers, strategic tourism areas, service centers including metropolitan areas and new metropolitan supporting cities. In this main environment base, it is necessary to strengthen the facilities and infrastructure supply to support large environment activities, including transportation, electricity, communication tool, and infrastructure.

Keywords: Region, Economic activities, Growth strategy, Development approaches

1 Introduction

The equalization strategy is adjusted to the goal of sustainable development, which does not ignore any single community group (leave no one behind). The development focus is the area near the center of growth that can be given input to pursue growth in the nearest growth corridor. Identification of equal distribution corridors is focused on administrative areas which can be rapidly driven, by providing basic infrastructure. The equal distribution bases that have been identified are mainly disadvantaged areas, transmigration areas, rural areas that function as Regency Strategic Areas and border areas (1-5). The growth and equity strategy requires evenly distributed primary, secondary and higher education facilities, highly specific local research and innovation centers to encourage regional growth improvement. In addition, the linkages between regions and strengthened chains between resource producers, upstream industries, downstream industries and local, regional and global trade centers are also needed. Both strategies were developed to achieve the goal of improving the quality of human resources in the two corridors, increasing productivity and added value, reducing poverty in all regions, and equitable distribution of development between regions. Strengthening of governance, innovation in public services, including village government is needed to accelerate development in both corridors (6-9).

2 Regional-based development achievements

Regional-based development achievements in 2015-2019 were prepared by referring to the goals and targets set out in the 2015-2019 RPJMN. For regional equity and inter-island contributions, the contributions of Java Island are still dominant and do not indicate a shift. Only the islands of

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Sulawesi, Bali, and Nusa Tenggara which in the end of 2018 still follow the targets in the 2015-2019 RPJMN. In the future, the serious attention should be given to Kalimantan, Sumatra, and Papua-Maluku which show symptoms of slowing down (10-15).

The highest inequality between provinces within the island region is Java-Bali and Kalimantan. Inequality between villages in the island region is highest in Java-Bali, Nusa Tenggara and Sulawesi. It is important to note that the low level of inequality between regions does not necessarily reflect the success of development distribution policies. However, the low level of inequality may reflect a low and equitable level of development throughout the region, apparently as in the Maluku Island region.

For the indicators of poverty levels, the end of 2018 only Kalimantan was low, the other islands were still relatively high, especially Papua and the Nusa Tenggara Islands. In terms of numbers, Java-Bali is home of the most poor people. The strategy that can be taken to overcome inequality between provinces and within the island is to encourage development and growth centers outside Java, especially in the Nusa Tenggara Islands, Sumatra, Kalimantan and Papua. To deal with relatively high poverty on the islands of Papua and the Nusa Tenggara islands, a strategy is needed to reduce it to levels below 20 percent and 10 percent, one of which is by expanding employment opportunities on both islands and islands (16, 17, 19).

For regional-based sector development, strengthening coordination between sectors and between levels of government is needed. Urban land management must still be implemented, including the enforcement of spatial planning, capacity building for regional governments; and efforts to prevent the emergence of new slums, especially in the fast-growing peri-urban areas. The handling of slums and the supply and increase of decent housing still need to be accelerated.

Meanwhile, the efforts to reduce 80 underdeveloped regencies are still constrained by the limited availability of basic services and infrastructure facilities and economic support in disadvantaged areas, as a result human resource capacity and income of people in disadvantaged areas, especially those in Papua and Nusa Tenggara optimally improved. Poverty rates and HDI in rural and disadvantaged areas have shown improvement (18).

The development of growth centers in 2015-2019 began with the planning stage for 10 metropolitan areas (WM), 11 new cities and 11 KEK. Furthermore, in the end of 2018, three WMs have been in the stage of legalization (Surabaya, Jakarta, Bandung), two WMs are in the drafting phase of the Presidential Decree (Manado and Banjar), and one WM is in the stage of preparing technical material (Palembang). The investment in urban infrastructure is directed to the 10 WM. For KEK, as of the end of 2018, nine KEK have been operational and equipped with supporting infrastructure inside and outside the KEK. What is still needed is anchor industries that can ensure the industry downstream operations and to ensure increased investment in the region (20).

### 3 Environment and Strategic Issues

Opportunities that must be optimally utilized in developing regions to reduce inequalities and ensure equity are:

#### 3.1 Globalization

Globalization offers economic opportunities that can be utilized for economic development, namely: (1) A very open market for export products; (2) Ease of accessing capital and technology / knowledge originating from abroad; (3) Ease of getting goods that are needed by the community and cannot be produced in Indonesia; and (4) Increasing tourism activities as well as opening up employment opportunities and also being a place to promote Indonesian products. One of the real forms of economic globalization is a very competitive free market. Increasing regional competitiveness is a must to anticipate and participate in global competition (21-25).

