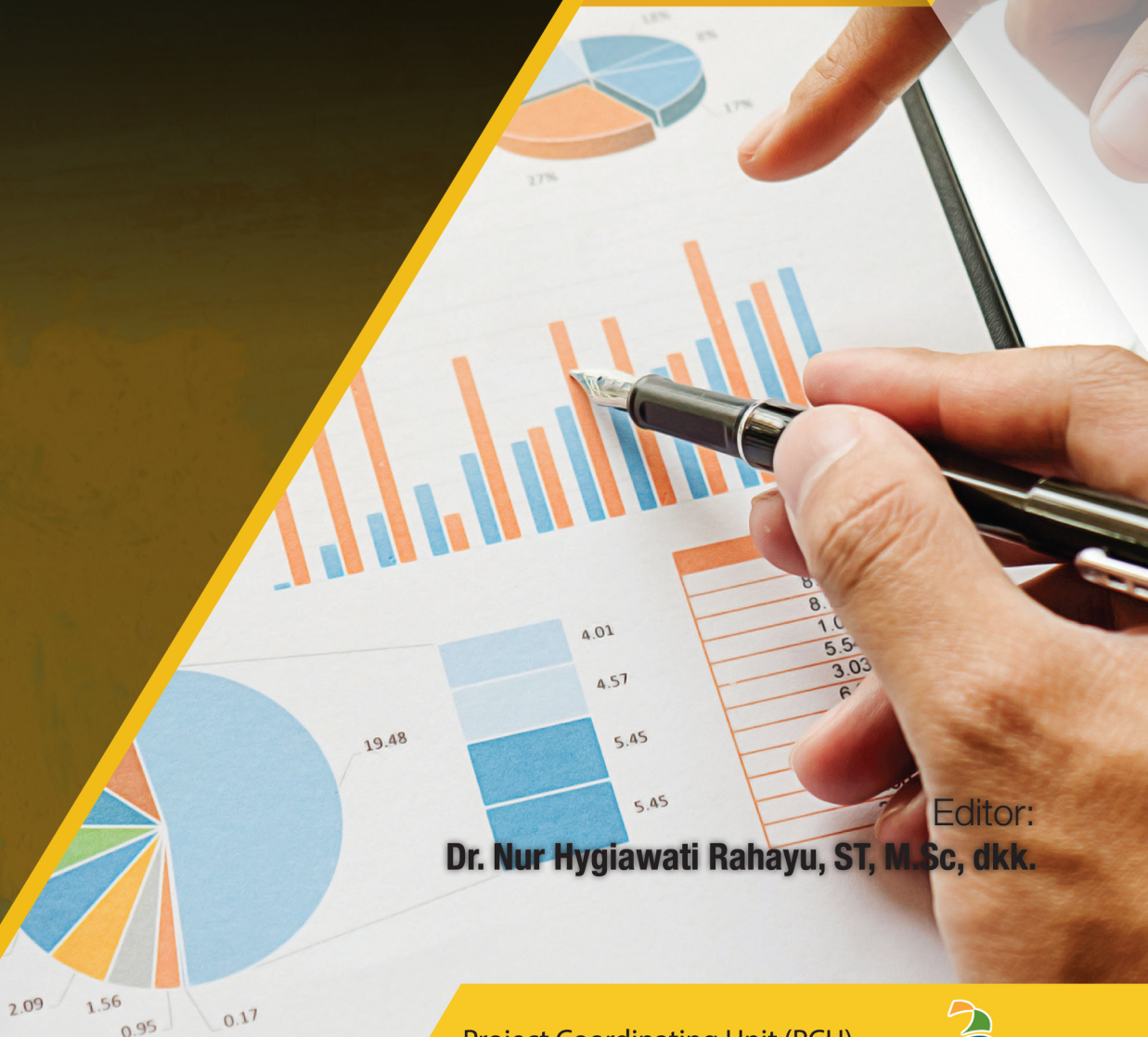


Bunga Rampai Tesis/Disertasi

Tema:
Ekonomi

SPIRIT

Scholarship Program for
Strengthening Reforming
Institutions



Editor:
Dr. Nur Hygiawati Rahayu, ST, M.Sc, dkk.

Project Coordinating Unit (PCU)
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Bunga Rampai Tesis/Disertasi

Tema: Ekonomi

Kelompok Ekonomi dan Bisnis

Program Beasiswa SPIRIT

Editor:

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Project Coordinating Unit (PCU) SPIRIT
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Bunga Rampai Tesis/Disertasi
Tema: Ekonomi
Kelompok Ekonomi dan Bisnis
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KATA PENGANTAR

Prioritas utama target pembangunan nasional seperti yang tertuang dalam Rencana Pembangunan Jangka Menengah Nasional Tahun 2010–2014 (RPJMN 2010–2014) Indonesia adalah reformasi birokrasi dan penguatan tata laksana pemerintahan. Untuk mencapai hal ini, sebelas institusi pemerintah yang memiliki peran penting dalam sektor publik dipilih sebagai Participating Agency (PA) dalam program beasiswa SPIRIT (Scholarship Program for Strengthening Reforming Institutions). SPIRIT dirancang untuk mendukung agenda reformasi birokrasi dengan menyediakan program beasiswa gelar dan nongelar untuk staf kunci di institusi publik pusat selama periode tahun 2011–2017.

Tujuan pelaksanaan program SPIRIT adalah untuk meningkatkan kapasitas Participating Agency melalui 1) peningkatan kapasitas sumber daya manusia (SDM) dengan mengembangkan keterampilan teknis, manajerial, dan kepemimpinan aparat pemerintah yang melaksanakan tugas-tugas pokok dan fungsi institusi; dan 2) peningkatan kapasitas SDM dalam melaksanakan reformasi birokrasi di instansi pusat.

Perancangan program SPIRIT dibedakan dengan program beasiswa lainnya di Indonesia melalui upaya pemenuhan kesenjangan kompetensi dan keahlian di tiap-tiap instansi dengan menanamkan program pendidikan gelar dan nongelar dalam Human Capital Development Plans (HCDP) di tiap-tiap instansi secara eksplisit. Program SPIRIT didukung melalui kerja sama antara pemerintah Indonesia dan Bank Dunia (World Bank) melalui pinjaman IBRD Loan No. 8010-ID.

Buku *Bunga Rampai Tesis/Disertasi Program Beasiswa SPIRIT, Tema: Ekonomi, Kelompok: Ekonomi dan Bisnis* ini merupakan buku kedua dari sembilan buku yang akan diterbitkan pada tahun 2017, sebagai salah satu upaya mendiseminasikan karya tulis ilmiah yang telah diselesaikan oleh karyasiswa penerima beasiswa SPIRIT. Materi tesis/disertasi dibagi menjadi tiga kelompok, yaitu Ilmu-Ilmu Ekonomi, Ilmu-Ilmu Sosial, dan Ilmu-Ilmu Alam dan Interdisiplin. Dasar pembagiannya adalah disiplin keilmuan (*tree of science*) serta keseimbangan jumlah materi tesis/disertasi yang ada.

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Jakarta, September 2017

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DAFTAR ISI

KATA PENGANTAR	III
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BAB: EKONOMI

The Impact of Decentralization on Corruption in Indonesia Dampak Desentralisasi terhadap Korupsi di Indonesia ADINDA AAN FERTINA	1
Analysis of Fixed Asset Development of PT. Kereta Api Indonesia (Persero) Operation Area V Purwokerto (Case of Land Ex Station East Purwokerto) Analisis Pengembangan Aset Tetap Milik PT. Kereta Api Indonesia (Persero) Daerah Operasi V Purwokerto (Kasus Lahan Eks Stasiun Timur Purwokerto) AGUNG IKHSARI KURNIARTO	9
The Influence of Fiscal Decentralization, GRDP, Population Density, and Foreign Investment on the Quality of the Environment (Study on Provinces in Indonesia 2009 - 2013) Pengaruh Desentralisasi Fiskal, PDRB, Kepadatan Penduduk, dan Penanaman Modal Asing terhadap Kualitas Lingkungan Hidup (Studi pada Provinsi di Indonesia Periode 2009 – 2013) AGUNG WAHYU PRANOTO	17
Formulating an Effective Strategy for Indonesia towards the Implementation of ASEAN-China Free Trade Agreement (ACFTA): An Analysis of Indonesia-China Vertical Specialization Account Merumuskan Strategi yang Efektif untuk Indonesia Menuju Implementasi Perjanjian Perdagangan Bebas ASEAN-China (ACFTA): Analisis Akun Spesialisasi Vertikal Indonesia-China ARIANTO CHRISTIAN HARTONO	25
Implementation Analysis of Joint Business Group Program “Penumbuhan 2010” in Kelurahan Surosutan Kecamatan Umbulharjo Yogyakarta City Analisis Implementasi Program Kelompok Usaha Bersama “Penumbuhan 2010” di Kelurahan Surosutan Kecamatan Umbulharjo Kota Yogyakarta ARIESANTI SURYANINGRUM	35

Optimizing Land Use Former Subterminal Rejowinangun, Yogyakarta City Using Highest and Best Use Analysis Optimalinasi Penggunaan Lahan Bekas Subterminal Rejowinangun Kota Yogyakarta Menggunakan Analisis Highest and Best Use BERNADETTA DINIARI WIHASWATI	45
The Impact of Trade Openness on Poverty Reduction: Case Study of ASEAN Dampak Keterbukaan Perdagangan Terhadap Penanggulangan Kemiskinan: Studi Kasus ASEAN CANDRA WIGUNA	53
The Effect of Business Credit and Household Characteristics on Household Welfare in Indonesia Pengaruh Kredit Usaha dan Karakteristik Rumah Tangga pada Kesejahteraan Rumah Tangga di Indonesia CITRA SAWITA MURNI	63
Can Payment for Environmental Services Promote Socioeconomic Development in Indonesia? An Empirical Analysis Dapatkah Pembayaran untuk Jasa Lingkungan Meningkatkan Pengembangan Ekonomi Sosial di Indonesia? Sebuah Analisis Empiris DANANG DESTA YUDHA	71
Effect of Good Governance and Local Government Expenditure on Education and Health Sector against HDI in 29 Provinces in Indonesia 2010 - 2014 Pengaruh <i>Good Governance</i> Serta Pengeluaran Pemerintah Daerah Bidang Pendidikan dan Kesehatan terhadap IPM pada 29 Provinsi di Indonesia Tahun 2010 - 2014 DEDI JUNAEDI	79
An Analysis to the Potential Loss of Property Tax on Restaurant and Fishing Arena in Janti Village, Klaten Regency Analisis Terhadap Kehilangan Potensi Penerimaan Pajak Bumi dan Bangunan pada Rumah Makan dan Pemancingan di Desa Janti, Kabupaten Klaten DHODY PRASETYA AJIE	89
Economic Value of Nature Tourism Park Angke Kapuk North Jakarta Nilai Ekonomi Taman Wisata Alam Angke Kapuk Jakarta Utara ENNY SULISTYOWATI	97

Regional Economic Growth and Economic Gap: Does Fiscal Decentralization Work? Cross-Provincial Analysis Pertumbuhan Ekonomi dan Kesenjangan Ekonomi: Apakah Desentralisasi Fiskal Berpengaruh? Analisa Lintas Provinsi FADIL FABIAN MASSARAPA	107
Evaluating Impact of Financial Development on Economic Growth in Indonesia: Bank-Based or Market-Based? Mengevaluasi Dampak Pengembangan Keuangan pada Pertumbuhan Ekonomi di Indonesia: Berbasis Bank atau Berbasis Pasar? FAUZAL MUSLIM	115
Education for Sustainable Development in West Nusa Tenggara, Indonesia Pendidikan untuk Pembangunan Berkelanjutan di Nusa Tenggara Barat, Indonesia HARI PRASETYO SUTANTO	125
The Impact of Natural Disaster on Household Welfare: Evidence from Indonesia Dampak Bencana Alam terhadap Kesejahteraan Rumah Tangga: Bukti dari Indonesia HERU SYAH PUTRA	137
Analysis of the Implications of Good Governance from the Regional Financial Accountability Perspective to Regional Tax Revenue, Capital Expenditure and Economic Performance of Regency / City Government in East Java (2010-2014) Analisis Implikasi <i>Good Governance</i> dari Perspektif Akuntabilitas Keuangan Daerah Terhadap Penerimaan Pajak Daerah, Belanja Modal dan Kinerja Ekonomi Pemerintah Kabupaten/Kota di Jawa Timur (Tahun 2010-2014) HERU WIDIANTO	145
The Impact of Remittance on Labor Supply by Gender, Case Study: Honduras 2006 Dampak Pengiriman Uang dari Luar Negeri terhadap Pasokan Pekerja Menurut Gender, Studi Kasus: Honduras 2006 ISTASIUS ANGGER ANINDITO	155
Meritocracy Vs Power and Politics Intervention in Higher Executive Job Selection Process – A Case Study of Indonesian National Civil Service Agency Meritokrasi Vs Intervensi Kekuasaan and Politik dalam Proses Pemilihan Jabatan Pimpinan Tinggi – Studi Kasus Badan Kepegawaian Negara Indonesia JUL ZWEISON AMBRAN	165

Bureaucratic Politics and Bilateral Investment Treaties in Indonesia Politik Birokrasi dan Perjanjian Investasi Bilateral di Indonesia LEIDY NOVANDA SURIANINGRAT	173
Optimization of Culinary Garden Condongcatur Optimalisasi Taman Kuliner Condongcatur LULUS HERY TRIONO	183
Exploring the Impact of Social Enterprise on Poverty Alleviation: Innovation in Job Creation and Target Group Perspective Mengungkap Dampak <i>Social Enterprise</i> terhadap Pengentasan Kemiskinan: Inovasi dalam Penciptaan Lapangan Kerja dan Perspektif Kelompok Sasaran MARISA WIEDHA CHRISTYANTI	191
Inflation and Inflation Uncertainty: The Case of Indonesia Inflasi dan Ketidakpastian Inflasi: Kasus Indonesia MOCHAMMAD FIRMAN HIDAYAT	197
Determinants of Infant Mortality in Indonesia Determinan Kematian Bayi di Indonesia NURLAILY FEBRIYUNA	207
Private Investment and Expenditure Inequality in Indonesia: An Analysis Based on Susenas 2000-2009 Investasi Swasta dan Pengeluaran di Indonesia: Analisis Berdasarkan Susenas 2000-2009 NURRIYAN BUDI	217
The Relationship between Small and Medium-sized Enterprises and Poverty Reduction in Indonesia Hubungan Usaha Kecil dan Menengah dan Pengurangan Kemiskinan di Indonesia NURUL HUDAYANI	225
The Effect of Regional Government Expenditure and Society on Education and Health on Human Development in Indonesia Pengaruh Pengeluaran Pemerintah Daerah dan Masyarakat di Bidang Pendidikan dan Kesehatan terhadap Pembangunan Manusia di Indonesia RAKHMAD SETYARSO	231

Assessing Public Services and Economic Performance of the New Districts Created in the Regional Expansion in Indonesia Menilai Pelayanan Publik dan Kinerja Ekonomi Kabupaten Baru yang Dibuat dalam Pemekaran Wilayah di Indonesia RIZA FAISAL	241
The Effect of the Minimum Wage on The Unemployment Rate in Indonesia Pengaruh Upah Minimum terhadap Tingkat Pengangguran di Indonesia SEPTIAN KURNIA NUGRAHA	251
Decentralization and Rural Development: A Case Study of Law No. 6/2014 on Village in Indonesia Desentralisasi dan Pembangunan Pedesaan: Studi Kasus UU No. 6/2014 tentang Desa di Indonesia SYIFAA TRESNANINGRUM	259
The Paris Declaration and Poverty Reduction Program in Indonesia Deklarasi Paris dan Program Penanggulangan Kemiskinan di Indonesia UTHAMI SARY	269
Targeting and Impact of Indonesia's Jamkesmas Health Insurance Target dan Dampak Asuransi Kesehatan Jamkesmas di Indonesia WULLYARTHA HERNITRA	279
Estimating Electricity Price and Volatility Spillovers on the NYISO Market: An Application of VAR-MGARCH Model Memperkirakan Harga Listrik dan Volatilitas <i>Spillovers</i> di Pasar NYISO: Aplikasi Model VAR-MGARCH YUSUF SURYANTO	289

Bunga Rampai Tesis/Disertasi

Bab: Ekonomi

Kelompok Ekonomi dan Bisnis

Program Beasiswa SPIRIT

The Impact of Decentralization on Corruption in Indonesia

Dampak Desentralisasi terhadap Korupsi di Indonesia

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ABSTRACT

Decentralization is one form of government transformation that is applied by many countries around the world. Regardless several potential benefits offered by decentralization, there is a debate about its impact on corruption. This study investigates the effect of decentralization on corruption, particularly in Indonesia. The effect is evaluated through comparing corruption condition before and after decentralization. Two types of corruption indices produce different results when evaluating corruption condition in Indonesia. The corruption perception indicator shows an increasing trend, either Corruption Perception Index (CPI) from Transparency International or Control of Corruption Rating from World Bank. It indicates a perception of better corruption condition after decentralization. On the other hand, the corruption case verdict from Supreme Court shows an increasing number of corruption cases after decentralization. Considering the drawbacks of each indicator, further analysis observes the link between consequences from changes enacted by decentralization and the corruption pattern. The result of the observation shows that there is increasing corruption case after decentralization in Indonesia, which involves local official government, both legislative and executive body in association with greater authority they possess. Decentralization in Indonesia emerges more corruption cases on the local level.

ABSTRAK

Desentralisasi merupakan salah satu bentuk transformasi pemerintahan yang diterapkan oleh banyak negara di seluruh dunia. Terlepas dari beberapa potensi keuntungan yang ditawarkan oleh desentralisasi, ada perdebatan tentang dampaknya terhadap korupsi. Studi ini menyelidiki dampak desentralisasi terhadap korupsi, terutama di Indonesia. Efeknya dievaluasi melalui perbandingan kondisi korupsi sebelum dan sesudah desentralisasi. Dua jenis indeks korupsi menghasilkan hasil yang berbeda saat mengevaluasi kondisi korupsi di Indonesia. Indikator persepsi korupsi menunjukkan tren yang meningkat, baik Indeks Persepsi Korupsi (CPI) dari *Transparency International* atau *Control of Corruption Rating* dari Bank Dunia. Hal ini mengindikasikan adanya persepsi akan kondisi korupsi yang lebih baik setelah desentralisasi. Di sisi lain, putusan kasus korupsi dari Mahkamah Agung menunjukkan meningkatnya jumlah kasus korupsi setelah desentralisasi. Mengingat kelemahan masing-masing indikator, analisis lebih lanjut melihat kaitan antara konsekuensi dari perubahan yang diberlakukan oleh desentralisasi dan pola korupsi. Hasil pengamatan menunjukkan bahwa terjadi peningkatan kasus korupsi setelah desentralisasi di Indonesia, yang melibatkan pemerintah daerah, baik badan legislatif maupun eksekutif yang terkait dengan kewenangan lebih besar yang mereka miliki. Desentralisasi di Indonesia menimbulkan lebih banyak kasus korupsi di tingkat lokal.

Decentralization is a Huge Complex Transformation Process and Generates Various Effects.

The rise of local government role in the country has become a widespread phenomenon in the end of the twentieth century. It happened in Latin America, Asia, Africa, and Eastern Europe. The increasing role of local government is a part of democracy system changes. This role leads to a transformation of government embodiment into decentralization system.

Despite the benefits that decentralization promotes, several arguments show the negative sides of decentralization. Without appropriate task division, the nature of decentralization leads to fat government structure because additional expenses and human resources are required for local government. This concept explains that decentralization is possibly providing the channel of more corruption opportunity and misuse of public funds by local government.

Decentralization is a huge complex transformation process and generates various effects. In order to focus on the effect of decentralization, the scope of this study will undertake observation of decentralization in Indonesia, focusing on corruption sector. After 32 years under the centralized era of President Soeharto leadership, Indonesia experienced government transformation into decentralization in 2001. By focusing the scope in Indonesia, this research is able to observe decentralization process and character of Indonesia in order to reach a conclusion.

The objective of this study is to acquire a better understanding of decentralization effect on corruption in Indonesia. Since most studies on decentralization corruption relationship have focused on perception corruption index, this study tries to add the total of corruption cases to capture corruption situation. This type of data will complement the weaknesses of subjective basis index from perception index.

Based on the objective of the study discussed above, the questions developed for this study are why does Indonesia transform into decentralization?, what are the changes in government caused by decentralization implementation?, and what is the effect of decentralization on corruption in Indonesia?

This study is designed as desk-based research with a qualitative approach in data collection and analysis. The observation uses secondary data from various sources in analysis such as research paper, official publication of relevant institutions, Supreme Court, Indonesia Law, academic literature and internet websites.

The main finding of this study shows that there is increasing corruption case after decentralization in Indonesia. The cases involve local official government, both legislative and executive. Decentralization in Indonesia creates the opportunity for more corruption cases of local government.

This study applies a qualitative method in collecting data and analyzing. This approach is adjusted to the type of research questions and required data. This study uses qualitative method to capture unobserved associated characteristic in quantitative analysis. This study uses various type of corruption indicator to evaluate corruption condition in Indonesia.

The Background of Decentralization in Indonesia

In implementing decentralization, Law 22/1999 about Regional Governance was perceived to be inadequate with the development of the situation, administrative and regional autonomy indictment. Law 32/2004 emerged to increase effectiveness in government implementation. Under law 32/2004, decentralization implementation uses an extensive autonomy system. This consideration is based on the assumption that any government affair, which can be handled by its local government, is entitled to be given autonomy policy so local government will become competent and independent in delivering public service to increase the wealth of local society. Control of central government over regional government is under a monitoring mechanism with involving preventive, repressive & general monitoring system.

The Changes in Government Because of Decentralization Law Implementation

Decentralization system lets local government to manage its natural resources, with the objective that optimal management of natural resource will increase local revenue and society income. Budget and realization of local government fund are reported and become a form of responsibility of the head of region (regent/mayor/governor)

If before decentralization, local official government was appointed centralistic by central government, with Law 22/1999 the head of region is appointed and dismissed by legislative assembly/DPRD. Nonetheless, this authority was changed in 2004. Law 32/2004 changes the appointment process of Head/vice of region by switching the authority from DPRD to direct election that is organized by Regional Election Commission (Komisi Pemilihan Umum Daerah-KPUD).

Regional Level Index

After realizing the emergence of corruption cases in local government, this research tries to observe the dispersion of corruption in Indonesia after decentralization and evaluate the awareness of local society in unveiling corruption cases.

TII produces CPI Indonesia index to capture society knowledge on corruption level and government commitment in corruption eradication in their area. CPI is calculated as the average of perception by the bribe payers on public contract and service performances (0=corrupt, 10=clean). A low score indicates that respondents perceive a high level of corruption in their area. Respondent proportions are 60% businesspersons, 10% civil society figures, 30% public officials.

Indonesian CPI shows that in the cities of Yogyakarta (2008) and Denpasar (2010) local business persons perceive that bribery and corruption are less common to be practiced by local public officials. On the contrary, in cities with low score like Surabaya and Pekanbaru (2010), it can be inferred that local business people of those cities still perceive that corruption is still very common there.

That result is associated with the number of corruption reports from society to KPK. Yogyakarta and Denpasar has relatively less corruption report from the society comparing to other cities. Jakarta, Surabaya, Medan and Pekanbaru have high number of corruption reports from society in accordance with their low CPI score. Those two indicators reflect the perception of their society on the corruption level in their area.

An Increase in Corruption Cases After Decentralization In Indonesia

Two types of corruption index in country level produce a different result in evaluating corruption condition after decentralization. The purpose of using two types of index is to cover each other indicator nature drawback. Corruption perception index shows an increasing trend either by CPI from Transparency International or Control of Corruption rating by World Bank, a perception of better corruption condition. On the other hand, corruption cases verdict by law from Supreme Court shows increasing number of corruption cases after decentralization. Further observation is needed to answer the decentralization impact on corruption in Indonesia. Analysis continues by linking the consequences of changes from decentralization implementation and the pattern and subject of corruption. From the observation, there is increasing corruption cases after decentralization in Indonesia that are involving local official government both legislative and executive as a result of authority decentralization.

This result is limited in Indonesia because the conclusion considers the specific dimension of decentralization in Indonesia. This research only observes the frequency of corruption incidence but does not consider the amount of corruption in measuring corruption. Additional influenced indicators are needed to provide more accurate result. The observation about quality of law enforcer and level of press freedom across decentralization implementation time are suggested for future research. It will also give additional benefit if more extensive regional scale indicator is used for future improvement in understanding the effect of decentralization on corruption.

**Analysis of Fixed Asset Development
of PT. Kereta Api Indonesia (Persero)
Operation Area V Purwokerto
(Case of Land Ex Station East Purwokerto)**

**Analisis Pengembangan Aset Tetap
Milik PT. Kereta Api Indonesia (Persero)
Daerah Operasi V Purwokerto
(Kasus Lahan Eks Stasiun Timur
Purwokerto)**

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ABSTRACT

This research is an application from the application of Income Approach with Land Development Analysis with help of The Techno Economic Analysis for planning level building economy and Discounted Cash Flow (DCF) for simulating financial simulation, of valuation of land, against a blank or empty is assumed in determining land values and highest and best use (HBU) of the land. The purpose of this research is to determine value of land former East Station Purwokerto and determine which Opportunity Cost which is obtained from the current use of extensive simulation and developed mix use commercial area. This research was conducted on ex East Purwokerto Rail Station that located at Jalan Jenderal Soedirman, Purwokerto.

In this study, the data analysis undertaken consist of primary data and secondary data. Data primary covering data rent income, land rent even the physical data include size, shape obtained from PT. KAI Daop. V Purwokerto. The market data approach, comparable mal leases obtained through direct investigation. Secondary data obtained from the National Land Agency of Banyumas Regency, Office Auction of State Assets Banyumas Regency, the Central Bureau of Statistics, and a bunch of organization on the local government of Banyumas Regency.

The final conclusion of fair value fixed asset owned PT. KAI former East Station Purwokerto is Rp 1.339.330.000.000,00 or Rp 33.500.000,00 per square meter. The result of Land Development Analysis (LDA) conducted HBU (physically, regulations, market analysis and productivity) as the highest and best use, with the earning potential of Rp 1.456.015.331.407,90 as an opportunity cost of value in use. While the income projection for current use, acquired for Rp 1.521.767.525,39 and income from land rent for 20 year long at Rp 1.288.804.924,00 with compensation of damages building at Rp 895.200.000,00. It can be inferred that its opportunity loss Rp 1.452.309.558.958,51. Conclusions in this study that is the developing of land is a must.

Key words: Discounted Cash Flow (DCF), Land Development Analysis (LDA), Opportunity cost, and Techno economic analysis.

ABSTRAK

Penelitian ini merupakan aplikasi dari penerapan *income approach* menggunakan *Land Development Analysis* (LDA) dengan bantuan analisis tekno ekonomi untuk perencanaan tingkat ke-ekonomisan bangunan dan *Discounted Cash Flow* (DCF) untuk simulasi keuangan, terhadap penilaian lahan kosong atau diasumsikan kosong dalam menentukan nilai tanah dari penggunaan tertinggi dan terbaik (HBU) dari lahan tersebut. Tujuan penelitian ini adalah mengetahui nilai tanah eks Stasiun Timur Purwokerto dan menentukan *opportunity cost* yang diperoleh dari penggunaan saat ini dan pengembangan *mix use commercial area*. Penelitian ini dilakukan di lahan eks Stasiun Timur Purwokerto, yang berlokasi di Jalan Jenderal Soedirman Purwokerto.

Dalam penelitian ini, terdapat 2 data, yakni data primer dan data sekunder. Data primer meliputi data pendapatan sewa, sewa kontrak lahan maupun data fisik yang meliputi ukuran, bentuk tapak diperoleh dari PT. KAI Daop. V Purwokerto. Data pembandingan pasar tanah, pembandingan nilai sewa ruangan diperoleh dari investigasi langsung. Data sekunder diperoleh dari Kantor Pertanahan Kabupaten Banyumas, Kantor Pelayanan Keuangan Negara Kabupaten Banyumas, Badan Pusat Statistik, dan dinas-dinas terkait pada Pemerintah Kabupaten Banyumas.

Kesimpulan nilai wajar tanah aset tetap milik PT. KAI berupa lahan eks Stasiun Timur Purwokerto adalah Rp 1.339.330.000.000,00 atau sebesar Rp 33.500.000,00 per meter persegi. Hasil LDA yang dilakukan pengujian HBU (analisis regulasi, fisik, dan produktivitas) sebagai penggunaan tertinggi dan terbaik, adalah pengembangan *mixed use commercial area* (mal dan hotel) dengan potensi pendapatan sebesar Rp 1.456.015.331.407,90 yang merupakan *opportunity cost* dari penggunaan saat ini. Untuk pendapatan bersih penggunaan pertokoan sewa saat ini diperoleh pendapatan sebesar Rp 1.521.767.525,39, ditambah dengan penerimaan sewa lahan selama 20 tahun sebesar Rp 1.288.804.924,00 dan ganti-rugi bangunan sebesar Rp 895.200.000,00. Maka disimpulkan bahwa *opportunity loss* yaitu sebesar Rp 1.452.309.558.958,51. Kesimpulan dalam penelitian ini, bahwa pembangunan pengembangan lahan ini sangat menguntungkan, sehingga disarankan agar segera dilakukan pembangunan *mix use commercial area* tersebut.

Kata kunci: Analisis tekno ekonomi, *Discounted Cash Flow* (DCF), *Land Development Analysis* (LDA), dan *Opportunity cost*

Pendahuluan

Pada tahun 2012, program kerja PT. KAI salah satunya adalah pengelolaan pertokoan Purwokerto Timur dan Pengembangan area komersial *mix use* eks emplasemen Purwokerto Timur. Akan tetapi program tersebut belum berjalan, masih sebagai daftar tunggu (long list) (PT. KAI, 2012: 104). Sementara pendapatan sewa-menyewa aset PT. KAI terealisasi sebesar Rp 1,42 Miliar merupakan pendapatan dari sewa Purwokerto Timur dan Indo Plaza Semut. Pemanfaatan sumber daya yang dimiliki untuk pengembangan bisnis properti merupakan upaya PT. KAI untuk mengoptimalkan aset dengan target pengembangan properti adalah pengelolaan 5,4 juta m² tanah dengan pendapatan Rp 1,8 Triliun pada 2018 (PT. KAI, 2014: 84–95,120,160–163).

Uraian mengenai tertundanya pembangunan PCC sampai akhir Maret 2016, sedangkan perencanaannya dimulai sejak tahun 2012, menimbulkan minat penulis untuk melakukan penelitian mengenai *opportunity cost* dengan judul "Analisis Pengembangan Aset Tetap Milik PT. Kereta Api Indonesia (Persero) Daerah Operasi V Purwokerto (Kasus Lahan Eks. Stasiun Timur Purwokerto)". Penelitian ini menggunakan teknik/metoda analisis pengembangan tanah (*Land Development Analysis/LDA*) dengan dibantu dengan analisis tekno ekonomi dan *Discounted Cash Flow* (DCF).

Sampai dengan akhir Bulan Maret 2016 belum dimulai proses ground breaking pembangunan area komersial eks Stasiun Timur oleh PT. KAI, padahal perencanaannya sudah dimulai sejak tahun 2012. Adapun kontrak sewa lahan eks stasiun Timur antara PT. KAI dengan PT. KAPM juga telah ditandatangani tahun 2013 dan kontrak sewa pertokoan tidak diperpanjang sampai 31 Desember 2015. Hal ini menimbulkan kerugian secara finansial, padahal keuntungan pendapatan PT. KAI Tahun 2014 dari aset produksi bisa mencapai 21,8 persen. Jika pembangunan lahan eks Stasiun Timur ini dapat dilaksanakan secepatnya, tentu akan menambah keuntungan dari aset non produksi PT. KAI melalui anak perusahaannya yaitu PT. KAPM.

Beberapa tujuan penelitian yang ingin dicapai adalah sebagai berikut.

1. Mengetahui indikasi nilai aset lahan eks Stasiun Timur Purwokerto yang akan dikembangkan dengan mempergunakan pendekatan data pasar dan analisis pengembangan tanah/LDA.
2. Mengetahui nilai *opportunity cost* belum dibangunnya lahan eks Stasiun Timur Purwokerto sebagai masukan bagi PT. KAI untuk mengatur strategi mendapatkan keuntungan maksimal. *Opportunity cost* tersebut diperoleh dari pendapatan simulasi LDA dengan dibandingkan penggunaan saat ini (*value in use*).

Metode yang digunakan dalam penelitian ini adalah metode deskriptif (kualitatif) dari studi kasus dan kuantitatif. Data yang digunakan terdiri dari data primer dan data sekunder. Data sekunder diperoleh dari Badan Pusat Statistik, Dinas Cipta Karya, Kebersihan dan Tata Ruang, Dinas Pendapatan, Pengelolaan Keuangan dan Aset Daerah, PT. KAI Daop. V Purwokerto, Kantor Pertanahan Kabupaten Banyumas, dan Kantor Pelayanan Keuangan Negara Lelang Kabupaten Banyumas. Teknik/alat analisis yang digunakan yakni analisis tekno ekonomi, dan analisis pengembangan tanah.

Analisis Penggunaan Saat Ini

1. Analisis Fisik

Berdasarkan pada analisis fisik dapat disimpulkan bahwa lokasi ini terletak di kawasan emas perdagangan sehingga memiliki potensi untuk dikembangkan daripada penggunaan saat ini, menjadi lebih komersial. Penggunaan saat ini sebagai pertokoan sewa hanya eks emplasemen stasiun yang berada di pinggir Jalan Jenderal Soedirman. Sebagian besar luas lahan belum dimanfaatkan ada di tengah hingga ke bagian selatan lahan.

2. Analisis Regulasi

Tanah objek merupakan aset tetap milik PT. KAI yang merupakan bekas stasiun sudah berubah peruntukannya. Sebagai Badan Usaha Milik Negara, berbentuk PERUM (Perusahaan Umum) maka status kepemilikannya masih berupa hak pakai. Dan berdasarkan usulan peta peruntukan dari DCKKTR bahwa peruntukan kawasan objek adalah (K1) subzona perdagangan umum dan jasa tunggal.

3. Analisis Produktivitas Pertokoan

Perolehan pertokoan tidak diketahui nilainya, maka diasumsikan nilai penyusutan tidak berpengaruh.

Analisis Pengembangan Properti

1. Analisis Regulasi Pengembangan

Status kepemilikan tanah objek berupa hak pakai. Dalam hal terdapat tanah yang merupakan tanah yang dikuasai oleh negara, maka hak pakai hanya dapat dialihkan kepada pihak lain dengan izin pejabat yang berwenang.

2. Analisis Pengembangan Fisik

Proporsi lahan digunakan untuk mal hotel dan parkir dibandingkan dengan fasum-fasos adalah 59,69 persen berbanding 40,31 persen. Dengan demikian, pengembangan properti masih memperhatikan lingkungan.

Kesimpulan dan Saran

Dari pembahasan sebelumnya, dapat diambil kesimpulan sesuai pertanyaan penelitian. Kesimpulan penelitian ini adalah sebagai berikut.

1. Nilai wajar tanah dengan pendekatan pasar diketahui sebesar Rp 1.231.240.000.000,00 atau Rp 30.886.000,00 per meter persegi. Nilai wajar tanah dengan metode LDA yaitu untuk kawasan mal sebesar Rp 32.600.000,00 dan untuk kawasan hotel sebesar Rp 36.600.000,00. Kesimpulan nilai wajar tanah aset tetap milik PT. KAI berupa lahan eks Stasiun Timur Purwokerto adalah Rp 1.339.330.000.000,00 atau sebesar Rp 33.500.000,00 per meter persegi.
2. Pengembangan aset milik PT. KAI (Persero) menjadi *mix use commercial area* yakni mal dan hotel, sangat menjanjikan dengan imbal hasil pendapatan yang tinggi. Nilai sewa minimum mal dari perhitungan tekno ekonomi sebesar Rp 46.156,03. Nilai sewa minimum hotel dari perhitungan tekno ekonomi sebesar Rp 316.713,70.

Nilai sewa mal berdasarkan harga sewa pasar sebagai berikut.

- a. Anchor tenant, Cinema 21 sebesar Rp 95.000,00/m²/bulan.
- b. Premium tenant, food court, game centre, book store, dan exhibition sebesar Rp 195.000,00/m²/bulan.
- c. Retail sebesar Rp 275.000,00/m²/bulan.
- d. ATM dengan sewa sebesar Rp 1.750.000,00/m²/bulan.

Adapun nilai sewa kamar hotel berdasarkan harga sewa p asar sebagai berikut.

- a. Standard king (single bed, 2 dewasa) sebesar Rp 627.412,00.
- b. Standard queen (double bed, 2 dewasa) sebesar Rp 735.680,00.
- c. Suite (double bed, 2 dewasa) sebesar Rp 870.480,00.

Berdasarkan hasil LDA, potensi pendapatan yang dapat diperoleh PT. KAPM, sehingga menaikkan pendapatan PT. KAI sebesar Rp 1.456.015.331.407,90. Potensi pendapatan

ini disebut sebagai *opportunity cost*. Dengan pendapatan pertokoan hanya sebesar Rp 1.521.767.525,39 dan biaya-biaya ganti-rugi bangunan, maka *opportunity lost* menjadi sebesar Rp 1.452.309.558.958,51.

Nilai *opportunity cost* dan *opportunity loss* tersebut menunjukkan keuntungan jika pengembangan tersebut bisa diwujudkan pada awal tahun 2016 sebagai rujukan/acuan untuk perubahan penggunaan saat ini. Semakin lama mulai pembangunannya, semakin besar angka-angka tersebut.

Dalam penelitian ini, agar dapat bermanfaat bagi PT. KAI maupun pihak lain yang membutuhkan rujukan mengenai penelitian sejenis. Penulis menyarankan sebagai berikut.

1. Bagi PT. KAI dan PT. KAPM, dengan adanya penundaan pembangunan mix use commercial area tersebut, perlu diatur strategi pemecahannya. Untuk memperbesar lagi nilai *opportunity cost* dan memperkecil nilai *opportunity lost* dalam mencapai tingkat pendapatan optimum maka dapat dilakukan penyesuaian harga sewa kamar hotel disesuaikan dengan hari-hari padat tamu hotel, hari libur nasional, dan tarif promo mengikuti harga pasar sewa hotel sebanding. Penyesuaian harga normal sewa kamar hotel untuk masing-masing kelas adalah sebagai berikut:
 - a. Standard king (single bed, 2 dewasa) dinaikkan dari Rp 627.412,00 sampai harga tertinggi Rp 1.280.000,00.
 - b. Standard queen (double bed, 2 dewasa) dinaikkan dari Rp 735.680,00 sampai harga tertinggi Rp 1.548.000,00.
 - c. Suite (double bed, 2 dewasa) dinaikkan dari sebesar Rp 870.480,00 sampai harga tertinggi Rp 1.680.000,00.

Nilai *opportunity cost* maksimal dapat meningkat menjadi Rp 1.533.936.052.386,5 atau selisih Rp 91.580.280.516 dari nilai *opportunity cost* sebelumnya.

2. Bagi peneliti selanjutnya akan lebih baik jika ada data pembandingan yang kompeten yang sudah terjadi transaksi dalam waktu dekat dengan tanggal penilaian.

**The Influence of Fiscal Decentralization, GRDP,
Population Density, and Foreign Investment on the
Quality of the Environment
(Study on Provinces in Indonesia 2009 - 2013)**

**Pengaruh Desentralisasi Fiskal, PDRB, Kepadatan
Penduduk, dan Penanaman Modal Asing terhadap
Kualitas Lingkungan Hidup
(Studi pada Provinsi di Indonesia Periode 2009 – 2013)**

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ABSTRACT

The main objective of this study was to analyze the effect of fiscal decentralization, the Gross Domestic Regional Product (GDRP), population density, and Foreign Direct Investment (FDI) on environmental quality provinces in Indonesia during the 2009-2013 period. Variables used in this research include dependent variable is the Environmental Quality Index (IKLH) province in Indonesia. Meanwhile, the independent variable is fiscal decentralization as measured by the ratio of General Allocation Fund (DAU) to total revenues, GDRP, population density, and FDI.

This study uses a random effect as the best model to analyze the effect of fiscal decentralization, GDRP, population density, and FDI on environmental quality provinces in Indonesia. The analysis showed that the variables of fiscal decentralization have a positive impact and no significant effect on an environmental quality of life in the Indonesian province. GDRP have negative impact and significant effect on environmental quality provinces in Indonesia. Population density and FDI have a negative impact and no significant effect on environmental quality provinces in Indonesia.

Keywords: Environmental Quality, Fiscal Decentralization, the GDRP, population density, FDI.

ABSTRAK

Tujuan utama penelitian ini adalah untuk menganalisis pengaruh desentralisasi fiskal, Produk Domestik Regional Bruto (PDRB), kepadatan penduduk, dan Penanaman Modal Asing (PMA) terhadap kualitas lingkungan hidup provinsi di Indonesia selama periode 2009-2013. Variabel yang digunakan dalam penelitian ini meliputi variabel dependen yaitu Indeks Kualitas Lingkungan Hidup (IKLH) provinsi di Indonesia. Sementara itu, variabel independen yaitu desentralisasi fiskal yang diukur dengan rasio Dana Alokasi Umum (DAU) terhadap total pendapatan daerah, PDRB, kepadatan penduduk, dan PMA provinsi di Indonesia.

Penelitian ini menggunakan metode *random effect* sebagai model yang terbaik untuk menganalisis pengaruh desentralisasi fiskal, PDRB, kepadatan penduduk, dan PMA terhadap kualitas lingkungan hidup provinsi di Indonesia. Hasil analisis menunjukkan bahwa variabel desentralisasi fiskal memberikan pengaruh positif dan tidak signifikan terhadap kualitas lingkungan hidup provinsi di Indonesia. PDRB berpengaruh negatif dan signifikan terhadap kualitas lingkungan hidup provinsi di Indonesia. Kepadatan penduduk dan PMA berpengaruh negatif dan signifikan terhadap kualitas lingkungan hidup provinsi di Indonesia.

Kata Kunci: Kualitas Lingkungan Hidup , Desentralisasi Fiskal, PDRB, Kepadatan

Dengan adanya permasalahan terkait kualitas lingkungan di Indonesia dan berkembangnya isu terkait kualitas lingkungan hidup di dunia, maka penelitian mengenai pengaruh desentralisasi fiskal terhadap kualitas lingkungan sangat diperlukan. Penelitian ini akan mengkesplorasi pengaruh desentralisasi fiskal yang diprosikan oleh Dana Alokasi Umum (DAU) per Total Pendapatan Daerah terhadap kualitas lingkungan hidup yang tercermin dalam Indeks Kualitas Lingkungan Hidup (IKLH).

Penelitian mengenai hubungan antara perekonomian dengan kualitas lingkungan telah banyak dilakukan. Awalnya penelitian hanya menggambarkan kaitan antara pertumbuhan ekonomi dan lingkungan. Penelitian ini semakin berkembang dengan ditambahkan beberapa variabel lain yang turut mempengaruhi kualitas lingkungan.

Berdasarkan uraian latar belakang, maka pertanyaan penelitian ini adalah *“apakah desentralisasi fiskal, PDRB, kepadatan penduduk, dan Penanaman Modal Asing (PMA) memiliki pengaruh terhadap kualitas lingkungan hidup provinsi di Indonesia?”*. Peneliti mengungkapkan bahwa tujuan penelitian ini adalah menginvestigasi dan menganalisis pengaruh desentralisasi fiskal, PDRB, kepadatan penduduk, dan Penanaman Modal Asing (PMA) terhadap kualitas lingkungan hidup provinsi di Indonesia selama periode 2009-2013. Hasil penelitian ini diharapkan dapat bermanfaat bagi jajaran praktisi di pusat dan daerah, yakni menjadi masukan dan bahan pertimbangan kebijakan dalam pengelolaan lingkungan hidup. Dalam kaitannya dengan teori, hasil penelitian ini diharapkan dapat memberikan kontribusi dalam pengembangan teori terkait dengan desentralisasi fiskal di Indonesia.

Perkembangan Indeks Kualitas Lingkungan Hidup (IKLH) dan Rasio DAU Per Total Pendapatan Daerah

Penelitian mengenai pengaruh desentralisasi fiskal, PDRB, kepadatan penduduk dan Penanaman Modal Asing terhadap kualitas lingkungan hidup provinsi di Indonesia menggunakan data sekunder dengan rentang waktu mulai dari tahun 2009 sampai dengan 2013. Data yang digunakan merupakan data gabungan antara data runtut waktu (*times series*) dan silang tempat (*cross section*). Objek penelitian yang diambil adalah 33 provinsi yang ada di Indonesia

Alat analisis yang digunakan dalam penelitian ini adalah regresi data panel untuk mengetahui pengaruh desentralisasi fiskal, PDRB, kepadatan penduduk dan Penanaman Modal Asing terhadap kualitas lingkungan hidup provinsi di Indonesia.

Provinsi yang mempunyai IKLH terbaik berada di luar pulau Jawa. Sementara itu, tiga provinsi yang mempunyai IKLH terburuk berada di pulau Jawa. Hal itu mengindikasikan

daya dukung lingkungan di Pulau Jawa lebih kecil dibanding pulau-pulau lain di Indonesia. Aktivitas perekonomian dan kepadatan penduduk yang tinggi di pulau ini membuat kualitas lingkungan di pulau ini lebih buruk dibanding pulau-pulau besar lain di Indonesia.

Provinsi yang memiliki rata-rata rasio DAU dengan total pendapatan daerah terbesar adalah Gorontalo dengan rata-rata rasio sebesar 0,66. Hal ini menunjukkan ketergantungan Gorontalo terhadap dana dari pusat sangat besar, karena sebagian besar sumber pendapatan daerah berasal dari dana pusat. Sementara itu, Kalimantan Timur dan DKI Jakarta adalah provinsi yang memiliki rasio PAD dengan total pendapatan daerah terkecil di Indonesia. Hal ini menunjukkan ketergantungan Kalimantan Timur dan DKI Jakarta terhadap dana dari pusat sangat kecil. Dengan demikian kemandirian keuangan di provinsi tersebut lebih baik dibanding provinsi lain.

PDRB DKI Jakarta adalah yang tertinggi di Indonesia dengan rata-rata PDRB sebesar 423.285 miliar rupiah. Status DKI Jakarta sebagai ibukota negara Indonesia menjadikan perekonomian di daerah ini sebagai yang terdepan di Indonesia. Sementara itu, provinsi yang memiliki rata-rata PDRB paling rendah adalah Gorontalo dengan rata-rata PDRB sebesar 3.160 miliar rupiah.

DKI Jakarta merupakan provinsi yang paling padat penduduknya. Pada tahun 2009 kepadatan penduduk di DKI Jakarta adalah 14.628 orang/km², tahun 2010 sebesar 14.469 orang/km², tahun 2011 sebesar 14.611 orang/km², tahun 2012 sebanyak 14.754 orang/km², dan tahun 2013 sebanyak 14.918 orang/km². Provinsi dengan kepadatan penduduk paling sedikit di Indonesia adalah Maluku Utara, yaitu dengan kepadatan penduduk rata-rata 3 orang/km².

Nusa Tenggara Timur merupakan provinsi dengan jumlah PMA terkecil di Indonesia. Pada tahun 2009, PMA yang masuk sebesar 4,4 juta USD, tahun 2010 sebesar 3,8 juta USD, 2011 sebesar 5,5 juta USD, 2012 sebesar 8,7 juta USD, dan 2013 sebesar 15,1 juta USD. Rata-rata PMA di Nusa Tenggara Timur selama tahun 2009 s.d. 2013 adalah sebesar 7,9 juta USD.

PDRB yang Mempunyai Pengaruh terhadap Kualitas Lingkungan Hidup di Indonesia

Berdasarkan hasil analisis dan pembahasan, maka dalam penelitian ini dapat diambil kesimpulan. Hasil penelitian ini menunjukkan hanya PDRB yang mempunyai pengaruh terhadap kualitas lingkungan hidup di Indonesia. Variabel lain yaitu desentralisasi

fiskal, kepadatan penduduk dan PMA tidak memberikan pengaruh terhadap kualitas lingkungan hidup di Indonesia.

Berdasarkan hasil pengujian data penelitian ini maka terdapat hal yang menjadi temuan dan selanjutnya bisa memberikan kontribusi dan implikasi menarik. Dengan terbuktinya pengaruh PDRB yang dapat menurunkan kualitas lingkungan hidup, maka kebijakan-kebijakan di bidang ekonomi yang dibuat harus memberikan perhatian yang lebih terhadap lingkungan.

Meskipun penelitian ini tidak menemukan adanya hubungan yang signifikan antara desentralisasi fiskal dengan kualitas lingkungan hidup, pelaksanaan desentralisasi harus tetap dilaksanakan dengan konsisten. Hal ini untuk menghindari terjadinya transfer sumber keuangan yang sudah dikuasai oleh daerah, tetapi tidak diikuti oleh pelaksanaan tugas yang menjadi tanggung jawab daerah, khususnya di bidang lingkungan hidup. Oleh karena itu, diperlukan pengawasan dari Pemerintah Pusat.

Berdasarkan kesimpulan di atas, saran yang diajukan peneliti adalah bagi Pemerintah Daerah:

- a. Meningkatkan kapasitas pengelolaan lingkungan di daerah yaitu dengan cara:
 - i. Memperkuat peran lembaga yang mengurus pengelolaan lingkungan hidup agar lebih mandiri, serta mempunyai fungsi operasional dan koordinasi.
 - ii. Peningkatan anggaran terkait fungsi lingkungan hidup.
 - iii. Mengkaji kecukupan kelengkapan peraturan daerah yang mengatur isu lingkungan hidup.
 - iv. Peningkatan kapasitas sumber daya manusia dengan mengikutsertakan pegawai dalam pendidikan dan pelatihan, agar memiliki sertifikasi khusus terkait pengelolaan lingkungan (misalnya penyusunan AMDAL dan pengawas lingkungan daerah).
 - v. Peningkatan sarana dan prasarana yang berupa adanya laboratorium yang terakreditasi dan teregistrasi.
- b. Menyusun rencana aksi daerah untuk menyukseskan program Keluarga Berencana (KB) dan membangkitkan kembali kesadaran masyarakat untuk ber-KB yang mulai hilang.

- c. Mengembangkan sektor ekonomi tersier seperti industri berbasis jasa, informasi dan telekomunikasi yang dapat mengurangi penggunaan input material.
- d. Memberikan ijin yang lebih ketat terhadap perusahaan yang ingin mendirikan ijin usaha untuk memastikan bahwa usaha aktivitas tersebut tidak merusak lingkungan.

Penelitian berikutnya disarankan untuk meneliti pengaruh desentralisasi fiskal terhadap kualitas lingkungan pada tingkat Kabupaten/Kota. Selain itu disarankan pula untuk menggunakan variabel lain yang menunjukkan desentralisasi fiskal misalnya Dana Alokasi Khusus (DAK) per Total Pendapatan Daerah, dsb. Sementara untuk kualitas lingkungan hidup dapat menggunakan variabel lain yang lebih spesifik dibanding IKLH antara lain kadar polusi air atau polusi udara.

**Formulating an Effective Strategy for
Indonesia towards the Implementation
of ASEAN-China Free Trade Agreement
(ACFTA):
An Analysis of Indonesia-China Vertical
Specialization Account**

**Merumuskan Strategi yang Efektif
untuk Indonesia Menuju Implementasi
Perjanjian Perdagangan Bebas ASEAN-
China (ACFTA):
Analisis Akun Spesialisasi Vertikal
Indonesia-China**

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ABSTRACT

The ultimate goal of this research is to identify the correct strategy for Indonesia to get as many benefits from ASEAN – China Free Trade Agreement (ACFTA) by analyzing both China and Indonesia's vertical specialization. Using the modified 2005 BRICS Input-Output (I/O) Table (in order to add Indonesia I/O Table into 2005 BRICS I/O Table), this research analyzes the vertical trading chain among BRICS countries (Brazil, Russia, India, and China) plus Indonesia and few advanced economic-countries (Japan, United States, and European Union). One thing has to be underlined, on this research, we will focus only on Indonesia-China trade relations. Vertical specialization is an account which calculates the amount of imported inputs being used to produce the exported goods. As a result of this research, there will be a map of commodities with their vertical specialization account. Using these accounts as a basis, one major point will be made as an output: on which sectors Indonesia has to be focused on to get more benefit from the free trade agreement, especially in Indonesia-China trade.

Keyword(s): vertical specialization account, Indonesia, China, trade, sectors.

ABSTRAK

Tujuan akhir dari penelitian ini adalah untuk mengidentifikasi strategi yang benar bagi Indonesia untuk mendapatkan banyak manfaat dari ASEAN - China Free Trade Agreement (ACFTA) dengan menganalisis spesialisasi vertikal China dan Indonesia. Dengan menggunakan tabel Input / Output BRICS 2005 yang dimodifikasi (untuk menambahkan Tabel I / O Indonesia ke dalam Tabel BRICS I / O 2005), penelitian ini menganalisis rantai perdagangan vertikal di antara negara-negara BRICS (Brasil, Rusia, India, dan China) ditambah Indonesia dan beberapa negara ekonomi maju (Jepang, Amerika Serikat, dan Uni Eropa). Satu hal yang harus digarisbawahi, dalam penelitian ini, kita hanya akan fokus pada hubungan perdagangan Indonesia-China. Spesialisasi vertikal adalah akun yang menghitung jumlah input impor yang digunakan untuk memproduksi barang ekspor. Sebagai hasil dari penelitian ini, akan ada peta komoditas dengan akun spesialisasi vertikal mereka. Dengan menggunakan akun ini sebagai dasar, satu poin utama akan dijadikan output: sektor mana yang harus difokuskan untuk mendapatkan lebih banyak keuntungan dari perjanjian perdagangan bebas, terutama di perdagangan Indonesia-China.

Kata kunci (s): akun spesialisasi vertikal, Indonesia, China, perdagangan, sektor.

Two Methods Used to Measure the Vertical Specialization Account of Indonesia and China

This research will focus on the vertical specialization accounts of Indonesia and China, using the inter-country Input-Output (I/O) table of BRICs countries (Brazil, Russia, India, China) plus Japan, Euro26, and United States of America (USA); and the national level of Indonesian I/O table. The goal is to employ the vertical specialization analysis of both countries as a fundamental in making future Indonesian trade policy (especially Indonesia-China trade), in order to maximize Indonesian benefit from the implementation of ASEAN-China Free Trade Agreement (ACFTA).

Despite the many pro and contra arguments about ACFTA, Indonesia, as one of the biggest economy in ASEAN, plays an important role on how ASEAN (especially Indonesia) will benefit from this agreement. Indeed, the national income from import tariff will be decreased, but on other hands, society will benefit by the variation of and quality of the product. Also, with the import tariff reduced, local manufacturers are pushed to be more competitive, which is good for the Indonesian economy.

The 2005 Indonesian input-output (I/O) table and the 2005 BRICs input-output (I/O) table will be the data exploited by this research. The Indonesian I/O table is constructed by Indonesia Center of Statistical Authority. The BRICs I/O table is constructed by Institute of Developing Economies-Japan External Trade Organization (IDE-JETRO). The original Indonesian I/O table consists of 175 sectors; however, to make it in line with the BRICs I/O table, it will then be simplified into 25 sectors, using the 25 sectors from BRICs I/O table as the reference. This process is really important to make an “apple to apple” analysis between Indonesia’s vertical specialization account and China’s vertical specialization account.

Two methods will be used on this research in order to measure the vertical specialization account of Indonesia and China. The first method is The National Level Method, using the 2005 Indonesia’s I/O table, this method will measure the vertical specialization account of Indonesia. The second method is The Inter-Country Level Method, which will measure the vertical specialization account of China by using the 2005 BRICs I/O table. Further explanation about these methods will be summarized on the next sub chapters.

Vertical Specialization: Inter-Country Level Method

This research will focus on comparing the account of vertical specialization of China by using the inter-country level method (utilizing the 2005 BRICs I/O table) with the account of vertical specialization of Indonesia by using the national level method (utilizing the 2005 Indonesian I/O table). From the comparison of the results, guideposts

can be raised as a fundamental for Indonesian government in making a correct trade related policy, in order to maximize Indonesian benefit from the Indonesia-China trade relation, especially through ACFTA.

Result Comparison Method

After obtaining vertical specialization accounts for both countries, one approach to compare these accounts is by sorting the sectors: the largest 10 sectors of China will be paired with the smallest 10 sectors of Indonesia. It means we are trying to looking for any sector in China with more-dependency to the import products for the inputs. On other hands, we search for any sectors in Indonesia which have least-dependency to the import products for its inputs.

Vertical Specialization Account of Indonesia

Further analysis of Indonesia’s vertical specialization account shows us the 5 sectors with the smallest vertical specialization account (please see Table 2 below): (1) electricity, gas, and water supply; (2) construction; (3) public administration; (4) fishery; and (5) livestock and poultry. Having public sectors on the top 5 is common for any country. Governments provide public goods such as electricity, gas, and water supply services; construction; and public administration.

From the account, we have in the Table below the fishery sector among top 5 sectors with smallest vertical specialization account. This shows us that Indonesia, which has one of the large maritime resources in the world, is able to provide adequate fishery products for their local fishery industrial and household needs. Moreover, as one of the countries with the largest tropical rainforest area, it is not surprising to have a relatively small account of vertical specialization on Indonesia’s forestry sector.

Table Indonesia’s 5 Smallest Vertical Specialization Account Sectors

INDONESIA		
Sectors		Vertical Specialization
21	Electricity, gas, and water supply	0.000
22	Construction	0.000
4	Fishery	0.001
25	Public administration	0.007
3	Forestry	0.014
National Level		0.161

Table Indonesia's 5 Largest Vertical Specialization Account Sectors

INDONESIA		
Sectors		Vertical Specialization
16	Industrial machinery	0.468
12	Petroleum and petro products	0.387
11	Chemical products	0.356
17	Computers and electronic equipment	0.344
20	Other manufacturing products	0.320
National Level		0.161

Vertical Specialization Account of China

The inter-country level method is used in measuring the vertical specialization account of China. The result is provided in Table 4 and Table 5 below. At the national level, the vertical specialization account of China is 0.16197. The account is almost the same as Indonesia's account at 0.16148. Two reasons could be raised related to this. First, China is geographically large country, like Indonesia, so it tends to have similar vertical specialization account at the national level. Second, the latest economic performance of these two countries put Indonesia and China as a developing country. They are similar in economic structure; hence, relatively similar vertical specialization account at the national level.

Table 4. China's 5 Smallest Vertical Specialization Account Sectors

CHINA		
Sectors		Vertical Specialization
25	Public administration	0.000
2	Livestock and poultry	0.009
22	Construction	0.012
3	Forestry	0.015
5	Crude petroleum and natural gas	0.017
National Level		0.162

Table 5. China's 5 Largest Vertical Specialization Account Sectors

CHINA		
Sectors		Vertical Specialization
17	Computers and electronic equipment	0.323
11	Chemical products	0.205

18	Other electrical equipment	0.188
20	Other manufacturing products	0.168
13	Rubber products	0.167
National Level		0.162

Indonesia-China Trade Relationship Has Strengthened After the Implementation of ACFTA

China became Indonesia's main trade partner for the last few years, the position which it was before a privileged to Japan. Focusing only on Indonesia-China trade relations during 2008-2013's period, we can conclude that an Indonesia-China trade relation has strengthened after the implementation of ACFTA. In terms of non-oil and gas export, China became Indonesia's largest export destination country since 2011, displacing Japan to the second position.

