

Development in Southeast Asia's lagging Regions: Comparing Papua, Southern Thailand and Mindanao

Indonesia Project
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Main objectives

- To improve our understanding on national and regional policies that could accelerate economic development in several persistently lagging regions,
 - by identifying successful national and regional policies
 - by understanding the channels through which these policies affect economic development
- in Papua, three Southern border provinces of Thailand and the Autonomous Region of Muslim Mindanao

Southeast in comparison

2013

- | | |
|--|--|
| <ul style="list-style-type: none">• Southeast Asia• 600 million people or 9 % of world population• 3 % of total land area in the world• 1980s economic reform• Berkeley mafia (Indonesia)• Ave. annual growth of 5.5% since 1980• \$ 2.4 trillion or 3 % of the world's GDP• GDP/cap: \$500 (1980) to \$3,500 (2013) | <ul style="list-style-type: none">• Latin America• 600 million people or 9 % of world population• 4 % of total land area in the world• 1980s economic reform• Chicago boys (Chile)• Ave. annual growth of 3.5% since 1980• \$ 6 trillion or 7 % of the world's GDP• GDP/cap: \$2,000 (1980) to \$10,000 (2013) |
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WDI

Indonesia in Southeast Asia

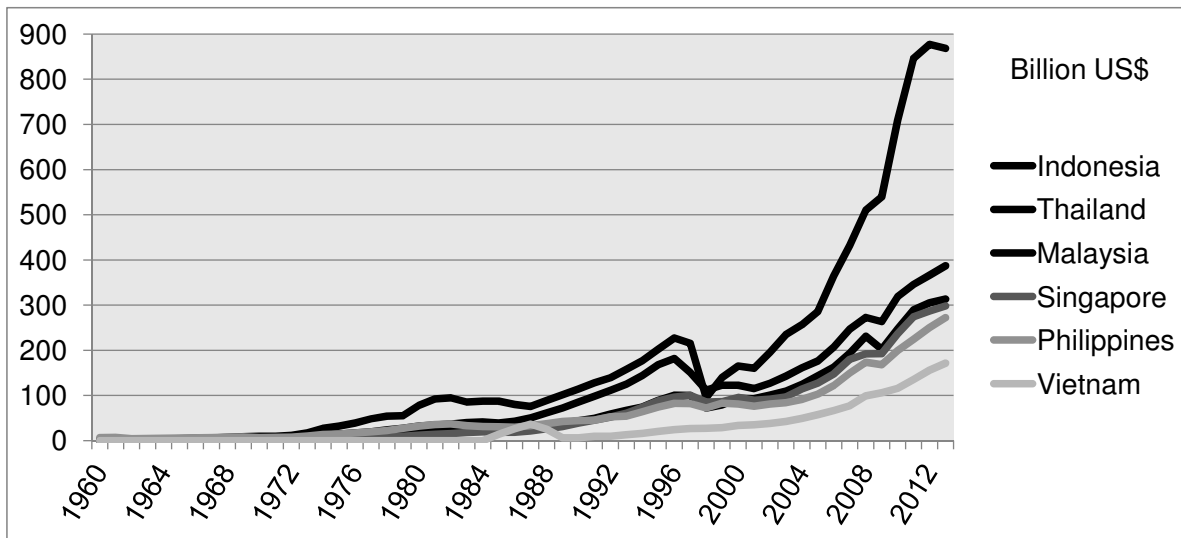
2013

- | | |
|---|--|
| <ul style="list-style-type: none">• Southeast Asia (SEA)• 600 million people or 9% of world population• 3% of total land area in the world• \$2.4 trillion or 3% of the world's GDP• Ave. annual growth of 5.5% since 1980• GDP/cap: \$500 (1980) to \$3,500 (2013) | <ul style="list-style-type: none">• Indonesia• 250 million people or 42% of SEA population• 42% of total land area in SEA• \$870 billion or 36% of the SEA's GDP• Ave. annual growth of 5.5% since 1980• GDP/cap: \$530 (1980) to \$3,500 (2013) |
|---|--|

WDI

Within Southeast Asia

GDP/Cap (US\$)	1983	1993	2013
Indonesia	548	840	3,475
Malaysia	2,056	3,395	10,538
Philippines	645	817	2,765
Singapore	6,714	18,302	55,182
Thailand	798	2,153	5,779
Vietnam	n.a.	189	1,911



WDI

Variations within a country

- Relatively large, for example:
 - in Indonesia, the percentage of poor people in Papua in 2012 was 31%, while it was only 4% in Bali
 - In Thailand, the percentage of poor people in the three Southern border provinces was 23.9% in 2011, while the national percentage was 13.1%.

