



Assessing Indonesia's Provincial Development Policies: **The Case of Riau Islands**

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An Overview of Riau Islands in 2020

Gross Regional Domestic Product (GRDP) – 2010 prices (IDR bn)	174,976 (2% of Indonesia GDP)	Land Area (km ²)	10,595
Economic Composition	% of GRDP	Total Population	2,064,600
Primary Sector	17.38%	Urban Population (%)	83.30%
Secondary Sector	59.94%	Poverty Rate (%)	6.00%
Tertiary Sector	22.68%	Labour Force	1,133,776
Trade – 2010 prices	IDR bn	Labour Force Participation Rate (%)	54.92%
Exports	112,100		
Imports	113,036		

Competitiveness Profile



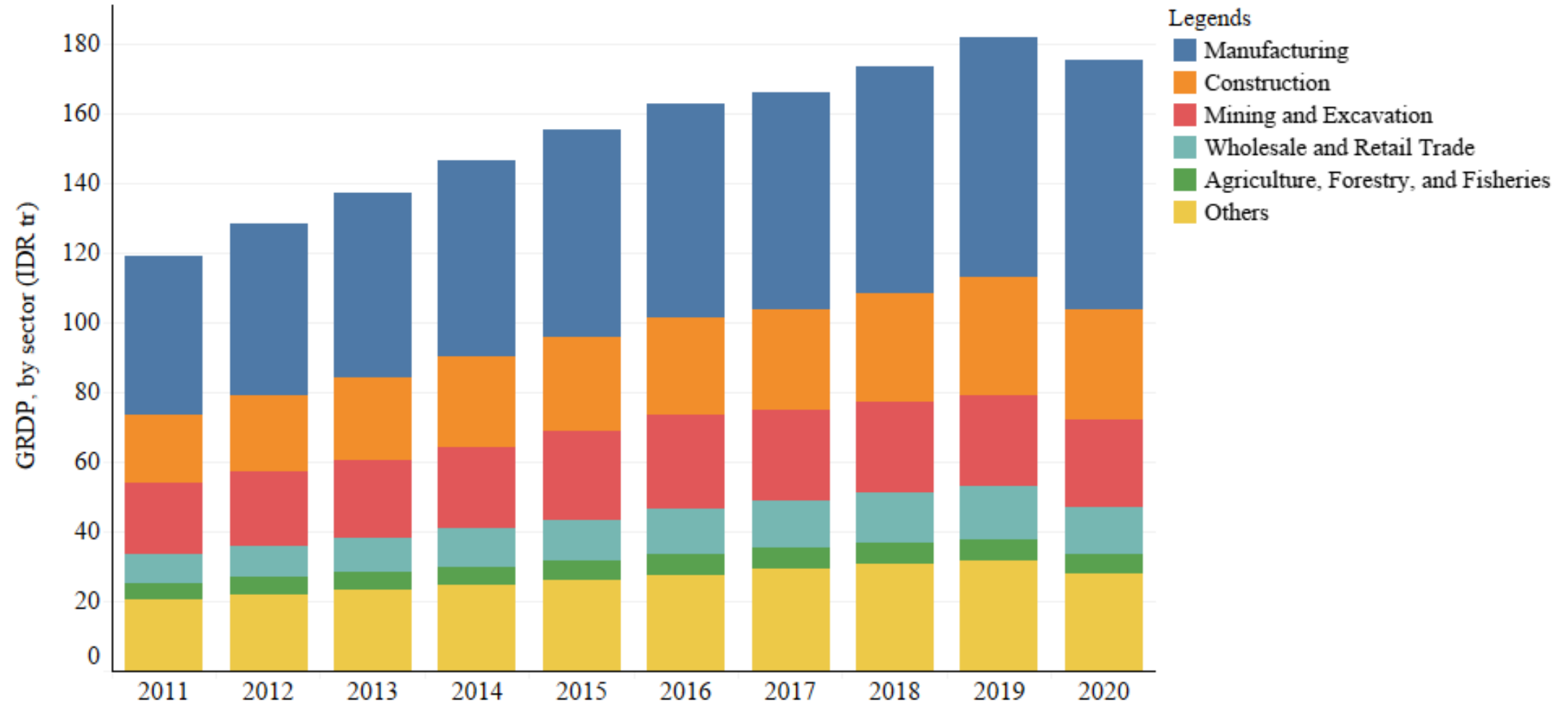
5 strongest indicators

1. Primary Industry Productivity
2. Urban Population
3. Desktop Computer Ownership
4. Population Growth
5. Net School Enrolment Rate (Senior High)

