

# Indonesian governance: Reflections and how to reduce disparity between regencies/cities in Indonesia

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Abstract: Nawacita work program of Indonesian Governance aims to actualize a golden Indonesia by 2045 by accelerating development and human resources. However, the Indonesian people face several difficult problems of their own. Several strategic policies have been put into place in Indonesia to promote fair development and lessen regional differences. These policies include macroeconomic management, economic deregulation, the development of new resources economically, the maritime economy, and productivity enhancement. The Nawacita program's reflection in addressing regional imbalances in Indonesian regencies and cities is covered in this report. This study employs quantitative and bibliographic techniques along with political economic analysis methodologies to investigate in-depth and information. The study's findings indicate that although differences between Indonesia's districts and cities are gradually narrowing, the country's GDP per capita is still below the global average. Most of the strategic measures put in place by the Indonesian Governance have not resulted in the anticipated expansion of the economy. Nonetheless, in current period of government, connectivity in enhancing productivity across regions through Indonesia centric development is a primary objective to ease accessibility between areas, which has frequently been disregarded. particularly in the Papua region, which has not exactly developed and been left behind. According to the Analytical Hierarchy Process (AHP) analysis's findings, increasing productivity is a task that needs to be finished right now to lessen regional differences in Indonesia.

Keywords: governance; Nawacita; politic economy; regional disparities; strategic policies

#### 1. Introduction

Two significant crises situations have recently affected Indonesia: The Asian Financial Crisis (AFC) in 1997–1998 and the global financial crisis (GFC) in 2008–2009. The growth patterns of Indonesia for the past 20 years in relation to handling these two significant crises. They specifically look at the reasons and mechanisms behind the first instance's significant impact on the nation's circumstances and the second occasion's minor disruption of its growth momentum. According to Basri and Hill, comprehending Indonesia's long term growth dynamics requires a knowledge of the events of 1997–1998. There were three main effects of the crisis, which was accompanied by modifications to institutions and commercial rules of the game. Initially, it marked the sudden conclusion of the 32-year Suharto period, which was characterized by swift economic expansion and autocratic governance. Second, the nation's economic trajectory seems to have changed as a result, although one that is both generally slower and has distinct causes. Third, there was a significant shift in the commercial policy climate, including the devolution of significant power and

resources to the regions, a strong but erratic legislature, and a weakening of the presidency (Basri and Hill, 2011).

Aside from the 1997-1999 crisis, Indonesia's economic development has been relatively solid since 1990. Five sub periods are distinguished by Basri and Hill. Initially, there were the final few extended years of economic expansion under the Suharto regime, with growth reaching 7%-8% until 1996. The AFC started to have an impact on Indonesia in the third quarter of 1997, but it continued to expand during the year. Subsequently, there was a disastrous 13.1% decline in 1998 and very little growth in 1999. The years 2000–2003 saw the third phase, which was characterized by erratic growth under an ongoing political environment of stability. Since 2004, as political normalization started, growth has intensified. With the implementation of the 2008 GFC, there has been a minor growth slowdown in the last phase. In 2009, Indonesia emerged as the G20 nation with the third fastest economic growth, trailing only China and India, despite the relatively minor influence on the economy. Four variables, according to Basri and Hill, account for the relatively quick recovery of growth following the AFC. First, macroeconomic stability is rapidly improving, and the reduction of high debt levels is concerning. Secondly, the economy is still mostly accessible to foreign investment and commerce. Third, despite persistently high levels of corruption and a deficient judicial system, the political system stabilized from about 2004, particularly following the election of the first Yudhoyono government, and the commercial game's rules became more predictable. Fourth, there is a favorable atmosphere that promotes economic transformation in the area and both quick growth and pressure to continue being productive (Basri and Hill, 2020, 2011; Basri, 2017).

The seventh Indonesian presidential couple, Joko Widodo, also known as Jokowi, and his deputy, Jusuf Kalla, unveiled the Nawacita program as their vision for government during their first term in office following their election victory. The phrase "Nawacita", which means "nine ideals or goals", is an adaptation of Sanskrit. Nine key objectives from the Nawacita program have become the government's focal points throughout President Jokowi's administration. This program was started with the intention of changing Indonesia into a politically independent, economically independent, and culturally unique nation. Nawacita contains nine change programs for Indonesia, which are as follows: (1) rejecting weaker nations by changing the system and establishing law enforcement that is honorable, trustworthy, and devoid of corruption; (2) strengthening regions and villages in Indonesia from the periphery within the framework of a unitary state; (3) restoring diversity and social restoration in Indonesia; (4) restoring the state to protect the entire nation and provide a sense of security to all citizens; (5) making the government not absent by establishing clean, effective, democratic, and trustworthy governance; (6) improving the quality of life of Indonesians; (7) achieving economic independence by shifting strategic sectors of the domestic economy; and (8) implementing a national revolution. Throughout the five years that President Jokowi and Vice President Jusuf Kalla are in office, these nine key programs will direct government policy.

The Nawacita program was created as a response to the issues faced by the Indonesian populace. As of right now, the nation of Indonesia is dealing with three primary issues: the erosion of governmental authority, the deterioration of the economic base of the country, the growth of intolerance, and a crisis inside the nation's psyche. Looking at one of the major issues that has been discussed, we are particularly concerned about the issue of the country's unfinished economic aspects, which include issues related to poverty, social inequality, regional disparities, environmental damage, and reliance on food, energy, finance, and technology. We will attempt to go into more detail about differences between regions in one of the subsections. The disparity between areas in Indonesia is not uniformly dispersed, and there is still inequality, resulting in dreams of improving the nation's economic underpinnings becoming increasingly remote. Based on economic development, Indonesia's per capita income in 2013 was USD 3500, making it a low-income nation. At that point, the world economy will still be expanding, and Indonesia will need to outpace this growth. Future development in Indonesia will still need to address the issue of inequality or development gaps between areas. Over a 30-year period (1982-2012), the Western Region of Indonesia (KBI), which comprises the regions of Sumatra, Java, and Bali, contributed a GDP that was mostly dominant roughly 80% of GDP while the Eastern Region of Indonesia played a much smaller role roughly 20%. Long term disparities in development between regions may affect people's social lives (Hidayati and Permana, 2022). The fact that there are still 122 districts that are underdeveloped demonstrates the disparity between regions. In addition, there is a distinction between rural and urban areas. In order to stop urbanization, which will inevitably lead to social difficulties and other issues in metropolitan areas, development gaps between villages and cities must be carefully handled. This disparity is caused by an uneven distribution of the population and a lack of suitable infrastructure.

