Local and regional dimensions in Indonesia’s social and economic development: a governance approach

Prof. dr. Henri L.F. de Groot
Applicants/Research Team

Main applicant in the Netherlands
Prof. dr. Henri L.F. de Groot
Dept. of Spatial Economics, VU University Amsterdam, Tinbergen Institute

Co-applicant in Indonesia
Prof. dr. Ari Kuncoro
Universitas Indonesia; Institute of Economic and Social Research

Other project partners
Dr. Ing. Karst T. Geurs
Centre for Transport Studies, Fac. of Engineering Technology, University of Twente

Dr. Ibnu Syabri
Dept. of Urban and Regional Planning, Institut Teknologi Bandung
Context/Background

• Strongly uneven economic development between regions
  • Levels of private and public services vary widely across space

• Decentralization
  • Transformation from an authoritarian regime towards a more democratic society. Changing relationship between the political centre and local government.

• Rapid urbanization and motorization, in combination with insufficient (interregional) investment in transport infrastructure, cause urban poverty and social exclusion.
Aim of the project

To contribute to our understanding of the complex interrelationships between governance and economic and regional development.

The governance perspective is the overarching research topic.
Organization of this project: 3 subprojects

1) Macro-perspective
   • Patterns and drivers of regional (di-) convergence within Indonesia (with special focus on public service provision)
   • Development of Indonesia in the world economy
   • Role of Indonesia in international networks

2) Micro-perspective
   • Understanding location and mobility behavior of economic actors, and the size and nature of agglomeration externalities
   • Using detailed micro-data on Indonesian firms and workers

3) Case studies
   • inter- and intra-regional transport infrastructure investments and their impact on urban poverty and social inclusion
Schematic overview of program

Decentralisation of governance and fragmentation of decision making power
(Post doc)

Regional (di)Convergence - patterns and drivers
(PhD project 1)

Location and mobility behaviour of firms and agglomeration effects
(PhD project 2)

Urban transport infrastructure investments, accessibility and social cohesion
(PhD project 3)
Approach

- New economic geography literature, new trade theory, new economic growth theory with emphasis on governance
- Meta-analysis
- Emphasis on national and regional convergence patterns
- Micro-data ((linked) household and firm level data)
- Unique information on variation in quality of governance at the sub-national level (a.o. PODES datasets)