INVESTMENT COMPETITIVENESS OF REGENCIES/CITIES IN INDONESIA, 2005

Perceptions of the Business Community

Ratings of 169 Regencies and 59 Cities in Indonesia and Summary Report

KPPOD
Komite Pemantauan Pelaksanaan Otonomi Daerah

USAID
FROM THE AMERICAN PEOPLE

The Asia Foundation

KADIN INDONESIA

LPEM - FEUI

PRASETIYA MULYA
business school

The Jakarta Post

Bisnis Indonesia

SUARA PEMBARUAN

Regional Autonomy Watch

KPPOD (Regional Autonomy Watch) was established on March 01, 2001 from an alliance of prominent business, research and media associations in Indonesia, including: KADIN-Indonesia, LPEM-FEUI, CSIS, Prasetiya Mulya Business School, Bisnis Indonesia, The Jakarta Post, and Suara Pembaruan. KPPOD received its legal status as a Foundation on May 25, 2001 and was officially endorsed by the Indonesian government on July 07, 2001.

KPPOD's vision is to help drive economic development for the welfare of Indonesia's citizens by creating a conducive business and investment climate throughout Nusantara. This vision translates into a mission to analyze, evaluate and contribute to central and regional government policy and monitor the implementation of Regional Autonomy for national economic development.

To implement its mission, KPPOD conducts both research and outreach activities. For research, KPPOD manages three main program areas:

1) Reviewing/Analyzing around 1,500 Local Regulations (mostly about local taxes and user charges) issued by more than 200 Regencies/Cities;
2) Conducting an annual survey of Regional Investment Attractiveness in more than 200 districts across Indonesia; and
3) Developing training materials for 'Investment Promotion Management' to support local government capacity building.

For outreach, KPPOD conducts several activities:

1) Publishing a bi-monthly newsletter of KPPOD analysis of regional autonomy implementation, which is distributed to the government (districts, provinces, and central) and business organizations across Indonesia;
2) Socializing KPPOD investment survey results through press conferences, nationwide radio and television talk shows, a high-profile award ceremony for top performing regions, and informational workshops in more than 30 regions throughout Indonesia;
3) Providing input to central & local governments about KPPOD research on laws and regulations that hinder business growth;
4) Consulting with Regents/Mayors about significant issues that may cause negative impacts on business activities in their regions;
5) Providing library services to all parties interested in KPPOD's regulatory and investment research

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Foreword - *KPPOD*

This is the fifth year for KPPOD (Regional Autonomy Watch) to implement its annual study of "Investment Competitiveness of Regencies/Cities in Indonesia". Since the first socialization of the 2001 study results, public response toward the rank has been extensive. The private sector has shown its appreciation by using the study result as one of its sources to formulate investment policies; academicians have shared their opinions on the methodology used in the study; moreover, some prominent international institutions have used the studies' findings as their reference. In brief, in the discourse of regional investment environment, the Investment Competitiveness of Regencies/Cities in Indonesia has been one of the main references.

For KPPOD, one of the most important aspects to be considered is the response of local governments, which are expected to respond to the study results by improving their investment competitiveness in order to compete with other regions. Local governments' requests for socialization of the study results for their regions, together with the formulation of local teams responsible for improving the investment climate, have encouraged KPPOD to continue the study. In addition to the above mentioned positive responses, however, there have been some critics regarding the method of the study, in particular in determining the benchmarks used to compare regions. For this 2005 study, KPPOD has updated the indicators, the formulation of questionnaires, the number of respondents, and improved the calculation of the index of regional ranking.

Although there is a healthy debate on whether or not the rank has successfully promoted the improvement of regional investment climates, KPPOD has recorded that during the five year implementation of regional autonomy, some regions have been progressively trying to improve their investment climate. Best practices include the implementation of the One Stop Service (OSS) to guarantee service in the granting of business licenses; institutionalization of public-private partnerships to solve problems related to regional economic development; and improved efficiency in the use of regional budgets, which can be allocated to help strengthen a region's economic development. For KPPOD, all of the above mentioned best practices are the results of the many efforts made by all the stakeholders involved in the creation of a conducive regional investment climate.

In addition to the various positive responses of local governments, KPPOD has also noted some distortions to the regional investment climate. The 2005 survey found irrelevant official user-charges, and illegal levies, as well as security incidents. However, the survey also emphasized the importance of the role of the Head of Region (Regent/Mayor) in the creation of good investment climates in the regions.

This annual study, which has been conducted consistently during the last five years, has been possible because of the support provided by many parties. All the Researchers and Research Associates from KPPOD, all the field surveyors, and all of the respondents, have proven to be very helpful during preparation of the research design and field implementation. KPPOD also very much appreciates the role of the Indonesian Chamber of Commerce as a partner in promoting the development of the private sector.

Our sincerest gratitude is extended to The Asia Foundation and the United States Agency for International Development (USAID), which have continually supported this study. Also, sincere appreciation is extended to the national government, in particular the Ministry of Home Affairs and all of the local governments, which have supported the continuation of this activity. KPPOD would not be able to conduct such an important task without the support of the concerned parties, who also believe in the benefits of the activities.

Principal Investigator KPPOD

P. Agung Pambudhi

Foreword - The Asia Foundation

Regional autonomy was intended to bring about local government reform and empowerment, as well as to promote the growth of local economies. Yet after five years of implementation, this political process continues to confront major obstacles. There is still a wide gap between the aims of regional autonomy and the actual implementation of policies in the field.

This is evident from businesses across Indonesia that report increases in the numbers and amounts of fees and taxes, and the emergence of new local regulations that encumber business growth. Clearly, this situation is at odds with the goal of improved governance in order to attract new business investment that is essential for increased public resources and services. Added to this are problems with inadequate infrastructure and insufficient skilled labor, which can dampen investors' desire to do business.

On the other hand, it is undeniable that some local governments have actively responded to the aims mentioned above by creating innovations and providing facilities to entice business operators to invest in their regions. One example is the Gianyar Regency government, one of the first regencies in Indonesia to establish a One Stop Shop business licensing service center. This initiative has been followed by other efforts to upgrade governments' images by emphasizing security, innovation and fair dealing, such as with the Solo City government, which provides free licensing facilities for small-scale businesses.

In order to better measure these regional autonomy trends, KPPOD (Regional Autonomy Watch) has since 2001 conducted an annual survey on Investment Competitiveness in Regencies/Cities in Indonesia. Not only does this survey examine aspects of licensing and regulations, it also invites local business operators to assess their regions across five main factors of investment attractiveness: Institutional; Labor; Security, Social and Cultural; Local Economy; and Physical Infrastructure. This survey is aimed at promoting competition among local governments to further increase their efforts to foster a favorable investment climate, eradicate corruption, create jobs, and reduce poverty.

KPPOD's work is part of The Asia Foundation's continuing efforts to support an improved business climate in Indonesia. Since 1996, The Asia Foundation has worked with business operators and local governments to reduce obstacles to trade and investment. The programs conducted by The Asia Foundation have included upgrading the quality of local business licensing services; facilitating the use of Regulatory Impact Assessment (RIA), which improves regulatory drafting through cost and benefit analysis and public participation; and supporting associations of small and medium businesses so that they can advocate for better business policies.

The Asia Foundation would like to express its thanks and appreciation to KPPOD, and particularly to Mr. P. Agung Pambudhi and the KPPOD Research Team. For the past five years, the KPPOD team has devoted its time and energy to producing these exceptional rating studies. The Asia Foundation would also like to thank all the regional businesses who have helped in creating these ratings, as well as a special thanks to the U.S. Agency for International Development (USAID) for providing funding support for this program.

One of the most important aspects of this rating exercise is the opportunity to recognize local governments that have made advancements in economic governance reform and business climate improvement. This can provide inspiration for other governments that are lagging behind, and serve as a source of information to help determine future policy and strategy. We hope that through the work of KPPOD, governments, businesses and citizens will be encouraged to further improve Indonesia's regional investment climates, and thereby improve the nation's prosperity and welfare.

Douglas E. Ramage
Representative to Indonesia
The Asia Foundation

Liesbet Steer
Director for Economic Programs
The Asia Foundation

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Rank of Region

I. Introduction

Background

Regional autonomy in Indonesia was intended to bring political power to the people, as well as the opportunity to drive their own economic prosperity. In this context, the ability of regional governments to fund public services, expand job opportunities and facilitate the growth of new companies is directly related to their investment climate-a broad measure of how attractive an area is to do business.

KPPOD (Regional Autonomy Watch) is an institution that focuses its research and advocacy activities on the implementation of regional autonomy as it relates to economic development and investment. Since 2001, it has conducted an annual survey to rate the investment competitiveness of various regions. This survey is aimed at stimulating competition between local governments to create the best possible investment climates. The business community also benefits from using the survey results to consider where to do business in Indonesia.

The annual survey results are disseminated through reports and workshops that are held throughout the country. The positive response to these activities has enabled KPPOD to expand the number of regions surveyed each year. In 2001, 90 regions were rated; this rose to 134 regions in 2002, to 200 in 2003, and to 214 in 2004. In 2005, 228 regions were surveyed, comprising 169 regencies and 59 cities. The same regions are surveyed and rated each year, with new ones added each time.

This year's survey finds Indonesia at a critical moment in its development. The country has finally recovered from the crisis but investment is still lagging. A healthy GDP growth rate of 5.6% in 2005, was the highest in 9 years[1] . Exports are thriving and the country's debt position has been improved significantly. The government has pushed through important reforms and demonstrated its commitment to prudent fiscal management by carrying out a massive restructuring of energy subsidies. It has also sought to boost growth by expanding fiscal spending and public investment. Yet sustained long term growth will only materialize if it is supported by investment. While public investment has expanded and returned to pre-crisis levels, private investment is still far below potential and short of the level needed to fill the gap born of the immediate post-crisis years.

In this context, the importance of the investment climate cannot be overstated. Yet

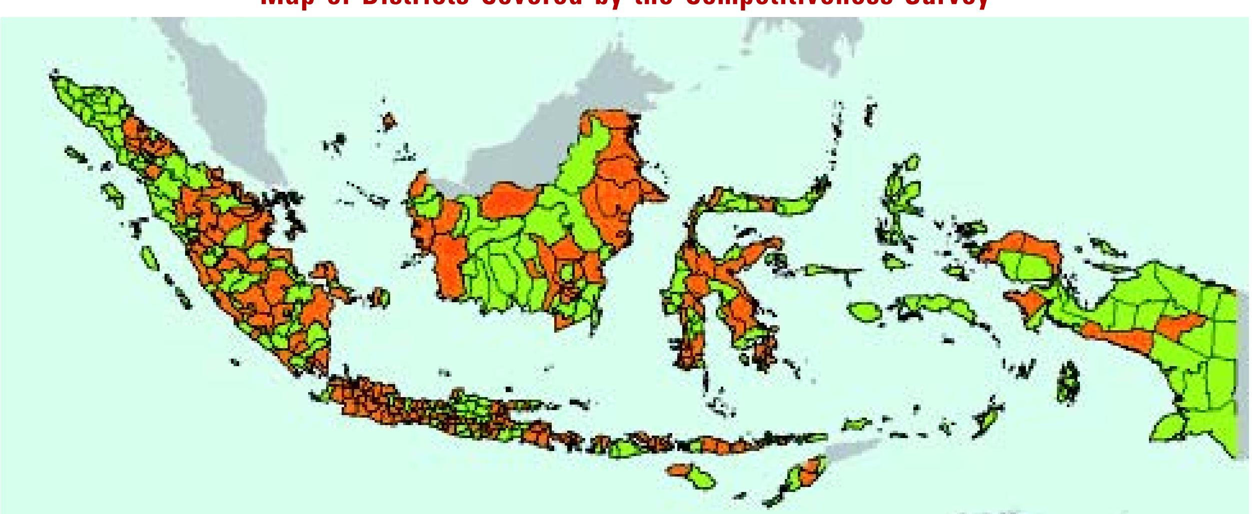
1 See World Bank Economic and Social Update March 2006

Indonesia, according to international measures of investment climate, has been consistently underperforming its neighbors, such as Thailand and Malaysia and has even experienced a decline in recent years[2]. If growth is to be harnessed in a sustained manner, improving the investment climate is imperative. In Indonesia, in order to understand the determinants of investment and act upon them, it is key to look at what is happening at the local level.

Since 2001, the country has embarked on a radical process of decentralization that has included the devolution of key decision making and infrastructure management authority to the local level. For instance, local governments now have the power to make legal decisions that directly affect business operations and the investment climate: they can levy taxes and issue licenses. They also have authority over key public assets, such as rural roads and some public utilities, and the responsibility for providing basic education and health services. Because of this new, vastly increased mandate, local governments are also at the forefront of the fight against corruption. In short, there is a lot that local governments can now do to attract investors in their districts and favor the expansion of existing businesses. But after five years of steady decentralization, the result is a contrasted picture. Devolution of power to the local level has improved economic management in some instances, but it has also brought many new problems to light.

Commensurate with these important issues and the widening scope of the KPPOD survey, there has been a great increase in publicity surrounding the KPPOD rating exercise. The June 2006 KPPOD awards ceremony was widely mentioned in the press and followed by a series of regional workshops to disseminate the findings. More importantly, the ranking exercise has given visibility to top performing regions and has become a practical reference in policy making circles. A number of KPPOD indicators are planned to be integrated into the World Bank's "Local Government Performance Indicators" initiative in 2007 and it is expected that KPPOD's strong research network will be used as a core resource in this exercise.

Figure 1
Map of Districts Covered by the Competitiveness Survey



Source : World Bank

2 Indonesia's has consistently ranked below other ASEAN countries on the Investment Climateand has often found itself at the bottom of the pack. According to the World Economic Forum (WEF), Indonesia ranked 69 out of 104 countries. This is slightly better than in 2003, when Indonesia was number 72, but it is still far below Malaysia and Thailand, at 31 and 34. Meanwhile, the results of surveys by the International Institute for Management Development (IMD) on global competitiveness show Indonesia's ranking steadily declining from year to year. From 2001 to 2004, Indonesia's ratings were 46, 47, 57 and 58. In 2005, Indonesia fell to number 59 out of 60 countries investigated, better only than Venezuela. This was far below Indonesia's neighbors, Malaysia (28) and Thailand (27).

Study Approach

The 2005 *KPPOD Investment Competitiveness of Regencies and Cities in Indonesia* is the fifth iteration of an exercise begun in 2001, in the wake of Indonesia's dramatic drive toward decentralization. Its goal is to serve as a guide for private investors, public policy makers and citizens, as well as a diagnostic tool to pinpoint development problems and improve policies at the local level. It seeks to evaluate, and ultimately rank, the quality of the business environment and the opportunities for investment in Indonesia's various regencies and cities. A core component of the index is an assessment of economic governance at the local level, but it also emphasizes structural factors such as the labor force and infrastructure availability and quality. As such, the KPPOD exercise is neither a classic Investment Climate Assessment (ICA), nor a pure economic governance rating.

As with all previous surveys, the 2005 exercise was conducted by KPPOD with support from the Asia Foundation. It follows the same broad methodological framework as previous iterations, albeit with minor improvements. It uses survey data, collected throughout the country from interviews with local businessmen and women to capture the perception of entrepreneurs on the local investment environment. This subjective or 'primary' data is complemented with statistical or 'secondary' data routinely collected by government, donor agencies and otherwise compiled by KPPOD.[3]

Analytic Hierarchy Process (AHP)

The *Analytic Hierarchy Process* (AHP) is a sophisticated decision aid tool. It is used primarily by business school professors and consulting companies as a way of assisting decision making in expert systems. AHP is thought to be most effective in truly expert systems, such as engineering or software development, where complicated decisions need to be made, but it is difficult to formalize the criteria. However, its adaptation to business climate surveys, in particular as a way to determine the relative importance of specific issues on business location decisions, has been unique to Indonesia.

Concretely, the exercise involves asking carefully-selected experts to answer a series of pair-wise comparisons between indicators and offering a nine-point determination of the saliency of the differences. Every indicator, variable, and factor is compared with every other indicator, variable, and factor in a round-robin tournament. Then, a software program called "Expert Choice" is used to calculate the geometric mean for each of the different indicators, variables, and factors, which becomes the model weight.

The principal originality of the KPPOD index comes from the methodology through which it was devised. The initial identification of relevant indicators, variables and factors, as well as the weighting of their relative importance, was made using the Analytical Hierarchy Process (AHP), through in depth interviews of business owners in various sectors of the economy (trade and services, manufacturing, mining, plantations etc.), as well as experts from academia and policy-making agencies assembled in focus groups.

Investment competitiveness in the regencies/cities is assessed using 5 factors, broken down into 14 variables and further analyzed through 47 indicators. The five factors are:

1. **Institutional factors :** capturing the quality of the legal environment for businesses as well as the quality of local government services to businesses and leadership

3 Specifically for regulation quality.

2. **Security and socio-political factors** : rating the security environment for individuals and businesses, the quality of local policy-making as well as social harmony and openness

3. **Economic factors** : measuring the local economic potential and structure

4. **Labor related factors** : including labor productivity and education

5. **Infrastructural factors** : evaluating the availability and quality of transport, electricity and communication facilities for firms.

The rating factors, variables and indicators are derived from reference studies and the opinions of business leaders and economic observers. Then, using the Analytical Hierarchy Process (AHP) approach, the factors, variables and indicators are arranged into a hierarchy as shown in Diagram 1 below. (Indicators are not displayed.)

The indicators and weights used in the 2005 ratings differ slightly from those used in previous years (2002-2004), though the factors and variables have not changed. The weight for each factor, variable and indicator was assigned by business and economic experts involved with the AHP research. The weightings indicate the degree of impact on investment competitiveness (see Diagram 2-7). The change in the weightings used in 2005 compared with those used in previous years resulted from changes in perceptions of the business community about the degree of influence of the factors, variables and indicators in determining regions' investment competitiveness.

