

## Regional Development

### Overview

Major issues in Indonesia's regional development thus far have been population dispersal from Java to outlying islands during the 1960s to 1980s, development of eastern Indonesia and correction of regional disparities in the 1990s, and improvement of regional development capability in line with decentralization since the 2000s.

From the 1970s to the 1990s, JICA prepared master plans for comprehensive regional development and assisted in the formulation of cross-sector and comprehensive development programs that reflected regional characteristics. This approach has become the main part of regional development in Indonesia, and the National Development Planning Agency (BAPPENAS) applied this to the formulation of National Medium-Term Development Plan (RPJMN) 2010-2014.

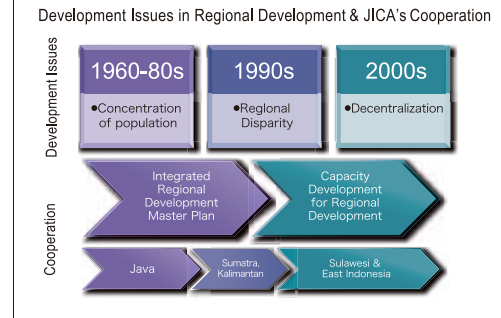
In the 1990s, JICA supported rural infrastructure development through its "Rural Areas Infrastructure Development Projects," which were undertakings in line with the Indonesian government's policy of correcting regional disparities. Moreover, beginning in the mid-1990s, JICA implemented the "Project on Strengthening Sulawesi Rural Community Development to Support Poverty Alleviation Programs" in Takalar Regency, South Sulawesi Province. This project established a Participatory Rural Development Supporting System for implementing development projects based on the needs of rural villages through effective collaboration between local government and other local actors such as universities and NGOs. Takalar Regency has stipulated this system in the regency regulation and the activities has been sustained and developed, involving many local residents.

Since the 2000s along with the progress of decentralization, JICA has been implementing the "Sulawesi Capacity Development Project" to strengthen the capacity of local governments in conducting the planning, implementing, monitoring and improving development projects to meet communities' needs through the collaboration among relevant stakeholders. Through strengthening the function of local governments, JICA has provided support to promote collaboration between community and local governments and encourage regional development that meets communities' needs.

### Results

JICA has supported Indonesia's regional development efforts in two areas. Firstly, from the 1970s to the 1990s, JICA supported the creation of regional development master plans that sparked consideration of comprehensive development on a regional basis. Secondly, amid rapid decentralization in the 2000s, JICA supported capacity development of local governments to promote community-based development. These efforts led to:

- The introduction of cross-sectoral and comprehensive approach based on regional needs in the national development planning.
- Capacity development of local government as the basis for promoting local initiative in regional development.
- Contribution to national stability through the reduction of regional disparity.



### The Sulawesi Capacity Development Project (2007 to 2012)

Targeting 29 regencies in six provinces, the Sulawesi Capacity Development Project seeks to promote the initiatives of communities in solving problems and to build a system by which local governments can appropriately support those initiatives. To this end, the project provides training to planning officials at both provincial and regency levels, and "community facilitators" which are selected mainly from NGO members. The project then facilitates, through the implementation of regional development initiatives by utilizing the government budget or funding from the communities, the establishment of specially-designed collaboration mechanism for each location. One example of activities facilitated by the project can be found in Maleo Village in Pohuwato Regency, Gorontalo Province. Trained community facilitators came to visit Maleo to encourage discussions with the villagers on the issues affecting the village. This led to a dialogue, which made the villagers aware of the serious problems such as infiltration of seawater into well water and seacoast erosion, which consequently sparked community-led activities. They decided to plant mangrove seedlings. In addition, local government, recognizing the community's initiative, now supports their efforts. Thus, the facilitation to the village through community facilitators trained by the project led to actions towards problem solving.