Lagging regions of SEA

- Share some similarities:
 - Isolation from the capital/mainstream development of the country
 - Controversial circumstances of incorporation within the nation state
 - Ethnic/religious minorities
 - Conflicts
 - Resource abundance
 - Unsympathetic rule from the centre

Isolation from the main econ. activities

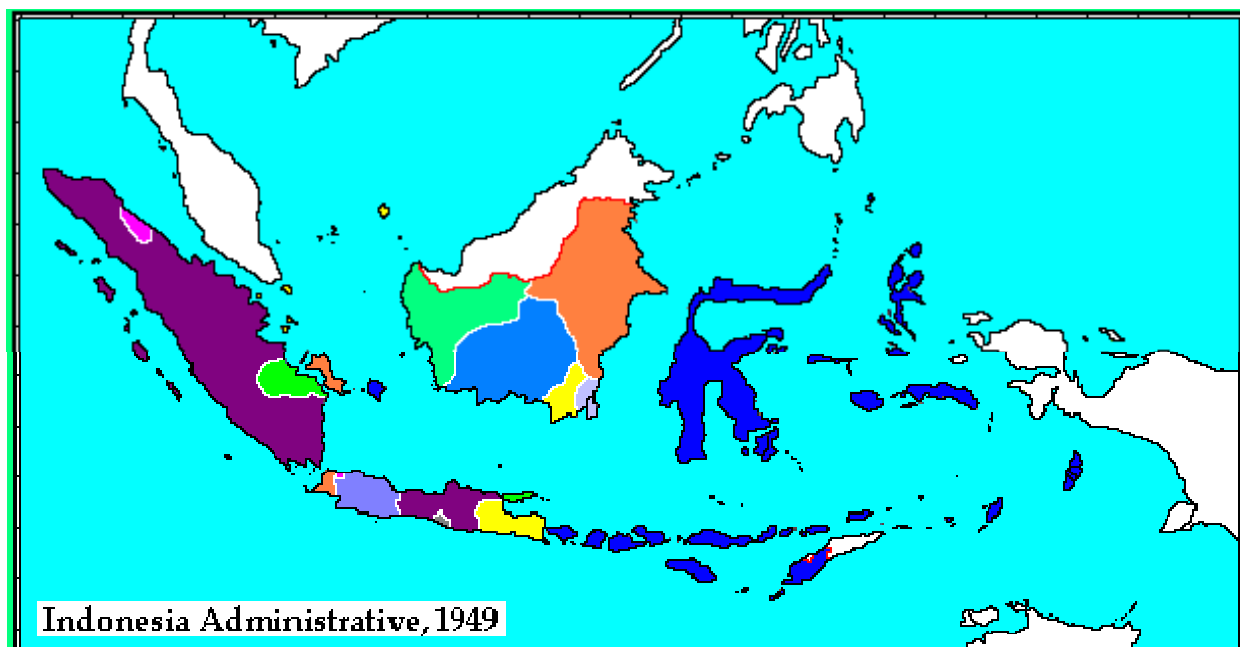


Lagging behind

	Poverty	Infant Mortality	Life Expectancy	Average Schooling
	2004	2000	2002	2002
	(%)	(per 1,000 live births)	(year)	(years in school)
Eastern Indonesia	29.9	59.2	65	6.4
- East Nusa Tenggara	27.7	57.0	64	5.8
- Maluku	23.9	66.2	66	8.0
- Papua	38.4	57.0	65	6.0
Java	15.9	48.6	67	7.1
- Java w/o Jakarta	16.8	50.4	66	6.8
Bali	6.8	36.0	70	7.6
West Nusa Tenggara	25.3	89.0	59	5.8
Sumatra	17.4	48.0	67	7.8
Kalimantan	10.9	55.3	66	7.2
Sulawesi	16.7	53.9	68	7.3
Indonesia	16.6	47.0	66	7.1

Controversial history

- Republic of Indonesia
- State of East Sumatra
- State of South Sumatra
- State of Bangka
- State of Biliton
- State of Riau
- Bantam, under Prov. Federal Govt.
- State of Pasundan
- State of Madoera
- State of East Java
- State of East Indonesia
- Autonomous Area of East Borneo
- Autonomous Area of S.E. Borneo
- Autonomous Area of Banjar
- State of Great Dayak
- Autonomous Area of West Borneo



Controversial history



- The three Southern border provinces of Thailand formerly constituted the Sultanate of Pattani
- Pattani had been in and out of Siam Kingdom → “semi” autonomous state
- Annexed to the Siam Kingdom in the 20th century → Thaification

Controversial history



- Used to be part of Maguindanao Sultanate (and Sulu Sultanate)
- During Spanish colonization: Spanish converted all part of the Philippines in to Christianity (demolished the sultanate system), except Sultanates of Maguindanao (Moro people)
- Sultanate's sovereignty was dissolved in early 20th century
- in 1898, Spain ceded the Philippines to the Americans, including Mindanao
- Americans further integrated Mindanao into the Philippines