To tackle the issues of inequality and development disparities, development initiatives that prioritize marginalized communities are essential. According to the study covering the three years of Indonesian Governance of Jokowi-JK (2014–2017), three work projects were implemented to lessen regional inequality: connection infrastructure, growth outside of Java, and the environment. Under Jokowi's leadership, there has been a commitment to reduce regional imbalances. This commitment is predicated on limiting development to the island of Java, hence decreasing the attractiveness of other regions as economic hubs. The government is progressively constructing air, marine, and land infrastructure to guarantee that every Indonesian region has access to essential services. Fiscal, institutional, and regulatory reforms are only a few of the measures the administration is implementing to speed up the development of infrastructure.

Through the Nawacita program, a superior program in terms of decision and policy making, we attempt to reflect on a period of Jokowi–Jusuf Kalla leadership on this occasion. By examining regional disparity patterns that arise during the program at the Regency/City level in Indonesia, we narrow the focus of this study to the seventh Nawacita program, which focuses on achieving economic independence and moving strategic sectors of the domestic economy in the directions of development, equity, and regionalism. This article's description is the outcome of our examination of data from the Indonesian Central Bureau of Statistics for the years 2016 to 2019, which allowed us to observe economic growth and equality at the regency/city level in Indonesia. In addition, we will go over strategic measures that have been put into place in this article to try and lessen regional differences.

#### 2. Literature review

The election of Joko Widodo, popularly known as Jokowi, as the President of Indonesia in 2014 marked a significant shift in the country's political landscape. Jokowi's rise to power was seen as a departure from the traditional political elite, and his policy agenda, known as the "Nawacita" program, aimed to address the fundamental challenges facing the nation. Jokowi's first administration was marked by a series of challenges, including a combative and divided parliament, disunity in the cabinet, and tensions with his own political party (Warburton, 2016). However, in 2016, Jokowi was able to expand his ruling coalition and consolidate his power, leading to a rise in his approval rating to almost 70%. This political stability allowed for a clearer understanding of Jokowi's agenda and the type of Indonesia he sought to shape, which has been described as a "Jokowi-styled new developmentalism". This new developmentalism is characterized by a focus on infrastructure development, improving social welfare, and strengthening Indonesia's position in the global economy. Jokowi's first administration was marked by a series of challenges, including a combative and divided parliament, disunity in the cabinet, and tensions with his own political party (Warburton, 2016). However, in 2016, Jokowi was able to expand his ruling coalition and consolidate his power, leading to a rise in his approval rating to almost 70%. This political stability allowed for a clearer understanding of Jokowi's agenda and the type of Indonesia he sought to shape, which has been described as a "Jokowi-styled new developmentalism". This new developmentalism is characterized by a focus on infrastructure development, improving social welfare, and strengthening Indonesia's position in the global economy. The Nawacita program, which translates to "Nine Priorities Agenda," was the centerpiece of Jokowi's policy platform. The program aimed to address a range of issues, including poverty alleviation, improving healthcare and education, enhancing connectivity through infrastructure development, and strengthening Indonesia's maritime potential.

Nawacita as a priority agenda for the Jokowi-JK government can be explained as follows: (1) Bringing back the state to protect the entire nation and provide a sense of security to all citizens, through a free and active foreign policy, reliable national security and the development of an integrated Tri-Matra state defense which is based on national interests and strengthens its identity as a maritime country; (2) Make the government not absent by building clean, effective, democratic and trustworthy governance, by giving priority to efforts to restore public trust in democratic institutions by continuing to consolidate democracy through reform of the party system, elections and representative institutions; (3) Developing Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state; (4) Rejecting weak countries by reforming the system and law enforcement that is free of corruption, dignified and trustworthy; (5) Improving the quality of life of Indonesian people through improving the quality of education and training with the "Indonesia Pintar" program; as well as improving community welfare with the "Indonesia Kerja" and "Indonesia Sejahtera" programs by encouraging land reform and a 9 hectare land ownership program, the Kampung Row house program or subsidized low-cost flats and social security for the people in 2019; (6) Increasing

people's productivity and competitiveness in international markets so that the Indonesian nation can progress and rise together with other Asian nations; (7) Realizing economic independence by moving strategic sectors of the domestic economy; (8) Carrying out a national character revolution through a policy of restructuring the national education curriculum by prioritizing aspects of citizenship education, which places proportional educational aspects, such as teaching the history of nation formation, the values of patriotism and love of the Motherland, the spirit of defending the country and good character in Indonesian education curriculum; (9) Strengthening diversity and strengthening Indonesia's social restoration through policies to strengthen diversity education and create spaces for dialogue between citizens.