Table 6. Indonesia-China Trade Relations 2008-2013

#	Export Destination Country	Contribution to Total Export (non-oil and gas, USD million)					
		2008	2009	2010	2011	2012	2013
1	Japan	12.8%	12.3%	12.7%	11.3%	11.3%	10.7%
2	USA	11.6%	10.7%	10.3%	9.7%	9.5%	10.1%
3	Singapore	9.4%	8.2%	7.4%	6.9%	6.9%	6.9%
4	China	7.2%	9.1%	10.9%	13.3%	13.6%	14.2%
5	India	6.5%	7.5%	7.6%	8.2%	8.1%	8.7%
Total 5		47.5%	47.9%	48.8%	49.4%	49.5%	50.6%
Total RoW		52.5%	52.1%	51.2%	50.6%	50.5%	49.4%
Total Export		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
#	Import Origin Country	Contribution to Total Import (non-oil and gas, USD million)					
		2008	2009	2010	2011	2012	2013
1	ASEAN	25.4%	21.9%	22.0%	21.8%	21.3%	21.4%
2	European Union	10.7%	11.1%	9.0%	9.1%	9.4%	9.5%
3	Japan	15.1%	12.6%	15.6%	14.1%	15.2%	13.5%
4	China	15.2%	17.3%	18.2%	18.6%	19.4%	20.9%
5	USA	7.8%	9.0%	8.6%	7.8%	7.7%	6.3%
6	South Korea	4.9%	4.9%	5.2%	5.4%	5.6%	6.2%
Total 5		79.0%	76.9%	78.6%	76.9%	78.6%	77.9%
Total RoW		21.0%	23.1%	21.4%	23.1%	21.4%	22.1%
Total Import		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

This research measures the vertical specialization of China and Indonesia separately, by using national level method (for Indonesia) and inter-country level method (for China). Before going further on the analysis, it is very important to know how to use the vertical specialization account as a fundamental tool to make trade policies.

Table Economic Structure of Indonesia and China

INDONESIA		CHINA	
Sectors	Contribution to Total Output	Sectors	Contribution to Total Output
Trade and transport	16.7%	Other services	16.2%
Other services	16.5%	Trade and transport	8.8%
Food, beverage and tobacco	9.1%	Metals and metal products	7.8%
Construction	8.9%	Construction	7.8%
Agricultural products	5.3%	Other electrical equipment	5.2%
Crude petroleum and natural gas	5.2%	Textile, leather, and the products thereof	5.1%
Petroleum and petro products	4.8%	Chemical products	5.1%
Chemical products	3.9%	Food, beverage and tobacco	4.7%
Textile, leather, and the products thereof	3.8%	Industrial machinery	4.6%
Transport equipment	3.5%	Electricity, gas, and water supply	3.7%
Metals and metal products	3.5%	Computers and electronic equipment	3.6%
Other electrical equipment	3.3%	Agricultural products	3.5%
Industrial machinery	2.6%	Transport equipment	3.2%
Total 13 Sectors	87.1%	Total 13 Sectors	79.4%
Other Sectors	12.9%	Other Sectors	20.6%
Total	100.0%	Total Output	100.0%

These three sectors presented in Table 8 are the sectors that Indonesia should focus on in the trade with China in order to boost Indonesia’s export to China. Particularly, Indonesia’s export of textile goods to China accounts for only 2.46% of Indonesia’s total export to China, Indonesia’s export of textile goods to the world accounts for 12.14% of Indonesia’s total export to the world. This means that Indonesia can still increase its export of textile product to China since textile is one of Indonesia’s main export commodities to the world.

Rubber sector and wooden furniture sector are also important for Indonesia to increase Indonesia's export to China. Even though the contribution to Indonesia's export to China is already above the contribution to Indonesia's export to the world, both sectors only represent a small portion of China's import from Indonesia. On these sectors, Indonesia has an absolute advantage over China. Indonesia's local rubber and wooden furniture industries are more independent and more productive compared to China's local industry on these sectors. With China giving their focus on other sectors, Indonesia can focus on these sectors to be a dominant player of these sectors not only in Indonesia-China trade relation but also in the world's trade.

Indonesia and China in the Same Status of Developing Countries

Thus, as the results of the research, at the national level, Indonesia and China, big countries with huge of natural resource deposits and huge labor forces, have an almost similar vertical specialization account, which lead us to the conclusion: Indonesia and China are now in the same status of developing country. Further analytical process on each sector was made to analyze the results obtained by both methods. A comparison of both accounts was done by sorting the sectors. Sectors in China with more dependency to the import products for the inputs and sectors in Indonesia, which have least-dependency to the import products for its inputs, were compared. Sectors which in both criteria were named as selected sectors.

Moreover, as a result of the comparison, there are three selected sectors named: rubber products sector (rubber sector); wooden furniture and other wooden products sector (wooden furniture sector); and textile, leather, and other by-products (textile sector). These three selected sectors are potential sectors for Indonesia to focus on in the trade with China in order to boost Indonesia's export to China.

Especially for textile sector, Indonesia can still boost the export of textile products to China, since textile is one of Indonesia's main export commodities to the world. In general, Indonesia can focus on these sectors to be a leading player of these sectors not only in Indonesia-China trade relation but also in the world's trade. Both can benefits as China can also focus on other sectors, which it has a comparative advantage.

One of the problems identified in the wooden furniture sector is the difficulty for the local producer to market their products especially to the international market. In this case, government may sponsor or facilitate local wooden furniture entrepreneur to many international trade fairs. Or at least, government should train local wooden furniture entrepreneur how to market their products abroad. In line with this policy,

government should encourage export of this sector by reducing the export tariff for wooden furniture products to make its price stay competitive in the world market.

On the textile sector; the textile industry is known as a labor abundant industry, which Indonesia has an absolute advantage to play as a main exporter of textile products. Unfortunately, there are a lot of problems affecting the Indonesian textile industry, e.g., minimum wage, labor union, and supply electricity. The first two are closely related. Government should make a binding rule for the textile industry (especially the contract system), in order to ensure the textile labor's wealth. On the other hand, government should coordinate with the labor union so as not to demand an unreasonable level of wage. In a labor abundant industry, wage is one of the most important factors in keeping the price on a competitive level.

Furthermore, the main problem of the Indonesian textile industry is about the electricity. Since the factory needs to operate 24 hours a day to keep the production cost at an efficient level, the energy supply plays a crucial role. What often happens is that there are a lot of cases when power supply is disrupted. When this happens, it increases the factory's energy consumption because they have to restart all of the machines. Hence, there is a need for the government to ensure the availability and stability of power supply. One way to address this concern is to make the textile factory become a premium customer of energy supply (electricity). They should pay more but get extra services to ensure the availability and stability of the power supply. With the extra cost factories pay to the state power company, government can use the funds to develop a better supply network of electricity for the textile company to guarantee its availability and stability.

**Implementation Analysis of Joint Business
Group Program “Penumbuhan 2010”
in Kelurahan Surosutan Kecamatan
Umbulharjo Yogyakarta City**

**Analisis Implementasi Program Kelompok
Usaha Bersama “Penumbuhan 2010”
di Kelurahan Surosutan Kecamatan
Umbulharjo Kota Yogyakarta**

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ABSTRACT

The aim of this qualitative research is to analyze: 1) implementation of KUBE Program that set up in 2010, located at Sorosutan Village; 2) obstacles exist during the implementation; 3) and what participant's characteristic differences between this program and other programs, Region-based Economic Empowerment Program (PEW) and KUBE Mandiri Program. The data is obtained from observation, interview, and documents study. KUBE Penumbuhan Program is part of the poverty reduction program, through self employment development, which distributes grant as a financial capital to the groups. There are 10 groups in Sorosutan. Each group consisted of 10 members and received 20 million rupiah respectively.

The results show that general objective and specific objectives of KUBE Penumbuhan Program can't be achieved optimally. This condition is identified by the business of majority participants are no longer exist and majority of participant groups are no longer active. The finding show that the participants face difficulties to manage their time between business in KUBE and their main jobs; and the selection of their new business. There are different characteristics of KUBE Penumbuhan and two other programs, PEW and KUBE Mandiri. They are the background of most participants, gender of most participants, and formation process. These differences may explain the obstacles that exist.

KUBE Penumbuhan Program is still needed as a part of the poverty reduction programs. As the implication of this research, this program should be supported with better participants's selection process and entrepreneurship training program.

Keywords: KUBE Penumbuhan, implementation, obstacles, characteristic differences.

ABSTRAK

Penelitian kualitatif ini bertujuan untuk menganalisis: 1) implementasi Program Kelompok Usaha Bersama (KUBE) “Penumbuhan 2010” yang ada di Kelurahan Sorosutan; 2) hambatan yang ada dalam implementasi; 3) perbedaan yang ada antara penerima program ini dengan penerima dua program lainnya, yaitu Program Pemberdayaan Ekonomi Berbasis Wilayah (PEW) dan Program KUBE Mandiri.

Program KUBE Penumbuhan merupakan upaya penanggulangan kemiskinan melalui penumbuhan wira usaha dengan memberikan hibah untuk modal usaha kepada kelompok. Setiap kelompok yang beranggotakan 10 orang mendapatkan bantuan sebesar 20 juta rupiah.

Data didapatkan melalui observasi, wawancara, dan studi dokumen. Hasil penelitian menunjukkan bahwa tujuan umum program dan tujuan khususnya, belum tercapai dengan optimal. Hal ini ditandai dengan usaha mayoritas anggota yang tidak lagi berjalan serta mayoritas kelompok tidak lagi aktif. Hambatan yang ditemukan adalah kesulitan anggota membagi waktu antara usaha dalam KUBE dengan pekerjaan pokoknya dan adanya pemilihan usaha yang kurang tepat. Karakteristik yang membedakan penerima Program KUBE Penumbuhan dengan Program PEW dan KUBE Mandiri adalah pada latar belakang mayoritas anggota yang bukan wira usaha, penerimanya mayoritas laki-laki, dan proses pembentukan kelompok yang lebih berasal dari inisiatif kelurahan. Perbedaan karakteristik ini dapat lebih menjelaskan hambatan yang ada pada implementasi KUBE. Program KUBE Penumbuhan tetap diperlukan sebagai upaya penanggulangan kemiskinan. Ke depannya, diperlukan perbaikan dalam proses seleksi penerimanya dan perlu didukung dengan kegiatan pelatihan untuk memberikan keterampilan wira usaha bagi penerimanya.

Kata kunci: KUBE Penumbuhan, implementasi, hambatan, perbedaan karakteristik

Program KUBE

Program KUBE tahun 2010 di Kelurahan Sorosutan merupakan program yang berupaya untuk menumbuhkan usaha ekonomi produktif sebagai bantuan pemberdayaan kepada warga yang tergolong miskin. Fenomena tersebut menjadi hal yang menarik untuk diteliti bagaimana implementasi KUBE penumbuhan yang ada di Kelurahan Sorosutan sejak dibentuk di tahun 2010 dan eksistensinya sampai dengan 2014. Implementasi tersebut menyangkut apakah program berhasil dalam menstimulus anggota kelompok untuk mengembangkan usaha ekonomi produktif yang dapat meningkatkan taraf hidupnya, atau tidak.

Perumusan masalah pada penelitian ini adalah adanya berbagai hambatan dalam proses implementasi program pemberdayaan masyarakat melalui pembentukan KUBE. Hambatan ini menyebabkan program belum mencapai tujuan yang diinginkan yaitu peningkatan kesejahteraan anggota.

Dari perumusan masalah tersebut, maka pertanyaan untuk penelitian ini adalah tentang Bagaimana perkembangan kelompok dan kelangsungan usaha pada KUBE Penumbuhan 2010 sampai dengan akhir 2014, hambatan yang ditemui dalam implementasi KUBE Penumbuhan 2010 dan perbedaan karakteristik antara peserta KUBE dengan peserta Program Pemberdayaan Ekonomi Berbasis Wilayah (PEW) dan KUBE Mandiri

Adapun tujuan dari penelitian ini adalah untuk menganalisis perkembangan KUBE Penumbuhan 2010 di Kelurahan Sorosutan dilihat dari kelangsungan kelompok dan usaha, serta dampaknya terhadap peningkatan pendapatan, menganalisis hambatan-hambatan yang terjadi dalam implementasi KUBE Penumbuhan dan membandingkan karakteristik peserta KUBE Penumbuhan dengan peserta program pemberdayaan ekonomi lainnya, yaitu Program Pemberdayaan Ekonomi Berbasis Wilayah (PEW) dan KUBE Mandiri.

Dalam memilih judul penelitian ini, peneliti mempertimbangkan beberapa manfaat penelitiannya, diantaranya adalah untuk memberikan rujukan kepada Pemerintah ketika merumuskan perbaikan pengelolaan program penanggulangan kemiskinan berbasis pemberdayaan masyarakat, selain itu untuk mengembangkan hasil penelitian lebih lanjut untuk kepentingan pendidikan dan pengambilan keputusan dan memperkaya pengetahuan dan informasi yang berkaitan dengan penanggulangan kemiskinan.

Desain Penelitian

Penelitian ini menggunakan pendekatan penelitian kualitatif. Selain itu, dengan pendekatan kualitatif, penelitian ini dapat lebih menggambarkan hambatan apa saja yang ditemui.

Data primer, yaitu data yang merupakan pernyataan atau keterangan dari pihak-pihak yang terlibat dalam program. Pihak-pihak tersebut berasal dari penerima program KUBE Penumbuhan, penerima Program PEW, penerima Program KUBE Mandiri, Dinas Sosial Tenaga Kerja dan Transmigrasi Kota Yogyakarta sebagai pelaksana program dan fasilitator Program KUBE.

Data sekunder, berupa laporan atau dokumentasi tertulis tentang program. Data sekunder meliputi Data KUBE penumbuhan 2010 dan KUBE Mandiri di Kelurahan Sorosutan beserta anggotanya, Pedoman Pelaksanaan KUBE, laporan pendamping KUBE, petunjuk teknis Program Pemberdayaan Ekonomi Berbasis Wilayah (PEW) dan data pesertanya tahun 2010.1.

Data primer, melalui wawancara mendalam dan observasi kepada masyarakat penerima program, pejabat dari instansi yang bertanggung jawab atas pelaksanaan program dan fasilitator, Sedangkan data sekunder melalui studi kepustakaan, untuk mendapatkan pemahaman menyeluruh tentang program KUBE, petunjuk teknis dan petunjuk pelaksanaannya, serta petunjuk teknis Program PEW.

Analisis Perkembangan KUBE Penumbuhan, Hambatan dalam Implementasi, dan Perbandingan Peserta dengan Peserta Program KUBE Mandiri dan PEW

Penumbuhan KUBE Kelurahan Sorosutan di tahun 2010, belum sepenuhnya berjalan sesuai dengan tujuan. Hal ini diuraikan sebagai berikut.

1. Terdapat 6 KUBE yang tidak aktif. Dengan tidak aktifnya kegiatan kelompok dalam KUBE, berarti tidak ada lagi forum bersama antar anggota untuk belajar menyelesaikan masalah personal dan kelompok, terutama masalah pengelolaan usaha.
2. Terdapat usaha ekonomi produktif milik anggota yang tidak lagi berjalan. Mayoritas usaha ekonomi produktif yang dijalankan anggota tidak berlangsung sebagaimana yang diharapkan.

Dengan demikian, tujuan khusus KUBE untuk meningkatkan kemampuan anggota dalam menyelesaikan masalah internal kelompok dan pengelolaan usaha serta mendapatkan tambahan modal untuk kegiatan wira usaha belum tercapai dengan optimal. Pada akhirnya tujuan umum berupa peningkatan kesejahteraan anggota melalui kegiatan wira usaha, belum tercapai dengan optimal.

Hambatan dalam Implementasi KUBE

Dari wawancara kepada anggota KUBE yang menjadi responden, beberapa hambatan yang dirasakan dan membuat pemberian hibah secara kelompok ini tidak berjalan optimal dalam meningkatkan pendapatan para anggotanya adalah sebagai berikut.

1. Kesulitan anggota untuk membagi waktu antara pekerjaan pokoknya dengan usaha yang baru. Kesulitan membagi waktu tersebut terjadi baik usaha itu dikerjakan bersama dengan seluruh anggota KUBE maupun dikelola sendiri oleh masing-masing anggota.
2. Pemilihan rencana usaha belum didukung pengalaman dan pertimbangan yang matang. Dari 32 anggota KUBE yang telah memiliki usaha sebelumnya, hanya 14 anggota yang menggunakan dana hibah untuk keperluan usaha yang sudah ada, dan 10 anggota di antaranya masih menjalankan usaha ekonomi produktifnya.

Perbandingan antara Program KUBE Penumbuhan dengan Program PEW dan KUBE Mandiri

Perbandingan antar program melihat dari segi komposisi keanggotaan, latar belakang pekerjaan anggota dan inisiatif pembentukan kelompok. Hal ini diuraikan sebagai berikut.

1. Komposisi Keanggotaan

Perbedaan yang terlihat adalah pada KUBE Penumbuhan, mayoritas anggota adalah laki-laki, dan pada Program PEW dan KUBE Mandiri, mayoritas anggota adalah perempuan. Berdasarkan wawancara pada penerima program PEW, responden menyatakan bahwa perempuan lebih disiplin untuk berkomitmen dalam melaksanakan program.

2. Komposisi Latar Belakang Anggota

Pada KUBE penumbuhan, mayoritas anggota belum memiliki usaha ekonomi produktif sebelumnya. Sementara pada kelompok PEW dan KUBE Mandiri, anggotanya sudah memiliki usaha ekonomi produktif.

3. Proses Pembentukan Berdasarkan wawancara, ditemukan bahwa inisiatif pembentukan kelompok pada Program KUBE penumbuhan bersifat *top down*. Inisiatif pembentukannya lebih banyak dilakukan oleh Dinas Sosial Tenaga Kerja dan Transmigrasi Kota Yogyakarta berkoordinasi dengan kelurahan.

Berbeda dengan KUBE penumbuhan, yang pembentukannya lebih pada penunjukkan dari Kelurahan, beberapa responden dari KUBE yang tidak aktif menyatakan bahwa kelompok tidak dapat bertahan karena alasan-alasan sebagai berikut.

1. Ketidakhadiran beberapa anggota membuat anggota lain pun akhirnya tidak datang.
2. Kesibukan masing-masing anggota dengan pekerjaan pokoknya.
3. Ada perasaan sungkan untuk hadir bagi anggota yang belum mampu mencicil modal awal, terutama anggota yang usahanya tidak berjalan lancar.
4. Materi pertemuan rutin dirasakan kurang menarik bagi anggota.
5. Hubungan antar anggota tidak harmonis.

Perkembangan KUBE penumbuhan tahun 2010 di Kelurahan Sorosutan belum berjalan sesuai dengan tujuan

Perkembangan KUBE penumbuhan tahun 2010 di Kelurahan Sorosutan belum berjalan sesuai dengan tujuan, yang ditandai dengan, dari 10 KUBE yang ada, hanya 4 KUBE yang masih aktif mengadakan pertemuan rutin antar anggota, dan anggota masih menyetorkan iuran sebagai bentuk gotong royong antara anggota serta cicilan modal awal untuk kelestarian modal, sementara 6 KUBE lainnya sudah tidak aktif, dalam arti tidak ada lagi pertemuan rutin anggota; dari 100 anggota KUBE yang ada, tinggal 23 persen yang masih menjalankan usaha ekonomi produktif sesuai dengan yang direncanakan, dan 77 persen anggota tidak lagi menjalankan usahanya; adanya peningkatan pendapatan belum dirasakan oleh anggota KUBE karena usaha ekonomi produktifnya tidak lagi berjalan, sementara bagi anggota yang masih menjalankan

usaha sesuai rencana, peningkatan pendapatan yang diterima berkisar antara 25 ribu sampai 300 ribu per bulan.

Hambatan yang ditemui dalam implementasi KUBE ada beberapa hal, yaitu kesulitan anggota untuk membagi waktu antara pekerjaan pokoknya dengan usaha yang baru. Hal ini terjadi pada usaha yang dikerjakan bersama dengan seluruh anggota KUBE maupun dikelola sendiri oleh masing-masing anggota, sehingga jalannya usaha ekonomi produktif menjadi tidak optimal dan bahkan terhenti dan Pemilihan rencana usaha KUBE oleh para anggota masih kurang matang. Hal ini ditandai dengan anggota belum mempertimbangkan aspek pasar dan pengalaman usaha, serta masih adanya kesalahan persepsi anggota tentang apa yang dimaksud usaha bersama, sehingga anggota memilih rencana usaha yang kurang sesuai dengan latar belakang pekerjaan atau usahanya.

Jika dibandingkan dengan peserta dari empat kelompok Program PEW dan satu kelompok Program KUBE Mandiri yang dibentuk di tahun yang sama, dan sampai dengan saat ini masih aktif dalam menjalankan usaha maupun menjaga kelestarian dan pengembangan modal awal, terdapat beberapa perbedaan antara peserta KUBE Penumbuhan dengan peserta kedua program lainnya, yaitu sebagai berikut.

1. Mayoritas peserta KUBE Penumbuhan adalah laki-laki (86 persen), sementara pada program lain, mayoritas peserta adalah perempuan, yaitu pada PEW sebesar 82,5 persen dan pada KUBE Mandiri sebesar 100 persen. Pada kelompok yang mayoritasnya adalah perempuan, para anggota kelompok lebih memiliki disiplin dan komitmen dalam menjaga keberlangsungan kelompok dan modal, serta lebih fleksibel dalam mengatur waktu untuk kegiatan kelompok.
2. Mayoritas peserta KUBE tidak memiliki latar belakang sebagai wira usaha atau yang telah memiliki usaha ekonomi produktif yaitu sebesar 68 persen, sementara pada dua program lainnya, seluruh anggota atau 100 persen merupakan wira usaha yang telah memiliki usaha ekonomi produktif. Pada kelompok KUBE Penumbuhan, ketika usaha baru yang ditekuninya tidak berjalan lancar atau belum memberikan tambahan yang dirasa signifikan, para anggota kelompok menjadi kurang termotivasi untuk mempertahankan usaha barunya, dan lebih memilih menekuni pekerjaan pokoknya yang merupakan sumber nafkah utama
3. Proses pembentukan kelompok pada KUBE lebih bersifat *top down*, dalam hal ini dibentuk oleh kelurahan, sementara pada dua kelompok lainnya, pembentukan kelompok berasal dari inisiatif peserta sendiri. Pembentukan yang berasal dari inisiatif sendiri, secara tidak langsung juga memungkinkan para calon anggota untuk menyeleksi orang-orang yang dipandang memiliki komitmen dan integritas

dalam menggunakan bantuan dan disiplin dalam pelunasan pinjaman. Hal ini memungkinkan keharmonisan diantara para anggota tetap terjaga dan kelompok tetap utuh.

Perlu diteliti lagi implementasi KUBE dalam cakupan yang lebih luas, yaitu implementasi KUBE dalam satu kota atau kabupaten, untuk melihat bagaimana tingkat keberhasilan program, yang dapat dijadikan masukan bagi pengambilan keputusan dalam penanggulangan kemiskinan.

**Optimizing Land Use
Former Subterminal Rejowinangun,
Yogyakarta City
Using Highest and Best Use Analysis**

**Optimalisasi Penggunaan Lahan
Bekas Subterminal Rejowinangun Kota
Yogyakarta
Menggunakan *Analisis Highest and Best Use***

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ABSTRACT

This research aims to determine the highest and best use of land ex subterminal Rejowinangun owned by the Government of Yogyakarta City, located in Jalan Rejowinangun No. 17 Yogyakarta. Highest and best use analysis in this research included the analysis of the productivity of the property, market analysis and financial feasibility analysis and investment. Property productivity analysis consist of physical and location aspects of the land as well as legality and regulation aspects in order to obtain some alternative use allows. Next step analysis includes analysis of market demand and supply. Lastly, financial feasibility analysis and investment for each alternative use.

The data analyzed in this research consisted of primary data and secondary data. Primary data is data obtained directly through interviews and observations. Method interviews were conducted using a questionnaire as a reference of the interview. The sampling method is purposive sampling. Moreover, direct observation applied to observe the physical conditions such as the shape and condition of land, topography, utilities, the environment around the object of study and the data on the property market. Secondary data were obtained through literature study that support the analysis in this research. Data were obtained from the Badan Pusat Statistik, Badan Perencanaan Pembangunan Daerah, Dinas Bangunan Gedung dan Aset Daerah, Dinas Permukiman dan Prasarana Wilayah, Bagian Perekonomian Pengembangan Pendapatan Asli Daerah dan Kerjasama (P3ADK), and other government institutions related to the research.

Based on the analysis of productivity of property obtained two alternatives, namely the use of which allows are the culinary center and shophouse. After analyzing the financial feasibility and investment by using indicators Net Present Value (NPV), Profitability Index (PI), Payback Period (PBP), Internal Rate of Return (IRR), and reconciliation of the value, the most likely of the highest and best use is the shop house.

Keywords: Highest and Best Use, Land of ex Subterminal Rejowinangun, Yogyakarta Government's Asset

ABSTRAK

Penelitian ini bertujuan untuk menentukan penggunaan tertinggi dan terbaik atas lahan bekas subterminal Rejowinangun milik Pemerintah Kota Yogyakarta yang terletak di Jalan Rejowinangun Nomor 17 Yogyakarta. Analisis *highest and best use* dalam penelitian ini meliputi analisis produktivitas properti, analisis pasar dan analisis kelayakan keuangan dan investasi. Analisis produktivitas properti meliputi aspek fisik dan lokasi lahan serta aspek legalitas dan regulasi sehingga diperoleh beberapa alternatif penggunaan yang memungkinkan. Selanjutnya dilakukan analisis pasar yang meliputi analisis permintaan dan penawaran. Terakhir, dilakukan analisis kelayakan keuangan dan investasi untuk setiap alternatif penggunaan.

Data yang dianalisis dalam penelitian ini terdiri dari data primer dan data sekunder. Data primer merupakan data yang diperoleh secara langsung melalui wawancara dan observasi. Metode wawancara dilakukan dengan menggunakan kuesioner sebagai bahan acuan wawancara. Metode pengambilan sampel adalah *purposive sampling*. Selain itu, observasi langsung diterapkan untuk mengamati kondisi fisik berupa bentuk dan kondisi lahan, topografi, utilitas, lingkungan di sekitar objek penelitian serta data pasar properti. Data sekunder diperoleh melalui studi literatur yang mendukung analisis dalam penelitian. Data diperoleh dari Badan Pusat Statistik, Badan Perencanaan Pembangunan Daerah, Dinas Bangunan Gedung dan Aset Daerah, Dinas Permukiman dan Prasarana Wilayah, Bagian Perekonomian Pengembangan Pendapatan Asli Daerah dan Kerjasama (P3ADK), serta instansi lain yang terkait dengan penelitian ini.

Berdasarkan hasil analisis produktivitas properti diperoleh dua alternatif penggunaan yang memungkinkan yaitu sentra kuliner dan ruko. Setelah dilakukan analisis kelayakan keuangan dan investasi dengan menggunakan indikator *Net Present Value (NPV)*, *Profitability Index (PI)*, *Payback Period (PBP)*, *Internal Rate of Return (IRR)*, dan rekonsiliasi nilai maka penggunaan tertinggi dan terbaik yang paling memungkinkan adalah ruko.

Kata kunci: *Highest and Best Use*, Penggunaan Tertinggi dan Terbaik, Lahan Bekas Subterminal Rejowinangun, Aset Pemerintah Kota Yogyakarta

Penggunaan Analisis *Highest and Best Use*

Aset Pemerintah Kota Yogyakarta yaitu lahan bekas subterminal Rejowinangun belum dioptimalkan penggunaan atau peruntukannya. Optimalisasi aset salah satunya ditujukan untuk meningkatkan pendapatan asli pemerintah daerah Kota Yogyakarta. Oleh karena itu, dalam rangka optimalisasi penggunaan aset maka perlu dilakukan analisis *highest and best use* untuk menentukan penggunaan terbaik yang memberikan nilai dan produktivitas maksimal. Tujuan dari penelitian ini adalah untuk mengidentifikasi beberapa alternatif penggunaan yang memungkinkan untuk dikembangkan di lahan bekas subterminal Rejowinangun dan menentukan penggunaan tertinggi dan terbaik dari beberapa alternatif pada lahan bekas subterminal Rejowinangun.

Peneliti mengungkapkan bahwa manfaat dari penelitian ini dapat dijadikan bahan pertimbangan bagi Pemerintah Kota Yogyakarta dalam melakukan optimalisasi aset non operasional dan dapat memberikan alternatif peruntukan aset yang sesuai dengan *highest and best use* sehingga dapat memberikan kontribusi terhadap pendapatan asli daerah. Dan hasil penelitian ini diharapkan dapat memperluas pengetahuan tentang analisis *highest and best use*, khususnya untuk aset nonoperasional milik pemerintah daerah. Selain itu, hasil penelitian juga dapat digunakan sebagai referensi bagi penelitian selanjutnya.

Analisis menentukan *Highest and Best Use*

Penelitian ini menggunakan metode deskriptif dan studi kasus. Objek yang menjadi kasus dalam penelitian ini adalah aset milik Pemerintah Kota Yogyakarta berupa sebidang tanah seluas 1.278 m² yang terletak di Jalan Rejowinangun Nomor 17 Yogyakarta.

Jenis dan sumber data yang digunakan dalam penelitian ini terdiri dari data primer dan data sekunder. Data primer dalam penelitian ini diperoleh secara langsung melalui metode wawancara dan observasi. Data sekunder diperoleh melalui studi literatur yang mendukung analisis dalam penelitian. Data dalam penelitian ini diperoleh dari Badan Pusat Statistik, Badan Perencanaan Pembangunan Daerah, Dinas Bangunan Gedung dan Aset Daerah, Dinas Permukiman dan Prasarana Wilayah, Bagian Perekonomian Pengembangan Pendapatan Asli Daerah dan Kerjasama (P3ADK), serta instansi lain yang terkait dengan penelitian ini.

Pengambilan sampel dalam penelitian ini dilakukan sebagai dasar penentuan alternatif penggunaan properti. Metode pengambilan sampel menggunakan *purposive sampling*.

Purposive sampling. Instrumen penelitian dalam tesis ini meliputi kuesioner, *threshold testing* dengan *rating grid*, instrumen observasi, instrumen wawancara, dan dokumentasi.

Analisis dalam menentukan *highest and best use* dari objek studi terdiri dari beberapa tahap. Tahapan tersebut meliputi analisis produktivitas properti, analisis pasar properti, dan analisis kelayakan.

Analisis produktivitas properti merupakan analisis untuk menentukan penggunaan yang paling memungkinkan berdasarkan atribut fisik properti, peraturan, dan lokasi. Mengindikasikan bahwa sentra kuliner dan ruko adalah penggunaan tertinggi dan terbaik sementara yang paling memungkinkan untuk dikembangkan di lokasi penelitian dengan total skor 15,8 untuk sentra kuliner dan 12,7 untuk ruko.

Analisis Pasar

Kota Yogyakarta memiliki pasar yang potensial dan berkembang bagus dalam sektor wisata, perdagangan dan jasa. Oleh karena itu, keberadaan sentra kuliner dan ruko dipandang cukup menjanjikan sebagai sarana investasi di Kota Yogyakarta.

Lokasi penelitian yang berada di kawasan perdagangan dan jasa dan juga kawasan wisata. Di kawasan tersebut terdapat tempat wisata, gedung perkantoran, pemukiman penduduk, sarana perdagangan, serta berada di wilayah yang memang direncanakan sebagai sentra kuliner oleh pemerintah setempat, maka alternatif penggunaan sebagai sentra kuliner dinilai layak untuk dikembangkan di atas tapak objek penelitian.

Investasi ruko merupakan kegiatan yang mendukung sektor perdagangan dan jasa. Ruko menjadi salah satu properti yang berkembang pesat. Tren perkembangan ruko di Daerah Istimewa Yogyakarta paling banyak terdapat di Kota Yogyakarta dan Kabupaten Sleman. Ketersediaan lahan bukan pertanian yang semakin terbatas menyebabkan penawaran properti terutama ruko juga akan menjadi terbatas. Oleh karena itu, lahan bukan pertanian yang kurang optimal penggunaannya dapat dimanfaatkan untuk mengakomodasi sektor perdagangan tersebut sehingga menghasilkan nilai tambah.

Analisis Kelayakan Keuangan dan Investasi

Metode yang digunakan dalam melakukan penilaian tanah adalah metode pasar yang menghasilkan indikasi nilai dengan cara membandingkan aset yang dinilai dengan aset yang identik atau sebanding dan didukung adanya informasi harga transaksi atau penawaran. Berdasarkan analisis penentuan nilai lahan menggunakan metode pasar, maka didapatkan indikasi nilai lahan sebesar Rp3.701.459.469,00 (tiga miliar tujuh

ratus satu juta empat ratus lima puluh sembilan ribu empat ratus enam puluh sembilan rupiah).

Pendekatan yang digunakan dalam menentukan nilai bangunan adalah pendekatan biaya. Pendekatan biaya merupakan serangkaian prosedur yang dilakukan untuk mendapatkan indikasi nilai properti. Total biaya investasi pembangunan sentra kuliner yang diperoleh dari penjumlahan nilai tanah dan nilai bangunan sebesar Rp4.731.332.842.

Metode yang digunakan dalam melakukan penilaian tanah adalah metode pasar yang menghasilkan indikasi nilai dengan cara membandingkan aset yang dinilai dengan aset yang identik, atau sebanding dan didukung adanya informasi harga transaksi atau penawaran. Indikasi nilai lahan sebesar Rp3.701.459.469,00 (tiga miliar tujuh ratus satu juta empat ratus lima puluh sembilan ribu empat ratus enam puluh sembilan rupiah).

Pendekatan yang digunakan dalam menentukan nilai bangunan adalah pendekatan biaya. Total biaya investasi pembangunan ruko yang diperoleh dari penjumlahan nilai tanah dan nilai bangunan sebesar Rp7.160.190.881,00 (tujuh miliar seratus enam puluh juta seratus sembilan puluh ribu delapan ratus delapan puluh satu rupiah).

Pendekatan pendapatan merupakan salah satu pendekatan yang digunakan dalam penilaian properti yang menghasilkan pendapatan. Metode yang digunakan adalah metode aliran tunai terdiskonto (*Discounted Cash Flow*). Hasil penghitungan aliran kas selama 15 tahun (Lampiran 18) untuk usulan penggunaan ruko adalah sebagai berikut.

1. *Net Present Value* (NPV), merupakan total *present value* dikurangi dengan total investasi adalah sebesar Rp36.070.126.538,00 (tiga puluh enam miliar tujuh puluh juta seratus dua puluh enam ribu lima ratus tiga puluh delapan rupiah).
2. IRR atau tingkat kembalikan internal adalah tingkat diskonto/*discount rate* yang menyamakan *present value* aliran kas bersih dengan *present value* investasi. IRR adalah *discount rate* yang membuat *net present value* sama dengan nol (Sartono, 2001: 198). IRR untuk penggunaan sentra kuliner diketahui sebesar 21,79 persen.
3. *Profitability Index* (PI) adalah merupakan pembagian atau rasio antara *present value* aliran kas bersih (kas masuk) dengan *present value* investasi (kas keluar). Usulan investasi ruko besar PI adalah 6,04 sehingga investasi ruko layak dan diterima karena $P > 1$.
4. *Pay Back Period* (PP) adalah jangka waktu pengembalian modal untuk aliran kas penggunaan ruko sebesar 14,79 yaitu selama 14 tahun 9 bulan 15 hari.

Analisis Rekonsiliasi Nilai

Berdasarkan hasil analisis kelayakan investasi dengan menggunakan NPV, PBP, IRR, dan PI, maka alternatif usulan penggunaan properti yang paling layak adalah ruko. Alternatif penggunaan sentra kuliner dan ruko sama-sama menghasilkan NPV positif atau $NPV > 0$, maka kedua usulan tersebut dianggap layak secara keuangan. Aliran kas masuk menyatakan bahwa ruko menghasilkan aliran kas yang lebih tinggi daripada sentra kuliner yaitu Rp36.070.126.538,00 sementara sentra kuliner hanya menghasilkan aliran kas sebesar Rp8.881.358.170,00. Berdasarkan hasil keseluruhan analisis dari segi aspek fisik, peraturan, aspek finansial dan produktivitas, maka dapat disimpulkan bahwa alternatif penggunaan properti yang paling layak dan paling optimal untuk dikembangkan di lokasi objek penelitian adalah ruko.

Alternatif Penggunaan Tertinggi dan Terbaik adalah Ruko

Alternatif penggunaan yang paling memungkinkan terhadap aset tanah milik Pemerintah Kota Yogyakarta yang terletak di Jalan Rejowinangun 17 Kelurahan Rejowinangun Kecamatan Kotagede adalah penggunaan untuk sentra kuliner dan ruko.

Berdasarkan analisis produktivitas properti, analisis pasar, analisis kelayakan keuangan, dan investasi serta analisis rekonsiliasi nilai dapat disimpulkan bahwa usulan penggunaan ruko merupakan penggunaan tertinggi dan terbaik. Ruko merupakan properti yang menghasilkan penggunaan tertinggi dan terbaik dengan produktivitas maksimum dan nilai properti sebesar Rp36.070.126.538,00 (tiga puluh enam miliar tujuh puluh juta seratus dua puluh enam ribu lima ratus tiga puluh delapan rupiah).

Hasil penelitian menunjukkan bahwa berdasarkan analisis *highest and best use*, maka penggunaan tertinggi dan terbaik dari lahan bekas subterminal Rejowinangun seluas 1.278 m² yang terletak di Jalan Rejowinangun 17 Kotagede adalah ruko. Hasil penelitian dapat menjadi rekomendasi apabila pemerintah daerah akan melaksanakan optimalisasi aset dengan mengacu pada analisis *highest and best use*. Oleh karena itu, perlu adanya dukungan pemerintah daerah dalam mempersiapkan sarana dan prasarana pendukung dalam pengembangan ruko.

Pemerintah harus memiliki komitmen penuh untuk mengelola aset tersebut secara profesional. Sistem pengelolaan yang profesional salah satunya melalui kerja sama dengan pihak ketiga yang sudah memiliki pengalaman dalam pengelolaan ruko. Sistem ini diharapkan dapat memberikan kemudahan bagi manajemen dalam melakukan pengambilan kebijakan dan kontrol terhadap pengelolaan usaha.

**The Impact of Trade Openness on Poverty
Reduction:
Case Study of ASEAN**

**Dampak Keterbukaan Perdagangan
Terhadap Penanggulangan Kemiskinan:
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ABSTRACT

ASEAN cooperation will transform into a single community by 2015 as mandated by the ASEAN Charter. One of the pillars of the ASEAN Community is the establishment of the ASEAN Economic Community (AEC) which has the form of regional economic integration with the comprehensive outline in the AEC Blueprint. Therefore, ASEAN FTA has been implemented through tariff reductions and non-tariff to success the AEC. However, ASEAN also faces a large proportion of poverty. This research assess whether the trade openness has links with poverty reduction? The research question in this study states that there are direct and indirect links between trade openness with poverty reduction. 4 (four) factors studied were: macroeconomic; household and market; labour and wages; and Government. The research used case study approach to assess the recent condition in ASEAN-4 (Indonesia, Malaysia, Thailand and The Philippines) and CLV (Cambodia, Lao PDR and Vietnam). The result from this study is that there is a positive relationship between trade openness and poverty reduction in ASEAN. This happens because trade openness can absorb unskilled labour and increased quality of life. On the other hand, poverty in rural area is not fully resolved. Thus, Government should conduct more pro-poor policies in rural along with urban area. Another field should be develop is the cooperation of trade facilitation between ASEAN members to enhance intra-trade value.

Keywords: ASEAN, Trade Openness, Poverty Reduction, Case Study, Macroeconomics, Household and Market, Labour and Wages, Government.

ABSTRAK

Kerjasama ASEAN akan berubah menjadi satu komunitas pada tahun 2015 sebagaimana diamanatkan oleh Piagam ASEAN. Salah satu pilar Komunitas ASEAN adalah pembentukan *ASEAN Economic Community* (AEC) yang memiliki bentuk integrasi ekonomi regional dengan garis besar komprehensif dalam Cetak Biru AEC. Oleh karena itu, ASEAN FTA telah dilaksanakan melalui pengurangan tarif dan non tarif untuk sukses di AEC. Namun, ASEAN juga menghadapi sebagian besar kemiskinan. Penelitian ini menilai apakah keterbukaan perdagangan terkait dengan pengentasan kemiskinan? Pertanyaan penelitian dalam penelitian ini menyatakan bahwa ada hubungan langsung dan tidak langsung antara keterbukaan perdagangan dengan pengentasan kemiskinan. 4 (empat) faktor yang diteliti adalah: makroekonomi; Rumah tangga dan pasar; Buruh dan upah; Dan Pemerintah. Penelitian ini menggunakan pendekatan studi kasus untuk menilai kondisi terkini di ASEAN-4 (Indonesia, Malaysia, Thailand dan Filipina) dan CLV (Kamboja, Laos, dan Vietnam). Hasil dari penelitian ini adalah adanya hubungan positif antara keterbukaan perdagangan dan pengurangan kemiskinan di ASEAN. Hal ini terjadi karena keterbukaan perdagangan dapat menyerap tenaga kerja tidak terampil dan meningkatkan kualitas hidup. Di sisi lain, kemiskinan di daerah pedesaan belum sepenuhnya terselesaikan. Dengan demikian, Pemerintah harus melakukan kebijakan yang lebih berpihak pada masyarakat miskin di pedesaan dan perkotaan. Bidang lain yang harus dikembangkan adalah kerjasama fasilitasi perdagangan antar anggota ASEAN untuk meningkatkan nilai intra-trade.

Kata kunci: ASEAN, Keterbukaan Perdagangan, Pengurangan Kemiskinan, Studi Kasus, Makroekonomi, Rumah Tangga dan Pasar, Tenaga Kerja dan Upah, Pemerintah.

Trade Openness can lead to Poverty Alleviation Is Positive.

South East Asia is becoming a vibrant region due to sustained growth. The Association of South East Asian Nations (ASEAN) has been a channel of member states to develop and maintain its economy within a peaceful region for decades. This research is to determine how trade openness could be a remedy for poverty in ASEAN countries. It is believed that the trade openness is one of the driving forces to increase growth. Some theoretical researches propose that economic growth is a way to reduce the number of people living below the poverty line. At this point, economy growth may induce opportunity and productivity of which could improve incentive for the poor to escape from the poverty trap. In addition, some empirical studies concluded that trade openness could increase wages of unskilled or low-skilled labour in developing countries. Thus, the trade openness as a driver of growth could induce positive poverty reduction in direct or indirect ways.

In this dissertation, case study is applied by examining current intra - ASEAN trade performance, observing the series of policies which might differ among other ASEAN members because of its complexity. Series of policies are the differences related to the form of government and the government spending on Research and Development, household behaviour, the growth trends and poverty alleviation program. The objects of research are limited to ASEAN-4 (Indonesia, Malaysia, Thailand and the Philippines) and CLV (Cambodia, Lao PDR and Vietnam).

Economic Overview

ASEAN CEPT then revised with a more comprehensive coverage of trade in goods in the ASEAN Trade in Goods Agreement (ATIGA), which was signed in December 2008. As mandated in ATIGA, tariff rates of products in the inclusion list (IL) required to be lower to 0% by 2010 for six original members, on the other hand, new members were accelerated into 2015. In the end of 2012, the tariff lines have been around 99% for the six original member countries, while Myanmar and Vietnam had reach around 70% and Cambodia had just around 40%.

Household and Market

With regard to new market, Cambodia, and Lao PDR and Vietnam have benefitted from market creation and trade expansion. Intra-trade ASEAN data (table III) shows that the intra-trade is respectively 27.6 per cent and 37.1 per cent of their total trade. Trade openness has led to new market for both countries that have benefitted by later tariff reductions. Trade costs within ASEAN remains low comparing other regions. This would

be lower if the ASEAN has lower transport cost. One way to achieve is to connect the countries via land transportation or cheap carriers.

ASEAN as single market also attracted new trading partners namely: South Korea, Japan, China, Australia and New Zealand, India and European Union. By having new markets, this will lead to trade expansion of ASEAN through these markets will increase ASEAN GDP.

Labour and Wages

Agriculture Sector

Another ASEAN economy profile is abundant of labour and most of the labour is concentrated in the rural and employed in the agriculture sector. The characteristic of the agricultural sector in ASEAN is that the sector remains that of traditional agriculture. Ownership also remains restricted and limited for wealth landlords. Landlords hired seasonal labour and paid them with the crops sells. Other problems in the agriculture sector are that low and non-sustainable productivity, weather dependency and traditional farming. The farmers could not have access to finance, thus they borrowed money from moneylenders who charged with higher interest. The farming systems are also not equipped with technology approach so the food or staple price still remains high. Nevertheless, high prices do not benefit farmers because the crops were monopolised by state-owned enterprises or transferred to moneylenders with the lower price. The condition led to a large number of poverty in rural areas.

Malaysia experienced a considerate decline in the proportion of employment from agriculture sector by 16.3 per cent of total employment within a period of 10 years from 1983 to 2003 as well as the Philippines and Thailand, which dropped 15.4 per cent and 18.1 per cent respectively in the same period¹. Cambodia has not yet developed its agriculture sector; Cambodia exports raw paddy that earns invaluable income for farmers.

Some countries such as Vietnam, Thailand have benefitted from agricultural crops, while others AMS have revitalised their agriculture to manufacturing sectors such as Indonesia, Lao PDR, and Philippines. According to 2013 Agricultural Census, Indonesia experienced a slight decline of farms households by 26.1 million households or a decrease of 16.32 percent from the 2003 survey that was 31.2 million households. Although the agricultural sector has been hampered, but job opportunities have enabled

1 Taken from <http://data.worldbank.org/data-catalog/world-development-indicators>

the rural household to shift from farming labour. Nevertheless, vulnerable citizens such as women and children are unlikely to benefit from the agricultural sector.

Industrial sector

On the other hand, manufacturing industries have absorbed women labour in ASEAN. This might sound promising for women labour. However, in the case of Indonesia women labour only earns 75 per cent of their male counterparts. Indonesian women have fewer proportion of women works in the more formal wage sector, but higher in the unpaid and low-paid informal sector.

On the industrial sector, Vietnam could absorb more skilled labour in industry. Nissanke & Thorbecke (2006) the manifesto of openness is via trade and capital movement liberalisation. Thus this presumes to induce export, import and capital inflows. Doi Moi has opened private direct investment that leads to a shift from agricultural sector dominance to a manufacturing sector. Recently, in Vietnam there has been an upgrade in the export base which is originally transforms primary commodities into manufactured goods like Cambodia, and Thailand. In Vietnam and Thailand, the manufacturing industry could produce machinery and equipment while Cambodia still relies heavily on textile products that have been a highest proportion of its total trade. Ear (2009) observed that Cambodian government could cooperate tightly with the private generating labor-intensive garment industry that can absorb approximately 350 thousand workers recently.

Shifting towards manufactured goods also causes changes in the value chain in Vietnam, Thailand which became more capital intensive. On the contrary, unskilled workers in clothing sector are predominantly high in Cambodia, due to labour-intensive manufacturing. While the Lao PDR is still dominated by labour-intensive and based resource.

In Philippines, the non-food manufacturing sector has expanded rapidly exceeding other manufacturing sectors. Force labours, who are interchangeably employed between the agricultural and industrial sectors, gain an increase in wage rates whereas agricultural wage rates stagnate. Unskilled workers who earn benefit largely because they are hired intensively in non-food manufacturing. Cororaton et, al. (2007) resulted that trade liberalisation has effected positively to distributive income as tariff cuts lower production cost of export-oriented non-food manufacturing sector and generate real exchange rate depreciation.

Government

In terms of ASEAN, the Government play important role as facilitator in cooperation with other ASEAN member countries. This could create a positive impact on the economy such as enhancing competitiveness, lowering prices and unemployment, opening up new markets that can increase GDP, but also generating shock economy. Economy shock is a challenge that ASEAN member states which can lead to the emergence of new poverty incidence. Another challenge is how the poor can benefit from trade openness so that they can escape from the poverty line. Trade openness policies in ASEAN should be followed by poverty alleviation policies.

The best practices have been shown by Malaysia and Vietnam. These countries have sustainable programs and well targeted to poverty reduction in rural areas. In Malaysia, Malaysian National Economic Plan (NEP) underscored poverty eradication program in Malaysia. Sustainable poverty eradication program were implemented as a part of development plan. The program has two objectives: i) creating equitable opportunities for all, and ii) generating a social safety net for the groups through equitable access health, education and basic infrastructure are being prioritized.

Regarding to the social security programs, Indonesia has just carried out social security program for all Indonesian that mainly covered health security in 2014. The government just initiated a program under Law number 40 of 2004 regarding the National Social Security System (SJSN - Sistem Jaminan Sosial Nasional) that cover health insurance for formal and informal worker and apply cross funding from non-poor household to poor households. This policy is a part of pro-poor program, which is attributed to institutional reform. The reform also imposes state revenue optimization, controlling budget deficit, reduce debt ratio to GDP and improve government spending quality.

Similar to Indonesia, Thailand government prioritizes the three poverty reduction strategies through opportunity, security and community. Opportunity is related to the capacity of the community to participate in the activities of economy, security guarantee well-being and keep it in the face of short-term reductions in income, and the community is to involve local community to alleviate poverty and reduce dependency on authorities.

Trade Openness in ASEAN-4 and CLV has Been Able to Contribute Significantly to Total GDP

Trade openness in ASEAN-4 and CLV has been able to contribute greatly to the total GDP. As shown in table 2, the value of the percentage of intra-ASEAN trade to total the trade is about 25 per cent. Intra-trade has been regarded as a building block to form the

ASEAN Economy Community. Achievement of the AEC Blueprint is also better than the ASEAN Socio-Cultural Community (ASSC), the ASEAN Political-Security Community (APSC). ASEAN free trade area has phased out tariff barriers for ASEAN member states. Since 1993, the growth sustainably increased between intra-ASEAN. This robust cooperation has led to the improvement of poor household especially of poor citizens.

Poverty lines in ASEAN showed the opposite direction over two decades. It can be noted that freer trade can provide a positive influence to poverty alleviation via channels that has been discussed. Stable macro economy has been achieved in Cambodia, Lao PDR and Vietnam as well as ASEAN-6. Standard of living has also improved; it is shown that the households could access health and education. In terms of employment, labour-intensive manufacturing sector that is growing rapidly in ASEAN managed to absorb unskilled and low skilled labour. Institutional reform in government is also shown within trade openness. Budget allocation is more efficient and targeted to poor households. Various programs have been implemented to eradicate poverty in each ASEAN member states.

Recommendation

In ASEAN, about 56 per cent of the total population resides in rural areas. It is indicated that in Cambodia, around 78.4 per cent of the total population are villagers. Therefore, countries such as Cambodia, Vietnam and Thailand have the poor with a large number in rural than urban areas. This is because the villagers were dependent on the agricultural sector. However the agricultural sector absorbs less labour in the countryside. Data also showed annually that households working in the agricultural sector continue to decline.

The fact indicates that the ASEAN member countries still apply high tariffs to protect local agricultural products. Various researches formulated best strategy to attain benefit from agricultural liberalisation. Nevertheless, vast difference among ASEAN member countries responding to the agricultural liberalisation induces different results.

The more crucial part for poverty reduction in rural areas is to create opportunity in agriculture sector by giving added value to the crops and improving access to finance for farmer. Government can develop community basis to produce value-added crops and provide technology to enhance the productivity alongside product innovation.

Regarding to intra-trade, ASEAN should also enhance its trade balance to the external partners. ASEAN's integration has been accelerating welfare for two reasons. Firstly, because regional liberalization has generated efficiency, therefore trade openness did not alter trade from more efficient partners to less efficient regional partners,

Secondly, trade openness could maintain the efficiency of ASEAN producers and their competitiveness in external markets since a wide range of intermediate goods is differently produced by each members. Thus, it is recommended that CLV need to be more open to international market and impose tariff reduction alongside ASEAN FTA.

In terms of regional economy integration, trade facilitation should be broadly improved. This will enable CLV to gain more benefits from trade facilitations such as capacity building. Another factor is that physical infrastructure should also improve. So then the trade cost could be lower to increase competitiveness.

The Effect of Business Credit and Household Characteristics on Household Welfare in Indonesia

Pengaruh Kredit Usaha dan Karakteristik Rumah Tangga pada Kesejahteraan Rumah Tangga di Indonesia

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ABSTRACT

This thesis estimates the causal impact of business credit and household characteristics on household welfare, which is represented by household income, food expenditure and non-food expenditure. I use the fixed effect method with the panel survey data of The Indonesian National Socio-Economic Survey (SUSENAS) from 2009 and 2010 and find that access to business credit significantly improves household welfare. However, the access to business credit from government program has a positive but insignificant impact on household welfare. Moreover, this thesis shows that self-employment for spouse or spouse- woman entrepreneurship also significantly increases household income, implying that access of business credit and household entrepreneurship need to be enhanced for improving welfare in Indonesia. Given the results of this thesis, by combining the information obtained from the significant impact of business credit and spouse-woman entrepreneurship on household income, the access to business credit to wife or spouse-woman is important in order to help them start or expand their business so that they can improve their household welfare.

Keywords: Business credit, Self-employment, Household income, Household food expenditure, Household non-food expenditure.

ABSTRAK

Tesis ini disusun untuk melihat pengaruh kausal dari kredit usaha dan karakteristik rumah tangga terhadap kesejahteraan rumah tangga, yang direpresentasikan oleh pendapatan rumah tangga, pengeluaran makanan rumah tangga dan pengeluaran bukan-makanan rumah tangga. Metode yang digunakan dalam tesis ini adalah metode *Fixed Effect* dengan menggunakan data panel survey dari Survey Sosial Ekonomi Nasional (SUSENAS) Indonesia tahun 2009 dan 2010. Hasil studi dari tesis ini menyatakan bahwa akses terhadap kredit usaha secara signifikan memperbaiki atau meningkatkan kesejahteraan rumah tangga. Namun, akses terhadap kredit usaha yang diperoleh dari program pemerintah memiliki nilai yang positif namun berdampak insignifikan terhadap kesejahteraan rumah tangga. Tesis ini juga menunjukkan bahwa pasangan dari kepala rumah tangga atau istri yang memiliki usaha sendiri atau menjadi wirausaha secara signifikan mampu meningkatkan pendapatan rumah tangga, yang berarti bahwa akses terhadap kredit usaha dan kewirausahaan dalam rumah tangga perlu ditingkatkan untuk memperbaiki atau meningkatkan kesejahteraan di Indonesia. Dengan melihat dari hasil tesis ini dan menggabungkan informasi yang diperoleh mengenai pengaruh yang signifikan dari kredit usaha dan kewirausahaan istri (*spouse-woman*) terhadap pendapatan rumah tangga maka akses kredit usaha untuk istri (*spouse-woman*) penting untuk membantu mereka dalam memulai atau memperluas usaha mereka sehingga mereka dapat meningkatkan kesejahteraan rumah tangganya.

Kata Kunci: Kredit usaha, Berusaha sendiri/Wirausaha, Pendapatan rumah tangga, Pengeluaran makanan rumah tangga, Pengeluaran bukan makanan rumah tangga.

The Effect of Business Credit and Household Characteristics

Improving the welfare of people is still the main agenda of development in developing countries, including Indonesia. Many programs have been implemented by governments and non-government organizations to raise people's welfare. The main focus of those programs is to increase income and help people in order to meet the necessities of life. In Indonesia, there are 61.16 million households live in Indonesia. However, 13 million of households are poor (Population Census, Central Bureau Statistics of Indonesia, 2010).

Besides examining the effect of household characteristics, this thesis also analyzes the impact of the business credit program on household welfare. The business credit program is chosen because it is one of the programs that have potential in improving a household's economic prosperity. The business credit provision is served by financial institutions including microfinance institutions. Business credit (which can be called loan, credit, or micro-credit) is a small loan offered by financial institutions to people or households in order to improve their lives.

The objective of this thesis is to estimate the relationship between business credit and household characteristics on household welfare and examine whether they can increase income and smooth expenditure in Indonesia. This thesis contributes to the literature because it uses a different panel data set that is The National Socio-Economic Survey (SUSENAS) in Indonesia from 2009 and 2010. By investigating that topic, this thesis attempts to make a contribution to the improvement of households' welfare policies, particularly in credit-granting programs and welfare programs to households. In order to measure such impact, this study employs the fixed effect model.

Econometric model

This thesis estimates the effects of obtaining business credits and household characteristics on a household's welfare by using an ordinary least square (OLS) and fixed effects (FE) method. Another important part of this thesis concerns the household sample. The household sample that is used in this thesis was obtained from The Indonesian National Socio-Economic Survey (SUSENAS). From this survey data, it can be determined that there are households that obtain business credit and other households that do not obtain credit. By using all information on households that do and do not obtain credit, this study examines the impact of business credits.

The logarithm of household income, household food expenditure, and household non-food expenditure is the dependent variable used in this thesis. The income data

is available in SUSENAS panel data at the individual level, while food and non-food expenditure data is already available in household level SUSENAS panel data.

There are a number of controls or independent variables that are used in the thesis. The access to business credit and the access to business credit from a government program are variables of interest in the thesis.

The other variables used in the thesis represent household characteristics such as household member, literacy, job, gender, housing status, electricity access status, and location (rural or urban).

The data used in this thesis comes from The Indonesian National Socio Economic Survey (SUSENAS) that conducts surveys and is collected by The Central Bureau Statistics of Indonesia. The information about the data can be seen in questionnaires to capture household welfare characteristics such as literacy level, housing status, job, income, and consumption or expenditure. SUSENAS panel data consists of two parts: core and module. SUSENAS core and module data contains general questions that are asked every year, but the module data contain expenditure information, more specific questions, and additional data based on specific topics. The thesis uses household sample data from 2009 and 2010 from Indonesia SUSENAS panel core and module data. In addition, this thesis linked household information and individual information to examine the effect of business credit and household characteristics on household income, food and non-food expenditure. The thesis uses data from 2009 and 2010 because the Indonesian economy was in a critical condition due to the global economic slowdown (Coordinating Minister for the Economy, 2008). Thus, it would be of great interest to analyze linkages between access to business credit and the characteristics of households on household welfare such as income, food and non- food expenditure.

Fixed Effect Estimation

Number of household members has different effects on the household income, food and non-food expenditure. The effect of number of household members increases household income about 1.86% (Table 2), while the effect can also lower household non-food expenditure about 4.26% (Table 3). However, the effect becomes insignificant on household food expenditure (Table 4). According to West & Price (1976), the household size has a negative and significant on household food consumption by the existence of household economies of scale and technology such as refrigerator to store and preserve food.

Literacy level of spouse and child shows positive and significant impact on household income about 12.82% and 10.72%, respectively, rather than those who does illiterate, but the effect of the literacy level for head is insignificant (Table 2). The head's and spouse's literacy level significantly decrease household food expenditure about 24.09% and 6.58%, respectively (Table 3) compared to those who does not have literacy. However, the effect of child's literacy level becomes insignificant on household food expenditure. The head household's and spouse's literacy level have a negative and significant impact (about 22.64% and 5.63%) while the child's literacy level has a positive and significant impact about 19.04% on household non-food expenditure (Table 4) when compared to those who are illiterate.

Head of household who works in agricultural job has lower household income about 12.83% rather than those who work in the non-agricultural. On the other hand, the effect of spouse and child who have agricultural job is insignificant on household income (Table 2). Besides that, the effect of the head and spouse who work in agricultural job also have negative and significant impact about 6% and 6.76%, while the effect of child who work in agricultural job become insignificant on household food expenditure (Table 3). The head and spouse who work in agriculture also have lesser household non-food expenditure about 7.75% and 8.9% rather than those who work in the non-agriculture, while the effect of child who work in agricultural job become insignificant (Table 4). The finding is coherent with study done by Dose (2007) who studies that small scale economy farmers household that live in rural area are difficult to meet the life needs (food and non-food) because they have an unstable income.