Ethnic/religious minorities

- Papua: Majority are Christian-Melanesia & Indonesia: Majority are Muslim-Malay
- Three Southern Provinces: Majority are Muslim Malay & Thailand: Majority are Buddhist-Thai
- Mindanao: Majority are Muslim-Moro & Philippines: Christian

History of conflicts

- Independent movements
 - Papua Independent Movement (OPM)
 - Pattani United Liberation Organisation (PULO)
 - Mindanao Independence Movement (MIM)
- Armed conflicts
- Violence
- Arrests & deaths

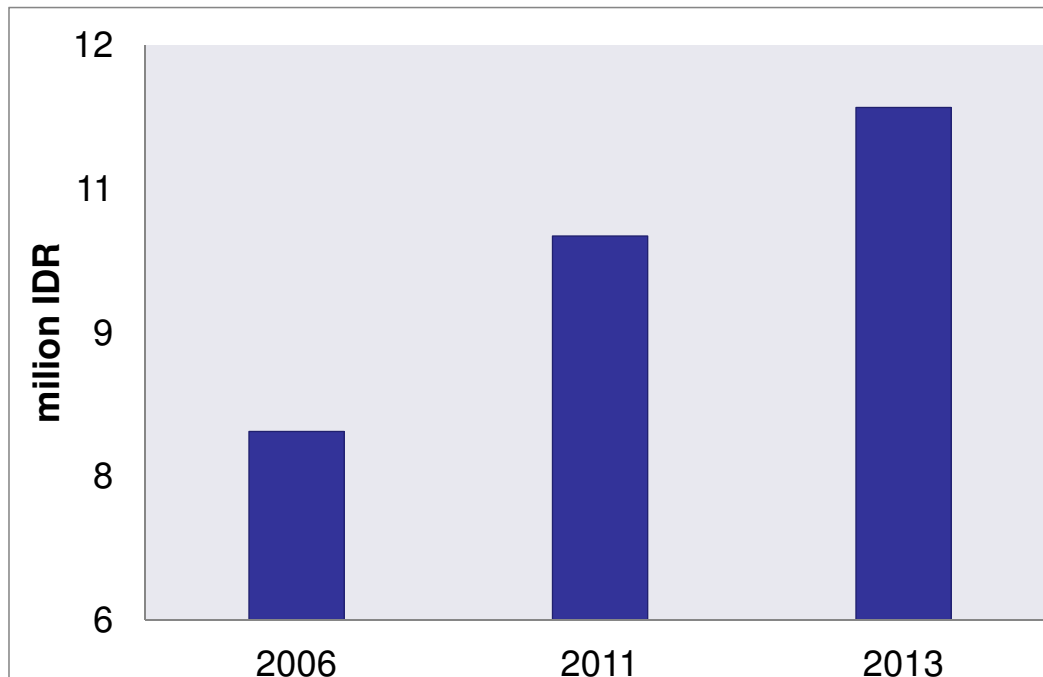
Major Development Programs: Papua

- Previously:
 - Some development fund
 - Migration into Papua (Transmigration)
- More recent (since 2001)
 - Special autonomy
 - Special development fund (2% of DAU)
 - Much higher revenue sharing
 - Some affirmative policies