Nawacita is a conceptual framework for development plans that will be a reference for the government in every policy it takes. This policy can be seen from the phenomenon in areas outside Java where growth is not optimal due to inadequate infrastructure. As a result, Java and urban areas outside Java will continue to grow, but on the other hand, other areas will become increasingly neglected, especially in the outer islands and small islands. During the previous government, the concentration of development was more focused on urban areas rather than villages which were increasingly marginal. Looking at the history of Nawacita, which is Jokowi's special strategy formed from Soekarno's trisakti ideas (Jati, 2013), states that Nawacita is an expansion of the 3 fields initiated by Soekarno, namely sovereign politics, independent economy and personality culture. For him, Nawacita is the main foundation for reforming development in Indonesia because in the Jokowi era the focus of development was more on economic growth, whereas during the Soekarno era it prioritized economic equality. This also applies to other aspects such as infrastructure and so on. They explained that Nawacita focuses more on tactical steps than a general strategy (Trisakti).

Nawacita and Mental Revolution are important ideas in Jokowi's political philosophy doctrine. The concept of Mental Revolution which emphasizes the aspects of service, cleanliness, order, independence and unity is a joint effort and ideal to build the order of the Indonesian state and society for the greatest good and happiness of all people. Likewise, the Nawacita concept is a form of Jokowi's political philosophy which seeks to reduce people's suffering and adversity from difficult social and political life. The concept of Mental Revolution is also used by the National Unity Agency to formulate the concept of National Insight and Mental Revolution. The postreform Indonesian social and political context reflects a crisis and even critical condition. The social, moral, political, economic and cultural dimensions that exist in society and the government experience chaotic life. The principles and principles of being a nation-state are not properly adhered to by political elites (state administrators), society loses role models and guidelines in carrying out civic activities, social and political stability cannot be maintained properly and experiences ups and downs. National development political policies are inconsistent and tend to change, this is characterized by cabinet reshuffles, changes in ministers, and rapid changes in political policies during the previous government. The Nawacita Study Institute's study for the 2020 period explains the concept and review of Nawacita in various aspects, especially human resources and natural resources as the focus. Nawacita was studied by the

Nawacita Study Institute from the aspects of national development, human resources, economics and natural resources (Lembaga Kajian Nawacita, 2020).

In Jokowi's Political Philosophy, Nawacita is defined as "a path of change for a sovereign, independent and individualized Indonesia", and is the President's vision, mission and action program. The background to the emergence of Nawacita also emphasizes the following three main national problems: (1) The decline in government authority; (2) Weakening of the foundations of the national economy; (3) The spread of intolerance and national personality crisis. The philosophical assumption that can be captured from the idea of mental revolution and Nawacita is related to human nature which is far from the values of goodness and truth. So that it gives birth to a human condition and situation that is distrust, disloyalty, and disobedience to the state and other humans. A mental revolution is needed to make changes and the form and agenda for change must be realized and stated in Nawacita. That is the relationship between mental revolution and Nawacita. Nawacita is considered to have a detailed agenda in asserting and positioning its existence. The terms "present state" and mental revolution and promoting and protecting human rights are an important part of the idea of realizing the Pancasila values of social justice, humanity and Indonesian unity (Elsam, 2015; Sugianto, 2016). One of the practices of Nawacita in the field of education can be seen from the government's attention to the field of education stated in Nawacita which also seeks to pay attention to the welfare of teachers throughout Indonesia. On a national scale, the government is trying to pay attention to teachers who teach in the outermost, frontier and underdeveloped areas.

#### 3. Materials and methods

The Convergence Model is the specification model utilized in the analysis conducted to determine the disparity conditions among Indonesian districts and cities (Barro and Sala-i-Martin, 2004), outlines the following model for estimating beta convergence:

$$\frac{1}{T} \cdot \log(\frac{y_{it}}{y_{i0}}) = r - \frac{1 - e^{-\beta T}}{T} \log y_{i0} + \frac{1 - e^{-\beta T}}{T} \cdot \log(\hat{y}_i *) + u$$
(1)

where  $\hat{y}_i$  \* represents the state of the income balance; *r* is the rate of technical progress; and *T* is time. All areas' revenue will concentrate at the same balance level if the requirements for the income balance level and the pace of technological advancement are the same. We refer to this idea as absolute convergence.

$$\frac{1}{T} \cdot \log(\frac{y_{it}}{y_{i0}}) = \alpha - \frac{1 - e^{-\beta T}}{T} \log y_{i0} + u$$
(2)

To estimate absolute convergence for Indonesian districts and cities, Equation (2) will be applied in this study. This idea is known as conditional convergence, however, if we loosen the assumption that each city district has a different rate of technical advancement and amount of balanced income. In this instance, a number of control variables can be used to represent variations in balance income. The model that is employed to confirm the presence of conditional convergence is:

$$\frac{1}{T} \cdot \log(\frac{y_{it}}{y_{i0}}) = \alpha - \frac{1}{(T-1)} (1 - e^{-\beta}) \log(y_{i0}) + b_1 \frac{1}{(T-1)} \log \frac{X_{iT-1}}{X_{i0}} + b_2 \log(\frac{1}{(T-1)} \sum_{t=0}^{T-1} DI_{it}) + b_3 \log(\frac{1}{(T-1)} \sum_{t=0}^{T-1} GE_{it}) + b_4 \log(edu_{i0}) + u,$$

$$y_{i0}: \text{ real per capita Gross Regional Product (GRP) at the initial year;}$$

$$\log \frac{X_{iT-1}}{X_{i0}}: \text{ population growth rate;}$$

$$DI_{it}: \text{ domestic investment;}$$

$$GE_{it}: \text{ government expenditure;}$$

$$edu_{i0}: \text{ educational attainment at the initial year;}$$

$$u: \text{ error term.}$$
Neoclassical growth theory assumes that the marginal product of capital will drop with time, leading to the long-term convergence of provincial income per capita. Therefore, the initial log per capita's beta coefficient GRP  $\log(y_{i0})$ , is thought to have

inversely proportionate to population growth, based on the same theory,  $\log \frac{X_{iT-1}}{X_{i0}}$ . Therefore, it is assumed that population growth is negative. Numerous empirical studies demonstrate that one of the factors driving income increase is investment. Consequently, domestic investment ( $DI_{it}$ ) is expected to have a favorable impact on the rise of per capita income. Government spending has a tendency to have a negative impact on the rise of per capita income, as noted by Barro and Sala-i-Martin. Thus, government expenditure ( $GE_{it}$ ) in this study is predicted to have a negative impact on per capita income. Human capital is cited as a key component that favorably affects the rise in per capita income in the endogenous growth theory. Educational attainment ( $edu_{i0}$ ) variable Human capital is represented by the number of high school and university students. Thus, it is assumed that human capital is in positive territory.

