

Press Release

Minister Bambang: Kalimantan's Development Will Focus on Improving Growth Rate, Economic Diversification and Environmental Preservation

BALIKPAPAN – During the Regional Consultation meeting for the Preparation of the 2020-2024 Mid-Term Working Plan (RPJMN) for the Kalimantan region, the Minister of National Development Planning/Head of Bappenas Bambang Brodjonegoro highlighted the main projects that will take place in Kalimantan as part of efforts to revitalize the region as well as prepare it for the new relocated State Capital (IKN).

"To date, there are currently 15 major projects planned between 2020 and 2024 on the island of Kalimantan which are deemed as strategic, priority targets. Some of Kalimantan's priority highlights include the construction of the Central Kalimantan Cross and Parallel Border Roads, the construction of the Kijing/Pontianak Hub Port which is part of the seven Integrated Port Network hubs, the relocation of the State Capital (IKN), the development of the Banjarmasin metropolitan area, the Paloh Aruk National Strategic Area Center, the construction of multipurpose reservoirs, development of the new Singkawang Airport to support tourism as part of the 25 new airports planned for the 2020-2024 period, the development of the Balikpapan-Samarinda-Bontang toll road to support Industrial Estates (KI) and heighten inter-city connectivity, the development of the Kalimantan regional railway for better freight transportation, the development of the Kayan hydropower plant to support the Tanah Kuning Industrial Port (KIPI), as well as the construction of the Tapin and Riam Kiwa Dams as flood control, raw water supply and power plants," the Minister explained.

Minister Bambang explained that the development of the Kalimantan region will be directed towards accelerating growth, diversifying the economy, and preserving the environment, which can be achieved through 10 main strategies:

1. Maintaining the role of the national energy barn
2. Developing the processing industries for plantations and mining products
3. Strengthening the role of national priorities in rural areas to ensure a production base for industrial downstreaming.
4. Strengthening independent transmigration areas
5. Protecting the border areas to ensure Indonesia's sovereignty
6. Protecting the area's environmental and ecological conservation areas
7. Ensuring the fulfillment of connectivity and basic service infrastructure in new regions and cities
8. Increasing the capacity of local governments to accelerate the implementation of service standards (SPM) and locally generated incomes (PAD)
9. Maintaining disaster risk reduction practices by integrating policies and spatial planning efforts that strengthen the disaster mitigation system
10. Relocating the State Capital (IKN) to become the center of national growth.

"Kalimantan's economy must become a united economic area which relies on industrialization based on the downstreaming of natural resources. In order for Kalimantan's economy to run efficiently, it needs the proper infrastructure. For example, a large-scale hydropower plant built on the Kayang Mentarang river is needed to not only ensure safe electricity supply for North Kalimantan, but to also to support Industrial Estates (KI) in the area which cannot accommodate the aluminum industry if there are no large-scale hydropower sources. For that, Kalimantan needs to invest in downstream natural resources," the Minister explained.

"In the next five years, investment is the key to moving forward, not by relying on consumption or exports. Kalimantan's exports are mostly natural resources, and the global prices for these commodities are currently not feasible. That is why in the future, more industrial zones and special economic zones are needed. Its economy must be stable, and this can only be achieved through the creation of added value through the downstreaming of natural resources," the Minister added.

Some of the basic issues in Kalimantan that still need to be addressed include the high dependence on the mining sector and resource commodities, especially coal and crude palm oil, which has implications for the character of Kalimantan's economic growth to decline and become lower than other regions. Kalimantan is also still constrained by connectivity and energy infrastructure issues. The quality of road infrastructure in the entire province of Kalimantan is still below the provincial average. The reliability of electricity in the area is still below average, indicated by the relatively high disturbances and the fact that many industries in the area have resorted to building their own power plants.

Regarding the human resources, the stunting rate for children under five in Kalimantan is still quite high. Accelerating stunting reduction efforts requires the commitment of the Governors and Regents to implement holistic and integrated interventions. In addition, the level of education and quality of learning and teaching in the area is still not optimal or evenly distributed.

"Kalimantan is also faced with the issue of high deforestation rates of 11% and the high conversion rate of peat forests reaching 15%. For this reason, since 2015, a moratorium on peatlands has been enforced. Another problem is the issue of high deforestation rates due to the competition for agricultural land and plantations, including palm oil, which is the main commodity in boosting the national economy. Kalimantan also has the most hotspots and largest areas of forest and land fires in Indonesia. Disaster preparedness and mitigation, especially forest and land fires, must be a priority in the formulation of development policies in Kalimantan," said Minister Bambang.

The city of Balikpapan is the fourth location in a series of consultations throughout Kalimantan after Java, Bali, Sulawesi and Sumatra, which will be followed by regional consultations for two other large islands, namely the Nusa Tenggara groups, Maluku, and Papua. Regional consultations are aimed at gathering input and equalize perceptions from all development actors on a bottom-up basis, especially elements of the local community that include the local government, universities, academics, and civil society organizations.

"We want to get input for the preparation of the 2020-2024 Mid-Term Working Plan's final draft. Of course, we have prepared a technocratic design, and it would be even better if there were inputs from each region from Kalimantan, from the provincial, district and city levels," said Minister Bambang.

The 2020-2024 RPJMN targets an economic growth rate of 5.4% to 6% per year, a poverty rate decrease to 6.5% to 7%, an open unemployment rate between 4% and 4.6%, and a Gini ratio of 0.370-0.374. There are seven development agendas in the technocratic draft of the 2020-2024 RPJMN:

1. Strengthening economic resilience for quality growth, focused on increasing the carrying capacity and quality of sustainable economic resources as well as increasing added value, employment, exports and

economic competitiveness.

2. Developing the region to reduce disparities with an emphasis on the fulfillment of basic services and improving the regional economy.
3. Increasing quality and competitiveness of human resources, by fulfilling basic services such as equal distribution of quality education services and increasing access and quality of health services towards universal health coverage, strengthening the implementation of social protection and alleviating poverty.
4. Cultivating a mental revolution and cultural development by enhancing good characters and work ethics
5. Strengthening infrastructure to support economic development and basic services.
6. Increasing disaster resilience and preventing climate change
7. Strengthening political, legal, defense and security stability.

Regarding the relocation of the State Capital, the new city is expected to become a symbol of national identity, possess a "smart, green, beautiful and sustainable" concept and have modern and international standards, and have efficient and effective governance.

"Nobody loses when we decide the final location. Either way, Kalimantan will win because from the start, the President has chosen Kalimantan. We look at the condition of the region because we want to build an ideal capital city and make it become the standard for urban development in Indonesia. Moving the capital city to Kalimantan will help increase the national gross domestic product (GDP) by an additional 0.1-0.2%, reduce disparities between income groups, provide multiplier effects for surrounding economies, decrease regional disparities and increase output," concluded Minister Bambang.

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