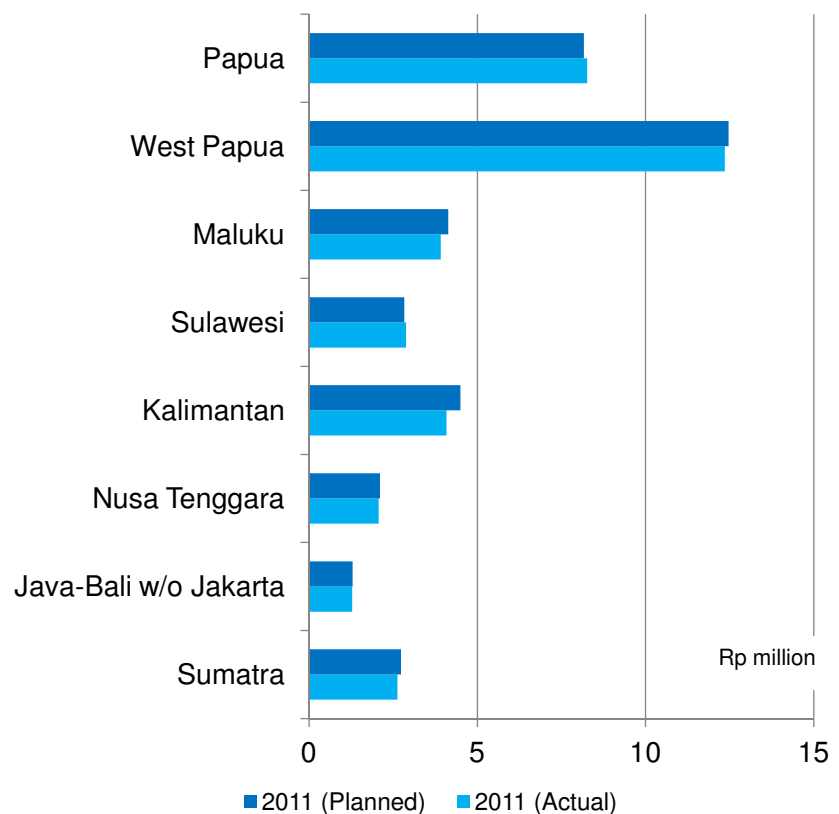
Population

	Growth rate (% p.a.)			Share of total, 2010 (%)	Population (thousand)
	1980-90	1990-2000	2000-10		
Total	3.5	3.0	4.9	100.0	3,594
Lifetime migrant	10.6	3.1	6.7	19.1	686
Recent migrant	8.2	0.2	4.8	3.4	120
Non-migrant	2.3	3.1	4.5	77.6	2,787