The effect of household who working in their own business has lowering household income about 6.43% and increasing household non-food expenditure about 3.80% rather than those who work not in their own business, while its impact become insignificant on household food expenditure (Table 2). In addition, the spouse who has their own job have positive and significant impact on household income and non-food expenditure about 6.38% and 5.19% respectively, while its impact on household food expenditure become insignificant (Table 3). On the other the effect of child who has their own job is insignificant on household food and non-food expenditure while the effect on household income is positive and significant about 10.89% (Table 4). Thus, the contribution of the wife or woman in family welfare improvement is very important. This finding is coherent with the study done by Astuti, A. W. W (2013) that found the presence of women (as a mother or a wife) in a family has a positive impact on the fulfillment of the needs of the family in the form of clothing, food, health, and education.

The male gender for the head, spouse and child shows positive and significant impact on household income about 30.23%, 34.12%, and 7.19% respectively (Table 2). After

marriage, wife usually tends to not work, raise child, or find informal job that pay earning much lower than the husband earning (Bertrand, Kamenica & Pan, 2013). This is also supported by the common think of people that the male is the backbone of his family. However, the effect of male head and spouse has a positive and insignificant impact on household food, while the effect becomes negative and insignificant on non-food expenditure. In addition, the effect of male child is lower household food and non-food expenditure about 7.8% (Table 3) and 12.36% (Table 4).

Home-ownership implies positive and significant impact on household income, food and non-food expenditure. Thus, household who has their own house have higher household income, household food and non-food expenditure about 5.7% (Table 2), 22.25% (Table 3), and 29.04% (Table 4) rather than those who does not have their own house. Household who owns their own house usually have a better economy level. There is positive relationship between home-ownership and household welfare (Iskandar & Ujang, 2006). In addition, household who owns a house tends to have higher non-food expenditure related to the house's repair and maintenance.

Conclusion

This thesis examines the effect of access to business credit and household characteristics on household welfare in Indonesia by using survey panel data from year 2009 and 2010 and the fixed effect method. Based on the result, the access to business credit increases household income by 6.15% and also increases both household food expenditure by 45.19% and household non-food expenditures by 49.03%.

In terms of the effects of access to business credit on household welfare, this has a positive and significant impact on household welfare that are represented by variables such as household income, household food expenditure and household non-food expenditure. The finding shows that when the household get business credit or have access to business credit, they will have higher household income and help them to fulfill their food and non-food expenditure rather than household who does not have access to business credit. It is also in line with Teng et al (2001), Quach et al. (2005), Mahjabeen (2008), and Imai & Azam (2012) who find that access to credit provides a positive effect and benefit in improving household well-being. However, the effect of household's access to business credit from government program is positive but insignificant on household income, household food expenditure and household non-food expenditure. It might be because the program has not yet right on target for economically active households. In addition, these households also need continuous mentoring as also stated in Cahyaningqyas (2013).

Other significant result of this study related to household characteristics is the positive and significant impact of spouse-entrepreneurship on household income. The spouse-entrepreneurship (spouse who has their own job) has 6.38% higher income rather than spouse who worked on other people or not working. Since the spouse female sample in this study is about 99.99%, thus wife or spouse-woman entrepreneurship significantly increases household income. By combining the information obtained from the significant impact of business credit and spouse-woman entrepreneurship on household income, the access to business credit to wife or spouse-woman is important in order to help them start or expand their business so that they can improve their household welfare.

Policy Implications

This thesis provides critical information to decision makers in Indonesia so that they will target woman in business credit programs for a better improvement in household welfare. Furthermore, this study suggests that the government sustains and designs a program to empower spouse-woman or wife to improve their household welfare through providing loan or business credit, mentoring, and fund knowledge management to them. Moreover, it is also important for the government and each financial institution including microfinance institution to target economically active spouse-women.

**Can Payment for Environmental Services
Promote Socioeconomic Development in
Indonesia?
An Empirical Analysis**

**Dapatkah Pembayaran untuk Jasa
Lingkungan Meningkatkan Pengembangan
Ekonomi Sosial di Indonesia?
Sebuah Analisis Empiris**

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ABSTRACT

In this research paper, I attempt to investigate the impact of Payment for Environmental Services (PES) on the socioeconomic status of local livelihood. The socioeconomic status that I examine is total household expenditure to capture the nutritional well-being of people who live in an area where the PES project is implemented. Not only total household spending, but I also examine the poverty status of each household in the area of PES project. The area of PES project that I analyze are villages in the vicinity of Meru Betiri National Park, East Java and Segara Basin, Lombok. I use Indonesian Social Economy National Surveys (SUSENAS) by Central Statistics Bureau of Indonesia (BPS), before and following the implementation of two PES implementation projects to examine the effect of PES in each location and both locations combined.

To discuss the impact of PES, I use Difference-in-Difference method and also incorporate Propensity Score Matching to have a better result. I find that statistically, PES project has little significant impact on the socioeconomic status of local livelihood. However, if I look at the magnitude of the coefficient of the effect, the evidence show that PES has affected local livelihood positively. Furthermore, the effect of PES project differs between each location.

Keywords

Payment for Environmental Services, PES, Meru Betiri, Segara Basin, East Java, Lombok, Indonesia, Difference-in-Difference, DD, Propensity Score Matching, PSM.

ABSTRAK

Dalam makalah penelitian ini, saya mencoba untuk menyelidiki dampak pembayaran untuk layanan lingkungan (PES) mengenai status sosial ekonomi mata pencaharian lokal. Status sosioekonomi yang saya periksa adalah total pengeluaran rumah tangga untuk menangkap kesejahteraan gizi orang-orang yang tinggal di daerah di mana proyek PES dilaksanakan. Tidak hanya total belanja rumah tangga, tapi saya juga memeriksa status kemiskinan masing-masing rumah tangga di wilayah proyek PES. Wilayah proyek PES yang saya analisis adalah desa-desa di sekitar Taman Nasional Meru Betiri, Jawa Timur dan Cekungan Segara, Lombok. Saya menggunakan Survei Nasional Ekonomi Sosial Indonesia (SUSENAS) oleh Biro Pusat Statistik (BPS), sebelum dan sesudah pelaksanaan dua proyek implementasi PES untuk memeriksa pengaruh PES di setiap lokasi dan kedua lokasi digabungkan.

Untuk membahas dampak PES, saya menggunakan metode Difference-in-Difference dan juga menggabungkan Propensity Score Matching untuk mendapatkan hasil yang lebih baik. Saya menemukan bahwa secara statistik, proyek PES kurang berpengaruh signifikan terhadap status sosial ekonomi mata pencaharian lokal. Namun, jika saya melihat besarnya koefisien efeknya, bukti menunjukkan bahwa PES telah mempengaruhi kehidupan lokal secara positif. Selanjutnya, pengaruh proyek PJJ berbeda di setiap lokasi.

Kata kunci

Pembayaran untuk Jasa Lingkungan, PES, Meru Betiri, Cekungan Segara, Jawa Timur, Lombok, Indonesia, Perbedaan-dalam-Perbedaan, DD, Pencocokan Nilai Kecenderungan, PSM.

Introduction

Payment for Environmental Services (PES) has accumulated attention of International community as a cost-effective solution to improve the environmental condition and improve the livelihood of people whose life highly dependent on natural resources (Arriagada 2008; Ferraro 2001; Ferraro and Kiss 2002; Ferraro and Simpson 2002). There are four environmental services (ES) that are currently stand out: carbon sequestration and storage, and landscape beauty, watershed protection, biodiversity protection, (Wunder 2005). For instance, watershed protection ES is a payment from downstream water users to the upstream farmer to adopt land uses that limit soil erosion, deforestation, and flooding risk. Secondly, biodiversity protection ES is payment for local people to maintain or restoring areas to create a biological corridor. Thirdly, carbon sequestration and storage ES is payment to farmers that reside near a forest from donor(s) to maintain forest cover or plant new trees. Lastly, landscape beauty ES is payment for the local community for not to hunt and preserve the forest to be used as a tourist attraction. The program is mainly concerned with local communities within the natural ecosystem with its nature in which compensating communities that highly dependent on natural resources. Since the community highly depends on the natural resources to obtain income, PES would have to make out conservation that financially viable for the community to maintain their earnings. Thus, the compensation that is provided by the program has to be able to elevate the standard of living of its recipients while improving environmental quality.

The problems of this research are the dilemma between the two objectives of PES has to be the primary consideration of government and agencies who is participating in PES project. The most common underlying problem are the restriction of land uses in the location where PES project implemented. The limitation of land uses can reduce income for the local community. Therefore, another problem will occur when the amount compensation is less than the revenue that local people compensated.

This study aims to contribute to the literature on the impact of PES project on local socioeconomic development in Indonesia. Moreover, to attain the research objective, this paper is intended to answer the central question: 'whether PES projects have substantial impact on socioeconomic development of rural households in Indonesia?' Thus, two sets of sub-questions can be: whether PES projects which restrain the economic activities of local households give positive or negative outcome to the local livelihood? Furthermore, whether the effect of PES vary in each location, it is implemented? In this regards, this paper attempts to link the implementation of PES with local responses.

Hypothesis for this research are the assumptions of the paper are: (1) PES project have a positive outcome on the local socioeconomic development, (2) PES impacts vary by the location it is implemented.

Before describe framework of analysis, we need to determine the model in this paper. The model will attempt to find the difference between the real households' socioeconomic development of the treated household and its counterfactual who does not have an intervention. However, bias in the calculation can result when the model faces missing data that can rise the selection bias. Naturally, the selection bias will occur when there is a non-random selection of treated group. The control group is households located near the location where PES is implemented. The baseline data is collected before the PES is implemented. The collection of data at this stage mainly on outcomes and its determinants both before and after the PES implemented.

The method used for data collection will described at this paragraphs. This study implements the cross section/time series data set based on household units located in villages located in West Lombok Regency and Meru Betiri National Park. The two cross section data collected under the Indonesian Social Economy National Surveys (SUSENAS) by Central Statistics Bureau of Indonesia (BPS), before and following the implementation of two PES implementation projects. Specific indicators are given by some assumptions to measure rural household's expenditures in individual villages that are affected by the implementation of PES projects. These locations are chosen because they are among the first areas in which PES project implemented, where West Lombok Regency pertain with its watershed project (Munawir et al. 2003) while Meru Betiri concern with forest conservation (Aliadi 2005). Both of them were initiated during the same period.

Based on the evidence above, we can conclude that the implementation of PES has a positive effect on the local livelihood. It is shown in the improvement of household position in poverty status table. Moreover, in Table 4, we can see that there are many improvements in the socioeconomic characteristics of treated household after the project is implemented.

Result and analyze

I will present the empirical findings in three ways to find the impact of PES projects implementation on socioeconomics development of affected household. First analyze the DD estimation simple OLS regression, secondly by comparing ATT from NN matching, Kernel matching and DD estimation and lastly using OLS regression with propensity score adjustment.

Based on the evidence of difference-in-difference estimation in simple OLS regression, generally, there is no significant effect of PES project both in total expenditure and poverty status after controlling for total income, total income from farming, total income from non-farming, education attainment, working hours, and family size. The statistically significant effect of pes is in Meru Betiri on total expenditure of households. The program increase households' total expense by 14%. If we look at the effect of PES project between control and treatment group we find that the project, in the combined model, has very small effect between both groups. The treated household has 6% more total expenditure than the controls. In the poverty status, the treated is better by 0.06 level than the controls¹. The coefficient is very small. It shows that the effect between both groups is not significant. Moreover, statistically, it has no significant evidence.

After splitting the area into two, I find that the effect between treated and controls has different result. In Meru Betiri, household that are in the area of PES project has lower total expenditure than the control group by 19% - even though statistically insignificant - and they also have lower poverty status than the controls by 1 level. The treated has lower expenditure than the controls by 36%. Further, PES project in Lombok also has negative result. In poverty status, after the PES project is implemented, the treated has lower poverty status than the control by 1.5 level. In the second estimation using DD with Propensity Score Matching, the effect of PES project in combined model shows that the only significant effect is the total expenditure of each household. The project has impacted the decrease in total expenditure by 30% using Nearest Neighbor matching. On the other hand, using Kernel matching, the impact only lower the total expense by 3%. In poverty status, both matching shows no significant effect of PES. The impact only shows 0.73 and 0.06 level rise of poverty status on NN matching and Kernel matching, respectively, which is very small.

When splitting the area into two provinces, only poverty status in Meru Betiri and total expenditure in Lombok which shows the significant effect of PES project. In regard to this is important to note that only poverty status that has significant effect in Meru Betiri and total expenditure in Lombok, both using NN matching. In Meru Betiri, PES has different impact between NN matching and Kernel Matching. While it lowers the expenditure by 14% using NN matching, Kernel matching resulted on that PES increase total expenditure by only 2%. Furthermore, the project increases the poverty status by 1.18 level - which is significant - using NN matching. On the other hand, using Kernel matching, it decreases the level of poverty status by 0.02 level.

The evidence from Lombok shows that the effect of PES is decreased total expenditure by 53% using NN matching and 15% using Kernel matching. However, poverty status

1

shows no significant evidence. Using NN matching there is no impact, while using Kernel matching it increases the status level by 0.04. In the third estimation, which is OLS with propensity score, PES project has no significant effect both on total expenditure and poverty status in all area. The project pushes total expenditure by 17% and poverty status by 0.54 level. However, when I split into two provinces, the result shows there is a significant effect on poverty status in Meru Betiri. It lowers the status by 1.27 level. Total expenditure in Meru Betiri has slight decrease by 33%. In Lombok, both total expenditure and poverty status has no significant effect of PES project. The project increases total expenditure by 25%. It also pull-up the poverty status by 0.44 level.

There is different result while using three different statistical methods. First, In the simple OLS, generally, PES has no significant effect on local socioeconomic status. Only when splitting the area into two areas, the evidence shows that in Meru Betiri the project has statistically significant on total expenditure. Second, using DD with PSM, in combined area, the project has a significant effect on total expenditure using NN matching. When estimating the impact while splitting the area into two, the significance of PES project is on poverty status in Meru Betiri and total expenditure in Lombok, both using NN matching. Lastly, using OLS with propensity score, in combined area, PES project has no significant effect. The insignificant effect also occurs when I estimate the effect of PES while using two provinces, except for poverty status in Meru Betiri.

While the statistics estimation shows that the project has no significant effect, if we see it economically, PES has the effect of lowering total expenditure between 9% to 53%. The biggest impact is in Lombok using NN matching which is 53%, while the lowest impact is when using simple OLS. This difference might be due to the advantages of PSM which are imposed common support and semi-parametric (CIE). The common support compares the comparable and semi-parametric only parameterizes the participation while regression is fully parametric. In poverty status, PES has two different results which are lowering the level of poverty status and upgrade the status of each household. The most significant and less bias is when I estimate using PSM – NN matching –, PES significantly improving poverty status of household by one level.

To sum up, while there is no strong significant statistical evident on PES impact, we can say that the project has the impact on socioeconomic status when we see it from the coefficient of the impact estimator. From the evidence above, PES has a positive effect on the socioeconomic status of local livelihood. Moreover, the effect of PES differs in each location of implementation.

Conclusion

This paper attempts to fulfill the causality gap of between people who highly dependent on the forest and implementation of PES project. This paper examines whether the PES has a positive and significant effect on socioeconomic development in the area where the project was implemented. I use two sets of data survey which assumed to have similar characteristics in the baseline period as treatment and control group. After exercise matching, the data that is used in this paper is 368 observations. The data sets consist of 1999 and 2008 surveys as baseline and follow-up data, respectively. Based on the data that I use, this study only captures a short-term impact of the implementation of PES.

The main finding of this paper is that PES project has no statistically significant effect on total expenditure and poverty status. However, based on the magnitude of the coefficient, the project proofed to has effect in lowering total expenditure by 53% and improving poverty status by 1 level. Further study needs to be done to find out whether PES has reduced the total expenditure of local household. Based on the evidence, PES affecting total expenditure positively and it also has a positive effect on poverty status. The evidence also shows that the effect of PES project differs between each location where it is implemented. However, both evidence is not strongly supported by the statistical significance.

Finally, I have some suggestion for further research on evaluating the impact of PES projects on household livelihood. First, to have the more profound result of the impact of PES implementation on household, another variable such as distance to the nearest market can be added. The reason for this is that household distance to the market can depict their economic behavior such as selling natural resources or spending money. Furthermore, deforestation rate can also be included. It can show how local people do their responsibility on nurturing forest cover. Second, in evaluating policy, a longer period of study can give more comprehension on how the policy is implemented. It also applied in PES project, evaluating the impact in a long period will have more benefit to it. Moreover, larger observations will also make the evaluation more profound. It is better if the future study can involve more extensive observations which consist of all PES project in Indonesia to capture some more generalized findings.

**Effect of Good Governance and Local
Government Expenditure on
Education and Health Sector against HDI
in 29 Provinces in Indonesia
Year 2010 - 2014**

**Pengaruh *Good Governance* Serta
Pengeluaran Pemerintah Daerah
Bidang Pendidikan dan Kesehatan
terhadap IPM pada 29 Provinsi di
Indonesia Tahun 2010 - 2014**

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ABSTRACT

This research aims to analyze the impact of good governance, local government expenditures on education and health per capita on human development index at 29 provinces in Indonesia. This research also analyze whether good governance has significant positive impact in relationship between government expenditures on education and health in influencing human development index.

Panel data in 29 province in Indonesia over 2010 – 2014 is employed in this research. This research was performed with the descriptive and quantitative method using panel data analysis. Techniques of analysis is Fixed Effect Pooled EGLS (Cross-section weight).

This research show that human development index is influenced by good governance and government expenditure on education and health with positive and significant value. This research also shows that good governance gives positive impact in relationship between government expenditure on education with human development index. But gives no impact in relationship between government expenditure on health with human development index.

Key words: human development index, good governance, government expenditures on education and health, fixed effect pooled EGLS

ABSTRAK

Penelitian ini bertujuan untuk menganalisis bagaimana pengaruh good governance serta pengeluaran pemerintah daerah bidang pendidikan dan kesehatan per kapita terhadap indeks pembangunan manusia pada 29 provinsi di Indonesia. Penelitian ini juga ditujukan untuk menganalisis apakah variabel good governance memperkuat atau memperlemah hubungan antara pengeluaran pemerintah daerah bidang pendidikan dan kesehatan terhadap indeks pembangunan manusia.

Data yang digunakan dalam penelitian ini adalah data sekunder dari 29 provinsi selama tahun 2010 - 2014. Data kemudian dianalisis dengan metode deskriptif dan kuantitatif dengan menggunakan model persamaan data panel. Teknik analisis yang digunakan adalah *Fixed Effect Pooled EGLS (Cross section Weight)*.

Hasil penelitian menunjukkan bahwa indeks pembangunan manusia dipengaruhi secara positif dan signifikan oleh good governance serta pengeluaran pemerintah daerah bidang pendidikan dan kesehatan. Hasil penelitian juga menunjukkan bahwa good governance memperkuat hubungan antara pengeluaran pemerintah daerah bidang pendidikan dengan indeks pembangunan manusia. Namun tidak memperkuat hubungan pengeluaran pemerintah daerah bidang kesehatan dengan indeks pembangunan manusia.

Kata kunci: indeks pembangunan manusia, good governance, pengeluaran pemerintah bidang pendidikan dan kesehatan, *Fixed Effect Pooled EGLS*

Lambatnya Perkembangan Indonesia dalam hal Pembangunan

Berdasarkan laporan yang dikeluarkan oleh UNDP, Indeks Pembangunan Manusia (IPM) Indonesia pada 2014 sebesar 0,684. Angka ini menunjukkan kenaikan sebesar 0,44 persen bila dibandingkan dengan skor IPM pada 2013 yang sebesar 0,681. Meski mengalami kenaikan, peringkat IPM Indonesia hanya menempati urutan 110 dari 188 negara yang terdaftar pada data yang dikeluarkan oleh UNDP. Indonesia juga belum beranjak dari kelompok medium dalam hal pembangunan manusia. Di regional ASEAN, Indonesia berada pada kelompok yang sama dengan Filipina, Vietnam, Timor Leste, Kamboja, dan Laos.

Perkembangan yang dicapai Indonesia dalam hal pembangunan manusia termasuk lambat. Sepanjang periode 2010-2014, pertumbuhan skor IPM Indonesia rata-rata sebesar 0,71 persen per tahun. Pencapaian yang lambat juga tercermin dari perubahan peringkat IPM Indonesia sepanjang periode 2009-2014 yang hanya naik sebanyak tiga peringkat.

Berdasarkan latar belakang tersebut penulis bermaksud melakukan penelitian tentang pengaruh good governance serta pengeluaran pemerintah daerah bidang pendidikan dan kesehatan terhadap Indeks Pembangunan Manusia pada 29 provinsi di Indonesia tahun 2010-2014. Berdasarkan latar belakang dan kondisi di atas, terdapat beberapa masalah yang dapat dirumuskan dalam penelitian ini, yaitu bagaimana pengaruh pengeluaran pemerintah daerah bidang pendidikan dan kesehatan per kapita terhadap indeks pembangunan manusia di 29 provinsi di Indonesia selama tahun 2010 – 2014 dan bagaimana pengaruh praktek good governance yang dalam hal ini diproksi dengan penerapan sistem AKIP terhadap indeks pembangunan manusia di 29 provinsi di Indonesia selama tahun 2010 – 2014.

Adapun tujuan penulis melakukan penelitian ini adalah untuk Maksud dan tujuan penelitian ini adalah untuk menganalisis bagaimana pengaruh pengeluaran pemerintah daerah bidang pendidikan dan kesehatan per kapita dan pengaruh praktek good governance yang dalam hal ini diproksi dengan penerapan system AKIP terhadap indeks pembangunan manusia di 29 provinsi di Indonesia selama tahun 2010 – 2014. Dalam penelitian ini data dikumpulkan melalui kegiatan penelitian kepustakaan (*library research*) dari berbagai sumber. Adapun untuk memperoleh deskripsi secara faktual, dilakukan kajian pustaka dan review hasil penelitian terkait sehingga dapat diperoleh deskripsi yang jelas dan menyeluruh tentang obyek dan analisis yang dilakukan.

Pengolahan data dilakukan dengan menggunakan software MS-Excel dan eViews untuk estimasi dan pengujian model. Metode yang digunakan dalam penelitian ini adalah melalui pendekatan deskriptif dan kuantitatif. Pendekatan deskriptif yang dimaksud

dalam penelitian ini adalah berdasarkan data yang bersumber pada data sekunder, jurnal, artikel studi literatur dan hasil-hasil penelitian sebelumnya yang berhubungan dengan permasalahan dengan tujuan memberikan gambaran, mengkaji, dan menguji keberadaan teori secara empirik dari variabel-variabel yang telah diformulasikan dalam hipotesis yang selanjutnya akan dilakukan analisis pengaruh atau hubungan antara beberapa variabel tersebut.

Indeks Pembangunan Manusia

Berdasarkan laporan yang dikeluarkan oleh UNDP, Indeks Pembangunan Manusia Indonesia (IPM) pada 2014 sebesar 0,684. Angka ini menunjukkan kenaikan sebesar 0,44 persen bila dibandingkan dengan skor IPM pada 2013 yang sebesar 0,681. Meski mengalami kenaikan, peringkat IPM Indonesia hanya menempati urutan 110 dari 188 negara yang terdaftar pada data yang dikeluarkan oleh UNDP. Indonesia juga belum beranjak dari kelompok medium dalam hal pembangunan manusia. Di regional ASEAN, Indonesia berada di bawah pencapaian Singapura, Brunei Darussalam, Malaysia, dan Thailand.

Untuk wilayah provinsi, berdasarkan data dari BPS, peringkat capaian IPM provinsi di Indonesia relatif tidak berubah selama tahun 2010 s.d. tahun 2014. Peringkat 5 (lima) teratas selalu ditempati oleh Provinsi DKI Jakarta, DI Yogyakarta, Kalimantan Timur, Kepulauan Riau dan Bali. Hal yang tidak mengherankan karena kelima provinsi ini bisa dikatakan memiliki kelebihan dibanding daerah lainnya berupa tingkat pendapatan daerah yang lebih tinggi dan infrastruktur yang lebih maju.

Pencapaian IPM daerah Indonesia bagian barat secara umum lebih tinggi dari capaian IPM di Indonesia bagian timur. Dengan pencapaian IPM nasional sebesar 68,90 pada tahun 2014 masih terdapat 24 provinsi yang pencapaian IPM-nya berada di bawah pencapaian IPM nasional dan terbanyak berada di wilayah Indonesia Timur.

Pengeluaran Pemerintah Daerah Bidang Pendidikan

Meskipun pendidikan umumnya bukan merupakan *public goods*, banyak yang berargumen bahwa memberikan pendidikan pada anak akan memberikan manfaat pada orang lainnya dalam masyarakat. Salah satu eksternalitas positif yang dihasilkan oleh pendidikan adalah adanya energi yang kuat dalam sosialisasi dimana dalam suatu negara demokrasi pendidikan akan memberikan pemilih latar belakang dan perspektif yang lebih baik dalam menentukan pilihan politiknya. Acemoglu et al (2005) menyimpulkan bagaimana lama pendidikan berkorelasi positif dengan tingkat demokrasi di berbagai

negara. Negara-negara dengan rata-rata lama sekolah yang lebih tinggi adalah lebih demokratis (Rosen, 2008).

Secara rata-rata selama periode tahun 2010 – 2014, pengeluaran pemerintah daerah bidang pendidikan per kapita tertinggi dicapai oleh provinsi DKI Jakarta dan Provinsi Nanggroe Aceh Darussalam masing-masing sebesar Rp1.026.999,15 dan Rp213.996,83 sedangkan yang terendah adalah Provinsi Jawa Tengah dan Provinsi Nusa Tenggara Barat masing-masing sebesar Rp9.176,25 dan Rp9.070,89. Berdasarkan grafik 4.3 pengeluaran bidang pendidikan per kapita meningkat setiap tahunnya pada hampir semua provinsi, secara rata-rata tahun 2010 – 2014 peningkatan terbesar dicapai oleh Provinsi Riau dan Kalimantan Timur masing-masing sebesar 155,46% dan 34,74% dan yang terendah dicapai oleh Provinsi Maluku dan Provinsi Jawa Tengah masing-masing sebesar 1,54% dan 0,91%.

Pengeluaran Pemerintah Daerah Bidang Kesehatan

Secara rata-rata selama periode tahun 2010 – 2014, pengeluaran pemerintah daerah bidang kesehatan per kapita tertinggi dicapai oleh provinsi DKI Jakarta dan Provinsi Kalimantan Timur masing-masing sebesar Rp353.517,79 dan Rp265.495,05 sedangkan yang terendah adalah Provinsi Sumatera Utara dan Provinsi Jawa Barat masing-masing sebesar Rp19.621,39 dan Rp10.389,51. Berdasarkan grafik 4.4 pengeluaran bidang kesehatan per kapita meningkat setiap tahunnya pada hampir semua provinsi, secara rata-rata selama tahun 2010 – 2014 peningkatan terbesar dicapai oleh Provinsi Bali dan Gorontalo masing-masing sebesar 77,67% dan 60,00% dan yang terendah dicapai oleh Provinsi Nusa Tenggara Timur dan Provinsi Papua masing-masing sebesar 8,91% dan 8,25%.

Data pengeluaran pemerintah tersebut belum memperhitungkan perbandingan kemahalan harga antar daerah. Untuk keperluan penelitian, data pengeluaran pemerintah daerah per kapita disesuaikan dengan Indeks Kemahalan Konstruksi (IKK) yang berlaku pada masing-masing daerah.

Good Governance

Dari 33 provinsi yang dievaluasi sebanyak 23 provinsi belum mencapai nilai > 65 (kriteria baik dan sangat baik). Hal ini mencerminkan kualitas birokrasi yang masih rendah di lingkungan pemerintah provinsi di seluruh Indonesia dalam kaitannya dengan pelaksanaan sistem AKIP yang komponen-komponennya meliputi: Perencanaan Strategik, Pengukuran Kinerja, Pelaporan Kinerja, dan Evaluasi Kinerja serta Capaian

Kinerja. Provinsi dengan nilai terbaik dicapai oleh Provinsi DI Yogyakarta, Jawa Timur dan Kalimantan Timur dengan nilai masing-masing sebesar 76,36 (sangat baik), 75,20 (sangat baik), dan 70,97 (baik).

Khusus untuk tahun 2010 dan 2011 hampir tidak terdapat perbedaan nilai hasil evaluasi sistem AKIP untuk provinsi di Indonesia timur dan barat, hal ini salah satunya dikarenakan pada tahun 2010 dan 2011 Kementerian PAN dan Reformasi Birokrasi tidak melakukan evaluasi terhadap pemerintah Provinsi Sulawesi Tenggara, Sulawesi Barat, Maluku Utara dan Papua Barat. Pada tahun 2011-2014 terlihat jelas bahwa kualitas pelaksanaan sistem AKIP di Indonesia wilayah barat lebih baik daripada di Indonesia wilayah timur.

Analisis Ekonomi dan Pembahasan

Dari hasil regresi dengan menggunakan Pooled EGLS (*Cross-section Weight*) diperoleh hasil pengujian koefisien secara parsial dengan uji t, menunjukkan bahwa pengeluaran pemerintah daerah bidang pendidikan berpengaruh positif dan signifikan terhadap indeks pembangunan manusia dengan koefisien regresi sebesar 0,0035. Hasil ini menjelaskan bahwa peningkatan pengeluaran pemerintah daerah bidang kesehatan per kapita sebesar 1% akan meningkatkan indeks pembangunan manusia secara rata-rata sebesar 0,0035 poin, *ceteris paribus*.

Variabel pengeluaran pemerintah daerah bidang kesehatan berpengaruh positif dan signifikan terhadap indeks pembangunan manusia dengan koefisien regresi sebesar 0,003886. Hasil ini menjelaskan bahwa peningkatan pengeluaran pemerintah daerah bidang kesehatan per kapita sebesar 1% akan meningkatkan indeks pembangunan manusia secara rata-rata sebesar 0,003886 poin, *ceteris paribus*.

Variabel good governance berpengaruh positif dan signifikan terhadap indeks pembangunan manusia dengan koefisien regresi sebesar 0,001028. Ini berarti bahwa peningkatan indeks good governance sebesar 1 poin akan meningkatkan indeks pembangunan manusia secara rata-rata sebesar 0,001028 poin, *ceteris paribus*.

Variabel akses terhadap air bersih berpengaruh positif dan signifikan terhadap indeks pembangunan manusia dengan koefisien regresi sebesar 0,00007. Ini berarti bahwa peningkatan indeks good governance sebesar 1 poin akan meningkatkan indeks pembangunan manusia secara rata-rata sebesar 0,00007 poin, *ceteris paribus*.

Variabel akses masyarakat terhadap sanitasi layak berpengaruh positif dan signifikan terhadap indeks pembangunan manusia dengan koefisien regresi sebesar 0,000337. Ini

berarti bahwa peningkatan akses terhadap sanitasi layak sebesar 1% akan meningkatkan indeks pembangunan manusia secara rata-rata sebesar 0,0003 poin, *ceteris paribus*.

Dan terakhir, variabel urbanisasi (rasio jumlah penduduk yang tinggal di wilayah perkotaan) berpengaruh positif dan signifikan terhadap indeks pembangunan manusia dengan koefisien regresi sebesar 0,004166. Ini berarti bahwa peningkatan sebesar 1% tingkat rasio jumlah penduduk yang tinggal di perkotaan akan meningkatkan indeks pembangunan manusia secara rata-rata sebesar 0,004 poin.

Sementara berdasarkan uji interaksi pada persamaan (2), variabel good governance memperkuat hubungan antara variabel pengeluaran pemerintah daerah bidang pendidikan terhadap terhadap indeks pembangunan manusia dengan koefisien 0,0000000003. Ini berarti bahwa peningkatan pelaksanaan good governance yang dalam hal ini diproksi dengan sistem AKIP akan meningkatkan efektivitas pengeluaran pemerintah daerah bidang pendidikan terhadap pencapaian indeks pembangunan manusia. Hal ini memperkuat hasil penelitian sebelumnya yang dilakukan oleh Rajkumar dan Swaroop (2008) bahwa belanja publik bidang pendidikan dasar menjadi lebih efektif dalam meningkatkan pencapaian pendidikan dasar pada negara yang memiliki tata pemerintahan yang baik.

Untuk bidang kesehatan, variabel good governance tidak memperkuat atau pun memperlemah hubungan antara variabel pengeluaran pemerintah daerah bidang kesehatan terhadap terhadap indeks pembangunan manusia. Hal ini tidak sesuai dengan hasil penelitian sebelumnya yang dilakukan oleh Rajkumar dan Swaroop (2008) bahwa pengeluaran bidang kesehatan menurunkan angka kematian anak lebih banyak di negara-negara dengan tata pemerintahan yang baik.

Implikasi Kebijakan dan Solusi terhadap Permasalahan

Berdasarkan hasil penelitian seperti diuraikan pada bagian sebelumnya, maka implikasi kebijakan yang dapat diterapkan oleh pemerintah pusat maupun pemerintah daerah adalah:

1. Berdasarkan hasil estimasi, good governance berpengaruh positif dan signifikan terhadap indeks pembangunan manusia walaupun dengan koefisien yang relatif kecil. Selain itu, good governance juga memperkuat hubungan antara pengeluaran pemerintah daerah bidang pendidikan terhadap indeks pembangunan manusia. Hal ini bisa menjadi perhatian pemerintah bahwa pelaksanaan pemerintahan yang baik berpengaruh terhadap pencapaian outcome pembangunan. Pelaksanaan good governance di Indonesia sendiri belum bisa dikatakan baik, dimana dari 33 provinsi

yang dievaluasi sistem AKIP-nya oleh Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi hanya 10 provinsi mendapatkan kategori baik. Perlu dilakukan evaluasi mengapa hal tersebut terjadi mengingat pelaksanaan sistem AKIP telah lama diterapkan sejak awal tahun 2000-an. Hal yang juga perlu dilakukan adalah menjadikan hasil evaluasi sistem AKIP sebagai alat manajemen pemerintah pusat untuk memaksa pemerintah daerah memperbaiki tata pemerintahan melalui sistem *reward and punishment* misalnya dengan menjadikan hasil evaluasi sistem AKIP sebagai salah satu variabel dalam penghitungan besarnya dana transfer pemerintah pusat ke daerah (DAU).

2. Berdasarkan hasil estimasi, pengeluaran pemerintah daerah bidang pendidikan berpengaruh positif dan signifikan terhadap indeks pembangunan manusia. Hal ini menunjukkan bahwa kebijakan yang dilakukan selama ini yaitu dengan meningkatkan pengeluaran pemerintah bidang pendidikan per kapita telah tepat dilakukan.

Indeks Pembangunan Manusia Dipengaruhi Secara Positif Dan Signifikan Oleh Good Governance

Selama Tahun 2010 sampai dengan Tahun 2014 pencapaian Indeks Pembangunan Manusia Indonesia mengalami peningkatan dari 0,671 pada Tahun 2010 menjadi 0,684 pada Tahun 2014. Namun walaupun mengalami kenaikan, posisi Indonesia di wilayah ASEAN masih berada di bawah Singapura, Brunei Darussalam, Malaysia dan Thailand. Sedangkan untuk tingkat provinsi, masih terdapat 24 provinsi yang pencapaian IPM-nya berada di bawah pencapaian IPM nasional dan terbanyak berada di wilayah Indonesia Timur.

Sampai dengan tahun 2014 penerapan good governance yang diproksi dengan penerapan sistem AKIP belum dapat dikatakan baik, hanya 10 (sepuluh) dari 33 (tiga puluh tiga) provinsi yang dievaluasi berkategori baik dan sangat baik. Sisanya sebanyak 23 provinsi memperoleh nilai di bawah 65.

Pengeluaran pemerintah daerah bidang pendidikan dan kesehatan mengalami kenaikan setiap tahunnya. Hal ini menunjukkan komitmen pemerintah daerah untuk mencapai pembangunan manusia yang lebih baik pada wilayahnya masing-masing. Untuk bidang pendidikan, pengeluaran per kapita terbesar dicapai oleh Provinsi DKI Jakarta dan Nanggroe Aceh Darussalam sedangkan yang terendah adalah Provinsi Jawa Tengah dan Provinsi Nusa Tenggara Barat. Pada bidang kesehatan, pengeluaran per kapita terbesar dicapai oleh Provinsi DKI Jakarta dan Kalimantan Timur sedangkan yang terendah adalah Provinsi Sumatera Utara dan Provinsi Jawa Barat.

Berdasarkan hasil penelitian, indeks pembangunan manusia dipengaruhi secara signifikan oleh variabel pengeluaran pemerintah bidang pendidikan, pengeluaran pemerintah daerah bidang kesehatan, good governance, akses terhadap air bersih, akses masyarakat terhadap sanitasi dan urbanisasi (persentase penduduk tinggal di wilayah perkotaan).

Variabel good governance memperkuat hubungan antara variabel pengeluaran pemerintah daerah bidang pendidikan dengan indeks pembangunan manusia. Namun good governance tidak memperkuat maupun memperlemah hubungan antara kesehatan dengan indeks pembangunan manusia.

An Analysis to the Potential Loss of Property Tax on Restaurant and Fishing Arena in Janti Village, Klaten Regency

Analisis Terhadap Kehilangan Potensi Penerimaan Pajak Bumi dan Bangunan pada Rumah Makan dan Pemancingan di Desa Janti, Kabupaten Klaten

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ABSTRACT

This research based on problem that Government used to apply cost approach in valuing property for property tax purpose. Cost approach is not accurate for valuing commercial property like restaurant and fishing arena in the village of Janti because this approach doesn't reflect profitability of that commercial property.

Based on that problem, this research apply income approach as alternative in valuing restaurant and fishing arena in the village of Janti as commercial property for property tax purpose. This research compare the value of property from Income Approach, Cost Approach, and Assessment Value that's used by government called "The Selling Value of Tax Object" (Nilai Jual Objek Pajak). From the comparison of that three values, this research calculate how much value for property tax that is feasible to be used. Moreover, this research calculate potential income that is lost by using of cost approach by government.

From that analysis, this research find that income approach is more accurate and feasible to be used in valuing commercial property because this approach reflect the profitability level of that property.

Keywords: valuation, assessment value, restaurant, fishing arena

ABSTRAK

Riset berjudul "Analisis terhadap Kehilangan Potensi Penerimaan Pajak Bumi dan Bangunan pada Rumah Makan dan Pemancingan di Desa Janti, Kabupaten Klaten" ini menerapkan penilaian properti dengan dua pendekatan yaitu pendekatan biaya dan pendekatan pendapatan. Pendekatan biaya diterapkan untuk mendekati penilaian pemerintah yang selama ini diterapkan. Sedangkan pendekatan pendapatan diterapkan sebagai rekomendasi untuk penilaian properti komersial.

Kemudian dilakukan perhitungan mengenai besaran Pajak Bumi dan Bangunan dengan pendekatan pendapatan yang mungkin diterapkan dengan tetap memperhatikan aspek politik dimana NJOP ditetapkan tidak benar-benar sama persis dengan hasil penilaian. Hasil dari perhitungan memperlihatkan selisih antara potensi pajak yang dihitung menggunakan pendekatan pendapatan dengan pendekatan biaya yang selama ini diterapkan pemerintah.

Analisis mendapatkan hasil bahwa pendekatan pendapatan lebih sesuai untuk diterapkan pada properti komersial seperti rumah makan dan pemancingan karena benar-benar mencerminkan manfaat ekonomis properti tersebut bagi pemilik.

Kata kunci: penilaian, Nilai Jual Objek Pajak, rumah makan, pemancingan.

Penghasilan Daerah dari Sektor Pajak Bumi dan Bangunan yang Tidak Optimal

Pajak Bumi dan Bangunan (PBB) adalah pajak atas penguasaan properti yang sejak dulu hingga sekarang menemui masalah yang sama, yaitu tidak maksimalnya pajak yang bisa didapatkan dibandingkan dengan potensi yang sebenarnya. Salah satu penyebab dari masalah ini adalah penetapan Nilai Jual Objek Pajak (NJOP) sebagai dasar pengenaan PBB yang jauh di bawah nilai pasar properti yang sebenarnya.

Permasalahan penelitian adalah penghasilan daerah dari sektor Pajak Bumi dan Bangunan yang tidak optimal pada tanah-tanah di Janti yang di atasnya dibangun rumah makan dan pemancingan sebagai akibat pendekatan biaya yang tidak tepat untuk diterapkan pemerintah sebagai dasar pengenaan PBB pada properti komersial.

Adapun tujuan dari penelitian ini adalah untuk menganalisis nilai pasar properti rumah makan dan pemancingan di kawasan Janti untuk kepentingan penetapan NJOP dengan menerapkan pendekatan kapitalisasi pendapatan (kapitalisasi langsung) dan pendekatan biaya. Selain itu, penelitian ini menganalisis hilangnya potensi pendapatan negara/daerah.

Penelitian ini diharapkan bisa mempunyai manfaat yaitu menjadi alternatif bahan pertimbangan bagi kebijakan penetapan NJOP di kawasan pemancingan Janti sehingga NJOP tidak terlalu jauh dari nilai pasar yang sebenarnya. Dengan demikian potensi pendapatan daerah Kabupaten Klaten bisa dimaksimalkan.

Kawasan Pemancingan Janti

Kawasan pemancingan Janti terdiri dari banyak rumah makan dan pemancingan tetapi hanya beberapa yang cukup representatif untuk dijadikan objek penelitian dengan mempertimbangkan ukuran dan kemampuan mendapatkan keuntungan. Analisis pada penelitian ini dilakukan dengan penilaian properti rumah makan dan pemancingan dengan 2 macam pendekatan, yaitu pendekatan biaya yang selama ini digunakan pemerintah, dan pendekatan pendapatan yang meskipun dimungkinkan Undang-Undang tetapi jarang digunakan. Hasil dari 2 pendekatan ini akan dibandingkan dengan NJOP yang selama ini dikenakan dan tertera pada SPPT PBB. Langkah selanjutnya adalah menghitung seberapa besar NJOP yang layak ditetapkan dimana pemilik properti tidak akan berkeberatan tetapi jumlahnya tidak terlampaui jauh di bawah kemampuan properti tersebut memberikan keuntungan kepada pemilik.

Penelitian ini melakukan perbandingan antara pendekatan biaya yang selama ini digunakan sebagai dasar penetapan NJOP dengan pendekatan pendapatan. Perhitungan dengan pendekatan biaya akan memberikan gambaran penilaian yang selama ini diterapkan pemerintah, sedangkan penilaian dengan pendekatan pendapatan akan memberikan gambaran potensi pajak yang berbeda dengan yang selama ini diterapkan.

Penilaian ini dilakukan dengan menghitung hasil penjumlahan antara indikasi nilai tanah dan indikasi nilai bangunan. Penilaian selanjutnya dilakukan dengan pendekatan pendapatan. Pendekatan ini dilakukan untuk mendapatkan nilai properti yang paling mencerminkan kemampuan properti tersebut memberikan keuntungan kepada pemiliknya.

Nilai Jual Objek Pajak (NJOP) Pemancingan Janti

Berdasarkan analisis yang menghasilkan 3 macam nilai tersebut, maka penjelasan secara rinci dapat diuraikan sebagai berikut. Pemancingan A dengan bangunan seluas 679 m² tercatat sebagai tanah kosong dengan NJOP total sebesar Rp19.068.000,00. Penilaian dengan pendekatan biaya mendapatkan nilai properti sebesar Rp1.886.234.000,00. Penilaian dengan pendekatan pendapatan pada Pemancingan A menghasilkan nilai sebesar Rp2.762.880.000,00.

Pemancingan B dengan bangunan seluas 597,9 m² tercatat sebagai tanah kosong dengan NJOP total sebesar Rp24.000.000,00. Penilaian dengan pendekatan biaya mendapatkan nilai properti sebesar Rp920.704.000,00. Penilaian dengan pendekatan pendapatan pada Pemancingan B menghasilkan nilai sebesar Rp1.104.000.000,00.

Pemancingan C dengan bangunan seluas 1.064,5 m² tercatat sebagai tanah kosong dengan NJOP total sebesar Rp52.920.000,00. Penilaian dengan pendekatan biaya mendapatkan nilai properti sebesar Rp2.567.133.000,00. Penilaian dengan pendekatan pendapatan menghasilkan nilai sebesar Rp2.889.600.000,00.

Pemancingan D dengan bangunan seluas 294 m² tercatat sebagai tanah kosong dengan NJOP total sebesar Rp23.000.000,00. Penilaian dengan pendekatan biaya mendapatkan nilai properti sebesar Rp611.604.000,00. Penilaian dengan pendekatan pendapatan menghasilkan nilai sebesar Rp700.800.000,00.

Pemancingan E merupakan satu-satunya pemancingan yang bangunannya tercatat untuk dipungut PBB. Dengan luas bangunan 226 m², pemancingan E tercatat pada SPPT PBB mempunyai bangunan seluas 65 m² dan luas tanah 1.575 m². NJOP bangunan sebesar Rp20.150.000,00, NJOP bumi Rp56.700.000,00, dan NJOP total sebesar Rp76.850.000,00. Penilaian dengan pendekatan biaya mendapatkan nilai properti

sebesar Rp515.656.000,00. Penilaian dengan pendekatan pendapatan menghasilkan nilai sebesar Rp537.600,000,00.

Kehilangan Potensi Pendapatan Pemerintah dari Sektor PBB

Kehilangan potensi pendapatan dari Pemancingan A sebesar Rp279.528,00. Hal ini dapat dijelaskan karena pemancingan ini masih tercatat sebagai tanah kosong. Pemancingan ini mempunyai sumber pendapatan yang sangat tinggi dibanding biaya membangunnya karena pemancingan ini memungut ongkos parkir dan biaya masuk kolam renang. Pemancingan ini juga mempunyai banyak properti yang tidak bisa dihitung sebagai "bangunan" menurut Undang-Undang Nomor 28 Tahun 2009 meski berkontribusi besar dalam mendatangkan keuntungan, antara lain berupa patung-patung mainan serta papan seluncur air.

Kehilangan potensi pendapatan dari Pemancingan B sebesar Rp104.139,00. Penilaian dengan pendekatan pendapatan pada pemancingan ini cukup tinggi dibanding nilai yang dihasilkan pendekatan biaya. Pemancingan ini juga masih dianggap tanah kosong sehingga kehilangan potensi pendapatan menjadi signifikan.

Kehilangan potensi pendapatan dari Pemancingan C sebesar Rp523.165,00. Pemancingan ini sejak bangunannya masih sederhana pada tahun 1990-an merupakan pemancingan yang pendapatannya sangat besar. Hingga belum lama ini pemancingan ini mengalami renovasi bangunan besar-besaran sehingga ketimpangan antara kenyataan dengan NJOP pada SPPT PBB terlihat sangat jauh karena masih tercatat sebagai tanah kosong.

Kehilangan potensi pendapatan dari Pemancingan D sebesar Rp69.104,00. Selisih nilai antara pendekatan biaya dan pendapatan pada pemancingan ini sedikit. Seandainya semua properti pada pemancingan ini dihitung, nilai antara pendekatan biaya dan pendapatan bisa jadi sama. Masalahnya pemancingan ini mengandalkan properti semi permanen berupa gazebo-gazebo bambu yang menurut ketentuan Undang-Undang tidak bisa dianggap sebagai bangunan yang dihitung sebagai dasar penetapan NJOP. Dengan demikian yang bisa dihitung sebagai bangunan justru rumah pribadi pemilik yang bukan merupakan sumber pendapatan.

Pemancingan E memiliki bangunan yang paling sederhana dibanding pemancingan yang dianalisis pada penelitian ini. Kehilangan potensi pendapatan pemerintah pada pemancingan ini paling kecil yaitu Rp3.270,00. Pemancingan ini justru mempunyai NJOP tertinggi dibanding pemancingan lain. Pemancingan ini merupakan satu-satunya

pemancingan yang bangunannya dihitung pada SPPT PBB. Selain itu NJOP buminya paling tinggi dibanding pemancingan lain karena lokasinya berada di jalan utama desa. Pemancingan ini merupakan pemancingan tradisional yang kondisinya masih asli seperti saat kawasan pemancingan Janti mulai berdiri. Pemancingan ini belum dilengkapi fasilitas-fasilitas baru misalnya kolam renang.

Dari uraian di atas terlihat bahwa pendekatan biaya yang diterapkan pemerintah selama ini tidak mencerminkan pendapatan yang mampu diraih pemilik pemancingan dari properti yang dimilikinya. Beberapa pemancingan mendapatkan keuntungan dari properti semi permanen yang tidak dapat dihitung untuk penetapan NJOP sehingga PBB justru hanya bisa dikenakan pada rumah pribadi pemilik yang sebenarnya bukan merupakan area publik untuk keperluan usaha. Hal ini ditambah lagi dengan pendataan yang sudah tidak sesuai dengan kenyataan di mana sebagian besar pemancingan meskipun bangunannya bernilai tinggi masih tercatat sebagai tanah kosong. Dengan demikian banyak potensi PBB yang terlewatkan.

Pasar Pemancingan Janti adalah Properti Komersial

Berdasarkan penilaian dengan pendekatan pendapatan (kapitalisasi langsung), didapatkan nilai pemancingan sebagai berikut.

- a. Pemancingan A bernilai sebesar Rp2.762.880.000,00.
- b. Pemancingan B bernilai sebesar Rp1.104.000.000,00.
- c. Pemancingan C bernilai sebesar Rp2.889.600.000,00.
- d. Pemancingan D bernilai sebesar Rp700.800.000,00.
- e. Pemancingan E bernilai sebesar Rp537.600.000,00.

Variasi nilai dengan pendekatan ini lebih mencerminkan nilai pasar pemancingan sebagai properti komersial.

Berdasarkan penilaian dengan pendekatan biaya, didapatkan variasi nilai pemancingan sebagai berikut.

- a. Pemancingan A bernilai sebesar Rp1.886.234.000,00.
- b. Pemancingan B bernilai sebesar Rp920.704.000,00.
- c. Pemancingan C bernilai sebesar Rp2.567.133.000,00.
- d. Pemancingan D bernilai sebesar Rp611.604.000,00.
- e. Pemancingan E bernilai sebesar Rp515.656.000,00.

Berdasarkan analisis atas nilai pada pendekatan biaya, pendekatan pendapatan, dan NJOP yang selama ini dikenakan maka kehilangan potensi pendapatan pemerintah

akibat penggunaan pendekatan biaya selama ini pada masing-masing pemancingan sebagai berikut.

- a. Pemancingan A sebesar Rp279.528,00.
- a. Pemancingan B sebesar Rp104.139,00.
- b. Pemancingan C sebesar Rp523.165,00.
- c. Pemancingan D sebesar Rp69.104,00.
- d. Pemancingan E sebesar Rp3.270,00.

Penilaian Pendapatan menggunakan Penetapan NJOP lebih sesuai

Penilaian dengan metode pendapatan dirasa lebih sesuai diterapkan sebagai dasar penetapan NJOP. Hal ini berdasarkan kenyataan bahwa tidak semua orang yang punya properti dengan ongkos membangun tinggi mempunyai kemampuan finansial (pendapatan) yang tinggi. Sebaliknya tidak semua orang yang mempunyai properti dengan ongkos membangun rendah mempunyai kemampuan finansial yang rendah pula.

Untuk keperluan penetapan NJOP perlu dilakukan evaluasi penilaian secara berkala. Sebagai ilustrasi, Dusun Mangun Suparnan yang tahun 1990-an merupakan *Central Business District* yang mendatangkan profit di Desa Janti ternyata sekarang sudah banyak yang bangkrut. Justru tanah-tanah sawah yang relatif jauh dari jalan raya dan Dusun Mangun Suparnan, sekarang dijadikan rumah makan dan pemancingan yang mendatangkan banyak profit.

Economic Value of Nature Tourism Park Angke Kapuk North Jakarta

Nilai Ekonomi Taman Wisata Alam Angke Kapuk Jakarta Utara

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ABSTRACT

This research aim to evaluate the economic value of Angke Kapuk natural tourism park (TWA Angke Kapuk) in North Jakarta by travel cost method and to estimate the demand for traveling and the willingness to pay. The data for this research were collected by conducting surveys on 100 sample visitors. The data were analyzed by using log-log regression model. The result of this research indicated that travel cost and income affected total individual visits and showed that visitors' average willingness to pay was Rp.276.921 per head per year. The economic value of TWA Angke Kapuk in 2014 is projected to reach Rp.2.42 billion. At present, the policy to increase entrance fees is a possible solution to finance conservation.

Keywords: Angke Kapuk natural tourism park, economic value, travel cost method.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis nilai ekonomi Taman Wisata Alam (TWA) Angke Kapuk di kota Jakarta Utara dengan menggunakan metode biaya perjalanan dan untuk memperkirakan permintaan pengunjung dan kemauan untuk membayar (*willingness to pay/WTP*). Data untuk penelitian ini dikumpulkan dengan melakukan survei pada 100 sampel pengunjung. Data dianalisis dengan menggunakan model regresi *log-log*. Hasil penelitian ini menunjukkan bahwa biaya perjalanan dan pendapatan mempengaruhi total kunjungan individu dan menunjukkan bahwa rata-rata kesediaan pengunjung untuk membayar adalah Rp.276.921 per individu per tahun. Nilai ekonomi dari TWA Angke Kapuk yang berasal dari kesediaan untuk membayar pada Tahun 2014 diproyeksikan sebesar Rp.2,42 miliar. Saat ini, kebijakan untuk menaikkan tarif masuk adalah solusi yang mungkin untuk membiayai konservasi.

Kata kunci : TWA Angke Kapuk, Nilai ekonomi, taman wisata alam, TCM.

Peranan Penilaian atau Valuasi Ekonomi terhadap Ekosistem

Berdasarkan problem dan isu lingkungan, peranan penilaian atau valuasi ekonomi terhadap ekosistem dan sumber daya yang terkandung di dalamnya adalah penting diketahui dalam kaitannya dengan upaya pelestarian lingkungan dan besarnya anggaran yang dibutuhkan dalam pengelolaan jasa lingkungan agar mencapai hasil maksimal. Problem dan isu lingkungan tidak jarang berhenti pada tingkat identifikasi, tidak masuk dalam pertimbangan pengelolaan karena sifatnya yang sulit diukur. Hal ini disebabkan pasar untuk barang/jasa lingkungan tidak ada. Akibatnya sebagai input bagi kebijakan masih relatif kurang diperhitungkan.

Disinilah perlunya peran pemerintah, khususnya pada Kementerian Kehutanan Republik Indonesia untuk mengatur kebijakan pengelolaan pelestarian kawasan TWA Angke Kapuk. Kiprah pemerintah semakin dipantau dan dituntut pertanggungjawaban kinerjanya dalam pembangunan berkelanjutan yang menitikberatkan pada keseimbangan antara pertumbuhan ekonomi dengan kualitas lingkungan. Hal ini sesuai dengan tujuan pengelolaan pariwisata alam yang tertuang dalam Peraturan Pemerintah Republik Indonesia Nomor 36 Tahun 2010 tentang Pengusahaan Pariwisata Alam di Suaka Margasatwa, Taman Nasional, Taman Hutan Raya, dan Taman Wisata Alam.

Adapun pertanyaan secara umum dalam penelitian ini adalah Faktor-faktor apa saja yang mempengaruhi jumlah kunjungan Taman Wisata Alam (TWA) Angke Kapuk. Kedua adalah bagaimana pengaruh kenaikan tarif masuk TWA Angke Kapuk terhadap jumlah kunjungan dan *Willingness To Pay*. Terakhir adalah berapa besar Nilai Ekonomi TWA Angke Kapuk dilihat dari konsep kesediaan membayar (*Willingness to Pay*) masyarakat terhadap barang dan jasa yang dihasilkan TWA Angke Kapuk.

Ruang lingkup penelitian ini adalah Kawasan Konservasi Taman Wisata Alam (TWA) Angke Kapuk seluas 99,82 hektar dengan lokasi penelitian terletak di Kecamatan Penjaringan, Kotamadya Jakarta Utara. Studi analisis nilai ekonomi TWA Angke Kapuk dibatasi dengan menggunakan *Travel Cost Method* (TCM) dengan pendekatan individual yang mengukur *Willingness to Pay* (WTP) sejumlah sampel pengunjung obyek wisata TWA Angke Kapuk.

Tujuan yang hendak dicapai dalam penelitian ini adalah untuk menganalisis faktor-faktor yang mempengaruhi jumlah kunjungan wisata kawasan TWA Angke Kapuk, pengaruh kenaikan tarif masuk ke TWA Angke Kapuk terhadap jumlah kunjungan dan *Willingness to Pay* (WTP) dan menganalisis nilai ekonomi TWA Angke Kapuk dilihat dari kemauan membayar (*Willingness to Pay*) dari pengunjung.

Dengan adanya penelitian ini, harapannya adalah penelitian ini dapat Memberi masukan bagi pengelola, para pengambil kebijakan, khususnya dalam hal ini Kementerian Kehutanan Republik Indonesia dalam menetapkan kebijakan pengelolaan dan pelestarian kawasan TWA Angke Kapuk. Selain itu juga dapat menambah ketersediaan hasil studi empiris bagi kalangan akademis dalam melakukan penilaian ekonomi kawasan sumber daya alam.

Jenis data penelitian adalah : (i) Data Kuantitatif, yaitu data yang berbentuk angka, seperti data biaya perjalanan, pendapatan individu dan jumlah kunjungan; serta (ii) Data Kualitatif, yaitu data yang digunakan untuk memperkuat analisis sehingga memudahkan dalam melakukan analisis data, seperti karakteristik pengunjung, persepsi pengunjung mengenai kualitas lokasi wisata dan fasilitas-fasilitas didalamnya.

Sumber data penelitian adalah : a) Data Primer, yang diperoleh dari hasil wawancara langsung dengan responden (pengunjung kawasan wisata TWA Angke Kapuk) yang digunakan sebagai sampel yang mewakili populasi kunjungan dengan menggunakan kuesioner; dan b) Data Sekunder, berupa informasi jumlah pengunjung per tahun dan informasi lainnya terkait pengelolaan TWA Angke Kapuk yang diperoleh dari pengelola.

Cara pengambilan data dengan menggunakan metode sampel yang mewakili populasi penelitian. Populasi dalam penelitian ini adalah pengunjung TWA Angke Kapuk. Teknik pengambilan sampel dilakukan secara *accidental sampling* yaitu pengambilan berdasarkan spontanitas. Dalam hal ini siapa saja pengunjung TWA Angke yang ditemui dan menanggung biaya perjalanan, maka orang tersebut dijadikan sampel.

Pengumpulan data dilakukan dengan teknik komunikasi, baik secara lisan (langsung) maupun tertulis dengan menggunakan kuisisioner sebagai instrumen pengumpul data terhadap responden/pengunjung yang digunakan sebagai sampel. Bentuk pertanyaan dalam kuisisioner adalah bentuk pertanyaan tertutup.

Kondisi Sosial Ekonomi Masyarakat Setempat

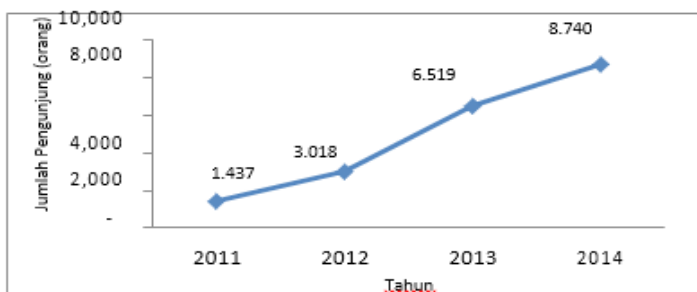
Berdasarkan hasil pengamatan, keadaan masyarakat sekitar kawasan TWA Angke Kapuk dihuni oleh pemukiman Pantai Indah Kapuk (Perumahan *real estate* mewah) dan masyarakat Kamal Muara. Tingkat perekonomian memiliki kesenjangan sosial yang sangat tinggi dengan taraf kehidupan pemukiman Pantai Indah Kapuk (PIK) menengah ke atas. Sedangkan di luar pemukiman PIK didominasi masyarakat yang bermata pencaharian sebagai nelayan.