The indicators used to assess the regions' investment competitiveness were derived from secondary data (annual statistics and local regulations) and from primary data (perceptions of business leaders). The primary data on business licensing profile were collected from interviews with both government and private institutions. Each indicator is scored on a scale from 1 to 9, with 9 the highest and 1 the lowest. The KPPOD investment competitiveness overall score is obtained by totaling all of the weighted indicator scores. The city and regency scores are ranked together and then grouped into categories A, B, C, D and E; each category represents 20% of the total. For example, Category A comprises cities and regencies in the top 20%.

Diagram 1
Hierarchy of Rating Factors and Variables

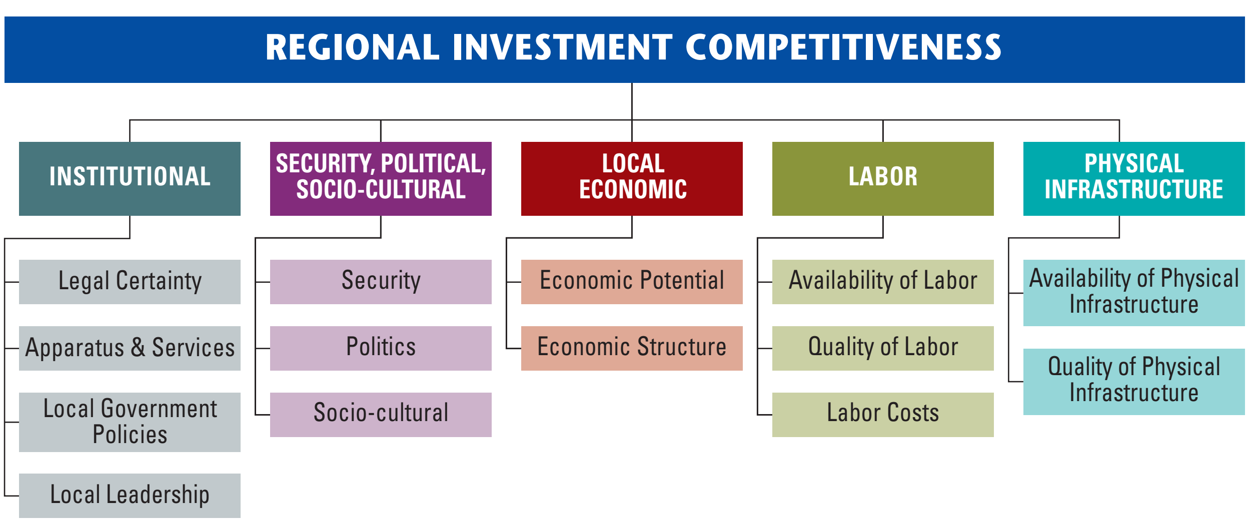
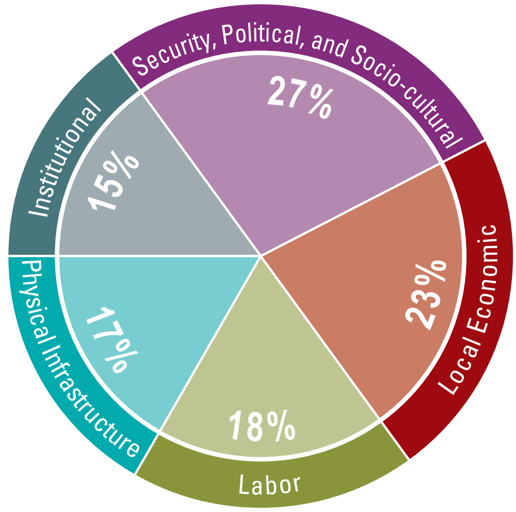
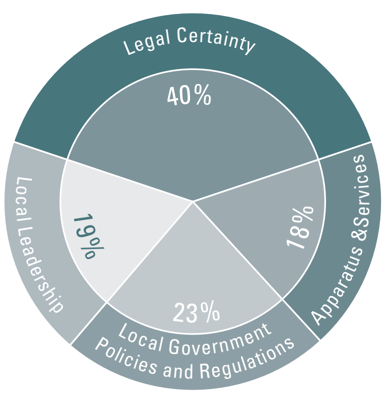


Diagram 2
Weights of Rating Factors



Institutional	: 15%
Security, Political, and Social-cultural	: 27%
Local Economy	: 23%
Labor	: 18%
Physical Infrastructure	: 17%

Diagram 3
Institutional Factor



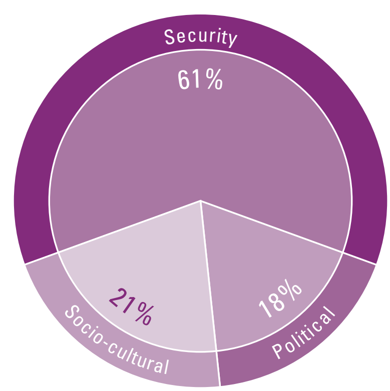
Legal Certainty (40%)
- Consistency of Regulations
- Enforcement of Judicial Decisions
- Quality of Police Protection
- Unofficial Levies

Apparatus and Services (18%)
- Local Government Response to Problems of the Business Community
- Bureaucracy of Services for the Business Community
- Information on Local Economic Potential
- Abuse of Authority by Government Officials

Local Government Policies and Regulations (23%)
- Clarity of Fees
- Clarity of Procedures
- Drafting Process for Local Regulations
- Labor Policy

Local Leadership (19%)
- Leadership of Head of Region
- Initiative of Head of Region
- Relations between Head of Region and Business Community

Diagram 4
Security, Political, and Socio-cultural Factor



Security (61%)
- Security for Business
- Public Safety
- Impact of Demonstrations

Politics (18%)
- Relations between Executive and Legislature
- Relations among Political Parties

Social-cultural (21%)
- Community's Openness toward Business Community
- Community's Openness toward Work Force from Outside the Region
- Community's Work Ethic
- Ease of Obtaining Land Use Rights
- Potential for Conflict in the Community

Diagram 5
Local Economic Factor

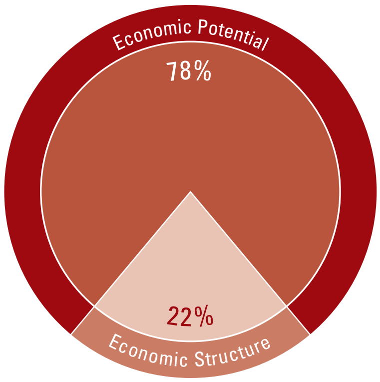
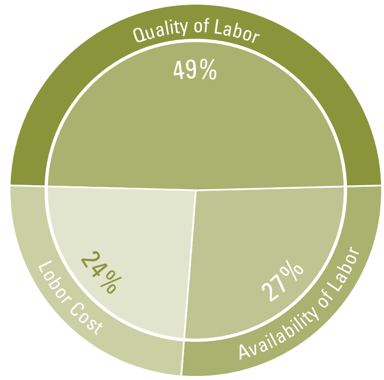


Diagram 6
Labor Factor



Economic Potential (78%)
- Per Capita GRDP
- Economic Growth
- Construction Cost Index

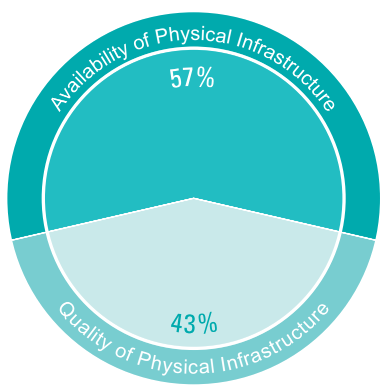
Economic Structure (22%)
- Growth of Primary Sector
- Growth of Secondary Sector
- Growth of Tertiary Sector

Quality of Labor (49%)
- Labor Productivity
- Education Level of Workforce

Labor Costs (24%)
- Formal Labor Costs
- Actual Labor Costs

Availability of Labor (27%)
- Workforce of Productive Age
- Workforce Seeking Work

Diagram 7
Physical Infrastructure Factor



Availability of Physical Infrastructure (57%)
- Availability of Roads
- Availability of Seaports
- Availability of Airports
- Availability of Telephone Connections
- Availability of Power Supply

Quality of Physical Infrastructure (43%)
- Quality of Roads
- Quality of Seaports
- Quality of Airports
- Quality of Telephone Connections
- Quality of Power Connections

II. Survey Respondents' Profiles

The 2005 iteration of the 'Investment attractiveness index' survey was conducted on unprecedented scale. The 2005 survey covered a total of 228 regencies and cities (169 Kabupaten and 59 Kotas) throughout 30 of Indonesia's provinces. A total of 8,727 business leaders were interviewed, or an average of 38 persons per region. The respondent sample was selected using a systematic random method, i.e. by taking samples at certain intervals from lists of all companies registered in each region, which were compiled by KPPOD from various sources. This is a unique effort to give voice to the country's businessmen and women, across sectors of activity and all firm profiles.

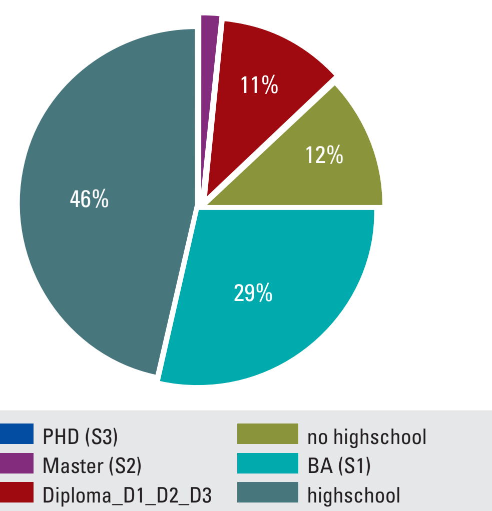
Out of the 8637 individual respondents, 55% were business owners and 45% were managers/CEOs.

Table 1
Status of Respondents

Respondent status	Number	Percent
Owner	4563	55
CEO	3739	45
Total	**8302**	**100.0**

Most had a modest education level: 60% of respondents did not go beyond high-school education and 12% had no high-school education. However around 25% of the respondent held university degree at diploma, bachelor, master, and doctoral levels.

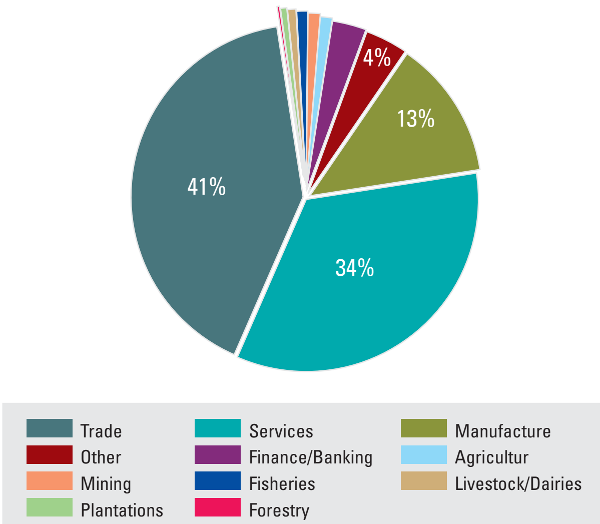
Figure 2
Education Profile of Respondents*



Source KPPOD Survey 2005
** non missing observations only*

In part due to the sampling design and in part to the de facto distribution of the Indonesian private sector, the study largely reflects the realities of small and medium enterprises (SME). The data is dominated by small firms engaged in trading and services activities. Together these represent 75% of the total. The third significant group is that of manufacturing firms (13%).

Figure 3
Sectoral Distribution of Respondents*



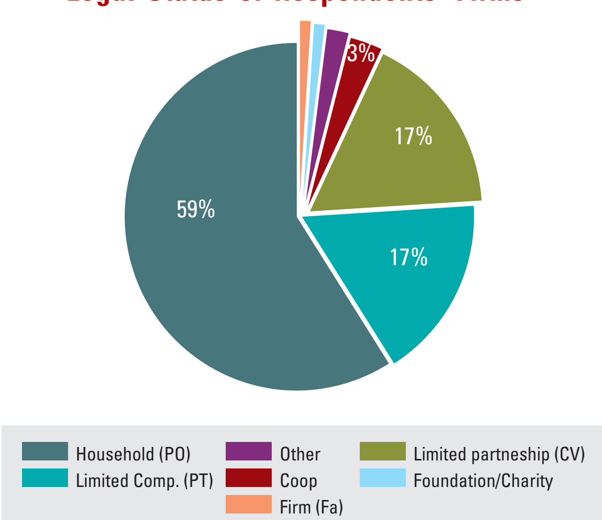
Source KPPOD Survey 2005
** non missing observations only*

Most of the firms surveyed (83%) had fewer than 20 employees. However the largest firm surveyed had some 2700 employees.

Table 2
Employment Profile of Respondents

# employees	Number	Percent
Between 2-19	7085	82.6
Between 20-100	1222	14.2
Above 100	271	3.2
Total	**8578**	**100.0**

Figure 4
Legal Status of Respondents' Firms*



Source KPPOD Survey 2005
** non missing observations only*

Similarly, the picture is largely skewed toward 'household' firms which comprise nearly 60% of the total sample.

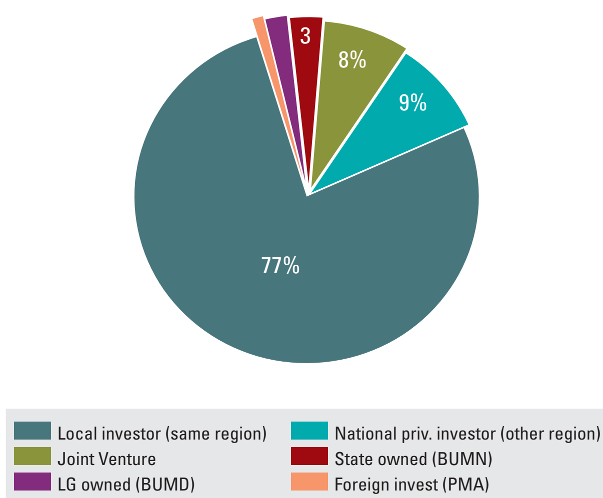
Table 3
Length of Operation of Respondents' Firms

Time in activity	Number of Employees			
	2 to 19	19 to 100	Above 100	Total
Under 1 year	7.6	2.5	2.3	6.8
1 - 5 years	38.4	23.4	9.2	35.4
5 - 10 years	29.3	29.5	23.1	29.2
Over 10 years	24.6	44.5	65.4	28.7

Most of the surveyed firms (58%) have existed for more than five years.

Local investors are the source of capital for 77% of firms surveyed. Foreign investors or Indonesian investors from other regions play only a marginal role in this sample providing capital to 9% and 1% of firms respectively, while joint ventures constitute 8% of the sample.

Figure 5
Source of Capital for Respondents' Firms

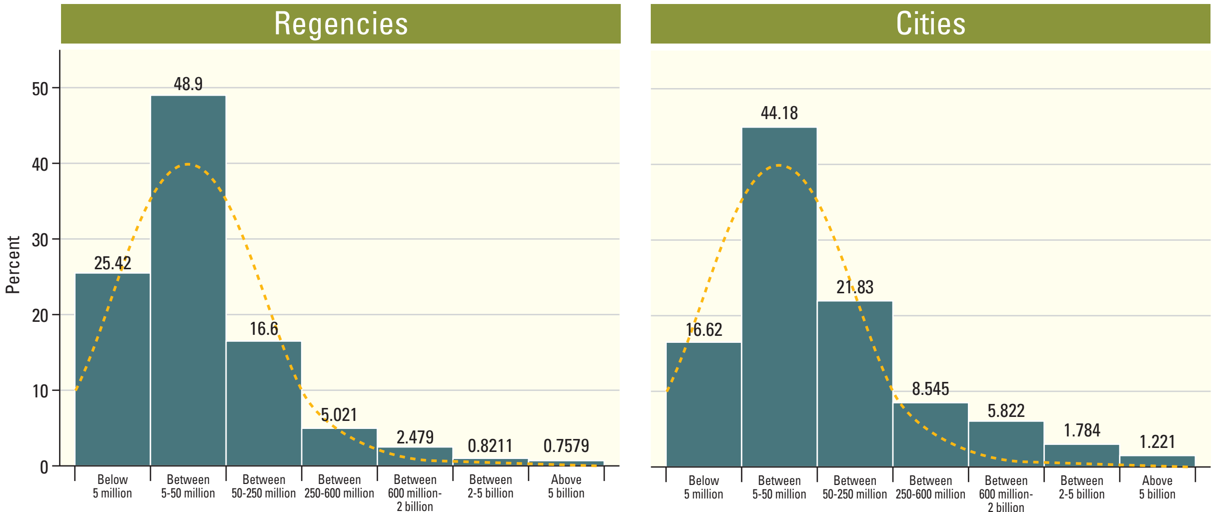


Source KPPOD Survey 2005
** non missing observations only*

Consistent with the overall small scale of business operations, 49% of respondents reported total assets[4] below Rp. 50 million (US$ 5,000) and 88% reported turnover figures below Rp. 250 million (US$ 25,000).

4 Excluding buildings

Figure 6
Distribution of Respondents' Firms' Monthly Gross Income*



Source KPPOD Survey 2005
** non missing observations only*

Keeping in mind the profile of firms surveyed and the fact that the KPPOD survey is designed mainly toward the goal of producing a ranking based on a few key subjective assessments, we can extract from it a host of valuable information and insights on the constraints to business activity in Indonesia, as well as on the nature and quality of interactions between firms and their local governments.

III. Principal Results and Analyses for Selected Factors and Variables

One reason for the introduction of Regional Autonomy was to improve the economic development performance of local governments. Over the past five years, results have been mixed, with some regions experiencing higher growth and improved governance, and many others beset with muddled development policies and more complex and inconsistent regulations. These trends have been captured in KPPOD's annual assessment of regional investment competitiveness. The 2005 results have been eagerly awaited as regional governments increasingly realize that new business development is the only way they can create the jobs and tax base needed to improve public service in the areas of education, health and transportation. The following is a summary of the 2005 results for KPPOD's survey of Investment Competitiveness of Regencies/ Cities in Indonesia.