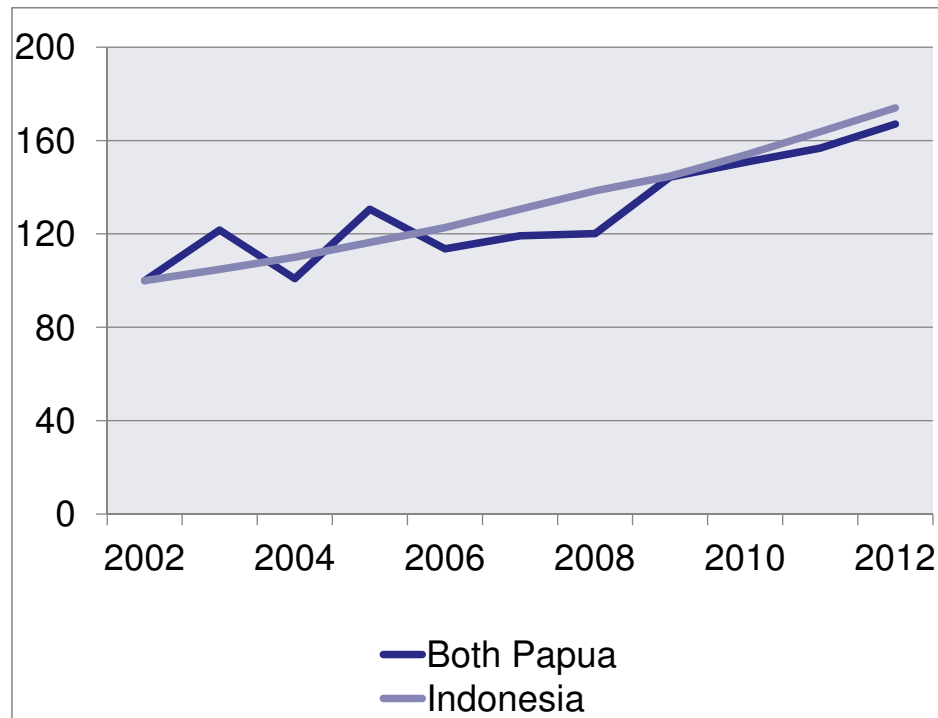
Papua government budget per capita



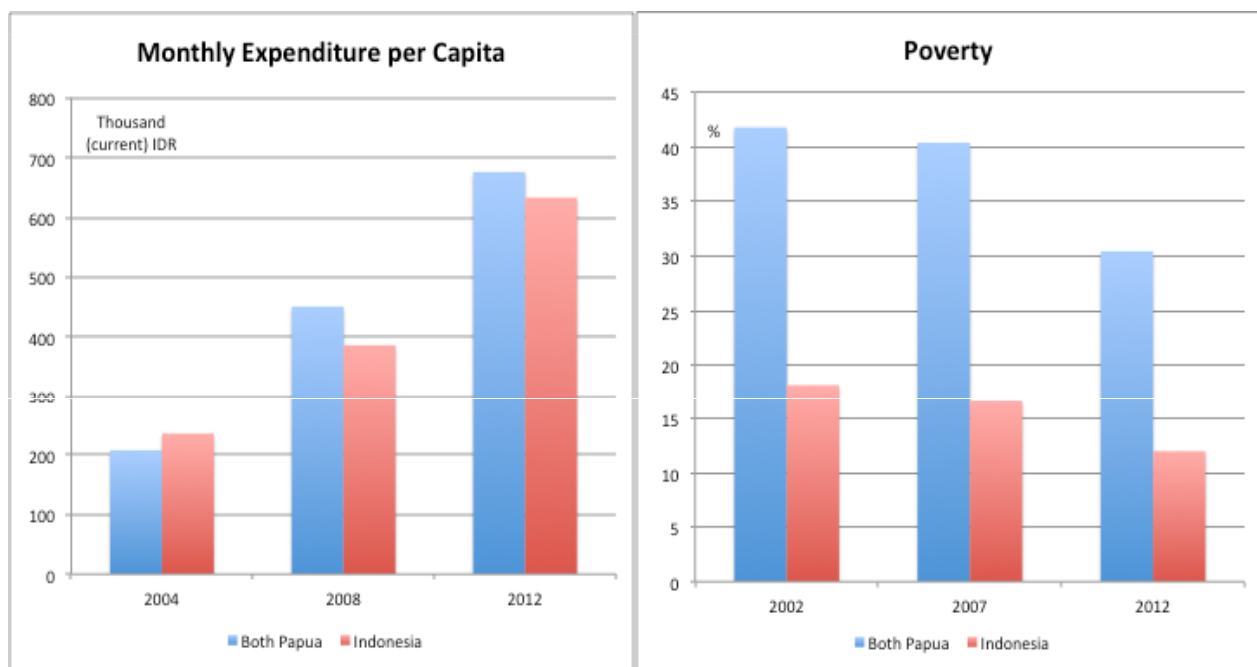
Some comparison



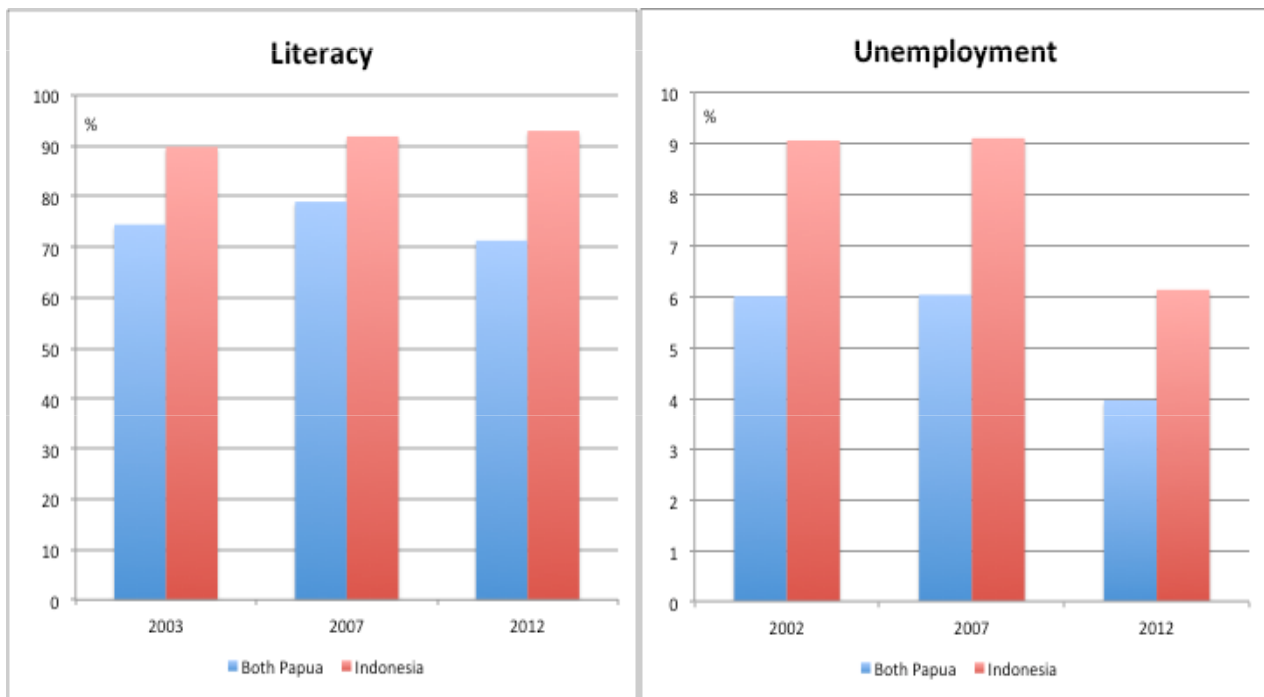
Level of economic development



Household expenditure and poverty

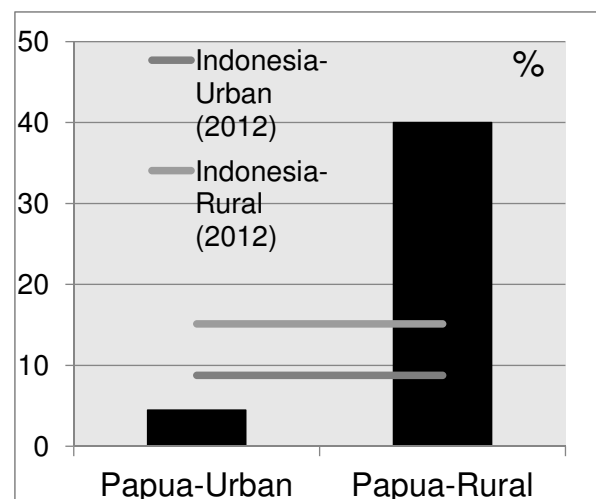


Literacy and unemployment



Rural Area

	HH Expenditure per capita
	2011
	(Rp 000/year)
West Papua	
Sorong Greater Area*	8,450
Manokwari district	8,128
Teluk Bintuni district	11,555
Other districts	6,634
Papua	
Jayapura Greater Area*	9,960
Mimika district	10,354
Merauke district	7,135
Other districts	5,315



How to accelerate development in rural areas of Papua?

- Remote and geographically challenging