Kawasan TWA Angke Kapuk memiliki sumber daya keanekaragaman hayati yang bervariasi. Sesuai dengan tipe ekosistem mangrove, jenis flora yang ada terdiri dari api-api, bidara dan bakau yang tentunya perlu dilindungi keberadaannya. Sedangkan jenis fauna yang mendominasi adalah pecuk ular, Kowak Maling, biawak serta aneka burung dan ikan juga perlu dilindungi sesuai dalam Undang-Undang Nomor 5 Tahun 1990 tentang Konservasi Sumber Daya Alam Hayati dan Ekosistemnya. Sumber daya alam ini masuk kategori langka karena jumlah populasinya terus menurun seiring berjalannya waktu sehingga mutlak perlu dilakukan usaha penyelamatan dari kepunahan. Dalam hal ini upaya konservasi merupakan salah satu cara untuk mencapai keseimbangan antara perlindungan, pengawetan dan pemanfaatan sumber daya alam secara lestari. Ada tiga jenis kegiatan wisata alam yang dikembangkan oleh pengelola TWA Angke Kapuk, yakni wisata air, wisata hutan dan paket penanaman dan konservasi.

Proyeksi Jumlah Pengunjung 2014

Proyeksi jumlah pengunjung TWA Angke Kapuk pada tahun 2014 perlu dilakukan karena berfungsi sebagai faktor pengganda dalam perhitungan nilai ekonomi kawasan TWA Angke Kapuk. Jumlah pengunjung dapat diproyeksi dengan menggunakan pendekatan statistik dengan trend kuadrat terkecil berdasarkan data jumlah pengunjung dari tahun 2011 sampai dengan 2013 berturut-turut sebesar 1.437, 3.018 dan 6.519 orang yang diperoleh dari Balai Konservasi Sumber Daya Alam DKI Jakarta.

Dari hasil analisis, diperoleh kecenderungan kunjungan ke TWA Angke Kapuk dimana waktu berkala tahun ke- i (X_i) berpengaruh linear terhadap jumlah pengunjung (Y_i) mengikuti persamaan $Y_i = 3.658 + 2.541 X_i$; yang menunjukkan peningkatan jumlah pengunjung sebesar 2.541 orang. Dari persamaan tersebut dapat diproyeksi jumlah pengunjung tahun 2014 sebesar 8.740 orang.



Gambar 4.9 Kurva Pendugaan Jumlah Kunjungan di TWA Angke Kapuk Tahun 2011 – 2014

Analisis Nilai Ekonomi TWA Angke Kapuk

Nilai Ekonomi TWA Angke Kapuk dianalisis setelah besarnya nilai WTP diketahui. Dengan asumsi bahwa nilai ekonomi merupakan agregasi dari WTP, maka dapat diketahui bahwa nilai ekonomi kawasan Taman Wisata Alam (TWA) Angke Kapuk berdasarkan pendekatan individual adalah hasil perkalian WTP individu rata-rata dengan total pendugaan jumlah pengunjung TWA Angke Kapuk yang mencapai sebesar 8.740 orang pada tahun 2014. Dengan demikian besarnya nilai ekonomi TWA Angke Kapuk berdasarkan fungsinya sebagai penyedia jasa wisata adalah $\text{Rp. } 276.921,- \times 8.740 = \text{Rp. } 2.420.277.071,-$. Bila dikaitkan dengan luas kawasan TWA Angke Kapuk, nilai ekonomi TWA Angke Kapuk yang digunakan sebagai penyedia jasa wisata adalah sebesar $\text{Rp. } 246.967.048,-/\text{Hektar}$ atau sebesar $\text{Rp. } 24.697,-/\text{M}^2$. Nilai ini didapat dari pembagian nilai ekonomi $\text{Rp. } 2.420.277.071,-$ dengan total luas kawasan TWA Angke Kapuk 99,82 Hektar. Seperti kita ketahui bahwa produktivitas tanah diukur dari seberapa besar manfaat yang dihasilkan untuk setiap hektarnya. Sehingga dapat dikatakan bahwa tanah TWA Angke Kapuk mampu memberikan output/manfaat sebagai penyedia jasa wisata alam sebesar $\text{Rp. } 246.967.048,-/\text{Hektar}$. Walaupun nilai ini diperoleh melalui pendekatan non pasar dan hasilnya merupakan nilai non-fisik, namun nilai ini dapat memberikan gambaran terutama bagi pihak pengelola untuk merencanakan anggaran yang cukup untuk meningkatkan pengelolaan TWA Angke Kapuk.

Secara umum nilai ekonomi hasil analisis menunjukkan nilai manfaat yang dapat diperoleh dari penggunaan lahan TWA Angke Kapuk sebagai penyedia jasa wisata alam. Nilai manfaat ini dapat menjadi parameter kualitas lingkungan kawasan TWA Angke Kapuk. Selain itu juga menunjukkan persepsi pengunjung memiliki mengenai nilai keberadaan jasa wisata TWA Angke Kapuk yang cukup tinggi. Ini sejalan dengan hasil dari analisis distribusi frekuensi persepsi mengenai nilai keberadaan, nilai manfaat serta persetujuan pengunjung, yang mayoritas memilih jawaban setuju untuk turut serta berpartisipasi mempertahankan kawasan TWA Angke Kapuk. Nilai ini juga sekaligus menunjukkan besarnya biaya yang harus ditanggung bila kawasan TWA Angke Kapuk mengalami kerusakan ekosistem dan kehilangan daya tarik wisatanya.

Nilai dari hasil analisis ini bila dibandingkan dengan studi empiris di beberapa Wisata Alam dalam negeri maupun negara berkembang di Asia (Thailand) yang memiliki karakteristik obyek hampir sama dapat dikatakan sebanding (*comparable*). Nilai yang didapat sangat mungkin diberikan sebagai harga jasa dari sebuah obyek wisata alam. Namun demikian besarnya nilai WTP tidaklah sama (bervariasi), karena ada perbedaan dalam karakteristik responden, tingkat kesejahteraan dan waktu pengukuran. Berikut Tabel perbandingan hasil estimasi nilai WTP dengan analisis tempat wisata alam lainnya.

Namun perlu diingat, bahwa nilai ekonomi dari hasil analisis ini baru mencerminkan satu nilai berdasarkan fungsinya sebagai jasa wisata (*Direct Use Value*) dan belum mencerminkan total nilai ekonomi ekosistem mangrove secara keseluruhan sebagaimana yang tertuang dalam tipologi valuasi ekonomi dari Barton (1994). Hutan mangrove selain sebagai penyedia jasa wisata, juga terkandung nilai intrinsik yang timbul dari sifat lahan sebagai fungsi ekologis yang berfungsi sebagai pencegah intrusi air laut ke daratan, penyerapan karbon, dan fungsi keberadaan lainnya yang juga perlu diperhitungkan. Bila nilai ekonomi hasil analisis ini digabungkan dengan nilai-nilai sumber daya mangrove lainnya yang ada dalam kawasan TWA Angke Kapuk (berbasis pemanfaatan langsung maupun tak langsung) maka sudah dipastikan nilainya akan bertambah.

Tabel 4.7 Perbandingan Hasil Analisis WTP pada berbagai Obyek Wisata Alam

Nama Obyek Wisata Alam	Nilai WTP Individu
TWA Angke Kapuk (hasil analisis 2014)	Rp.276.921,-
TWA Punti Kayu Palembang (2010)	Rp.200.446,-
TWA Laut Pulau Weh Sabang (2006)	Rp.126.053,-
Taman Hutan Wisata Tawangmangu (2002)	Rp.384.290,-
<i>Phu Kraueng National Park Thailand</i> (2008)	2.284,57 baht (setara Rp.817.579,-)

Sumber : Hasil berbagai Penelitian Ekonomi Sumberdaya

Pemerintah Perlu Melakukan Promosi Obyek Wisata Alam TWA Angke Kapuk

Faktor-faktor yang mempengaruhi secara nyata terhadap jumlah kunjungan Taman Wisata Alam (TWA) Angke Kapuk adalah biaya perjalanan dan pendapatan. Nilai rata-rata *Willingness to Pay* (WTP) pengunjung yang di *proxy* dari surplus konsumen sebesar Rp. 276.921,- per individu per tahun, dengan frekuensi kunjungan rata-rata tiga kali dalam setahun. Nilai tersebut merupakan nilai optimal yang mampu dibayarkan pengunjung untuk memperoleh kepuasan/*utility* berwisata ke TWA Angke Kapuk.

Berdasarkan analisis kenaikan tarif, nilai WTP akan semakin berkurang seiring dengan kenaikan tarif yang akan meningkatkan total biaya kunjungan. Kenaikan tarif Rp.20.000,- menurunkan nilai WTP menjadi Rp.201.174,-. namun tidak menurunkan jumlah kunjungan, sehingga kenaikan tersebut dinilai masih wajar sesuai ketentuan pada PP Nomor 2 Tahun 2014.

Berdasarkan nilai *willingness to pay* (WTP) individu, pengelola dapat menaikkan tarif masuk untuk menambah pembiayaan pelestarian dan konservasi TWA Angke Kapuk, asalkan tidak lebih dari Rp.60.000,-/orang. Tambahan biaya tersebut sebaiknya digunakan untuk menambah sarana penanganan dan pengelolaan sampah anorganik, kegiatan promosi/penyebaran informasi dengan mengaktifkan kembali situs 'www.jakartamangrove-resort.com' dan memperindah lokasi arah pantai.

Balai Konservasi Sumber Daya Alam DKI Jakarta agar turut serta melakukan promosi obyek wisata alam TWA Angke Kapuk, mengingat TWA Angke Kapuk merupakan destinasi wisata yang berpotensi menambah penerimaan negara (PNBP) dimana pengelolaannya merupakan tanggungjawab bersama, bukan hanya oleh pemegang Ijin Pengusahaan Pariwisata Alam (IPPA).

Mengingat PP Nomor 2 Tahun 2014 baru efektif diberlakukan pada bulan Mei tahun 2014, maka perlu penelitian lebih lanjut dalam valuasi nilai ekonomi kawasan TWA Angke Kapuk dan mengukur dampak kenaikan tarif dengan menggabungkan metode *Travel Cost* (TCM) dan *Contingent Valuation Method* (CVM) sebagai bahan perbandingan.

Regional Economic Growth and Economic Gap: Does Fiscal Decentralization Work? Cross-Provincial Analysis

Pertumbuhan Ekonomi dan Kesenjangan Ekonomi: Apakah Desentralisasi Fiskal Berpengaruh? Analisa Lintas Provinsi

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ABSTRACT

The purpose of this study is to analyze the effect of fiscal decentralization policy on regional economic indicators such as economic growth and inequality in Indonesia. Theoretically, fiscal decentralization can lead to economic growth because it creates efficiency by bringing government closer to the public (Musgrave, 1959). This study argues that besides directly affect economic growth, fiscal decentralization also indirectly affects economic growth through other economic indicators such economic inequality. There are several indicators can be used to measure fiscal decentralization as explained by IMF Government Financial Statistics (2001), this study uses one of them, which is fiscal decentralization as a total provincial revenue as a share of GDP as fiscal decentralization measurement, and for robustness test, this study uses the other indicator measurement from the IMF which is fiscal decentralization as a total provincial expenditure as a share of GDP. Furthermore, this study analyzes the effect of fiscal decentralization across 33 provinces in Indonesia from 2004 to 2013.

This study uses panel data and seemingly unrelated regression method in the analysis to accommodate the indirect effect of fiscal decentralization on economic growth through inequality. The result shows that fiscal decentralization does have a significant relationship with economic growth directly and indirectly through inequality level. The direct effect of fiscal decentralization on economic growth is negative, but the positive effect of fiscal decentralization in reducing inequality levels indirectly improves economic growth, which makes the actual total effect of fiscal decentralization on economic growth is positive.

Keywords: Fiscal Decentralization, Economic Growth, Inequality

ABSTRAK

Tujuan dari penelitian ini adalah untuk menganalisis efek dari kebijakan desentralisasi fiskal terhadap beberapa indikator ekonomi seperti pertumbuhan ekonomi dan tingkat kesenjangan ekonomi di Indonesia. Secara teori desentralisasi fiskal dapat menyebabkan pertumbuhan ekonomi karena kebijakan tersebut menciptakan suatu efisiensi dengan cara mendekatkan pemerintah kepada masyarakat (Musgrave, 1959). Penelitian ini berargumen bahwa selain memberikan efek langsung, desentralisasi fiskal juga dapat memberikan efek tidak langsung terhadap pertumbuhan ekonomi melalui indikator ekonomi lain seperti tingkat kesenjangan ekonomi. Terdapat beberapa indikator yang dapat digunakan untuk mengukur desentralisasi fiskal, seperti yang dijelaskan oleh IMF dalam dokumen "Government Financial Statistics" (2001), dan penelitian ini menggunakan salah satu indikator tersebut dalam mengukur tingkat desentralisasi fiskal yaitu tingkat desentralisasi fiskal berdasarkan total penerimaan provinsi dibagi dengan total produk domestik bruto provinsi tersebut. Dan dalam rangka melakukan test "robust" terhadap hasil pengukuran, penelitian ini juga menggunakan indikator lain dari desentralisasi fiskal dalam dokumen IMF tersebut yaitu tingkat desentralisasi fiskal berdasarkan total pengeluaran provinsi dibagi dengan total produk domestik bruto provinsi tersebut. Penelitian ini akan melakukan analisis terhadap efek dari desentralisasi fiskal di 33 provinsi di Indonesia dari tahun 2004 hingga 2013.

Penelitian ini menggunakan jenis data panel dan metode "Seemingly Unrelated Regression" (SUR) dalam proses analisis untuk mengakomodasi efek tidak langsung yang diberikan oleh desentralisasi fiskal terhadap pertumbuhan ekonomi melalui tingkat kesenjangan. Hasil estimasi menunjukkan bahwa desentralisasi fiskal terbukti memiliki efek yang cukup signifikan terhadap pertumbuhan ekonomi baik secara langsung maupun tidak langsung. Hasil estimasi menunjukkan bahwa Efek langsung dari desentralisasi fiskal terhadap pertumbuhan ekonomi adalah negatif, namun efek tidak langsung dari desentralisasi fiskal terhadap pertumbuhan ekonomi melalui penurunan tingkat kesenjangan ekonomi adalah positif, dan apabila dianalisis lebih lanjut, total efek yang diberikan oleh desentralisasi fiskal terhadap pertumbuhan ekonomi secara langsung dan tidak langsung adalah positif.

Kata Kunci: Desentralisasi Fiskal, Kesenjangan Ekonomi, Pertumbuhan Ekonomi

Relevance to Development Studies

Fiscal decentralization was first implemented in Indonesia in 2001, and after more than a decade, this policy should have given positive impact to Indonesian economy. If it does not have positive impact on the economy then Government of Indonesia should discover what went wrong with this policy. Because of that reason, this study try to analyze do the fiscal decentralization policy in Indonesia can improve their economic growth and reduce inequality level across provinces after more than years of implementation. Improving economic growth means creating more wealth for people and by reducing inequality all people can experience the effect equally. One of the purposes of Development Studies is to improve and create equal welfare for the people especially in the poor and developing countries. Because of that reason, this study is very relevance to development studies because it analyzes the impact of fiscal decentralization policy in Indonesia in improving economic growth and creating economic equality across provinces to improve their people wealth.

How Significant is The Effect of Fiscal Decentralization on Regional Economic Development

As a developing country with many regions, many problems faced by the government of Indonesia in developing their economy. Because of the widest area and low transportation infrastructure, the development process was sometimes only concentrated in big provinces like Jakarta, East Java, South Sulawesi and others, while small provinces especially in the east side of Indonesia seem to be untouched by development. Four out of six provinces in Java islands are in the top ten provinces with high inequality level. The interesting part is, provinces outside Java islands such as Gorontalo, Jambi, Central Borneo, and west Sulawesi provinces who are among the top ten provinces with high economic growth was categorized as low economic inequality provinces. This condition is parallel with the theory pointed out by Birdsall, Ross and Sabot (1995) that says low inequality condition is good for economic growth. Furthermore, if we categorized the provinces in Indonesia based on the fiscal decentralization measurement level (see table A.2), Gorontalo, Jambi, Central Borneo and West Sulawesi provinces are among the top eleven provinces with higher fiscal decentralization level. This description is a good start to prove this study hypothesis which believes fiscal decentralization can reduce inequality level and improve economic growth.

This study objective is to analyze and measure how significant is the effect of fiscal decentralization on regional economic development indicators such as the level of economic growth and inequality.

Based on the objective of the study discussed above, the questions developed for this study are, what is the effect of fiscal decentralization to economic inequality across province in Indonesia? And what is the total effect (directly and indirectly through inequality) of fiscal decentralization to regional economic growth in Indonesia?

Hypothesis developed in this study is, "Fiscal decentralization positively affects economic growth directly and indirectly through reducing inequality."

This study will analyze the effect of fiscal decentralization on regional economic development across province in Indonesia for ten years period from 2004 to 2013. This period was chosen based on the availability of the data because the latest and complete data for provincial level only available since 2004. There are 34 provinces in Indonesia, but because of the data availability and one province just formed recently (Kalimantan Utara province was formed in 2013), so the study will only analyze across 33 provinces in Indonesia. The data used in this study were taken from Indonesia Central Statistics Agency (BPS) for data such as Gross Domestic Product (GDP), population, School enrolment rate, employment level etc. and from Ministry of Finance of Republic of Indonesia for data involving Provincial Finance issue.

This study will be done with the help of Stata software. And since the data used in this study is panel data, so the analysis will be done by using Seemingly Unrelated Regression (SUREG and XTSUR) and three stages least square method (REG3). The result of those two method will be compared, then choose one that have more meaningful result for analysis.

Analysis with regional and fiscal decentralization level dummy variable

After finding the significant relationship between fiscal decentralization, inequality and economic growth, next step is to analyze the different effect given between provinces. This analysis is done to discover whether the different decentralization level can give different effect or not, also to analyze whether the effect is different in each province. This kind of analysis also useful to help central government to determine the decentralization level devoted to each province, because some province need to be decentralize more to help them grow and others still need central government intensive supervision. To do the analysis, first, to analyze the effect on each Province, 33 dummy province variables will be created and included in the estimation. Second, provinces will be categorized based on decentralization level to prove that higher decentralization level can give higher impact on economic growth. More over based on three estimation method results given before, the Seemingly Unrelated Regression

(SUR) estimation that gives the best results is the estimation using random effect model (Xtsur), so further analysis on this study will use this kind of estimation to do analysis on the effect of fiscal decentralization on regional economic development.

Unfortunately, when 33 provinces dummy variables included in the estimation, the fiscal decentralization coefficient variable in both growth and inequality equation model shows insignificant result (see table A.8 in appendix) and most of the provinces dummy variables also shows insignificant coefficient result, so this study failed to conclude the different effect level for each province. But the estimation result shows highly significant coefficient variable for the negative relationship between inequality and economic growth (significant at 1% level), this resultant support previous finding that low inequality can help improve economic growth.

Since the estimation with 33 province dummy variables shows insignificant result, this study then groups the provinces into 5 regions based on the location and characteristic of 5 major islands in Indonesia (Sumatra, Java, Kalimantan, Sulawesi and Papua islands). By doing this, hopefully the estimation result shows the different effect of fiscal decentralization in each region, which can help Indonesia Government in determining the fiscal decentralization policy level based on the region.

This study below describe that, when the province categorized into three fiscal decentralization level categories, provinces that is more decentralized have different effect than others. The estimation results show us that fiscal decentralization significantly affects inequality level and economic growth directly (significant at 1% significant level), and inequality level also have a significant effect on economic growth (significant at 1% significant level) so we can conclude that fiscal decentralization affect economic growth directly and indirectly through inequality level. The direct effect of fiscal decentralization on economic growth is -0.191, which means if fiscal decentralization decrease by 1% the economic growth will also decrease by 0.191%. Same as the previous estimation the biggest impact on economic growth is given by inequality level, where if inequality level can be reduced 1%, the economic growth can improve by 0.705%.

More The Provinces is Decentralized, the More Economic Growth Improvement They Will Experience

Fiscal decentralization policy in Indonesia based on act no. 25 Year 1999 was designed to help poor local government stimulate their economy to increase their

economic growth, so they can catch up the development of the advanced local government. Besides improving local economic growth, fiscal decentralization policy also expected to reduce the economic inequality level across province in Indonesia, and reduced inequality level can add more improvement in economic growth. The data on provincial economic growth and inequality level in Indonesia during 2004 to 2013 shows the relationship between inequality level and economic growth. Provinces which had low inequality level among all provinces like Gorontalo, Kalimantan Tengah and Sulawesi Barat are categorized as provinces with high economic growth in Indonesia.

The negative relationship between inequality and economic growth also has proven in this study, almost all estimation results shows a high negative relationship between inequality level and economic growth. Moreover, its effect on economic growth was much higher than the fiscal decentralization direct effect on economic growth. This study also has proven that fiscal decentralization effect inequality level and economic growth, and its effect on inequality create indirect effect on economic growth. Even though the direct effect of fiscal decentralization on economic growth is negative, but the highly positive indirect effect through reducing inequality level has created positive total effect. Even though the effect is relatively small, this study agrees with theory pointed out by Vazques and McNabb (2001) that concludes the direct effect fiscal decentralization on economic growth is negative, but the indirect effect through other variables reduced the negative effect. In this case, the positive effect of fiscal decentralization on economic growth by reducing inequality level is higher than the negative direct effect, so fiscal decentralization does improve economic growth. The channel used by fiscal decentralization used to improve economic growth is by reducing the inequality level across provinces through better resource distribution.

Although the total effect is positive, but the negative direct effect of fiscal decentralization on economic growth across provinces in Indonesia shows there is still room for improvement in Indonesian fiscal decentralization policy. The more efficient resource allocation (Musgrave, 1959) which supposed to be created by this policy is not yet maximized. One possible answer for this is that even though local governments have more power in spending decision, but central governments still have a major role in revenue or taxing policy. Almost all of the major tax revenue such as income tax, tax on resources, and many others were determine and collected by central government, leaving local government with the relatively low value tax revenue like property tax, vehicle tax and others. Although central government provides transfer fund to local government but the amount of the fund transferred is also determined exclusively by central government. If local government can have more power in taxing authority, maybe their economy can improve more high and rapid than before.

Since we failed to find significant relationship between fiscal decentralization and economic growth in the midterm (5 years average), therefore the conclusion of this study is only for year on year data analysis. Furthermore, besides positive relationship between fiscal decentralization and economic growth, this study also found out that the more the provinces is decentralized the more economic growth improvement they will experience. On the other hand, if we talk the effect of fiscal decentralization on economic growth regionally, fiscal decentralization impact on economic growth for provinces in Moluccas, Nusa and Papua islands is smaller than the impact for provinces in Sumatra Island, Java and Bali Island, and Borneo Island, but the impact is relatively higher than the provinces in Sulawesi Island.

**Evaluating Impact of Financial
Development
on Economic Growth in Indonesia:
Bank-Based or Market-Based?**

**Mengevaluasi Dampak Pengembangan
Keuangan
pada Pertumbuhan Ekonomi di Indonesia:
Berbasis Bank atau Berbasis Pasar?**

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ABSTRACT

This research investigates (1) whether Indonesia is a bank-based or market-based economy and (2) whether the nonlinearity effect exists in Indonesia's banking sector. Total credit offered by banks to private sector -which is a bank development indicator-is decomposed into consumer and investment credit. Meanwhile total market capitalisation and value of share traded are used as proxies for stock market development. Utilising Auto Regression Distributed Lag Model (ARDL) approach to cointegration with quarterly data covering period 2002-2014, the results suggest that in the long-run, stock market development has low explanatory power, if not negative, on growth. Furthermore, unlike investment credit that affects growth positively, the increase of consumption credit tends to hinder economic growth in the long-run. This finding supports the idea that developing countries are more likely to be bank-based economies. The finding also confirms that nonlinearity effect of bank development i.e. the impact of banking sector development on economic growth is conditional on type of credits. In terms of policy, this paper concludes that investment loan expansion should be prioritised in order to promote long-run growth in Indonesia.

Keywords: Banks; stock markets; economic growth; ARDL bound test

ABSTRAK

Penelitian ini meneliti (1) apakah Indonesia adalah ekonomi berbasis bank atau berbasis pasar dan (2) apakah efek nonlinier ada di sektor perbankan di Indonesia. Total kredit yang ditawarkan oleh bank ke sektor swasta - yang merupakan indikator pengembangan bank - didekomposisi menjadi kredit konsumsi dan investasi. Sementara itu, kapitalisasi pasar dan nilai saham diperdagangkan digunakan sebagai proksi untuk pengembangan pasar saham. Dengan menggunakan pendekatan. Untuk kointegrasi dengan data kuartalan yang mencakup periode 2002-2014, hasilnya menunjukkan bahwa dalam jangka panjang, perkembangan pasar saham memiliki daya penjas yang rendah, jika tidak negatif, terhadap pertumbuhan. Selain itu, tidak seperti kredit investasi yang mempengaruhi pertumbuhan positif, kenaikan kredit konsumsi cenderung menghambat pertumbuhan ekonomi dalam jangka panjang. Temuan ini mendukung gagasan bahwa negara-negara berkembang lebih cenderung menjadi bank berbasis ekonomi. Temuan ini juga menegaskan bahwa efek non linier dari perkembangan bank yaitu dampak pengembangan sektor perbankan terhadap pertumbuhan ekonomi bergantung pada jenis kredit. Dari sisi kebijakan, makalah ini menyimpulkan bahwa ekspansi kredit investasi harus diprioritaskan untuk mendorong pertumbuhan jangka panjang di Indonesia.

Kata kunci: Bank; pasar saham; pertumbuhan ekonomi; ARDL terikat uji

Indonesia has put a Lot of Effort in Developing its Stock Market and Banking Sector Simultaneously

This research in existing literatures are in three ways. First, since financial liberalisation in 1988, Indonesia has put a lot of effort in developing its stock market and banking sector simultaneously. Moreover, government had strived hard to safe both institutions during 1998 financial crisis. In the spirit of reviving both systems, some expansionary policies are implemented recently in order to enhance the intermediation function of the banking sector and the efficiency of capital markets. Therefore it is interesting to investigate and compare the effect of these financial developments within time series framework. Second, following Beck et al. (2012), not only using total domestic credit, the study also decompose it into investment loan and consumption loan in order to observe the nonlinearity effect of financial development. By decomposing total credit, it brings us to the third benefits of this study in terms of policy decision. Better understanding of the effect of each financial institution (bank and market) as well as the impact of type of credit (consumption loan and investment loan) on real activity will give some insights to the policy makers in formulation of expansionary policies.

This study utilises quarterly data covering period 2002-2014 for ten variables. All of the variables are in logarithm. Those variables can be categorised as economic growth, financial development, and control variables. The data are obtained from *Central Bank of Indonesia* and *Financial Services Authority*.

Two control variables that are commonly used in the literatures are also examined in this research. First, terms of trade that is calculated by taking ratio of export plus import divided by GDP (LTOT). Second, the government size variable that is the ratio of government consumption over the GDP (LGOVCONS).

The Development of Banks, Through Investment Loans, has Explanatory Power in Explaining Real Growth in Indonesia rather Than the Stock Market

Even though ARDL bound test can be applied irrespective whether the order of integration is $I(0)$ or $I(1)$, the procedure can lead to error if the variables is integrated in $I(2)$. Therefore, stationary test still need to be conducted.⁶ This study performs three types of unit root test: (i) Augmented Dicky Fuller (ADF) Test, (ii) Phillips-Perron (PP) test, and (iii) Kwiatkowski-Phillips-Schmidt-Shin (KPSS). According to the result presented in Table 5, it is clear that only LINVSCRED that is not stationary at level. Having ensured that none of variables are stationary beyond $I(1)$, the analysis is continued to ARDL

bound test. I perform bound test to observe cointegration relationship among the variables. The bound test is applied to equation (6) to (8) using equation (9). I test all the possible cointegration relations by setting all variables to be dependent variable. Table 6 reports the result of calculated F-stat for three models in the condition that each variable considered as dependent.⁷

Once the cointegration relationship is identified, I estimate equation (10) by employing ARDL methodology. Using Schwarz Bayesian Criterion (SBC), ARDL (3,0,3,2,2), ARDL (4,3,0,2,3,3), and ARDL (4,3,3,0,2,3,0) are estimated for model 1, 2, and 3 respectively. The long-run equilibrium presented in Table 7 is obtained by normalising all independent variables on growth.

The negative sign of LSTRUACT and LSTRUFSIZE indicate that as the capital market improved, the economic growth is slowdown, or in other perspective it can be concluded that bank sector development is more advantageous for growth. This finding contradicts Levine (2004). He pointed out that structure of financial does not have influence on economy. He mentioned that it is not a matter of how big financial institution compare to another but it is about intensity of financial service that can promote growth in the long-run. However, in his analysis he used cross-country regression which is vulnerable of heterogeneity among the samples set. Arestis and Demetriades (1997) mentioned that cross-section approach has further limitation since it only taking into account the average effect of a variable across countries. Moreover, he found that time series analysis more fruitful as it provides deeper insight into the relationship of financial development and economic growth rather than cross-country method.

The negative coefficient of total credit in Model 2 denotes that when the total credit offered by bank to private sector increase by 1 percent, the economic growth decline by 0.2 percent. This result supports the empirical findings from Kassimatis and Spyrou (2001) and Suci et al. (2009). Kassimatis and Spyrou (2001) believe that the negative effect of credit market on growth in Mexico and Chile is due to weak supervision, lack of regulation, and bad perform. Those reasons somehow are also sensible in the case of Indonesia. As described earlier that supervision institution for banks in Indonesia is newly established and still need to be developed. The bad experience of moral hazard and misallocation in credit can also make the effect of financial development on Indonesia's economic growth goes to the opposite direction. Meanwhile Suci et al. (2009) argued that the negative sign of private credit on growth is happened when the stock market indicators is taken into account. However, I suspect that this negative effect is due to consumer credit. As asserted by Hung (2009) that consumer credit and investment credit have the opposite impact on growth with the former affect growth negatively, hence the total effect of credit market development on growth depends on

the magnitude of that opposite effect. To test this notion, I decompose total credit into investment and consumption credit as presented in Model 3.

In Model 3, both of consumer credit and investment credit are significant and have the expected sign, with the coefficient of consumer credit, in absolute term, is almost four times of investment credit. This result supports the presumption that the negative effect of consumption loan dominates the positive effect of investment loan. In addition, this finding is consistent with the result reported by Beck et al. (2012) that the bank development effect on growth is conditional on type of credit.

Regarding stock market development, none of the indicators are significant except value of traded stock in Model 2 which exhibit negative sign. This negative sign implies that in the long-run, a 1 percent increase in value of share traded in capital market will lead to 0.03 percent fall in economic growth. In fact, this result does not support market-based view. However some empirical findings have the explanation of this phenomenon. For example, Harris (1997) reported that stock market development only has significant effect on growth in the case of high income economy. Singh (1997) added that negative effect of capital market on developing countries' growth is due to lack of transparency and immaturity including less performance as well as inefficient allocation. Furthermore, Owusu and Odhiambo (2013), and Wang and Ajit (2013) concluded that the speculative behaviours of investors makes capital market inefficient hence obstruct growth. All of these problems may valid in the context of Indonesia. As articulated by Rosul (2002), Indonesian share market still need to be improved in terms of regulation, supervision, and infrastructure in order to reduce speculative investors that only invest in short-term period.

The coefficient of trade openness that is consistent in terms of magnitude and sign, the coefficient on government consumption is constantly changed in three models. In Model 2, the coefficient of government consumption is significant though the sign is negative. This negative effect is supporting the theory of crowding-out effect. The argument is that as the government size getting larger which is reflected from its expenditure, it requires more fund either from foreign or domestic. This situation depresses the availability of fund in domestic and subsequently crowds-out private investment.

Based on the three long-run models, the study concludes that bank development, through investment loan, has explanatory power in explaining real growth in Indonesia than stock market. This finding is consistent with the results reported by Demirguc et al. (2012), Kim and Lin (2013), and Cavenaile et al., 2014. Depart from this outcome, this study recommends that policy makers need to encourage banks to offer more investment loan (supply side) as well as attract investors to utilise investment credit facilities (demand side).

While the result succeeds in informing which market is more favourable on growth, it fails in explaining the reasons why one market is more powerful than the other. This study proposes, at least two possible answers to address the later question namely quantity and quality effect. The quantity effect is the situation where most of companies choose to utilise debt financing rather than equity financing. It may be due to the characteristic of debt financing that subject to long term commitment. As the quality effect is the condition where the more productive corporate prefer using external financing from banks to issuing new shares.

Having established the long-run equilibrium, the analysis proceeds to the dynamic equation to estimate the short-run effect of each variables independent on growth. All of ECM (1) coefficients are reasonably large and significant. On top of that, they have the expected negative sign. It indicates the existence of dynamic relationship between growth movements and its determinants. ECM (-1) in Model 2 is found to be the highest among the others (-0.40). It can be interpreted as follows: if there is a disturbance in the short-run, the disequilibrium between financial development and economic growth will be adjusted back to its steady state by 0.40% every period.

The other interesting finding of the dynamic regression (Table 8) is bank and stock market indicators show different effect to the long-run. For example, in Model 2, despite the extremely small magnitude, most of stock market based indicators are found to be positive and significant. This result is in line with Springler (2006) that suggested the positive effect of stock market may only takes place for short period of time due to wealth effect. In the long run, the effect turns into negative as the savings decline. Regarding bank-based indicators, consumer credit (investment credit) has positive (negative) effect on growth which is the opposite of its effect in the long-run. This result can be clarified using standard endogenous growth framework. The argument is that high consumption today (lower current saving) will only boost current growth. However, in the long run, where growth is mainly supported by savings, maintaining high present consumption will be pulling down economic growth. Adopting this concept, the high investment today will sacrifice current growth yet it will induce high economic growth in the future.

The result indicates that at 5 % level of significance, there is no evidence of serial correlation in the three models. The three error correction regression also passes white heteroscedasticity test as well as Jacque-Bera normality test. This indicates that the three error correction models have no problem of autocorrelation, heteroscedasticity, and normality.

The stability of the models is checked by CUSUM test. As stated by Sahoo (2014), one of advantages of CUSUM test is one can perform it without set any structural breaks date.

As presented in Appendix C, it suggests that the coefficients of three dynamic models are stable as the CUSUM test statistics are within the band of 5% level of significance.

The Development of a Stock Market That Has A Low Explanatory Power, if Not Negative, of Growth

This research begins with presenting the debatable views regarding the effect of financial development on growth. Some scholars argue that economy activity can gain benefits from development of financial sector while others believe that the improvement in financial systems have nothing to do with the real growth or worse than that it can affect growth negatively. Given that contradictory views, Indonesian government recently implement several encouraging policies on both banking sector and capital market. Principally, Indonesian government strives to improve intermediation function of banks as well as augment stock market efficiency. Therefore the analysis of financial development effect on Indonesia's growth becomes important in terms of giving input for future policy.

The objective of this research is twofold. First is to see whether Indonesia is bank-based or market-based economy. Second is to check whether effect of banking sector development is nonlinear, i.e. it depends on type of measurement. To address those issues this paper employ the most recent cointegration technique named as ARDL bound test approach. Preliminary analysis is directed to investigate on financial structure, whether bank-based or market based is really matter on real growth. The first model is following Levine (2002) in terms of measuring financial structure. The result supports the view that developing countries are more bank-based economies.

To see the effect of each financial institution on growth, I estimate model 2 that separate banks and stock markets indicators. The regression showed that both bank (proxied by total credit) and capital market (proxied by value of share traded) have significant influence on growth. However, instead of promoting growth, it appears that both of them are susceptible hinder real economy.

It is possible the negative effect of capital market on economy is due to lack of transparency, immaturity including less performance, inefficient allocation, as well as speculative behaviors of investors. Those reasons are possibly relevant in the context of Indonesia where share market still need to be improved in terms of regulation, supervision, and infrastructure. In the meantime the negative effect of credit market is likely due to deficiency of supervision, bad experience of moral hazard, and misallocation credit as mentioned by Kassimatis and Spyrous (2001). However, I allege that the counter-productive effect of banking sector is attributable to high level of consumption

loan since the last model confirmed that in the long-run, the growth of investment credit appears to have a stronger influence on real output, while consumption credit expansion inclined to shrink economic activity.

One of the interesting findings of the error correction model is consumer (investment) credit exhibit positive (negative) sign which is different to their long-run effects. Basically, this result can be explained through endogenous growth framework that there is a trade-off relation between consumption and investment. Hence preserving high consumption today means less availability of fund for future investment. This circumstance is only boosting current growth but not the long-run growth. Depart from empirical findings, this study suggest some motivating policies implication. It is recommended that policy makers stimulate banks to offer more investment loan (supply side) as well as attract investors to utilise investment credit facilities (demand side) in order to promote long-run economic growth in Indonesia.

While the result succeeds in informing that banking sector improvement is more favourable on growth, it fails in explaining the reasons behind that conclusion. This study proposes, at least two possible answers to that, namely quantity and quality effect. The quantity effect is the situation where most of companies choose to utilise debt financing rather than equity financing. It might due to the characteristic of debt financing that subject to long term commitment. As the quality effect, it is the condition where the more productive corporate want to use external financing from banks rather than issuing new shares. To prove that notion, this paper recommend further research that using firm level data.

Education for Sustainable Development in West Nusa Tenggara, Indonesia

Pendidikan untuk Pembangunan Berkelanjutan di Nusa Tenggara Barat, Indonesia

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ABSTRACT

Sustainable development can be accelerated by education, as through this way the perception, behavior and attitudes will change. The concept of education for sustainable development (ESD) UNESCO introduced since 2002 the results of the World Summit on Sustainable Development in Johannesburg. Eight years later, Indonesia government eventually implemented ESD into the education strategic plan 2010-2014. Nationally, Indonesia is still experiencing problems of access, quality, outcomes and management in education. Nusa Tenggara is one of them, which also experienced the issues of poverty, population density, and climate change. Based on previous research, formal education can reduce the risks caused by these issues. The study examined the implementation of ESD in West Nusa Tenggara through the aspects of environment protection and management, critical thinking and reflection, participation and decision making, and partnerships. The result is that the central government was not serious in implementing ESD, so that local governments and educational institutions have their own perceptions on the implementation of ESD. Many government programs and school activities that do not meet all four aspects. However, the program, curriculum and activities at the school are mutually filling aspects of ESD through the theories and practices. Community leaders and elderly people do not understand the concept of ESD, but they have the local knowledge that can be used as an informal education to support ESD. Youth organizations and local NGOs are familiar with the concept of ESD and have the most activity in accordance with aspects of ESD. However, their activity is still constrained by a lack of support from the government and other bigger institutions/organisations. Also the lack of networking, skills and expertise in performing reviews their activities. Students in the two islands are still optimistic about the education system in West Nusa Tenggara. They believe the formal and informal education in West Nusa Tenggara provide an understanding of aspects of ESD.

Keywords: Education, ESD, West Nusa Tenggara

ABSTRAK

Pembangunan berkelanjutan dapat dipercepat oleh pendidikan, karena melalui cara ini persepsi, perilaku dan sikap akan berubah. Konsep pendidikan untuk pembangunan berkelanjutan (ESD) UNESCO diperkenalkan sejak 2002 hasil KTT Dunia tentang Pembangunan Berkelanjutan di Johannesburg. Delapan tahun kemudian, pemerintah Indonesia akhirnya menerapkan ESD ke dalam rencana strategis pendidikan 2010-2014. Secara nasional, Indonesia masih mengalami masalah akses, kualitas, hasil dan manajemen di bidang pendidikan. Nusa Tenggara adalah salah satunya, yang juga mengalami masalah kemiskinan, kepadatan penduduk, dan perubahan iklim. Berdasarkan penelitian sebelumnya, pendidikan formal dapat mengurangi risiko yang diakibatkan oleh permasalahan tersebut. Studi tersebut menguji implementasi ESD di Nusa Tenggara Barat melalui aspek perlindungan dan pengelolaan lingkungan, pemikiran kritis dan refleksi, partisipasi dan pengambilan keputusan, dan kemitraan. Hasilnya adalah pemerintah pusat tidak serius menerapkan ESD, sehingga pemerintah daerah dan lembaga pendidikan memiliki persepsi sendiri mengenai pelaksanaan ESD. Banyak program pemerintah dan kegiatan sekolah yang tidak memenuhi keempat aspek tersebut. Namun, program, kurikulum dan kegiatan di sekolah tersebut saling melengkapi aspek ESD melalui teori dan praktik. Tokoh masyarakat dan orang tua tidak mengerti konsep ESD, namun mereka memiliki pengetahuan lokal yang bisa dijadikan pendidikan informal untuk mendukung ESD. Organisasi pemuda dan LSM lokal terbiasa dengan konsep ESD dan memiliki aktivitas paling sesuai dengan aspek ESD. Namun, aktivitas mereka masih terkendala oleh kurangnya dukungan dari pemerintah dan lembaga / organisasi lain yang lebih besar. Juga minimnya networking, skill dan keahlian dalam melakukan review aktivitas mereka. Siswa di dua pulau tersebut masih optimis dengan sistem pendidikan di Nusa Tenggara Barat. Mereka percaya bahwa pendidikan formal dan informal di Nusa Tenggara Barat memberikan pemahaman tentang aspek ESD.

Kata kunci: Pendidikan, ESD, Nusa Tenggara Barat.

A Study is needed to look at ESD Implementation at The Community Level

With a wide range of issues experienced in West Nusa Tenggara, the challenge to achieve the Education for Sustainable Development will be more difficult. The achievement of ESD is not only the responsibility of governments and institutions of formal education. The success of ESD also needs the involvement of community elements such as leaders, institutions, and family environment for the success of ESD. For that, we need studies that look at the implementation of ESD at the community level, formal education institutions and local governments. The questions in this study are described in the following points. First, how does the understanding of ESD concepts in education institutions and community level. Second, what are the programs, curriculums and activities related to ESD in local government, educational institutions, and community level. And how does high school students perceptions relate to an education system and ESD aspects in West Nusa Tenggara?

Based on the research background discussed above, the purpose of this study are knowing the understanding of local government, educational institutions, and community level in terms of ESD in West Nusa Tenggara. Second, Knowing the programs, curriculums and activities related to ESD in local government, educational institutions, and community level in West Nusa Tenggara. And knowing the high school student's perceptions related to an education system and ESD aspects in West Nusa Tenggara.

An Important Aspect of ESD in West Nusa Tenggara.

From the results of the literature study above, it can be concluded that there are four important aspects that need to be seen in ESD in West Nusa Tenggara. These aspects are environmental protection and management, critical thinking and reflection, participation and decision making, and partnership (see figure 2). These four aspects will be studied at the level of communities, educational institutions and local governments.

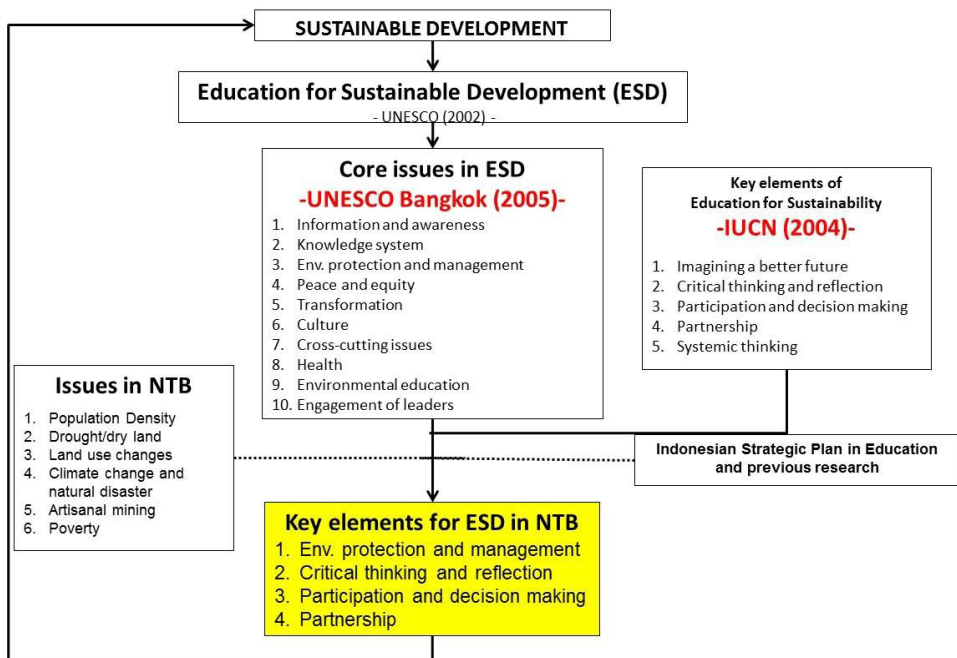


Figure Framework for Education for Sustainable Development aspects in West Nusa Tenggara

The study was conducted on the island of Lombok and Sumbawa. Two villages were sampled to see aspects of education at the community level, Rempek Village (Lombok), and Calabai village (Sumbawa). Four formal schools (high school) were selected to measure high school students' perceptions of aspects of ESD. These schools are spread across three districts / cities, North Lombok, Mataram, and Dompu, while the interviews were conducted with officials of the district government level of North Lombok.

The Understanding of ESD concept

West Nusa Tenggara provincial government is quite familiar with the concept of ESD, but does not seriously implement it. West Nusa Tenggara government does not yet have a specific policy regarding the implementation of ESD. Whereas other provinces have implemented a policy about ESD and Environmental Education, such as the province of East Java, West Java and Bali (Hamidi, et al, 2014). West Nusa Tenggara government policy about ESD is integrated with other policies in the form of management, protection and environmental education. At the level of district / city governments, ESD has not been understandable. There are many government officials who are still equated to understanding ESD with environmental education. So the policies applied still focus on environmental management and not specifically on the aspect of participation, critical

thinking and partnerships. District/ city governments in West Nusa Tenggara is also still focused on the achievement of physical targets and achievements of figures such as regional income, infrastructure development and improvement of people's welfare.

Teachers and school officials are quite familiar with the concepts and aspects of ESD. They get the socialisation provided by the Ministry of Education and Culture with the provincial government of West Nusa Tenggara. However, the socialisation provided by the government is merely formal without being equipped with the technical guidelines for the implementation of ESD in schools. This resulted in each of the teachers and officials have their own perceptions of the implementation of ESD. Besides, the technical problems in implementation, teachers and the school officials have a problem with a high workload in teaching. Many teachers teach more than one subject and some teachers at the school also served as the school officials. Moreover, teachers find it difficult to prepare teaching materials related to ESD, it creates a new burden and reluctance to implement ESD (Hamidi, et al, 2014).

Community leaders such as village leaders, the elders, leaders of village institutions and religious leaders do not recognize the term ESD. The term environmental education is more familiar than education for sustainable development. Among several leaders in the community, religious leaders showed the most concern with formal education in West Nusa Tenggara. Religious leaders provide education about aspects of ESD through coaching, monitoring and education of religious (moral). Other community leaders believe, non-formal education related to aspects of ESD can be done through the implementation of village regulations, *adat* rules, or rules parents. Thus, according to them, education responsibilities should be entrusted to the educational institution.

In contrast to community leaders in West Nusa Tenggara, several youth organisations and NGOs that exist at the local level is quite familiar with the concept of ESD, especially those who focused on education and the environment. Although the concept is not fully understood, they have activities which hit the target of ESD. In North Lombok, there is Women's Reading Club which is pioneered by Nursida Syam, female observers that successfully spread reading interest at all ages. In Calabai village, there are several youth organisations such as Gamping (Young generation of jungle explorers and mountain climber), Hamni (Religious Organization) and KOMPPAK (Turtles and coral lover's community).

Although not connected and cooperate with government and educational institutions, their activities are in line with the aspects of ESD. Organisations and NGOs, invites children and teens to be sensitive to the surrounding environment. They actively take into account the preservation of forests, wildlife, coral reefs, reading campaign,

pioneering the nature school, increasing women's role and participation in community activities.

Activities related to the ESD concepts

In reality, not all schools in West Nusa Tenggara participate in this program. Only certain schools that have the infrastructure and environmentally sound management are elected to represent the national competition. Generally, these schools are schools that have superior predicate and are located in urban areas. Schools that participate in the Adiwiyata program successfully changed the behaviour of people in schools to become more aware of the environment. They realised that a well-managed environment will create a comfortable place. They also did not hesitate to reprimand people in schools that damage the environment. However, on the other hand many school programs quit because they are no longer included in the candidate of *Adiwiyata School* and felt that there was no direct benefit to the school and students. This program is considered to be less successful in West Nusa Tenggara as the program is done solely to achieve the degree of competition and the good name of the school, not to create an awareness to act on the environment.

Officials in formal schools usually perform policies in accordance with the program of Adiwiyata plus other policies as well to address the issue in the local area. These activities include waste management, canteen of honesty, medicinal plants, or other environment-based activities. Different from government schools, boarding schools were already performing more activities integrated with nature. Boarding schools in West Nusa Tenggara have implemented an environmental management as part of faith-based education.

The high school teachers integrate aspects ESD into the curriculum of compulsory government such as Biology, Geography and Art. The teachers of geography and biology sometimes took students outside the classroom to learn the causal of natural events that occurred. Art teachers taught students to make recycled goods that have economic value as a part of this evaluation. As for extracurricular activities, scouts and student organisation (OSIS) has an important role to support ESD. Scouting teaches environmental management activities, and critical thinking of the surrounding environment, while the student council (OSIS) activities teach aspects of participation, decision-making and partnership.

Integration aspects of ESD are also performed in selected primary schools as a pioneer project by a local NGO. One is the socialisation and training on disaster to Elementary School in Rempek Village from Koslata. The neighbourhood surrounding

this school in 2010 has experienced flash floods which threatens the safety of school children. Teachers and students are given training to raise awareness of disaster. Besides the training, the teachers were also given books with pictures that are easily understood by students. Socialisation and training in disasters are also conducted through singing and playing to ease the process of delivery to the students.

The integration of ESD into the curriculum is still experiencing some problems. The teachers have high workload for teaching more than one subject, or also served as the official in the school. Another constraint is the education system (curriculum 2013) that confusing teachers and education stakeholders. The education system requires a teacher's ability to conduct an assessment with more aspects (Tempo, 2012). This has led teachers and the school officials to not focus and consider ESD as a burden and impact on the refusal to implement it.

Elements of society in West Nusa Tenggara have the knowledge, wisdom and local culture that formed long ago from their ancestors. Local knowledge is formed naturally by the experience and learning from the natural and social environment. Real form of this knowledge is *gotong royong*, written and non-written *adat* laws and the norms of manners. Moreover, West Nusa Tenggara people are known to be religious and uphold the rules of the religion. Islamic teachings also form local knowledge that is contributed to the preservation of nature and society.

In general, many NGOs in West Nusa Tenggara have a program to provide non-formal education to the community, but not focused on school-age children. Educational programs and the coaching of NGOs also adapts to local issues in the respective regions. Mountainous region raises the issue of land conversion, illegal logging, and biodiversity; coastal areas raise issues of freshwater availability, empowerment of fishing communities, and the conservation of marine ecosystems; urban and rural areas, raising the issue of pollution, water quality and transportation (Hamidi, 2014). These NGOs generally use the income approach and the improvement of health as an entry point, which achievements can have an impact on nature conservation.

On Lombok Island, there are some NGOs which have programs related to ESD, such as *Koslata*, *Gema Alam*, *Women's Reading Groups*, and *JARI*. *Koslata* have a disaster management program conducted through socialisation and education in the community and school level. Training and socialisation activities are provided by using illustrated books, songs, and simulation activities. The *Gema Alam* engaged in natural resource management that raised gender equality. *Gema Alam* Foundation seeks to increase women's participation and change women's mindset in several of natural management activities. The programs include women's community forest management, school program for women, and gender equality campaigns through the concept of 'new man'.

The women's reading group for seven years successfully expanded its activities from reading campaign to pioneering the Nature School. The school is developing the concept of learning with the principle of participation, critical thinking, liberating, exhilarating, manners development, and discipline. This school also developed some creative classes, such as aspiration class, women's class, cinema class, planting class, drawing class, and a photography class. JARI foundation has a marine education program using an 'educational boat' that functions as a place to learn about marine conservation. This boat will visit the coastal villages to campaign marine environment with the targeted school-aged children.

Organisations and NGOs in Calabai, Sumbawa Island are more local and small. They have limitations in terms of the remote location, lack of access to information, access to networks and relationships with NGOs at the regional level, national or international. These organisations are emerging as potential village in tourism and routes climbing Mount Tambora. These organisations also develop without the financial support and external guidance. Their activities are purely from the effort, cost, knowledge and skills of its members.

Among few organisations that exist, KOMPPAK and GAMPPING are organisations that actively persuade young people to care about the village environment. GAMPPING focuses on activities in mountainous areas, whereas the KOMPPAK focus for marine conservation. GAMPPING organisation has been established for 15 years in environmental advocacy, and builds awareness in teenagers to care about the environment. The organisation is built on youth concerns over illegal logging activities, the lack of tourism development and lack of employment. The organisational activities are opening an alternative climbing route, forest monitoring, mapping the location of the spring, and a guide for the tourists. These activities are quite beneficial for the youths, as in addition to increasing the sensitivity and critical thinking on nature, it can improve the economy by providing jobs in the tourism sector.

The only organisation that is officially registered as an NGO in Calabai village is KOMPPAK. The foundation was established in 2008 from the thought of youth to develop the tourism potential and also coral reefs and turtle conservation. This NGO actively encourages young people to raise awareness about the preservation of coral reefs and turtles in coastal areas of Calabai. They performed transplanting coral and sea turtles hatchery activities. They also succeeded in preventing the iron sand mining activity in the coastal Calabai in early 2014.

Student's perceptions related to ESD aspects

The study questionnaire was distributed to the three government schools and one private school with 195 student respondents spread mostly in Lombok Island (72.8 percent) than Sumbawa. The results of the analysis showed that most (67 percent) of the students in the sample schools agreed that education in West Nusa Tenggara has a good education system.

Achieving ESD in West Nusa Tenggara Will take Longer

The central government was not serious in implementing ESD. As a result, local governments have their own perceptions regarding ESD implementation. Achievement of ESD in West Nusa Tenggara will take more time due to limited knowledge of ESD and still focus on addressing local issues. Adiwiyata Program only fulfils the environmental management and participation, and does not create community awareness of the school as it uses a competition system. To improve the implementation of ESD, governments need to provide a supporting infrastructure (institutional, financial, and human resources) and assistance for educational institutions and community elements. The government also needs to explore and learn the local knowledge as informal education that can support the implementation of ESD. Teachers and school officials understand ESD through socialisation, but it is difficult to implement as there are no technical guidelines. As a result, each school also has a different perception on the implementation of ESD. The ESD aspects are integrated into the curriculum that provides knowledge and understanding (theory), such as Biology, Geography, and Art. Aspects that support participation, reflection and cooperation exist in extracurricular activities such as the scouts, student organisations and nature lovers clubs. Besides formal schools, boarding schools had already implemented ESD aspects through nature conservation, by involving students and the community. To accelerate the implementation of ESD, the schools need to do collaboration with parents, community leaders and NGOs to participate on an informal education in the community. The leadership skills of teachers and school officials also support the implementation of ESD.

Community leaders and elderly people lack knowledge of the concepts but they have local knowledge (knowledge, local wisdom and culture) that are useful to support ESD. However, they are considered less active to transfer local knowledge to the younger generations. Present younger generations are more interested in interacting with social media rather than social activities. To implement ESD in the community, community leaders and elder people should engage youth organisations and local NGOs in order to incorporate local knowledge in their activities. Officials in the community also must

involve younger generations in the government program through a process of learning by doing.

However, their activities are hampered by the lack of support from the government, educational institutions, and national/international NGOs. The lack of networking, skills and expertise in performing their activities are also an obstacle. To enhance the role of local organisations and NGOs, national/international NGOs need to take advantage of their potential, as they have a better understanding of the history, culture and the local situation. Students in the two islands are still optimistic about the education system in West Nusa Tenggara. They believe that formal and informal education in NTB will provide an understanding of aspects of ESD.

The Impact of Natural Disaster on Household Welfare: Evidence from Indonesia

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ABSTRACT

Indonesia is one of the most natural disaster-prone countries. However, there is a lack of empirical studies investigating the effect of natural disasters on household welfare. This study is expected to enrich disaster studies in Indonesia. We use a fixed effect linear regression, to calculate the effect of natural disasters on expenditures and income per capita. The results show that natural disasters cause income and expenditures to drop by 38.8%, and 33.5% respectively. Furthermore, households that experience natural disasters have a 2.68% higher probability of being poor. We divide and categorize natural disasters into four types. Volcanic eruptions show the highest adverse effect on income and expenditures as well as the status of the poor. Therefore, governments might include natural disaster factors when designing poverty alleviation programs. Increasing the resilience of the community by offering disaster drills might reduce the adverse effects of natural disasters.

ABSTRAK

Indonesia adalah salah satu negara yang rawan bencana alam. Namun, kurangnya studi empiris yang menyelidiki dampak bencana alam terhadap kesejahteraan rumah tangga. Penelitian ini diharapkan bisa memperkaya kajian bencana di Indonesia. Kami menggunakan regresi linier tetap, untuk menghitung dampak bencana alam terhadap pengeluaran dan pendapatan per kapita. Hasilnya menunjukkan bahwa bencana alam menyebabkan pendapatan dan pengeluaran turun masing-masing 38,8%, dan 33,5%. Selanjutnya, rumah tangga yang mengalami bencana alam memiliki probabilitas 2,68% lebih tinggi untuk menjadi miskin. Kami membagi dan mengkategorikan bencana alam menjadi empat jenis. Letusan gunung berapi menunjukkan dampak buruk yang paling besar pada pendapatan dan pengeluaran serta status masyarakat miskin. Oleh karena itu, pemerintah mungkin memasukkan faktor bencana alam saat merancang program pengentasan kemiskinan. Meningkatkan ketahanan masyarakat dengan menawarkan latihan bencana dapat mengurangi dampak buruk bencana alam.

Studies on the Impact of Natural Disasters on Household Welfare are Limited

Although natural disasters have become more frequent in Indonesia, the study of the impact of natural disasters on household welfare is still limited, especially studies applying a quantitative approach. A recent study that used a quantitative approach estimated the effect of earthquakes on the welfare of individuals in Indonesia (Menendez, 2014). He finds that earthquakes triggered economic losses in the short term but brought welfare gains in the long term (6-12 year). Another study also finds that the 2004 tsunami has triggered income losses for households in Aceh (Lee et al., 2014). By observing 597 victim households, they found that the income of the affected households decreased by 21% after the tsunami. However, there has not been any study to estimate the effects of natural disasters as a whole. Previous studies tend to focus only on a single type of natural disasters.

Given the current situation of the research this study tends to fill this open gap. We adopt a quantitative approach, as this paper tries to estimate the impact of natural disasters on household welfare in Indonesia. To have broader results, this study divides natural disasters into the four most frequent natural disasters; floods, earthquakes, volcanic eruptions, and storms. Furthermore, as natural disasters affect income and expenditures (Arouri et al., 2015; Bui et al., 2014), they might also increase poverty in Indonesia. Therefore, this study also aims to estimate the effect of natural disasters on the poor status of a household after encountering a natural disaster in Indonesia. The third purpose is to estimate a factor of the resilience of Indonesia to natural disasters. Households that show a lower drop in income and expenditure might have stronger or higher resilience.

Data from the Indonesian Family Life Survey Collected by RAND.

All the data in this analysis rely on the recent Indonesia Family Life Survey Wave 5 (IFLS 5) collected by RAND. The sample is representative of 83% of the Indonesian population. In wave 5, 312 communities, 16,204 households, and 50,148 individuals were interviewed in 2014 and 2015. Data on community levels include demography, educational facilities, health facilities, business, infrastructure condition, disaster management, and perception of government activities. While data on household levels include basic demographic characteristics, expenditures, income, fixed assets, housing, natural disasters, perception of government policies, health conditions, education activities and labor participation.

