

PROVINCES PROVIDE NEW OPPORTUNITIES

Indonesia's provinces will play an increasingly important role in the nation's economic development.

With 33% of all Government revenues now disseminated through Indonesia's 33 provinces under the country's policy of *desentralisasi*, more political and financial power is being devolved across the Indonesian archipelago and away from the central Government in Jakarta.

The intent is to stimulate economic growth across the country, and thereby maintain both financial and political stability in the Indonesian republic.

Intent is one thing; generating real business activity on the ground is another. At present, the most populous island of Java still receives 10 times more direct foreign investment than either Riau or Banten provinces, the next two most popular regions for overseas investors.

There are signs that change is occurring, however. In May 2008, Indonesia's House of Regional Representatives (DPD)—the parliamentary assembly that represents the country's provinces—hosted a regional investment forum at which hundreds of investors were briefed on over 200 regional development projects worth an estimated US\$19 billion.

The event, the Indonesia Regional Investment Forum, was opened by Indonesian President Susilo Bambang Yudhoyono, who reminded the assembly that 'the role of regional governments and the private sector are utterly critical to the growth of Indonesia.'

Indonesia's decentralisation strategy was affirmed by leading Asian economist Kenichi Ohmae, who memorably told the assembly: 'It's the regions, stupid!', in an adaptation of the famous Bill Clinton campaign slogan, 'It's the economy, stupid!' ■

REGIONAL DEVELOPMENT PROJECTS

Below is a list of regional development projects for which investors were actively being sought in 2008. They were presented by the following Indonesian provincial governments at the May 2008 Indonesia Regional Development Forum in Jakarta. (See provinces map on pages 18 and 19.)

Province	Projects
Aceh	Ports, bioethanol
Banten	Green mussel cultivation, agribusiness terminal, port, dam/water supply, toll road, industrial estate, oil refinery, tourism development
Central Java	Prawn fishpond, seaweed, wood plantation/manufacturing, Jatropha biodiesel, livestock breeding, coconut sugar, sheep, fish-based food, freshwater crayfish farming, coconut growing/processing, jasmine essence oil processing, organic fertiliser, silk weaving, rubberised coir processing, fish processing, industrial zones, corn plant, sports centre, water supply, port, grandiorite tiles, cement, geothermal power plant, hydrated lime factory, mortar factory, PCC factory, cement, natural stone, tourism development, markets, shopping malls, hospital, apartments, aquarium, rubber
Central Kalimantan	Rice production, mining, coal power
Central Sulawesi	Seaweed processing, cattle breeding/farming, cocoa processing, fish processing, toll roads, airport expansion, ferry services, port expansion, charcoal briquet manufacture, nickel mining, hydrothermal power, tourism development
East Java	Container terminal, waste processing, teak plantation
East Kalimantan	Fisheries, plantation forest, coast reclamation, industrial estate, bridge, Special Economic Zone, airport, non-oil power, tourism development
East Nusa Tenggara	Development zone, geothermal power, tourism development
Jakarta	Geothermal power plants
Jambi	Cinnamon processing, port, water, markets, coal power, tourism development
Lampung	Cattle husbandry, palm oil, rubber, sugar refineries & plantation, rice processing, toll road, mining, electricity, new city development, tourism development, botanical gardens
Maluku	Coconut oil processing, fisheries, seaweed, public transport, mining, hotel/shopping centre
North Sulawesi	Fish processing, port, geothermal power, eco-tourism development, industrial estate, hotel/marine park
North Sumatra	Oranges processing, animal feed, limestone & granite, cable car
Riau	Agribusiness terminal, industrial parks, port, rail, toll road, artificial lake
Riau Islands	Bridge, fish processing
South East Sulawesi	Industrial areas, coal power, port/logistics
West Java	Coconut processing, quinine plantation, tea, vetiver oil, geothermal power, tourism development, hospital, mushroom cultivation
West Kalimantan	Airport
West Nusa Tenggara	Jatropha cultivation, gold mining, tourism development
West Sumatra	Tuna, fisheries, bridge, hotel, cement, kaolin mining/processing, cable car, tourism development
Yogyakarta	Toll road, water supply, apartments, five-star hotel, tourism development