- Low initial development status

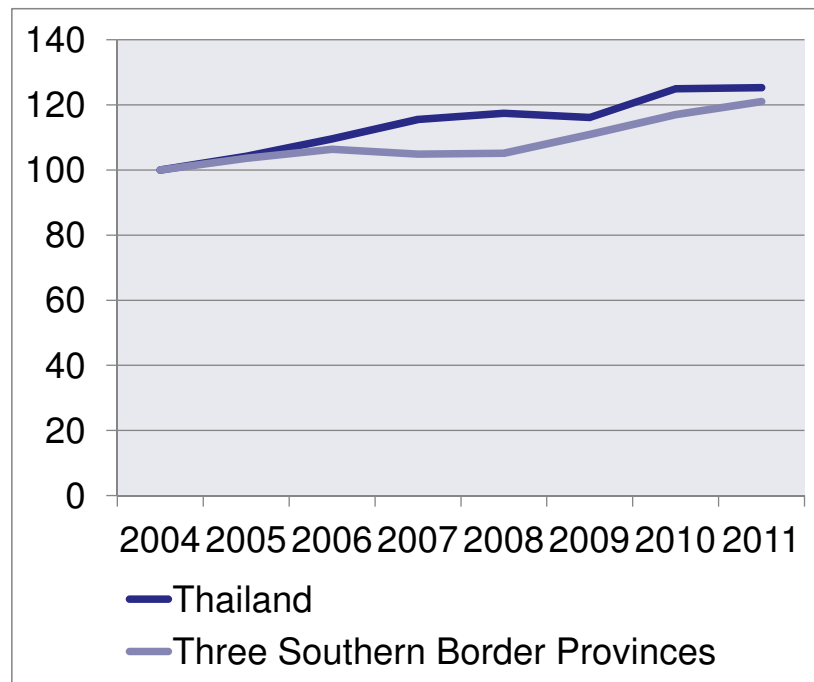
Village Strategic Development Program

- RESPEK (or PNPM RESPEK) means to “drop” grants to all villages to develop capital needed to develop rural areas:
 - Rp 100 million (US\$10,000) annually to all villages in Papua and West Papua*; starting 2008
 - Gives village people considerable freedom, through village meetings (*musyawarah desa*), to make their own decisions about the areas in which they want to build capital; though government expectation is that the areas they choose will be:
 - nutrition and food security, education, primary health care, village infrastructure, and economic livelihood.
 - Also gear up toward community driven development