Overall, this survey found that the investment competitiveness of Regencies/ Cities in Indonesia is still unsatisfactory, as is evident from the low average investment competitiveness score of 6.04, still far below the maximum score of 9. The major weaknesses in investment competitiveness of regions in Indonesia are in the Institutional and Labor Factors. The average competitiveness ratings of these two factors are very low, at 5.43 and 5.38 respectively. A region's investment competitiveness will usually be better when the Security, Political and Socio-cultural Factor and the Local Economic Factor score well, as these two factors have the greatest weightings.

The results tend to show that urban areas have better investment competitiveness than do rural areas. However, there are star performers in each group that were able to use similar endowments to generate investment climates that surpassed their peers. Generally, the best cities and regencies scored very well on the Infrastructure, Labor and Local Economic Factors. Table 5 shows the regions with the ten highest ratings and the ten lowest ratings for the Overall Rating.

Table 4
Average Scores for All Factors
(Overall Rating)

Cities	Regencies	Cities & Regencies
6.39	5.92	6.04

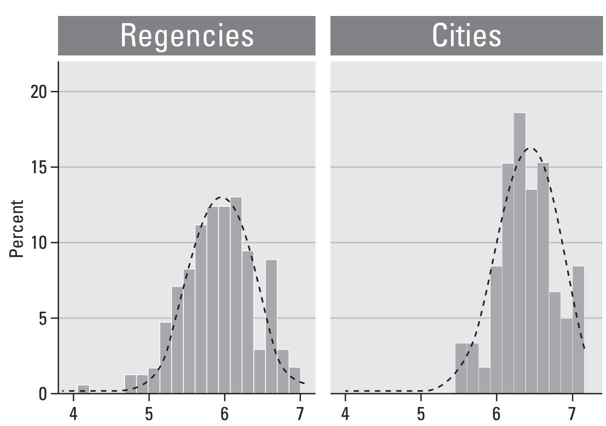
Given that the index gives significant weight on structural endowments, it is hardly surprising that cities fare on average (6.39) better that rural districts (5.92).

Table 5
Ten Highest and Ten Lowest Rated Regions, by All Factors (Overall Rating)

Highest Ratings	
Cities	**Regencies**
Batam	Gianyar
Cilegon	Klungkung
Padang	Musi Banyuasin
Balikpapan	Kolaka
Denpasar	Kutai Kertanegara
Tangerang	Sawahlunto Sijunjung
Bandar Lampung	Pasir
Sibolga	Sidoarjo
Sawahlunto	Bulungan
Cirebon	Purwakarta

Lowest Ratings	
Cities	**Regencies**
Bogor	Tanjung Jabung Timur
Bengkulu	Lamongan
Banjar	Muna
Bekasi	Wonosobo
Palu	Rokan Hulu
Palangkaraya	Bondowoso
Madiun	Pamekasan
Pekalongan	Sumba Barat
Tanjung Balai	Jayawijaya
Sorong	Buton

Figure 7
Distribution of Global Index Scores



Source KPPOD Survey 2005

Across factors, the highest averages are recorded for the Security and Socio-Political factor (average 6.37) while the lowest was on the labor force pillar (average 5.38). Looking within pillars, a few stylized facts emerge:

- Some of the worse recorded scores, survey-wide, relate to transparency and corruption in the process of local procurement. All three questions relating to transparency of information on tenders, fairness of decision making and illegal side payments record averages below 4.7. Interestingly, the survey showed no variation with firm size or status.

- The absence of real involvement of entrepreneurs in the local decision making process and poor 'socialization' of business-related local policies rank on top of business complaints. Both issues score at the bottom of the scale with averages below 4.75. This is a particular source of concern for SMEs.

- While the incidence of crime is objectively high, the subjective assessment, by respondents, of the impact of criminality on their activities yields among the most 'positive' results overall. The averages for subjective evaluations of the impact of crime targeted at businesses and overall community criminality are both above 6.75, suggesting a low level of concern. This may be a reflection of the sample, which is targeted at small enterprises, which are typically less sensitive to security concern than foreign investors.

- Among the worse scored questions in the survey are those that directly relate to SMEs and the specific efforts (or lack thereof) made by local governments to assist them. Capital assistance to SME operators, provision of training for SMEs and Marketing of SME products all rank very low on average (below 4.8). This reflects in part a bias in the sample toward SMEs, but also undoubtedly the feeling among businessmen that this sector of the economy does not receive enough public attention and support.

The following sections further analyze the five investment climate factors in the KPPOD survey and related findings.

The Institutional Factor

In this fifth year since the implementation of regional autonomy, the institutional conditions in the regions of Indonesia are still not very encouraging. The slight difference between regencies and cities shows that average local governance is better in the regencies than in the cities. In general, top performing cities and regencies for this factor earned strong leadership scores, took action to clean up business licensing procedures, and reduced the prevalence of illegal levies. Table 7 shows the regions with the ten highest and the ten lowest ratings for the Institutional Factor.

Table 6
Average Scores for the Institutional Factor

Cities	Regencies	Cities & Regencies
5.26	5.48	5.43

Table 7
Ten Highest and Ten Lowest Rated Regions, by Institutional Factor

Highest Ratings	
Cities	**Regencies**
Sawahlunto	Barru
Batam	Solok
Kupang	Lebak
Sukabumi	Jembrana
Cilegon	Belitung
Denpasar	Hulu Sungai Tengah
Tangerang	Hulu Sungai Selatan
Gorontalo	Tabalong
Dumai	Kolaka
Bandar Lampung	Purbalingga

Lowest Ratings	
Cities	**Regencies**
Mojokerto	Deli Serdang
Binjai	Bondowoso
Manado	Sorong
Medan	Sukoharjo
Sorong	Pasuruhan
Palu	Bengkulu Selatan
Madiun	Ponorogo
Samarinda	Barito Selatan
Pematang Siantar	Rokan Hulu
Tanjung Balai	Tanjung Jabung Timur

The indicators that make up the institutional factor are all under the direct control of local governments. The score reflects the aggregation of 15 indicators grouped into four variables: Legal Certainty, Apparatus and Services, Local Government Policies and Regulations, and Local Leadership. The difference in average scores for regencies (5.26) and for cities (5.48) was relatively small. However, one can point out that 32% of cities are still in ranking category E. The low scores for the institutional factor indicate that problems are still severe. These include illegal levies, excessive bureaucracy for permit-related matters, legal uncertainty, and inadequate local regulations.

Public Services and Leadership

The city of Sawahlunto Sijunjung comes at the top with a score of 6.50, followed by Batam and Kupang. Among the regencies, Barru is in first place, with a score of 7.06. The second place goes to Solok, followed by Lebak and Jembrana. Improvements in government services were noted after the adoption of integrated license service systems. The cities of Sawahlunto, Tangerang, and Batam and the regencies of Jembrana, Gianyar, and Purbalingga are examples of regions that have applied One-Stop Shop license services. Improvements also seem to have stemmed from the restructuring of government agencies, such as those in Jembrana Regency. The organizational restructuring of Jembrana Regency's government which reduced the number of services, agencies and offices from 21 to 9 has had an impact. Government offices were centralized in a single office district, allowing for greater efficiency and savings in public services' provision.

Tanjung Jabung Timur is the regency with the lowest ranking and a score of only 3.65. Among the cities, bottom place is held by Tanjung Balai, (3.11). Legal certainty is a key weakness for most poor performers. Other important variables include unfavorable local regulations, high levels of misconduct among the government bureaucracy, illegal levies that create a burden for business operators, and unclear and complicated permitting services. Weak leadership from the head of the region, with a tendency toward misconduct, is often considered one reason why institutional conditions are poor in a given region.

The results show that strong leadership from the head of the region is perceived by business operators as key to creating a conducive investment climate. Many local government policies derive from the initiative of the head of the region. Transparency and accountability in regional development policies also tends to come from the initiative of the head of a region.

The leadership of the head of the region sets a good example for subordinates. Efforts to eradicate corruption within the bureaucracy are particularly important. The initiative of the head of the region is seen in the policies he/she adopts, whether informally or institutionally through conducive local regulations, investment promotion, and the animation of dialogue with the business community. However, more than 30% of business operators state that the quality of relations between the head of the region and business operators, and abuse of authority by the head of the region in issuing business permits, are poor or very poor.

Local Regulations

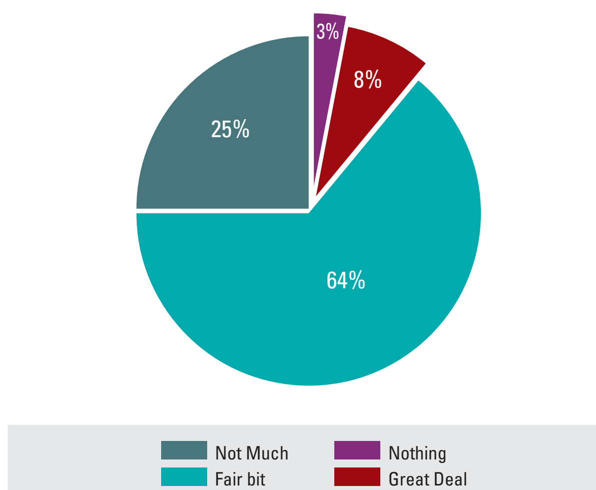
Local regulations (*Perda*), are a significant part of the legal framework in a district and are therefore of great concern to the business community. Many businessmen and women feel burdened by inadequate and excessively numerous local legislations. Local governments may in fact be aware of this, as the steady decline in the number of local regulations seems to suggest.

According to previous research conducted in parallel by KPPOD, the percentage of local regulations with potential to distort business activity is declining from year to year. In 2004, 30% of local regulations could potentially distort business activity; in 2005, those with potential to distort in terms of clarity of fees fell to 10%, and for clarity of procedure, to 14%. Furthermore, the proportion of acceptable local regulations in 2004 was 58%, which rose in 2005 to 83% for clarity of fees and 78% for clarity of procedure. The proportion of local regulations that distort business activity has also declined, from 12% of regulations in 2004 to only 10% in 2005.

Information and Involvement of Firms in Decision Making

Firms are generally well informed about the economic potential in their respective regions: 72% declare that they know 'a fair bit' or more.

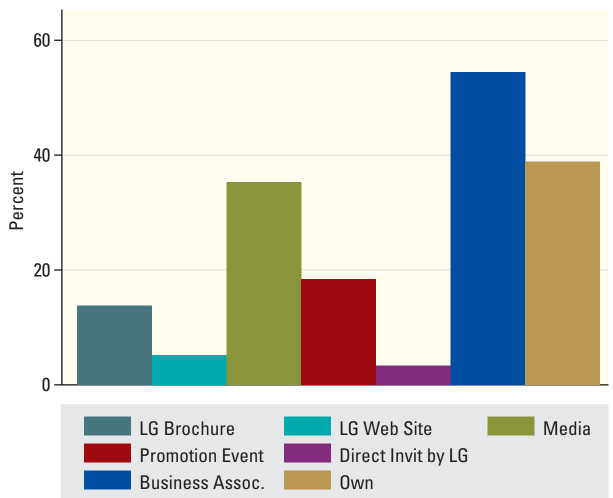
Figure 8
How Much is Known About Local Economic Potential?



Source KPPOD Survey 2005
** non-zero entries*

This, however, can hardly be put to the credit of local government policies. When asked where and how they gathered their information on local economic potential, most respondents said they did on their own (37%) or through their business associations (54%). Local government promotion events were a source of information for less than 20% of respondents.

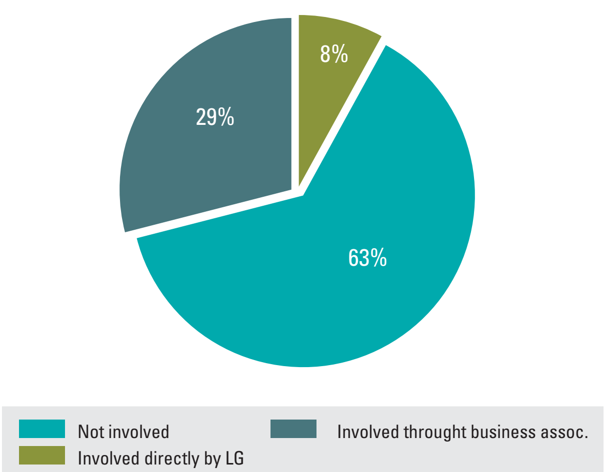
Figure 9
Sources of Information on Economic Potential



Source KPPOD Survey 2005

Business' involvement into local government policy making is poor. Most firms (63%) are not at all involved in the local decision making process and firms are directly consulted by the local government in 8% of cases only. As expected, larger firms carry greater weight, but this does not change the overall picture.

Figure 10
How Involved are Businesses in Local Policy-Making?



Source KPPOD Survey 2005

The absence of real involvement of entrepreneurs in the decision making process and poor 'socialization' of business related local policies rank on top of businessmen's complaints, as expressed in the respondents' subjective assessments. Both issues score at the bottom of the scale with averages below 4.75. It is worth noting, however, that SMEs feel particularly strongly about these issues: the average for firms below 20 employees falls close to 4.5 on both relevant questions.

Information and Procedures for Business Licensing

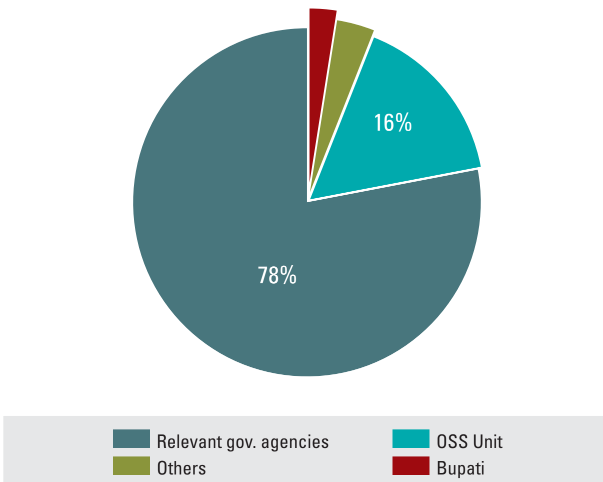
Based on survey data, local governments seem to be doing a fair job in providing information to the local business community although 'relations' are still the main source of advice. Local government officials in charge are the second most important source of information (after 'relations') on business licensing procedures, with 39% of respondents resorting to them. Surprisingly, business associations play a minor role in this respect: only 15% of respondents obtained information on business licensing procedures through their business association, which is less than through local media or billboards in OSS[5] centers (19% and 18% respectively). Local government events and brochures, however, are hardly used. It is worth noting that different patterns exist for small firms (below 20 employees) and larger firms. The former rely mostly on information provided by relations, while the latter make more abundant use of formal information channels such as local government events and tap into the resources of their business associations.

Many local governments use business licensing as an instrument of control: it manifests the local government's authority (political autonomy) and serves as a source of local revenue (economic autonomy). In this context, it is not surprising that regional autonomy has led to an increase in the number of permits that the private sector must obtain to operate. The consequence

5 Despite the fact that OSS centers might not have been present in all the districts surveyed

is an increased burden on the private sector to "legalize" their activities. Moreover, arranging for these permits entails long and complicated procedures as well as important uncertainty about the time and fees required.

Figure 11
Institutions Handling Business Permits



Source KPPOD Survey 2005
** non-zero entries*

The bureaucracy in charge of licensing includes One Stop Shop service units (with various names and variants), sectoral technical services and so on. Yet most (75%) business permitting processes are still handled by the sectoral technical units within the local government. Only 15.5% of business operators have arranged business permits through a One Stop Service (OSS) system, and 2.25% of business operators arrange their permits directly through the head of the region.

According to survey results, a majority of businessmen and women still directly arrange permits for their businesses However, many do so through the services of intermediaries, whether unofficial agents/ middlemen (7% of respondents) or local government officials/ employees (12%). The problems that business operators face in arranging business permits with the local government generally relate to clarity of procedures, certainty about fees, and certainty about time required.

More than 20% of respondents complain that the business licensing services provided by the local government are on average "poor" or "very poor". Certainty of costs is the chief problem: 28% of respondents complain about this aspect. The next most serious problem faced by business operators is certainty of time (25%). In addition, 20.4% of business operators feel that procedures are relatively unclear. Yet channels for complaints are limited. Only 9% of respondents have filed complaints with the local government about their dissatisfaction with the quality of services.

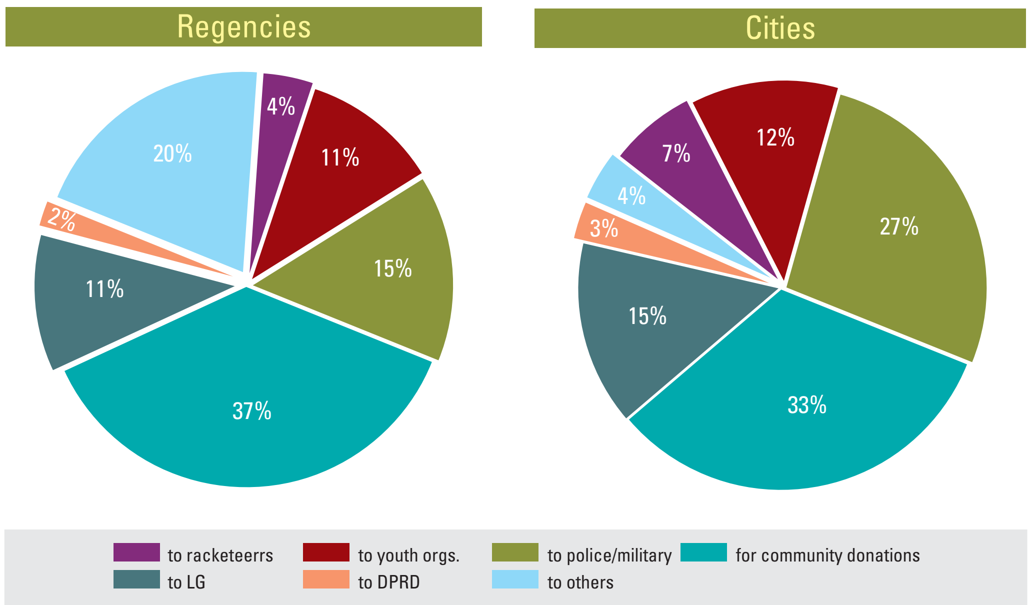
Finally there is the issue of inconsistency between the different provisions for licensing (local regulations, mayoral/ regental decrees etc) and opportunities for bribery and unofficial fees. The greatest amounts of additional unofficial fees are actually borne by business operators who are arranging permits with official fees under Rp 50.000. This burden of unofficial levies is exacerbated by uncertainty about the length of time required to complete a permit application. 41% of business operators state that the time actually required to arrange their permits was longer than the time set or promised by the local government. However, 8% of business operators reported that the time required to complete their permits was actually shorter than the stipulated time. The remaining 51% of business operators obtained their permits in the expected time.