#### 3.2 Demographic bonus

Demographic bonus has positive and negative impacts. Positive, the abundance of productive age population can spur economic growth to a higher level. The negative, if this demographic bonus is not prepared as well as possible, the potential to cause more labor compared to the employment provided. The lack of employment causes unemployment which can result poverty increase. Demographic bonus must also be spatially viewed, given the demographic bonus for each province with a different beginning, end, and final. The resource distribution needs to be ensured on time, to anticipate the final demographic bonus in each province (26-28).

#### 3.3 Urbanization

Urbanization is not only a matter of displacement, but also a change in work patterns from being agriculture-based to being industry-based and services-based. The agglomeration or concentration of population in urban areas can provide various benefits such as the ease of finding production inputs and can facilitate people to exchange information and learn from one another, which could stimulate new ideas and innovations. Between 2010 and 2018, Indonesia's urban population increased by 27 million with a growth rate of 2.5 percent. This increase in urban population can certainly put pressure on urban areas and must be anticipated by the adequate basic infrastructure support/supply. On the contrary, the pressure of the urban population will reduce welfare and cause urban areas to be non-inclusive and uninhabitable. The benefits of urbanization can only be enjoyed by a handful of urban community members (29, 30).

#### 3.4 Global Commitment

Indonesia's commitment to global agreements needs special attention. This global commitment can actualize Indonesia to unite steps towards a common goal and can also open up opportunities for development funding sources.

#### 3.5 Sustainable Development Goals

The 2030 global agreement, the Sustainable Development Goals (TPB), has been established through Perpres 59/2017 which consists of four pillars, 17 national goals and indicators.
3.6 Reducing greenhouse gas emissions

The global commitment to reduce greenhouse gas emissions has shaped an awareness on a global scale that the earth must be cared for and protected for its environment for the sustainability of life. This awareness demands regional development policies and strategies to adopt the principle of low emissions development. The efforts to realize sustainable regional development policies and strategies are carried out by screening regional development programs with development constraints so that they can consistently reduce GHG emissions from the BAU level and do not exceed the carrying capacity of the environment (32).

3.7 Regional Institutions and Governance

Decentralization and regional autonomy policies are the main instruments in the governance of national development implementation. The policy provides opportunities for regional governments (provincial, district and city) and the village governments could develop their regions or villages and provide better services for the public, because of the closer distance between the government and the community. The policy is also complemented by financial transfers from the central government to the regions and villages with the amount of funds increasing from year to year. This provides opportunities for regions and villages to develop and grow better and faster. The available opportunities are expected to be utilized by regional and village governments to increase regional independence and competitiveness, including reducing poverty, increasing community welfare, and reducing inequities between regions (33-36).

3.8 The Challenge of Regional-Based Development

The challenge of regional-based development in the period 2020-2024 is reducing the socio-economic inequality of Java and outside Java, increasing inter-provincial integration within one island and between islands in the economic, socio-cultural and infrastructure sectors. The next challenge is to increase regional competitiveness through re-industrialization, especially those based on regional potential, finding and developing new sources of growth, increasing human resources and the level of community creativity, increasing the quality and availability of access for basic services, increasing the commercialization of research institute innovations and tertiary institutions, utilizing digital technology in all aspects to anticipate the Industrial Revolution 4.0, optimizing innovative financing schemes such as PPP and PINA, and meeting minimum service standards (SPM). In addition, other challenges are to harmonize national and regional and inter-sectoral laws and regulations in accordance with the policy of decentralization and regional autonomy, and to increase the capacity of regional governments, including regional cooperation, collaboration and regional innovation (37).

The establishment of Law No. 23 of 2014 concerning Regional Government raises new challenges in managing decentralization in Indonesia. The Good implementation of decentralization and regional autonomy will make local governments develop more responsive and more appropriate goals based on the needs in each region. However, on the other hand, the implementation of decentralization and regional autonomy policies is currently still very dependent on the central government, especially in funding transfer, regulation, and policy arrangements. In addition, in terms of funding, the central government also has limitations, while local governments are not yet fully able to access other sources of funding except the government budget. In terms of regulatory and policy settings, there are still many laws and regulations derived from Law No. 23 of 2014 which has not been determined. Some regulations also indicate that they are not yet harmonious with each other causing regional and village governments to hesitate or have difficulty in implementing a national policy. The implementation of national policies in the regions has not been optimally implemented, for example the implementation of SPM, increased regional cooperation, and increased ease of investment licensing, which is also partly caused by the low capacity of local government on various sides, including institutional, financial, apparatus capacity, and obstacles from political dynamics local, including the sub-optimal concern of regional and village government (38-40).

4 Strategic Issues

1. The gap between regions which is marked by: (a) Poverty in Eastern Indonesia (18.01 percent), KBI (10.33 percent), rural (13.47 percent), and urban areas (7.20 percent) which are high (BPS,2017); (b) Inequality of Rural Revenues (GR = 0.324) and Cities (GR = 0.4); (c) there was a concentration of economic activities in KBI especially in Java; (d) the limited infrastructure and accessibility in disadvantaged areas, villages and rural areas, transmigration areas, border areas; and (e) the low optimal local economic development in disadvantaged areas, villages and rural areas, border areas and transmigration areas;

2. Strengthening the growth of regional centers that are still low, which is characterized by: (a) The success rate of Regional Growth Centers is still low (10 operational from2 KEK, three operational of 14 KI, two of four KPBBP, and ten Tourism Destinations); (b) Connectivity to and from weak Centers of Growth; and (c) undeveloped District Strategic Areas (41).