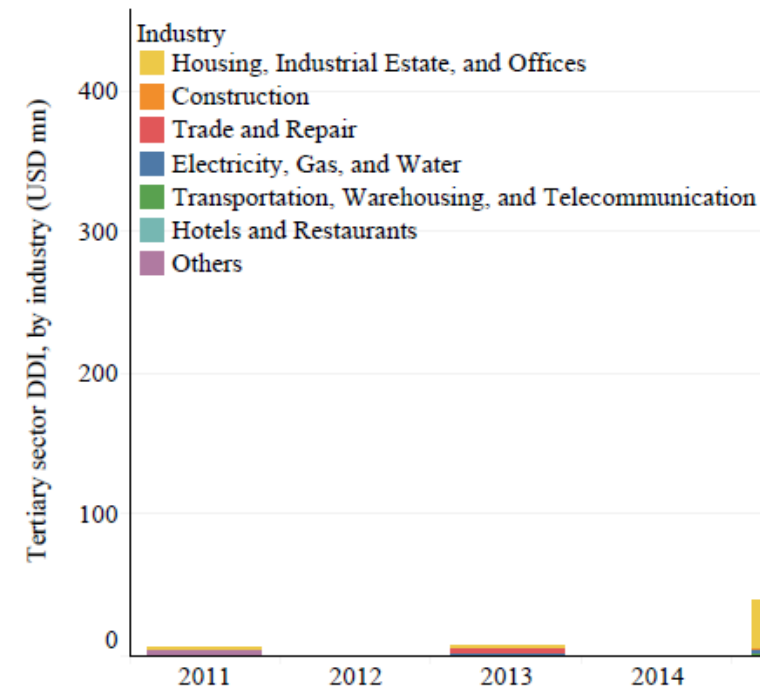
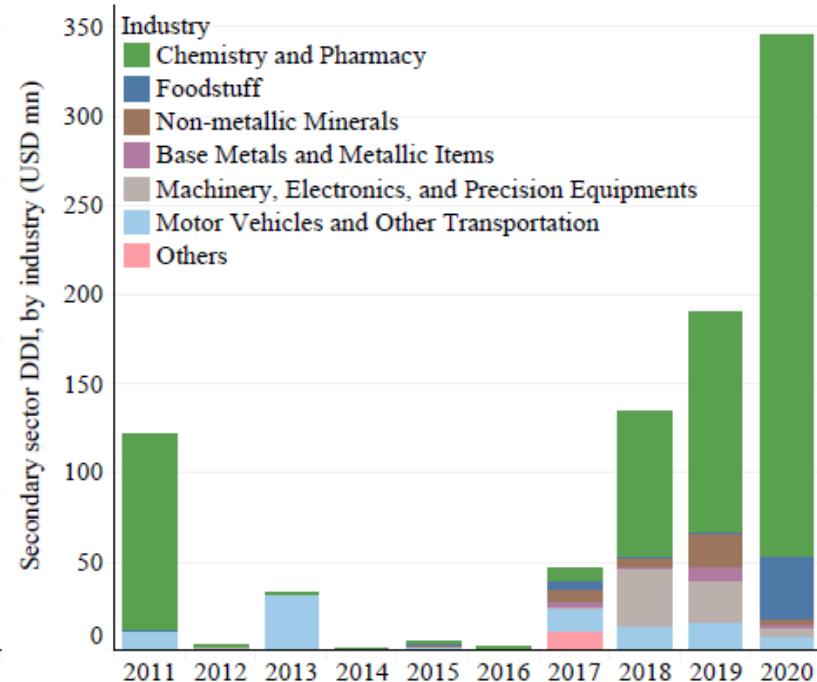
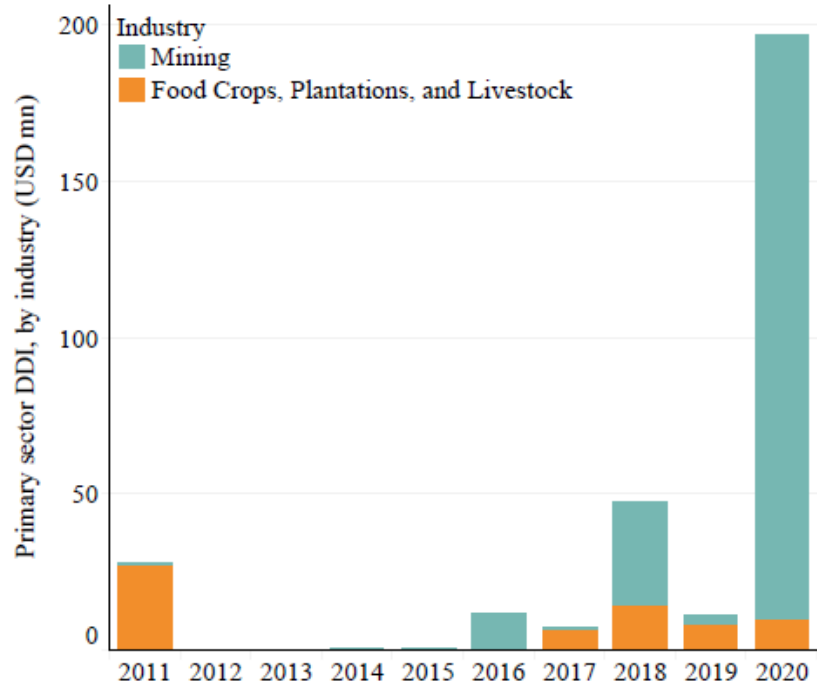
5 Weakest Indicators

1. Internet Access at School
2. Unemployment Rate
3. Student-Teacher Ratio (Junior High)
4. Labour Force Participation Rate
5. Quality of Democratic Institutions