Illegal Levies

Beyond business licensing, bribes and illegal levies continue to be a major impediment to business activity throughout Indonesia.[6] In the surveyed sample 67% of respondents admitted to paying some bribes (all recipients included). Among those of the respondents reporting bribes payment (5787 respondents) the total monthly median was at Rp.100,000 while the average stood at Rp. 847,260 which translates roughly into yearly illegal levies worth US$ 1,000.

6 They are however difficult to evaluate with precision as companies may typically be reluctant to admit to paying bribes

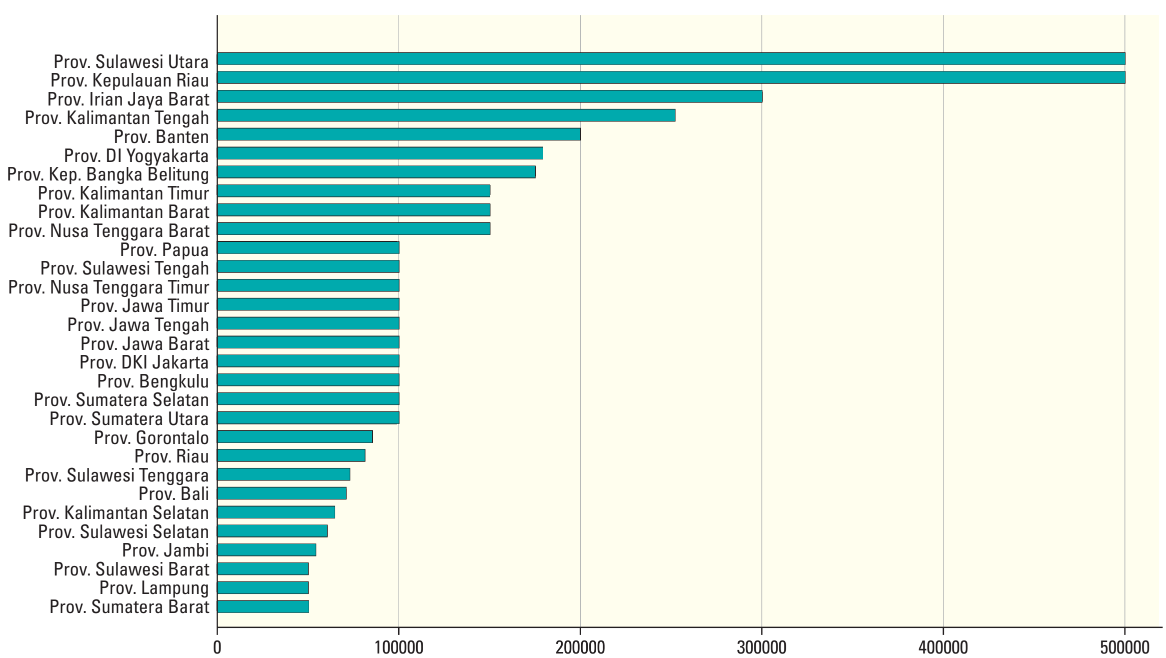
Figure 12
Distribution of Informal Levies*



Source KPPOD Survey 2005
** amounts as share of total*

The wide gap between median and mean suggests huge contrasts in the data. Some 40% of respondents admitting to paying bribes declared total monthly payments below Rp. 100,000. The largest channels for overall illegal levies are community contributions followed by police and local government levies. This is because community contributions are widespread in the data (over 4,000 respondents reporting them). If one looks at average size of reported illegal levies, the main recipients

Figure 13
Median for Total Bribes Reported, by Province*



Source KPPOD Survey 2005
** non-zero amounts*

of illegal payments are the local governments: on average respondents admitted to illegal monthly payments to local government of about Rp. 800,000. Other recipients include, in order of importance: police and army officials (Rp. 760,000), DPRDs (Rp. 730,000). Community 'donations', payments to thugs and to youth organizations stand respectively at Rp.290,000, Rp. 235,000 and Rp. 270,000 on average.

The highest median payments (on total reported bribes) are recorded in Sulawesi Utara followed by Kepulauan Riau and Irian Jaya Barat. At the other end of the spectrum we find Sulawesi Barat, Lampung and Sumatera Barat provinces. Average payments yield a different picture. Jakarta province leads the pack (Rp. 32,900,000) followed by Kepulauan Riau (Rp. 6,498,358) and Sulawesi Utara (Rp. 2,582,2950). At the other end of the spectrum we find Bali (Rp. 170,076), Sulawesi Barat (178,000) and Jawa Timur (181,480). In addition, across all locations average bribes paid increase with the number of workers, as well as operating costs.

The severity of the bribery problem is reflected in the subjective assessments of survey respondents. Indeed, some of the worse recorded scores, survey-wide, relate to transparency and corruption in the process of local procurement. All three questions relating to transparency of information on tenders, fairness of decision making and illegal side payments record averages below 4.7.

The Security, Political and Socio-cultural Factor

During 2005, the regions of Indonesia showed reasonably high average investment competitiveness index scores for the Security, Political and Social/Cultural Factor: 6.37 overall (6.23 for cities and 6.41 for regencies). A comparison of investment competitiveness for this factor shows that regencies were slightly more conducive than cities. Cities tend to have more complicated politics, as well as more frequent demonstrations that disrupt commerce and threaten security. The most stable cities and regencies distinguished themselves by protecting business operations, forging productive political alliances and maintaining broad support for the free flow of trade and labor regionally and internationally. Table 9 shows the regions with the ten highest and the ten lowest ratings for the Security, Political and Socio-cultural Factor.

Table 8
Average Scores for the Security, Political, and Socio-cultural Factor

Cities	Regencies	Cities & Regencies
6.23	6.41	6.37

Table 9
Ten Highest and Ten Lowest Rated Regions, by Security, Political, and Socio-cultural Factor

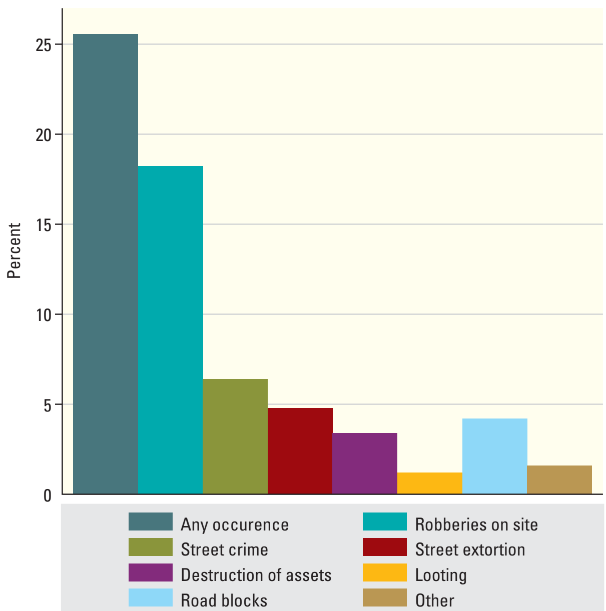
Highest Ratings	
Cities	**Regencies**
Denpasar	Maros
Sibolga	Bangli
Balikpapan	Gianyar
Cilegon	Lingga
Sawahlunto	Konawe Selatan
Sukabumi	Klungkung
Bontang	Karangasem
Kendari	Tabanan
Bandar Lampung	Kutai Timur
Banjar	Rejang Lebong

Lowest Ratings	
Cities	**Regencies**
Pontianak	Buleleng
Bengkulu	Lamongan
Pekalongan	Simalungun
DKI Jakarta	Donggala
Palu	Sumba Barat
Tanjung Balai	Pamekasan
Kupang	Muna
Sorong	Poso
Bekasi	Bangka
Madiun	Rokan Hulu

Security concerns remain objectively high for a large share of firms surveyed. Over 25% of firms surveyed reported at least one occurrence of security breach directly related to their business activity over the past year.

A main source of concern is on-site robberies, reported by 18% of respondents, followed by street crime (6.5%) and road ambushes (5%) and road blocks (4%). Looting is a problem for 1% of firms, while destruction of company assets touched 3.5% of respondents.

Figure 14
Share of Respondents Reporting Security Breach



Source KPPOD Survey 2005

Security is a greater concern for larger firms: while 25% of SMEs (between 2 and 19 employees) have faced some security threat over the year, this proportion jumps to 29% and 34% for middle size firms (between 20 and 100 employees) and large firms (over 100 employees) respectively. Security threats are heightened in urban settings where 28.5% of respondents report a security breach as opposed to 24.5% in Kabupaten. More than any other type of firms, charities and foundations (some 30% of among them) were prone to report security breaches.

Geographically, Irian Jaya Barat, Papua and Nusa Tenggara Barat (closely followed by Jakarta) were the provinces with the highest share of firms reporting some security problem (respectively 52%, 51% and 48%). The safest provinces for business were Kalimantan Timur, where 9% of firms reported security breaches, followed by Sumatera Utara with 11%.

Yet while the incidence of crime is objectively high, the subjective assessment, by respondents, of the incidence of criminality on their activities yields among the 'most positive' results overall. The averages for subjective evaluations of the impact of crime targeted at businesses and overall community criminality are both above 6.75, suggesting a low level of concern. Regencies fare slightly better than cities in this respect (6.41 on average vs. 6.23). Twenty-two percent of regency regions were in category A for this factor, and 14% of city regions. For category B, it was 20% of regencies and 22% of cities. Only 9.6% of respondents stated that security conditions in their regions were "somewhat unsafe" or "unsafe".

The origins of the investors seem to affect their perceptions. Respondents for foreign investment firms (PMA) have the lowest sense of security: 16.7% of them reported feeling "somewhat unsafe" or "unsafe" in their business activity. Investors from the government tend to have more positive perceptions: very few respondents from State-Owned Enterprises (BUMN) and Regional Government-Owned Enterprises (BUMD) stated that local security conditions were "somewhat unsafe" (4.3% BUMN and 7.5% BUMD).

Another interesting result of the rankings for the security, political and social/cultural factor is that seven out of nine regencies in Bali were in ranking category A. The City of Denpasar was also the only city to make it in category A. Also notable is the fact that only two regions in Java were in ranking category A among the cities and 8 regions among the regencies. Overall, Maros had the highest ranking, at 8.09, followed by Bangli in second place with a score of 8.07 and Gianyar in third place with 8.01. However several regions that have been or are currently experiencing social conflict fell into category E. Poso for instance remained in this category, as in previous years. Several industrial regions in East Java, such as Gresik, Tulung Agung, Lamongan, Pamekasan and Madiun, and the City of Bekasi in West Java were also in ranking category E. Strained relations between the executive and the legislature are another major constraint to creating a conducive business climate. The cultural factor, such as the existence of traditionally-held land (*tanah ulayat*) and community claims on land needed for business activity was a major source of complaints in the regions of Sorong and Rokan Hulu.

Relations between the executive and the legislature are of particular importance. The two local government bodies that play the greatest role are the DPRD (local legislature) and the local government administration (executive). Poor relations between them often impede development activities: 21% of entrepreneurs in the survey reported conflict between the executive and the legislature within the year with a disrupting effect on services to the business community

Political conflict between the political parties in the legislature, and political conflict between community organizations other than political parties, are also constraints on business activity. During the past year, political conflict in the legislature and political conflict between non-party community organizations have frequently occurred. Some 20% of respondents reported political conflict as an obstacle to business in their district.

The Local Economic Factor

The Local Economic Factor had the best performance of the five factors, with an average of 6.57. Cities were more attractive than regencies, as shown in Table 7. Cities generally scored higher due to higher per capita income. In 2004, the average GRDP per capita in cities was Rp 16.5 million, while the average GRDP per capita in regencies was only Rp 13.5 million per year. High scoring cities and regencies were those that have been able to expand their manufacturing base and trade in services, while low performing areas remained more closely tied to agricultural commodities. However, economic output was balanced against a higher cost economy, as measured by the index of construction costs used in the KPPOD survey. Table 11 shows the regions with the ten highest and the ten lowest ratings for the Local Economic Factor.

Table 10
Average Scores for
the Local Economic Factor

Cities	Regencies	Cities & Regencies
7.20	6.35	6.57

Table 11
Ten Highest and Ten Lowest Rated Regions
by Local Economic Factor

Highest Ratings	
Cities	**Regencies**
Samarinda	Kutai Timur
Pekanbaru	Kuansing
Balikpapan	Kutai Kertanegara
Cilegon	Pelalawan
Batam	Gresik
Tarakan	Bekasi
Tangerang	Sidoarjo
Medan	Cilacap
Makassar	Rokan Hulu
Semarang	Pasir

Lowest Ratings	
Cities	**Regencies**
Banjarmasin	Timor Tengah Selatan
Palangkaraya	Sumba Barat
Parepare	Ngada
Tasikmalaya	Wonosobo
Tegal	Timor Tengah Utara
Bontang	Lembata
Depok	Manggarai
Bogor	Jayawijaya
Banjar	Rejang Lebong
Gorontalo	Buton

The Labor Factor

Labor conditions in the regions in Indonesia in 2005 were cause for considerable concern. This can be seen from the average score achieved for the labor factor, only 5.38. In 2005, labor productivity dropped to Rp 21.5 million per worker from an average output of Rp 25 million per worker in 2004. Since the 1998 economic crisis, minimum wages have also risen sharply, by more than 30% compared with pre-crisis levels.

While cities significantly outperformed regencies for quantity and quality of labor, the top performers in both categories shared similar attributes. These include a commitment to strong educational systems, value-added industries that demand more productive workers, competitive minimum wage rates, and a large percentage of working age population. Table 13 shows the regions with the ten highest and ten lowest ratings in the Labor Factor.

Table 12
Average Scores for the Labor Factor

Cities	Regencies	Cities & Regencies
6.47	5.00	5.38

Table 13
Ten Highest and Ten Lowest Rated Regions by Labor Factor

Highest Ratings	
Cities	**Regencies**
Kediri	Pengkajene Kepulauan
Cirebon	Bangka Barat
Padang	Musi Banyuasin
Tanjung Pinang	Kolaka
Makassar	Pesisir Selatan
DKI Jakarta	Bekasi
Binjai	Kerinci
Madiun	Gresik
Yogyakarta	Kampar
Bandar Lampung	Sidoarjo

Lowest Ratings	
Cities	**Regencies**
Tarakan	Jeneponto
Parepare	Jepara
Pekalongan	Buton
Sorong	Pamekasan
Probolinggo	Purbalingga
Tebing Tinggi	Sumba Barat
Gorontalo	Manggarai
Tasikmalaya	Sika
Banjar	Jayawijaya
Sukabumi	Nunukan

The labor factor, including labor supply, productivity and cost (wages), has an important effect on the business climate. In the 2005 exercise the weight in the labor factor has in fact been increased to reflect the importance of wage issues. Labor related levies are another problem. Of 8,722 respondents, 14% considered them to be "a problem", and a further 19% "somewhat of a problem". Overprotection of local labor (as opposed to labor from other districts), also constitutes an obstacle to wage arbitrage.

According to KPPOD's research, the following main labor issues were highlighted:

- Frequent violations with regard to permits and levies related to the use of foreign workers.
- Fees applied are out of proportion and the legal justifications inadequate.
- Gender discrimination. In a number of regions, local regulations regulate overtime hours or permits for nighttime work for women, and impose special fees. For example, Mamuju Regency, through its regulation on Labor Permit Service Fees, imposes a fee of Rp 25.000 per year for permits for women to work at night.
- Protectionism for local labor. This occurs not only in the government sector, where there is an excessive preference for hiring local people, but also in the private sector. As a matter of local government policy: companies are typically required to provide a certain quota for local-born residents.

The Physical Infrastructure Factor

There is a significant difference between regencies and cities in investment competitiveness based on the physical infrastructure factor. However, it should be noted that along with the development of cities, numerous problems can arise that offset some of the advantages of infrastructural development. Although major cities, such as Jakarta and Surabaya, scored well on infrastructure, they scored very poorly on institutions, security, and politics. In general, both cities and regencies with strong infrastructure scores were able to use long-term planning and management to maintain existing facilities, while gradually expanding access to meet the demands of future economic growth. Table 15 shows the regions with the ten highest and ten lowest ratings in the Physical Infrastructure factor.

Table 14
Average Values for
the Physical Infrastructure Factor

Cities	Regencies	Cities & Regencies
6.47	5.95	6.09

Table 15
Ten Highest and Ten Lowest Rated Regions
by Physical Infrastructure Factor

Highest Ratings	
Cities	**Regencies**
Balikpapan	Maros
Padang	Gianyar
Batam	Kediri
Surabaya	Jembrana
Medan	Karawang
Banjarmasin	Purwakarta
DKI Jakarta	Bogor
Denpasar	Bangli
Bekasi	Tabanan
Bandung	Donggala

Lowest Ratings	
Cities	**Regencies**
Palu	Muna
Tasikmalaya	Dompu
Bengkulu	Buton
Bitung	Kutai Timur
Madiun	Kampar
Pekalongan	Bengkulu Selatan
Sorong	Jayawijaya
Palangkaraya	Barito Selatan
Samarinda	Rokan Hulu
Tanjung Balai	Tanjung Jabung Timur

Infrastructure: The Case of Electricity

The KPPOD 2005 survey showed that development of infrastructural resources and maintenance and expansion of current assets remains a significant problem for cities and regencies throughout Indonesia. In particular, the rapidly increasing demand for energy has not been accompanied by a proportional improvement in the electric power infrastructure.