a favorable indication. However, growth in per capita income is expected to be

Regression analysis with panel data is used in data analysis. Regression analysis with panel data incorporates cross sectional data and time series data. As stated by (Widarjono, 2007) Comparing panel data regression to time series or cross section data reveals various advantages, one of which is the ability to supply a larger amount of data, which yields a higher degree of freedom. When variables need to be eliminated (omitted variables), problems can be solved by combining information from cross section and time series data. Additionally, a library research approach was used to conduct an examination of Indonesia government's strategic policies. In literary research, sources such as books, central statistical agencies, past research findings, and expert opinions pertaining to the study under analysis are consulted in order to gather material or data. By examining existing literature, one can learn more about the strategic policies that the Jokowi-JK governance has put in place to lessen regional disparities in Indonesia. The World Economic Forum, the Ministry of Finance, Bank Indonesia, the Cabinet Secretariat of the Republic of Indonesia, the Central Statistics Agency, and other data sources are among the organizations that provide statistics. To obtain an overview of the strategic policies that have been implemented which call for creativity and other innovations and to identify any weak points in the policy indicators that have been achieved thus far, indicators derived from the collected data are then

presented in the Analytical Hierarchy Process (AHP).

#### 4. Results and discussion

#### 4.1. Result

#### 4.1.1. Regional disparities between regencies/cities in Indonesia

During the Indonesian governance of Jokowi-JK, inequality is one of the five primary indices of economic development. According to government work report, there has been a decline in inequality between regions from 2015 to 2016 (one year of leadership) with a 0.397 score. Concurrently, there was a 0.31% decline in the unemployment rate, from 5.81% to 5.5%. Indeed, there has been growth in the economy, with the biggest increase taking place in the Eastern Indonesia region. To visualize the disparity that exists in Indonesia spatially, we attempted to review it by examining the distribution of GDP in Indonesia based on average per capita. To facilitate comprehension, we have portrayed it in the form of a map (Figure 1).



Figure 1. The average GDP per capita in Indonesia based on district/cities. (a) 2016; (b) 2019.

In 2016, 91.44% of Indonesia's regencies and cities fell short of the average, accounting for 470 of them, while 8.56% of the regencies and cities above the average were home to 44 of them. The percentage of regencies/cities with a GDP below the national average climbed to 38 in 2019, while the percentage of regions with an above average GDP increased to 92.61%, comprising 476 regencies/cities. Data study on per capita income in Indonesian Regency/City regions shows a pattern of population mobility that is beginning to be examined in relation to the potential in the eastern part of the country, namely the islands of Sumatra and Kalimantan. Mckenzie and Rapoport (2007) observed an inverse association pattern indicating that population mobility can lower inequality. **Figure 1**'s data shows that several Indonesian districts and cities are growing into new autonomous territories, necessitating adjustments to the budgetary requirements of these areas for economic stability. **Figure 1** illustrates how the dynamics of economic stability between 2016 and 2019 resulted in discrepancies. Several regencies/cities on the island of Sumatra, including Dumai City,

Rokan Hilir Regency, Pelalawan Regency, and Indragiri Hulu, have seen a fall in GDP per capita from above average to below average. The same thing occurred in the regions of Papua, particularly Jayapura district, Sulawesi, namely Morowali, and Kalimantan, namely Nunukan. In terms of districts moving from below average to above average in 2016, only Jayapura and South Manokwari saw growth. Based on the gathered data, we can now say that, while still falling short of average, per capita income in Indonesian regency/city regions has been rising annually. Unquestionably, a change is beginning to gradually spread to many regions on the island of Java, which was the hub of all sectors from the New Order era until the reform era.

With the prior convergence investigation, we continue the decline and increase in this occurrence (Sendouw et al., 2022) by examining several variables that affect regional inequality, including population, population growth, road length, human capital, net exports, the number of Micro, Small and Medium Enterprise (MSME), and inflation. Based on the analysis, it was determined that the GDP per capita in the strong category interpretation was influenced by the following factors: population growth, net exports, percentage of students in the base year, length of asphalt/pavement roads, percentage of students, log GRDP in the base year, and number of MSMEs/small entrepreneurs. Numerous related research findings that show that mobility, resources, trade, federalism, human resources, and infrastructure are the factors associated with the occurrence of convergence between areas also strongly support this (Achmad and Prayitno, 2020; Lessmann and Seidel, 2017; Tirado et al., 2016). Regional imbalances are a feature of some, if not all, major powers. Differences between areas might arise from a number of underlying causes (Rice and Venables, 2003). **Figure 2** illustrates the convergence that takes place in Indonesian regencies and cities.

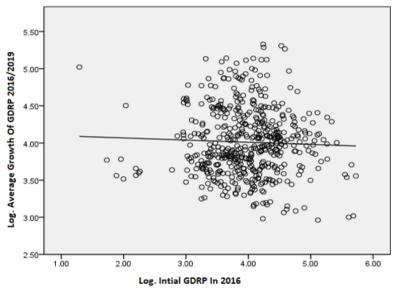


Figure 2. Indonesia GDP regional trends.