There are two possible approaches to establish disaster variable on IFLS survey, by using household approach and community approach. Disaster variables using the household approach define a household suffering from natural disaster if they were directly affected by any natural disaster. In contrast, disaster variables using the community approach define if households live in a community that encountered any natural disasters without distinguishing whether it directly suffered from a natural disaster or not. Given the two options, this study uses the household approach to eliminate a bias of real victims of a natural disaster. Using the community approach, the number of victims might be higher as all households live in the community are considered as a victim.

Regarding the status of the poor, as there is no direct information stating poor status, expenditure approach is applied. First, total expenditure is calculated using all type of expenditure. Second, as the total expenditure in Rupiah, it must be converted to US Dollar State using the 2014 exchange rate. Third, a household that has per capita expenditure less than US\$ 1.9 and US\$ 1.25 are classified as a poor household.

Natural Disaster in Indonesia

There are four types of natural disasters that cause more victims compared to any other. There are floods, earthquakes, volcanic eruptions, and storms. Based on IFLS 5, more than one thousand households were affected by floods, and this is the highest number of victims. It occurred mostly in Java Island where around 67.67% percent of the total victims are flood victims. In contrast, the lowest number of victims of floods is in Bali and Nusa Tenggara islands. There were only 63 cases or 5.26%. Volcanic eruption cases are the highest in Java Island with 368 cases (84.21).

Poor Households in Indonesia

Poor households are concentrated more in Jawa Island with about 57.76% being poor households in provinces in Jawa Island, including Jakarta, the capital city of Indonesia. The second highest number of poverty is Sumatera Island with 22.54% and the third is Bali and Nusa Tenggara with 9.98%.

The Effect of Natural Disaster on Expenditure and Income

Data shows the result of the effects of natural disaster on per capita expenditures and per capita income by using the OLS method. The disaster variable represents all type natural disasters in Indonesia that occurred between 2008 and 2014. Its coefficient indicates that, in general, natural disasters caused a negative shock on household

welfare, either on expenditures or income. Households that experienced any natural disasters tend to have lower expenditures and income by 44.3% and 47.1% respectively. The regression also considers some characteristic variables both for household levels and community levels (see appendix A1).

After considering the differences in the districts by using a fixed effect linear regression, each coefficient is corrected. Households affected by natural disasters had lower expenditures by 36.4% and income by 43.6%. The types of disasters have different effects on household welfare. In table 4, we split the disaster variable into the 4 most common natural disasters in Indonesia. This is possible given the data details in the IFLS survey as each household participant was asked about the type of natural disasters they encountered (see appendix A2 for detail).

Based on the regression results, the four natural disasters (floods, quakes, storms, and volcanic eruptions) involved, all showed negative and significant effects on expenditures. The effects of volcanic eruptions seemed to be worse than others. Households that experienced volcanic eruptions had lower 39.4% percent expenditures per capita than others after controlling for the district fixed effects. Moreover, households that encountered floods, storms, and quakes had lower expenditures by 37.0%, 34.6%, and 22.7%, respectively. However, based on Table 4, only floods had a negative and significant effect on income per capita.

The Effect of Natural Disaster on Poor Status

Natural disasters are statistically tested and had a negative effect on household expenditures. As expenditures drop, it is highly possible that they will fall back into poor conditions. By using the Linear Probability Model (LPM), the effects of natural disasters on the poverty status might be calculated. First, we treat the disaster as a single variable to show the general effect of any natural disaster on the poverty status, as shown in table 5. We run the analysis using two poor standards of the World Bank, which is daily expenditures per capita lower than \$1.9 and \$1.25

The results show that households that experienced any natural disaster tend to have a 4.68% higher possibility of being poor corrected to 2.68% after controlling for the district fixed effects.

Data shows that not all natural disasters increased the possibility of being poor for their victims. Floods and storms have a negative effect on the poverty status but quakes and storms do not. Victim households of volcanic eruptions have a higher possibility of being poor than victims of floods. This is related to the characteristic of volcanic eruptions.

In Indonesia, people who live in the surroundings of volcanoes have to move to other shelters for longer periods compared to other natural disasters, which directly affects the expenditures of households. An eruption also tends to destroy everything in the surrounding areas, including farms that are included as unmovable assets. In contrast, floods, especially in cities, has less negative effects on household welfare.

The Resilience Factors to Natural Disaster

Multiplying disaster variables with households and community variables allows us to have a clearer picture of the resilience factors in Indonesia as shown in Table 7. Most resilience factors were generated using household characteristic variables related to assets. When we compare disaster coefficients and their interaction coefficients we realize that households that experienced natural disasters but own-assets suffer less than households without assets. Having one more house helps victims to relocate to safer areas, so the effects of the natural disaster do not directly affect their welfare. Having any vehicle such as a car or motorcycle increases household resilience by allowing them to mobilize during the period after the disaster.

However, other community variables such as market and internet connections show no significant correlation to household resilience to natural disasters. It means that the location of a market in a district does not help a household to reduce the adverse effect of any natural disaster.

Natural Disasters Trigger A Decline In Welfare At The Household Level

Natural disasters affect household expenditures and income negatively in Indonesia. A household that experienced any natural disaster suffered expenditure and income loss of 33.5% and 38.8% respectively. The effect of a natural disaster is different depending on the type of the disaster. Volcanic eruptions have the worst effect on households as they cause expenditures to drop by 55.1%. In contrast, other disasters only have almost half of that effect. Floods, earthquakes, and storms trigger expenditure drops by 36.5%, 33.2%, and 29.5%, respectively. Furthermore, as expenditures and income drop after disasters, households tend to be more at risk of becoming poor. Natural disasters increase the possibility of a household of becoming poorer by 2.68%. Similar to the effect of expenditures the effect on the poor status differs based on the type of natural disaster. Volcanic eruptions have the highest impact on the poor status or the status of becoming poor. There are several individual and community characteristics that strengthen the household resilience to natural disasters. Having assets such as

a house and/or a vehicle helps household reduce the effect of natural disasters. Thus, households living in a community with disaster drills show less vulnerability to natural disasters and are less affected.

These empirical results lead me to suggest some recommendations to government, non-government organizations, and researchers. First, natural disasters seem to trigger considerable welfare drop at the household level, thus the government should react and take any policy to minimize the effects on households. Second, as volcanic eruptions cause a higher effect on households than other natural disasters, the government must give priority to volcano victims. Third, the government must consider natural disasters when establishing policies for poverty alleviation programs. Increasing the resilience level of households will reduce the possibility of being poor by 2.68%. Fourth, disaster drills have significant counter-effect on mitigating the natural disasters effect. Therefore, its activity must be increased especially in disaster-prone communities.

For future research, it is important to consider the magnitude of natural disasters for obtaining more precise estimations. Further, the endogeneity problem must be addressed more precisely using another approach such as IV.

Analysis of the Implications of Good Governance from the Regional Financial Accountability Perspective to Regional Tax Revenue, Capital Expenditure and Economic Performance of Regency / City Government in East Java (2010-2014)

Analisis Implikasi *Good Governance* dari Perspektif Akuntabilitas Keuangan Daerah Terhadap Penerimaan Pajak Daerah, Belanja Modal dan Kinerja Ekonomi Pemerintah Kabupaten/Kota di Jawa Timur (Tahun 2010-2014)

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ABSTRACT

In this era of decentralization, local governments gained authority in managing their budgets. The government does not necessarily just gained a huge budget but required to be more accountable and transparent in order to realize good governance. In this research to examine more deeply about the financial accountability of the region as the key for good governance on the local tax revenue (Revenue Side), capital expenditures (Expenditure Side) and economic performance of local governments both in terms of direct and relationship indirectly by the method of path analysis.

The research proves that overall of the local financial accountability indicator variables influence directly and significantly to local tax revenues, capital expenditures and economic performance. Partially, SILPA positive and significant impact directly on local tax revenue, capital expenditure and economic performance. The interesting case that the BPK Opinion and the amount saved of fraud only influential and significant impact on economic performance with the negative relationship. Then, local taxes be good mediation in indirect relationship between SILPA with capital expenditures and economic performance. Similarly, capital expenditure is only capable of being a good mediation on SILPA relationship with economic performance of local government.

Key Words: Good Governance, Local financial accountability, local tax revenue, capital expenditure, economic performance.

ABSTRAK

Di era desentralisasi ini, pemerintah daerah memperoleh wewenang dalam mengelola anggaran. Pemerintah tidak serta merta hanya memperoleh anggaran yang besar namun dituntut untuk lebih akuntabel dan transparan demi mewujudkan *good governance*. Pada penelitian ini mengkaji lebih dalam mengenai akuntabilitas keuangan daerah sebagai kunci utama keberhasilan *good governance* terhadap penerimaan pajak daerah (*Revenue Side*), belanja modal (*Expenditure Side*) dan kinerja ekonomi pemerintah daerah baik dalam hubungan secara langsung maupun hubungan secara tidak langsung dengan metode *path analysis*.

Hasil penelitian membuktikan bahwa secara keseluruhan variabel indikator akuntabilitas keuangan daerah berpengaruh secara langsung dan signifikan terhadap penerimaan pajak daerah, belanja modal dan kinerja ekonomi. Secara parsial, SILPA berpengaruh positif dan signifikan secara langsung terhadap penerimaan pajak daerah, belanja modal dan kinerja ekonomi. Hasil temuan yang menarik adalah Opini BPK dan Jumlah dana yang diselamatkan hanya berpengaruh dan signifikan terhadap kinerja ekonomi dengan arah hubungan negatif. Kemudian, pajak daerah menjadi mediasi yang baik pada hubungan tidak langsung antara SILPA dengan belanja modal dan kinerja ekonomi. Begitu pula dengan belanja modal hanya mampu menjadi mediasi yang baik pada hubungan SILPA dengan kinerja ekonomi pemerintah daerah.

Kata Kunci: *Good Governance*, Akuntabilitas Keuangan Daerah, Penerimaan Pajak Daerah, Belanja Modal, Kinerja Ekonomi.

Akuntabilitas Keuangan Daerah menjadi Prioritas

Akuntabilitas keuangan daerah menjadi prioritas pengukuran kinerja pemerintah dalam mewujudkan *good governace*. Kinerja ekonomi daerah mencerminkan kemampuan pemerintah daerah dalam menggerakkan perekonomian daerah. Akuntabilitas menjadi kunci keberhasilan *good governance* dan menjadi tolak ukur kinerja pemerintah ditinjau dari *public service*. Pada penelitian ini akan melihat pengaruh impelementasi *good governance* malalui perspektif akuntabilitas keuangan daerah terhadap penerimaan pajak daerah (*revenue side*) sebagai indikator tumbuhnya sektor swasta dengan asumsi tarif pajak tetap, dan juga terhadap sisi pengeluaran (*expenditure side*) melalui alokasi belanja modal, serta implikasinya terhadap kinerja ekonomi daerah.

Ada banyak permasalahan penelitian yang akan dibahas oleh penulis dalam penelitian ini. Pertama adalah apakah opini BPK, jumlah dana yang diselamatkan dan SILPA mempengaruhi secara langsung penerimaan pajak daerah pada Kabupaten/Kota di Jawa Timur. Kedua apakah opini BPK, jumlah dana yang diselamatkan dan SILPA mempengaruhi secara langsung alokasi belanja modal pada Kabupaten/Kota di Jawa Timur. Kemudian permasalahan ketiga adalah apakah opini BPK, jumlah dana yang diselamatkan dan SILPA mempengaruhi secara langsung kinerja ekonomi pada Kabupaten/Kota di Jawa Timur. Apakah opini BPK, jumlah dana yang diselamatkan dan SILPA mempengaruhi secara tidak langsung terhadap alokasi belanja modal melalui penerimaan pajak daerah pada Kabupaten/Kota di Jawa Timur menjadi permasalahan ke empat. Permasalahan kelima dalam penelitian ini adalah apakah opini BPK, jumlah dana yang diselamatkan dan SILPA mempengaruhi secara tidak langsung terhadap kinerja ekonomi melalui penerimaan pajak daerah pada Kabupaten/Kota di Jawa Timur. Dan yang menjadi permasalahan terakhir yang diangkat dalam penelitian ini adalah apakah opini BPK, jumlah dana yang diselamatkan dan SILPA mempengaruhi secara tidak langsung terhadap kinerja ekonomi melalui alokasi belanja modal pada Kabupaten/Kota di Jawa Timur.

Akuntabilitas daerah menjadi prioritas pengukuran kinerja pemerintah dalam mewujudkan *good governace* adalah hal utama yang diangkat dalam penelitian ini, hal ini dijelaskan dalam tujuan penelitian. Penulis mengungkapkan, bahwa tujuan penelitian ini adalah untuk menjelaskan pengaruh langsung opini BPK, jumlah dana yang diselamatkan dan SILPA terhadap penerimaan , alokasi belanja, kinerja ekonomi, alokasi belanja modal, kinerja ekonomi melalui pajak daerah pada Kabupaten/Kota di Jawa Timur.

Opini BPK diduga Berpengaruh dan Signifikan terhadap Penerimaan Pajak Daerah

Tumbuhnya sektor swasta sebagai dampak pengeluaran pemerintah akan meningkatkan faktor produksi berupa akumulasi modal dan tenaga kerja yang dibutuhkan sektor swasta meningkat. *Good governance* memacu *good corporate* dalam meningkatkan produktivitas atau profesionalisme tenaga kerja yang bersifat eksogen. Meningkatnya pendapatan daerah yang terakumulasi dalam PDRB yang meningkat pula menunjukkan terdapat tingginya aktivitas ekonomi di masyarakat dalam ruang lingkup daerah. Dalam hal ini, PDRB menjadi indikator pembangunan daerah dari sisi kinerja ekonomi.

Berdasarkan latarbelakang, tinjauan pustaka dan diperkuat dengan hubungan antar variabel, maka hipotesis dapat dirumuskan sebagai berikut:

1. Opini BPK bersama dengan jumlah dana yang diselamatkan dan SILPA diduga berpengaruh dan signifikan secara langsung terhadap penerimaan pajak daerah di Kabupaten/Kota di Jawa Timur.
2. Opini BPK bersama dengan jumlah dana yang diselamatkan dan SILPA diduga berpengaruh dan signifikan secara langsung terhadap alokasi belanja modal di Kabupaten/Kota di Jawa Timur.
3. Opini BPK bersama dengan jumlah dana yang diselamatkan dan SILPA diduga berpengaruh dan signifikan secara langsung terhadap PDRB di Kabupaten/Kota di Jawa Timur.
4. Opini BPK bersama dengan jumlah dana yang diselamatkan dan SILPA diduga berpengaruh dan signifikan secara tidak langsung terhadap alokasi belanja modal melalui penerimaan pajak daerah di Kabupaten/Kota di Jawa Timur.
5. Opini BPK bersama dengan jumlah dana yang diselamatkan dan SILPA diduga berpengaruh dan signifikan secara tidak langsung terhadap PDRB melalui penerimaan pajak daerah di Kabupaten/Kota di Jawa Timur.
6. Opini BPK bersama dengan jumlah dana yang diselamatkan dan SILPA diduga berpengaruh dan signifikan secara tidak langsung terhadap PDRB melalui alokasi belanja modal di Kabupaten/Kota di Jawa Timur.
7. Opini BPK bersama dengan jumlah dana yang diselamatkan dan SILPA diduga berpengaruh dan signifikan secara tidak langsung terhadap PDRB melalui penerimaan pajak daerah dan efisiensi ekonomi belanja modal di Kabupaten/Kota di Jawa Timur.

Pada dasarnya penelitian ini menggunakan rancangan *explanatory research*. Pendekatan penelitian ini dapat pula dikatakan menggunakan pendekatan penelitian kuantitatif. Objek penelitian ini adalah Kabupaten dan Kota di Propinsi Jawa Timur dengan jumlah 29 Kabupaten dan 9 Kota. Penelitian ini pada dasarnya meneliti dampak *good governance* dari perspektif akuntabilitas tata kelola terhadap penerimaan pajak daerah, alokasi belanja modal dan kinerja ekonomi daerah di Jawa Timur dengan mengambil sampel tahun penelitian dari tahun 2010 sampai dengan tahun 2014.

Data yang digunakan pada penelitian ini berupa data sekunder, yaitu laporan hasil pemeriksaan (LHP) Kota dan Kabupaten diperoleh dari Badan Pemeriksa Keuangan (BPK) Perwakilan Propinsi Jawa Timur, data realisasi anggaran (*audited*) pada laporan keuangan daerah (LKPD). Untuk mencapai tujuan penelitian ini maka teknik pengukuran variabel yang digunakan adalah analisis jalur (*path analysis*).

Akuntabilitas Keuangan Daerah dapat digunakan sebagai Ukuran Keberhasilan Pelayanan Publik

Pada penelitian ini membuktikan bahwa akuntabilitas keuangan daerah dapat digunakan sebagai ukuran keberhasilan pelayanan publik dari sisi pelaksanaan anggaran. Akuntabilitas keuangan yang baik dapat meningkatkan kesadaran dan kesediaan masyarakat membayar pajak. Implikasinya terhadap alokasi belanja modal yaitu akuntabilitas keuangan daerah dapat berperan dalam meningkatkan efisiensi alokatif belanja modal daerah. Kemudian, akuntabilitas keuangan daerah dapat menjadi poin unggulan bagi daerah untuk menarik investor asing dalam berinvestasi sehingga dapat menggerakkan perekonomian daerah menjadi lebih baik dan berkembang.

Hasil penelitian membuktikan beberapa teori diantaranya berkaitan dengan teori desentralisasi, *public service*, teori pengeluaran pemerintah, *tax multiplier* dan hipotesis Keynesian. *Pertama*, hasil temuan ini membuktikan bahwa selain desentralisasi fiskal, akuntabilitas keuangan daerah juga mampu berperan dalam mewujudkan terjadinya efisiensi belanja secara alokatif. *Kedua*, akuntabilitas keuangan daerah menguatkan terwujudnya pelayanan publik yang professional dengan kualitas dan kuantitas yang seharusnya sebagai kepedulian pemerintah daerah terhadap masyarakat sebagai *tax payer*. *Ketiga*, hasil penelitian ini membuktikan bahwa tidak semua jenis pajak mempunyai *tax multiplier* yang berpengaruh negatif terhadap produk domestik bruto. *Keempat*, hasil penelitian ini juga membuktikan bahwa alokasi belanja modal mampu meningkatkan PDRB yang sejalan dengan teori pengeluaran yang dikemukakan oleh Rostow dan Musgrave maupun Wagner dan sesuai dengan hipotesis Keynesian bahwasannya pengeluaran pemerintah mempunyai *multiplier effect* terhadap pendapatan ataupun *output*. *Kelima*, hasil penelitian ini juga membuktikan bahwa perolehan pajak daerah

yang besar mampu meningkatkan alokasi belanja modal sesuai teori Peacock dan Wiseman dimana pemerintah membutuhkan anggaran untuk membiayai aktivitas pemerintah tersebut.

Hasil penelitian menunjukkan bahwa opini BPK dan jumlah dana yang diselamatkan cenderung tidak signifikan berpengaruh positif terhadap penerimaan pajak daerah maupun alokasi belanja modal baik secara langsung maupun tidak langsung. Masyarakat belum mempunyai cukup informasi secara lengkap mengenai pemeriksaan keuangan daerah dalam hal ini transparansi diperlukan untuk mendorong kepercayaan publik terhadap pemerintah daerah bahwasannya pemerintah daerah sebagai pengelola keuangan daerah menjalankan perannya dengan baik. Dengan demikian pemerintah daerah perlu memperhatikan akuntabilitas keuangan daerah sedangkan BPK sebagai lembaga auditor pemerintah perlu lebih transparan dalam melaporkan hasil pemeriksaan atas LKPD. Hal tersebut diperlukan untuk menjarang persepsi positif dan meningkatkan kepercayaan publik terhadap pemerintah daerah yang akan berdampak pada peningkatan pajak daerah dan alokasi belanja modal yang merupakan bentuk timbal balik kepada masyarakat sebagai *tax payer*.

Adanya Pengaruh Langsung Dari Indikator Akuntabilitas Keuangan Daerah Terhadap Pengalokasian Belanja Modal

Secara keseluruhan terdapat pengaruh langsung dari indikator akuntabilitas keuangan daerah terhadap penerimaan pajak daerah dengan pengaruh yang cukup kuat. Hal tersebut memperkuat hipotesis sebelumnya yang dapat diartikan bahwa indikator akuntabilitas keuangan daerah mampu berperan dalam terpenuhinya pelayanan publik yang dapat membangun kepercayaan publik serta meningkatkan kesadaran dan kesediaan masyarakat dalam membayar pajak daerah. Meningkatnya SILPA secara langsung dapat meningkatkan penerimaan pajak daerah sedangkan Opini BPK beserta jumlah dana yang diselamatkan tidak mempengaruhi penerimaan pajak daerah pada Kabupaten/Kota di Jawa Timur.

Secara bersamaan terdapat pengaruh langsung dari indikator akuntabilitas keuangan daerah terhadap pengalokasian belanja modal dengan pengaruh kuat yang dapat dimaknai bahwa pengelolaan akuntabilitas keuangan daerah yang baik dalam mendukung terwujudnya *good governance* berdampak positif pada efisiensi ekonomi belanja modal. Hasil temuan ini memperkuat hipotesis sebelumnya bahwa selain pelimpahan wewenang dari pusat ke daerah yang menciptakan terjadinya *allocative efficiency*, akuntabilitas keuangan daerah juga mendukung terwujudnya efisiensi secara alokatif. Meningkatnya SILPA secara langsung dapat meningkatkan alokasi belanja

modal sedangkan Opini BPK beserta jumlah dana yang diselamatkan tidak dapat mempengaruhi pengalokasian belanja modal pada Kabupaten/Kota di Jawa Timur.

Secara keseluruhan terdapat pengaruh langsung dari indikator akuntabilitas keuangan daerah terhadap PDRB Kabupaten/Kota di Jawa Timur dengan pengaruh yang kuat. Temuan tersebut memperkuat hipotesis sebelumnya yang dapat dimaknai bahwa Pemerintah daerah yang semakin akuntabel akan menjadi daya tarik tersendiri bagi investor asing untuk menanamkan sahamnya di daerah yang berujung pada peningkatan PDRB. Selain itu, semakin baik opini BPK yang dinyatakan dengan WTP akan cenderung menurunkan perekonomian masyarakat yang disebabkan adanya kehati-hatian pengelola keuangan dalam merealisasikan kegiatan dan juga adanya unsur subjektivitas secara kualitatif atas temuan dalam menyatakan opini sehingga opini yang diberikan lebih menitikberatkan pada kewajaran administrasi laporan keuangan daerah. Kemudian jumlah dana atas temuan yang rendah menjadi parameter kinerja pemerintah yang baik akan meningkatkan kinerja ekonomi daerah. Sedangkan semakin besar nilai SILPA melalui pembiayaan daerah dapat melanjutkan kegiatan yang terhalang oleh kekurangan APBD dan mampu menggerakkan investasi daerah yang akan merespon baik pada PDRB sebagai indikator kinerja ekonomi daerah.

Pengaruh tidak langsung dari indikator akuntabilitas keuangan daerah terhadap alokasi belanja modal dengan mediasi penerimaan pajak daerah ditemukan bahwa penerimaan pajak daerah hanya dapat menjadi mediasi yang baik antara SILPA dengan alokasi belanja modal dan tidak bisa menjadi mediasi yang baik pada Opini BPK maupun jumlah dana yang diselamatkan dengan belanja modal. Perolehan pajak daerah yang disebabkan oleh meningkatnya SILPA akan cenderung meningkatkan alokasi belanja modal sebagai bentuk kepedulian pemerintah daerah dalam meningkatkan pelayanan publik kepada masyarakat sebagai *tax payer*.

Pengaruh tidak langsung dari indikator akuntabilitas keuangan daerah terhadap PDRB dengan mediasi penerimaan pajak daerah telah ditemukan bahwa penerimaan pajak daerah hanya dapat menjadi mediasi yang baik antara SILPA dengan PDRB dan tidak bisa menjadi mediasi yang baik pada Opini BPK maupun jumlah dana yang diselamatkan dengan PDRB. Temuan tersebut dapat dimaknai bahwa meningkatnya penerimaan pajak daerah yang disebabkan meningkatkan nilai SILPA dapat merespon baik pada daya saing daerah dalam meningkatkan PDRB Kabupaten/Kota di Jawa Timur.

Pengaruh tidak langsung dari indikator akuntabilitas keuangan daerah terhadap PDRB dengan mediasi belanja modal telah ditemukan bahwa belanja modal hanya dapat menjadi mediasi yang baik antara SILPA dengan PDRB dan tidak dapat menjadi mediasi yang baik pada Opini BPK maupun jumlah dana yang diselamatkan dengan PDRB. Besarnya anggaran yang dialokasikan yang disebabkan oleh meningkatnya

SILPA cenderung meningkatkan PDRB sebagai bentuk peran desentralisasi fiskal dalam meningkatkan efisiensi secara alokatif dan juga pengeluaran pemerintah yang mempunyai *multiplier effect* terhadap pendapatan ataupun output barang dan jasa.

Pengaruh tidak langsung dari indikator akuntabilitas keuangan daerah terhadap PDRB dengan mediasi pajak daerah dan belanja modal telah ditemukan bahwa pajak daerah dan belanja modal hanya dapat menjadi mediasi yang baik antara SILPA dengan PDRB dan tidak dapat menjadi mediasi yang baik antara Opini BPK maupun jumlah dana yang diselamatkan dengan PDRB. SILPA yang besar cenderung meningkatkan perolehan pajak daerah yang besar mampu meningkatkan alokasi belanja modal.

The Impact of Remittance on Labor Supply by Gender, Case Study: Honduras 2006

Dampak Pengiriman Uang dari Luar Negeri terhadap Pasokan Pekerja Menurut Gender, Studi Kasus: Honduras 2006

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ABSTRACT

This paper aims to investigate how international migration and remittance in Honduras affect labor supply of households which receive remittance. I use the World Bank's Living Standard Measurement Survey (LSMS) 2006 dataset and apply two-stage instrument variable, which is migration networks, and Heckman correction method to carefully produce unbiased correlation between remittance and labor supply outputs. This paper finds that the impact of receiving remittance varies depending on the gender of the head of household. Regarding working sector choice, female head of households receiving remittance shift away from unemployed and formal sector workers to informal sector workers. However, such phenomenon does not occur in male head of households. The second part of this research studies the impact of remittance on total working hours. After potential sample selection and endogeneity problems are solved, the model shows that remittance significantly reduces total working hours for female head of household. Again, for male head of households, remittance does not affect total hours worked.

Keywords Remittances, labor supply, working sector choice, total hours worked, multinomial logit, Heckman correction model, instrument variable

ABSTRAK

Makalah ini bertujuan untuk menyelidiki bagaimana migrasi internasional dan pengiriman uang di Honduras mempengaruhi pasokan tenaga kerja rumah tangga yang menerima pengiriman uang. Saya menggunakan dataset Survei Pengukuran Standar *Living Action Measures* (LSMS) 2006 dan menerapkan dua tahap instrumen, yaitu jaringan migrasi, dan metode koreksi Heckman untuk secara hati-hati menghasilkan korelasi yang tidak bias antara pengiriman uang dan output tenaga kerja. Makalah ini menemukan bahwa dampak menerima remittance bervariasi tergantung pada jenis kelamin kepala rumah tangga. Mengenai pilihan sektor kerja, kepala rumah tangga perempuan menerima pergeseran remitansi dari pekerja sektor menganggur dan pekerja sektor formal ke pekerja sektor informal. Namun, fenomena seperti itu tidak terjadi pada kepala keluarga laki-laki. Bagian kedua dari penelitian ini mengkaji dampak remittance terhadap total jam kerja. Setelah pemilihan sampel potensial dan masalah endogen dipecahkan, model ini menunjukkan bahwa remittance secara signifikan mengurangi total jam kerja untuk kepala keluarga perempuan. Sekali lagi, untuk kepala keluarga laki-laki, pengiriman uang tidak mempengaruhi total jam kerja.

How International Migration And Remittance In Honduras Affect Labor Supply?

The aim of this paper is to focus on the impact of remittance on labor supply. The other two possible routes of the remittance impact would be conducted by other groups in this class. Focusing on labor supply, this paper tries to specify the possible route of remittance, finds the correct labor supply variables, selects the correct control variables, solves the possible sample selection and endogeneity problems, and eventually interprets the result and understanding the limitation of the model.

Framework Model

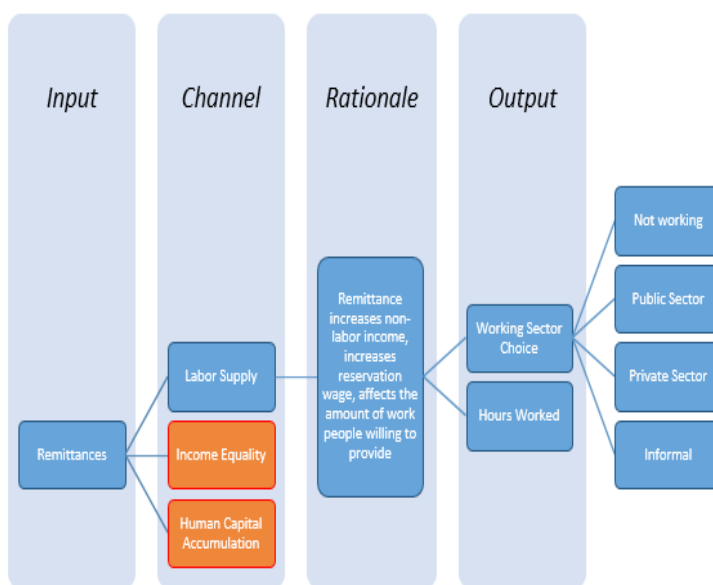


Figure 1.1. Basic Framework of the paper

This paper focuses on decision to work and total hours worked. These two main variables are the main objective variables or Left Hand Side (LHS) variable, while remittance and other control variables are the independent variables or Right Hand Side (RHS) variables.

Formal Research Question

1. Whether remittance affects people decision to work? If so, what is the elasticity?
2. Whether remittance affects total hours worked? If so, what is the elasticity?
3. Whether the result will vary across gender.

Living Standard Measurement Study (LSMS)

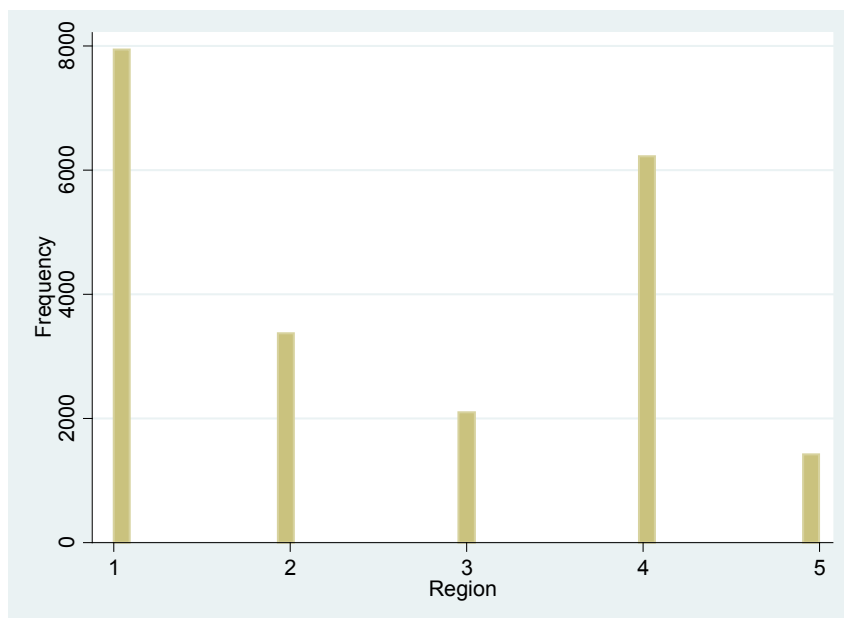


Figure 2.1. Distribution of Population based on Region Honduras

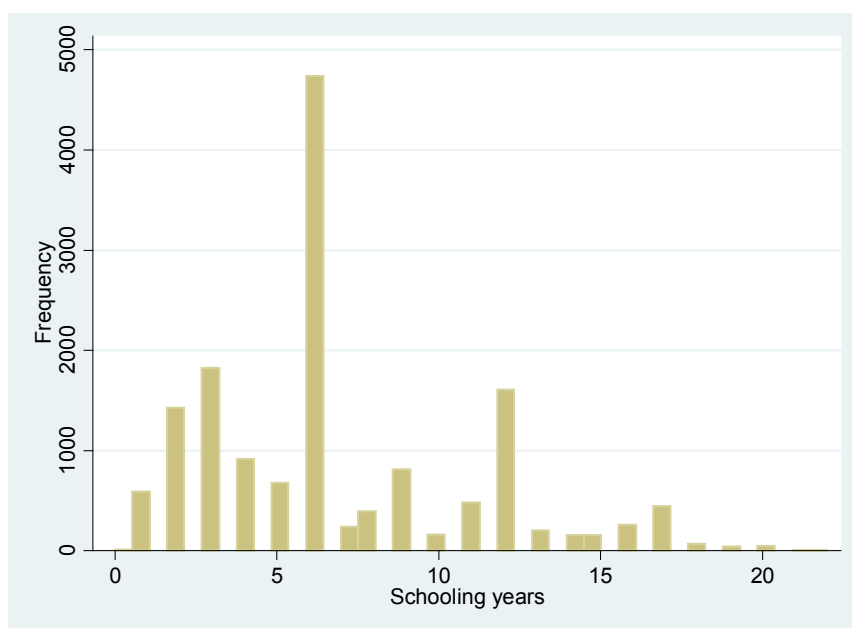


Figure 2.2. Distribution of Schooling, Honduras 2006

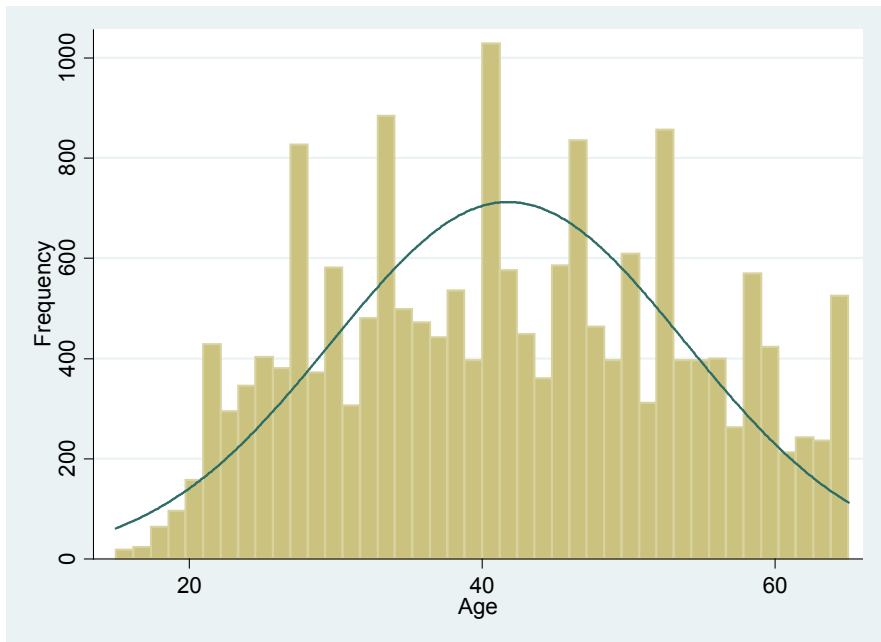


Figure 2.3. Distribution of Age, Honduras 2006

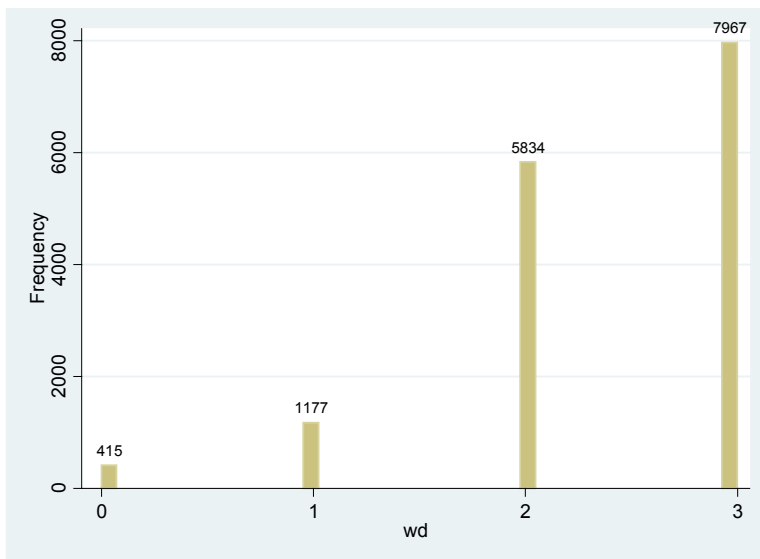


Figure 2.4. Distribution of Working Sector

(0=not working, 1=public, 2=private, 3=informal)

Table 2.5. Sectoral Distribution of Labor Force

	Male	Percent	Female	Percent
Not Working	307	2.48	108	3.59
Formal Sector				
Public	796	6.43	381	12.68
Private	5,079	41	755	25.12
Informal Sector				
Informal	6,206	50.1	1,761	58.6
Total	12,388	100	3,005	100

Source: LSMS Honduras, 2006

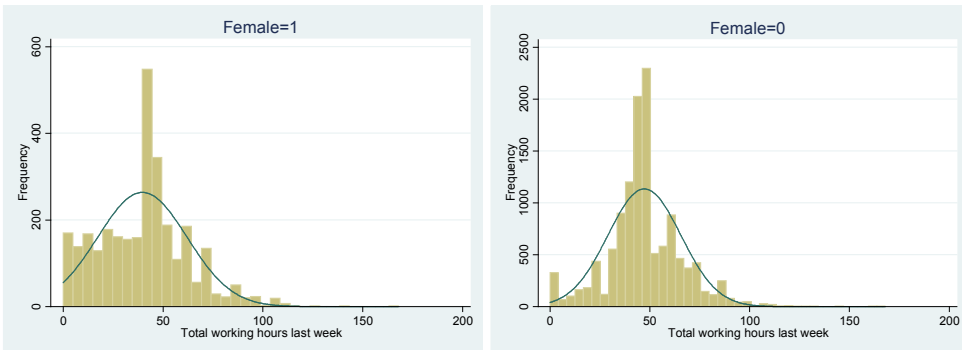


Figure 2.5. Distribution of Hours Worked by gender

Working Status Choice

The first result compares the possibility of switching between not working and informal sector. The other control variables shows significantly affects working sector decision between not working and informal such as: gender, age, log income per capita, total number of children, and worker ratio.

The second result compares the possibility of switching between public sector and informal sector. Relative remittance per capita shows significantly affects in the overall and female head test group. While remittance is not significantly affect male head test group. Every 10 percent of increase in remittance would induce 3.56% shifting from public sector to informal sector for overall sample and induce 4.43% for female head test group. These results are very strong findings against the common believe of public sector worker rigidity. Public sector workers are associated with educated, difficult to attain, and for existing worker the job is very unlikely to forgo. In this model, even though male head would not sacrifice his public sector works when he receive remittances,

female head would forgo her works and join informal sectors instead. One possible explanation of this phenomena is it could be the husband and wife role in Honduras tradition. Traditionally, wife are expected to stay at home and raise children while husband go to work to provide for the family. A wife or mother, is preferably working at home in a micro-scale self-employment thus she would be able to take care of the children rather than going to work. However, a little can be conclude from this model as the dataset did not contain any variable explaining self-employment.

The third result compares the possibility of switching between private sector and informal sector. Although remittance insignificantly affect male head working sector choice, remittance significantly affects overall and female head working sector choice. Every 10 percent of increase in remittance would induce 2.1% shifting from private sector to informal sector for general sample and induce 6.5% for female head of household. Again, remittance affects women working sector choice, but not for men. Receiving remittances, women tend to forgo her formal works, public and private, to work in informal sector. This is indeed a very strong findings because it is not just against the public sector worker rigidity but all of the evidences persistently displayed a convergence towards informal workers.

Hours Worked

In the second model, I tried to generate the impact of remittance to total hours worked by the head of household. Total hours worked is arguably the best variable to measure labor supply. Total hours is continuous variable, not binary variable as in the first model, and hence provide more robust interaction in the model. In anywhere in the world, the magnitude of remittance impact is measured by how many people works less after people receive remittances. Weekly total hours worked is a numeric variable thus provide an easy and better methodology than working sector choice. For this second model, I use Ordinary Least Squared to check the relationship between total weekly hours worked and relative remittance per capita. For control variables, I used almost the same set with the previous model with slight adjustment.

The second model contain more control variable than the first model. First, I add Age-squared to show the in linear relationship between hour worked and worker age. The standard human capital theory often use this 2 type of measurement for age, even though in the multicollinearity test, both age and age-squared highly correlate with each other. But, I tolerated the multicollinearity problem because it is more important to show the in linearity relationship between age and total working hours. The other new control variable that I used is formal sector. I define formal sector as head of household who

works in either public or private sectors. For the sake of simplification and the similarity in nature of formal sector, I combine these two sectors.

Conclusion

Using the large 2006 LSMS data, this paper tried to carefully examine the impact of remittance to labor supply in Honduras. The objective variables being tested are working sector choice and total weekly working hours in two separate models. In the first model, I applied two stage-instrument variable to solve potential endogeneity problem in the multinomial logit model. In the second model, I applied two stage-instrument variable and Heckman correction method to solve potential endogeneity, omitted variable, and sample selection problem. Networking was used as the instrument variable. Prior to the regression, a several tests were conducted, such as multicollinearity test and missing values correction, to assure that the model generated unbiased and consistent estimators.

Overall, the findings show that the impact of remittance to labor supply are likely to vary depend on the head of household gender. Remittance affects female head working sector preference. Female head of household preference significantly converges from formal sector and no working to informal sector. Even in the case for public sector workers, when receiving remittance, female head of households swift away to informal workers. For male head of households, the result is different. Remittance insignificantly affects working sector preference. For male, public sector worker rigidity theory is prevailed.

After sample selection problem were solved, remittance seems to significantly affect total hours worked for only female head of household. For every 10 point of increase in the relative remittance per capita, total weekly hours worked for female head is reduced by 19.9 hours from their mean. Again, similar with the first model, male head of household total working hours is insignificantly affected by remittances.

More detailed data on informal sector breakdown are needed to better understand the exact mechanism of female head convergence shifting. The finding in this research is robust and persistent, but also it contrasts with the common belief of public sector rigidity. Public sector rigidity theory claims that public sector workers tend not to move away to other sector. Public sector is known as high-paying job and provides good working benefits. Hence, it is unlikely that people forgo their job because it is very uneasy to get. There might be a country-specific phenomenon which explains female head of households in Honduras shift away from public workers to informal workers in the presence of remittances. Panel data would be an ideal case to carefully examine the

impact on labor supply. First difference would be the best technique to prevail the true estimator of the objective variables.

Other limitations of this paper is that the dataset that I used only contain head of household data. It does not taking into account the other family members. Hence, the result cannot be generalized into the population. This could be potentially one of the reason why Adjusted R-squared is low. While information about emigrant income, gender, and education would be great additions to better explain the situation and complete the control variables.

Despite the limitations, this study provide strong evidence to enrich the understanding about migration and remittance in Honduras. However, no policy recommendation cannot be made at this point of time. Further research accommodating the non-head of household to generate the true beta estimator for whole labor supply in Honduras, not just the head of household.

**Meritocracy Vs Power and Politics
Intervention in Higher Executive Job
Selection Process – A Case Study of
Indonesian National Civil Service Agency**

**Meritokrasi Vs Intervensi Kekuasaan and
Politik dalam Proses Pemilihan Jabatan
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ABSTRACT

Indonesia government enacted Law of State Civil Apparatus (ASN) in 2014. This Law promote meritocracy within Indonesian civil service organisation management system. Meritocracy according to Young (1958) is a system that combines intelligence, education, training, attitude and effort. In the selection process, especially for the higher executive job (jabatan pimpinan tinggi), it is important to maintain the objectivity of the process. Thus, in order to ensure meritocracy in that process, the Law obligate for every civil service organisation to employ new approach; mixture between traditional approaches such application form filling and interview with and competency based approach using computer assisted test (CAT) and assessment centres (AC). By this, selection process is expected can be to be liberated from the subjectivity of the power holders within the organisation. Nevertheless, people with power such people with high position in organisation will always find a way to fulfil their agenda; hence organisation life will always be political (Pettigrew).

National Civil Service Agency (NCSA) as a government institution who responsible for civil apparatus management in Indonesia has selected as a locus in this study. As an exploratory study the nature of this research qualitative interpretativism. This dissertation found the relationship between the implementation of merit system and power and politics. With hierarchy position as base of power, the power holders still able to interference the selection process. Through regulation the nuance of politicising is more subtle and seems in line with the merit principle.

Keywords: Meritocracy, State Civil Apparatus (ASN), computer assisted test (CAT), assessment centres (AC), power, politics, exploratory.

ABSTRAK

Pemerintah Indonesia memberlakukan Undang-Undang Ketenagakerjaan Sipil Negara (ASN) pada tahun 2014. Undang-undang ini mempromosikan meritokrasi dalam sistem manajemen organisasi kepegawaian Indonesia. Meritokrasi menurut Young (1958) adalah sistem yang menggabungkan kecerdasan, pendidikan, pelatihan, sikap dan usaha. Dalam proses seleksi, terutama untuk jabatan pimpinan tinggi, penting untuk menjaga objektivitas proses. Dengan demikian, untuk memastikan meritokrasi dalam proses itu, Undang-undang mewajibkan setiap organisasi pegawai negeri untuk menggunakan pendekatan baru; Campuran antara pendekatan tradisional berupa pengisian formulir aplikasi dan wawancara dengan dan pendekatan berbasis kompetensi dengan menggunakan computer assisted test (CAT) dan assessment center (AC). Dengan ini, proses seleksi diharapkan bisa terbebas dari subjektivitas pemegang kekuasaan dalam organisasi. Namun demikian, orang-orang dengan kekuatan orang-orang dengan posisi tinggi dalam organisasi akan selalu menemukan cara untuk memenuhi agenda mereka; maka kehidupan organisasi akan selalu bersifat politis (Pettigrew).

Badan Kepegawaian Negara (BKN) sebagai lembaga pemerintah yang bertanggung jawab atas pengelolaan aparatur sipil di Indonesia telah memilih sebagai lokus dalam penelitian ini. Sebagai studi penjelajahan sifat penafsiran kualitatif penelitian ini. Disertasi ini menemukan hubungan antara penerapan sistem merit dan kekuasaan dan politik. Dengan posisi hirarki sebagai basis kekuatan, pemegang kekuasaan masih bisa mengganggu proses seleksi. Dengan regulasi nuansa politisasi lebih halus dan nampaknya sesuai dengan prinsip merit.

Kata kunci: Meritokrasi, State Civil Apparatus (ASN), tes bantuan komputer (CAT), pusat penilaian (AC), kekuasaan, politik, eksplorasi.

Reform of the Bureaucratic Way in Staffing Organizations

After the reformation era has just initiated in 1998, the Government of Republic of Indonesia has attempted to reform the way of the bureaucracy within civil service organisations works. Such endeavour had intention to develop a clean, effective and efficient bureaucracy in order to be able to deliver excellent services to the public – which is less possible before due to the high corruption, collusion and nepotism (KKN: *korupsi, kolusi dan nepotisme*) practices within the bureaucracy¹. Subsequently, in 2014, the government enacted a new Law of State Civil Apparatus (ASN) which replaces prior management of civil servants regulation that had been active since 1974 (revised in 1999). This regulation affects many aspects within the management of public service employees, particularly on the merit based nature of the human resource management (HRM) system which ensures equity, fairness and openness virtues. Eventually these values will benefit the organisation itself.

Many scholars suppose meritocracy is essential to a modern bureaucracy and public administration. Meritocracy, as described by Michael Young (1958) in his essay 'The Rise of Meritocracy', from an etymologist perspective, means the regulation of those who deserve to; from academic lens commonly view merit as a system that combine intelligence, education, training, attitude and effort. 'Meritocratic models assume that ability can be quantified, separated from the social context, and attributed to the individual. When operating within this framework, one can define merit in different ways.' (De Sario, 2003).

However, having its own characteristics, the civil service organisations should be treated differently when it comes to define merit (Matei, 2006). Subsequently, Northcote and Trevelyan (1854), Wilson (1887), Goodnow (1900), and Weber (1946) all suggested the separation of politics and administration is a key to ensure an efficient executive branch of government. Thus, in civil service management, to eliminate the political patronage systems a merit system can be the answer. In heuristically merit or achievement, implying political neutrality and impartiality of administrators, as the primary criterion in recruitment, selection, and promotion of civil servants, has become central doctrine of modern public administration (Kaufman 1956).

¹ 'Reflected in 2010 Worldwide Governance Indicators that confirm Indonesia's poor performance on all the six dimensions of governance assessed. The country's improvement in control of corruption from 2000 to 2010 (20 to 27.3, on 0 to 100 scale, with higher values corresponding to better outcomes) is statistically insignificant, meaning that corruption levels remained pretty much the same across the years.' (Martini, M, 2012).

Selection process is one of most important and critical (Kießling & Harvey, 2005) element in any organisation's HRM. Since the main function of HRM is to achieve competition advantage by the strategic allocation of qualified personnel 'it is not possible to optimise the effectiveness of human resource by whatever method, if the quantity and quality of people is less than the organisation needs' (Roberts, G, 2005, p. 3). In addition, many countries counted on a successful recruitment and selection function for a nation's economic growth due to the scarcity of labour (Becker, 1995). Thus, promoting merit based selection process should be considered as a solution.

After many years of reformation era, Indonesian bureaucracy remains largely unchanged. Merit system in public human resource selection process still considered as a myth. Open selection for civil service jobs and merit-based promotions are still uncommon, and incompetent civil servants are rarely dismissed (Kristiansen, S. and Ramli, M, 2006). This phenomenon might be caused by the politics involvement within the civil service HRM system, which often misused to make profit from selling bureaucratic positions (Ina, 2011).

Therefore, through the ASN law the government are trying to use different approach on choosing the right person for the right job – selection process. Competency based approach were introduced as an attempt to answer this task where assessment centres (AC) is one of favoured method to use. However, in the practice, Indonesian civil service organisation often separate the decision making process with the selection itself especially for higher executive job (*jabatan pimpinan tinggi/ JPT*). Derived from State Civil Apparatus Law, the regulation of Administrative Reforms Ministry no. 13 year 2014 employs AC to deliver 3 best candidates where the final decision is made by the chief executive, which questioned to be free from politics and power holders interests involvement.

Politics, in broad meaning could be described as the process of mobilizing/ demobilizing power, when either individuals or coalition of individuals (Bailey 1970: 19 – 22; Child 1973: 192; Burell and Morgan 1979: 202 – 5) within organisations assert the available resource 'as represented in salaries, in promoting opportunities, and in control of tasks, people, information, and new areas of business' for their own agenda (Pettigrew, 2002: 45). Despite its negative aspects, which often conflated with 'politicking' (Mintzberg, 1985), politics is central to the strategy process in organisation because the decisions about what strategy to maintain or innovate will always be political (Pettigrew, 2002).

Regarding to the phenomenon discussed above, it seems difficult, if not impossible, to completely eliminate power and politics involvement over HRM in an organisation. Power holders', individual or group with higher authority, interests to some extent may still influence the selection process. Their involvement might occur at any stages

of the process at various extents. Whilst on the final personnel decision stage, their intervention may be revealed overtly by choosing a candidate that gives the most benefit to their status quo.

Inspired by power typology of Handy, this research wants to explore the involvement of power and politics on the human resource selection process. The research will focus on a specific context of civil service organisation within Indonesia. Thus this dissertation aims to explore both candidates' and the selection committee members' experience on the higher job executive selection. How they perceive merit based selection and its relationship with the power holders' underlying interest through politicisation. Moreover, this dissertation also wishes to capture their view about what are the important aspects of the selection process, thus such information could be used to promote betterment practices.

In order to meet the aim of this study, several research questions were formulated as follows;

- 1) What is the nature of power and politics that is embedded to the selection committee and the chief executive as power holder and decision maker toward the higher executive jobs selection process after the implementation of Law No. 5 year 2014 about state civil apparatus (ASN)?
- 2) What aspects are considered as the important factors for higher executive job selection process in civil service organisations?
- 3) To what extent power and politics involvement affect the effectiveness of higher executive jobs selection process?

Answering these questions will achieve the main objectives of this dissertation which are to:

- 1) To describe the nature of higher executive jobs selection process within Indonesian civil service organisations after the implementation of Law No. 5 year 2014 about state civil apparatus (ASN);
- 2) To identify the criteria of good selection practices based on merit system;
- 3) To capture participants' views towards the implementation of new regulation of higher executive jobs selection;

- 4) To identify the organisation actors' acceptance level of the new higher job executive selection regulation, and develop a comprehensive view regarding to each criteria of good selection process based on merit system;
- 5) To explain and draw conclusions about the research findings in objective 4 and propose some suggestions from the findings to improve the management of human resource selection within Indonesian civil servant.

This section depicts a summary of the research methodology employed in this dissertation although justification for this methodology is explained in Chapter Four. In this dissertation, the intention is to explore the nuance of power and politics upon the implementation of AC in higher executive job selection process within Indonesian civil service organisation. Understanding differences between humans in their role as social actors seems give rise to the use of interpretive methodology where inductive approach seems more suitable to establish different views of phenomena (Easterby-Smith et al. 2008). By using this methodology the researcher has opportunity to describe, interpret and look for an understanding as to shared meanings (Allan, 1998). Thus this research purposes is categorised as an exploratory research.

Regarding to the purpose of this dissertation, a case study is used as the research strategy. Case study arguably provides a comprehensive view of the research context and the processes being commenced (Morris and Wood 1991. Accordingly, National Civil Service Agency (NCSA) is chosen in order to represent the implementation of meritocracy system on higher executive job selection process and its relationship with power and politics issues within Indonesian civil service organisation.

In this research semi-structured interview will be used to collect the data needed where inductive approach – related initially to an exploratory purpose – seems more appropriate to this research. Thus this research 'involves the search for pattern from observation and the development of explanations – theories – for those patterns through series of hypotheses' (Bernard, 2011, p. 7). Subsequently, as the implication of this approach the data analysis process will proceed along as the data collection process which then develop a conceptual frame-work to guide the subsequent work.

The Use of CAT and AC Gets Positive Feedback from Candidates

Changes in organisation are inevitable; those changes demand the organisations to adapt promptly in order to achieve their goals. Organisation needs a well-designed management system to ensure they work aligned with the organisation strategic goals. Selecting the right person to fit the job becomes crucial, especially for higher level jobs.

Therefore, merit-based selection process is considered as an appropriate approach to the human resource management system. Mixture between traditional approach and competency based approach apparently has succeeded to ensure merit principles implemented in selection process. CAT and AC usage received positive feedback from the candidates; however, in the practice those instruments will still need improvements especially in transparency and validity aspects.

Administrative test is still needed as long as the implementation is consistent. Whilst paper writing and interview stage are still debateable, it is hard judge to its merit values. Accordingly, the final decision stage is still questionable regarding its merit value. At some point it is important to give the power holder privilege to make decisions based on their wisdom, as long as the main reason behind such decision is according to organisation purposes and not based on their own agenda. Affirmative policy still occurs frequently in some areas which are prone to conflict, especially when confronted with ethnicity and religion.

Findings that are mentioned above explain why power is an indisputable aspect of organisational life (Pettigrew, 2002). Every organisation member has to deal with power in some way or another, and will be subjected to the politics of others or will have to engage in it themselves. According to the analysis result, the hierarchy position is the basis of their power and they were using regulations to express it (Handy, 1985). Thus it is important to re-evaluate the regulations related to the selection process and stipulate the guidance for those regulations as well. Nevertheless, in NCSA the implementation of meritocracy, though still far from perfect, has prevented dominant coalitions to emerge. By distribute the authority and the involvement external parties; at least, at some extent has minimised the abuse of power potential.

Since this qualitative research has covered 6 candidates and 1 selection committee member, it would be a useful idea if quantitative research on the topic is also being undertaken. The single case study is not representative and it could be helpful if others research involve many more institution and respondents. The topic is interesting to many parties, such as organisations, governments and individuals who like to know more about the implementation of meritocracy and power politics revolve around it. Because of time and money restrictions, this dissertation could not get into that more thoroughly.

Bureaucratic Politics and Bilateral Investment Treaties in Indonesia

Politik Birokrasi dan Perjanjian Investasi Bilateral di Indonesia

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ABSTRACT

The rigorous signing of BITs deserves special attention in public policy study. This paper aims to fill the gap in the literature on the motivations of Indonesia to commit to Bilateral Investment Treaties (BITs) with reference to bureaucrats politics approach. I argue interactions among bureaucrats shape the decision of state to commit to BITs and it correspond with power relation in domestic politics. Under the desire for foreign direct investment, the Indonesian government sporadically commit to BITs with expectation to generate credible commitment that will assure profitable investment climate for foreign investors. The link between state behaviour and bureaucrats preferences in BITs phenomena is currently under research. Bureaucratic approach may unleash black box of decision-making process, in which involves contestation of power, perception and preference among individuals in bureaucracy. This research will enrich prior literatures on the motivation of state to make BITs through rational and institutional approaches.

ABSTRAK

Penandatanganan BIT yang ketat perlu mendapat perhatian khusus dalam studi kebijakan publik. Makalah ini bertujuan untuk mengisi kesenjangan dalam literatur mengenai motivasi Indonesia untuk berkomitmen pada Perjanjian Investasi Bilateral (BITs) dengan mengacu pada pendekatan politik birokratik. Saya berpendapat bahwa interaksi antara birokrat membentuk keputusan negara untuk berkomitmen pada BIT dan sesuai dengan hubungan kekuasaan dalam politik domestik. Dengan keinginan untuk investasi langsung asing, pemerintah Indonesia secara sporadis berkomitmen pada BIT dengan harapan dapat menghasilkan komitmen yang kredibel yang akan menjamin iklim investasi yang menguntungkan bagi investor asing. Hubungan antara perilaku negara dan preferensi birokrat dalam fenomena BIT saat ini sedang dalam penelitian. Pendekatan birokrasi dapat melepaskan kotak hitam proses pengambilan keputusan, di mana melibatkan kontestasi kekuasaan, persepsi dan preferensi di antara individu-individu di birokrasi. Penelitian ini akan memperkaya literatur sebelumnya mengenai motivasi negara untuk membuat BIT melalui pendekatan rasional dan institusional.

The Motivations of Indonesia to Commit to Bilateral Investment Treaties (Bits)

I chose the Indonesian bureaucratic politics framework to illustrate the bureaucrats' motivation to sign BITs. After struggling with political, ethnic and religious conflicts since post independence in 1945, Indonesia received a considerable amount of FDI from extractive sectors during 1970s and became the Asian tiger on economy in 1990s. The first Indonesian BIT was signed in 1967 and they have concluded 67 BITs up to 2011. In 1990, Indonesia also became more involved in international politics (BKPM, 2015).

Furthermore, Indonesia is one of the most active BITs signatories among the Association of Southeast Asian Nations (ASEAN) countries. Like other developing countries, Indonesia is in favour of BITs to attract FDI. However, the strategy paper of Indonesian BITs is only prepared by a small number of officials, which is uncommon in any international treaty negotiation. Therefore, conflict over law and regulations between central and local governments or among national institutions often arise and can be the cause of some serious disputes in investment arbitration (Knörich & Berger, 2014).

In this study, I have conducted the study through a semi-structured interview with the BITs negotiators to get an in-depth understanding of the ongoing complex process in coordination among bureaucrats and within the bureaucratic system. I identify the respondents through snowball sampling and replicate the process until the sample has covered related institutions involved in BITs negotiation. Interviewing elite public officials has several advantages.

Case selection: Why Indonesia?

This study examines a single-country illustration focusing on BITs of Indonesia. The reason to choose one case study is due to the basic unit of analysis of bureaucratic politics model's secrecy of bargaining between elites. To understand the dynamics of interaction, the study needs to carefully assess the sense of politics within bureaucracies. I have selected Indonesia because it is a typical host country that signs many BITs and struggles with economic development in a complex bureaucratic system. The Indonesian case represents a larger class of developing countries, for several reasons.