According to the Finance Department's Agency for Study of the Economy, Finance, and International Cooperation (Bapekki) and the state power company PT PLN's Center for Energy and Power Studies, an additional generation capacity of around 6,161 megawatts (MW) will be needed to meet electric power needs by 2013. The breakdown of this is 5,338 MW from PLN projects and 823 MW from private and local government projects.

However the electric power supply situation is already critical: power cuts regularly occur when supplies of fuel to power plants are delayed or when the peak load exceeds the installed generation capacity. To prevent power cuts by PLN, the government, through Presidential Instruction Number 10 of 2005, has urged government offices, state-owned enterprises, local-government-owned enterprises, and the private sector to conserve electricity. But the implementation of this instruction has not done much to resolve the shortfall in power supplied by PLN. What is needed is participation by the private sector in meeting its own electric power needs and those of the public. So far, the government has provided no incentives to encourage the private sector to contribute to the electric power supply. The lower selling price of electricity and the high level of fees for business operators who produce electric power have constrained the growth of investment in the electric power sector.

IV. Conclusion and Recommendations

While the decentralization process has brought indisputable benefits in terms of democracy and political freedom in Indonesia, the impact of this process on regional economic growth remains uncertain. The outcome of the 2005 study indicates the need to continue to promote the growth of new business activity in order to create work opportunities in the regions. Local government tax revenues generated by these activities will increase and allow governments to finance public services such as education, health care, and improved transportation facilities. From the rating results and field investigations, several important aspects stand out.

- Government corruption and lack of transparency remain major problems for businesses of all sizes. Some of the worse recorded scores relate to transparency and corruption in the process of local procurement. In addition, all three questions relating to transparency of information on tenders, fairness of decision making and illegal side payments recorded some of the lowest averages in the survey.

- The absence of real involvement of entrepreneurs in the local decision making process and poor 'socialization' of business-related local policies rank on top of business complaints. Lack of involvement of the business community may explain why regulations fail to meet their expectations. 61.3% of respondents state they have never been involved in the process of drafting local regulations. However, this figure marks an improvement with respect to 2004 when 86.4% of respondents said they were never involved in formulating local policies.

- Among the worse scored questions in the survey are those that directly relate to SMEs and the specific efforts (or lack thereof) made by local governments to assist them. Capital assistance to SME operators, provision of training for SMEs and Marketing of SME products all rank very low on average.

- Around 15% of respondents in this research say they have used a One Stop Shop service center to arrange various business permits, yet such services remain rare.

- Business licensing services are still below expectations. The smaller the official fee, the greater the unofficial additional costs.

- Businessmen and women put heavy emphasis on local leadership. Good relations between business operators and the head of the region is one of the most influential indicators of economic growth potential.

- The issues of legal certainty and illegal levies are still a considerable burden on businesses.

- This study finds that the smaller the scale of the business, the larger the burden of illegal levies as a percentage of operating costs.

After five years of activity, KPPOD has already achieved most of its objectives. It has developed a unique analytical product which is highly regarded (and eagerly anticipated) in both academic and policy making circles. It has also built a country-wide network of partners and trained professionals that contribute to the yearly surveys. Overall, KPPOD has fulfilled its mandate to foster more effective and transparent economic governance at the local level.

Yet there are also two specific challenges. The first challenge is to increase the explanatory power of the index on key outcome or performance measures. As of now the link between KPPOD scores and other measures of economic performance remain undefined. The index must generate more directly actionable policy recommendations for local governments seeking to make a change for the better. The second challenge is to 'merge' the KPPOD exercise with other efforts, both local and international, to foster pro-growth decentralization in Indonesia. It is indeed essential to pool resources and exploit synergies among all research organizations in this field.

V. Appendices

Rank of Regions

Rank of Regions

Appendix 1.1 : Rank of 59 cities based on the Overall Score

No.	Province	Cities	Score	Rank
1	KEPRI	Batam	7,16	A
2	BANTEN	Cilegon	7,09	A
3	SUMBAR	Padang	7,09	A
4	KALTIM	Balikpapan	7,08	A
5	BALI	Denpasar	7,07	A
6	BANTEN	Tangerang	6,99	A
7	LAMPUNG	Bandar Lampung	6,89	A
8	SUMUT	Sibolga	6,85	A
9	SUMBAR	Sawahlunto	6,82	A
10	JABAR	Cirebon	6,80	A
11	SULSEL	Makasar	6,78	A
12	JATENG	Surakarta	6,74	A
13	JATIM	Surabaya	6,65	A
14	KEPRI	Tanjung Pinang	6,64	A
15	SUMUT	Medan	6,58	A
16	JATIM	Kediri	6,57	A
17	JABAR	Bandung	6,56	A
18	DIY	Yogyakarta	6,56	A
19	SULUT	Manado	6,55	A
20	RIAU	Pekanbaru	6,55	A
21	JATENG	Semarang	6,54	A
22	SULTRA	Kendari	6,52	B
23	SUMUT	Binjai	6,50	B
24	JAMBI	Jambi	6,48	B
25	JABAR	Sukabumi	6,46	B
26	RIAU	Dumai	6,44	B
27	NTB	Mataram	6,43	B
28	KALTIM	Tarakan	6,43	B
29	DKI JAKARTA	Jakarta	6,41	B
30	JABAR	Depok	6,33	B
31	PAPUA	Jayapura	6,33	B
32	KALSEL	Banjarmasin	6,32	B
33	KALTIM	Bontang	6,32	B
34	JATIM	Malang	6,32	B
35	SUMUT	Tebing Tinggi	6,32	B
36	JATENG	Magelang	6,28	B
37	JATIM	Mojokerto	6,28	B
38	SULSEL	Parepare	6,27	B
39	SUMSEL	Palembang	6,26	B
40	JATENG	Tegal	6,25	B
41	SUMUT	Pematang Siantar	6,22	B
42	BABEL	Pangkal Pinang	6,21	B
43	SULUT	Bitung	6,19	B
44	JABAR	Tasikmalaya	6,15	C
45	NTT	Kupang	6,14	C
46	KALTIM	Samarinda	6,14	C
47	KALBAR	Pontianak	6,13	C
48	JATIM	Probolinggo	6,12	C
49	GORONTALO	Gorontalo	6,10	C
50	JABAR	Bogor	6,06	C
51	JABAR	Banjar	5,99	C
52	BENGKULU	Bengkulu	5,99	C
53	JABAR	Bekasi	5,95	C
54	SULTENG	Palu	5,95	C
55	KALTENG	Palangkaraya	5,82	D
56	JATIM	Madiun	5,66	D
57	JATENG	Pekalongan	5,63	D
58	SUMUT	Tanjung Balai	5,46	E
59	PAPUA	Sorong	5,45	E

Appendix 1.2 : Rank of 169 Regencies based on the Overall Score

No.	Province	Regencies	Score	Rank
1	BALI	Gianyar	6,93	A
2	BALI	Klungkung	6,92	A
3	SUMSEL	Musi Banyuasin	6,91	A
4	SULTRA	Kolaka	6,81	A
5	KALTIM	Kutai Kertanegara	6,77	A
6	SUMBAR	Sawahlunto Sijunjung	6,75	A
7	KALTIM	Pasir	6,74	A
8	JATIM	Sidoarjo	6,70	A
9	KALTIM	Bulungan	6,68	A
10	JABAR	Purwakarta	6,68	A
11	SUMBAR	Solok	6,66	A
12	BALI	Bangli	6,65	A
13	KALSEL	Tabalong	6,65	A
14	RIAU	Indragiri Hilir	6,64	A
15	SULSEL	Maros	6,64	A
16	BALI	Jembrana	6,61	A
17	KALTIM	Kutai Timur	6,58	A
18	RIAU	Pelalawan	6,58	A
19	BALI	Tabanan	6,58	A
20	JATENG	Kudus	6,56	A
21	SULSEL	Pangkajene Kepulauan	6,55	A
22	JAMBI	Kerinci	6,54	A
23	SULTRA	Konawe Selatan	6,54	A
24	JABAR	Karawang	6,53	A
25	KALTIM	Berau	6,49	B
26	SUMBAR	Pesisir Selatan	6,49	B
27	SULSEL	Barru	6,47	B
28	JABAR	Bogor	6,41	B
29	SULSEL	Luwu	6,36	B
30	KEPRI	Karimun	6,34	B
31	JAMBI	Batanghari	6,29	B
32	BANTEN	Lebak	6,29	B
33	SULSEL	Pinrang	6,29	B
34	KALSEL	Tanah Laut	6,29	B
35	JABAR	Bekasi	6,28	B
36	DIY	Bantul	6,26	B
37	SULSEL	Bone	6,26	B
38	JATENG	Cilacap	6,26	B
39	JATIM	Gresik	6,26	B
40	JAMBI	Tebo	6,26	B
41	JATENG	Karanganyar	6,24	B
42	BABEL	Bangka Barat	6,23	B
43	BABEL	Belitung	6,23	B
44	BALI	Karangasem	6,23	B
45	BANTEN	Tanggerang	6,22	B
46	RIAU	Bengkalis	6,21	B
47	SUMUT	Dairi	6,18	B
48	KEPRI	Lingga	6,18	B
49	KALSEL	Hulu Sungai Selatan	6,17	C

No.	Province	Regencies	Score	Rank
50	JABAR	Sukabumi	6,17	C
51	SUMSEL	Lahat	6,16	C
52	SULUT	Minahasa	6,16	C
53	JAMBI	Bungo	6,15	C
54	JABAR	Ciamis	6,15	C
55	RIAU	Kampar	6,15	C
56	LAMPUNG	Lampung Barat	6,15	C
57	SUMSEL	Muaraenim	6,15	C
58	KALSEL	Hulu Sungai Tengah	6,14	C
59	JABAR	Subang	6,14	C
60	SUMUT	Deli Serdang	6,12	C
61	BABEL	Bangka Selatan	6,11	C
62	SULSEL	Bantaeng	6,11	C
63	JABAR	Cianjur	6,11	C
64	SUMBAR	Pasaman	6,09	C
65	JATIM	Kediri	6,08	C
66	RIAU	Kuansing	6,08	C
67	DIY	Sleman	6,07	C
68	JABAR	Kuningan	6,06	C
69	SULSEL	Sinjai	6,06	C
70	DIY	Gunungkidul	6,05	C
71	SUMUT	Langkat	6,05	C
72	LAMPUNG	Lampung Utara	6,03	C
73	JATENG	Boyolali	6,02	C
74	JABAR	Garut	6,02	C
75	JATENG	Pekalongan	6,02	C
76	KALBAR	Pontianak	6,01	C
77	JATENG	Banyumas	5,99	C
78	SUMSEL	Musi Rawas	5,99	C
79	KALTIM	Nunukan	5,98	C
80	JATENG	Tegal	5,97	C
81	SULSEL	Selayar	5,95	C
82	KALSEL	Tapin	5,94	C
83	JATENG	Sukoharjo	5,93	C
84	GORONTALO	Gorontalo	5,92	D
85	SULTENG	Morowali	5,92	D
86	JABAR	Sumedang	5,92	D
87	SUMUT	Karo	5,92	D
88	JATENG	Kendal	5,91	D
89	KALTENG	Kapuas	5,90	D
90	KALBAR	Ketapang	5,90	D
91	SUMSEL	Ogan Ilir	5,90	D
92	KALTENG	Barito Utara	5,88	D
93	JATENG	Purbalingga	5,88	D
94	KALBAR	Sambas	5,88	D
95	JATIM	Banyuwangi	5,85	D
96	BENGKULU	Rejang Lebong	5,85	D
97	JATIM	Mojokerto	5,84	D

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No.	Province	Regencies	Score	Rank
98	SULSEL	Takalar	5,84	D
99	SULTENG	Tolitoli	5,84	D
100	JATIM	Jombang	5,83	D
101	KALBAR	Kapuas Hulu	5,82	D
102	NTB	Lombok Barat	5,82	D
103	LAMPUNG	Lampung Selatan	5,80	D
104	JATENG	Magelang	5,80	D
105	SULSEL	Gowa	5,79	D
106	JABAR	Bandung	5,78	D
107	JATIM	Bangkalan	5,78	D
108	JATENG	Jepara	5,77	D
109	DIY	Kulonprogo	5,76	D
110	JATENG	Klaten	5,75	D
111	SULSEL	Majene	5,75	D
112	BANTEN	Serang	5,75	D
113	SULSEL	Tanah Toraja	5,75	D
114	NTT	Ende	5,74	D
115	NTB	Dompu	5,73	D
116	PAPUA	Manokwari	5,72	D
117	JABAR	Tasikmalaya	5,72	D
118	JATIM	Magetan	5,71	D
119	LAMPUNG	Way Kanan	5,71	D
120	SULTENG	Banggai	5,70	D
121	SULTENG	Donggala	5,70	D
122	SUMUT	Asahan	5,69	D
123	JABAR	Cirebon	5,69	D
124	SUMUT	Simalungun	5,69	D
125	JATIM	Blitar	5,67	D
126	NTT	Lembata	5,67	D
127	SUMUT	Tapanuli Utara	5,61	E
128	KEPRI	Natuna	5,60	E
129	KALBAR	Sanggau	5,60	E
130	JATENG	Kebumen	5,58	E
131	SULUT	Sangihe Talaud	5,56	E
132	BENGKULU	Bengkulu Utara	5,55	E
133	NTT	Timor Tengah Selatan	5,54	E

No.	Province	Regencies	Score	Rank
134	JATENG	Pemalang	5,53	E
135	SULSEL	Jeneponto	5,52	E
136	PAPUA	Fakfak	5,50	E
137	BALI	Badung	5,49	E
138	BALI	Buleleng	5,48	E
139	JATIM	Tulungagung	5,48	E
140	KALSEL	Hulu Sungai Utara	5,45	E
141	JATIM	Situbondo	5,45	E
142	BABEL	Bangka	5,44	E
143	NTB	Bima	5,44	E
144	SULSEL	Luwu Utara	5,43	E
145	PAPUA	Mimika	5,42	E
146	PAPUA	Sorong	5,40	E
147	SULTENG	Poso	5,37	E
148	KALTENG	Barito Selatan	5,36	E
149	JABAR	Indramayu	5,35	E
150	NTT	Sika	5,33	E
151	NTT	Ngada	5,32	E
152	NTT	Timor Tengah Utara	5,32	E
153	JATIM	Jember	5,30	E
154	LAMPUNG	Lampung Timur	5,29	E
155	BENGKULU	Bengkulu Selatan	5,27	E
156	NTB	Lombok Timur	5,26	E
157	NTT	Manggarai	5,25	E
158	JATIM	Pasuruhan	5,24	E
159	JATIM	Ponorogo	5,23	E
160	JAMBI	Tanjung Jabung Timur	5,23	E
161	JATIM	Lamongan	5,15	E
162	SULTRA	Muna	5,13	E
163	JATENG	Wonosobo	5,12	E
164	RIAU	Rokan Hulu	5,11	E
165	JATIM	Bondowoso	4,97	E
166	JATIM	Pamekasan	4,95	E
167	PAPUA	Jayawijaya	4,81	E
168	NTT	Sumba Barat	4,81	E
169	SULTRA	Buton	4,05	E

Appendix 2.1 : Rank of 59 Cities Based on the Institutional Score

No.	Province	Cities	Score	Rank
1	SUMBAR	Sawahlunto	6,50	A
2	KEPRI	Batam	6,43	A
3	NTT	Kupang	6,38	A
4	JABAR	Sukabumi	6,35	A
5	BANTEN	Cilegon	6,27	A
6	BALI	Denpasar	6,21	A
7	BANTEN	Tangerang	6,14	A
8	GORONTALO	Gorontalo	6,07	A
9	RIAU	Dumai	5,96	B
10	LAMPUNG	Bandar Lampung	5,89	B
11	JABAR	Tasikmalaya	5,87	B
12	NTB	Mataram	5,83	B
13	DIY	Yogyakarta	5,83	B
14	JAMBI	Jambi	5,81	B
15	JATENG	Tegal	5,80	B
16	JATENG	Surakarta	5,78	B
17	SULSEL	Makasar	5,70	B
18	SUMBAR	Padang	5,61	C
19	JABAR	Depok	5,59	C
20	SULSEL	Parepare	5,55	C
21	KALTIM	Tarakan	5,55	C
22	PAPUA	Jayapura	5,55	C
23	KALSEL	Banjarmasin	5,55	C
24	JATENG	Magelang	5,49	C
25	JATIM	Malang	5,48	C
26	JABAR	Bandung	5,40	C
27	JABAR	Bogor	5,39	C
28	RIAU	Pekanbaru	5,33	C
29	SUMUT	Tebing Tinggi	5,26	C
30	BABEL	Pangkal Pinang	5,25	D
31	JABAR	Cirebon	5,24	D
32	JABAR	Banjar	5,21	D
33	SUMUT	Sibolga	5,19	D
34	KALTIM	Balikpapan	5,17	D
35	KEPRI	Tanjung Pinang	5,04	D
36	BENGKULU	Bengkulu	5,02	D
37	SULUT	Bitung	4,99	D
38	DKI JAKARTA	Jakarta	4,98	D
39	JATENG	Semarang	4,97	D
40	JABAR	Bekasi	4,91	D
41	KALBAR	Pontianak	4,87	E
42	KALTIM	Bontang	4,82	E
43	JATIM	Kediri	4,78	E
44	JATIM	Surabaya	4,77	E
45	JATENG	Pekalongan	4,77	E
46	SUMSEL	Palembang	4,76	E
47	SULTRA	Kendari	4,70	E
48	KALTENG	Palangkaraya	4,68	E
49	JATIM	Probolinggo	4,65	E
50	JATIM	Mojokerto	4,62	E
51	SUMUT	Binjai	4,62	E
52	SULUT	Manado	4,58	E
53	SUMUT	Medan	4,55	E
54	PAPUA	Sorong	4,46	E
55	SULTENG	Palu	4,45	E
56	JATIM	Madiun	4,44	E
57	KALTIM	Samarinda	4,35	E
58	SUMUT	Pematang Siantar	4,06	E
59	SUMUT	Tanjung Balai	3,11	E