The tendency of the GDP per capita coefficient to decrease over time is depicted in **Figure 2**. This decline indicates that sigma convergence is taking place in Indonesian cities and districts. Sendouw (2009) discovered that while there was convergence at the provincial level from 1993 to 1997, there was divergence from 1997 to 2004. In general, the analysis's findings, which are represented by the graph, indicate that there is convergence in Indonesia at the regency/city level. In keeping with the findings of the study that was carried out (Lessmann and Seidel, 2017) indicates that 67%–70% of all countries are experiencing sigma convergence. Between 1993 and 2005. Aritenang and Sonn (2018) discovered that Indonesia was experiencing neoclassical convergence, and that decentralization was slowing this convergence considerably. It may be concluded that the gap between Indonesia's districts and cities is closing to lessen regional disparities based on the sigma convergence that occurs in districts and cities, which shows that the country's GRDP distribution at the district and city level is becoming more equitable.

## 4.1.2. How to reduce regional disparity in Indonesia: Optimizing Indonesia governance programs through AHP analysis

Around 80% of Indonesia's economy is centered on the islands of Java and Sumatra, with the remaining islands in the country's eastern region playing a far smaller role. Resource rich, highly populated, or more integrated into the global economy are the provinces that perform well. We will also list several significant obstacles to MP3EI implementation. A comprehensive grasp of Indonesia's growth poles is necessary for the successful implementation of MP3EI, particularly in leading nations in each province and impoverished areas. Infrastructure bottlenecks and funding issues also need to be resolved (Kuncoro, 2013). According to the 2014 Badan Perencanaan Pembangunan Nasional (BAPPENAS) prediction, Indonesia will be a high-income country by 2030 if the economy expands at a rate of 6 to 8 percent each year. However, according to analytical conclusions based on data from the Central Statistics Agency and the World Bank, Indonesia's economic growth is less than 6%. Nonetheless, 2018 saw the largest economic growth of the Jokowi-JK governance, with a growth percentage of 5.17%. 2015, the first year under Jokowi-JK's governance, saw a 0.14% fall in economic growth; in 2019, it saw another 0.11% decline. The decrease in household consumption in 2015 was the reason behind the downturn in economic growth. Based on our data obtained in 2015, it is evident that Indonesian household consumption grew by a meager 4.96%. Rising food prices caused households to cut back on household expenditures in 2015. Furthermore, given the state of the lower middle class which comprises 50%–60% of the population they are susceptible to changes in the price of food. In contrast, the industrial sector shrank in 2019 growing by only 3.8%. Other sectors that saw declines were agriculture, which shrank from 3.88% to 3.64%, trade, which shrank from 4.97% to 4.62%, and construction, which shrank from 6.09% to 5.76%.

The many accomplishments that Indonesian Governance of Jokowi-JK achieved in his leadership during one term are certainly cause for celebration, but we also tried to examine and consult with several specialists in the field of political economy of development to identify any initiatives that we believed did not meet planned standards. The experts who were sources in the analysis process were: (1) Yesi Supartoyo who is a researcher from the National Innovation Research Agency who focuses on regional economic studies; (2) Noldy Tuerah as lecturer and researcher in economics and business; and (3) Ryohei Nakamura who is a professor in the field of urban economics and regional science. Through AHP analysis, a variety of strategic policy indicators targeted at lessening regional disparities are gathered and evaluated according to the strength of each component. We make our assessment based on what ought to be the top priority when it comes to minimizing regional differences in Indonesia. **Figure 3** displays the findings from the analysis we performed.

#### Priorities with respect to: Strategic Policies of Jokowi - JK in Reducing Disparities Between Regions

Marine Conservation Areas Management Maritime Connectivity Infrastructure Development Fisherman Micro Bank Inaccessible Areas Banking Financing Capital Access Improvement of Food Statistics Reallocate Subsidies for Productive Spending Freeport Divestment Authority of Oil and Gas Blocks Utilization of New and Renewable Energy Marketing Strategies of Indonesian Products Research and Technology Development Revitalizing Vocational Education Food Security Supporting Infrastructure Telecommunications Infrastructure Connectivity Infrastructure Energy Infrastructure Tourism Sector Development Creative Economic Development Investment Online Single Submission Fiscal and Monetary Management Tax Revenues Poverty Income Inequality Unemployment Economic Growth Inflation 0 missing judgments

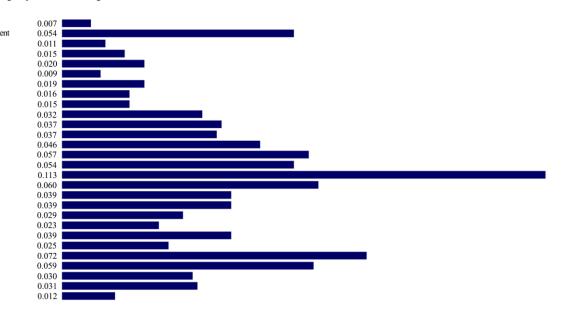


Figure 3. AHP priorities in reducing regional disparities in Indonesia.

As illustrated in Figure 3, infrastructure connectivity is the most important feature that must be built next. We both think that creating connectedness throughout the nation is essential to effectively decreasing differences between areas (Chen and Haynes, 2017; Kim and Sultana, 2015; Wang et al., 2016). Improved connection is the primary means of facilitating more seamless economic flows, and it is achieved by focusing on several remote, isolated, and outlying regions. Indicators of regional connection, such as transportation infrastructure (roads, bridges, marine highways), telecommunications, energy, and food, also contribute to reducing regional disparities. It is possible to argue that the maritime toll policy is still not ideal. The goal of President Joko Widodo's foreign policy, as expressed in his Nawacita Program, is to turn Indonesia into a maritime axis. If this goal is accomplished, it will significantly affect the development of the nation. However, the data show that the lack of sea toll facilities, which should have eliminated the pricing disparity between Java and Outside Java, is ineffective. Individuals in the port region are affected by this notion, but individuals in the inland areas are not affected by the sea toll road (Mubarak et al., 2019). Macroeconomic management plays a crucial role in mitigating regional inequality in certain instances, such as income disparities and poverty (Lall and Lebrand, 2020; Li et al., 2018). Figure 4 depicts the strategic policy program implemented under the Jokowi-JK government.