Development of Politics and Economy in Indonesia

1. Post-independence unto New Order regime: centralized democracy

Bulks of Indonesian BITs were signed between 1990 and 2000, not only with developed countries, but also with peer-developing countries (UNCTAD, 2015). The signings suddenly increased after economic deregulation in 1983 with the intention of replacing existing over-protection framework. Protection policies had made investment conditions unattractive, such as the high cost of doing business; increasing bureaucratic hazards; and uncertainties in investment and taxation regulations. For example, public and private sector investment projects were undertaken not so much in the absence of benefits versus costs analysis, but rather weighing on political concern concerning whether the well-connected investors would lose their money or not (Green, 2004). Moreover, compared to other emerging industries like Taiwan, Japan and South Korea, Indonesian export-oriented industries were infant, which required overseas capital and technology support (Prawiro, 1998).

2. Aftermath of the Asian Financial Crisis: Freedom of Expression and Euphoria of Democracy

After the crisis, the Indonesian investment climate worsened and was ranked as one of the worst performing in the East Asian region by a World Bank's study in 2003. Poor infrastructure and legal uncertainty caused significant decline in economic growth. To make matters worse, the euphoria of democracy and decentralisation authority escalated the issue on labour, corruption and bribes, as well as overlapping authorities between central and local governments. This whole set of problems put pressure on the efficiency cost of doing business. In short, it downgraded Indonesia's competitiveness as an attractive place for foreign investment (Green, 2004; Wie, 2006a).

To enable the country to free itself from devastation, The International Monetary Fund (IMF) assisted an economic recovery program for Indonesia through greater openness to the international economy, namely Structural Adjustment Program (SAP). They advised a more liberal outlook by lifting policy-generated barriers in trade and domestic competition and deregulation in foreign trade, foreign investment and domestic competition policies (Knörich & Berger, 2014). After all the economic turbulence, Indonesia still signed 24 BITs from 1999 to 2011 even though the average number declined. Somehow, those BITs still regulated the same provisions without any particular adjustment resulting from the change to the economic condition. Both SAP and BITs endorsed similar principles of economic openness. Yet, only 10 out of

24 BITs were in force and the rest of BITs with LDCs and other developing countries were never ratified (UNCTAD, 2015).

3. Transition of Authority in BITs Coordination

The mechanism of BIT-making process in the early 1990s may explain why the government opted to continue with making BITs not only with developed countries. The Cold War pushed the government not to lean on single or small countries as partners in economic activities. Indonesia aimed to create a new market for their exports as a 'safety net' over dependency to developed countries markets. The government, then, used BITs and trade agreements with non-traditional markets or LDCs and continued making the treaty even though the rationale to get return of investment is unknown¹⁰.

In 2005, the Ministry of State Secretariat decided to transfer the responsibility for a leading negotiation team of BITs to the Indonesian Investment Coordinating Board (BKPM). BKPM is an agency that is authorised to coordinate investment related regulations, to issue investment licences for foreign investment, and to promote economic potencies for Indonesia. The agency was formally established in 1973 after seven years being an ad-hoc investment technical team in the New Order cabinet¹¹.

After BKPM took the lead, the coordination circumstances in the internal coordination changed along with development in economic and political situations in Indonesia. The number of signings increased although the substances of BITs did not significantly change. Despite being mandated as a negotiation leader, BKPM were not authorised to make a decision over other ministries on conflicting and overlapping regulations in BITs¹². According to other negotiators, the policy stance of BKPM is mostly to comfort foreign investors¹³.

Why does Indonesia commit to BITs?

1. Domestic political rationales matter

Various assumptions about BITs goals among bureaucrats imply how negotiators do not really understand the concepts of BITs and whether it is an effective policy tool to achieve the goal³⁴. When MoFA was in charge during the New Order Regime, the function of BITs seemed more to maintain diplomatic relations and to increase cooperation with other states. However, when BKPM managed the negotiation, they Indonesian official iii. Indonesia did not really pay significant attention to investment dispute case before 2011 because they are contract-based disputes, even though the government was the respondent. Kept mandate on maintaining an investment

climate without violating sectoral regulations³⁵. As a result, both institutions pursued different internal coordination mechanisms thus resulting in a very different outcome. If the circulation of negotiators becomes larger, contestation of interest among institutions is higher. Preferences of negotiators could be conflicted, therefore, in the absence of strong and cohesive decisions among top leaders in the cabinet; each negotiator attaches their preferences to an institution's mandate.

As an example of strategy on attempting to limit the circle of actors, ISA between Indonesia and the US was created and was concluded without any difficulties during the process as it only involved a small group of people. The ISA carried with it all kinds of protections that were also applied in FDI law. There were no protests because it was concluded in the form of diplomatic exchange between the two foreign ministers (BKPM, 2015b). However, after the implementation of FDI law in 1967, student protests occurred in 1974 to arguing against the country's liberal foreign investment policies (Tadjoeddin, 2014).

From this example, ISA/BITs managed to replace protection treatments of FDI law that were applied within a particular time and binding provision. This was successful for two reasons. Firstly, given the sensitivity of the substances concerning foreign assets, it was easier for the bureaucrats to conclude a treaty by limiting players in the negotiation and devising a particular channel to conclude the negotiations. Such a situation is impossible in FDI law-making process because it involves larger political constituencies and it directly affects a wider circle of domestic and foreign economic actors.

Secondly, BITs receive less exposure than the FDI law. The exposure of sensitive issues has a number of pros and cons. In contrast, the BITs negotiation is usually carried out in private between both foreign ministers' offices. This channel secures intervention by preselecting the players in the negotiation process (Allison & Zelikow, 1999). In other words, political risks on FDI law are higher than BITs even though they result in similar provisions³⁶. This means that the bureaucrats had to have a preference of domestic politics on the issue. Therefore, the government utilized the secrecy of international treaty negotiation to provide particular treatments for foreign investors that are unlikely to be applied in national law. Clearly, BITs may substitute the function of credible commitment that the national law has failed to provide.

2. Sovereignty Cost and Legal Liability

According to argument, the government did not consider the cost of signing BITs on their freedom of policy choice and potential international arbitration. They made

BITs to provide protection as an international standard of treatment for foreign investors. As a legal form, BITs reinforces its provision into domestic law. It makes the government adhere to adopting regulated provisions rather than facing the cost of defection. Adjustment of BITs provision into domestic law can potentially cause internal disagreement and dissent on the virtues of the policy.

The majority of responses confirm the assumption that BITs were made without any consideration of cost and consequence for the future³⁷. There may be misunderstandings about the effects of BITs because negotiators share the same perception that all BITs are the same. Limited legal expertise in BITs hampers the Indonesian negotiators to fully understand the rule and legal effects of BITs. Each negotiator is assigned by their position in office without consideration of prior legal experience or education background³⁸. One respondent said:

*"negotiator is selected without requirements such as education background or working experiences. If such a requirement is applied, no one will have experience to negotiate BITs"*³⁹

In the first wave of BITs, Indonesian Minister of Foreign Affairs, Adam Malik, once emphasised that Indonesian foreign policies should not contradict any government initiatives to seek foreign aid and capital investment from Western Countries (Indonesian MoFA, 2015). His statement appears to have encouraged bureaucrats to tailor any policy tools in order to get foreign aid and foreign capital. As a result, some BITs bureaucrats express their support for his foreign policy objective. Unfortunately, the arbitration cost over the country's image has been missed.

Conclusion

This paper has tried to do two things. At a most general level, it has presented a rationale on why the Indonesian government is committed to BITs. Due to the idea that FDI will be of benefit to the country's economy, the government signs BITs rigorously without essentially understanding the costs hampering their policy space and legal costs. Since the BITs are part of foreign policy, political objectives weigh more than its economic goals. Therefore, the rule of game and authority of each negotiator determine the outcome of BITs.

It has also provided details about how the contestation of power and perceptions among bureaucrats may change the state's behaviour. On a domestic level, changes in distribution of power among domestic actors and rules of the game in BITs coordination have influenced the process of internal bargaining between bureaucrats. These two

factors determine how the Indonesian government reacts to international politics and economic transformation.

Understanding the behavior of developing countries in their effort to gain foreign investment has generated an alternative explanation to answer the confusing pattern of BITs signing in developing countries. Most believe, that the government reacts to international events and internalises the commitment in international law into domestic law. However, if the cost to change the domestic law is high, the bureaucrats will avoid risking their position and their career. This attitude, in fact, narrows down the perception about external influences having much influence in the domestic decision-making process, including in foreign investment policy.

In the end, this paper provides an important implication of investment promotion strategy and foreign policy advice for the Indonesian government, in particular other developing countries. Both internal and external factors influence bureaucrats when making effective policies. Effective communication and designing a better bureaucratic system helps public officials to overcome the problem of politics when making effective policy. If the information and standard procedure are clear, the public officials will not have any added complications to confuse their decisions.

Optimization of Culinary Garden Condongcatur

Optimalisasi Taman Kuliner Condongcatur

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ABSTRACT

The use of the property as a culinary garden Condongcatur not be able to attract visitors and is always a loss. Therefore, this study aimed to find solutions to these problems by using the highest and best use analysis, the analysis of the productivity of the property that includes the physical aspects, the location and the law in order to obtain alternative uses are possible. Then performed a market analysis which includes analysis of market demand and supply, as well as the financial feasibility analysis for each proposed use.

The data used are primary and secondary data. Primary data consist of revenues, rents and cost data of development proposed as an alternative to develop the land, obtained through interviews, while physical data such as size, shape of the tread, topography, utilities and others obtained through direct observation. Secondary data were obtained from Bappeda Sleman, Sleman District Office Market, UPTD Condongcatur culinary garden and the Central Bureau of Statistics.

From the results of this study showed that of the three alternative proposals submitted land use that is revitalizing existing buildings is the most optimal use. The proposal meets the requirements allowing physically, in accordance with the regulations (meets the legal aspects) have high levels of high market absorption and financially viable to develop.

Keywords: land, asset optimization, highest and best use.

ABSTRAK

Penggunaan properti sebagai taman kuliner Condongcatur tidak mampu menarik pengunjung dan selalu mengalami kerugian. Oleh karenanya, penelitian ini bertujuan untuk mencari solusi permasalahan tersebut dengan menggunakan analisis penggunaan tertinggi dan terbaik yaitu dengan analisis produktifitas properti yang meliputi aspek fisik, lokasi dan hukum sehingga diperoleh alternatif penggunaan yang memungkinkan. Selanjutnya dilakukan analisis pasar yaitu mencakup analisis permintaan dan penawaran pasar, serta analisis kelayakan keuangan untuk setiap usulan penggunaan.

Data yang digunakan adalah data primer dan sekunder. Data primer berupa data pendapatan, sewa dan biaya pembangunan yang diajukan sebagai alternatif penggunaan diperoleh melalui wawancara, sedangkan data fisik berupa ukuran, bentuk tapak, topografi, utilitas dan lain-lain diperoleh melalui pengamatan langsung. Data sekunder diperoleh dari Bappeda Kabupaten Sleman, Dinas Pasar Kabupaten Sleman, UPTD taman kuliner Condongcatur dan Badan Pusat Statistik.

Dari hasil penelitian ini diperoleh hasil bahwa dari ketiga alternatif usulan pemanfaatan tanah yang diajukan yaitu merevitalisasi bangunan yang ada merupakan penggunaan yang paling optimal. Usulan tersebut memenuhi persyaratan memungkinkan secara fisik, sesuai dengan peraturan (memenuhi aspek hukum) memiliki tingkat daya serap pasar yang tinggi dan layak secara keuangan untuk dikembangkan.

Kata Kunci: tanah, tanah terbangun, optimalisasi aset, penggunaan tertinggi dan terbaik.

Optimalisasi Aset melalui Analisis Penggunaan Tertinggi dan Terbaik

Penelitian ini melakukan perhitungan optimalisasi aset melalui analisis penggunaan tertinggi dan terbaik atas lahan terbangun Taman Kuliner Condongcatur untuk mengetahui kesesuaian lokasi lahan tersebut sebagai taman kuliner dan mencari alternatif penggunaan tertinggi dan terbaik selain sebagai lokasi wisata kuliner. Penggunaan tertinggi dan terbaik adalah kemungkinan yang rasional dan penggunaan yang legal dari tanah kosong atau properti yang dikembangkan di mana secara fisik dimungkinkan, didukung oleh peraturan, secara keuangan layak dan menghasilkan nilai tertinggi atas areal tanah tersebut. (AIREA, 2001: 305).

Analisis penggunaan tertinggi dan terbaik terhadap tanah pusat jajanan Condongcatur diharapkan dapat menjadi dasar pengambilan kebijakan dalam optimalisasi pemanfaatan aset agar dapat memberi manfaat yang lebih besar di masa yang akan datang serta menghasilkan nilai yang optimum.

Lahan taman kuliner merupakan milik Pemerintah Desa Condongcatur yang disewa oleh Pemda Sleman yang masa kontraknya akan berakhir 10 tahun lagi (tahun 2025). Taman kuliner Condongcatur memiliki jumlah pengunjung yang sedikit dan tidak sebanding dengan jumlah kios dan fasilitas yang ada. Jumlah pengunjung rata-rata 50-70 pengunjung per hari tidak sebanding dengan 120 kios yang ada. Hal ini berdampak pada kerugian keuangan yang dialami oleh pengelola taman kuliner sebesar Rp413.011.445,00 selama lima tahun terakhir. Namun sampai saat ini, belum ada kajian untuk mengoptimalkan pengelolaan taman kuliner Condongcatur dari aspek penggunaan tertinggi dan terbaiknya.

Dalam penelitian ini, ada 2 pertanyaan penelitian yang dijadikan landasan, yaitu apakah Taman Kuliner merupakan penggunaan tertinggi dan terbaik untuk lahan yang terletak Jln. Anggajaya III, Dusun Gejayan, Condongcatur dan properti apa yang sesuai untuk dikembangkan di lahan tersebut sesuai dengan penggunaan tertinggi dan terbaiknya sehingga berpotensi menghasilkan pendapatan yang optimal.

Tujuan dari penelitian ini adalah untuk menganalisis penggunaan tertinggi dan terbaik dari lahan yang telah terbangun milik Pemda Sleman yaitu Lahan Taman Kuliner Condongcatur, yang meliputi analisis kelayakan secara fisik (*physically possible*) dan layak secara peraturan (*legal permissible*), analisis kelayakan dari sisi pasar serta kelayakan keuangan (*financial feasible*), kemudian menentukan kegunaan yang menghasilkan harga/nilai tertinggi sebagai penggunaan tertinggi dan terbaik tanah pusat jajanan Condongcatur Pemda Kabupaten Sleman.

Manfaat yang diharapkan dari penelitian ini adalah dapat digunakan sebagai dasar pengambilan kebijakan dalam rangka optimalisasi aset Taman Kuliner Condongcatur pada khususnya dan optimalisasi aset milik Pemerintah Kabupaten Sleman pada umumnya. Selain itu juga diharapkan dapat digunakan sebagai sumber penelitian selanjutnya baik yang berkaitan dengan penggunaan yang tertinggi dan terbaik maupun penelitian tentang aset-aset Pemerintah Daerah.

Analisis Penggunaan Tertinggi dan Terbaik

Desain penelitian yang digunakan yaitu deskriptif dan *explanatory*. Penelitian ini dikategorikan sebagai penelitian yang berorientasi untuk penyelesaian masalah praktis (*problem solving*). Penelitian deskriptif yang meliputi pengumpulan data untuk menjawab pertanyaan mengenai status terakhir dari subjek penelitian.

Dalam penelitian ini, peneliti menggunakan data primer dan sekunder. Data primer berupa data pendapatan, sewa dan biaya pembangunan yang diajukan sebagai alternatif penggunaan diperoleh melalui wawancara, sedangkan data fisik berupa ukuran, bentuk tapak, topografi, utilitas dan lain-lain diperoleh melalui pengamatan langsung. Data sekunder diperoleh dari Bappeda Kabupaten Sleman, Dinas Pasar Kabupaten Sleman, UPTD Taman Kuliner Condongcatur dan Badan Pusat Statistik.

Alat yang digunakan dalam Analisis Penggunaan Tertinggi dan Terbaik sebagai berikut.

1. Analisis produktifitas (fisik dan legalitas) Digunakan untuk menganalisis data-data kualitatif, seperti keadaan fisik, lokasi properti yang bersangkutan, perencanaan kota dan peraturan yang berlaku. Analisis ini dimaksudkan untuk mengetahui apakah penggunaannya dimungkinkan secara fisik dan lokasi serta apakah penggunaannya diijinkan secara peraturan.
2. Analisis pasar dilakukan untuk mendukung hasil dari analisis penggunaan tertinggi dan terbaik dengan melihat permintaan dan penawarannya. Analisis penawaran dilakukan dengan menganalisis adanya properti pesaing yang ada, properti pesaing yang potensial dan faktor-faktor yang mempengaruhi penyelesaian pesaing potensial dan tingkat bunga serta kemungkinan pendanaan. Analisis permintaan dilakukan dengan menganalisis jenis dan properti yang diinginkan oleh pasar, selera dan pilihan pembeli properti serta segmentasi permintaan properti.
3. Analisis keuangan (*financial analysis*) Analisis keuangan dilakukan dengan memperhitungkan nilai tanah yang dianggap kosong dengan menggunakan pendekatan data pasar yaitu nilai pasar diestimasi dengan membandingkan

properti subjek dengan properti pembanding sejenis yang mengalami transaksi. Selanjutnya adalah mengestimasi biaya pembangunan dengan menggunakan pendekatan biaya. Biaya pembangunan ini sudah termasuk pengembangan lahan, atribut bangunan dan keuntungan developer.

Analisis Produktivitas

Analisis Legal (Peraturan)

Objek penelitian merupakan tanah yang terbangun bangunan permanen Taman Kuliner Condongcatur. Tanah tersebut merupakan tanah kas Desa Condongcatur yang disewa oleh Pemda Sleman sesuai dengan perjanjian sewa menyewa Nomor 143/72A dan Nomor 143/0998 tanggal 6 September 2005 tentang perjanjian sewa menyewa tanah kas Desa Condongcatur antara Pemerintah Desa Condongcatur dengan Pemda Sleman.

Taman kuliner Condongcatur memiliki fungsi sosial dan pendukung pariwisata kabupaten Sleman. Berdasarkan survei lapangan, bahwa bangunan Taman Kuliner telah memenuhi persyaratan lahan parkir. Taman kuliner memiliki lahan parkir seluas 3.944 m² lebih besar dari yang di persyaratkan minimal 1.425 m².

Analisis Fisik

Objek penelitian merupakan tanah milik Kas Desa Condongcatur dimana diatas nya telah terbangun bangunan milik Pemda Sleman. Lokasi tanah terletak di Jalan Anggajaya III, Dusun Gejayan, Kelurahan Condongcatur, Kecamatan Depok, Kabupaten Sleman. Tanah seluas 1,5 hektar tersebut secara umum berbentuk persegi panjang memanjang kebelakang dan bagian tengah lebih lebar, kondisi lahan memiliki kemiringan kurang lebih 10⁰.

Lokasi lahan menghadap dua jalan disebelah selatan dan utara, dimana kedua jalan tersebut termasuk dalam kategori jalan lingkungan. Jalan disebelah utara merupakan jalan lingkungan akses menuju daerah pemukiman di sebelah utara lahan. Sedangkan jalan disebelah selatan merupakan jalan alternatif yang menghubungkan Jalan Kaliurang dan Jalan Anggajaya 1.

Produktivitas Maksimum

Berdasarkan pengujian aspek hukum, fisik dan finansial, selanjutnya untuk menentukan penggunaan tertinggi dan terbaik yaitu dengan melihat produktivitas yang paling tinggi diantara alternatif pengembangan properti. Dalam tabel, dapat disimpulkan bahwa produktivitas maksimum usulan pengembangan lahan terbangun Taman Kuliner Condongcatur adalah Modifikasi Tarif dan Bangunan Taman Kuliner. Usulan pengembangan dengan Modifikasi Tarif dan Bangunan Taman Kuliner memenuhi kriteria hukum, fisik, finansial dan menghasilkan NPV yang paling besar.

Tabel. Usulan Penggunaan Tertinggi dan Terbaik Taman Kuliner Condongcatur

Kriteria HBU	Uraian	Skenario 1	Skenario 2	Skenario 3
Aspek Hukum	Tidak melanggar ketentuan hukum	Memenuhi	Memenuhi	Memenuhi
Aspek Fisik	Lokasi memadai untuk dibangun	Memenuhi	Memenuhi	Memenuhi
Aspek Finansial	NPV memenuhi syarat	Memenuhi	Memenuhi	Memenuhi
Produktivitas Maksimum	Nilai NPV	Tidak Maksimum sebesar (Rp638.851.429,25)	Tidak Maksimum sebesar Rp421.291.453,57	Maksimum sebesar Rp640.368.700,01

Penggunaan Mixed Use Property

Berdasarkan analisis hukum, fisik dan finansial dapat disimpulkan bahwa Properti Terbangun Taman Kuliner Condongcatur tidak memungkinkan untuk dirobohkan untuk kemudian dibangun properti baru. Usulan pengembangan yang dipilih adalah mempertahankan properti yang ada yaitu sebagai *mixed use property* dengan alternatif skenario pengembangan antara lain tanpa melakukan modifikasi baik tarif maupun bangunan, modifikasi tarif tanpa modifikasi bangunan dan modifikasi tarif serta bangunan.

Berdasarkan analisis produktivitas maksimum menunjukkan bahwa skenario ketiga yaitu modifikasi tarif dan bangunan menghasilkan penggunaan tertinggi dan terbaik. Usulan alternatif pengembangan tersebut merupakan usulan terbaik yang dapat diterapkan untuk pengembangan Taman Kuliner Condongcatur.

Pemerintah Desa Condongcatur selaku pemilik tanah dan Pemda Sleman selaku pemilik bangunan agar merevisi perjanjian khususnya terkait dengan status bangunan setelah perjanjian berakhir. Selain itu, Pemerintah Daerah Sleman agar melakukan upaya perbaikan Taman Kuliner Condongcatur agar kerugian yang dialami tidak semakin membesar.

**Exploring the Impact of Social Enterprise
on Poverty Alleviation:
Innovation in Job Creation and Target
Group Perspective**

**Mengungkap Dampak *Social Enterprise*
terhadap Pengentasan Kemiskinan:
Inovasi dalam Penciptaan Lapangan Kerja
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ABSTRACT

Social enterprise offers a new way to solve chronic social problems such as poverty and vulnerability. It is a hybrid organisation of traditional social organisation which engaging in business activities. Social enterprise role in poverty alleviation has long been recognised but it is limited to microfinance, and innovation in selling cheap production and services for the poor while neglect the possibility of creating an innovation in job creation. Further the idea of social enterprise must reach as much people as possible leaving an impression that it can only be done in large scale. Most studies also neglect to examine how social enterprise actually impact the life of their target group. Starting from this point this study presents a single case study from a small social enterprise engaging in profit fish farming activities in Batam, Indonesia. To reach the most poor the social enterprise remove common requirements like education qualifications and create their own rules. While from the poor point of view this social enterprise not only gave opportunity to improve their economic state, but also better access to health and labour market.

Key words: social enterprise, job innovation, poor perception, fish farming.

ABSTRAK

Perusahaan sosial menawarkan cara baru untuk memecahkan masalah sosial kronis seperti kemiskinan dan kerentanan. Ini adalah organisasi hibrida dari organisasi sosial tradisional yang terlibat dalam kegiatan bisnis. Peran perusahaan sosial dalam pengentasan kemiskinan telah lama dikenal namun terbatas pada keuangan mikro, dan inovasi dalam menjual produksi dan layanan murah bagi masyarakat miskin sembari mengabaikan kemungkinan menciptakan inovasi dalam penciptaan lapangan kerja. Selanjutnya ide perusahaan sosial harus menjangkau sebanyak mungkin orang sehingga meninggalkan kesan bahwa hal itu hanya bisa dilakukan dalam skala besar. Sebagian besar penelitian juga mengabaikan untuk menguji bagaimana perusahaan sosial benar-benar mempengaruhi kehidupan kelompok sasaran mereka. Mulai dari titik ini, studi ini menyajikan satu studi kasus dari sebuah perusahaan sosial kecil yang terlibat dalam kegiatan budidaya ikan yang menguntungkan di Batam, Indonesia. Untuk mencapai yang paling miskin, perusahaan sosial menghapus persyaratan umum seperti kualifikasi pendidikan dan membuat peraturan mereka sendiri. Sementara dari sudut pandang yang buruk, perusahaan sosial ini tidak hanya memberi kesempatan untuk memperbaiki keadaan ekonomi mereka, tetapi juga akses yang lebih baik ke pasar kesehatan dan pasar tenaga kerja.

Kata kunci: usaha sosial, inovasi kerja, persepsi kemiskinan, budidaya ikan.

Social Enterprise Role in Poverty Alleviation

The world has been trying to find the best possible way to solve a long-held global poverty problem. Social enterprise is one of the solutions to tackle this problem. Derived from the entrepreneurship concept, social enterprise is a hybrid form of social organization and business system. This unique organizational combination promised to be an effective and sustainable solution to social problems including poverty. Existing social enterprises around the world uttered different poverty alleviation stories depending on the form, purpose, innovation and target group. Despite the growing interest on social enterprise, the test is whether it provides solutions to social problems, in particular poverty that meet the need of its target community (Sanders, 2004; Ferguson, 2007). This critique is the basis of the research. It aims to explore how a social enterprise performs a real contribution to alleviate the lives of the poor.

The rationale behind the choice of study has been based on three main concepts. First, innovation as one of the main characteristics of social enterprise takes various forms, ranging from product- and service-innovation for the poor to job creation and community empowerment. Although many studies has been conducted to examine the impact of social enterprise product and services innovation (Kotler *et al.*, 2010; Prahalad, 2010; Yunus, 2007), only a few studies have been conducted to examine its impact of innovation in job-creation (Xiang & Luk, 2011). Second, most social enterprise studies focus on the characteristic, organisational form, and impact on the target group but from the organisational point of view (Galvin & Iannotti, 2015). To bridge the gap and contribute to a balanced judgement on the performance of social enterprise, this research offers a study on the impact of a social enterprise anti-poverty programme from the target group's point of view (Ferguson, 2007; O'Donnell *et al.*, 2012). The last one is based on the gap in the literature that widely discussed large scale social enterprises that have a national or international scope (Rostiani *et al.*, 2014; Yunus, 1997), but very little of the literature has examined small-scale social enterprise (O'Donnell *et al.*, 2012). Based on these rationales, therefore, this research will present a single case study of a small-scale social enterprise which operates in Batam, Indonesia.

Conclusion

This research has sought to explore how innovation in job creation of social enterprise contributes to poverty alleviation and how the target group perceived this social enterprise. The data suggests several findings that emerged as general themes which has been synthesized based on the research questions.

First, common themes that emerged from the first research question, on how the social enterprise employs innovation in job creation suggests that the social enterprise using uncommon approach compare to other employment sector in order to reach its target group. It also use a combination of recruitment strategy, interpersonal training and use local resources in its attempt to reach wider target people and help them to escape poverty.

Second, two sub-questions of second research questions on how the workers perceive this social enterprise suggests that this social enterprise reached the right target group and most of them did not have any other employment options, therefore like or dislike they must stand working at the fish farm. However, it is found that after these workers gained more skill and socio-economic benefit they became able to make choices for their own future.

This research argues that the social enterprise values are similar no matter how big the size of the enterprise. Second, innovation in job creation could generate multiplier effects as the workers not only used the money themselves but also send it to the family. Next, special attention must be pay to ensure that social enterprise programs give positive impact to the target group(s) instead of perpetuate poverty for instance by giving them low-wage (Sanders, 2004).

Using inductive approach this research contributes to extend existing theories and concepts it employs in this research for example to Sen's capability theory and UNDP concept on poverty. It also fills the gap between social enterprise literature and provide another point of view on how a social enterprise actually works in the real life setting and how does its target group perceive it.

As an explorative research this research is limited by the use of single-case study in which this finding could no be compared in order to find pattern or building theory. This research also leaves many questions unable to answer, for example when the data suggested that the workers are satisfied with their working condition, researcher could not measure their level of satisfaction and whether that satisfaction then increases their working performance.

Based on this limitations it will be important for future research in this area to examine the impact of social enterprise with larger samples and with strong quantitative research design to fully understand the social and economic impact of social enterprise to its target group (O'Donnell *et al.*, 2012). Finally, this research may give useful reference to develop policies in poverty alleviation programs especially related to social enterprise and fish farming activities in Indonesia. Some key concepts and theories discussed in the research include the general concept of social enterprise and the implementation in

the Indonesian context. Second, this research will discuss social enterprise innovation, followed by the work of social enterprise in poverty alleviation. The final discussion focuses on how the concept of multidimensional poverty works in the Indonesian context.

This study aims to explore how the social enterprise under analysis actually applied innovation to create jobs, and also how the target group perceive the impact on their socio-economic circumstances. In order to achieve this purpose, it employs two major research questions as follows:

1. How does this social enterprise employ innovation in job-creation to alleviate poverty?
2. How do its workers perceive the social enterprise?
 - a. Why are they willing to work in the social enterprise?
 - b. How do they think it influences them socially and economically?

Considering the nature of explorative study, this research will use ground-up analysis rather than a proposition-generating or hypothetical test, which is more familiar in multiple-case studies. This research is structured as follows: the first chapter below will present some theoretical and conceptual discussions, which are divided into four intertwined sub-sections. There follows a chapter on the explanation of the methodological approaches and rationale applied in this research. The next two chapters present the empirical evidence and discussions which are divided according to the themes of each research question. The last section will review the outcomes of this research and its implications for the wider academic and policy context.

Inflation and Inflation Uncertainty: The Case of Indonesia

Inflasi dan Ketidakpastian Inflasi: Kasus Indonesia

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ABSTRACT

This study investigates the relationship between inflation and inflation uncertainty in Indonesia using two different sample periods. The first sample period is from January 1999 to September 2013 and the second sample period is from January 1990 to September 2013. A GARCH model is used to construct a measure of inflation uncertainty. Using the second sample period, the results show that higher inflation rate leads to increased in inflation uncertainty in Indonesia. The results provide evidence that support Friedman's hypothesis

Keywords: Inflation; Inflation Uncertainty; GARCH Model; Indonesia

ABSTRAK

Studi ini meneliti hubungan antara ketidakpastian inflasi dan inflasi di Indonesia dengan menggunakan dua periode sampel yang berbeda. Periode sampel pertama adalah dari Januari 1999 sampai September 2013 dan periode sampel kedua adalah dari Januari 1990 sampai September 2013. Model GARCH digunakan untuk membangun ukuran ketidakpastian inflasi. Dengan menggunakan periode sampel kedua, hasilnya menunjukkan bahwa tingkat inflasi yang lebih tinggi menyebabkan meningkatnya ketidakpastian inflasi di Indonesia. Hasilnya memberikan bukti yang mendukung hipotesis Friedman

Kata kunci: Inflasi; Ketidakpastian Inflasi; Model GARCH; Indonesia

Indonesia has Relatively Higher Inflation

In this study I investigate the relationship between inflation and inflation uncertainty in Indonesia. Compared to other countries, Indonesia has relatively higher inflation. The average of annual inflation rate post Asian crisis is about 7 percent. Using monthly inflation rates from two different sample periods (January 1999 to September 2013 and January 1990 to September 2013), I estimate a general autoregressive conditional heteroskedastic (GARCH) model to construct a conditional variance of inflation and use it as a measure of inflation uncertainty. Using the longer sample period, I find evidence that support Friedman's hypothesis.

An autoregressive conditional heteroskedastic (ARCH) model introduced by Engle (1982) allows residual variance of a regression to vary over time (conditional variance). In this study, conditional variance from a GARCH model for inflation is estimated to measure the inflation uncertainty.

A GARCH(p,q) model for inflation is presented in equation (1) and (2) below:

$$\pi_t = \alpha_0 + \sum_{i=1}^n \alpha_i \pi_{t-i} + \sum_{i=1}^m \beta_i \varepsilon_{t-i} \quad (1)$$

$$h_t = \theta_0 + \sum_{i=1}^q \theta_i \varepsilon_{t-i}^2 + \sum_{i=1}^p \varphi_i h_{t-i} + \delta \pi_t \quad (2)$$

The data used in this study are monthly inflation rates obtained from the Central Bank of Indonesia with two different sample periods. The first sample period is from January 1999 to September 2013 (the post Asian Crisis) and the second sample period is from January 1990 to September 2013, which includes the pre-Asian Crisis and the Asian Crisis period in 1998-99.

$$\pi_t = \frac{CPI_t - CPI_{t-1}}{CPI_{t-1}} \times 100 \quad (3)$$

The monthly inflation rates are plotted in figure 1 for the first sample period and the summary statistics are presented in table 1. In figure 1, there appears to be an outlier in the data. Inflation rate in October 2010 is 8.39 percent, much higher than the mean in this period, which is 0.62 percent. A very high inflation rate in October 2010 is due to the government policy which cut the fuel subsidy in that period. I use a dummy variable to indicate the outlier. The kurtosis and skewness statistics show that the distribution

is generally being skewed to the right. Overall, the monthly inflation rates seem to be volatile.

Stationarity Test (Empirical Results)

Before examining the best conditional mean and conditional variance model for inflation, it is important to first confirm the stationarity of the series. This study uses Augmented Dickey Fuller (ADF) test and Phillips-Perron (PP) test to check the existence of a unit root in the monthly inflation rates.

Testing for ARCH Effects

Before determining the variance model for inflation as a measure of inflation uncertainty, a test for ARCH effects is needed. Table Lagrange shows the results of the Lagrange Multiplier test using lag length of four and twelve months. The results show that there is no evidence of ARCH effects in the series. Since there is no ARCH effect, it is not possible to find a variance model of inflation. Friedman's hypothesis can not be tested using the first sample period.

Table Lagrange Multiplier Test for the First Sample Period

<i>Null Hypothesis: No ARCH Effect</i>		
LM(4)	Prob. (F-Stat)	0.7519
	Prob. (Chi Square)	0.7455
LM(12)	Prob. (F-Stat)	0.9604
	Prob. (Chi Square)	0.9546

There are several plausible explanations for why there is no evidence of ARCH effects. One of the plausible explanations is due to low power of the test. Low power of the test can be caused by limited data. Another explanation is that post-Asian Crisis, monthly inflation rates are more stable than pre-Asian Crisis. Since only post-Asian Crisis monthly inflation rates are selected in the first sample, it limits the observed variability of the inflation series. The solution for this problem is to add more observations in the sample. That is the reason why this study uses two periods, with more observations in the second sample period.

Conditional Mean Model (Second Sample Period)

The ACF and PACF of the series for the second sample period are shown in figure 4 and used to determine the appropriate model. Since the ACF does not cut to zero, a pure MA(q) process can be rule out. Based on the ACF and PACF, first I try a very parsimonious model and estimate AR(1), MA(1) and ARMA(1,1). The estimation for these three models can be seen in table 5 (columns (1), (2), and (3)). In all three models, the Q-statistics indicate significant autocorrelations in the residuals.

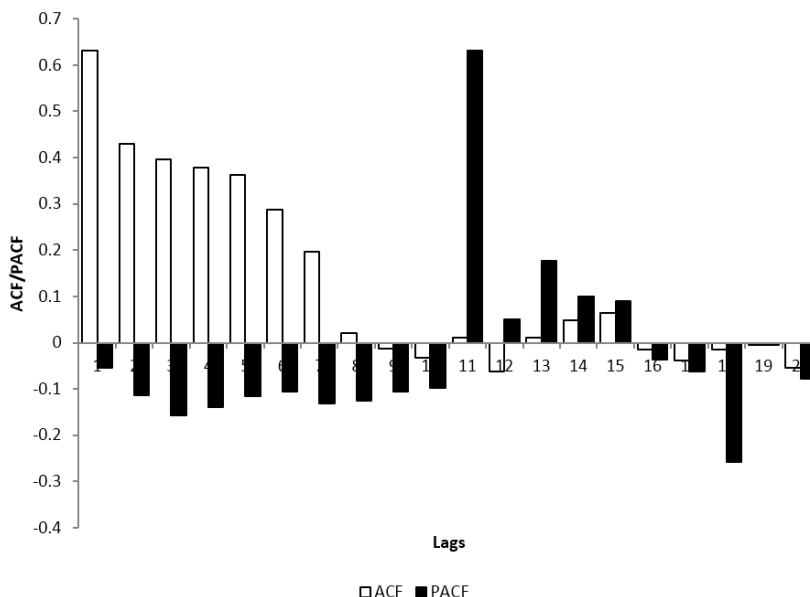


Figure 4: ACF and PACF for Monthly Inflation Rates, Second Sample Period

The results for the last model performs extremely well. All the coefficients are significant at 10 percent level. Additionally, it has the lowest AIC and SBC compared to other models and the Q-statistics indicate no serial correlation (see column (7)). Hence, ARMA(3,(5,7)) is selected as the best model for conditional mean (see equation (5)). In all models, dummy variable is included and the coefficients always show significant effect.

$$\pi_t = 0.722 + 0.198\pi_{t-1} + 0.150\pi_{t-2} + 0.112\pi_{t-3} + 0.306\varepsilon_{t-5} + 0.197\varepsilon_{t-7} + 5.420d \quad (5)$$

Testing for ARCH Effects

Table Lagrange Multiplier shows the results of the Lagrange Multiplier test using lag length of four and twelve months. Using the second sample period, there is evidence of ARCH effects in the series. The null hypothesis of no ARCH effect is rejected.

Table Lagrange Multiplier Test for the Second Sample Period

Null Hypothesis: No ARCH Effect		
LM(4)	Prob. (F-Stat)	0.0000
	Prob. (Chi Square)	0.0000
LM(12)	Prob. (F-Stat)	0.0000
	Prob. (Chi Square)	0.0000

Conditional Variance Model

First, a low order ARCH(p) models, ARCH(1) and ARCH(4), are estimated for a model of conditional variance. Table 7 columns (1) and (2) show the results of those two estimations. The Q- statistics show that these two models have serial correlations in the standardized residuals. Hence, ARCH(1) and ARCH(4) are not the best models.

Column (3) in table shows the maximum likelihood estimates from a GARCH(1,1) process. GARCH (1,1) model seems to be a better model than the previous two models. It has a lower AIC and SBC and the Q-statistics show that there is no remaining serial correlation in the standardized residuals. I investigate further to check whether or not the GARCH(1,1) is sufficient to capture all of the dynamics of the conditional variances. The Q-statistics of the standardized residuals squared confirm that GARCH(1,1) process is adequate. Since the coefficients for π_{t-2} , π_{t-3} , π_{t-3} , and ε_{t-5} are not significant in column (3), I eliminate those terms in GARCH(1,1) model. The estimates of GARCH(1,1) with a more parsimonious model is shown in column (4). The Q-statistics of both standardized residuals and residuals squared show that the model has no serial correlation and is adequate to capture all of the dynamics of the conditional variances. The SBC selects this model over other models but the AIC selects the model in column (3). However, since it is more parsimonious, GARCH(1,1) model in column (4) is a better alternative than the model in column (3). In all specifications, inflation rate is included as a regressor in the variance equation.

Table Conditional Variance Estimations for the Second Sample Period

	ARCH(1)	ARCH(4)	GARCH(1,1)	GARCH(1,1)
<i>Conditional Mean: Inflation Equation</i>				
Intercept	0.4697	0.4234	0.4277	0.4143
(p-value)	(0.0000)	(0.0000)	(0.0000)	(0.0000)
n(-1)	0.1702	0.3594	0.3667	0.3699

(p-value)	(0.0001)	(0.0000)	(0.0000)	(0.0000)
$\pi(-2)$	-0.0051	-0.0826	0.0226	
(p-value)	(0.8980)	(0.8980)	(0.7672)	
$\pi(-3)$	-0.0453	0.0134	0.0026	
(p-value)	(0.2337)	(0.3805)	(0.9683)	
$\varepsilon(-5)$	0.0763	0.0335	0.0725	
(p-value)	(0.0049)	(0.8218)	(0.1272)	
$\varepsilon(-7)$	-0.0424	0.0384	0.1250	0.1079
(p-value)	(0.0363)	(0.5311)	(0.0136)	(0.0001)
Dummy	8.4781	6.2732	6.4848	6.5011
(p-value)	(0.0000)	(0.0000)	(0.0000)	(0.0000)
<i>Conditional Variance: Inflation Uncertainty</i>				
Intercept	0.0434	0.0420	-0.0344	-0.0368
(p-value)	(0.0019)	(0.0019)	(0.0000)	(0.0000)
ARCH(1)	1.1914	0.2627	0.0831	0.0823
(p-value)	(0.0000)	(0.0157)	(0.0063)	(0.0115)
ARCH(2)		0.1762		
(p-value)		(0.0092)		
ARCH(3)		0.3886		
(p-value)		(0.0000)		
ARCH(4)		-0.037114		
(p-value)		(0.1549)		
GARCH(1)			0.7620	0.7573
(p-value)			(0.0000)	(0.0000)
Π	0.0895	0.0988	0.1129	0.1244
(p-value)	(0.0000)	(0.0000)	(0.0000)	(0.0000)
<i>Diagnostic Checks</i>				
R-squared	0.5641	0.5927	0.6217	0.5985
SSR	206.7466	193.1819	179.4614	191.1071
AIC	1.5880	1.5577	1.4470	1.4491
SBC	1.7171	1.7256	1.5891	1.5519
Q(8) p-value	0.0120	0.0910	0.4520	0.6170
Q ² (8) p-value	0.9330	0.9940	0.9520	0.6170
Q(16) p-value	0.2110	0.4320	0.6690	0.5990
Q ² (16) p-value	0.8670	0.9790	0.9920	0.5990
Q(24) p-value	0.0270	0.0010	0.2110	0.1700
Q ² (24) p-value	0.1870	0.5120	0.9720	0.1700

Equation (6) and (7) present the best conditional variance model for inflation:

$$\pi_t = 0.41 + 0.377\pi_{t-1} + \varepsilon_t + 0.11\varepsilon_{t-7} + 6.50d \quad (6)$$

$$h_t = -0.04 + 0.08\varepsilon_{t-1}^2 + 0.76h_{t-i} + 0.12\pi_t \quad (7)$$

The coefficient of inflation rate in the variance equation is found to be positive and statistically significant ($\delta=0.12>0$). If inflation rate goes up by one unit, its conditional variance increases by 0.12. This implies that higher inflation rate increases inflation uncertainty, providing a strong support for Friedman's hypothesis.

The Higher Inflation Rate Leads to Increased In Inflation Uncertainty In Indonesia

Using Indonesia monthly inflation rates post Asian crisis (January 1999 to September 2013), there is no evidence of persistent inflation volatility so that Friedman's hypothesis can not be tested. However, using a longer series (January 1990 to September 2013) and utilizing a GARCH model to measure the inflation uncertainty, I find a strong evidence for Friedman's hypothesis. The results show that high inflation rate increases inflation uncertainty in Indonesia.

The results have an important policy implication for policy makers, especially central bank of Indonesia. In order to reduce inflation uncertainty which can affect the performance of output, central bank needs to be consistent in targeting low inflation.

Determinants of Infant Mortality in Indonesia

Determinan Kematian Bayi di Indonesia

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ABSTRACT

One of the development goals from 1990 to 2015 was to reduce the under-five mortality rate by two-thirds. Currently, Indonesia has been on the right track in achieving these targets. However, slow growth in infant mortality decreases indicates that more attention is needed to improve safety in young infants. Motivated by these conditions, this study will identify the determinants of infant mortality in Indonesia from 1997 to 2012 using Indonesia's 4th, 5th and 5th period of Indonesia Demographic and Health Survey (IDHS). In addition, this study also aims to identify the externalities that can be derived from investments in maternal education, adequate facilities and infrastructure for drinking water and sanitation, and vaccination of children in the neighborhood. The conceptual framework of this research is based on Mosley and Chen's theoretical framework (1984). This study used logistic regression to estimate the effect of various factors affecting infant mortality.

Regression results indicate the bio-demographic factor, ie the characteristics of mother and child is the key to predicting infant mortality in Indonesia. Baby boys, twins, mothers with high birth rates, short birth spacing between infants, maternal age over 35 years, and pregnancy complications are factors that prove positively related to infant mortality. Behavioral factors such as birth institutions, knowledge of oral rehydration fluids, and contraceptive practices are important factors that have a negative relationship with infant mortality. In addition, hygiene in residence such as the availability of a clean drinking water source, private toilet ownership, and better use of flooring materials are also important factors that can improve the baby's survival status in Indonesia. Some socioeconomic variables also proved to be an important determinant of infant mortality rates in Indonesia. Among the various types of factors, household members are the factors that have the strongest association with infant mortality. Furthermore, this study found that community participation in the national government immunization program provides a positive externality effect on infant survival in Indonesia.

Keywords: Infant Mortality Rate, Externality, Logistic Regression, Socioeconomic, Determinant

ABSTRAK

Salah satu tujuan pembangunan dari tahun 1990 sampai 2015 adalah mengurangi tingkat kematian balita hingga dua per tiga. Saat ini, Indonesia telah berada pada jalur yang tepat dalam mencapai target tersebut. Akan tetapi, perkembangan yang lambat pada penurunan kematian bayi menunjukkan bahwa diperlukan perhatian lebih untuk meningkatkan keselamatan pada bayi usia muda. Termotivasi oleh kondisi tersebut, penelitian ini hendak mengidentifikasi determinan kematian bayi di Indonesia pada tahun 1997 sampai dengan 2012 menggunakan data *Indonesia Demographic and Health Survey* (IDHS) periode ke 4, 5 dan 6. Disamping itu, penelitian ini juga bertujuan untuk mengidentifikasi eksternalitas yang dapat diperoleh dari investasi pada pendidikan ibu, sarana dan prasarana yang memadai pada sumber air minum dan sanitasi, serta vaksinasi anak di lingkungan sekitar rumah tangga. Kerangka konseptual dari penelitian ini didasarkan pada kerangka teoritis Mosley dan Chen (1984). Penelitian ini menggunakan regresi logistik untuk mengestimasi pengaruh dari berbagai macam faktor yang mempengaruhi kematian bayi.

Hasil regresi menunjukkan faktor bio-demografis, yakni karakteristik ibu dan anak adalah kunci memprediksi kematian bayi di Indonesia. Bayi laki-laki, anak kembar, ibu dengan tingkat kelahiran tinggi, jarak kelahiran pendek antar bayi, usia ibu diatas 35 tahun, dan komplikasi kehamilan merupakan faktor-faktor yang terbukti berhubungan positif dengan kematian bayi. Faktor perilaku antara lain institusi kelahiran, pengetahuan tentang cairan rehidrasi oral, dan praktek kontrasepsi merupakan faktor penting yang memiliki hubungan negatif dengan kematian bayi. Selain itu, higienitas pada tempat tinggal seperti ketersediaan sumber air minum yang bersih, kepemilikan toilet pribadi, dan penggunaan material lantai yang lebih baik juga merupakan faktor penting yang dapat meningkatkan status ketahanan hidup bayi di Indonesia. Beberapa variabel sosio ekonomis juga terbukti merupakan determinan penting dari tingkat kematian bayi di Indonesia. Diantara berbagai jenis faktor tersebut, jumlah anggota rumah tangga merupakan faktor yang memiliki keterkaitan yang paling kuat dengan kematian bayi. Lebih lanjut, penelitian ini menemukan bahwa partisipasi masyarakat pada program imunisasi pemerintah nasional memberikan efek eksternalitas yang positif pada tingkat ketahanan hidup bayi di Indonesia.

Kata kunci: Tingkat Kematian Bayi, Eksternalitas, Regresi Logistik, Sosio ekonomis, Determinan

Reduction of under-five mortality rate by two-thirds between 1990 and 2015 is a Millennium Development Goal (MDG). Indonesia has been on track in achieving the MDG target on under-five mortality. However, slower progress on infant mortality reduction shows that more attention should be given in order to improve the survival of younger children. Motivated by this situation, this study attempts to identify determinants of infant mortality in Indonesia between 1997 and 2012 using the 4th, 5th and 6th rounds of the Indonesia Demographic and Health Survey (IDHS) data. In addition, the study aims to identify externalities which may be generated by investments in mother's education, water and sanitation, and child vaccination by a household's neighbors. The conceptual framework is based on Mosley and Chen (1984). Logistic regressions are used to estimate the effect of a variety of factors on infant mortality.

The regression results shows that bio-demographic factors which include child and maternal traits are key predictors of infant mortality in Indonesia. Male sex, birth multiplicity, higher birth rank, shorter birth interval, mother age above 35 years, and complication during pregnancy are positively related to infant mortality. Behavioral practices such as institutional delivery, knowledge of Oral Rehydration Solutions (ORS), and especially contraceptive practice are also important factors that negatively related to infant mortality. Moreover, household's hygiene characteristics such as safe drinking water source, private toilet, and improved flooring materials are also important factors that increase infant survival status in Indonesia. Some socio economic variables are also found to be significant determinants of infant mortality in Indonesia. Among the various factors, the number of household members is the strongest factors related to infant mortality. At the community level, Sumatra and Kalimantan regions in 2012 have lower odds of infant mortality, whereas Sulawesi region in 2007 has higher odds of infant mortality as compare to Java and Bali. Furthermore, the study finds that immunization participation in the community has a positive spillover effect on infant survival status.

This paper attempts to identify which factors amongst various sets of variables biological, demographic, behavioral, environmental, social, and economic aspect affect infant mortality in Indonesia. In order to determine trends in infant mortality determinants during the past 15 years, the study uses IDHS data that are collected in 3 wave's survey (2002-2003, 2008, and 2012 survey). Furthermore, the paper also examines externalities that is, the community effects of mother's education, water and sanitation infrastructure, and child immunization participation on infant mortality in Indonesia. As most previous studies on infant and child survival have emphasized the direct effect of own household's investment to individual health outcomes, the recent literature has given more attention to the indirect effects exerted by investments decision made by other households in the community.

This study uses the 4th, 5th, and 6th rounds of the Indonesian Demographic and Health Surveys (IDHS) collected in 2002-2003, 2007 and 2012. The surveys collect information on health aspects, demographic and socio economic characteristic of the respondent and household. The datasets used in the study are taken from the child database that contains information on the birth histories of children who were born up to five years preceding the survey from mothers aged 15 to 49 years during the interview. The dataset also includes variables related to child health and survival status, for example mother's fertility behavior, parents' education and occupation, household access to healthcare, and other household characteristics.

Determinants of Infant Mortality based on 2002-2003 IDHS

Some biological and demographic traits that inherently affect the risk of dying in young children are found to be significant determinants. Birth multiplicity is bio-demographic characteristic that might create strongest effect on infant mortality in this period of survey (1% level of significance and highest odds ratio). Being twin is attributed to higher risk of dying in the first year of life; as compared with singleton, twin inherently carries 29.3 times risk of dying during his/her infancy period. In addition, close interval between births also negatively related to the child survival status. I find that a child who was born less than 24 month from preceding birth has 2.6 times chance of dying before the first birthday as compared the one who was born 24 to 47 months after the previous birth (5% significance). Similarly, birth rank is found to have negative relation with infant survival status; a child who is being younger sibling in the family has inherent risk of dying 1.3 times to be compared with the older siblings (5% significance).

I also find that child's weight and size at birth are closely related to the survival status. Furthermore, I also find that complication that is happened during pregnancy period has negative association with infant survival status. Moving to behavioral factors, I find that contraceptive use is the only behavioral factors that associated with infant mortality in 2002-2003.

Determinants of Infant Mortality based on 2007 IDHS

According to the regression results, most of bio-demographic variables in 2007 are found to be significant in model 1. However, some bio-demographic factors become insignificant after other proximate and socio economic variables are incorporated in the models. Similar to the results from previous IDHS, birth multiplicity, birth rank, birth interval, birth weight, birth size, and pregnancy or delivery complication are important bio-demographic determinants of infant mortality in 2007 IDHS.

For this period of survey, I find that birth multiplicity still remains important factor that affect incidence of infant mortality in Indonesia. The risk carried by multiple births is 8.5 times higher than single birth (1% statistical significance)². In 2007 IDHS, birth rank become more important factors that increase the risk of infant mortality in Indonesia as the statistical significance increases from 5% in 2002-2003 to become 1% in 2007. In this survey period, the inherent risk of infant mortality carried by later birth ranks is 1.4 times as compared with former birth. This number is about the same level with 2002-2003 IDHS.

Determinants of Infant Mortality based on 2012 IDHS

The results from logit regression estimations suggest that bio-demographic factors are still among the key indicators of infant mortality in 2012. Male infant, higher birth rank, birth weight less than 2,500 grams, birth size smaller than average, mother age at birth older than 35 years, and pregnancy complications increase the risk of infant mortality in 2012. On the other hand, longer birth interval decreases the incidence of infant mortality in 2012. Among these factors, experiencing complication during pregnancy appears to be the most important factor associated with infant mortality (1% statistical significance and highest odds ratio). However, birth multiple birth is no longer being good predictor of infant mortality in 2012.

The Effects of Neighborhood Investment

The section discusses the regression results on externalities generated by the investment of other households in the cluster. Four variables which measure community investment in mother's education, water and sanitation infrastructure, and immunization participation are included in the 4th models. The logit regression estimation results are presented in Table 4.2. The regression results show that there aren't many differences in the statistical significance and odds ratio of the control variables in model 3 once the community variables are included in the model. The bio-demographic factors, behavioral factors, and socio-economic factors which are important in affecting infant mortality in previous models are still significant. Similarly, the regional dummies indicate that lower odds of infant mortality in 2012 exist in Sumatra region, Kalimantan region, and Nusa Tenggara, Maluku, and Papua region and higher odds of infant mortality in 2002-2003 exist in Sulawesi region.

The Bio-Demographic Factor is a Key Factor In Predicting Infant Mortality in Indonesia

Despite the satisfied progress on under-five mortality reduction, the relatively slow progress on infant mortality reduction in Indonesia from 1990 to 2012 shows that the more attention should be given in order to improve survival status in younger children. Motivated by the situation, this study is aimed to know the important factors associated with infant mortality in Indonesia. The individual cross sectional data collected in 2002-2003, 2007, and 2012 IDHS are analyzed using logit regression in order to identify the determinant of infant mortality in Indonesia for nationality birth five years preceding the surveys. In addition, the study is focused to know whether there are the health spillovers from investments in mother's education, water and sanitation infrastructure, and children vaccination participation made by community.

The regression results shows that bio-demographic factors that consist of child genetics factor and maternal factors are one of the key predictors of Infant mortality in Indonesia. Child sex is important determinant of mortality only in 2012 IDHS; in which male infant have higher odds of dying in compare to female. Birth multiplicity variable is significant in 2002-2003 and 2007, and the magnitudes show that being twin increases the risk of dying before first birth day with relatively equal effect within these years. Birth rank is also important factors associated with infant mortality. The higher birth rank or the closer time space between births increases the risk of infant mortality in all periods of survey. The regression results suggest that the variable was getting stronger in 2007 and continue to bring important effect in 2012. In addition, the study finds that birth interval less than 24 month associated with higher risk of infant mortality in 2002- 2003, but the variable become less important in 2007 and no longer important in 2012. On the other hand, birth interval longer than 47 month is found to be significant in 2007 and 2008 and has lower risk of infant mortality as compared with birth interval 24 to 47 month.

Similar to the other genetic endowments, low birth weight and birth size smaller than average are the good predictors of infant mortality while higher birth weight or birth size larger than average decrease the odds of infant mortality. As compared with birth weight ranging from 2,500 grams to 3,500 grams, birth weight lower than 2,500 grams is associated with higher risk of infant mortality in all periods of survey. The variable is strongest in 2012. On the other hand, birth weight higher than 3,500 grams is closely related to the lower risk of infant mortality only in 2007. Moreover, the study finds that birth size smaller than average increases incidence of infant mortality in 2007 and 2012, but the significance of the variable decreases in 2012. On the contrary, only in 2002-2003 IDHS the regression results suggest that birth size larger than average

has lower odds of infant mortality as compared with average size. Maternal factor such as mother age at birth above 35 years is related to infant mortality only in 2012. The complication during pregnancy appears to significantly increase the incidence of infant mortality in all data, and become even stronger in 2012. In contrast, complication during labor and delivery is associated with lower risk of infant mortality in 2002-2003 and 2007 IDHS. Possible reasons on this puzzling finding are there might be underestimate rate of delivery complication that caused infant and maternal mortality in IDHS data, or mother who experienced delivery complication reduced the risk by getting better quality of medical help.

The several variables of behavioral practices are found to be important determinant of infant mortality. The finding from safe practice of giving only breast milk or not giving any liquid if breast milk has not come out at the first three days of life has higher odds of infant mortality in compare to unsafe practice. This variable is significant only in 2012. Among other health control behavior, contraception has strongest influence on infant mortality in all periods of survey. Delivery at medical facility decreases the risk of infant mortality in 2012, but delivery assisted by health practitioner increases the odds of infant mortality in 2007. The knowledge on ORS shows that the knowledge on diarrhea treatment practice declines the odds of infant mortality in 2007, and the variable become more important in 2012.

This study also finds that improved household hygiene characteristics reduce the risk of infant mortality. Access to improved water has negative association with infant mortality only in 2002-2003 IDHS. In addition, having private toilet reduces the odds of infant mortality only in 2007. Moreover, improved flooring material also declines the risk of infant mortality in 2002-2003 and 2007. Household environment characteristics are not significant in 2012.

Some socio economic variable also found to be significant determinants of infant mortality in Indonesia. Among all factors, the number of household members is the most important factors related to infant mortality in all data. The more household member is negatively related to infant mortality. However, in nonlinear relationship, the association between household size and infant mortality become positive after the number of family members reach 10 persons in 2002- 2003 and 2007 and 13 persons in 2012. Moreover, the research finds that as compared to unemployed mother, working mother has higher odds of infant mortality in all data. However the data show that the number of mothers who works in informal sectors with less earning and lower skill is 4 to 7 times as compared with mothers who work in formal sectors. Therefore, the higher risk of infant mortality might not purely come from mother's decision to take a job, and maternal employment status might indicate poverty condition in the

household. Woman empowerment such as mother decision on her health care in 2012 data and beating justification in 2007 data are found to be significant in determining infant mortality. However, while beating justification increase the risk of infant mortality, mother's decision absence to get own health care is related to lower risk of infant mortality.

Several community level variables also appear to have important influence of infant mortality. Sumatra and Kalimantan regions in 2012 have lower odds of infant mortality as compared with Java and Bali. On the other hand, higher odd of infant mortality in 2002-2003 occurs in Sulawesi region. Furthermore, the study found that the variable that measured community investment in immunization participation generates positive spillover to infant survival status. The influence of vaccination variable is significant in all data, and the odds ratios indicate that the risk of infant mortality could substantially be decreased by the immunization participation in the clusters.