Major Development Programs: Southern Thailand

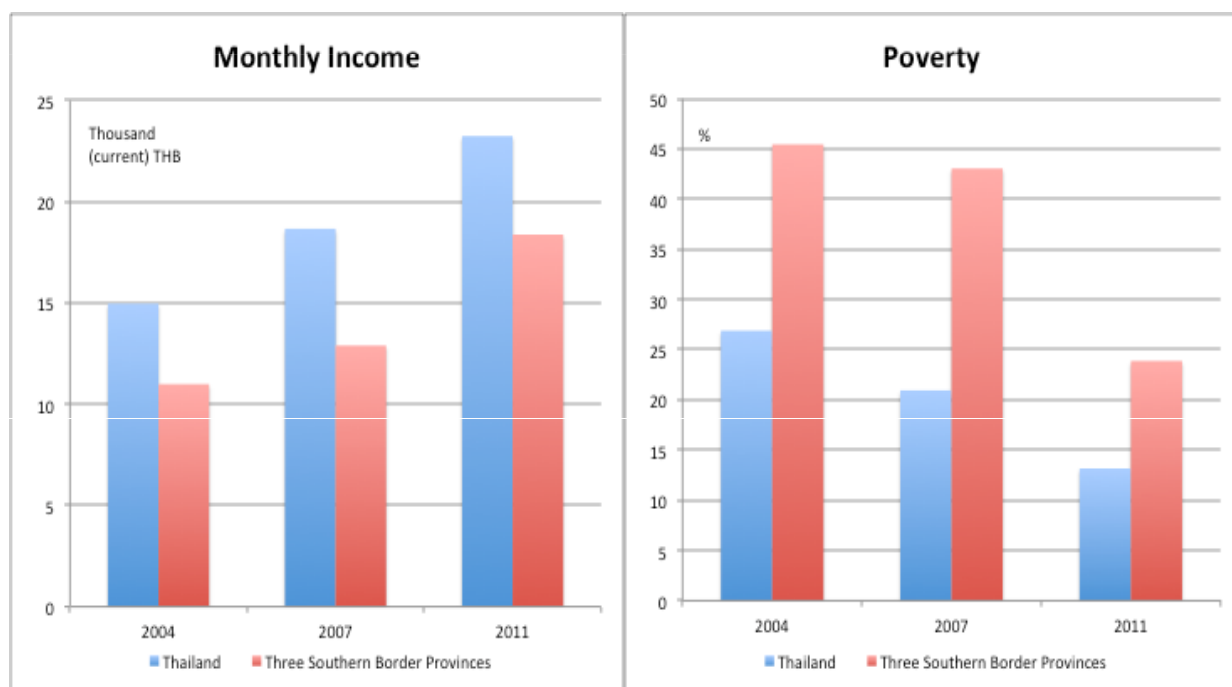
- More recent (since 2004)
 - Special development fund for the three provinces
 - THB 13.5 billion in 2004
 - THB 27 billion in 2009
 - THB 16 billion in 2010
 - THB 24 billion > 2010
 - Affirmative action for the Muslim population
 - strengthen the Islamic banking system
 - strengthen the Halal industry and tourism

Level of economic development

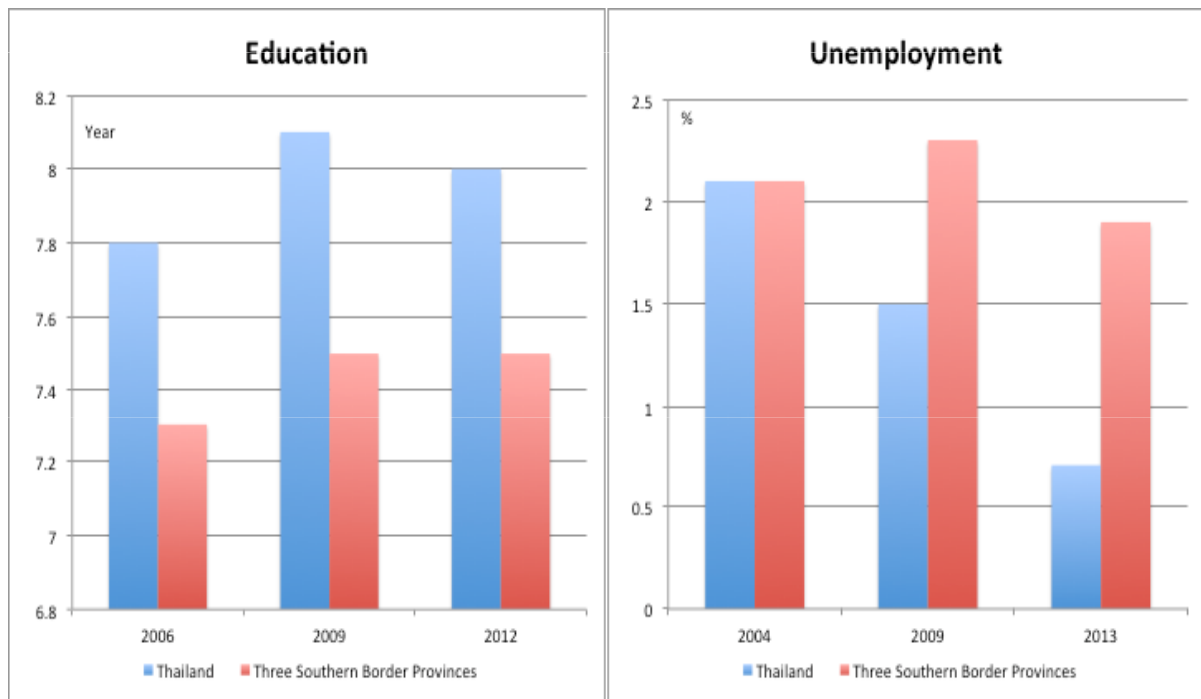


GDP

Household income and poverty



Education and unemployment



Major Development Programs: Mindanao

- Previously
 - Migration into Mindanao
- After Marcos (since 1987)
 - Slow process of autonomy for some part of Mindanao (ARMM region)
 - 2014 Bangsamoro Basic Law: much larger autonomy
 - Some development fund and affirmative actions