Appendix 2.2 : Rank of 169 Regencies Based on the Institutional Score

No.	Province	Regencies	Score	Rank
1	SULSEL	Barru	7,06	A
2	SUMBAR	Solok	6,81	A
3	BANTEN	Lebak	6,65	A
4	BALI	Jembrana	6,59	A
5	BABEL	Belitung	6,57	A
6	KALSEL	Hulu Sungai Tengah	6,56	A
7	KALSEL	Hulu Sungai Selatan	6,54	A
8	KALSEL	Tabalong	6,52	A
9	SULTRA	Kolaka	6,51	A
10	JATENG	Purbalingga	6,46	A
11	BALI	Gianyar	6,46	A
12	BALI	Klungkung	6,44	A
13	BALI	Bangli	6,39	A
14	SUMBAR	Sawahlunto Sijunjung	6,35	A
15	KALSEL	Tanah Laut	6,34	A
16	NTT	Lembata	6,34	A
17	RIAU	Indragiri Hilir	6,33	A
18	JAMBI	Kerinci	6,32	A
19	SUMSEL	Musi Banyuasin	6,25	A
20	JABAR	Kuningan	6,23	A
21	KALTIM	Bulungan	6,22	A
22	JABAR	Cianjur	6,22	A
23	BALI	Tabanan	6,20	A
24	SUMBAR	Pesisir Selatan	6,19	A
25	BABEL	Bangka Selatan	6,18	A
26	JABAR	Sukabumi	6,14	A
27	SUMSEL	Lahat	6,13	A
28	BALI	Karangasem	6,12	A
29	LAMPUNG	Lampung Barat	6,12	A
30	JATENG	Boyolali	6,10	A
31	BABEL	Bangka Barat	6,09	A
32	JATENG	Jepara	6,08	A
33	DIY	Gunungkidul	6,07	A
34	JATENG	Pekalongan	6,05	A
35	JABAR	Bogor	6,05	A
36	SULSEL	Maros	6,04	A
37	KEPRI	Karimun	6,02	A
38	SULSEL	Luwu	5,96	B
39	SULSEL	Sinjai	5,96	B
40	KALTIM	Nunukan	5,95	B
41	NTT	Ende	5,94	B
42	KALSEL	Hulu Sungai Utara	5,91	B
43	GORONTALO	Gorontalo	5,90	B
44	KALBAR	Sambas	5,89	B
45	SULSEL	Jeneponto	5,89	B
46	KALBAR	Ketapang	5,89	B
47	SULSEL	Gowa	5,88	B
48	JATENG	Kudus	5,87	B
49	JATIM	Sidoarjo	5,87	B
50	BABEL	Bangka	5,86	B
51	NTB	Lombok Barat	5,86	B
52	JABAR	Garut	5,86	B
53	JATIM	Kediri	5,86	B
54	JATENG	Tegal	5,84	B
55	NTT	Manggarai	5,84	B
56	JABAR	Purwakarta	5,81	B
57	JATENG	Banyumas	5,80	B
58	KALTIM	Pasir	5,79	B
59	NTT	Timor Tengah Selatan	5,78	B
60	DIY	Bantul	5,77	B
61	JATENG	Kebumen	5,77	B
62	JAMBI	Bungo	5,76	B
63	SULSEL	Pinrang	5,76	B
64	SULSEL	Bantaeng	5,75	B
65	KALTIM	Berau	5,74	B
66	LAMPUNG	Way Kanan	5,74	B
67	JAMBI	Tebo	5,72	B
68	SUMUT	Langkat	5,72	B
69	JABAR	Subang	5,68	B
70	KALSEL	Tapin	5,67	B
71	SULSEL	Selayar	5,67	B
72	JABAR	Tasikmalaya	5,64	B
73	SUMSEL	Muaraenim	5,62	B
74	RIAU	Pelalawan	5,61	C
75	JATIM	Blitar	5,59	C
76	JATENG	Magelang	5,58	C
77	BENGKULU	Rejang Lebong	5,57	C
78	JATENG	Karanganyar	5,56	C
79	JAMBI	Batanghari	5,56	C
80	SULTENG	Morowali	5,54	C
81	RIAU	Bengkalis	5,54	C
82	JATENG	Cilacap	5,54	C
83	SUMBAR	Pasaman	5,52	C
84	SULSEL	Bone	5,51	C
85	JATIM	Lamongan	5,49	C
86	KALTIM	Kutai Kertanegara	5,48	C
87	NTT	Sumba Barat	5,45	C
88	SULTENG	Tolitoli	5,44	C
89	SULUT	Minahasa	5,44	C
90	NTT	Ngada	5,43	C
91	SULTENG	Banggai	5,42	C
92	KALTIM	Kutai Timur	5,40	C
93	NTT	Timor Tengah Utara	5,39	C
94	JABAR	Cirebon	5,37	C
95	JATIM	Pamekasan	5,37	C
96	BANTEN	Serang	5,36	C
97	SUMSEL	Musi Rawas	5,36	C

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No.	Province	Regencies	Score	Rank
98	LAMPUNG	Lampung Utara	5,35	C
99	SULSEL	Majene	5,34	C
100	SULSEL	Tanah Toraja	5,34	C
101	JATIM	Bangkalan	5,34	C
102	SULTRA	Konawe Selatan	5,31	C
103	DIY	Kulonprogo	5,30	C
104	NTB	Dompu	5,30	C
105	JABAR	Indramayu	5,28	C
106	BENGKULU	Bengkulu Utara	5,28	C
107	JATENG	Pemalang	5,25	D
108	SUMUT	Asahan	5,25	D
109	NTT	Sika	5,23	D
110	SULUT	Sangihe Talaud	5,22	D
111	SULTENG	Poso	5,21	D
112	RIAU	Kampar	5,20	D
113	SULTRA	Muna	5,17	D
114	KALBAR	Pontianak	5,16	D
115	BANTEN	Tanggerang	5,15	D
116	KEPRI	Lingga	5,13	D
117	SULTRA	Buton	5,13	D
118	KALTENG	Kapuas	5,12	D
119	SUMSEL	Ogan Ilir	5,12	D
120	SUMUT	Dairi	5,11	D
121	KALBAR	Sanggau	5,10	D
122	DIY	Sleman	5,09	D
123	JATIM	Gresik	5,06	D
124	SULSEL	Luwu Utara	5,06	D
125	SULSEL	Pangkajene Kepulauan	5,05	D
126	JABAR	Sumedang	5,03	D
127	PAPUA	Fakfak	5,03	D
128	SULSEL	Takalar	5,02	D
129	BALI	Badung	5,01	D
130	JATENG	Wonosobo	4,99	D
131	JATIM	Jombang	4,99	D
132	SULTENG	Donggala	4,98	D
133	JABAR	Bekasi	4,98	D

No.	Province	Regencies	Score	Rank
134	KALTENG	Barito Utara	4,97	D
135	PAPUA	Jayawijaya	4,97	D
136	PAPUA	Manokwari	4,96	D
137	SUMUT	Simalungun	4,95	D
138	BALI	Buleleng	4,95	D
139	JATIM	Banyuwangi	4,93	D
140	NTB	Bima	4,92	D
141	JATIM	Jember	4,90	D
142	KALBAR	Kapuas Hulu	4,89	E
143	RIAU	Kuansing	4,88	E
144	NTB	Lombok Timur	4,87	E
145	PAPUA	Mimika	4,86	E
146	SUMUT	Tapanuli Utara	4,83	E
147	LAMPUNG	Lampung Selatan	4,82	E
148	JATENG	Kendal	4,82	E
149	SUMUT	Karo	4,82	E
150	JABAR	Bandung	4,80	E
151	JABAR	Karawang	4,77	E
152	JATIM	Mojokerto	4,77	E
153	JATIM	Tulungagung	4,73	E
154	JABAR	Ciamis	4,72	E
155	JATIM	Magetan	4,63	E
156	JATIM	Situbondo	4,62	E
157	JATENG	Klaten	4,62	E
158	LAMPUNG	Lampung Timur	4,62	E
159	KEPRI	Natuna	4,56	E
160	SUMUT	Deli Serdang	4,47	E
161	JATIM	Bondowoso	4,43	E
162	PAPUA	Sorong	4,36	E
163	JATENG	Sukoharjo	4,34	E
164	JATIM	Pasuruhan	4,28	E
165	BENGKULU	Bengkulu Selatan	4,20	E
166	JATIM	Ponorogo	4,15	E
167	KALTENG	Barito Selatan	3,89	E
168	RIAU	Rokan Hulu	3,79	E
169	JAMBI	Tanjung Jabung Timur	3,65	E

Appendix 3.1 : Rank of 59 Cities Based on the Political and Socio-culture Score

No.	Province	Cities	Score	Rank
1	BALI	Denpasar	7,55	A
2	SUMUT	Sibolga	7,50	A
3	KALTIM	Balikpapan	7,45	A
4	BANTEN	Cilegon	7,29	A
5	SUMBAR	Sawahlunto	7,20	A
6	JABAR	Sukabumi	7,19	A
7	KALTIM	Bontang	7,12	A
8	SULTRA	Kendari	7,08	A
9	LAMPUNG	Bandar Lampung	7,00	B
10	JABAR	Banjar	6,94	B
11	JAMBI	Jambi	6,90	B
12	SUMBAR	Padang	6,89	B
13	SULUT	Manado	6,86	B
14	SULSEL	Parepare	6,84	B
15	SUMUT	Binjai	6,77	B
16	JABAR	Depok	6,73	B
17	BANTEN	Tangerang	6,72	B
18	KEPRI	Batam	6,66	B
19	JATENG	Surakarta	6,64	B
20	JABAR	Tasikmalaya	6,62	B
21	SUMUT	Tebing Tinggi	6,62	B
22	JATENG	Tegal	6,48	C
23	GORONTALO	Gorontalo	6,48	C
24	JABAR	Cirebon	6,46	C
25	KEPRI	Tanjung Pinang	6,46	C
26	JATIM	Surabaya	6,34	C
27	JATIM	Probolinggo	6,33	C
28	NTB	Mataram	6,32	C
29	PAPUA	Jayapura	6,31	C
30	RIAU	Dumai	6,28	C
31	JATIM	Kediri	6,23	D
32	SULSEL	Makasar	6,18	D
33	KALTIM	Tarakan	6,13	D
34	JATENG	Semarang	6,11	D
35	JATENG	Magelang	6,11	D
36	BABEL	Pangkal Pinang	6,07	D
37	JABAR	Bogor	6,04	D
38	SUMUT	Medan	6,03	D
39	JABAR	Bandung	6,03	D
40	JATIM	Mojokerto	6,02	D
41	SUMUT	Pematang Siantar	5,96	D
42	KALSEL	Banjarmasin	5,90	D
43	SULUT	Bitung	5,85	D
44	DIY	Yogyakarta	5,82	D
45	KALTIM	Samarinda	5,81	D
46	SUMSEL	Palembang	5,80	D
47	KALTENG	Palangkaraya	5,57	E
48	RIAU	Pekanbaru	5,52	E
49	JATIM	Malang	5,41	E
50	KALBAR	Pontianak	5,39	E
51	BENGKULU	Bengkulu	5,37	E
52	JATENG	Pekalongan	5,33	E
53	DKI JAKARTA	Jakarta	5,32	E
54	SULTENG	Palu	5,21	E
55	SUMUT	Tanjung Balai	5,05	E
56	NTT	Kupang	4,99	E
57	PAPUA	Sorong	4,88	E
58	JABAR	Bekasi	4,85	E
59	JATIM	Madiun	4,43	E

Appendix 3.2 : Rank of 169 Regencies Based on the Political and Socio-culture Score

No.	Province	Regencies	Score	Rank
1	SULSEL	Maros	8,09	A
2	BALI	Bangli	8,07	A
3	BALI	Gianyar	8,01	A
4	KEPRI	Lingga	7,77	A
5	SULTRA	Konawe Selatan	7,76	A
6	BALI	Klungkung	7,72	A
7	BALI	Karangasem	7,69	A
8	BALI	Tabanan	7,64	A
9	KALTIM	Kutai Timur	7,62	A
10	BENGKULU	Rejang Lebong	7,56	A
11	KALTIM	Bulungan	7,55	A
12	KALTIM	Nunukan	7,54	A
13	SUMBAR	Sawahlunto Sijunjung	7,52	A
14	BANTEN	Lebak	7,49	A
15	SUMSEL	Musi Banyuasin	7,49	A
16	JABAR	Ciamis	7,45	A
17	SUMSEL	Ogan Ilir	7,37	A
18	BALI	Jembrana	7,36	A
19	KALTIM	Berau	7,34	A
20	JATENG	Pekalongan	7,34	A
21	SUMBAR	Pesisir Selatan	7,33	A
22	JABAR	Kuningan	7,30	A
23	JAMBI	Tebo	7,29	A
24	SUMUT	Dairi	7,29	A
25	KALSEL	Tabalong	7,28	A
26	KALTIM	Kutai Kertanegara	7,28	A
27	SULSEL	Takalar	7,25	A
28	KALTIM	Pasir	7,18	A
29	JABAR	Sukabumi	7,18	A
30	JATENG	Tegal	7,17	A
31	SULSEL	Majene	7,16	A
32	SULSEL	Bantaeng	7,15	A
33	LAMPUNG	Lampung Barat	7,14	A
34	SULTRA	Kolaka	7,14	A
35	JATENG	Purbalingga	7,09	A
36	JABAR	Cianjur	7,09	A
37	SUMBAR	Pasaman	7,08	A
38	SULSEL	Pinrang	7,06	B
39	LAMPUNG	Way Kanan	7,06	B
40	KALSEL	Hulu Sungai Tengah	7,05	B
41	SULSEL	Sinjai	7,05	B
42	JATIM	Magetan	7,03	B
43	JABAR	Purwakarta	7,02	B
44	RIAU	Pelalawan	7,02	B
45	SULSEL	Bone	7,00	B
46	JAMBI	Bungo	6,99	B
47	DIY	Gunungkidul	6,99	B
48	KALSEL	Hulu Sungai Selatan	6,99	B
49	SUMBAR	Solok	6,96	B
50	JATIM	Banyuwangi	6,95	B
51	JABAR	Karawang	6,94	B
52	SULSEL	Pangkajene Kepulauan	6,93	B
53	JABAR	Garut	6,91	B
54	SULSEL	Barru	6,90	B
55	RIAU	Indragiri Hilir	6,90	B
56	GORONTALO	Gorontalo	6,88	B
57	KALBAR	Kapuas Hulu	6,86	B
58	NTT	Lembata	6,85	B
59	SUMUT	Langkat	6,82	B
60	SULSEL	Selayar	6,78	B
61	JABAR	Subang	6,76	B
62	SULSEL	Luwu	6,75	B
63	JABAR	Sumedang	6,75	B
64	JATENG	Boyolali	6,74	B
65	NTB	Lombok Barat	6,66	B
66	JAMBI	Kerinci	6,64	B
67	BABEL	Belitung	6,64	B
68	JABAR	Tasikmalaya	6,63	B
69	JATENG	Karanganyar	6,61	B
70	BABEL	Bangka Selatan	6,61	B
71	SULSEL	Jeneponto	6,61	B
72	JATIM	Kediri	6,60	C
73	SULSEL	Tanah Toraja	6,60	C
74	LAMPUNG	Lampung Selatan	6,59	C
75	NTT	Ende	6,54	C
76	JATENG	Kudus	6,54	C
77	JATIM	Sidoarjo	6,53	C
78	JATENG	Sukoharjo	6,52	C
79	RIAU	Kampar	6,52	C
80	SULSEL	Gowa	6,50	C
81	SULSEL	Luwu Utara	6,49	C
82	NTT	Sika	6,49	C
83	KALSEL	Tanah Laut	6,48	C
84	KEPRI	Karimun	6,47	C
85	SUMSEL	Musi Rawas	6,46	C
86	KALBAR	Sambas	6,46	C
87	JABAR	Cirebon	6,44	C
88	DIY	Bantul	6,44	C
89	JATIM	Blitar	6,43	C
90	SUMUT	Tapanuli Utara	6,41	C
91	JATENG	Pemalang	6,40	C
92	KALBAR	Pontianak	6,40	C
93	JATENG	Magelang	6,39	C
94	BANTEN	Tanggerang	6,38	C
95	JATENG	Kebumen	6,38	C
96	KALTENG	Kapuas	6,36	C
97	SUMSEL	Lahat	6,34	C