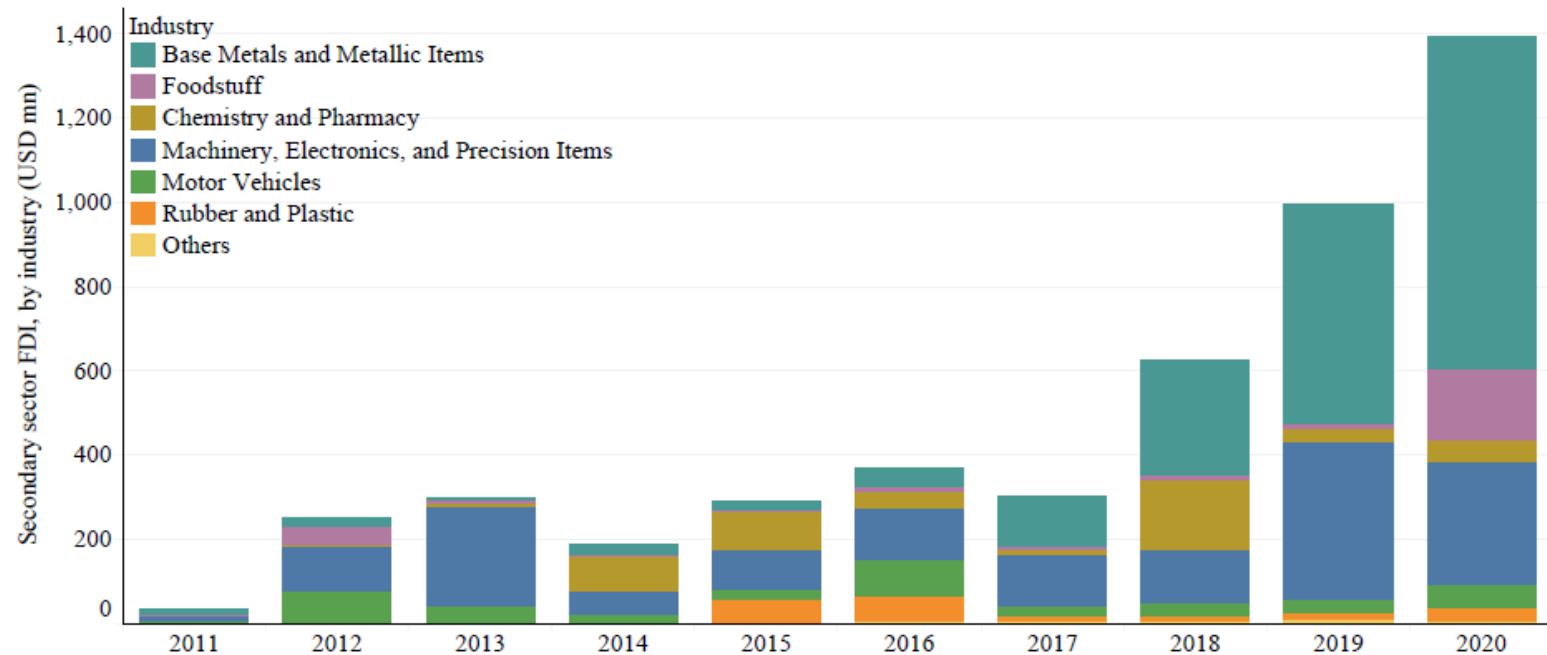
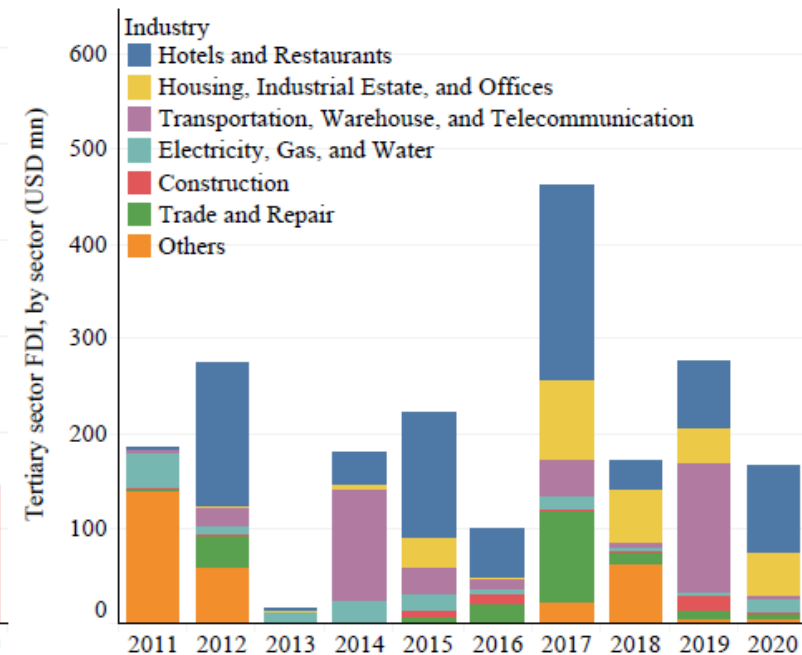
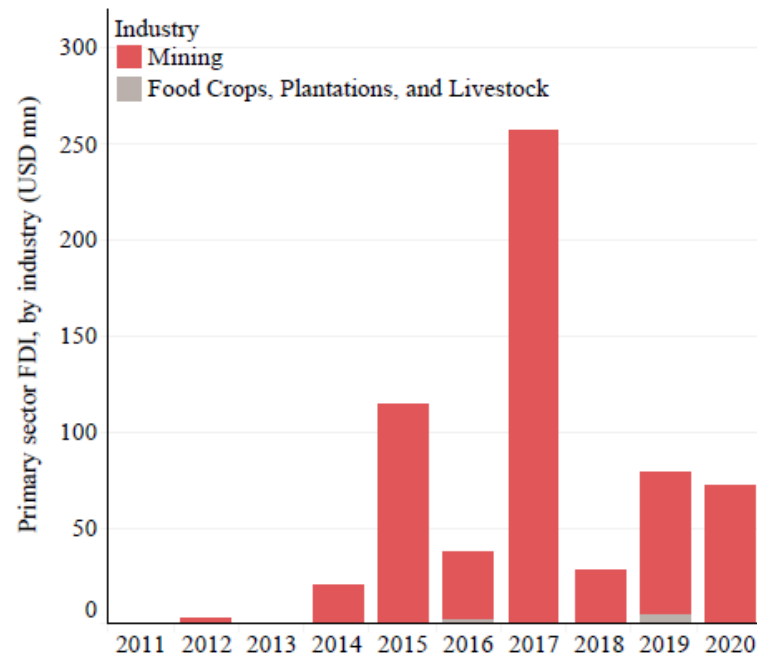
Manufacturing and Construction as Biggest Economic Contributor