Population

Area	2007	2010
National Capital Region	11,566	11,856
ARMM	4,121	3,256
Philippines	88,567	92,338

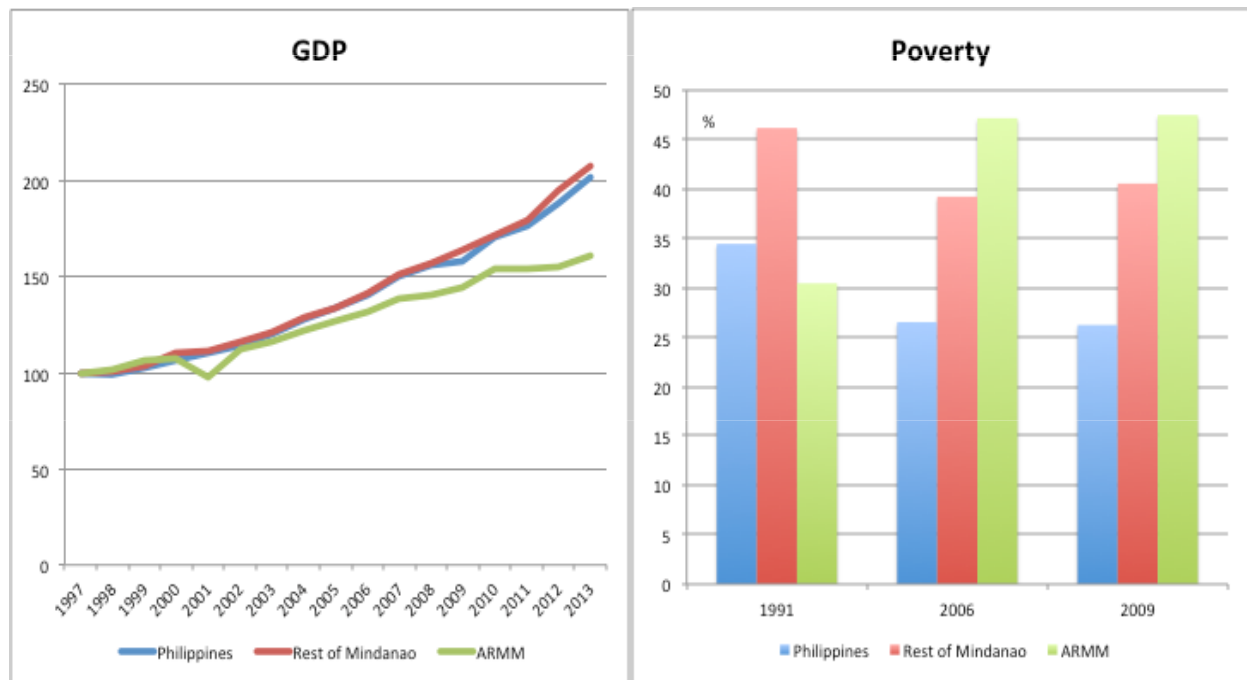
Thousand
people

Investment

	1997	2000	2003	2006	2009	2011
Zamboanga Peninsula	11.2	5.3	15.1	1.0	1.4	0.6
Northern Mindanao	82.4	14.5	3.0	7.5	11.2	2.6
Davao Region	11.3	19.4	1.7	2.3	9.9	38.5
Soccsksargen	15.6	3.7	0.3	2.2	4.0	0.8
Caraga	4.1	2.2	2.3	1.7	2.4	49.6
ARMM	1.5	1.2	0.6	0.3	0.1	0.5

Billion PHP

Level of economic development and poverty



Literacy and unemployment



Some comparisons: Policies

	Additional Special Development Fund	Creating Autonomous Region	Allowing Affirmative Policies
Thailand	Yes	No	Some
Philippines	Some	Yes	Some
Indonesia	Yes	Yes	Some

Some comparisons: Outcomes

	Papua	Southern Thai	ARMM
Economic growth (GDP)	Keep up/slightly lower	Slightly lower	Lower
Average hh. expenditure	Keep up (?if count f. inf.)	Keep up (?if count f. inf.)	?Most likely stable
Poverty	Decline but large gap	Decline but large gap	Increase
Education	Improving but some gap	Improving but some gap	Improving but some gap
Unemployment	Decline	Decline but large gap	Increase
Rural-urban gap	Significant	?Most likely significant	?Most likely significant

Final remarks

- History, ethnic/religion and development gap matter
- Autonomy and special development fund are important
- Not harmful affirmative action seems necessary, particularly on the issue of rural-urban gap
- Papua's progress seems dominant, but more is needed
 - Rural-urban gap? (Papuan vs non-Papuan?)
 - Resolving conflicts?