The results suggest that proximate factors such as bio-demographic and behavioral factors as well as individual, household, and community level socio economic factors are important determinants of infant mortality in Indonesia for national births between 1997 and 2012. The strong risk factor related to bio-demographic factors such as low birth weight and complication during pregnancy might be reduced with effective strategies such as providing more quality of prenatal care, especially the one that is provided by village midwife; since poor family in rural area could not afford antenatal care provided by doctor or specialist. As the number of antenatal care is not significant in all data, there are no differences effect resulted by the number of antenatal visit during pregnancy. However, measuring the quantity is not enough. The complication that happened during maternity periods and growth faltering of the fetus might be avoided if medical personnel taking more care and supervision to the mother during antenatal visit. Educating mother to maintain healthy pregnancy and taking adequate nutrition intake is also the important part of this strategy. In addition, adverse outcome of pregnancy caused by older age of mother could also be reduced by promoting mother who has lower health status to take family planning program since the contraceptive practice has been an important determinant of infant mortality in Indonesia. In addition, the quantity of medical facilities is also needed to be increased, especially in the remote area where the households have big problems to get medical service. Women empowerment, as well as maternal education is also important channel to reduce the risk of infant mortality although formal education is not significantly affect infant mortality. Giving sufficient knowledge on feeding practices and treatment for major childhood disease, and creating environment that support working mother in childcare system are also some possible approach that could be taken by the government in order to decline infant mortality. Looking for the

difference of characteristic of the region, it is found that Sumatra and Kalimantan have lower incidence of infant mortality as compared with Java and Bali. In general, the provinces¹ in Sumatra and Kalimantan have lower population populations per kilometer squares as compared with Java, Bali, and Sulawesi and the regions have better infrastructures as compared with Nusa Tenggara, Maluku, and Papua. Along with development agenda, the national and regional government needs to manage the congestion in the most populous island, not only by encouraging family planning program. Development of infrastructure especially in eastern area of Indonesia and improving regional equality could be the effective way out. Household who live in the region with worse infrastructure condition might get better socio-economic condition and therefore migration to the rich regions such as in Java and Jakarta provinces could be declined. Finally, immunization has been very important preventive intervention in reducing infant mortality in Indonesia and the program need to be continued in the future period.

Private Investment and Expenditure Inequality in Indonesia: An Analysis Based on Susenas 2000-2009

Investasi Swasta dan Pengeluaran di Indonesia: Analisis Berdasarkan Susenas 2000-2009

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ABSTRACT

The purpose of this study is to analyze the impact of private investment on expenditure inequality in Indonesia. Household expenditure data obtained from National Socio-economic Survey known as *Susenas* has been used to measure the expenditure disparity which is represented by the Gini coefficient, the Theil L index, and the Theil T index. Implementing panel data analysis using fixed effect estimation from 33 provinces for the period 2000-2009, the research finds that private investment is positively correlated with expenditure inequality in Kalimantan, Sulawesi, and the Others region. In other words, private investment contributes to the widening inequality of household expenditure in these regions. Meanwhile, the reducing effect of private investment on expenditure inequality occurs in Java-Bali and Sumatera region.

ABSTRAK

Tujuan dari penelitian ini adalah untuk menganalisis dampak investasi swasta terhadap ketidaksetaraan pengeluaran di Indonesia. Data pengeluaran rumah tangga yang diperoleh dari Survei Sosial Ekonomi Nasional yang dikenal dengan Susenas telah digunakan untuk mengukur kesenjangan pengeluaran yang diwakili oleh koefisien Gini, indeks Theil L, dan indeks Theil T. Melaksanakan analisis data panel dengan estimasi *fixed effect* dari 33 provinsi untuk periode 2000-2009, penelitian ini menemukan bahwa investasi swasta berkorelasi positif dengan ketidaksetaraan pengeluaran di Kalimantan, Sulawesi, dan wilayah lainnya. Dengan kata lain, investasi swasta berkontribusi terhadap melebarnya ketidaksetaraan pengeluaran rumah tangga di daerah ini. Sementara itu, efek pengurangan investasi swasta terhadap ketidaksetaraan pengeluaran terjadi di wilayah Jawa-Bali dan Sumatera.

Analyze the Effect of Private Investment on Expenditure Inequality

(OECD, 2010) reported that Indonesia suffered from 5.1 billion US dollar FDI (Foreign Direct Investment) outflow within 1997-2003 due to the Asian Financial Crisis. According to BKPM (*Badan Koordinasi Penanaman Modal/Investment Coordinating Board*) data, domestic investment declined from 18.6 trillion rupiahs in 1996 to 9.9 trillion rupiahs in 2001. FDI also declined from 87.2 billion US dollars in 1996 to 3.5 billion US dollars in 2001. This investment started to increase after 2003.

Given abovementioned facts, the purpose of the research paper is to analyze the effect of private investment on expenditure inequality using panel data analysis of 33 provinces in Indonesia for the period 2000-2009. The hypothesis is that private investment tends to have increasing effect on inequality in the region with low population density. In contrast, the private investment has inequality decreasing effect in the region with high population density.

Overview of Indonesia Investment Policies

In 2007, the Government enacted the Investment Law No. 25 Year 2007. This law revokes the Law No. 1 Year 1967 on foreign investment and Law No. 6 Year 1968 on domestic investment. The law covers all direct investment activities and includes major investment policies, business sector, investment facilities, and special economic zones, among others. Under this law, the improvement of investment climate by providing legal certainty in investing can be achieved.

Some implementation regulations are enacted in order to achieve the objectives of investment law. In terms of business sector, Presidential Decree (*Perpres*) No. 39 in 2014 on List of Business Fields Closed and Business Fields Open with Conditions to Investment was implemented in lieu of the two previous decrees, namely, Presidential Decree No. 36 Year 2010 and No. 77 Year 2007. This negative investment list is periodically evaluated under coordinating ministry of economic affair to propose national interest priority and to give transparency to the investors.

This paper uses panel data of thirty three (33) provinces in Indonesia for the period 2000 to 2009. The data sources are from the Indonesian government agencies, including the Central Bureau of Statistics (BPS) and the Investment Coordinating Board (BKPM). BPS provides nation-wide survey data on household expenditure, while BKPM provides all private investment data in Indonesia.

In order to analyze the relationship between private investment and expenditure inequality, this study employs panel data regression analysis with the following model:

$$\begin{aligned} \text{Exp_INEQpt} = & \beta_0 + \beta_1(\text{PCInvpt}) + \beta_2(\text{PCGRDPpt}) + \\ & \beta_3(\text{PCGRDPSQpt}) + \\ & \beta_4(\text{PCInvpt*Reg}) + (\text{Year}) + \text{upt} \end{aligned}$$

The provinces are classified into 5 regions which are Sumatera, Java-Bali, Kalimantan, Sulawesi, and Others. The names of the provinces in each region are listed in Table 1.

Table 1 List of Provinces by Region

Sumatera	Java-Bali	Kalimantan	Sulawesi	Others
NAD	Jakarta	West Kalimantan	North Sulawesi	NTB NTT Maluku
North Sumatera	West Java	Central	Central Sulawesi South	
West Sumatera	Central Java	Kalimantan South	Sulawesi South East	North Maluku
Riau	Yogyakarta	Kalimantan East	Sulawesi Gorontalo	West Papua
Babel Islands	East Java	Kalimantan		Papua
Riau Islands	Banten		West Sulawesi	
Jambi	Bali			
South Sumatera				
Bengkulu				
Lampung				

In Indonesia, the Relationship between Private Investment and Expenditure Inequality Is Positive

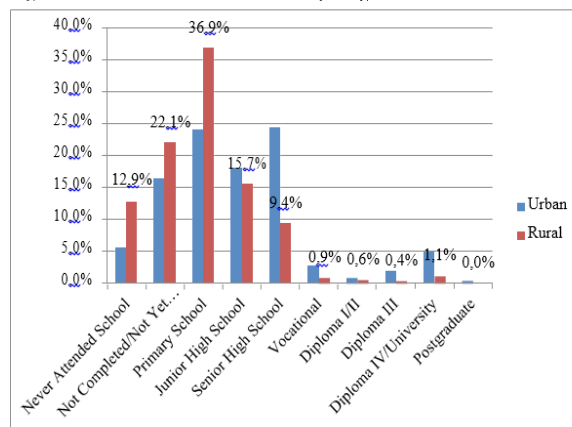
Based on the results of a panel regression analysis, this study finds that in Indonesia, the relationship between private investment and expenditure inequality is positive in Kalimantan, Sulawesi, and the others region. It means that private investment has an inequality increasing effect. Meanwhile, the negative effect of private investment on inequality appears in Java-Bali and Sumatera region. This result is consistent whether we used three different measurements of inequality, the Gini coefficient, the Theil L index, and the Theil T index as the dependent variable.

There are two main reasons why private investment leads to higher expenditure inequality. The first reason is the unequal distribution of private investments. This is due to investment behavior, where investors are likely to choose location with better infrastructure (Rietveld, 1989). As explained before, for the period 2000-2009, 66%-88% of total private investments are located in Java-Bali region which has more adequate infrastructure facilities such as electricity, road, and railway system. Private investments also tend to be located in the more populous area especially urban areas due to the availability of workers and accessibility to target domestic markets (Sjöholm, F., 2000).

The uneven distribution of private investments makes job opportunities concentrated in a particular area. This will in turn attract people to migrate this area, which will then raise inequality. It is supported by a previous research conducted by Sagala, Akita, & Yusuf (2013) which found that expenditure inequality is higher in provinces with high urbanization rates.

The next reason is that private investments especially FDIs usually entail more advanced technology than the recipient country; and hence, require skilled and educated workers. Therefore the benefit of private investment is only enjoyed by some parts of society. This also widens the income gap between educated and uneducated labors. This is consistent with the results of Akita, Lukman, and Yamada (1999) who found that education has a significant effect on expenditure inequality.

Figure 12 Educational Attainment of People Aged 5 Years and Over in 2010



Source: Central Bureau Statistics

Furthermore, there are large differences between provinces and between urban and rural areas in educational attainment. As depicted in Figure 12, in 2010, 12.9 percent of rural population never attended school while only 5.6 percent of urban population

never attended school. The highest educational attainment among rural dwellers is primary school which accounted for 36.9 percent of rural population.

In addition, the results show that the coefficient for per capita GRDP squared has a negative sign no matter which inequality index is used. It implies that there is an inverted U-shaped relationship between expenditure inequality and GRDP as hypothesized by Kuznets (1955) who stated that inequality increases at the first stage of economic development and decreases in the latter stages.

The Private Investments Significantly Affect Expenditure Inequality

This research observes whether and how private investment impacted expenditure inequality in Indonesia for the period 2000-2009. *Susenas* data is used to measure expenditure inequality as the dependent variable then adding per capita GRDP and its square as control variables. Panel data regression analysis using fixed effect model is used to estimate the effect of our interest variables.

The regression results show that private investments significantly affect expenditure inequality for the period of observation. The positive signs of the coefficients, which appear in Kalimantan, Sulawesi, and the others region, reveal that an increase in private investment widens the inequality of household expenditures in those regions. Meanwhile, the negative sign of the coefficients appears in Java-Bali and Sumatera region.

There are two main reasons why private investments increase inequality. First, there is unequal distribution of private investments among the provinces due to the lack of infrastructures outside Java-Bali region. Second, there is salary gap between skilled and unskilled workers. On the other hands, high population density and better public infrastructures causes private investments to have a decreasing effect on inequality.

In order to deal with the uneven distribution of private investments, the Indonesian government has recently provided tax incentives for investors who would venture on the particular areas especially outside the Java-Bali regions. However, it seems that such policy has not been effective in improving private investments outside Java. This is because those areas are lacking the basic infrastructure facilities needed by the investors, such as electricity, good public roads and transportation system, among others. The government should, therefore, prioritize building adequate infrastructure in provinces outside Java to attract investors in those areas.

On the other hand, in reducing the wage gap between skilled and unskilled labor, the government should consider equipping the workforce by providing training, skills development workshops, and the like. The current policy in allocating of at least 20 percent of national budget for the education sector is suggested to be at least maintained, in order to provide an equal access by the citizenry to education. Indeed, although it takes time to reap the benefits from investing in education sector, it will surely bear fruit in the future.

The fact that private investment proposes very large inequality in the backward region does not mean that it should be deterred. Investment is believed to have positive effect on economic development thus it should be encouraged. Kuznets' hypothesis stated that inequality increases at early stage of economic development. Hence, given that provinces included in the Others regions' economy are still developing, it is not surprising to find out that private investments widen inequality in those areas. It is very likely that private investment in Kalimantan, Sulawesi, and Others region will reduce inequality in the future, once the economic development in these regions achieves the latter stage, similar to those of the Java-Bali and Sumatera regions, through the policies recommended above.

The Relationship between Small and Medium-sized Enterprises and Poverty Reduction in Indonesia

Hubungan Usaha Kecil dan Menengah dan Pengurangan Kemiskinan di Indonesia

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ABSTRACT

Recently, development of Small and Medium Enterprises (SMEs) has been considered as a strategic tool for sustainable poverty reduction in many countries. This paper aimed to investigate the relationship between SMEs and poverty in Indonesia. Annual time series data from 1997 to 2012, which is obtained from Indonesian Statistical Yearbook and World Development Indicator of the World Bank, has been used to investigate this relationship. The Ordinary Least Square method has been used to estimate the autoregressive (AR1) model to examine the impact of SMEs on poverty in Indonesia. The result confirms that SME growth, population growth and inflation have significant impacts on poverty in Indonesia. However, health expenditure, GDP per capita, and previous year of poverty level influence insignificantly on poverty.

The study also finds that the productivity of SMEs remains weak. Enhancing pro-SMEs development programs is likely to be helpful in increasing their productivity, especially in financial sector, export and human resources capability. Furthermore, controlling of population growth and inflation should also be taken as those variables also significantly affect the poverty.

Keywords – small and medium enterprises (SMEs), economic growth, poverty reduction, population growth

ABSTRAK

Baru-baru ini, pengembangan Usaha Kecil dan Menengah (UKM) telah dianggap sebagai alat strategis untuk pengentasan kemiskinan yang berkelanjutan di banyak negara. Makalah ini bertujuan untuk mengetahui hubungan antara UKM dan kemiskinan di Indonesia. Data seri tahunan dari tahun 1997 sampai 2012, yang diperoleh dari Buku Statistik Statistik Indonesia dan Indikator Pembangunan Dunia Bank Dunia, telah digunakan untuk menyelidiki hubungan ini. Metode *Ordinary Least Square* telah digunakan untuk memperkirakan model autoregresif (AR1) untuk menguji dampak UKM terhadap kemiskinan di Indonesia. Hasilnya menegaskan bahwa pertumbuhan UKM, pertumbuhan penduduk dan inflasi memiliki dampak signifikan terhadap kemiskinan di Indonesia. Namun, pengeluaran kesehatan, PDB per kapita, dan tingkat kemiskinan tahun sebelumnya sangat mempengaruhi kemiskinan.

Studi ini juga menemukan bahwa produktivitas UKM tetap lemah. Meningkatkan program pengembangan UKM tampaknya akan sangat membantu dalam meningkatkan produktivitas mereka, terutama di sektor keuangan, ekspor dan kemampuan sumber daya manusia. Selanjutnya, pengendalian pertumbuhan penduduk dan inflasi juga harus dilakukan karena variabel-variabel tersebut juga berpengaruh secara signifikan terhadap kemiskinan.

UKM has been considered as a strategic tool for sustainable poverty reduction in many countries.

Nowadays, poverty alleviation still remains as one of the main problems in the world, especially in developing countries. In order to overcome poverty, many countries look towards the promotion of pro-SMEs development programs. During the Great Financial Crisis in 2008 to 2009, many countries experienced economic contraction which caused high unemployment and poverty rate. Some of these countries include the creation and development of SMEs in their policy agenda to recover from the crisis (Ardic, et. al., 2011). After the Great Financial Crisis, Indonesian economic growth performed well. Its economic growth increased sharply from 4.6 percent in 2009 to 6.30 percent in 2012 and income per capita increased almost double from IDR 28.8 million in 2013 to IDR 41.8 million in 2014 (Statistics Indonesia, 2015). However, this country is still facing numerous challenges, including poverty, unemployment, overpopulation, corruption, terrorism, and poor and inadequate infrastructures (Bashin and Venkataramany, 2010). Furthermore, during the Asian Financial Crisis in 1997 to 1998, the rate of poverty increased from 11.30 percent in 1996 to 24.20 percent in 1998. Although this number slowly declined to 11.30 percent in 2014, the number of people live in poverty was still high, around 27.73 million people (Statistic Indonesia, 2015).

Based on the objective of the study discussed above, the questions developed for this study areas there a significant impact of SMEs growth on poverty in Indonesia? What problems are faced by SMEs in Indonesian in improving their productivity? And what factors that could improve their productivity?

This study focuses on impact of SMEs on poverty level in Indonesia for period from 1997 to 2012. In this paper, the model used by Ali *et. al.* (2014) has been adopted. Following their model, poverty rate is set as the dependent variable and MSMEs' output as percentage of GDP, population growth, health expenditure as percentage of GDP, and inflation measured through Consumer Price Index (CPI) are as the explanatory variables. However, in this research, gini coefficient is excluded as an explanatory variable because the data is not available for the period of study. To provide an accurate result, this variable is replaced by real GDP per capita growth. According to Beck *et. al.* (2005), this variable has positive and significant impact on poverty. Increasing in the GDP per capita tends to increase the income of the poorer, and hence reduce the poverty. Furthermore, one year lagged of poverty rate is included as one of the explanatory variables because it has a significant impact on poverty (Ali *et. al.*, 2014).

The data of poverty rate from 1997 to 2012 has been obtained from Indonesian Statistical Yearbook 2014. The data of SMEs' output as percentage of GDP has been

gained from Comparison of Data of Development Micro, Small and Medium Enterprises and Large Enterprises 1997 – 2012 of the Ministry of Cooperative and MSMEs. The data of population growth, health expenditure as percentage of GDP, real GDP per capita growth and CPI have been taken from World Development Indicator (WDI) of the World Bank. Constant price of 2000 is used for real GDP per capita and MSMEs' output data.

Findings and discussion

As discussed in the literature review section, some findings from different countries support the opinion that the development of SMEs could be a strategic tool for eradicating poverty. In this present study, we have explored the development of SME and poverty reduction in Indonesia.

Statistical results

Furthermore, the mean value of MSMEs' output as percentage of GDP is around 57 percent with standard deviation of 1.39 percent. It means that more than half of total GDP in Indonesia comes from SME industries.

The result shows that the distribution of the data is symmetrically close to the mean as the value of skewness is close to zero, except for population growth and real GDP per capita growth. Similarly, the Jarque-Bera value indicates that the data are normally distributed, except for real GDP per capita growth as the Jarque-Bera value for this variable is too high (76.57). However, the power of this correlation is weak as the value is 0.09, lower than other variables. Similarly, health expenditure as percentage of GDP (HE), real GDP per capita growth (GDP), and inflation (CPI) are negatively associated with poverty level in Indonesia. On the other hand, population growth (P) has a positive correlation with poverty levels.

Impact of SME on Poverty

On the contrary, health expenditure and one year lagged of poverty level have no essential impact on the level of poverty. These results neither support the finding of Ali *et al* (2014) nor Nurkse's argument that people are poor because they were poor. Similarly, our result does not support findings of Beck *et al.* (2005) in terms of impact of the growth of real GDP per capita on the level of poverty. Those variables do not exert significant impact on poverty in Indonesia.

The Performance of SMEs in Indonesia

In the era of globalization, SMEs are going to face higher competition, domestically and internationally. Increase in export is more likely for all firms in open market (Wengel and Rodriguez, 2006). Unfortunately, the contribution of Indonesian SMEs in export has been declining since the Great Financial Crisis 2008-2009. It contributes only 14 percent of total export (see Table 2). Bhasin and Venkatamany (2010) argue that smaller contribution of SMEs in export is mainly due to the limited access to foreign markets, low quality of products and lack of information relating to trade liberalization. Therefore, opening access to international markets could help SMEs increase their returns and hence reduce the poverty.

The Productivity of UKM Remains Weak

This paper has discussed the association between SMEs and poverty reduction in Indonesia. This recent study has analyzed time series data for period from 1997 to 2012 using autoregressive model. This model is adopted from previous work that shown the impact of SMEs on poverty. Statistically, the results suggested that SME affects significantly and positively on poverty in Indonesia. However, the positive sign of the coefficient of SMEs growth in the model does not mean to discourage the development of SME. It was rather as an indication that the growth of SME output is slow and the productivity of SMEs is low. Similarly, we find that population growth and inflation rate significantly influence the poverty level. However, health expenditure, GDP per capita, and one year lagged of poverty impact insignificantly on poverty.

Generally, small firms are weak in productivity and inefficient in production, including the SME in Indonesia. Therefore, the policy makers are suggested to provide proper policy for pro-SMEs development programs, such as enhancing the role of micro finance institutions, simplifying credit procedures, encouraging SMEs to improve their product quality, and providing better education services and entrepreneurial training. Furthermore, policy makers are also suggested to control the growth of population and inflation rate because those variables have also significantly affected the level of poverty in Indonesia.

In further study, it would be desirable to use longer range of data period to examine the long run impact of SME growth on the incidence of poverty. It would also be useful to develop the model to investigate whether there is a causality impact among variables.

The Effect of Regional Government Expenditure and Society on Education and Health on Human Development in Indonesia

Pengaruh Pengeluaran Pemerintah Daerah dan Masyarakat di Bidang Pendidikan dan Kesehatan terhadap Pembangunan Manusia di Indonesia

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ABSTRAK

Penelitian ini bertujuan mengetahui peran pengeluaran pemerintah (baik secara porsi maupun secara pengelolaan belanja di pemerintah) dan masyarakat terhadap pembangunan manusia dan dimensinya di Indonesia. Penelitian menggunakan data panel tingkat provinsi di Indonesia selama tahun 2008-2011, yang diestimasi menggunakan metode efek tetap dengan estimator *Generalized Least Square*. Hasil estimasi menunjukkan bahwa porsi belanja pendidikan dan kesehatan pemerintah kurang mempengaruhi secara positif pembangunan manusia. Tingkat birokrasi pendidikan dan tingkat pengambil kebijakan belanja kesehatan kurang mempengaruhi secara positif pembangunan manusia. Porsi konsumsi pendidikan rumah tangga mempengaruhi positif, sedangkan konsumsi kesehatan kurang mempengaruhi secara positif pembangunan manusia dan dimensinya di Indonesia.

Kata kunci: Pembangunan Manusia; Pengeluaran Pendidikan; Pengeluaran Kesehatan; Pemerintah; Rumah Tangga.

ABSTRACT

This study aims to determine the role of government spending (both in portion and in management in government spending) and households spending on human development and its dimensions in Indonesia. This study uses provincial panel data during 2008-2011 in Indonesia, which is estimated using fixed effects method with Generalized Least Square estimator. The results showed the share of government's education and health spending has less impact positively on human development. Bureaucracy's level in education and level of health policy makers in government spending have positive effect on human development. Share of education's consumption have positive impact, while health's consumption have less impact on human development in Indonesia.

Keywords: Human Development; Education Expenditure; Health Expenditure; Government; Households.

Pengeluaran Pemerintah dan Masyarakat bersifat Kolaboratif

Terdapat tiga dimensi pembangunan manusia, yaitu dimensi kesehatan, dimensi pendidikan, dan dimensi pendapatan (UNDP, 2014). Pendidikan dan kesehatan adalah tanggung jawab semua pihak. Sumber daya manusia yang terdidik dan sehat adalah modal utama dalam pembangunan ekonomi. Dengan demikian, pendidikan dan kesehatan dapat dipandang sebagai barang publik karena mampu menghasilkan eksternalitas positif yang berdampak ke semua aspek.

Menurut *World Health Organization* (WHO) Pemerintah Indonesia hanya mengeluarkan belanja di bidang kesehatan sebesar 36,1% dan masyarakat sebesar 63,9% pada tahun 2000 dan 2010 (WHO, 2013). Di tahun 2000, Indonesia hanya total belanja di bidang kesehatan hanya 1,6% dari PDB Indonesia atau hanya US\$8 per orang (WHO, 2004). Melihat fakta tersebut, pengeluaran pemerintah dan masyarakat dalam menciptakan manusia yang sehat dan terdidik bersifat kolaboratif, tidak bisa dinilai sendiri-sendiri.

Adapun pertanyaan secara umum dalam penelitian ini adalah bagaimana peran belanja pemerintah dan pengeluaran rumah tangga dalam pembangunan manusia di Indonesia. Sedangkan pertanyaan khususnya adalah bagaimana peran belanja pemerintah dan pengeluaran rumah tangga terhadap masing-masing nilai IPM dan dimensinya serta terhadap *shortfall reduction* (kecepatan perkembangan indikator per tahun) dari indeks-indeks tersebut? Kemudian bagaimana peran pengeluaran pemerintah dari segi pengelolaan belanja pemerintah dalam pembangunan manusia di Indonesia?

Tujuan yang hendak dicapai dalam penelitian ini adalah untuk mengetahui pengaruh pengeluaran pemerintah daerah dan pengeluaran masyarakat di bidang pendidikan dan kesehatan terhadap nilai Indeks Pembangunan Manusia dan dimensinya di Indonesia. Kemudian menganalisis faktor-faktor sosial ekonomi apa saja yang menjadi determinan dari Indeks Pembangunan Manusia dan dimensinya di Indonesia.

Berdasarkan tinjauan literatur di atas, maka dalam melakukan penelitian ini, penulis menggunakan persamaan utama untuk pengujian yang merujuk pada model Fungsi Peningkatan Pembangunan Manusia (*Human Development Improvement Function / HDIF*) Ranis, Stewart, dan Ramirez (2000).

Data yang digunakan dalam penelitian ini berdasarkan data sekunder hasil publikasi baik melalui *website* atau cetakan dari Badan Pusat Statistik (BPS), Direktorat Jenderal Perimbangan Keuangan (DJPK) Kementerian Keuangan, Kementerian Pemberdayaan Perempuan dan Perlindungan Anak, dan dari Euromonitor International (www.portal.euromonitor.com). Dalam penelitian ini, obyek yang menjadi fokus penelitian adalah pengeluaran pemerintah daerah dan pengeluaran masyarakat di bidang pendidikan

dan kesehatan pada masing-masing provinsi di seluruh Indonesia dengan rentang waktu tahun 2008-2011, yang hasilnya diharapkan mampu menjelaskan pengaruh pengeluaran pemerintah dan pengeluaran masyarakat dalam indeks pembangunan manusia.

Pengeluaran Pemerintah Daerah di Indonesia dalam Bidang Pendidikan dan Kesehatan

Pengeluaran pemerintah daerah di Indonesia dalam bidang pendidikan dan kesehatan bersumber dari pendanaan pemerintah pusat dan pemerintah daerah itu sendiri. Belanja fungsi pendidikan lebih banyak didanai dengan dana transfer ke daerah (Dana Alokasi Umum). Belanja kesehatan lebih banyak didanai dengan dana Kementerian Kesehatan (Kemenkes). Untuk mempercepat fisik fasilitas pendidikan dan kesehatan, digunakan Dana Alokasi Khusus.

Terdapat 3 sektor prioritas pemerintah dalam pendidikan, yaitu pendidikan dasar (SD, SMP, dan sederajat), pendidikan tinggi, dan pelayanan bantuan terhadap pendidikan. Pada APBN tahun 2009, total alokasi belanja fungsi pendidikan sebesar Rp89,634 triliun. Pendidikan dasar mendapat alokasi 42,77% dari total belanja fungsi pendidikan atau sebesar Rp38,333 triliun. Pendidikan tinggi mendapat alokasi 26,19% (Rp23,475 triliun). Pelayanan bantuan terhadap pendidikan mendapat alokasi 18,37% (Rp16,467 triliun) dan terdiri dari tiga program. Program-program tersebut yaitu program peningkatan mutu pendidik dan tenaga kependidikan, program pengembangan budaya baca dan pembinaan perpustakaan, serta program manajemen pelayanan pendidikan. Kemudian dari total alokasi belanja pendidikan sebesar Rp89,634 triliun tersebut, dibagi menjadi empat jenis belanja, yaitu belanja pegawai (16,60%), belanja barang (16,50%), belanja modal (9,33%), dan belanja bantuan sosial (57,57%).

Bidang kesehatan di Indonesia memiliki alokasi anggaran yang lebih rendah dibandingkan bidang pendidikan. Pada tahun 2010, Kementerian Kesehatan (yang melaksanakan anggaran terbesar di fungsi kesehatan) merealisasikan total belanja Rp22,428 triliun. Komposisi belanja pegawai, barang, modal, dan belanja sosial Kementerian Kesehatan tahun 2010 berturut-turut sebesar 14,83% (Rp3,326 triliun), 39,49% (Rp8,857 triliun), 21,71% (Rp4,869 triliun), dan 23,96% (Rp5,373 triliun). Adapun 3 besar program Kemenkes tahun 2010 yaitu program upaya kesehatan perorangan, penerapan pemerintahan, dan upaya kesehatan masyarakat dengan alokasi berturut-turut sebesar 49,62%, 10,83%, dan 9,02%. Adapun alokasi anggaran promotif/preventif Kemenkes pada tahun 2010 sebesar 48,5% dan kuratif sebesar 51,5%. Alokasi APBN Kemenkes untuk pembangunan kesehatan di daerah pada tahun 2010 mencapai 84%.

Meskipun alokasi pendidikan telah menjadi alokasi fungsi terbesar di APBN, tetapi Indonesia menghadapi masalah rasio jumlah pendidik dan fasilitas pendidikan serta juga masalah ketidakmerataan tenaga pendidik dan fasilitas pendidikan. Lampiran 3 menunjukkan hal tersebut. Persentase jumlah sekolah baik SD, SMP, dan SMU di Pulau Jawa pada tahun 2008 maupun tahun 2011 selalu di atas 45% dari total sekolah di Indonesia. Meski demikian, rasio murid terhadap guru di Pulau Jawa pada tahun 2009 tidak serta merta menjadi lebih rendah rasionya jika dibandingkan wilayah lain, yang mungkin disebabkan oleh banyaknya usia sekolah di Pulau Jawa.

Hasil Estimasi Utama Pengelolaan Belanja

Pengaruh pengeluaran Pemerintah daerah di bidang pendidikan dan kesehatan terhadap pembangunan manusia di Indonesia secara umum adalah positif meski dengan rata-rata koefisien yang kecil. Sedangkan pengeluaran masyarakat di bidang pendidikan dan kesehatan terhadap pembangunan manusia secara umum adalah positif.

Hasil estimasi pengelolaan belanja pendidikan baik dari sisi kebijakan dan sisi birokrasi yang tidak sesuai dengan dugaan awal ini diduga selain disebabkan fasilitas pendidikan yang belum merata, juga karena fokus belanja pendidikan pemerintah masih pada pendidikan dasar. Fokus pendidikan belum pada pendidikan menengah dan atas. Kondisi lemahnya pengelolaan tersebut menjadi sinyal bahwa pemerintah Indonesia perlu didorong untuk lebih baik lagi dalam belanja pembiayaan pendidikan.

Meskipun aturan alokasi anggaran 20% dari APBN/APBD sudah dijalankan tapi dalam pembelanjannya kurang mencapai tujuan akhir pendidikan yaitu tercapainya kualitas pendidikan yang bermutu dan pendidikan bagi semua. Indikator tersebut dapat dilihat pada nilai rata-rata dari rata-rata lama sekolah pada tahun 2012, yaitu sebesar 8,01 tahun dari nilai maksimal 15. Hasil kajian World Bank (2013) mengenai pengeluaran publik pada pendidikan di Indonesia menegaskan hal tersebut. Memang diakui adanya peningkatan akses dan kesetaraan di bidang pendidikan dasar, namun akses ke pendidikan menengah atas dan pendidikan tinggi tetap rendah, khususnya bagi orang yang tak mampu. Hasil kajian tersebut menyarankan agar Indonesia harus mampu menggunakan dana dengan lebih baik untuk memastikan sumber daya pendidikan benar-benar menyumbang pada kinerja, efisiensi dan kesetaraan di bidang pendidikan.

Adapun pada pengelolaan di belanja kesehatan, tingkat kebijakan mempengaruhi positif signifikan terhadap AHH dan PerkapitaSR serta negatif signifikan terhadap RLS. Arah koefisien variabel interaksinya menunjukkan bahwa tingkat kebijakan kesehatan berkebalikan arahnya terhadap AHH dan PerkapitaSR serta bersifat menyerap

dampak dari RLS. Sedangkan tingkat birokrasi kesehatan mempengaruhi negatif signifikan terhadap IPMSR dan AHHSR dengan arah yang berkebalikan dari pengaruh belanja kesehatan terhadap IPMSR dan AHHSR.

Dampak pengelolaan belanja kesehatan yang tidak sesuai harapan ini mungkin disebabkan memang masih terdapat permasalahan dalam pengelolaan belanja kesehatan. Permasalahan tersebut diantaranya ketimpangan sarana dan prasarana kesehatan antar wilayah dan ketimpangan jumlah tenaga kesehatan. Dugaan lemahnya peran belanja kesehatan pemerintah tersebut di atas diperkuat dengan hasil studi sebelumnya. Hasil penelitian Astri, Nikensari, dan Kuncara (2013) menyatakan bahwa belanja kesehatan oleh pemerintah tidak berpengaruh nyata terhadap pembangunan manusia di Indonesia. Laporan World Bank (2008) menyatakan bahwa meskipun pengeluaran pemerintah di bidang kesehatan telah meningkat dari Rp9,3 triliun pada tahun 2001 menjadi Rp39 triliun pada tahun 2007 (mencapai 1% dari PDB), tetapi efektivitasnya sangat rendah. Di bidang kesehatan pada tahun 2006, hanya 73% dari total anggaran kesehatan yang dicairkan. Pencairan anggaran justru rendah di belanja barang, konsultan, dan pekerjaan sipil, yang notabene merupakan pendukung fasilitas kesehatan.

Hasil penelitian ini terkait pengelolaan belanja pemerintah memang sedikit berbeda dengan penelitian Baldacci et al. (2008) serta Rajkumar dan Swaroop (2008). Penelitian mereka menemukan bahwa pengelolaan yang baik dalam belanja pemerintah akan meningkatkan angka partisipasi sekolah dan mengurangi angka kematian bayi. Perbedaan ini selain karena ruang lingkup yang berbeda (studi mereka menggunakan data antar negara) dan variabel dependen yang digunakan juga berbeda. Kemudian jangka waktu pengamatan penelitian mereka lebih panjang daripada yang digunakan dalam penelitian ini.

Hasil Estimasi Antar Wilayah

Dalam mencapai IPM, masing-masing provinsi terlihat memiliki dampak individu awal yang beragam, dengan Provinsi DKI Jakarta berada di tengah-tengah. Provinsi Riau memiliki dampak individu paling tinggi dalam mencapai IPM, sedangkan Provinsi Papua paling rendah dampak individunya. Hal menarik diperoleh bahwa dalam mencapai *shortfall reduction* IPM, Jakarta paling kecil dampak individunya di antara provinsi-provinsi di Indonesia. Tingginya nilai IPM Jakarta diduga menjadi penyebab rendahnya IPMSR ini.

Terkait indikator Angka Harapan Hidup, sebagian besar berada di bawah Jakarta dan terdapat provinsi yang jauh berada di bawah Jakarta. Provinsi itu yaitu Provinsi

Kalimantan Selatan, Nusa Tenggara Barat, dan Banten. Provinsi dengan dampak individu tertinggi dalam mencapai AHH dipimpin oleh Provinsi Yogyakarta. Terhadap AHHSR, lebih banyak provinsi yang memiliki dampak individu di atas Jakarta.

Dalam indikator pendidikan berupa Angka Melek Huruf, sebagian besar provinsi memiliki dampak individu di bawah Jakarta, dan banyak yang berasal dari luar Pulau Jawa. Kondisi ini semakin parah saat *shortfall reduction*-nya, dengan semua provinsi kecuali Kalimantan Timur berada di bawah Jakarta. Bahkan Nusa Tenggara Timur memiliki dampak individu terendah sebesar 40 poin di bawah Jakarta.

Semua dampak individu provinsi di bawah Jakarta dalam pencapaian AMHSR. Hal ini dipastikan karena kurangnya fasilitas sarana dan prasarana pendidikan pada provinsi-provinsi di luar DKI Jakarta. Selain itu, hal ini menjadi bukti adanya ketimpangan pendidikan di Indonesia. Hal sebaliknya terjadi dalam rata-rata lama sekolah. Sebagian provinsi memiliki dampak individu pencapaian RLS dan RLSSR di atas Jakarta. Bahkan dalam RLSSR, semua provinsi memiliki dampak individu di atas Jakarta. Hal ini mungkin disebabkan oleh nilai RLS Jakarta yang sudah tinggi.

Sebagian besar provinsi memiliki dampak individu di atas Jakarta dalam dimensi standar layak hidup (pengeluaran per kapita riil yang disesuaikan). Bahkan Riau dan Nusa Tenggara Barat memiliki dampak individu sekitar 40 poin di atas Jakarta. Hal ini mungkin disebabkan oleh mahalnya biaya hidup di provinsi tersebut dibandingkan di Jakarta, sehingga standar hidup layak perlu tinggi. Selain itu juga mungkin karena di luar Jakarta kurang fasilitas sarana dan prasarana umum sehingga pengeluaran per kapita menjadi tinggi. Tetapi dampak individu *shortfall reduction* Perkapita provinsi-provinsi di Indonesia masih seragam dan perbedaannya tidak besar. Hal ini diduga karena standar deviasi variabel PerkapitaSR yang paling kecil diantara variabel dependen lainnya.

Belanja Pendidikan dan Kesehatan oleh Pemerintah Daerah di Indonesia Kurang Berpengaruh terhadap IPM

Penelitian ini bertujuan untuk mengetahui pengaruh pengeluaran pemerintah (baik secara porsi maupun secara pengelolaan belanja di pemerintah) dan pengeluaran masyarakat di bidang pendidikan dan kesehatan terhadap nilai Indeks Pembangunan Manusia dan dimensinya di Indonesia. Penelitian ini menggunakan data panel 33 provinsi di Indonesia selama tahun 2008-2011 menggunakan metode efek tetap dengan estimator *Generalized Least Square*(GLS).

Belanja pendidikan dan belanja kesehatan oleh pemerintah daerah di Indonesia kurang mempengaruhi secara positif signifikan terhadap IPM dan dimensinya baik dalam

pencapaian indeks maupun dalam percepatan (*shortfall reduction*) pembangunan manusia. Adapun tingkat pengambil kebijakan (Kepala Daerah dan legislatif) di belanja pendidikan dan belanja kesehatan kurang memperkuat dampak dari belanja pemerintah terhadap pembangunan manusia di Indonesia. Begitu juga tingkat birokrasi (dinas-dinas terkait) di belanja pendidikan dan belanja kesehatan pemerintah daerah di Indonesia kurang memperkuat dampak belanja pemerintah terhadap pembangunan manusia.

Konsumsi pendidikan masyarakat mempengaruhi secara positif sebagian besar indikator pembangunan manusia terutama signifikan terhadap IPM dan standar hidup layak (pengeluaran per kapita). Adapun konsumsi kesehatan mempengaruhi positif signifikan pada dimensi pendidikan dan negatif terhadap standar hidup layak.

Variabel kontrol PDRB per kapita mempengaruhi positif terhadap harapan hidup karena adanya kenaikan pendapatan, tetapi ada pengaruh negatif dalam dimensi pendidikan karena tidak semua PDRB digunakan untuk pendidikan. Variabel tata kelola pemerintahan yang baik (diproksi dengan *Indonesia Governance Index*) serta variabel kesetaraan gender (diproksi dengan Indeks Pembangunan Gender) mempengaruhi positif signifikan pada pembangunan manusia tapi bukan terhadap *shortfall reduction* dari pembangunan manusia.

Tingkat ketimpangan pendapatan yang diwakili dengan rasio Gini kurang memiliki pengaruh terhadap pembangunan manusia. Tingkat urbanisasi mempengaruhi positif signifikan terhadap IPM dan rata-rata lama sekolah karena kondisi perkotaan mendorong kualitas pembangunan manusia dan mendorong masyarakat untuk memperhatikan pendidikan. Sedangkan persentase populasi usia 0-14 tahun mempengaruhi pembangunan manusia secara berbeda-beda terhadap masing-masing indikator.

Dampak individu masing-masing provinsi dalam mencapai nilai indeks serta *shortfall reduction* dari Indeks Pembangunan Manusia menempatkan Jakarta relatif berada di tengah-tengah di antara provinsi-provinsi di Indonesia. Dampak individu provinsi terhadap Angka Harapan Hidup menunjukkan bahwa sebagian besar provinsi berada di bawah Jakarta. Sedangkan terhadap indikator *shortfall reduction* Angka Melek Huruf, semua dampak individu provinsi-provinsi lain di bawah Jakarta, yang diduga akibat ketimpangan fasilitas pendidikan. Tetapi terhadap *shortfall reduction* Rata-rata Lama Sekolah, dampak individu Jakarta paling rendah, yang diduga karena nilai indeks Jakarta yang sudah relatif tinggi. Dampak individu Jakarta dalam pencapaian indeks standar hidup layak berada di bawah provinsi-provinsi lain yang diduga akibat kurangnya fasilitas sarana dan prasarana di luar Jakarta sehingga pengeluaran per kapita menjadi lebih tinggi dibandingkan Jakarta.

Assessing Public Services and Economic Performance of the New Districts Created in the Regional Expansion in Indonesia

Menilai Pelayanan Publik dan Kinerja Ekonomi Kabupaten Baru yang Dibuat dalam Pemekaran Wilayah di Indonesia

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ABSTRACT

This paper focuses on the separation of municipalities (cities and districts) in Indonesia. Theories suggest that separations, combined with decentralization, bring about benefits to the people. Proponents of separations in the real world also emphasize various promises of separations and the creation of new local governments. The presence of generous fiscal transfers from the central government is also likely to allow the newly created municipalities to provide a higher level of public services. But anecdotes suggest that public services have not improved in many of the new regions. This research aimed to assess new autonomous region performance in delivering public service and improving economic performance by using Difference in Difference method. We found that, in following years after separation, new cities was managed to optimize the effect of separation to keep up or even surpass unseparated region's public service achievement. In contrast, new rural districts suffer difficulties to improve their condition following the separation. We stressed the improvement of screening procedure in order to create more qualified and self-reliant new autonomous regions in the future.

Keywords: Decentralization, Government Size, Public Service, Economic Performance

ABSTRAK

Makalah ini berfokus pada pemekaran wilayah (kota dan kabupaten) di Indonesia. Teori menunjukkan bahwa pemisahan, dikombinasikan dengan desentralisasi, membawa manfaat bagi masyarakat. Pendukung perpisahan di dunia nyata juga menekankan berbagai janji perpisahan dan pembentukan pemerintah daerah baru. Kehadiran transfer fiskal yang murah hati dari pemerintah pusat juga memungkinkan warga kota yang baru dibuat memberikan layanan publik yang lebih tinggi. Tapi anekdot menunjukkan bahwa layanan publik belum membaik di banyak wilayah baru. Penelitian ini bertujuan untuk menilai kinerja daerah otonom baru dalam memberikan pelayanan publik dan meningkatkan kinerja ekonomi dengan menggunakan metode *Selisih Difference*. Kami menemukan bahwa, setelah bertahun-tahun berpisah, kota-kota baru berhasil mengoptimalkan efek pemisahan agar tetap bertahan atau bahkan melampaui pencapaian layanan masyarakat daerah yang tidak terputus. Sebaliknya, kabupaten pedesaan baru mengalami kesulitan untuk memperbaiki kondisi mereka setelah berpisah. Kami menekankan perbaikan prosedur penyangkutan untuk menciptakan daerah otonom baru yang lebih berkualitas dan mandiri di masa depan.

Analyze Municipality-Level Data by Utilizing the Difference-In-Difference Method

The objective of this paper is to present empirical evidence of the impact of municipal separation in Indonesia after the enactment of Government Regulation No.129/2000 on the new municipalities' public services and economic performance. To achieve this goal, I analyze municipality-level data by utilizing the difference-in-difference method. This method is suggested since it is suitable for observing the effect of a policy that is not imposed for all population. Meanwhile, analyzing separation at the municipality-level is more interesting than province level due to its dominant role and authority in the implementation of Indonesian decentralization. Furthermore, the number of separated municipalities is larger than that of separated provinces. The conclusion from this study is expected to provide insightful information on local government development after the separation and allows decision makers to evaluate the regional expansion policy. Based on arguments above, I derive the following hypotheses:

1. Hypotheses regarding Public Goods and Services:

H1.1: Separation has positive effect on public services in new autonomous regions in urban areas.

H1.2: Separation has negative effect on public services in new autonomous regions in rural areas.

In the data analyses presented in the next chapter, I focus on the impact of separations on three types of public services: education, public health, and infrastructure.

2. Hypotheses regarding Economic Performance:

H2.1: Separation has positive effect on the economic performance of new autonomous regions in urban areas.

H2.2: Separation has negative effect on the economic performance of new autonomous regions in rural areas.

To assess the performance of new autonomous regions on public service and economic performance, I use a panel data of Indonesian municipalities that covers the period from 2000 to 2012. Using this dataset, I examine how new municipalities that were formed during the second wave of separation have been performing. I focus on the second wave of separations because of the lack of data for the first wave – in particular the absence of safe birth and poverty rate indicator in the early years after the separation – and because of the limited time span to observed the impact of separation for the third wave

of separations, which took place in 2012-2013. In addition to dependent variables, a numbers of control variables will also be employed in this research to take into account characteristics of municipalities which might be related with the dependent variables.

Table 3.1 Dependent Variables

Aspect Observed	Indicator	Indicator Employed as Dependent Variable
Economic Performance	GDRP per Capita	Year 2000 Constant Price of Non-Oil and Gas Sectors GDRP (%)
	Poverty	Poverty Rate (%)
Public Services	Education Service	Junior High School Enrollment Rate (%)
Public Service	Health Service	Birth Attended by Skilled Worker (%)
	Infrastructure	Household Access to Safe Sanitation (%)
		Household Access to Electricity (%)
	Infrastructure	Household Access to Safe Water (%)

Econometric Approach

The methodology used in this research is Difference-in-Differences (DiD) in a panel context. The DiD framework is suitable for observing the effect of a policy that is not imposed for all population, thus creating the treatment group and the control group. In this research, the treatment group consists of new autonomous regions (either reGENCY or city). To capture the effect of a policy from the DiD estimator, observations in the control group should be as similar to the ones in the treatment group as possible. Thus, in this research, the control group includes only those unseparated municipalities from the provinces that experienced separations. In other words, municipalities located in the provinces in which no separation took place were excluded from the control group. Also, parent/originated municipalities from which new municipalities separated are not included from the analysis. Moreover, the regression should be conducted separately for cities and reGENCIES due to differences in characteristic between the two groups.

Result

This section shows the findings of the empirical analyses. To test our argument and hypotheses, we use the dataset of municipalities from year 2000-2012. Instead of reporting the actual years (such as 2005 or 2006), we create a new variable indicating

the number of years elapsed since the separation. In this new variable, 0 indicates the year in which the formal separation act for particular local government is signed by the central government and the House of Representatives. The results for public services are reported first, followed by the results for economic performance. Note that we conduct analyses for rural and urban municipalities separately, as the theoretical discussion in the previous chapter leads to different observable implications between rural and urban municipalities.

Public services

New cities can optimized their capacity potential to improve public services after separating from parents districts because they have favorable initial conditions. They have higher quality of infrastructure, relatively more developed economy, a larger population size, higher quality of human resources, and a lower level of the dispersion of the population. Moreover, cities have more tax sources from various economic activities, while the fiscal bases for rural regions might be weak as they mostly depend on agriculture. In addition to the weak tax bases, new rural districts have to deal with unfavorable initial conditions such as poor infrastructure, smaller population size, and higher level of the dispersion of the population in wider geographic area, which makes it difficult to provide public service efficiently and effectively.

The separations also tend to create disparity in the quality of public services due to unbalanced distribution of facilities and human resources between urban and rural areas. When the separation occurs, local government employees, including teachers and medical assistants, can choose whether to continue to work in the parent or new region. Most of the time, they will choose to stay in the parent region instead of the new district because the parent region can provide better living conditions (Bappenas, 2008). As a consequence, it creates shortages of human resources in local government in new districts.

Development of public infrastructure in new rural districts is also constrained by problems such as limited government funding and larger areal size compared to new cities. Moreover, new districts usually start with poorer infrastructure than new cities immediately after the separation. Furthermore, as a new autonomous region, in early year after the separation, a lion share of the budget was allocated for government infrastructure to provide government facilities such as new government building and vehicles. However, other infrastructure related to public services was neglected and less prioritized.

Economic performance

High rates of poverty in the new autonomous regions, especially new districts, can be explained by several factors. Firstly, economically, new districts tend to rely on agricultural activities. Generally, poverty rate tends to be higher in regions that are more dependent on agriculture. Secondly, supporting infrastructure, such as roads, schools and economic infrastructure, is still very limited, and the location of the new district is generally away from the originating district capital, which usually already have a higher level of infrastructure. Many new districts are located in remote, mountainous or the coastal areas. Thus, with limited accessibility, it is difficult to improve their income. Thirdly, from the social aspect, the poor generally have a relatively low level of education, given the limited access to education. As a result, in a short span of time, it is very difficult to reduce the poverty and catch up with the poverty level of regions in the control group.

Fiscal spoil from central government transfer and ability to manage its own original revenue such as natural from natural resources are some of the reasons why the separation was expected to improve economic growth. However, local government expenditure in new districts cannot effectively support economic growth as expected due to several reasons. Most of local government spending is allocated on civil servant salary¹. Unfortunately, many civil servants in new districts still live on the parent region's capital, as they hesitate to move permanently to newly established and undeveloped new district's capital. Thus, the consumption of these workers, which was expected to increase local consumption and economic growth, fly away from those new regions.

Investment implemented by the government through capital expenditure contributed to the

regional economy at least in two stages – in the short term through the expenditure of materials and employment; and in the long term through a multiplier on the private sector. The problem is that spending on material and trained workforce needed to run those projects are difficult to obtain in the new district. Thus, the expenditure also flows out from new districts. Moreover, as new region, local government in new districts usually focus on government infrastructure such as offices as priority rather than building something that can support private sector to expand their businesses such as transportation or power infrastructure.

¹ During the last 5 years from 2007, 40% - 45 % local government's budget was allocated to personnel expenses. The number of district/city with personnel spending over 50 % of the budget was increasing. In 2008, there were only 39.02% or 179 regions, while in 2009, 2010 and 2011 numbers are steadily increasing by 226 regions (46.03%), 285 regions (58.04%) and 297 regions (60.49 %) respectively. Source: Local Autonomy Monitoring Committee (2012) official website. <http://www.kppod.org/index.php/en/berita/berita-media/149-daerah-boros-belanja-pegawai>

So why does the government still permit unready regions to separate as new autonomous regions even though central government have shown that they were reluctant² to process more separation proposals? According to Bappenas (2008) and Fitriani (2005), regional separation decision has been dominated by political rather than a technical administrative process. Separation proposals, which are generally proposed by local elites, mostly were proposed through the parliament pipe rather than the Ministry of Internal Affairs who conducts technical and administrative reviews. Eventually, according to the regulation, proposals that went into the House of Representatives must also fulfill the requirements. However, it is just a formality, as no transparent process has been disclosed on the evaluation process. Furthermore, it is believed that many proposals of separation are loaded with political interests, mainly to strengthen political support base members on parliament elections.

New Cities Was Managed to Optimize the Effect of Separation

Regional separation in Indonesia is aimed to increase social welfare through the improvement of public services provided by local government. This program was welcomed widely at local government level, mainly by politicians and high rank government officers who expected new positions in new region. From 1999 to 2012, 215 new autonomous regions have been established in Indonesia.

This research aimed to assess the performance of new autonomous regions in public services and economic performance by using the difference in difference method. From the analyses, we found that in early years after the separation, on average, the conditions of the new regions in all observed indicators were inferior to the control group. However, in the following years after the separation, new cities managed to optimize the effect of separation to keep up or even surpass unseparated regions' achievement. In contrast, new rural districts experienced difficulties to improve their conditions following the separation.

Since it is difficult to identify when the effect of separation eventually take place for observed indicators, we extend the observation period from three years up to nine years following the separation. Table V-1 summarizes the results.

Table V-1 Result Summary

	Public service					economic	
	Health	Education	Infrastructure			poverty rate	GDRP per capita
			electricity	safe water	safe sanitation		
overall	- not significant	- not significant	- not significant	- not significant	- not significant	- not significant	- not significant
new cities	+ significant	+ not significant	+ significant	- not significant	+ significant	- significant	- not significant
new district	- significant	- significant	- not significant	- not significant	- not significant	- not significant	- not significant

From table V-1 we know that the overall analysis has failed to produce meaningful result. We suspect the impact of separation is different between cities and districts, which results in the non-significant result. The separated analysis produced significant result especially on public service aspect. New cities can performed better in delivering public services because they have better infrastructure, relatively more developed economy (which comes with more tax sources), larger population size to support the economies of scale, higher quality of human resources, and minimum population dispersion.

Because of the strong support from the central government through subsidy transfer, regional separation does increase budget allocation to regional level. However, this fiscal spoil did not automatically affect regional economy in new autonomous regions. One possible reason is that during the early years of separation, new governments expenditure policy focused on providing government infrastructure (such as building new city halls) rather than public infrastructure directly related to people’s lives and the ones that are needed to attract private investment (such as constructing roads or providing electricity).

To sum up, new regions, especially new rural districts have not fulfilled the expectation and objectives of regional separation program to accelerate public services and economic performance. Combination of limited capacity of new rural regions and poor accountability of separation filtering process may have a role for this result.

Policy implication

Our finding shows that new cities can perform well following the separation rather than new rural districts, which is why future separation should focus more on the creation of new cities. With their capacity, new cities can take advantage of the higher level of autonomy and improve public services. On the other hand, the proposal for the creation of new rural districts should be proceeded extra carefully. This can be done, for example, by creating more strict requirements for separation, so that only qualified and prepared districts can be approved for separation.

Finally, our comparison was between those districts that separated and those that did not experience separations. However, it is possible that some districts in the control group tried to separate but failed. One might wonder if these tried-but-failed cases could be different from districts that have never attempted to separate. In other words, two groups of districts that could be substantially different from each other are included in the control group. To make the comparison more rigorous, one alternative empirical strategy would be to compare the treatment group and those districts that tried to separate but did not succeed, while excluding those districts that have never sought separations. We did not have data that would have allowed us to distinguish “tried but failed” cases from “never tried” cases. In future works, we seek to improve our empirical analyses by using such data.

The Effect of the Minimum Wage on The Unemployment Rate in Indonesia

Pengaruh Upah Minimum terhadap Tingkat Pengangguran di Indonesia

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ABSTRACT

This study examines the effect of the minimum wage, a level of education, and gross regional domestic product (GRDP) on the unemployment rate in Indonesia. The data was obtained from the Central Bureau Statistics and the Ministry of Manpower and Transmigration of the Republic of Indonesia period of 2009 to 2013. In this analysis, I have adapted the fixed effects regression model used by Neumark and Wascher (1992). The main result of this study suggests that the minimum wage appears to have no effect on the unemployment rate at the conventional level. Thus, based on this result, I can conclude that minimum wage does not cause an increase in the unemployment rate in Indonesia.

Keywords: Minimum wage, unemployment rate, level of education, GRDP, fixed effects regression

ABSTRAK

Studi ini menguji pengaruh upah minimum, tingkat pendidikan, dan produk domestik regional bruto (PDRB) terhadap tingkat pengangguran di Indonesia. Data tersebut diperoleh dari Badan Pusat Statistik dan Kementerian Tenaga Kerja dan Transmigrasi Republik Indonesia periode 2009 sampai 2013. Dalam analisis ini, saya telah menyesuaikan model regresi efek tetap yang digunakan oleh Neumark dan Wascher (1992). Hasil utama penelitian ini menunjukkan bahwa upah minimum tampaknya tidak berpengaruh pada tingkat pengangguran pada tingkat konvensional. Dengan demikian, berdasarkan hasil ini, saya dapat menyimpulkan bahwa upah minimum tidak menyebabkan kenaikan tingkat pengangguran di Indonesia.

Kata kunci: Upah minimum, tingkat pengangguran, tingkat pendidikan, PDRB, regresi efek tetap

The Effect Of Minimum Wage And Level Of Education On The Unemployment Rate In Indonesia

In this study, I would like to re-examine the effect of minimum wage on the unemployment rate in Indonesia using panel data covering 33 provinces period of 2009 to 2013. The purpose of this study is to examine the factors that affect the unemployment rate, using the minimum wage as the main explanatory variable.

In order to focus on analyzing the effect of minimum wage and level of education on the unemployment rate in Indonesia, I use secondary data from 33 Provinces in the period 2009 to 2013 from the Central Bureau Statistics and the Ministry of Manpower and Transmigration of the Republic of Indonesia. Specifically, minimum wage, gross regional domestic product (GRDP), and the unemployment rate were obtained from the Central Bureau Statistics, while a level of education was obtained from the Ministry of Manpower and Transmigration of the Republic of Indonesia. In general, there is a total of 165 observations for the analysis (data from 33 Provinces, multiplied by 5 years); however, because of the inclusion of the lagged minimum wage in the model, there is a total only 132 observations.

In this study, I have adapted the fixed effects regression model used by Neumark and Wascher (1992) to examine the effects of minimum wage, a level of education, and gross regional domestic product on the unemployment rate using panel data. The dependent variable is the unemployment rate, and the independent variables are the minimum wage, a level of education, and gross regional domestic product. Basically, fixed effects regression is commonly used to control unobserved factors that might be correlated with other variables in the model, such as the correlation between province characteristics and minimum wage, and to eliminate bias in the model.

In this paper, I employ the unemployment rate as a dependent variable. Based on the definition of the Central Bureau Statistics of the Republic of Indonesia, the unemployment rate is the proportion of people who are not working, have a job but not started working, and/or preparing their own business.

In this study, minimum wage, a level of education, and gross domestic regional product are used as independent variables that might affect the unemployment rate. Those independent variables are computed for 33 provinces in Indonesia in the period 2009 to 2013.

The Current Minimum Wage Appears To Have No Effect On The Unemployment

In this study, I examine the effect of the minimum wage, the level of education, and gross regional domestic product (GRDP) on the unemployment rate using fixed effects regression. The hypothesis is the minimum wage has a positive relationship with the unemployment rate. The summary statistics of the provincial data and the regression result can be seen in table 1 and 2 below.

Table 1. The Summary of Provincial Data in 2009 -2013

Variabel	Mean	Standar Error	Minimum	Maximum
Log (minimum wage)	13.5	0.2066051	13.12847	14.27186
Log (minimum wage)	13.51454	0.1898287	13.12847	13.98165
Education	35.88642	10.58674	19.07	77.42
Log (GRDP)	10.28954	1.263523	7.904977	13.07383

According to the regression results, as can be seen in the table above, current minimum wage appears to have no effect on the unemployment while minimum wage one year before has a negative relationship with the unemployment rate, although it is not statistically significant at conventional significance level. Therefore, I conclude that the effect of minimum wage on the unemployment rate is small at best and they are not statistically significant at conventional significance level. Although it is not in line with the standard theory based on perfect competition market, this result is consistent with the previous studies that conducted by Addison, Blackburn, Cotti (2013), Lemos (2009), Dolton, Bondibene, Stops (2015), and Katz and Krueger (1992).

Addison, et al. (2013) investigated the effect of change of the minimum wage period 2007 to 2009 in the United States using fixed effects regression. They found a small negative effect of minimum wage on the employment. Their argument is this condition probably caused by a rise in the minimum wage is too small, so the increasing of the minimum wage will have no effect on employment and unemployment. Lemos (2009) that analyzed the impact of the minimum wage on the employment using panel data and fixed effects regression from 1982 to 2004 in Brazil, suggests that the minimum wage has no significant effect on the employment. He stated that considering these results, the imposition of the minimum wage could be an appropriate policy for the government to improve social welfare without destructing many job loss in the formal and informal sector. Likewise, Dolton, et al. (2015) that investigated the effect of minimum wage on

the employment in the United Kingdom period 2008 to 2010 found that minimum wage has no effect on employment. Moreover, Card and Krueger (1993) that analyzed the effect of minimum wage on employment in the fast-food industry in New Jersey and Pennsylvania also suggests that increasing minimum wage will raise the unemployment is not proven.

In addition, the result of a study conducted by Suryahadi, Widyanti, Perwira, and Sumarto that published by SMERU Research Institute in 2003 suggests that an increasing minimum wage cause a reduction in the employment only among young workers age 15 to 24 years, females, and low-skill workers in Indonesia. Further, Rama (2001) stated that when the imposition of the minimum wage is too small, it will not affect to employment. Another researcher, Mincer (1976) that analyzed the effect of minimum wage on the unemployment among eight age groups found the insignificant effect on the unemployment of adult, both of males and females.