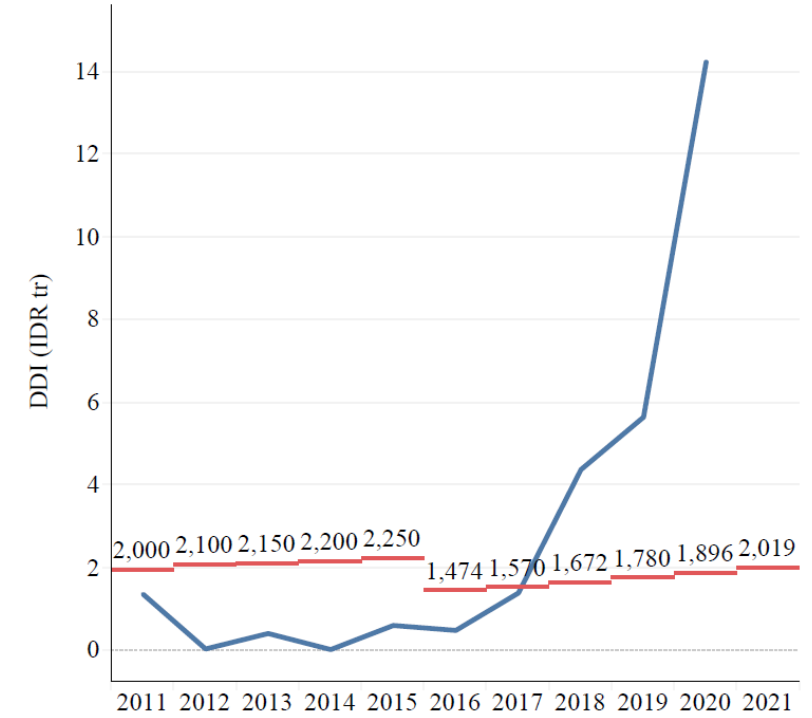
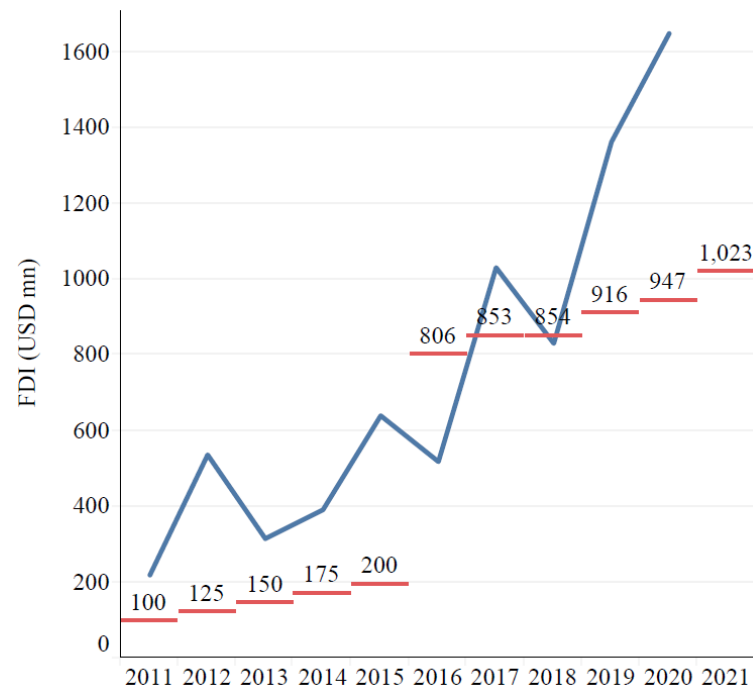
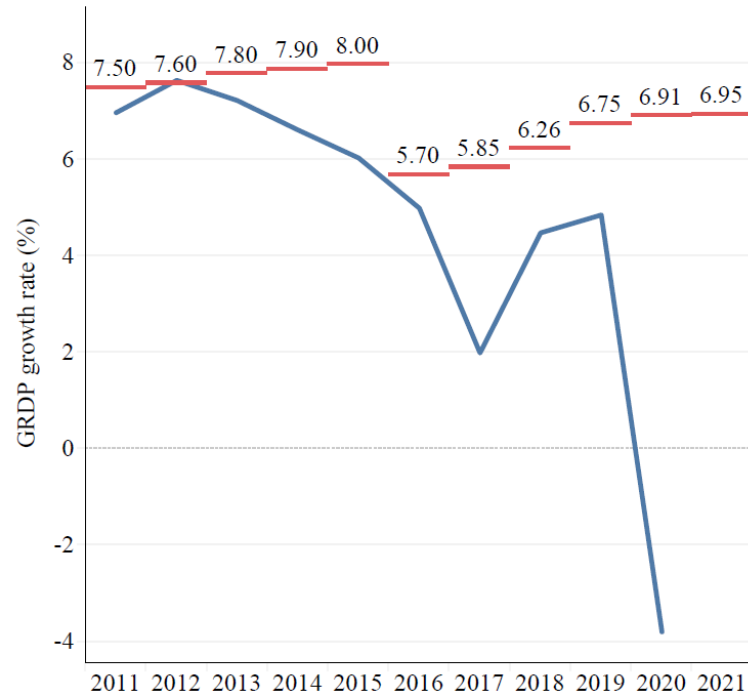
Domestic Direct Investments