Dialogue with residents to understand local issues

## IV. Forming the Infrastructure Network Electric Power and Energy

### Overview

Looking at the electric power sector, Japan's first ODA loans to Indonesia, made in 1968, were for hydroelectricity projects, and the project on the Brantas River in East Java Province was representative. From that time until the present day, JICA has continuously provided cooperation to Indonesia's power sector. When Indonesia turned its attention to industrialization in the 1980s, it began actively promoting power development essential for the development of secondary industries. Indonesia requested Japan to support the power industry based on this policy, and JICA responded by providing comprehensive support such as the formulation of power development plans, human resources development and construction of power plant. When Indonesia's power supply-and-demand situation tightened due to stagnant power development following the Asian currency crisis of 1997, JICA helped improve this critical condition in the country by quickly deciding to provide emergency power-source development assistance. In recent years, JICA has been helping promote the use of non-petroleum energies and renewable energies, in line with Indonesia's policies and been an active participant in the development of these power sources such as geothermal. JICA's cooperation to the Indonesian power sector has covered a broad range, from master plan formulation to human resources development. And in terms of the power generation capacity of developed or repaired facilities, it accounts for more than one-fourth of all nationally owned facilities (as of 2008).

On the other hand, the energy sector, which is represented by petroleum and natural gas development, is a valuable source of foreign currency for Indonesia and has driven Indonesia's economic development. JICA contributed to Indonesia's growth by supporting the development of petroleum and natural gas resources in the 1970s. Although development through private capital later became the norm in this sector, JICA is still involved, as it has been implementing the "South Sumatra-West Java Gas Pipeline Project" in recent years. This undertaking will improve pipelines for the transport of natural gas extracted from gas fields in Sumatra to Java.

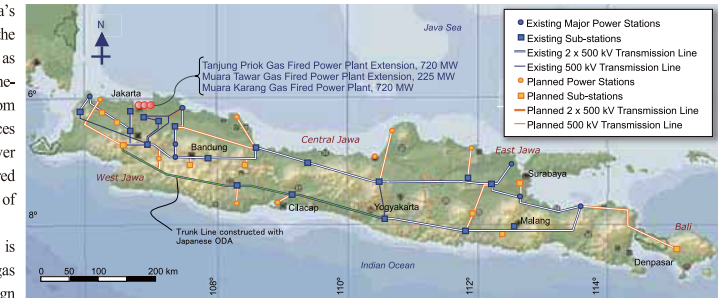
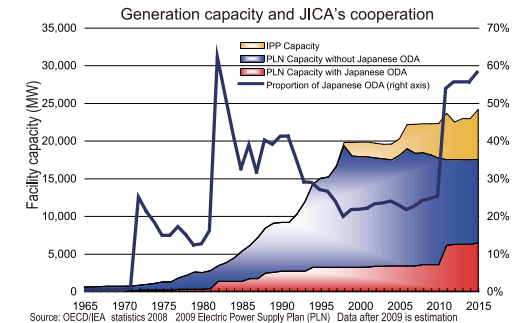
### Results

For many years, JICA has provided a broad range of assistance—from formulation of master plans to human resources development—to Indonesia's power and energy sectors. As a result:

- As of 2008, JICA has contributed to better public livelihood and industrial development by supporting over one-fourth of all nationally owned developed and repaired facilities in terms of generating capacity.
- JICA supported Indonesia's development of energy resources through the 1980s, and this sector has helped drive the growth of the Indonesian economy.
- JICA suppressed negative effects of the Asian currency crisis in 1997 on the Indonesian economy and contributed to the steady economic recovery and increased power demand afterwards by supporting power source improvement in the Java-Bali power system, which has Indonesia's largest power demand.



Lahendong Geothermal Plant



### Emergency power improvement for the Java-Bali power system

This is a ODA-loan project intended to improve the tight power supply-demand situation that arose from restored power demand following the Asian currency crisis. Among others, items targeted by the loan are the Muara Karang Power Plant, expansion of the Muara Tawar Power Plant, rehabilitation of the Semarang Power Plant, and expansion of the Tanjung Priok Power Plant; the total capacity under these projects amounts to 1,800 MW. The project began in 2003, and operation is scheduled to begin in 2012. Together with a 500 kV main transmission line between Java and Bali that was completed in 2006, the projects will make a significant contribution to stable power supply for Java and Bali, which have the largest power demand in Indonesia.



Muara Tawar Gas Fired Power Plant