According to the graph in **Figure 4**, strategic strategies that can be utilized as outwork in the future to develop Indonesia fairly and lessen regional disparity have been derived from the numerous indicators that have been evaluated. The productivity

enhancement policy is one that needs to be implemented with a great deal of examination, but it also needs to be sustained right away, according to the results of multiple policies that have been examined using AHP. Naturally, to ensure a sustainable future, consideration must be given to productivity improvement programs, the majority of which include the development of infrastructure. Comparing Turkey to other nations, infrastructure growth, such as the internet, significantly aided in the country's regional convergence between 1999 and 2011 (Celbis and Crombrugghe, 2014). Policymakers ought to have done a pre analysis of the risks and consequences associated with this development, considering not just the environmental but also the financial aspects, given the extensive nature of its implementation (Arimah, 2017; Luo et al., 2021).

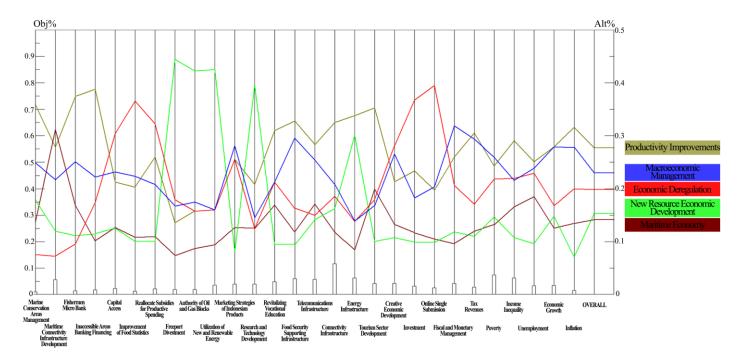


Figure 4. Sensitivity graph in reducing disparities between regencies.

#### 4.2. Discussion

In the New Order era under Soeharto's government, the Indonesian economy achieved economic growth of more than 7% which occurred in 1977, 1978, 1980, 1981, 1989 and 1990. In the 1970–1980s economic growth in Indonesia was caused by the massive demand for oil which was the impact of geopolitics in the Middle East. To be precise, in 1973, Israel fought against Egypt and Syria, which resulted in an oil blockade by Middle Eastern countries against Western countries allied to Israel. In connection with this, oil prices rose drastically, resulting in state income in Indonesia increasing threefold. Development of agricultural, infrastructure, health, education and other sectors could be carried out during this period, which was called the golden era of the Indonesian economy in the 1970s. In 1987–1997, the Indonesian economy also experienced growth, but not from abundant income from the oil mining sector. Previously, in 1982–1986 there was a slowdown so that President Soeharto and his economic team developed a macroeconomic management strategy by devaluing the

rupiah, creating a trade and investment deregulation package. This strategy was successful in bringing the Indonesian economic lag to an improvement until the 1997 period.

The development of the Indonesian economy in 1998 was marked by a crisis where there was a decline in various economic sectors which was triggered by a decline in the rupiah exchange rate, including the banking system which caused inflation which was difficult to control so that the prices of necessities were higher than people's purchasing power. This decline was triggered by a free foreign exchange system without strict supervision, foreign debt and government errors in managing the banking system. In addition, the International Monetary Fund (IMF) postponed assistance to Indonesia because it did not fulfill agreements with partner countries. Added to this is the unstable political situation ahead of the general election in Indonesia. Massive demonstrations because basic commodities were scarce throughout Indonesia resulted in foreign investors losing their confidence in investing. In Soeharto's government, we saw conditions of economic and political instability that occurred and were followed by the utilization of opportunities that occurred during that era and during Soeharto's leadership, there was a reconstruction of strategies for economic stabilization and rehabilitation policies, both in the form of decontrol policies by overhauling the command system into market mechanisms, freezing the role of foreign investment in the country and issuing a foreign investment law and a domestic investment law. Fiscal policies and a balanced budget emphasizing savings in state spending, monetary policy by increasing bank interest rates, credit interest rates and savings interest rates were factors that contributed to advancing economic growth at that time.

During the reign of Susilo Bambang Yudhoyono, when compared with the Jokowi administration, based on data from the Central Bureau of Statistics, it shows that the average economic growth in the Susilo Bambang Yudhoyono era reached 5.78% and this growth was greater than the economic growth in the Jokowi era which was only 4.12%. overall, during their time in office. Even though in each era, both Susilo Bambang Yudhoyono and Jokowi, they both benefited from the commodity boom that occurred in 2000, supported by China's double-digit growth, whereas during Jokowi's era it was the impact of the Russia-Ukraine war. However, during Jokowi's administration, the COVID-19 pandemic occurred which destroyed most of the economy both globally and domestically. Judging from the handling of inflation, the Jokowi era was better than during the Susilo Bambang Yudhoyono administration with a comparison of 7.11% and 3.61%.

Indonesia's manufacturing sector, once a key driver of economic growth, has experienced a slowdown in recent years. This slowdown is evident when compared to the country's overall GDP growth. Analyzing data spanning the previous 40 years, (Sato, 2011) as evidence of this statement, the manufacturing sector in Indonesia, which was formerly a significant growth engine, is currently growing at a rate that is substantially slower than the GDP. The number of impoverished individuals during the Jokowi-JK era gradually declined to 9.41%, according to measures of both income inequality and poverty. Income inequality then declined even further, to 0.382. In terms of employment, 11.21 million new jobs were generated in Indonesia between 2015 and 2019, while the country's unemployment rate decreased to 5.01%. Tax

revenues are rising in tandem with the tax system's constant improvement. But in 2019, it shrank to 8.2 percent increase from 13 percent in 2018. With 124.3 billion US dollars under control, fiscal and monetary management is seen as normal stable. Since 2015, fewer energy subsidies have been reallocated and have instead been directed toward worthwhile projects like infrastructure, healthcare and education.