Foreign Direct Investments



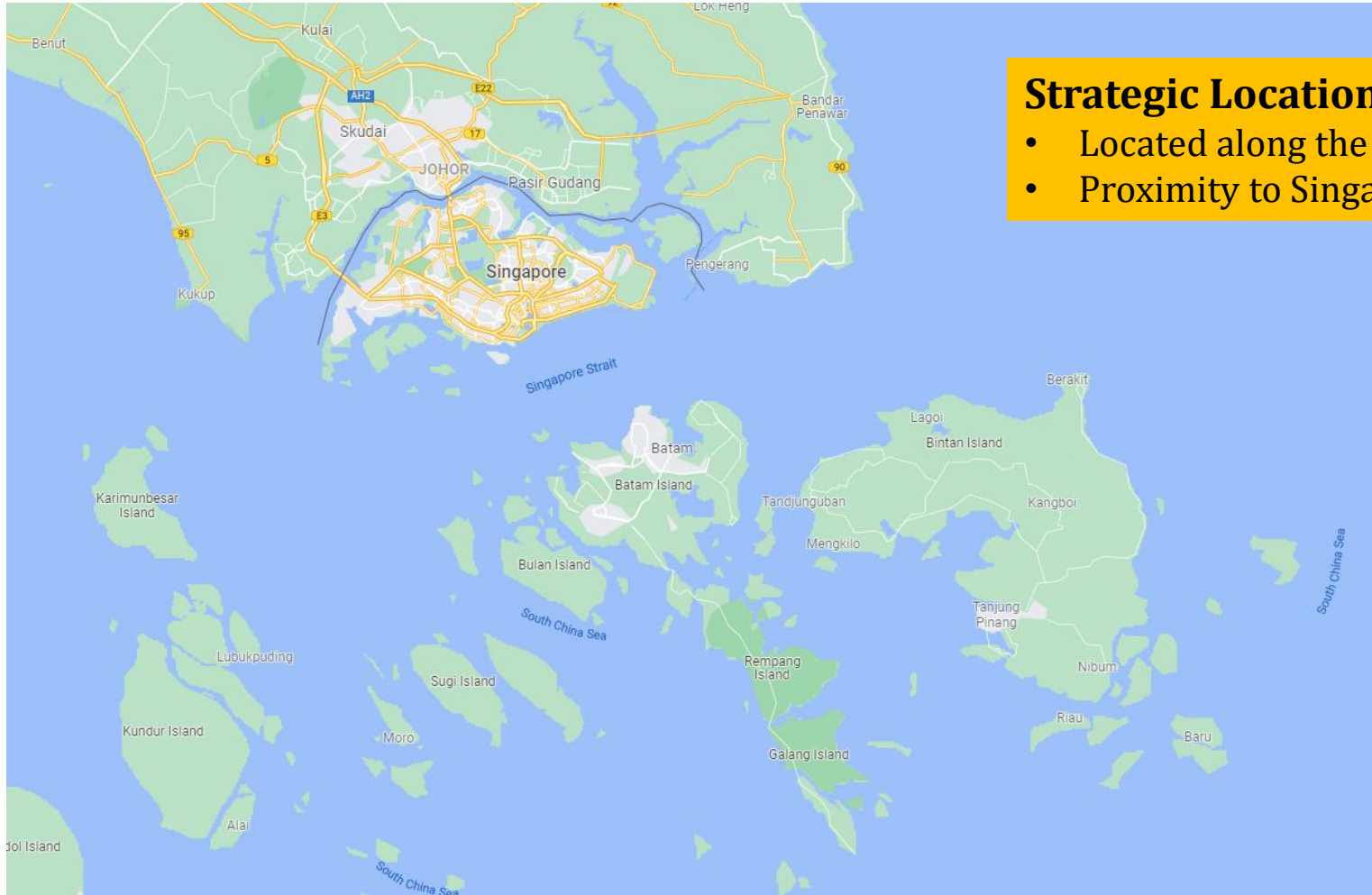
Data Vs Government's Targets



Legends ■ Realised Value

■ Target Value

Manufacturing as the Cornerstone of the Economy

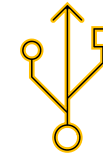


Strategic Location

- Located along the Malacca Straits
- Proximity to Singapore and Malaysia



Transshipment hub



Electronic
Manufacturing

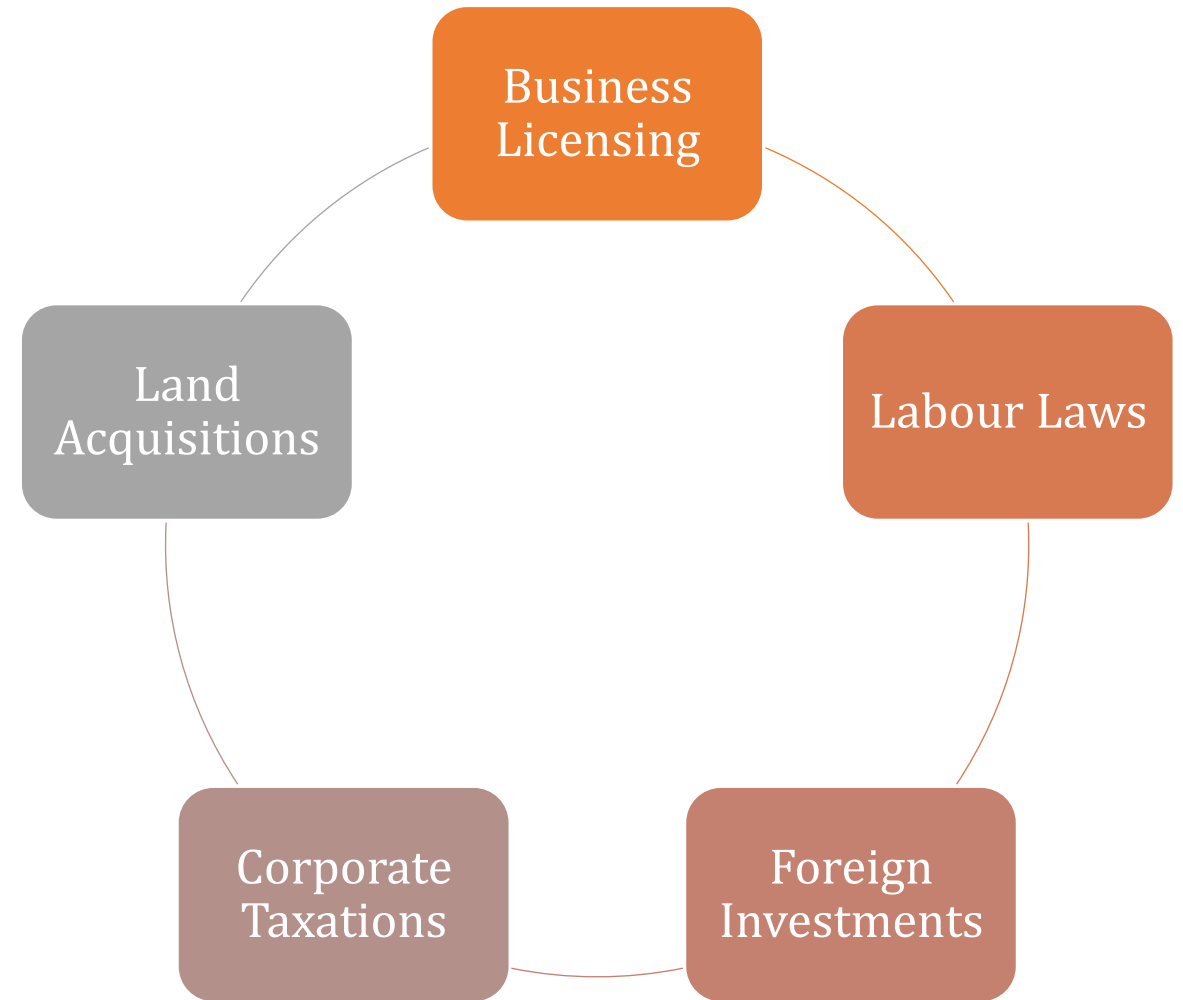


Oil and Gas

Regulatory Changes Aid Manufacturing Growth

Omnibus Law (November 2020)

- Bureaucratic red tape hinders economic growth and deters foreign investments
- The Omnibus Law, via amendments of many laws and regulations, ease complex business regulations.