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No.	Province	Regencies	Score	Rank
98	DIY	Kulonprogo	6,34	C
99	KALBAR	Ketapang	6,32	C
100	JATENG	Jepara	6,32	C
101	JAMBI	Batanghari	6,31	C
102	JATENG	Klaten	6,30	C
103	BENGKULU	Bengkulu Utara	6,30	C
104	JATENG	Banyumas	6,28	C
105	NTB	Bima	6,26	C
106	JATENG	Cilacap	6,26	C
107	JATIM	Jombang	6,25	C
108	NTT	Ngada	6,25	C
109	KALSEL	Tapin	6,23	D
110	NTT	Manggarai	6,23	D
111	PAPUA	Jayawijaya	6,22	D
112	SULTENG	Morowali	6,20	D
113	NTB	Dompu	6,20	D
114	SUMUT	Karo	6,17	D
115	SUMSEL	Muaraenim	6,16	D
116	KALTENG	Barito Utara	6,14	D
117	JABAR	Bandung	6,13	D
118	SULTENG	Banggai	6,08	D
119	SULUT	Minahasa	6,06	D
120	JATIM	Mojokerto	6,05	D
121	JABAR	Bogor	6,04	D
122	JATENG	Kendal	6,04	D
123	BABEL	Bangka Barat	6,03	D
124	JAMBI	Tanjung Jabung Timur	6,00	D
125	JATIM	Bangkalan	5,96	D
126	LAMPUNG	Lampung Utara	5,95	D
127	NTT	Timor Tengah Utara	5,94	D
128	KALSEL	Hulu Sungai Utara	5,91	D
129	SUMUT	Deli Serdang	5,90	D
130	SUMUT	Asahan	5,86	D
131	KEPRI	Natuna	5,83	D
132	KALBAR	Sanggau	5,81	D
133	SULUT	Sangihe Talaud	5,77	D

No.	Province	Regencies	Score	Rank
134	RIAU	Bengkalis	5,77	D
135	BALI	Badung	5,75	D
136	RIAU	Kuansing	5,70	D
137	JATIM	Pasuruhan	5,68	D
138	JABAR	Indramayu	5,68	D
139	LAMPUNG	Lampung Timur	5,66	E
140	SULTENG	Tolitoli	5,63	E
141	DIY	Sleman	5,63	E
142	PAPUA	Mimika	5,57	E
143	PAPUA	Sorong	5,48	E
144	JATIM	Situbondo	5,47	E
145	PAPUA	Manokwari	5,42	E
146	JATENG	Wonosobo	5,41	E
147	JABAR	Bekasi	5,41	E
148	NTT	Timor Tengah Selatan	5,37	E
149	JATIM	Jember	5,37	E
150	KALTENG	Barito Selatan	5,37	E
151	JATIM	Ponorogo	5,36	E
152	JATIM	Bondowoso	5,32	E
153	BANTEN	Serang	5,32	E
154	NTB	Lombok Timur	5,32	E
155	PAPUA	Fakfak	5,22	E
156	BENGKULU	Bengkulu Selatan	5,18	E
157	SULTRA	Buton	5,16	E
158	JATIM	Gresik	5,02	E
159	JATIM	Tulungagung	5,00	E
160	BALI	Buleleng	4,98	E
161	JATIM	Lamongan	4,97	E
162	SUMUT	Simalungun	4,97	E
163	SULTENG	Donggala	4,89	E
164	NTT	Sumba Barat	4,62	E
165	JATIM	Pamekasan	4,56	E
166	SULTRA	Muna	4,50	E
167	SULTENG	Poso	4,40	E
168	BABEL	Bangka	4,38	E
169	RIAU	Rokan Hulu	3,95	E

Appendix 4.1 : Rank of 59 Cities Based on the Local Economic Score

No.	Province	Cities	Score	Rank
1	KALTIM	Samarinda	8,30	A
2	RIAU	Pekanbaru	8,08	A
3	KALTIM	Balikpapan	7,99	A
4	BANTEN	Cilegon	7,94	A
5	KEPRI	Batam	7,89	A
6	KALTIM	Tarakan	7,85	A
7	BANTEN	Tangerang	7,83	A
8	SUMUT	Medan	7,77	A
9	SULSEL	Makasar	7,75	A
10	JATENG	Semarang	7,71	A
11	JABAR	Cirebon	7,67	A
12	JABAR	Bandung	7,64	A
13	JATIM	Malang	7,61	A
14	JATIM	Surabaya	7,60	A
15	SUMUT	Tanjung Balai	7,59	A
16	SUMBAR	Padang	7,54	A
17	KEPRI	Tanjung Pinang	7,52	A
18	BALI	Denpasar	7,50	A
19	JATIM	Kediri	7,48	A
20	DKI JAKARTA	Jakarta	7,46	A
21	JATIM	Mojokerto	7,44	A
22	SUMUT	Pematang Siantar	7,38	A
23	KALBAR	Pontianak	7,34	A
24	SULTENG	Palu	7,33	A
25	SULUT	Bitung	7,32	B
26	DIY	Yogyakarta	7,28	B
27	BENGKULU	Bengkulu	7,22	B
28	LAMPUNG	Bandar Lampung	7,22	B
29	SUMUT	Binjai	7,21	B
30	SUMSEL	Palembang	7,21	B
31	SUMUT	Sibolga	7,20	B
32	JATIM	Probolinggo	7,18	B
33	JATENG	Surakarta	7,17	B
34	SUMUT	Tebing Tinggi	7,16	B
35	SULUT	Manado	7,14	B
36	PAPUA	Jayapura	7,12	B
37	NTT	Kupang	7,07	B
38	JABAR	Sukabumi	7,04	B
39	JABAR	Bekasi	7,00	B
40	SULTRA	Kendari	6,98	B
41	SUMBAR	Sawahlunto	6,95	B
42	BABEL	Pangkal Pinang	6,95	B
43	JAMBI	Jambi	6,93	B
44	NTB	Mataram	6,89	B
45	RIAU	Dumai	6,86	B
46	PAPUA	Sorong	6,84	B
47	JATIM	Madiun	6,83	B
48	JATENG	Magelang	6,82	B
49	JATENG	Pekalongan	6,81	B
50	KALSEL	Banjarmasin	6,78	B
51	KALTENG	Palangkaraya	6,68	C
52	SULSEL	Parepare	6,66	C
53	JABAR	Tasikmalaya	6,58	C
54	JATENG	Tegal	6,45	C
55	KALTIM	Bontang	6,36	C
56	JABAR	Depok	6,26	D
57	JABAR	Bogor	6,24	D
58	JABAR	Banjar	6,00	D
59	GORONTALO	Gorontalo	5,91	D

Appendix 4.2 : Rank of 169 Regencies Based on the Local Economic Score

No.	Province	Regencies	Score	Rank
1	KALTIM	Kutai Timur	8,62	A
2	RIAU	Kuansing	7,94	A
3	KALTIM	Kutai Kertanegara	7,89	A
4	RIAU	Pelalawan	7,88	A
5	JATIM	Gresik	7,86	A
6	JABAR	Bekasi	7,72	A
7	JATIM	Sidoarjo	7,70	A
8	JATENG	Cilacap	7,68	A
9	RIAU	Rokan Hulu	7,66	A
10	KALTIM	Pasir	7,63	A
11	RIAU	Indragiri Hilir	7,62	A
12	KALSEL	Tabalong	7,54	A
13	RIAU	Bengkalis	7,54	A
14	JAMBI	Batanghari	7,51	A
15	SUMUT	Deli Serdang	7,44	A
16	KALTIM	Berau	7,44	A
17	JATENG	Kudus	7,43	A
18	SULSEL	Barru	7,42	A
19	RIAU	Kampar	7,40	A
20	KALTENG	Barito Utara	7,40	A
21	SUMSEL	Musi Banyuasin	7,33	A
22	KEPRI	Karimun	7,33	A
23	KEPRI	Natuna	7,30	B
24	SUMUT	Dairi	7,24	B
25	JATIM	Tulungagung	7,18	B
26	JABAR	Karawang	7,14	B
27	SUMSEL	Muaraenim	7,14	B
28	SULTENG	Morowali	7,12	B
29	BALI	Klungkung	7,12	B
30	KALTIM	Bulungan	7,09	B
31	SUMUT	Karo	7,08	B
32	JABAR	Purwakarta	7,07	B
33	BALI	Gianyar	7,04	B
34	SULTENG	Tolitoli	7,03	B
35	SUMBAR	Sawahlunto Sijunjung	6,95	B
36	DIY	Sleman	6,94	B
37	PAPUA	Sorong	6,90	B
38	SUMUT	Langkat	6,86	B
39	JABAR	Bogor	6,86	B
40	SULTENG	Donggala	6,86	B
41	DIY	Bantul	6,80	B
42	KALTENG	Barito Selatan	6,78	B
43	SULSEL	Pangkajene Kepulauan	6,78	B
44	JATENG	Banyumas	6,78	B
45	SULTRA	Konawe Selatan	6,78	B
46	SULTENG	Poso	6,77	C
47	KALSEL	Tanah Laut	6,77	C
48	JATIM	Banyuwangi	6,77	C
49	BALI	Jembrana	6,76	C

No.	Province	Regencies	Score	Rank
50	SULTRA	Kolaka	6,73	C
51	JATENG	Karanganyar	6,72	C
52	JATIM	Jombang	6,71	C
53	BALI	Bangli	6,71	C
54	SULSEL	Bantaeng	6,71	C
55	BANTEN	Tanggerang	6,71	C
56	KALBAR	Sanggau	6,70	C
57	KALTIM	Nunukan	6,69	C
58	SULSEL	Pinrang	6,69	C
59	SUMBAR	Solok	6,67	C
60	SUMUT	Simalungun	6,63	C
61	JAMBI	Tanjung Jabung Timur	6,63	C
62	BALI	Buleleng	6,61	C
63	KEPRI	Lingga	6,61	C
64	SUMUT	Tapanuli Utara	6,61	C
65	JAMBI	Kerinci	6,61	C
66	JATIM	Bangkalan	6,60	C
67	SULSEL	Luwu	6,60	C
68	JATIM	Mojokerto	6,59	C
69	BALI	Tabanan	6,57	C
70	KALTENG	Kapuas	6,56	C
71	SULUT	Minahasa	6,54	C
72	KALBAR	Sambas	6,53	C
73	KALSEL	Tapin	6,52	C
74	BABEL	Bangka Selatan	6,51	C
75	PAPUA	Fakfak	6,46	C
76	PAPUA	Manokwari	6,45	C
77	JATENG	Kendal	6,44	C
78	JABAR	Subang	6,41	C
79	PAPUA	Mimika	6,40	C
80	KALBAR	Pontianak	6,39	C
81	JAMBI	Bungo	6,37	C
82	BABEL	Bangka Barat	6,37	C
83	SUMBAR	Pasaman	6,36	C
84	JATIM	Blitar	6,34	C
85	JABAR	Sumedang	6,31	C
86	JABAR	Ciamis	6,31	C
87	SUMSEL	Lahat	6,31	C
88	LAMPUNG	Lampung Utara	6,31	C
89	BANTEN	Serang	6,30	D
90	JATENG	Sukoharjo	6,28	D
91	JABAR	Garut	6,26	D
92	SULTRA	Muna	6,26	D
93	JATIM	Situbondo	6,26	D
94	JATIM	Magetan	6,26	D
95	BABEL	Bangka	6,24	D
96	NTB	Dompu	6,23	D
97	BALI	Karangasem	6,22	D

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No.	Province	Regencies	Score	Rank
98	DIY	Gunungkidul	6,21	D
99	KALBAR	Kapuas Hulu	6,19	D
100	SULTENG	Banggai	6,18	D
101	JABAR	Sukabumi	6,16	D
102	SULSEL	Sinjai	6,16	D
103	JAMBI	Tebo	6,13	D
104	KALSEL	Hulu Sungai Selatan	6,12	D
105	SUMSEL	Musi Rawas	6,12	D
106	JATENG	Klaten	6,10	D
107	SUMSEL	Ogan Ilir	6,09	D
108	JATIM	Jember	6,09	D
109	SUMBAR	Pesisir Selatan	6,08	D
110	DIY	Kulonprogo	6,06	D
111	JATIM	Pasuruhan	6,04	D
112	JATENG	Jepara	6,02	D
113	JABAR	Cianjur	6,00	D
114	SULSEL	Bone	5,99	D
115	LAMPUNG	Lampung Selatan	5,98	D
116	KALBAR	Ketapang	5,97	D
117	JATENG	Boyolali	5,93	D
118	BENGKULU	Bengkulu Selatan	5,89	D
119	JABAR	Indramayu	5,89	D
120	SULSEL	Takalar	5,88	D
121	LAMPUNG	Way Kanan	5,88	D
122	BALI	Badung	5,83	D
123	JATIM	Ponorogo	5,81	D
124	JABAR	Bandung	5,81	D
125	JABAR	Cirebon	5,81	D
126	JATENG	Magelang	5,81	D
127	JATIM	Kediri	5,78	D
128	NTB	Bima	5,77	D
129	LAMPUNG	Lampung Timur	5,76	D
130	JATIM	Lamongan	5,75	D
131	JABAR	Kuningan	5,73	E
132	SULUT	Sangihe Talaud	5,72	E
133	JATENG	Pekalongan	5,72	E

No.	Province	Regencies	Score	Rank
134	BENGKULU	Bengkulu Utara	5,71	E
135	BANTEN	Lebak	5,71	E
136	GORONTALO	Gorontalo	5,68	E
137	JABAR	Tasikmalaya	5,68	E
138	SULSEL	Selayar	5,67	E
139	JATENG	Tegal	5,66	E
140	KALSEL	Hulu Sungai Tengah	5,65	E
141	SULSEL	Maros	5,63	E
142	SULSEL	Luwu Utara	5,63	E
143	SULSEL	Majene	5,58	E
144	KALSEL	Hulu Sungai Utara	5,57	E
145	NTB	Lombok Barat	5,56	E
146	SULSEL	Gowa	5,53	E
147	JATIM	Bondowoso	5,52	E
148	SUMUT	Asahan	5,52	E
149	BABEL	Belitung	5,49	E
150	JATENG	Purbalingga	5,48	E
151	JATENG	Pemalang	5,47	E
152	NTB	Lombok Timur	5,46	E
153	SULSEL	Tanah Toraja	5,43	E
154	SULSEL	Jeneponto	5,43	E
155	JATIM	Pamekasan	5,42	E
156	JATENG	Kebumen	5,41	E
157	NTT	Sika	5,39	E
158	NTT	Ende	5,38	E
159	LAMPUNG	Lampung Barat	5,37	E
160	NTT	Timor Tengah Selatan	5,36	E
161	NTT	Sumba Barat	5,35	E
162	NTT	Ngada	5,31	E
163	JATENG	Wonosobo	5,28	E
164	NTT	Timor Tengah Utara	5,27	E
165	NTT	Lembata	5,13	E
166	NTT	Manggarai	5,09	E
167	PAPUA	Jayawijaya	4,87	E
168	BENGKULU	Rejang Lebong	4,11	E
169	SULTRA	Buton	1,96	E

Appendix 5.1 : Rank of 59 Cities Based on the Labor Score

No.	Province	Cities	Score	Rank
1	JATIM	Kediri	7,67	A
2	JABAR	Cirebon	7,61	A
3	SUMBAR	Padang	7,34	A
4	KEPRI	Tanjung Pinang	7,21	A
5	SULSEL	Makasar	7,20	A
6	DKI JAKARTA	Jakarta	7,20	A
7	SUMUT	Binjai	7,14	A
8	JATIM	Madiun	7,13	A
9	DIY	Yogyakarta	7,13	A
10	LAMPUNG	Bandar Lampung	7,12	A
11	KEPRI	Batam	7,10	A
12	BANTEN	Tangerang	7,01	A
13	RIAU	Pekanbaru	7,00	A
14	JATIM	Malang	6,99	A
15	SUMUT	Pematang Siantar	6,97	A
16	JATENG	Surakarta	6,95	A
17	SUMUT	Medan	6,94	A
18	KALBAR	Pontianak	6,90	A
19	SUMUT	Sibolga	6,89	A
20	SUMSEL	Palembang	6,87	A
21	SULTRA	Kendari	6,86	A
22	JATIM	Surabaya	6,85	A
23	SUMBAR	Sawahlunto	6,84	A
24	JATENG	Semarang	6,83	A
25	SULUT	Manado	6,74	A
26	SULUT	Bitung	6,65	A
27	KALTIM	Bontang	6,64	A
28	BANTEN	Cilegon	6,62	A
29	NTT	Kupang	6,62	A
30	SULTENG	Palu	6,60	A
31	KALTENG	Palangkaraya	6,58	A
32	NTB	Mataram	6,54	A
33	JABAR	Bandung	6,51	A
34	RIAU	Dumai	6,50	A
35	BALI	Denpasar	6,45	A
36	JATENG	Magelang	6,41	A
37	BENGKULU	Bengkulu	6,39	A
38	KALTIM	Samarinda	6,36	A
39	JATIM	Mojokerto	6,31	B
40	PAPUA	Jayapura	6,28	B
41	KALSEL	Banjarmasin	6,19	B
42	KALTIM	Balikpapan	6,11	B
43	JABAR	Bekasi	6,11	B
44	JABAR	Bogor	6,11	B
45	JABAR	Depok	6,06	B
46	BABEL	Pangkal Pinang	6,00	B
47	JATENG	Tegal	5,86	B
48	JAMBI	Jambi	5,86	B
49	SUMUT	Tanjung Balai	5,85	B
50	KALTIM	Tarakan	5,83	B
51	SULSEL	Parepare	5,64	C
52	JATENG	Pekalongan	5,53	C
53	PAPUA	Sorong	5,53	C
54	JATIM	Probolinggo	5,53	C
55	SUMUT	Tebing Tinggi	5,50	C
56	GORONTALO	Gorontalo	5,44	C
57	JABAR	Tasikmalaya	5,38	C
58	JABAR	Banjar	4,73	D
59	JABAR	Sukabumi	4,37	D

