

## Editorial Note

### Future Challenges on Indonesia's Vision 2045

Dear readers,

The year of 2045 marks the 100<sup>th</sup> Anniversary of Indonesia's independence. Government is striving to make Indonesia as a sovereign, progressive, just, and prosperous nation. To realize this goal, Ministry of National Development Planning/Bappenas has prepared **Indonesia Vision 2045**, to set the future path to become an advanced economy. Under optimistic and baseline scenarios of economic growth with an average of 5.7 and 5.1 percent until 2045, it is expected that Indonesia will become a high-income country within 18 to 20 years and the fifth to seventh largest economy in 2045.

The strategy to achieve this vision is built upon four pillars, (1) Human Development and Mastery of Science and Technology; (2) Sustainable Economic Development; (3) Equitable Development; and (4) National Resilience and Governance. As this country transforms to advance economy, the performance is determined by the quality of human resources to make the most of our natural resources.

With a total population of 319 million in 2045 and urban population of about 73 percent, Indonesia will strive to become a high-income economy that based on human capital.

With demographic bonuses that are estimated to still occur until 2045, Indonesia needs to anticipate urbanization problems and utilize the productivity from agglomeration to become economic drivers.

The role of science and technology is enhanced by three main emphases: (1) increasing Research and Development spending to 1.5 - 2.0% of GDP in 2045, (2) endeavouring as one of the centres of science and technology in the region and the world especially in maritime science, centre for biodiversity studies, material technology, and centre for disaster studies; and (3) increasing and institutionalizing cooperation between government, universities, and industry.

Indonesia has set a vision to become a developed country and one of the world's largest economy, that driven by investment and trade, industry, tourism, maritime, and services; as well as supported by reliable infrastructure and strong resilience on food, water, and energy.

To lessen disparities among regions, the Eastern Region of Indonesia (Kalimantan, Sulawesi, Bali Nusa Tenggara, Maluku, and Papua) is encouraged to grow higher than the Western Region (Java and Sumatra). The share of Eastern Indonesia in the national economy is estimated to increase by 5% from 20% to 25% in 2045. Java is directed to become a basis of trade and services,

Sumatra as the new industrial base and gateway to the Asian region, Kalimantan as the national processing industry and energy barn, Sulawesi as the base of the food industry and the gateway to Eastern Indonesia, Bali Nusa Tenggara and Maluku as a base for international tourism and fisheries nationally, and Papua as the national food base and natural resource-based economic sector.

Infrastructure development is directed to increase intra and inter island connectivity, to induce balanced development among regions, to provide access to basic services, to support urban and rural development, and to anticipate climate change. Logistic cost in 2045 is expected to fall to 8% of GDP.

As countries with archipelagic setting, future development will rely on maritime economy. The ocean in the future will not only become the means for connectivity and trade, but also will become the main source of food and energy. Indonesia is also prone to natural disasters and the impact of climate change. Indonesia has no choice but to strengthen its capacity in disaster management, since disaster has become "a new normal" when earthquake, volcano eruption, landslides, forest fire, flood, and many other become more frequent. Indonesia has to improve capacity in disaster resilience, emergency response, and post-disaster recovery and reconstruction.

In this edition, The Indonesian Journal of Development Planning presents several articles with topics that are quite varied. These articles are expected to enrich the alternative repertoire of public policies for the formulation of the Indonesia Vision 2045.

There are 8 quality articles in this edition. Ricardo G Barcelona, Antonie de Wilde, and Hanan Nugroho write geothermal development for future energy. Suprayoga Hadi presents various lessons from the Lombok earthquake in terms of recovery and accelerated development. Pratiwi Indri Hapsari portrays the impact of household migrant remittances on children education outcome. Angga Sukmara and Sri Budi Eko Wardani raises the theme of the policy of road closure for street vendors to use and its impact on externalities. Wahyudi Susanto and Catur Sugiyanto analyse more deeply at the impact of Regional Original Income on economic growth. Ari Prasetyo writes the theme of e-procurement. Khairul Rizal writes rise and fall of regional industries. As well as the last author, Setyo Hari Priyono and Prani Sastiono try to analyze the fiscal spending on the behavior of municipalities.

Happy reading.

Best regards,

**Muhyiddin**

**(Editor in Chief)**