3. The management of urbanization that is not optimal is characterized by 1 percent increase in the number of urban population which can only increase 1.4 percent of GDP.

4. The space utilization is not suitable yet and synchronous with the spatial plan, which is marked by: (a) Limited availability of quality Spatial Detail Planning (RDTR) as a reference for licensing and controlling spatial use, mainly because of the unavailability of a 1: 5,000 scale base map; (b) The poor spatial control used because of the unavailability of spatial use control instruments; (c) Villages within forest areas and large plantations cannot exercise their authority especially for infrastructure development (around 25,000 villages); and (d) Disasters which are caused by spatial use that are not in
accordance with spatial planning which increased (around 2,000 cases of floods, landslides, forest fires, etc.).

5. The low fulfillment of basic services and improvement in regional competitiveness, which is characterized by: (a) Access and quality of basic services are limited, such as, the number of livable houses only reaches 36.3 percent, clean water for drinking 61.29 percent, sanitation (wastewater) 74.58 percent (including safe sanitation 7.42 percent) (BPS 2018, processed by Bappenas based on the definition of SDGs 2030);

The highest inequality refers to Java-Bali and Kalimantan. Meanwhile, the highest gaps between villages and cities within the island refers to Java-Bali, Nusa Tenggara and Sulawesi. It is important to note that low levels of interregional inequality do not necessarily reflect the success of development distribution policies. However, the low level of inequality may reflect a low and equitable level of development throughout the region as in the Maluku Island region.

A. The general regional-based development goals are:
1. The increasing of equality between regions (between KBI - KTI and Java and non-Java);
2. The increasing of competitive advantage of regional growth centers;
3. The increasing of quality and access for basic services, competitiveness, and regional independence; and
4. The increasing of synergy in the use of space and territory.

B. Policies and Strategies in General:
In general, the main policy direction of regional-based development for the period 2020-2024 are as follows:
1. Rural development and rural improvement areas, transmigration areas, border areas, disadvantaged areas which are focused on fulfilling basic services, increasing accessibility, and economic development that supports regional growth centers;
2. Optimizing the development of regional growth centers (KEK, KI, KPBPB, Tourism Destinations, and other designated areas) that are supported by high inter-regional connectivity to increase the added value of natural resources and regional competitiveness;
3. Enhancing governance and capacity of regional and village governments (institutional, financial, and human resources) to increase licensing facilities and to meet minimum service standards;
4. Structuring patterns of central-regional relations, developing inter-regional cooperation, patterns of multi-stakeholder collaboration, and generating regional innovation;
5. Optimizing the Metropolitan Areas (WM) and major cities outside Java, including spatial planning, investment planning, and development financing while maintaining growth and increasing environmental carrying capacity for WM and major cities in Java;
6. Developing a plan to move the capital out of Java to a more spatially and economically balanced position;
7. Increasing the role and efficiency of small-medium city services to improve the synergy of urban and rural development;
8. Enforcing the spatial planning based on disaster mitigation by increasing the effectiveness of spatial use control instruments, especially the completeness of RDTR and accelerating the large-scale base maps supply (1: 5,000) nationally;
9. Increasing the legal certainty of land rights through the certification of land rights especially in areas that are directed as corridors of economic growth and equity including the surrounding area; publication of forest and non-forest area boundaries on a cadastral scale; and delineation of customary territorial boundaries.
10. Supplying the building for the public interest through the establishment of land banks (42-44).

5 Conclusion
To reduce inequality, the rate of economic growth outside Java must be driven, especially the Nusa Tenggara Islands, Sumatra, Kalimantan, and Papua. From the poverty level, only Kalimantan island is low, while the other islands are still relatively high, especially Papua and Nusa Tenggara. In the future, it is expected that the poverty at the two islands can be reduced below 20 percent and 10 percent. In addition, the Java-Bali Island is home to the poorest people. Meanwhile, the average of unemployment is equal in all islands, which is around 4-5 percent, except Maluku which has the highest unemployment rate. The regional-based development strategy for the period 2020-2024 is as follows:
1. The strategy of economic growth through: (a) operationalization and increasing the investment in growth centers of strategic areas / regions that have been determined including: KEK, KI, KSPN / DPP and so on; and (b) development of leading sectors: agriculture, manufacturing, tourism, and other services.
2. Equitable strategies through: (a) regional / local economic development by supplying the economic infrastructure, including the use of digital communication technology, and enhancing the capacity of human resources, both in disadvantaged areas, villages and Rural Areas as Regency Strategic Areas, transmigration areas, and border areas in an integrated manner with centers of economic growth / strategic areas in the vicinity; and (b) fulfillment of basic services in all regions, especially in disadvantaged areas, villages and rural areas, regions transmigration and border areas.

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