Government's Development Plans and Focus Areas



Religious and democratic society under the Malay customs

Infrastructure and Connectivity

Human Capital

Social Welfare such as health, gender equality, poverty and disadvantaged community

Resource-based economy e.g. fisheries, tourism and agriculture

Conductive business climate; enhancing SMEs

Industrial economy and Raw Materials Exports

Environmental Sustainability

Public Service Governance


Economic and Investment Strategies

- **Upgrading Batu Ampar port**
 - Capital injection of Rp1.2 trillion (S\$115 million) to build 3 new mobile harbour cranes and 12 terminal tractors
- **Two New Special Economic Zones**
 - Batam Aero Technic (BAT) SEZ: MRO (Maintenance, Repair, Overhaul) industry
 - Nongsa SEZ: IT-digital, tourism
- **2016-2021 RPJMD focus:**
 - Improve investment climate and investment realization
 - Enhance investment promotion and cooperation
 - Streamline and ease Licensing and Non-Licensing Business Processes

Untapped Resource- based Potentials

- With sea area covering 96% of the province, it is ideal for fishing and aquaculture
- Potential agricultural production in wood, rice, corn, soy, fruits, vegetables, palm oil

Barriers

- Farmer's limited capabilities and knowledge
 - Lack of technological adoption
 - Lack of supporting physical infrastructure
- 



Policies and Strategies:

- In **RPJMD 2016-2021**: 227,682 hectares of land for agriculture production
 - In **RKP 2021**: aquaculture stimulus including provision of fish species, and cultivation infrastructure
 - **Business Credit (KUR)** to farmers
 - **Triple Export Movement (Gratieks)** program
 - **Agricultural Development Strategy Command (Konstra Tani)**
 - **Agricultural Technology Research Centre (BPTP Kepri)**
- 