Indonesia, a vast archipelago nation, has historically faced a significant challenge: uneven development across its many islands. Java, the most populous island, has traditionally been the economic and infrastructural center, leaving many peripheral regions with limited access to resources and opportunities. This situation is often referred to as Java-centrism. Recognizing this disparity, the concept of Indonesia Centrics emerged. It emphasizes a shift in focus from concentrating development solely on high-density areas to fostering inclusive growth throughout the country. By implementing Indonesia Centrics, it is manifestly right to see the orientation of growth from high density, high economic scale areas to peripheral, low density, low access locations with comparatively sparse populations. Up till 2019, transmission and energy saving solar lamps have reached Indonesia's interior, and 35 thousand MW of electricity generation has been prepared. On the other hand, the one price fuel program, which aims to guarantee social fairness and boost productivity, has brought fuel oil, which in Indonesia's eastern region used to be ten times more expensive than in its western part, to a meeting point. A total of 163 fuel distribution locations with a single price have been documented. The Palapa Ring program has been successful in facilitating telecom connectivity, which is expected to facilitate equitable access to internet resources for all. The achievement target has been met by the realization of 2275 km in Indonesia's western region, 2995 km in its central region, and 6878 km in its eastern region.

With the air bridge initiative, the Jokowi-JK governance also made it possible to isolate hard to reach places by offering 39 flight routes that service rural, distant, and outer island areas. Economic centers that are linked by Indonesia Centric Development, including 136 ports, 15 airports, 65 dams, 1387 km of toll roads, 811.89 km of railways, and 3194 km of border highways, make it simple to promote the expansion of economic centers nearby. The welfare of farmers has improved, which has an impact on food security as well as Indonesia Centric Development. The Jokowi-JK governance is reviving education and vocational training in the industrial sector to increase the competitiveness of Indonesia's youthful talent. To improve vocational competitiveness, a total of 2612 vocational schools and 1032 industries have partnered. Based on GDP percentage, the leading industry is processing (manufacturing), accounting for 80.44% of non oil and gas exports; mining follows at 15.6% and agriculture at 0.4%. The promotion of the creative economy and tourism industry is a constant strategy to bolster Indonesia's economy in the face of rapid and disruptive economic shifts. The GDP generated by the creative economy sector is growing annually, and in 2018 it contributed a total of 1105 trillion rupiah to the national economy.

According to the 2016 annual report's disclosure, Indonesian corporations tend to prioritize Sustainable Development Goals (SDGs) pertaining to responsible consumption and production, good health and welfare, decent work and economic growth, and high quality education. Based on the 2014–2016 sustainability report,

Indonesian corporations, however, tend to provide more information regarding the Sustainable Development Goals (SDGs) pertaining to consumption, decent work and economic growth, sustainable cities and communities, good health and welfare, and high quality education. both accountable and productive (Gunawan et al., 2020; Rao and Pinamala, 2015). Due to other research, infrastructure support and geographic position have a big impact on how quickly a province grows (Démurger, 2001; Jiao et al., 2017). Transportation and telecommunications infrastructure are critical to understanding China's regional growth gaps (Lee et al., 2007; Li and Qi, 2016; Lu et al., 2022). Similarly, infrastructure created in Indonesia has a propensity to improve the regional economy, with different variances in each location.

As the productivity enhancement program has come into effect, numerous new social and environmental issues have emerged, as seen by the actual situation on the ground. From a sociological standpoint, it was discovered that many people suffered psychologically and monetarily because of neighbors who opposed the construction of new roadways. Here, community education and coordination are just as important as enticing promises of land, cash changes, and other favors. Most of the infrastructure that is being constructed faces numerous societal issues, which hinders the process of achieving faster development (Chen and Haynes, 2017; Szoszkiewicz, 2021). Reducing regional disparities also depends on factors including location, economic potential, and daily accessibility (Das et al., 2023; Gutiérrez, 2001). Regarding the environment, a large amount of productive agricultural land has been cleared for the construction of housing developments or other infrastructure. An area of productive forest land that might boost the community's revenue is currently being converted to infrastructural land. We can't help but worry that there will be an effect on environmental imbalance if this is done extensively and responsibly. Stricter environmental licenses are required to construct equitable and environmentally friendly connectivity. Aside from that, creativity in enhancing productivity must be implemented, keeping in mind that the environment will not instantly restore itself but rather will do so gradually. This means that the sooner humans disrupt the natural balance, which will in this instance result in an imbalance, the earlier several issues will surface in the future.

Fau (2016) outlined at the 15th Association of Southeast Asian Nations (ASEAN) Summit activities that it views increasing productivity in terms of connectivity as a means of achieving the pillars of economic, political, and sociocultural security. It defines connectivity as an interaction between communities as well as a physical connection between regions. Geographic variety and archipelagic groups particularly in Indonesia and the Philippines are some of the gaps in the ASEAN area. Future problems for ASEAN countries, particularly Indonesia, include the development of infrastructure, technology, knowledge, operational and technical ability, and government processes. Furthermore, given that Indonesia is a region comprised of a group of islands, consideration must be given to the costs associated with distributing infrastructure equally among the regions, the socioeconomic status of the populace, and the effects on the environment to expedite the development of the Indonesia centric area (Bhattacharyay, 2010; Bonilla Findji et al., 2020). Rapid improvements in the quality of qualified human resources should follow faster physical regional growth. The wellbeing of society will benefit from competent human resources, which will further improve economic progress. To transform their knowledge and understanding into exceptional resources, academics can be dispatched to underdeveloped, isolated, or outermost places to accelerate the development of human resources. Nevertheless, keeping in mind that not all strategic policies meant to reduce disparities are immediately accepted, the overall frameworks, standards, regulations, and effective coordination at the village/subdistrict, subdistrict, district, and provincial levels are necessary for the strategic policies that have been made particularly for Indonesians.