The Current Minimum Wage Has A Positive Relationship To The Unemployment Rate

In this study, I analyze the effect of the minimum wage, a level of education, and gross regional domestic product (GRDP) on the unemployment rate in Indonesia using panel data of 33 provinces in Indonesia period of 2009 to 2013. In order to examine the effect of the minimum wage on the unemployment rate, I used fixed effects regression.

The result of this study suggests that current minimum wage has a positive relationship to the unemployment rate while minimum wage one year before has a negative relationship to the unemployment rate. However, those are not statistically significant at the conventional level. Likewise, a level of education and GRDP has no significant effects on the unemployment rate, although both of variables have a negative correlation with the unemployment rate.

In sum, the main result of this study suggests that the effect of minimum wage on the unemployment rate is small at best and not statistically significant at the conventional level. It implies that the result is not in line with the standard theory based on the perfect competition market. However, this result is consistent with the result of studies that conducted by Addison, Blackburn, Cotti (2013), Lemos (2009), Dolton, Bondibene, Stops (2015), Katz and Krueger (1992), Card (1992), and Card and Krueger (1993) that found minimum wage does not cause unemployment. Their empirical result suggests that minimum wage has an insignificant effect on the unemployment, and does not cause an increase in the unemployment in the United States, Brazil, and the United Kingdom, respectively.

Policy implication

In Indonesia, one of the most important policies to improve social welfare is the establishment of the minimum wage. The imposition of the minimum wage is a tool to help workers achieve a decent standard of living and to ensure the business continuity of companies because in practice the most affected by the dynamics of the wage level are enterprises and workers (Widarti, 2006). Hence, the Indonesian government that has authority to decide the minimum wage policy must be careful with the social effects in the labor market because carelessness in setting the minimum wage can lead to problems in the society. Nevertheless, based on the results of this study, the Indonesian government should not worry about a negative impact on the labor market outcome regarding the imposition of minimum wage level, particularly the effect on the unemployment rate.

Decentralization and Rural Development: A Case Study of Law No. 6/2014 on Village in Indonesia

Desentralisasi dan Pembangunan Pedesaan: Studi Kasus UU No. 6/2014 tentang Desa di Indonesia

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ABSTRACT

Decentralization, with its popular concept of promoting and accelerating development at a local level, has been perceived as a solution for development problems, especially in developing countries. The implementation of decentralization proposes to bring government closer to people, thus to improve public service provision and generate economic development. A further benefit of decentralization rests on the notion of empowering local government and local communities. However, along with its implementation, decentralization has been associated with numerous problems. This study particularly analyses recent decentralization policy (Law 6/2014 on Village) in Indonesia, and explores the extent to which this new law generates empowerment and rural development. The primary methodology used for the present research entailed a literature review and case studies. This study has identified that the new Law has huge potential for generating and accelerating rural development by giving greater authority to village government and communities. However, it also identified that several challenges such as proliferation, conflicts, and budget constraints can hinder the benefit of decentralization. Findings from previous government programs during the decentralization era, such as KDP (*Kecamatan Development Program*) and PNPM (*Program Nasional Pemberdayaan Masyarakat*) illustrate that decentralization can be an effective means to improve public service delivery and accelerate infrastructure development. However, numerous problems can arise, particularly related to human capacity. Therefore, there is uncertainty whether an increase in financial support and greater authority granted to village will trigger rapid corruption and elite capture. Although there was improvement in infrastructure development and poverty reduction, it has not been followed by community empowerment. The participation of the poor and marginalized people in village has only become a 'symbolic participation', where they remain passive objects within development. This study suggests that in order to maximize the benefit of village decentralization, two prevailing conditions need to be fulfilled; strong governmental coordination and regulatory support, and strong technical assistance for village government and communities. Despite that this is a preliminary study of the Village Law, it offers an understanding of the nature of this law, including the opportunities, challenges, and required conditions for its future implementation, which can be useful for further research on rural development.

Keyword: decentralization, rural development, empowerment, participation

ABSTRAK

Desentralisasi, dengan konsep populernya untuk mempromosikan dan mempercepat pembangunan di tingkat lokal, telah dianggap sebagai solusi untuk masalah pembangunan, terutama di negara-negara berkembang. Implementasi desentralisasi mengusulkan mendekatkan pemerintah kepada masyarakat, sehingga memperbaiki penyediaan layanan masyarakat dan menghasilkan pembangunan ekonomi. Manfaat lebih lanjut dari desentralisasi didasarkan pada gagasan untuk memberdayakan pemerintah daerah dan masyarakat lokal. Namun, seiring dengan implementasinya, desentralisasi telah dikaitkan dengan banyak masalah. Studi ini secara khusus menganalisis kebijakan desentralisasi baru-baru ini (UU 6/2014 tentang Desa) di Indonesia, dan mengeksplorasi sejauh mana undang-undang baru ini menghasilkan pemberdayaan dan pembangunan pedesaan. Metodologi utama yang digunakan untuk penelitian ini mencakup tinjauan literatur dan studi kasus. Studi ini telah mengidentifikasi bahwa undang-undang baru tersebut memiliki potensi besar untuk menghasilkan dan mempercepat pembangunan pedesaan dengan memberikan kewenangan lebih besar kepada pemerintah desa dan masyarakat. Namun, hal itu juga mengidentifikasi bahwa beberapa tantangan seperti proliferasi, konflik, dan kendala anggaran dapat menghambat manfaat desentralisasi. Temuan dari program pemerintah sebelumnya selama era desentralisasi, seperti PPK (Program Pengembangan Kecamatan) dan Program PNPM menggambarkan bahwa desentralisasi dapat menjadi sarana yang efektif untuk memperbaiki penyampaian layanan masyarakat dan mempercepat pembangunan infrastruktur. Namun, banyak masalah dapat timbul, terutama yang berkaitan dengan kapasitas manusia. Oleh karena itu, ada ketidakpastian apakah peningkatan dukungan finansial dan kewenangan yang lebih besar yang diberikan ke desa akan memicu korupsi yang cepat dan penangkapan elit desa. Meski terjadi peningkatan dalam pembangunan infrastruktur dan pengentasan kemiskinan, namun belum diikuti pemberdayaan masyarakat. Partisipasi masyarakat miskin dan terpinggirkan di desa hanya menjadi 'partisipasi simbolis', di mana mereka tetap menjadi objek pasif dalam pembangunan. Studi ini menunjukkan bahwa untuk memaksimalkan manfaat desentralisasi desa, dua kondisi yang berlaku perlu dipenuhi; Koordinasi koordinasi dan dukungan pemerintah yang kuat, dan bantuan teknis yang kuat untuk pemerintah desa dan masyarakat. Meskipun demikian, ini adalah studi pendahuluan tentang Hukum Perdata, ia menawarkan pemahaman tentang sifat hukum ini, termasuk peluang, tantangan, dan kondisi yang diperlukan untuk pelaksanaan masa depannya, yang dapat berguna untuk penelitian lebih lanjut mengenai pembangunan pedesaan.

Kata kunci: desentralisasi, pembangunan pedesaan, pemberdayaan, partisipasi

Introduction

Decentralization has been seen as an important approach to accelerate development and establish more effective public services. In many countries, the disappointment towards the performance of central government, including the rigid and unresponsive bureaucracies of central government, has encouraged the adoption of decentralization (Rondinelli, 1983). More specifically, in developing countries, the demand for the improvement of standards of living, public services, and infrastructure are increasing along with the growing size of population (Rondinelli *et al.*, 1989).

There are two opposing perspectives concerning the contribution of decentralization to improve development. Advocates argue that decentralization will lead to more efficient delivery of public service, improvements in democracy, and equity (Rondinelli, 1983; Rondinelli *et al.*, 1989; Congers, 1986). However, other scholars (Prud'Homme, 1995; Siddiquee, 1997; Johnson, 2001; Bardhan, 2002) have highlighted several potential dangers of decentralization; disparities, instabilities, conflict, elite capture, corruption, etc. Furthermore, they argue that the concept of decentralization is often flawed, especially in developing countries, as there are often many ambitious targets which do not match with local capacities.

The decentralization process in Indonesia, to some extent, confirms both views. For more than two decades, Indonesia had experienced a successful reduction of the poverty rate, but this was followed with disparities between regions (Guggenheim *et al.*, 2004). Therefore, together with the era of reform, the demand for decentralization began to rise. At the policy level, the parliament of Indonesia launched Law 22/1999 on regional autonomy, and Law 25/1999 on fiscal decentralization (later amended becoming Law 32/2004 and Law 34/2004), which are the policy foundations that shifted several central government functions and responsibilities to local government (Firman, 2009). However, as with so much effort having been made, not only did decentralization bring benefits, but it also generated numerous problems.

More recently, parliament passed the Law No. 6/2014 on Village with a more far-reaching decentralization policy. It provides for greater authority in planning, budgeting, and implementing development programs within villages. More importantly, this new law adopts two approaches; the bottom-up approach and top-down approach. It generates a significant shift on the rural development paradigm which had placed the rural entity not only as the object, but also as the subject of development.

Principally, this law is not a new instrument of decentralization, but a revision of the previous laws of decentralization. It also adopts the concepts of previous community development programs during the decentralization era, such as KDP (*Kecamatan*

Development Program) and PNPM (*Program Nasional Pemberdayaan Masyarakat*), and scaled-up the benefit of each program throughout all villages in Indonesia. However, as implementation gets underway there is a growing concern that rather than maximizing the advantages of decentralization, it will repeat the same mistakes or even generate worse problems than previous policies and programs.

This issue triggered the present study into further exploring the Village Law within the context of decentralization. Moreover, the purpose of this study is to investigate the themes and issues of decentralization within the context of rural development in Indonesia. More specifically, it will examine Law No.6/2014 on Village including its formulation, main objectives, as well as opportunities and challenges for its implementation in practice. This law is chosen as the focus of the present study as it is the most recent government regulation with the largest scope of decentralization, however a lack of research into all aspects of this law remains.

Research Objectives and Questions

In the context of rural development, the Law No.6/2014 on Village aims to accelerate rural development and improve the welfare of the village community, improve the quality of life, and reduce the poverty rate through the fulfilment of basic needs, development of the local economy and infrastructure, and sustain natural resources. This law appears to have become a novel way for government to generate economic growth and increase social equity. However, there is also a growing concern that giving greater authority to villages will generate more conflicts at the local level. Thus, along with this growing debate, more research on this issue is needed, particularly in investigating how far this law can maximize the benefits of decentralization. To explore further Law No. 6/2014, this study will address the following research questions:

1. To what extent does Law No. 6/2014 generate empowerment and rural development?

The important theme of this law concerns recognition, empowerment, and rural development. The development of the past (the New Order era) was characterized by a substantially centralistic approach and dependent local government, which resulted in the disappearance of creativeness and uniqueness of rural communities (Li, 2007). Therefore, this first research question will examine the opportunities and challenges for this law to generate empowerment and rural development. As this new law has not been fully implemented in practice, the answer for this question is thus intended as a proposal.

2. What are the prevailing conditions for the implementation of Law No. 6/2014 in Indonesia? Besides exploring the nature of this law, the present study will also investigate further the preliminary conditions for the implementation of Law 6/2014 in practice. An understanding of this is important so as to better prepare for and foresee unnecessary or repeated mistakes and problems resulting from the previous decentralization policies or programs, so these can be avoided.

Research Methodology

The methodology selected for this research comprises a literature review and case studies. Furthermore, this research is primarily conducted using qualitative research methods, with secondary data as the main instrument to collect empirical evidence. Some elements of the predominant source of secondary data are derived from the academic paper which led to formulation of the Law on Village, the annual report from the Ministry of Planning and Development regarding planning issues, the annual report from the Ministry of Finance associated with budgeting issues, and the annual report from the Ministry of Home Affairs related to issues of local governance. Although it is possibly too early to evaluate the impact of decentralization regarding Law 6/2014 on rural development in Indonesia, the evidence from similar programs and policies will assist in drawing the conclusion. The analysis in this study will be based largely on a series of reviews from previous policies and programs of decentralization from the New Order until decentralization era.

In addition, for its analysis, this study will utilize a combination of two separate approaches; public choice theory and public policy. A comprehensive framework which links public choice theory and the public policy approach is required to analyse the decentralization process (Rondinelli, *et al.*, 1989). Public choice theory is important for examining the cost and benefit of decentralized public service provision. This approach assumes that people are rational; in that they will seek for maximum economic choices. Whereas the public policy approach can be useful in analysing the implementation of decentralization in a broader context, related to administrative, political, social, and other determinant factors in policy implementation (*ibid*).

Research Contribution

The contribution of this study will be twofold. First, it will provide an understanding of the nature of the Law 6/2014 including its effect on rural development, which has not been explored until now. Second, and more practically, it is expected that this study will help government and policy makers to anticipate the problems which may occur during

the implementation of this law. Indeed government and policy makers need to assist implementation, monitoring, and evaluation to avoid a serious distortion of the spirit of decentralization within this law.

Chapter Outline

In addressing the research questions for this study, six chapters are developed. The first chapter will introduce the background for the objectives of the study, the research questions, the methodology, and research contributions. Chapter 2 will review the primary literature relevant to this study. It initially outlines the definitions, concepts, and forms of decentralization. This chapter also explores the theoretical debate regarding decentralization, development, and empowerment. Subsequently, it continues to elaborate the conceptual issues of decentralization as a component of rural development strategy. Chapter 3 will explore the case study element of this research. It provides an understanding of rural development from the colonization until the reform era, including the series of decentralization policies and strategies since the first decentralization laws were passed. The concepts, objectives, principles and main features of the Law 6/2014 on Village will also be introduced in this chapter.

Chapter 4 aims to answer the first research question. It will analyse the extent to which Law 6/2014 generates local empowerment and rural development in Indonesia. It discusses the potential of this new regulation as a driving force to accelerate rural development and enhance local empowerment. On the other hand, it also discusses the potential challenges or deficiencies inherited by this law. The analysis in this chapter will predominantly be based on reviews at the policy level. It will examine each element of this law and offer a comparison with previous decentralization policies.

Chapter 5 aims to answer the second research question. It elaborates on the findings and analysis from Chapter 4 and identifies the prevailing conditions for the implementation of Law 6/2014 in Indonesia. The analysis in this chapter will mainly base on the review at the practical level. It discusses the lessons learned from previous government programs during the decentralization era which emphasize the failures, the successes, which problems to be avoided, and what needs to be included and strengthened in the implementation of this law within the present context. The final chapter will conclude the study by highlighting the answer to the research question, and summarising the key findings of this study.

Conclusion

Introduction

In this chapter, the research questions in this study. It is then followed by lessons learned in section 6.3. The last section provides some limitations in this study as well as further research that could be done for more knowledge contributions.

Recalling the Research

As it has been stated in the first chapter, this study is conducted with two main research questions. Using the study findings and discussion from the previous chapters, the answer for each research question will be summarized in this part.

In an attempt to answer the first research question which is **-To what extent does the Law 6/2014 generate empowerment and rural development?-**, Chapter 4 has revealed the opportunities and challenges inherited in this law. Based on the lessons learned from past decentralization policies, the new Village Law attempts to improve and increase the support of the state to accelerate rural development. In relation to this purpose, it is evident that there are three main opportunities encompassed: 1) greater administrative and fiscal authority for the village, 2) empowerment for village community, 3) coordinated and integrated rural development process. On the other hand, this law also generates some disincentives and challenges that could be harmful for rural development. Given more privilege for the village, this law could trigger rapid proliferation which is followed by local political rent seeking. Moreover, without adequate assistance and clear regulations, local privilege has the potential to generate conflicts both vertically and horizontally. Finally, budget constraint has also become a major challenge for government to fully implement this law. Both central and local government at the district level has not been able to provide the full amount of funds as stipulated in the Law.

This study then further discusses the second research question which is: **What are the prevailing conditions for the implementation of the Law 6/2014 in Indonesia?** The rationale and principle behind this law is derived from past programs such as KDP which scaled up to PNPM. Therefore, the answer for this question is generated from examining the experiences of implementation of those programs. It is evident in this study that by giving greater authority to communities for control over village development, the community -especially for those who live in isolated areas who rarely benefited from development programs - experience major improvements. Some positive changes, including 1) massive participation of village communities,

2) rapid infrastructure development which dominated by public goods and services that hugely benefit for the village community at large, 3) poverty reduction in almost every region, but this is also followed by increasing inequality and disparities between regions. Indeed, negative impact and challenges also appear including low levels of human resources capacity, diffusive corruption, elite capture, and shallow participation and empowerment. Therefore, in order to maximize the positive impact and minimize the risks, further implementation of the Village Law should ensure certain prevailing conditions which are: 1) well-coordinated government at all levels including strong regulatory support, and 2) strong technical assistance provided for village (both village officials and communities).

Lessons Learned

From the case of decentralization in Indonesia, especially in the relation with village decentralization, there are several lessons learned that can be identified. First, it seems that the major potential of decentralization lies in the efficient development programs which are suitable to the local needs, as the rural community themselves involves in the entire process. This is a very important key feature to accelerate the previous neglected rural development. As Rondinelli & Nellis (1986) argued, this study also confirms that the advantages of decentralization on rural development are on improving access of rural communities to resources and services, as well as increasing participation. Given the difficulty of central government to manage and ensure development programs, decentralization provides efficient means to deliver far-reaching development to the village level.

Secondly, empowerment and rural development (in terms of economic and infrastructure development) are not generated at the same pace within the process of decentralization. Indeed, this can be problematic because although in the short-term the community at large benefited from village development, the poor and marginalized are still neglected, thus in the long-term it could create the same pattern in the New Order era, wherein they did not have opportunities to involve in the development process. There are always local elite groups who act as the representatives of rural community, but actually retain the benefit of decentralization. As De Janvry, *et al* (2002) argued, that in order to move the poor from the poverty trap, empowerment should be the core of rural development policy.

Another important notion in this study is that although decentralization seems to have become an ideal strategy to accelerate development, the benefits of decentralization can only be perceived if central government is ready to support, and local government ready to accept, the new responsibilities. Even the proponents of decentralization

such as Rondinelli & Nellis (1986) also admitted that sufficient financial and human resources will affect the result of the decentralization process. Thus, although under decentralization, the development programs and policies have been designed to promote local development and create greater opportunities for local officials and community to be involved, the target group often could not maximize the advantages from those programs due to lack of capacity. Moreover, as has been described in this study decentralization without sufficient capabilities could exacerbate disparities and trigger conflict both among and within regions

Therefore, in today's more far-reaching decentralization under the Law 6/2014, more pro-active central government, especially in the transition and initial year, is urgently needed. For successful decentralization, the central government has an important and strategic role in facilitating the local institutions and communities toward building local capacity, financial support, evaluation, monitoring, and coordinating the national programs (Azis, 2003). However, it also should be noted that central government has to carefully maintain the balance situation, wherein central government provides adequate and required assistance, but not so much to the degree where it dominates the local government initiative and creativity which can harm the process of decentralization (Seymour & Turner, 2002).

Limitations and Further Work

There are some limitations in this study. First, this is a preliminary study about the New Village Law when, at the time of writing, this law has not been fully implemented. Therefore, the potential and challenges that have been identified in this study are not generated from actual evaluation, but as a proposal. The analysis and discussion about the impact of decentralization are also mainly based on lessons learned from past policies and programs. Thus, obviously, there will have been many changes in the social, economic, and political conditions since then. Considering to the limitations, further study can be extended in current conditions which can measure the real impact of the Village Law after it takes on some years of implementations.

Second, this study only uses literature review as its main methodology, which might not capture the actual impact of decentralization especially at grass roots level. Therefore, in the condition with more time and more data collection, it would be interesting for further research to investigate this issue using the combination of qualitative and quantitative research to gain comprehensive understanding. In addition, given the wide range of conditions for villages in Indonesia it would also be compelling for further study to analyse how Village Law impacts on the different characteristics of the village, and how these differences influence the process of decentralization in rural villages.

The Paris Declaration and Poverty Reduction Program in Indonesia

Deklarasi Paris dan Program Penanggulangan Kemiskinan di Indonesia

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ABSTRACT

Foreign aid has a significant relationship with reducing poverty where it is addressed to help developing countries that cannot cope alone in it. This qualitative study is conducted to find out whether the Paris Declaration influenced the community empowerment program in Indonesia. The question comes up from the existing debate on aid effectiveness, doubting whether or not the Paris Declaration on aid effectiveness could change the behavior of the development partners and the recipient countries towards desired development goals.

This thesis analyzes the implementation of the Paris Declaration on the community empowerment program in Indonesia through 12 indicators and finds that: Firstly, there were only 50% of 12 indicators of the Paris Declaration that met Indonesian's targets. Secondly, strong ownership does not necessarily mean that Indonesia could implement strong alignment as well. The national community empowerment program has not managed to bring about the principle of alignment, particularly on procurement in the program's implementations. On the other hand, the desired goals of the poverty reduction program can still be achieved through the procurements that were using the donor's guidelines. As the consequence, in the case of the community empowerment program in Indonesia, the fifth indicator (on PFM and on procurement) of the Paris Declaration principle seems unnecessary to be fully implemented in order to gain aid effectiveness towards desired goals.

Keywords: Aid effectiveness, the Paris Declaration, poverty reduction, community empowerment program, Indonesia

ABSTRAK

Bantuan luar negeri memiliki hubungan yang signifikan dengan mengentaskan kemiskinan dimana ditujukan untuk membantu negara-negara berkembang yang tidak dapat mengatasi sendiri di dalamnya. Penelitian kualitatif ini dilakukan untuk mengetahui apakah Deklarasi Paris mempengaruhi program pemberdayaan masyarakat di Indonesia. Pertanyaan tersebut muncul dari perdebatan mengenai efektivitas bantuan, meragukan apakah Deklarasi Paris mengenai efektivitas bantuan dapat mengubah perilaku mitra pembangunan dan negara penerima menuju tujuan pembangunan yang diinginkan.

Tesis ini menganalisis pelaksanaan Deklarasi Paris tentang program pemberdayaan masyarakat di Indonesia melalui 12 indikator dan menemukan bahwa: Pertama, hanya ada 50% dari 12 indikator Deklarasi Paris yang memenuhi target Indonesia. Kedua, kepemilikan yang kuat tidak berarti bahwa Indonesia juga dapat menerapkan penyesuaian yang kuat. Program pemberdayaan masyarakat nasional belum berhasil mewujudkan prinsip penyesuaian, terutama pengadaan dalam pelaksanaan program. Di sisi lain, tujuan yang diinginkan dari program pengentasan kemiskinan masih dapat dicapai melalui pengadaan yang menggunakan pedoman donor. Sebagai konsekuensinya, dalam kasus program pemberdayaan masyarakat di Indonesia, indikator kelima (mengenai PFM dan pengadaan) dari prinsip Deklarasi Paris tampaknya tidak perlu dilaksanakan sepenuhnya untuk mendapatkan efektivitas bantuan menuju tujuan yang diinginkan.

Kata kunci: Efektivitas bantuan, Deklarasi Paris, pengentasan kemiskinan, program pemberdayaan masyarakat, Indonesia

Foreign Aid Has A Significant Relationship With Reducing Poverty Where It Is Addressed To Help Developing Countries

Foreign aid for international development has been implemented for more than six decades (Riddell, 2009a, p. 47). However, aid effectiveness has become a much disputed debate fairly recently. The development and the assistance, especially in the third world countries, meet several challenges. Stiglitz states in 1999 that, "If development was easy, there would have been a success story." On one hand, many researchers believe the foreign aid has positive influence on the global development because it helps speed up the transition to a self-sustaining growth path (Hermes & Lensink, 2001). Moreover, the World Bank conducted an evaluation in 1998 about what had been done and what should be done. The foreign aid played a significant role in each transformation, contributed ideas about development policy, trained the public policymakers, and financed to support reform and an expansion of public services (The World Bank, 1998). The World Bank's report in 1998 stated that aid had been 'a spectacular success' at that time. However, Burnside and Dollar (2000) show that aid has a positive impact on the real GDP per capita growth merely when aid interacts with a good policy environment in the recipient countries. The Bank's report gives warning to the international world that aid merely works in a good policy environment (Pronk, 2001, p. 613).

Indonesian Government has been using foreign aid for years including poverty reduction programs. From the explanation above, a question raised concerning the influence of the Paris declaration in poverty alleviation program in Indonesia. There is an evaluation by the Government of Indonesia about the Paris Declaration implementation particularly in Indonesia; however, OECD's and Indonesian Government's evaluation was merely conducted by the research post the Paris Declaration, not before-and-after research. Hence, this research needed to answer whether the principles of the Paris Declaration influenced the implementation of poverty reduction program in Indonesia and to what extent the reality was different from the evaluation of the Paris Declaration, and compared with the situation before the Paris Declaration.

Based on the objective of the study discussed above, the questions developed for this study are:

1. Why was the Paris Declaration important to enhance aid effectiveness and poverty reduction program?
2. Why would the Paris Declaration help the poverty reduction program in Indonesia?
3. How was the implementation of the Paris Declaration in Indonesia?

4. In particular, how was the implementation of the poverty reduction program (community empowerment program) before and after the Paris Declaration was ratified? To what extent were the Paris Declaration principles applied on the implementation of the community empowerment program?

The research design is before-after analysis using a qualitative method. Qualitative studies about the long-term development cycle per country would provide a better off insight to find a measurable effect on aid (Pronk, 2001, p. 615). Having the main question mentioned previously, the units of analysis in this research is Indonesia, specifically the implementation of the Paris Declaration on National Program for Community Empowerment as the case study. Moreover, this study chooses the years from 2000 to 2010 as the period of time since the research compares the aid effectiveness on the poverty reduction program in Indonesia: before and after the Paris Declaration that was conducted in 2005.

This research studies on aid effectiveness and development cooperation in narrow focus, specifically concerning the influence of the Paris Declaration on the poverty reduction in Indonesia. This choice is motivated by arguments delivered by many scientists that foreign aid is still necessary; however, aid effectiveness is still difficult to prove. Furthermore, the research of this topic from a social science perspective with particular or specific angle is still limited. Many researchers focus on the influence of aid on growth, and not on the influence on the poverty reduction.

Research Methodology

Research is conducted to discover causal relationship between concepts. In this study, the concepts used are aid effectiveness and poverty reduction, particularly the community empowerment program in Indonesia. The qualitative method will be a suitable study in a long-term development cycle since it will give a better insight to find foreign aid's effect as Pronk argued in 2001. Furthermore, with Indonesia as the single spatial unit of analysis in this research, specifically with the case study of the implementation of the Paris Declaration on Community Empowerment program, the research design will be before-after analysis.

The following will explain further about data collection sources.

1. The thesis first answers the first sub question about the importance of the Paris Declaration in improving aid effectiveness and poverty reduction. The literature study was conducted by using of a broad range of sources to answer the first sub

question, such as academic journals/articles/textbooks, news, and reports about aid effectiveness and poverty reduction.

2. The answer of the second sub question of the Paris Declaration that would help the poverty reduction in Indonesia comes from the study of academic journals/articles/textbooks, news, and reports about aid effectiveness. The OECD Country Report (Indonesia) and the database from OECD, the World Bank, and BPS-Statistic Indonesia are also used to complete the answer.
3. The answers of the third sub question, which is "How was the implementation of the Paris Declaration in Indonesia?" is elaborated from the evaluation report about the Paris Declaration from the Government of Indonesia and OECD (Joint Evaluation on Paris Declaration by National Reference Group and OECD Country Report-Indonesia), National Development Planning documents, and also interviews.
4. Thereafter, the answer of the fourth sub question about the implementation of the poverty reduction program (community empowerment program) before and after the Paris Declaration will be elaborated through data analysis gathered from many credible and may be the first-hand sources including data from the Government of Indonesia and OECD (Joint Evaluation on the Paris Declaration by National Reference Group and OECD Country Report-Indonesia), the policy publications of the poverty reduction program in Indonesia (KDP and PNPM Mandiri Reports), data from Aid for Development Effectiveness in Indonesia, and also interviews.
5. In the end, the theory and practical evidence will be analyzed and matched each other to achieve the answer of the thesis main question.

The Necessity of the Paris Declaration for Poverty Reduction in Indonesia

As outlined in the second chapter, foreign aid was delivered by the donors in order to support the development in the recipient countries, particularly in reducing the poverty. The foreign aid is the flow or transfer of resources, which mostly consist of funds from international donors for developing countries or poorer states as the recipients in order to promote many fields of development in the recipient countries, mainly economic development and the welfare of the developing countries, with several terms and conditions primarily to be fulfilled.

Over time, the aid system at global level becomes more complex, and aid effectiveness had been disputed. The efforts to improve the aid effectiveness at international level

have been done through several attempts such as Poverty Reduction Strategy Paper and the Paris Declaration. Despite the contradictions or doubts on the implementation of the Paris Declaration, it is believed that the Paris declaration had a positive contribution to improve the aid effectiveness.

The Paris Declaration is the critical point of aid effectiveness efforts with most concrete targets through five principles and 12 indicators. The principles are (1) ownership, where recipient countries should exercise leadership through national development strategies; (2) alignment, donors should give their support to recipient countries based on the countries' national system, (3) harmonization, where the international donors should work to streamline their attempts in-country and transparent; (4) managing for results, the aid donors and recipients shift focus on the results of development and also the results get measured clearly, and (5) mutual accountability, donors, and recipients of aid are jointly accountable for achieving development goals.

With five principles of the Paris Declaration, the contribution of development aid in solving global issues is expected to be more focused and directed, particularly on poverty reduction, economic growth, and the achievement of the Millennium Goals. Furthermore, Indonesia is a developing country in Asia that had been conducting many important efforts on poverty reduction, which is mostly funded by the international donors particularly during 2000-2010 as the range period of the study in this thesis. One of them is implementing the community empowerment program such as KDP and PNPM Mandiri.

Indonesia cannot cope solitarily in reducing the poverty in its country so that international donors are needed for providing foreign aid to support Indonesia on poverty reduction. Indonesia acknowledged the importance of the Paris Declaration on aid effectiveness. Signatory to the Paris Declaration is one of the efforts to improve the country development; specifically the aid effectiveness towards development outcomes that are expected to improve. Hence, the Paris Declaration is a significant instrument in order to enhance the implementation of aid effectiveness on poverty reduction in Indonesia.

The Paris Declaration and the National CDD in Indonesia

Generally, in accordance to the correlation between foreign aid, national development of developing country, and poverty eradication attempts, Indonesia is one of the examples of Bahmani-Oskooee and Oyolola's notion in 2009, where the country is a developing country that cannot cope by itself eradicating the poverty in its country. Hence, in order to accelerate the poverty reduction efforts, the country uses foreign aid as part

of development resources, which are particularly often called as Official Development Assistance (ODA).

Furthermore, Indonesia acknowledges that the country valued ODA as a complementary to national resources performing a catalytic role to enhance the national systems and institutional capacity. Pronk's (2001) argument, which stated that aid was a catalyst in a country's development contributing to the policy improvement supported this perspective.

Having data and facts elaborated in the previous chapter, in general, Indonesia met half of 12 indicators of the Paris Declaration in 2010. The government acknowledges that the ownership had the strongest influence on the poverty reduction program in the country, while other four principles were considered at moderate level. Indonesia was in the stage of having a good policy environment; hence, it gained more trust in the international world on receiving ODA based on the national priorities.

Moreover, in particular, it is believed that the national community empowerment program, which had been using ODA as one of the resources, experienced only one principle of the Paris Declaration as the most influencing indicator in the poverty reduction program. Compared to the implementation of the community empowerment program before the Paris Declaration; the aid effectiveness experience on the community empowerment program shows that the Paris Declaration had the biggest effect on the country ownership, or in other words, the ownership was the principle that most meets the target in Indonesia. Meanwhile, other principles could be counted in the moderate level. Indonesia had been improving its development policies and leadership as the developing country and it had been an improving country ownership by not becoming a donor-driven country anymore. This situation supported by the fact that Indonesia is a country that had sound policies especially in development planning policies on poverty reduction, is which designed and owned by the Government of Indonesia. Indonesia had been working closely with international organizations or donors community at national level to strengthen aid for development effectiveness. The donors gave positive responses to country's strategies, which were aligned with the donors' preferences. This meant that Indonesian government had the control of their own policies, and most donors believed that Indonesian national strategies are credible.

In addition, having strong ownership did not necessarily mean that Indonesia could implement the poverty reduction program with strong alignment as well, particularly the community empowerment program. The national development strategy was not always easy to be translated in concrete activities and the donors could not always align its priorities to the country system since donors also had their own preferences. This was in motion with the contradiction concerning alignment as Dijkstra's notion

cited in the second chapter of this thesis. Though Indonesia had a strong national development strategy and been improving its PFM and procurement system, the community empowerment program was implemented by using the procurement guidelines of the World Bank. The national community empowerment program, as part of the poverty reduction strategy in Indonesia, had not managed to bring about the principle of alignment, particularly on the procurement of the program implementation. Nevertheless, as mentioned previously, the program reached its desired results though the procurement using the Bank's guidelines. As the consequence, in the case of community empowerment program, in Indonesia, the fifth indicator (on PFM and procurement) of the Paris Declaration principle seemed unnecessary to be fully implemented in order to gain aid effectiveness towards desired goals.

Talking about harmonization, both before and after the Paris Declaration, the government of Indonesia and the development partners conducted joint supervision missions, besides the individual analyses for the community empowerment program. After the Paris Declaration, through PSF, the monitoring and evaluation activities were better coordinated between Indonesian government and the development partners. The progress of PNPM Mandiri is reported through one annual document called PSF Progress Report.

This matched with the notion that greater coordination reduced transaction costs and other the problems caused by proliferation. However, Indonesia remained on having problems on pooling, monitoring, and evaluating reports in village levels. Online-integrated information system on PNPM Mandiri (SIMPADU PNPM) was launched by the government and supported by the donors to enhance program transparency. However, the integrated online still lacks details as mentioned in the fourth chapter. This was of course hampering the effort on information dissemination.

Furthermore, Jakarta Commitment and PSF could be seen as the tools for the government to catch the attention of international donor community and in organizing the financial and other resources as well given by the international donors. Hence, the mutual accountability had been growing in Indonesia, which was proven by the development trust on the cooperation with the government in poverty reduction program, particularly the national community empowerment program.

Reflections

Related to the findings of the research, it is suggested that the government together with the development partners for PNPM Mandiri shall develop and maintain the online information system through PNPM Mandiri website and complete more information or data about the program so that the public can access any information needed. Furthermore, Indonesia and the donors shall continuously implementing the principles of the Paris Declaration since PNPM Mandiri is one of the poverty reduction program that using ODA as one of its resources that would be implemented until 2015 as agreed between the government and development partners through PSF. The government must strengthen the negotiation power in order to get full alignment on the aid program implementation, as well as continuously fix the national procurement system.

Targeting and Impact of Indonesia's *Jamkesmas* Health Insurance

Target dan Dampak Asuransi Kesehatan Jamkesmas di Indonesia

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ABSTRACT

Indonesia's *Jaminan Kesehatan Masyarakat (Jamkesmas)* is a government health insurance program intended for the poor and near-poor in all regions of Indonesia. First introduced as a substitute for the previous program *Askeskin* in 2008, this program is a continuation of on-going measures taken by the Indonesian government to achieve universal health coverage. Estimating the impact of the program by using propensity score matching with statistical data from the largest multi-purpose household survey in Indonesia, the results of this study suggest that *Jamkesmas* is indeed targeting the poor. Moreover, the program enhances utilization both of inpatient and outpatient care with the most noticeable effect presence in the utilization of inpatient care. On the other hand, there is no support that the program reduced out of pocket health spending, despite show that it's increase the incidence of catastrophic health expenditure events among its beneficiaries.

Keywords: Universal healthcare, Health insurance, Out of pocket spending, Indonesia, *Jaminan Kesehatan Masyarakat, Jamkesmas*.

ABSTRAK

Jaminan Kesehatan Masyarakat (Jamkesmas) Indonesia adalah program jaminan kesehatan pemerintah yang ditujukan untuk masyarakat miskin dan hampir miskin di seluruh wilayah Indonesia. Pertama kali diperkenalkan sebagai pengganti program Askesk sebelumnya di tahun 2008, program ini merupakan kelanjutan dari langkah-langkah yang sedang dilakukan pemerintah Indonesia untuk mencapai cakupan kesehatan universal. Memperkirakan dampak program dengan menggunakan skor kecenderungan yang sesuai dengan data statistik dari survei rumah tangga multi-tujuan terbesar di Indonesia, hasil penelitian ini menunjukkan bahwa Jamkesmas memang menargetkan masyarakat miskin. Selain itu, program ini meningkatkan pemanfaatan baik rawat inap maupun rawat jalan dengan kehadiran efek paling nyata dalam pemanfaatan rawat inap. Di sisi lain, tidak ada dukungan bahwa program tersebut mengurangi pengeluaran kesehatan saku, walaupun menunjukkan bahwa ini meningkatkan kejadian bencana di antara penerima manfaatnya.

Kata kunci: Perawatan kesehatan universal, asuransi kesehatan, pengeluaran uang saku, indonesia, jaminan kesehatan masyarakat, jamkesmas.

Poverty and Health

Many low and middle income households find health care costs unaffordable and incurring medical bills is potentially catastrophic for most families, particularly in the developing world. The high cost of health care can also be one of the triggers for households previously not classified as poor to sink below the poverty line in order to obtain the medical care they need.

The paper uses data from *Survey Ekonomi Sosial Nasional* (SUSENAS), a household large-scale multipurpose survey conducted by the Statistics Indonesia (*Badan Pusat Statistik*, BPS) in order to study the social and economic aspects of Indonesian households. Several sector-specific questions are repeated every year as the core design by which information on a set of basic social and economic welfare indicators are collected. For example, concerning the consumption characteristics of the household, the survey asks about accurate patterns of food and non-food consumption. Moreover, some specific sector surveys, known as module design, are occasionally conducted regarding issues such as housing, health and education.

The method used in this study is propensity score matching based on the consideration that this method is a familiar one used to analyse the impact of the introduction of social policies. Based on the advice given by a previous study with the same method, the achievement of the propensity score matching estimation can be adjusted by the quality of the data used and its ability to set a common support condition. In this case the use of large amounts of data and rich relevant variables allows estimation of the propensity score to control these variables, so the matching process can be limited to areas of common support. To analyse the impact of this insurance program, this study compared between groups of beneficiaries of the *Jamkesmas* (as the treatment group) with groups that are not covered by health insurance (as a control group), using outcome measurements consisting of self-treatment, outpatient and inpatient utilization. Furthermore, to ensure the robustness of the results on this estimation, this study uses various criteria to determine the optimal match: nearest neighbour, and kernel method.

Health Insurance in the Developing World

Based on the consideration that the study was carried out in a short period of time after application of the *Askeskin* program, there is a possibility that the public were not fully aware of the existence and benefits of the program. Thus the present study sought to look at the sustainability of the impact of the health insurance program. With the changes in the program, the present study attempted to see whether there are differences in the impact of the change. Using propensity score matching, this paper focuses on the

impact of the *Jamkesmas* program, especially for poor household economic conditions in term of OOP health expenditure, including the possibility of catastrophic health care spending exposure, and utilization of health care services. In addition, it studies the accuracy of the targeting of this net safety health programme.

Supply and Demand Side of Indonesian Health Care Subsidies

As the fourth most populous country in the world, with an estimated population of 248,422,956 in 2013, Indonesia as a developing country is facing great challenges in reducing poverty as well as improving its human resources index. Given its vast high population and health-related problems associated with unregulated urbanisation and a poor health and safety culture, health is a continuous policy problem for Indonesia. The wider and long term impacts of health on national economies prompted increasing government attention to health issues from the late 1990s onwards, resulting in policy frameworks from the 2000s such as health insurance programs. Thus the foremost task facing the Indonesian government during the 2000s was increasing awareness of the poor that could hope to access health services.

The Transformation of *Jamkesmas* and Indonesia Health Profile So Far

There were several changes in the management and process of Indonesia's health insurance programme. While in the old programme all funds were transferred and managed by a third party, PT Askes, as a transitory payment mechanism of health service utilization from the government to the health provider, the new programme cut this middleman function, with the government directly transferring the budget to the provider. Meanwhile, PT Askes will have a limited function on membership administration only. The other difference between the old and new scheme is in the tariffs and reimbursement system. The enactment of *Jamkesmas* means that tariffs based on service packages will be implemented, in which medical treatment, drug services, diagnostic and other services are integrated manner so that health care costs are claimed and accounted in a single unit according to the type of package and health care rates, commonly called diagnosis-related group (INA-DRG). Under the uniform payment system for all insured patients, the variation of charges will be controlled, especially for those under the same diagnosis. Moreover, the practice of INA-DRG payment system tends to reduce the unnecessary extension on length of health care service. Although in some cases this type of payment could lead to underpayment of health care, it could contribute to savings since in the case that patients only need a little treatment under the same diagnosis, it will still be paid as a package. Therefore,

the type of health care package like this is also viewed as an instrument of cost control and quality of service.

The Impact of *Jamkesmas* on Utilization, Out of Pocket and Catastrophic Health Spending

There are three areas that will become main focus of investigation on the impact of *Jamkesmas* programme in this study. First is the utilization of health care, both in outpatient and inpatient care, in addition this study attempt to see whether the participation on health insurance which means that individual have an access to professional treatment will decrease their tendency to perform self-treatment. This latter estimation based on assumption that, when people occupied with ability to meet a better facilities they would prefer to use the facilities rather than do it themselves. In terms of health, when a person feels experience ill-health, then the presence of health insurance that guarantees access to and payment for this service, instead of treat yourself then they will prefer to seek for health professionals for treatment. The *Jamkesmas* scheme is predicted to increase health care utilization among the poor and near poor since individual in these groups is expected to have a higher price elasticity of demand.

The next impact to be analysed is out of pocket (OOP) health spending which determine by per capita household's health care expenditure. So the OOP health spending of participating households will be less than the non- participant households. In other words *Jamkesmas* membership would reduce OOP. Another impact expected from participation in the health insurance for the poor is reduced incidence of catastrophic spending triggered by the use of health service. As we know, health care services are not cheap, many components in health care such as medical services, medical equipment, medicines and room facilities (for inpatients) requires a substantial amount of funds in the use of its services. For the poor and near-poor these amount of money may have serious consequences for household finances because it counts as a big part on the household budget. Classification to determine whether expenditures included in the category of catastrophic spending or not that is used in this study will follow that has been applied by Wagstaff (2007): expenditure referred to as catastrophic spending if such spending exceeded 10% of total non-food consumption.

Targeting *Jamkesmas*

This study is trying to look at the accuracy of the distribution of *Jamkesmas* program by looking at the trend of its recipient in 2009. For the categorization of the family as

being poor and near poor, which is said as group of people who deserve to benefit from the program, the present study tried to distribute the households using per capita household expenditure (by dividing it into quartiles and compared it with the standard of poverty in that year). In addition, another concern that is used is whether the household had received free health services or not. Basic consideration is, households that have experience as a recipient of free health services are households who cannot afford their health needs and thus deserve to be consider as the program recipient. The adoption of this assumption is expected to provide an adequate approach as a basis for analysing whether the *Jamkesmas* has reached the targeted society in accordance with the purpose of the establishment of the program.

Targeting of *Jamkesmas*

Targeting of *Jamkesmas* is presented in Table 5 showing a pattern of pro-poor program with the highest concentration in the first quartile then decreased following the increase of the quartile. Among the poorest quartile, 47.9 percent of people are beneficiaries of the program. The amount is equivalent to 41.5 percent of all participants of *Jamkesmas*. The other 50 percent are divided between quartiles 2 and 3, with negligible differences in percentage (about 29.5 and 20.1 percent respectively). As we see here, the coverage area of the program has fairly average spread in each quartile. Even among the richest there are individuals who enjoy the benefits of participation in *Jamkesmas* (about 10.6 percent), indicating leaks in the coverage program to those who are not poor.

Table 5: Targeting of *Jamkesmas* coverage in 2009 (percentages)

	<i>Coverage</i>	<i>Share</i>
Quartile 1 (poorest)	47.91	41.44
Quartile 2	34.71	29.47
Quartile 3	23.83	20.62
Quartile 4 (richest)	10.56	8.47
Urban	19.82	24.46
Rural	35.17	75.54
Coast	36.16	17.21
Continent	28.49	82.79
Male	29.47	49.89
Female	29.67	50.11
Total	29.57	100.00

The fact that the program is primarily intended as a financial aid for the poor and near poor to promote equitable access to health services means that the extensive availability of its benefits for some of the richest quartiles indicates serious systemic weaknesses in the *Jamkesmas* selection system. The existence of specific criteria and changes in its management from the previous program were not yet fully effective in addressing the problem of leakage, which was also a noted failing in its predecessor program, *Askeskin* (Sparrow et al., 2012).

The *Jamkesmas* Impact on Utilization and Out of Pocket Spending

Service utilization

In general that the estimate produced is in-line with the hypothesis of the study: that health insurance programs increase the level of utilization of health services, either in the form of outpatient or inpatient care. Looking in more detail at the estimation result, we can see that for outpatient services, the impact of the increase in its use by the health insurance holder is most noticeable in public hospitals. This can be understood by the fact that the majority of the *Jamkesmas* health insurance program's partnership is with public health facilities. Moreover, from here we can also see that for the two public providers of health services, namely health centres and hospitals, although outpatient visits in health centres also showed positive indicators in increasing utilization, the effect is more subtle and not significant when compared with outpatient visits in public hospitals. This could be an indication that people prefer to seek health care at hospitals rather than health centres. This kind of preference among the population has been revealed by some observers of health services in Indonesia as an indication of the weak role of public health centres as the first gateway, where the community prefer to immediately go to the hospital in an attempt to seek health care rather than go to the nearest health centre.

Meanwhile, in the use of inpatient care facilities, the positive impact is not only present in public health care facilities, but also in private health care facilities, however once again the impact of the most obvious and significant increase in utilization was seen in hospitalizations in public hospitals, where the estimate is consistent across the three matching methods used in this study. However, in two other health facilities, namely health centres and private hospitals, in matching method both types of services showed an increase in use for beneficiaries of this program.

Out of pocket spending

Looking at the estimates of the impact of health insurance on household finances, although it appears that the trend is that the beneficiaries of this program decreased their OOP spending, this is actually very small and insignificant. Indeed, the incidence of catastrophic health spending (categorized as events of health expenditure exceeding 10% of total non-food household expenditure) was not eliminated by the existence of the health insurance program. Moreover, estimation showed an increasing trend of incidence of catastrophic health spending, and this result is consistent for all the matching methods applied in this study. This impact are clearer in the two of the poorest quartile indicating the impact of the increase of the catastrophic events that range between 0.5 - 2 percent with participation in the program *Jamkesmas*.

Another possibility could be related to the use of health facilities outside the scheme offered by the government, such as traditional health care facilities. As explained earlier, the health insurance program does not eliminate individual propensity to take traditional medication, whether it is through self-treatment or through the use of traditional health care providers. Consumption of this type of health care is entirely borne by household financing. In one case an individual may indeed face no charge for visiting outpatient or inpatient health care facilities (public and private), but because simultaneous use of traditional treatments could still lead to the incidence of catastrophic spending.

Jamkesmas is indeed targeting the poor

This study seeks to look more closely at the impact of the implementation of Indonesia's health demand side-subsidy program, *Jamkesmas*, particularly on the use of medical care and the financial consequences of poor households and near-poor who are the target beneficiaries of this program. First of all, it is observed that in terms of targeting, the program proved to be successful in reaching the poor as the majority of its beneficiaries where nearly three-quarters of the total share of coverage are among those in the poorest households. Meanwhile, the bad news is, just like its predecessor program there is still a leakage in its recipient to cover those in the richest quartile which account for nearly 10 per cent of the total participant of the program.

Secondly, in line with the government's efforts to achieve universal health coverage, the results of this study are expected to provide an overview of the impact brought about by the transformation of the government's health insurance policy. Even though the program is intended to increase the coverage and benefits of the previous program, but in reality the impact is not much different, especially in terms of its impact on household finances. Out-of-pocket spending as well as the incidence of catastrophic

health expenditure showed the opposite trend than expectation while both actually increase with the coverage of *Jamkesmas*, although the impact is not significant for the OOP. Thus suggest that even under the existence of free co-payment health insurance program, household consistently spending some share of their budget to financing their medical care.

This study covers only the first one or two years of implementation of the program *Jamkesmas* thus allowing the risk of the impact that has not been fully calculated. This study analyze the impact with focusing on the outcome and the user characteristic alone without any information related to the quality of the service, those that should also be considered as an influencing variable of health care utilizing behavior. Although using non-experimental data, by applying propensity score matching this research at least would be able to give an idea as consideration for the program evaluators, especially to formulate further policies in order to maximize the role of health insurance for the poor.

**Estimating Electricity Price and Volatility
Spillovers on the NYISO Market:
An Application of VAR-MGARCH Model**

**Memperkirakan Harga Listrik dan
Volatilitas *Spillovers* di Pasar NYISO:
Aplikasi Model VAR-MGARCH**

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ABSTRACT

This paper examines the electricity prices and their conditional volatilities particularly the possibility of price and volatility spillovers on the eleven NYISO load zones. It uses vector autoregressive (VAR) in the mean equation to examine the possibility of spillovers in the mean prices. In variance equation, it uses dynamic conditional correlation multivariate GARCH (DCC-MGARCH) model to study the possibility of the volatility spillovers. Tests of causality and impulse response functions suggest evidence of the electricity price spillovers over time and across zones. The univariate threshold GARCH (1,1) exhibits evidences of mean reverting, persistence, and asymmetric response in the conditional volatility as well as the own-zone volatility spillovers. Finally, the dynamic conditional correlation shows that geographically close proximity and well-connected markets have high and very high conditional correlations, suggesting interdependence in volatility across these regions. In contrast, the correlations between distanced and not-so-well-connected markets are fragile suggesting a possibility of power transmission constraints and shortages in the NYISO market.

Keywords: Electricity prices, VAR, multivariate GARCH, conditional volatility, dynamic conditional correlation, NYISO

ABSTRAK

Makalah ini membahas harga listrik dan volatilitas kondisionalnya terutama kemungkinan harga dan volatilitas melonjak di sebelas zona beban NYISO. Ini menggunakan vektor autoregressive (VAR) dalam persamaan rata-rata untuk menguji kemungkinan spillovers dalam harga rata-rata. Dalam persamaan varian, menggunakan model korelasi multivariat GARCH (DCC-MGARCH) bersyarat untuk mempelajari kemungkinan volatilitas *spillovers*. Pengujian kausalitas dan fungsi respon impuls menunjukkan bukti adanya tumpahan harga listrik dari waktu ke waktu dan lintas zona. Ambang univariat GARCH (1,1) menunjukkan bukti pengembalian rata-rata, ketekunan, dan respons asimetris dalam volatilitas bersyarat serta volatilitas zona-volatilitas sendiri. Akhirnya, korelasi kondisional dinamis menunjukkan bahwa kedekatan geografis dan pasar yang terhubung dengan baik memiliki korelasi bersyarat tinggi dan sangat tinggi, menunjukkan adanya saling ketergantungan pada volatilitas di wilayah ini. Sebaliknya, korelasi antara pasar jarak jauh dan pasar yang tidak begitu terkontaminasi rapuh sehingga memungkinkan kemungkinan hambatan dan kekurangan transmisi daya di pasar NYISO.

Kata kunci: Harga listrik, VAR, GARCH multivariat, volatilitas kondisional, korelasi kondisional dinamis, NYISO

Electricity Prices on the NYISO Market

The restructuring of the electricity industry has begun since 1996 as the Federal Energy Regulatory Commission (FERC)¹ issued Open Access policy. The main goals of this policy are to remove anti-competitive elements in the wholesale electricity market, promote more efficient industry, and reduce cost of power to consumers. FERC Order 888 and 889 have played important roles in promoting open access. The former outlines the fundamental purpose for the establishment of independent transmission systems of public utilities while the latter identifies standards regarding information that must be available to the marketplace, and establishes a system for sharing the information. Although the orders do not require the establishment of independent system operators (ISO), four ISOs California ISO, PJM Interconnection, New York ISO and New England ISO were created. Accordingly, FERC Order 2000 in 1999 identifies minimum characteristics and functions of a regional transmission organization (RTO) to coordinate, control and monitor the operation of the electrical power system as well as to act as a marketplace operator in wholesale power. Recently there are seven ISOs/RTOs across the United States.

The New York ISO (NYISO) was formally established in 1999 to cover the eleven zones in New York state region. NYISO is unique for several reasons. First, it is the only ISO which covers entirely a single state². Second, it is at the forefront of market design, and has been a model for market development in other areas. NYISO wholesale market consists of energy, ancillary services, capacity, and financial hedging markets. In the energy market it administers the day-ahead market, real-time market, and bilateral transactions.

Understanding electricity price volatility is important. As Hickey et al. (2012) point out understanding the dynamics of electricity prices and their volatility is useful for producers, consumers, and also regulators. It helps in determining electricity futures prices, in conducting risk management assessment as well as in evaluating the deregulation experience and market performance. Understanding the volatility dynamics of electricity prices also provides a tool for marketer, power producers and consumers to make efficient responses in the market (i.e. in auction). Higgs (2009) states that the pricing relationship between markets enables the benefits of interconnection can be assessed. Thus it provides policy inputs for future market and transmission system development.

1 The FERC is the federal energy regulatory agency that approves the electricity tariffs and regulates operation of the bulk electricity grid, wholesale power markets, and planning.

2 Although California ISO (Caiso) and ERCOT operates only in the state of California and Texas, it does not cover the whole states.

Engle and Patton (2001) have documented several common features of asset price volatility which may be relevant to the electricity markets. Among others, (1) volatility exhibits persistence; (2) volatility is mean reverting; (3) innovations may have an asymmetric impact on volatility; and (4) volatility may be influenced by exogenous variables. Their tests using daily Dow Jones Industrial Average Price Index are consistent with above observations. However, in contrast to many financial and commodity markets, log electricity prices cannot be described simply by a random walk due to inherent characteristics of electricity market (Koopman et al., 2007).

NYISO market also has attracted Hadsell and Shawky (2007) to investigate day-ahead forward premium³ in the New York wholesale electricity market. They find that day-ahead premium were positive for Genesee and zero for New York. They also discover greater persistence of volatility during peak hours and higher persistence of forecast variance during off-peak hours. Hadsell and Shawky (2006) also relate the one-day forward premium to conditional volatility in the NYISO market and find that higher premiums are associated with higher levels of volatility.

Two approaches univariate and multivariate GARCH processes have been widely used in the econometrics literature to examine price volatility in wholesale electricity market. Hadsell et al. (2004) who study electricity price volatility of peak hours on the NYISO market and Hickey et al. (2012) and also Bowden and Payne (2007) who examine electricity price for MISO hubs are examples of the first group. The second group includes Worthington et al. (2003) and Higgs (2009) who study the transmission of spot price and its volatility among the regional Australian electricity markets.

This paper primarily focuses on day-ahead electricity prices on the NYISO market. In particular, it will examine the characteristics of prices, their conditional volatility, and the possibility of mean price and volatility spillovers across the eleven zones on the NYISO market. This provides a better understanding of the NYISO performance particularly related to market efficiency and integration. It extends existing studies on the NYISO market in four important directions. First, it uses different set of sample spanning from August 3, 2009 to January 31, 2013 which reflects a more up-to-date period. Second, it reinvestigates order of integration using fractional differencing procedure considering long memory behavior in electricity market. Third, it employs the vector autoregressive (VAR) model in mean equation so that allowing for mean price spillovers across markets. Fourth, it extends the volatility in conditional variance using alternative multivariate

³ The forward premium in dollar terms for a particular delivery interval (hour) on day t is the difference between the forward price (observed at day $t-1$, calling for delivery on day t) and the spot price (observed on day t).

GARCH model thus allowing for volatility movement across markets and over time particularly by using dynamics conditional correlation (DCC) model. To my knowledge no available study has addressed price and volatility spillovers across markets in the NYISO territory.

The rest of the paper is organized as follows: section two provides a brief overview of the NYISO market; section three discusses the VAR and multivariate GARCH model as well as the empirical model construction. Section four introduces the data and offers some preliminary analysis of the variables. Section five reports the main results. Section six summarizes the main results and discusses the main findings.

The Dynamic Conditional Correlation Shows That Geographically Close Proximity and Well-Connected Markets

This paper primarily studies the characteristics of wholesale electricity prices in the eleven NYISO load zones. Daily zonal prices are used from August 3, 2009 to January 31, 2013 collected from the official NYISO website. The causality test using VAR (2) model shows evidences of own mean price movements over time in six zones. Cross-zone spillovers are also evident. Thus, the current electricity price in the NYISO market can be explained by using previous price information from either own zone or from cross-zones. This implies that the NYISO market is relatively integrated, that is, the eleven zones move together. Price increase in one zone will be followed by increasing price in another zone. The impulse response functions shows positive and short lived responses across markets indicating market is efficient as responses to the price shocks are immediate and then disappear after very short periods.

The univariate GARCH model shows that volatility of electricity prices exhibits mean reversion, persistent, and asymmetric response. The ARCH and GARCH parameters are significant in all market indicating the presence of own volatility spillover, that is, lagged innovation and volatility can explain current volatility. The sums of ARCH and GARCH parameters for all zones are large (between 0.914 and 0.979) indicating highly persistent and also mean reversion volatility in the NYISO market. Generally the volatility increases as it moves from western region to eastern region. The asymmetric parameters are also significant and indicate inverse of the leverage effect which consistent with other commodity markets.

This paper also examines the dynamics volatility using DCC-GARCH model. The conditional correlations are mean reverting and persistent. In general, the conditional correlations are positive with different patterns and size. Six correlations in the both

regions show evidence of very high and stable correlation. Geographically close proximity is likely to have high and very high correlations with low possibility of market segmentation. On the other hand, the correlations across regions are low to medium and characterized by more volatile relationship and market segmentation.

Therefore although there are evidences of market integration and efficiency, this finding also shows the NYIO market shortcoming. These are likely to correspond with the NYISO transmission systems. The electricity transmission system is the main factor that determines price and volatility spillovers in the electricity market. As Worthington et al. (2005) points out, the determinant of the interaction between electricity markets is geographical proximity and the reliability of interconnectors (transmission lines). Therefore it may be inferred that the NYISO are experiencing in inadequate capacity and reliability in its transmission systems. This argument is based on the facts (1) no significant evident of price spillovers in the two most congested corridors between Zone E and F and also between Zone F and Zone G, and (2) possibility market segmentation in volatility spillovers.

Three recommendations are offered. First is increasing and upgrading transmission system to improve system reliability. This is consistent with Hadsel (2004) who finds out that marginal cost of congestion (MCC) plays an important role in the determination of volatility of electricity and suggests that alleviating congestion, through the addition of transmission capacity, will reduce volatility in electricity markets. In fact, New York has an aging power transmission line, with a significant portion of its high-voltage transmission lines built several decades ago⁴. In the NYISO market transmission lines play important role in delivering low-cost power from the upstate or western region to fulfilling the electricity demand in the downstate zones. Inadequate transmission lines prevent low-cost generations dispatch to the downstate therefore more expensive power plants located in the region are eventually generated to satisfy the increasing local demand. Thus transmission constraint keeps electricity prices in Zone J and Zone K are relatively higher as well as induces price volatility in the NYISO market.

Second is developing low-cost power generation portion (fuel diversity) in congested areas (particularly for New York City and Long Island zones). These are the most populous and the greatest load areas. The Zone J and Zone K are heavily relied on fossil fuel (natural gas and oil) accounted for about 100 percent and 97 percent respectively. Hence these areas are expected to have higher price and more unpredictable price due to fuel price increases as compared to the rest of the state. Unfortunately developing abundant off-shore wind power generations remains a challenge for given currently available technology. Third is establishing real-time pricing (RTP) program to reduce

4 New York State Transmission Assessment and Reliability Study (STARS): Phase II Study Report, New York

volatility which is proposed by Hickey et al. (2012). This main feature of this program is to provide consumers ability to response on price changes in a given hour by reducing their consumption during critical peak periods. This is useful is peak load shaving which eventually reduce operation of higher marginal fuel cost facilities.

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