Tourism: Riau Islands 7 Tourism Corridors

Batam

MICE, cultural
tourism

Bintan

Family tourism,
eco-tourism

Karimun

Heritage tourism,
eco-tourism,
marine tourism

Tanjung Pinang

Heritage and
cultural tourism

Natuna

Marine tourism,
eco-tourism

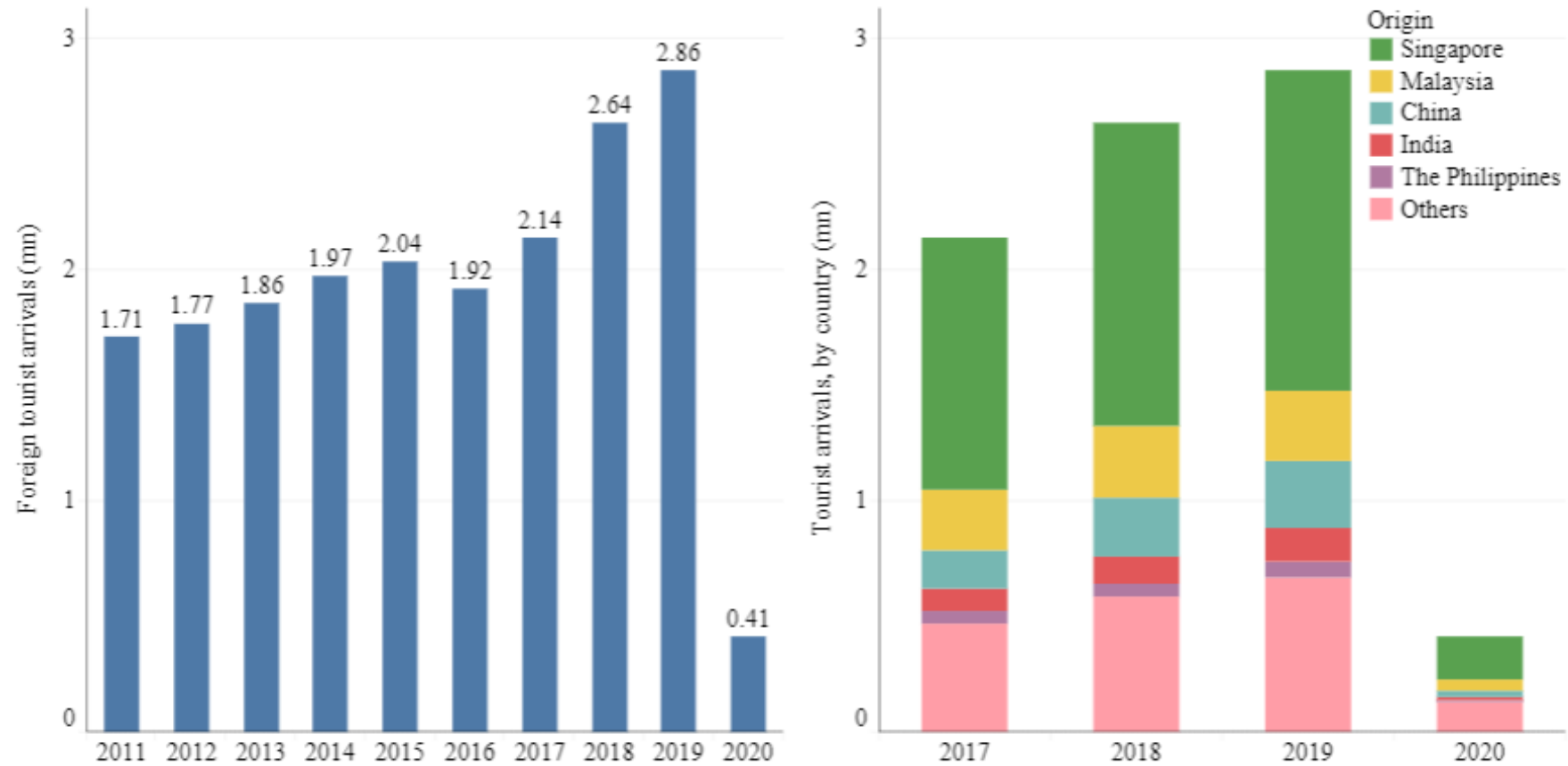
Anambas

Marine tourism,
eco-tourism

Lingga

Heritage tourism,
eco-tourism

COVID-19 Tourism Disruption



Travel ease between Singapore and Indonesia

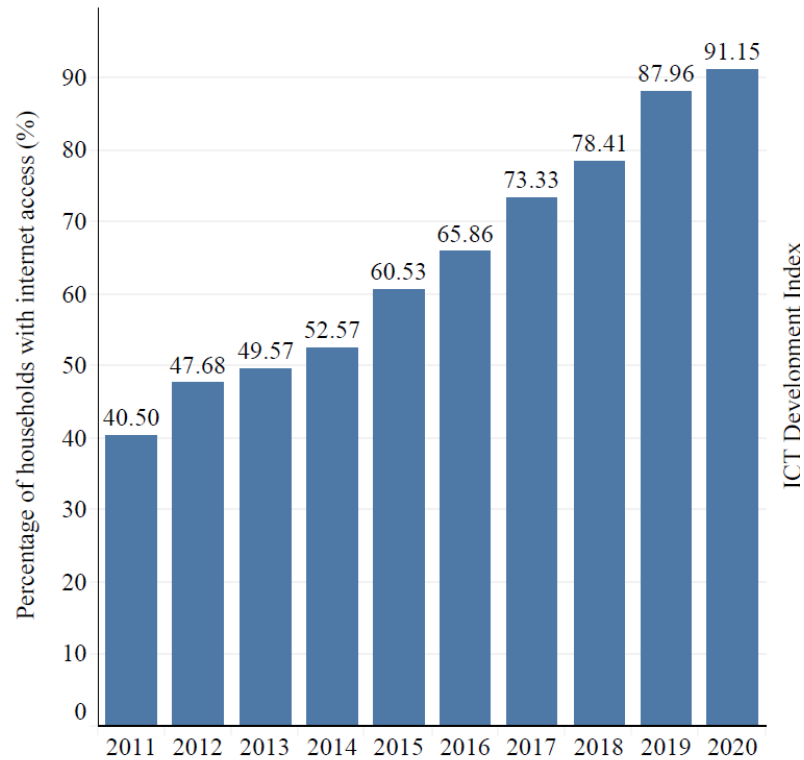
First ferry from
Singapore's Tanah Merah
Terminal to Batam's
Nongsapura

18 Feb.

25 Feb.

2 Way Singapore-
Indonesia VTL

- Batam and Bintan
- Vaccinated travelers



Digital Economy

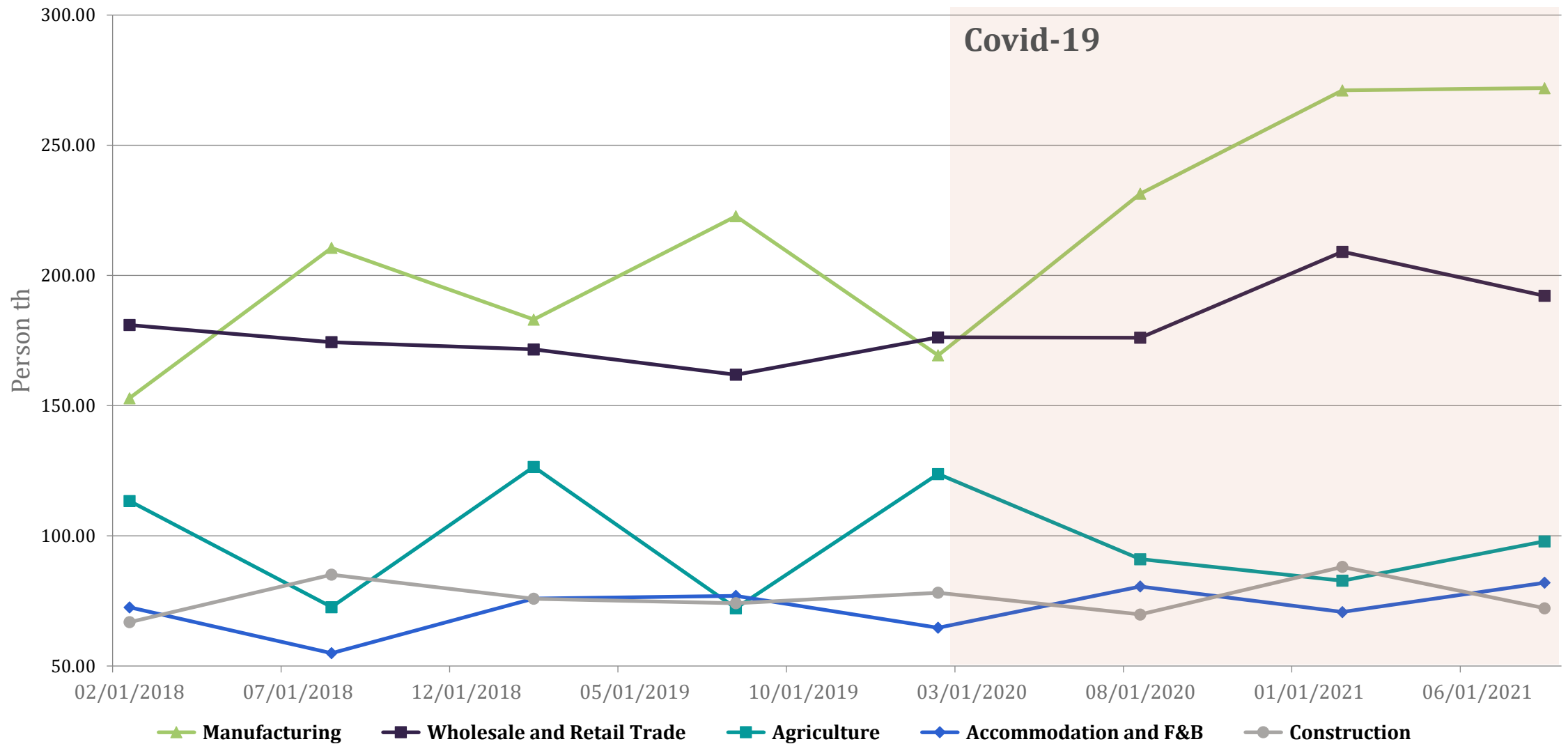
Kepri Smart Province

- Promote digital literacy and adoption
- Riau Islands Co-Working Space, Kepri Smart Conference