Many of the advances initiated during the Jokowi-JK administration still contradict or are still far from the goal points of Nawacita. It cannot be denied that Nawacita is still unable to bring Indonesia to excellence in service and welfare of its population. For example, progress in eradicating corruption in the Jokowi-JK era was very slow and was labeled soft. The Jokowi era is considered to have had populist leadership in its approach to seizing political power even though at that time he did not control any political party. Soekarno's political strategy, which was adopted and updated by Jokowi, is his superiority by strengthening his interactions with the community through blusukan activities or infrastructure inaugurations. However, this is contradictory in the sense that the attitude that Jokowi put forward during his reign was unable to maintain the Komisi Pemberantasan Korupsi (KPK) in pressuring the elites in Indonesia. This was also strengthened by the establishment of a revision of the KPK Law and the recruitment of Firli Bahuri as the new KPK leader, who is currently one of the suspects in corruption in the form of gratuities against former agriculture minister Syahrul Yasin Limpo. From here we can see that the interests of the political elite and the Jokowi government have the same goal. The KPK, which was originally an independent anti-corruption institution, changed its status to an institution under the central government that focuses on preventing corruption. This indicates that the movement of institutions dealing with corruption in Indonesia is limited and can be indirectly regulated depending on who is in power.

We also see that in the implementation of the Nawacita program there are still many assessments that are far from their objectives, one of which is the Logistics Performance Index (LPI). In the early era of Jokowi's administration in 2014, Indonesia's overall LPI score was 3.08 with a ranking of 53 and in 2023 Indonesia's overall LPI score decreased to 3.00 with a ranking of 61. Highlighting the massive infrastructure development during the Jokowi era from the beginning Until the end of the era, based on the LPI report, the infrastructure section in 2014 had a score of 2.92, while in 2023 there was a decline to 2.9. Judging from the six LPI performance dimensions, namely customs, infrastructure, international shipment, logistics competency and quality, timelines, and tracking and tracing, the improved score only occurred in the customs and infrastructure dimensions. The decline in LPI that occurred in Indonesia during the Jokowi era occurred because the infrastructure development carried out did not lead to efforts to improve logistics performance, synergy between ministries and institutions in simplifying services also had an impact on this performance. Lack of planning and the impression of being rushed has resulted in Nawacita's goals of reducing logistics costs, breaking the rate of inflation and building connectivity between regions not being optimal. The infrastructure projects being built are not accompanied by mature regulations so that massive infrastructure development does not seem to have a significant impact.

The disparities between regencies/cities in Indonesia stem from a complex interplay of historical, geographical, and socioeconomic factors. Colonial legacies, uneven resource distribution, and disparities in infrastructure and human capital have contributed to the persistent development gaps. Additionally, factors such as natural disasters, limited access to markets, and inadequate governance structures have further exacerbated these disparities. Several theoretical frameworks can be applied to analyze and address the disparities between regencies/cities in Indonesia are: (1) Spatial Development Theory. This theory emphasizes the importance of spatial planning and investment in reducing regional disparities. It suggests that targeted interventions in lagging regions can stimulate economic growth and improve living standards; (2) Decentralization and Governance. Decentralization policies can empower local governments to address regional needs and priorities more effectively. However, effective decentralization requires strong institutional capacity and transparent accountability mechanisms; (3) Inclusive Development. Inclusive development approaches focus on ensuring that all segments of society benefit from economic growth and social progress. This requires targeted policies that address the specific needs of marginalized groups, such as women, minorities, and people with disabilities; (4) Sustainable Development Goals (SDGs). The SDGs provide a global framework for addressing development challenges, including regional disparities. Indonesia's commitment to the SDGs can guide policy formulation and resource allocation to achieve more equitable and sustainable development outcomes.

The Nawacita program has shown significant potential in reducing disparities between regions in Indonesia. With continued commitment and efforts, this program can play an important role in realizing more equitable and inclusive development in Indonesia. The journey to realizing Nawacita is still long. Geographical challenges, limited resources and historical disparities are still obstacles that must be faced. Synergy and ongoing commitment are needed from all parties, both central, regional and community governments, to ensure Nawacita achieves its goals. Nawacita is not just a government program, but a joint movement to build a just and prosperous Indonesia. With the spirit of Nawacita, we are optimistic that the gaps between regions in Indonesia can be bridged, and every individual in every corner of the country has the same opportunity to achieve a brighter future.

#### 5. Conclusion

Indonesia is now connected from one region to another after a period under Indonesian governance of Jokowi-JK. Improving productivity is one of the measures that has been put into place to target diminishing disparities between regions. The procurement of various infrastructure types aimed at boosting the economic productivity of communities that can reach remote areas of Indonesia is significantly responsible for this rise in productivity. But before it can lead Indonesia toward becoming a sustainable nation in terms of economic growth, enhanced social welfare, and a sustainable environment, a great deal of work needs to be done and assessed more thoroughly. Without a corresponding increase in the caliber of human resources, the region's physical development is undoubtedly pointless. There won't be much of an impact on these three characteristics, regardless of how many networks are developed if the area lacks human resources. The findings of this study lead us to propose that, in addition to developing connectivity between regions which is essential for facilitating accessibility between regions each decentralized region should adopt a different development strategy in each autonomous region based on the priorities required to boost regional economic growth.

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