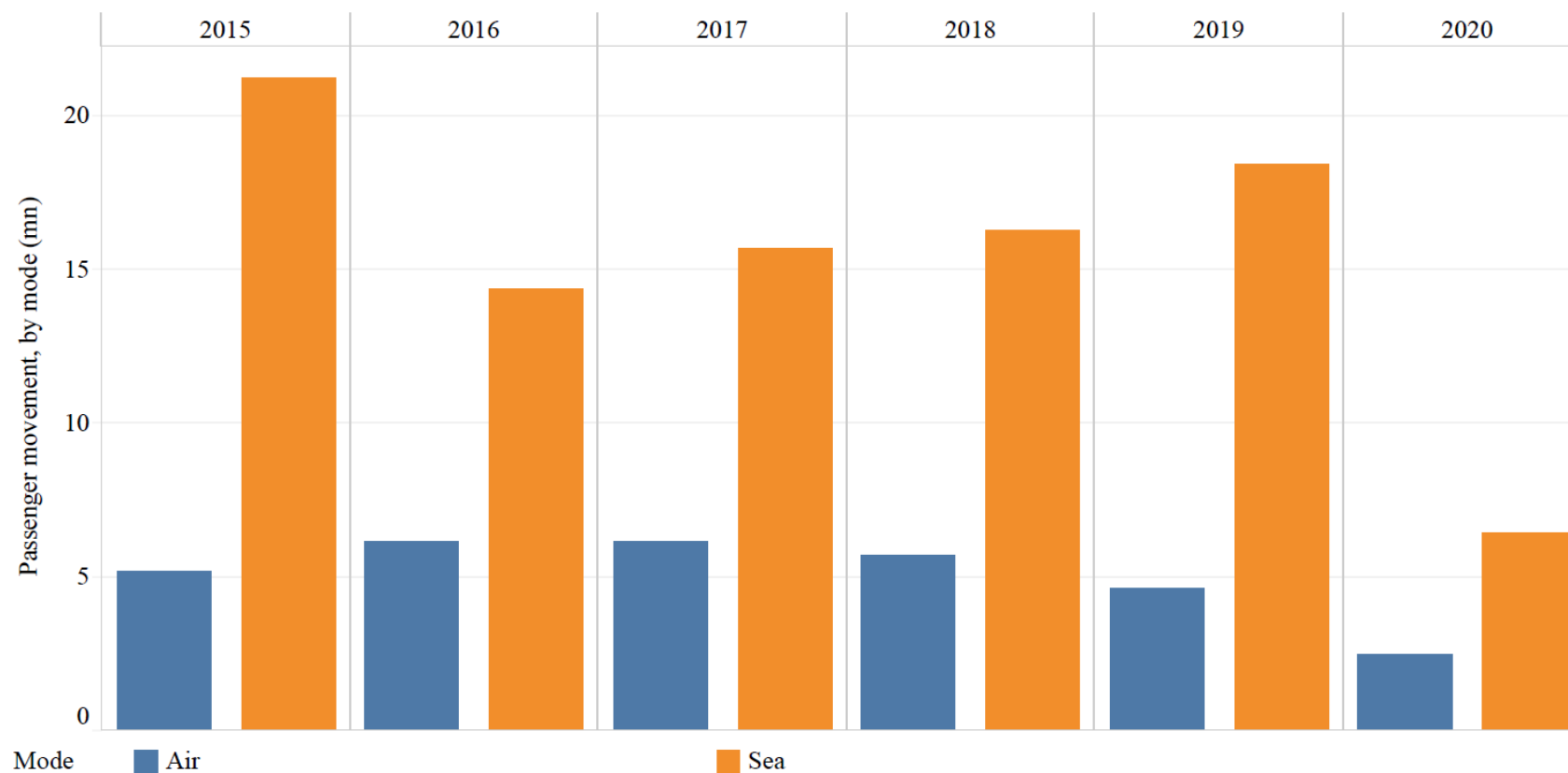
Nongsa Digital Park/Nongsa SEZ

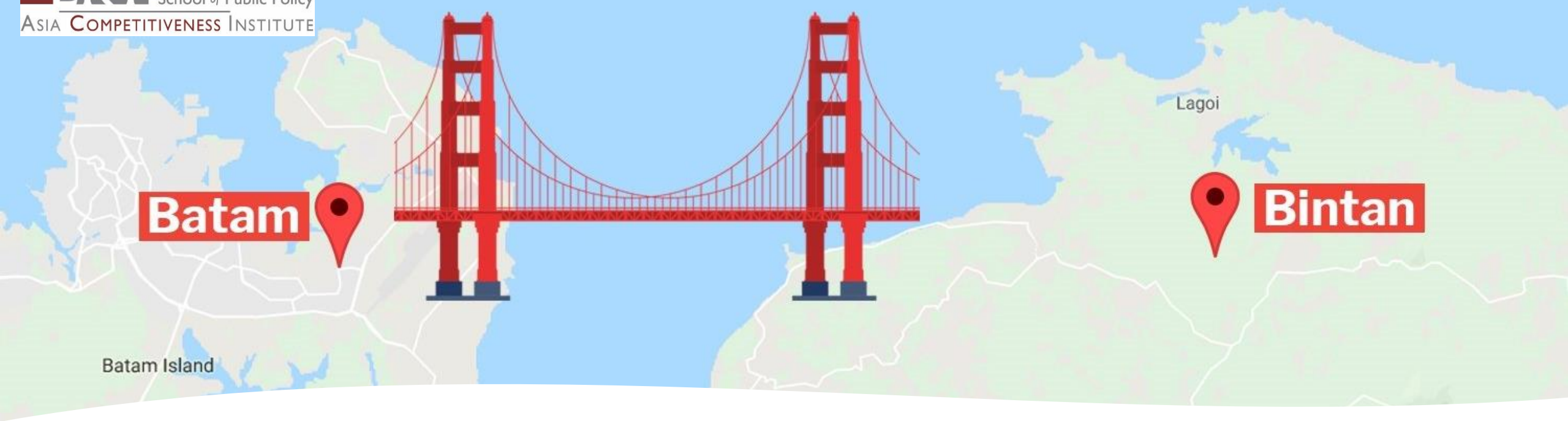
- Attract tech-based entrepreneurs and start-ups

Workers are concentrated in the manufacturing and tourism sectors



Supporting physical Infrastructure: Sea transportation as the main mobility channel





Improving Inter-Connectivity Between Batam, Bintan and Karimun

- Batam-Bintan bridge
- Ranai International Airport
- Highways and flyovers in Batam and Bintan
- Batu Ampar international port