Appendix 5.2 : Rank of 169 Regencies Based on the Labor Score

No.	Province	Regencies	Score	Rank
1	SULSEL	Pangkajene Kepulauan	7,19	A
2	BABEL	Bangka Barat	6,93	A
3	SUMSEL	Musi Banyuasin	6,83	A
4	SULTRA	Kolaka	6,82	A
5	SUMBAR	Pesisir Selatan	6,76	A
6	JABAR	Bekasi	6,75	A
7	JAMBI	Kerinci	6,73	A
8	JATIM	Gresik	6,72	A
9	RIAU	Kampar	6,40	A
10	JATIM	Sidoarjo	6,38	A
11	RIAU	Bengkalis	6,35	B
12	KALBAR	Pontianak	6,33	B
13	LAMPUNG	Lampung Utara	6,33	B
14	BENGKULU	Bengkulu Selatan	6,31	B
15	RIAU	Pelalawan	6,27	B
16	SUMUT	Deli Serdang	6,22	B
17	SULSEL	Bone	6,19	B
18	BABEL	Belitung	6,19	B
19	RIAU	Kuansing	6,11	B
20	SUMUT	Asahan	6,10	B
21	JATENG	Kudus	6,10	B
22	SULUT	Minahasa	6,09	B
23	DIY	Sleman	6,08	B
24	JABAR	Bandung	6,08	B
25	PAPUA	Manokwari	6,08	B
26	SUMUT	Simalungun	6,07	B
27	JABAR	Bogor	6,05	B
28	KALTIM	Pasir	6,03	B
29	BALI	Klungkung	6,03	B
30	SULTRA	Konawe Selatan	6,01	B
31	SULSEL	Luwu	5,99	B
32	JABAR	Karawang	5,99	B
33	SUMSEL	Lahat	5,96	B
34	SUMBAR	Solok	5,95	B
35	KALTIM	Kutai Kertanegara	5,94	B
36	BABEL	Bangka Selatan	5,93	B
37	JABAR	Purwakarta	5,92	B
38	RIAU	Rokan Hulu	5,90	B
39	BANTEN	Tanggerang	5,90	B
40	BABEL	Bangka	5,89	B
41	BANTEN	Serang	5,79	B
42	PAPUA	Fakfak	5,78	B
43	JAMBI	Batanghari	5,77	B
44	NTB	Dompu	5,77	B
45	JATENG	Sukoharjo	5,77	B
46	KEPRI	Karimun	5,73	C
47	KALTENG	Barito Selatan	5,71	C
48	LAMPUNG	Lampung Barat	5,71	C
49	SUMBAR	Sawahlunto Sijunjung	5,65	C
50	SUMSEL	Muaraenim	5,61	C
51	KALSEL	Tapin	5,55	C
52	JATENG	Karanganyar	5,52	C
53	SUMSEL	Musi Rawas	5,51	C
54	JATENG	Kendal	5,48	C
55	NTT	Timor Tengah Selatan	5,47	C
56	SUMUT	Karo	5,47	C
57	SULTENG	Poso	5,46	C
58	SULSEL	Selayar	5,43	C
59	KALTIM	Kutai Timur	5,43	C
60	JAMBI	Tanjung Jabung Timur	5,42	C
61	JAMBI	Bungo	5,40	C
62	JATENG	Klaten	5,37	C
63	RIAU	Indragiri Hilir	5,37	C
64	SULSEL	Tanah Toraja	5,30	C
65	KALTIM	Bulungan	5,29	C
66	DIY	Bantul	5,27	C
67	DIY	Kulonprogo	5,23	C
68	SULUT	Sangihe Talaud	5,20	C
69	BENGKULU	Rejang Lebong	5,19	C
70	KALTIM	Berau	5,18	C
71	SULTENG	Tolitoli	5,14	C
72	JAMBI	Tebo	5,11	C
73	KEPRI	Lingga	5,10	C
74	KALBAR	Sanggau	5,07	C
75	KALSEL	Tanah Laut	5,05	C
76	SULTRA	Muna	5,04	C
77	LAMPUNG	Lampung Selatan	5,03	C
78	JABAR	Subang	5,02	C
79	SULTENG	Donggala	4,99	C
80	KALTENG	Kapuas	4,97	C
81	KALBAR	Kapuas Hulu	4,97	C
82	BALI	Gianyar	4,95	C
83	JATENG	Cilacap	4,94	C
84	KALSEL	Tabalong	4,94	C
85	BALI	Tabanan	4,94	C
86	SUMUT	Dairi	4,92	C
87	KALBAR	Sambas	4,90	C
88	SULSEL	Maros	4,89	C
89	SULSEL	Pinrang	4,88	C
90	SUMBAR	Pasaman	4,84	D
91	JATIM	Mojokerto	4,82	D
92	JATIM	Ponorogo	4,79	D
93	KEPRI	Natuna	4,79	D
94	JATIM	Situbondo	4,78	D
95	NTT	Ende	4,73	D
96	JATENG	Magelang	4,72	D
97	KALSEL	Hulu Sungai Tengah	4,72	D

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No.	Province	Regencies	Score	Rank
98	KALBAR	Ketapang	4,70	D
99	KALSEL	Hulu Sungai Selatan	4,69	D
100	JABAR	Ciamis	4,69	D
101	KALTENG	Barito Utara	4,69	D
102	JATIM	Magetan	4,68	D
103	SULSEL	Gowa	4,68	D
104	BALI	Badung	4,68	D
105	JATENG	Boyolali	4,65	D
106	SULTENG	Morowali	4,64	D
107	SULSEL	Sinjai	4,62	D
108	BALI	Jembrana	4,61	D
109	BANTEN	Lebak	4,60	D
110	SUMUT	Langkat	4,60	D
111	PAPUA	Mimika	4,56	D
112	BENGKULU	Bengkulu Utara	4,55	D
113	SULSEL	Majene	4,55	D
114	SULTENG	Banggai	4,54	D
115	JATENG	Banyumas	4,53	D
116	LAMPUNG	Lampung Timur	4,52	D
117	JATIM	Kediri	4,51	D
118	JABAR	Sumedang	4,51	D
119	JATIM	Tulungagung	4,50	D
120	SULSEL	Barru	4,49	D
121	BALI	Buleleng	4,49	D
122	DIY	Gunungkidul	4,47	D
123	PAPUA	Sorong	4,44	D
124	SUMUT	Tapanuli Utara	4,43	D
125	JABAR	Garut	4,40	D
126	GORONTALO	Gorontalo	4,38	D
127	SULSEL	Takalar	4,32	D
128	JATIM	Bangkalan	4,32	D
129	BALI	Bangli	4,27	D
130	JATIM	Jombang	4,26	D
131	NTB	Lombok Timur	4,24	D
132	JABAR	Cirebon	4,20	D
133	JATENG	Wonosobo	4,20	D

No.	Province	Regencies	Score	Rank
134	NTB	Bima	4,19	D
135	BALI	Karangasem	4,18	D
136	JABAR	Sukabumi	4,16	D
137	JATENG	Tegal	4,15	D
138	JATIM	Pasuruhan	4,15	E
139	JATIM	Jember	4,11	E
140	JABAR	Tasikmalaya	4,11	E
141	SUMSEL	Ogan Ilir	4,08	E
142	JATIM	Lamongan	4,07	E
143	JATIM	Banyuwangi	4,07	E
144	JABAR	Cianjur	4,07	E
145	NTB	Lombok Barat	4,06	E
146	SULSEL	Bantaeng	4,04	E
147	NTT	Timor Tengah Utara	3,99	E
148	NTT	Ngada	3,99	E
149	JATENG	Pekalongan	3,95	E
150	JATENG	Kebumen	3,93	E
151	JATIM	Blitar	3,90	E
152	JABAR	Kuningan	3,88	E
153	JATENG	Pemalang	3,88	E
154	SULSEL	Luwu Utara	3,87	E
155	KALSEL	Hulu Sungai Utara	3,86	E
156	LAMPUNG	Way Kanan	3,81	E
157	JABAR	Indramayu	3,80	E
158	NTT	Lembata	3,65	E
159	JATIM	Bondowoso	3,63	E
160	SULSEL	Jeneponto	3,63	E
161	JATENG	Jepara	3,57	E
162	SULTRA	Buton	3,56	E
163	JATIM	Pamekasan	3,35	E
164	JATENG	Purbalingga	3,31	E
165	NTT	Sumba Barat	3,15	E
166	NTT	Manggarai	3,13	E
167	NTT	Sika	3,11	E
168	PAPUA	Jayawijaya	2,88	E
169	KALTIM	Nunukan	2,33	E

Appendix 6.1 : Rank of 59 Cities Based on the Physical Infrastructure

No.	Province	Cities	Score	Rank
1	KALTIM	Balikpapan	8,02	A
2	SUMBAR	Padang	7,83	A
3	KEPRI	Batam	7,69	A
4	JATIM	Surabaya	7,34	A
5	SUMUT	Medan	7,31	A
6	KALSEL	Banjarmasin	7,25	A
7	DKI JAKARTA	Jakarta	7,21	A
8	BALI	Denpasar	7,12	A
9	JABAR	Bekasi	7,12	A
10	JABAR	Bandung	7,05	A
11	BANTEN	Tangerang	7,02	A
12	JATENG	Surakarta	6,96	A
13	SULSEL	Makasar	6,93	A
14	LAMPUNG	Bandar Lampung	6,89	A
15	BANTEN	Cilegon	6,89	A
16	JABAR	Sukabumi	6,88	A
17	SULUT	Manado	6,83	A
18	DIY	Yogyakarta	6,82	A
19	JATENG	Semarang	6,78	A
20	RIAU	Pekanbaru	6,75	A
21	SUMUT	Sibolga	6,74	A
22	JABAR	Depok	6,70	A
23	JABAR	Cirebon	6,68	A
24	JATIM	Mojokerto	6,59	B
25	KEPRI	Tanjung Pinang	6,53	B
26	BABEL	Pangkal Pinang	6,53	B
27	SUMUT	Tebing Tinggi	6,53	B
28	RIAU	Dumai	6,52	B
29	GORONTALO	Gorontalo	6,49	B
30	JABAR	Banjar	6,49	B
31	JAMBI	Jambi	6,47	B
32	KALTIM	Tarakan	6,46	B
33	JATENG	Tegal	6,45	B
34	NTB	Mataram	6,42	B
35	SUMSEL	Palembang	6,41	B
36	JATENG	Magelang	6,39	B
37	JABAR	Bogor	6,38	B
38	JATIM	Probolinggo	6,32	C
39	JATIM	Kediri	6,29	C
40	SUMBAR	Sawahlunto	6,28	C
41	SUMUT	Pematang Siantar	6,21	C
42	SULTRA	Kendari	6,21	C
43	SULSEL	Parepare	6,11	C
44	JATIM	Malang	6,08	C
45	PAPUA	Jayapura	6,08	C
46	SUMUT	Binjai	6,06	C
47	NTT	Kupang	6,02	C
48	KALBAR	Pontianak	5,99	C
49	KALTIM	Bontang	5,93	C
50	SULTENG	Palu	5,92	D
51	JABAR	Tasikmalaya	5,90	D
52	BENGKULU	Bengkulu	5,78	D
53	SULUT	Bitung	5,78	D
54	JATIM	Madiun	5,58	D
55	JATENG	Pekalongan	5,38	E
56	PAPUA	Sorong	5,29	E
57	KALTENG	Palangkaraya	5,27	E
58	KALTIM	Samarinda	5,09	E
59	SUMUT	Tanjung Balai	4,90	E

Appendix 6.2 : Rank of 169 Regencies Based on the Physical Infrastructure

No.	Province	Regencies	Score	Rank
1	SULSEL	Maros	8,08	A
2	BALI	Gianyar	7,60	A
3	JATIM	Kediri	7,56	A
4	BALI	Jembrana	7,40	A
5	JABAR	Karawang	7,23	A
6	JABAR	Purwakarta	7,21	A
7	JABAR	Bogor	7,13	A
8	BALI	Bangli	7,07	A
9	BALI	Tabanan	6,97	A
10	SULTENG	Donggala	6,87	A
11	JABAR	Cianjur	6,80	A
12	SUMBAR	Solok	6,78	A
13	SUMBAR	Sawahlunto Sijunjung	6,77	A
14	JABAR	Sukabumi	6,76	A
15	DIY	Bantul	6,76	A
16	JATENG	Purbalingga	6,73	A
17	JABAR	Kuningan	6,73	A
18	BALI	Klungkung	6,72	A
19	JATIM	Gresik	6,68	A
20	JATIM	Sidoarjo	6,68	A
21	JABAR	Ciamis	6,67	A
22	NTB	Lombok Barat	6,66	A
23	KALTIM	Bulungan	6,66	A
24	JATENG	Jepara	6,66	A
25	BANTEN	Lebak	6,65	B
26	SULTRA	Kolaka	6,63	B
27	BANTEN	Tanggerang	6,61	B
28	KALSEL	Tanah Laut	6,61	B
29	SULUT	Minahasa	6,56	B
30	RIAU	Indragiri Hilir	6,55	B
31	JATIM	Mojokerto	6,54	B
32	JATENG	Tegal	6,52	B
33	SULSEL	Pinrang	6,52	B
34	JATENG	Kudus	6,52	B
35	KALSEL	Hulu Sungai Tengah	6,52	B
36	KALTIM	Nunukan	6,51	B
37	KALTIM	Kutai Kertanegara	6,50	B
38	JATENG	Pekalongan	6,49	B
39	JAMBI	Tebo	6,49	B
40	DIY	Sleman	6,47	B
41	KALTIM	Pasir	6,45	B
42	JATENG	Cilacap	6,43	B
43	KALSEL	Tabalong	6,42	B
44	KALBAR	Ketapang	6,42	B
45	JABAR	Bekasi	6,42	B
46	JATENG	Kendal	6,42	B
47	JATIM	Jombang	6,42	B
48	JABAR	Subang	6,41	B
49	JATENG	Boyolali	6,40	B
50	JATENG	Karanganyar	6,39	B
51	JABAR	Sumedang	6,38	B
52	JATIM	Bangkalan	6,38	B
53	BENGKULU	Rejang Lebong	6,37	B
54	GORONTALO	Gorontalo	6,35	B
55	JATIM	Pamekasan	6,34	B
56	NTB	Lombok Timur	6,34	B
57	BALI	Buleleng	6,33	C
58	BABEL	Belitung	6,33	C
59	JAMBI	Kerinci	6,29	C
60	JATENG	Pemalang	6,26	C
61	SULSEL	Pangkajene Kepulauan	6,25	C
62	JATENG	Magelang	6,22	C
63	KALSEL	Hulu Sungai Selatan	6,21	C
64	JABAR	Cirebon	6,20	C
65	SULSEL	Bantaeng	6,20	C
66	JATENG	Banyumas	6,18	C
67	BALI	Karangasem	6,18	C
68	SULSEL	Bone	6,17	C
69	JABAR	Garut	6,16	C
70	SULSEL	Barru	6,14	C
71	JABAR	Tasikmalaya	6,14	C
72	SULSEL	Luwu	6,14	C
73	JATENG	Kebumen	6,13	C
74	LAMPUNG	Lampung Barat	6,12	C
75	SUMSEL	Musi Rawas	6,12	C
76	SULSEL	Gowa	6,10	C
77	JATENG	Sukoharjo	6,08	C
78	NTT	Lembata	6,08	C
79	SUMSEL	Musi Banyuasin	6,07	C
80	SUMUT	Deli Serdang	6,06	C
81	LAMPUNG	Lampung Utara	6,05	C
82	BANTEN	Serang	6,01	C
83	LAMPUNG	Lampung Selatan	6,00	C
84	KALTENG	Kapuas	5,99	C
85	SULSEL	Sinjai	5,99	C
86	DIY	Gunungkidul	5,98	C
87	SUMBAR	Pasaman	5,98	C
88	KALTIM	Berau	5,93	C
89	SUMSEL	Ogan Ilir	5,93	C
90	SUMSEL	Lahat	5,92	C
91	NTT	Timor Tengah Selatan	5,92	D
92	SULTENG	Banggai	5,92	D
93	SULTRA	Konawe Selatan	5,91	D
94	BALI	Badung	5,90	D
95	KALSEL	Hulu Sungai Utara	5,88	D
96	SUMSEL	Muaraenim	5,87	D
97	SUMUT	Simalungun	5,87	D

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No.	Province	Regencies	Score	Rank	No.	Province	Regencies	Score	Rank
98	JABAR	Indramayu	5,86	D	134	JATIM	Lamongan	5,48	E
99	NTT	Sika	5,86	D	135	JATIM	Pasuruhan	5,48	E
100	SULSEL	Takalar	5,85	D	136	BENGKULU	Bengkulu Utara	5,46	E
101	NTT	Ende	5,83	D	137	SUMUT	Karo	5,43	E
102	JATIM	Situbondo	5,82	D	138	DIY	Kulonprogo	5,38	E
103	SULSEL	Selayar	5,80	D	139	KALBAR	Kapuas Hulu	5,35	E
104	JAMBI	Batanghari	5,80	D	140	SULSEL	Majene	5,34	E
105	JATIM	Jember	5,80	D	141	RIAU	Pelalawan	5,31	E
106	NTT	Timor Tengah Utara	5,79	D	142	LAMPUNG	Way Kanan	5,31	E
107	JATENG	Klaten	5,78	D	143	PAPUA	Mimika	5,31	E
108	KEPRI	Karimun	5,76	D	144	KALSEL	Tapin	5,30	E
109	JATIM	Tulungagung	5,74	D	145	SUMUT	Dairi	5,28	E
110	BABEL	Bangka Barat	5,73	D	146	KALBAR	Pontianak	5,27	E
111	JATIM	Ponorogo	5,71	D	147	BABEL	Bangka	5,26	E
112	JABAR	Bandung	5,69	D	148	PAPUA	Sorong	5,24	E
113	SULUT	Sangihe Talaud	5,69	D	149	RIAU	Kuansing	5,19	E
114	NTT	Sumba Barat	5,67	D	150	NTT	Ngada	5,14	E
115	SULTENG	Tolitoli	5,67	D	151	SULTENG	Poso	5,14	E
116	NTT	Manggarai	5,67	D	152	KALBAR	Sambas	5,12	E
117	JAMBI	Bungo	5,65	D	153	KEPRI	Lingga	5,10	E
118	SUMBAR	Pesisir Selatan	5,65	D	154	SUMUT	Tapanuli Utara	4,94	E
119	SULSEL	Tanah Toraja	5,64	D	155	JATIM	Magetan	4,90	E
120	JATIM	Bondowoso	5,62	D	156	BABEL	Bangka Selatan	4,86	E
121	SUMUT	Asahan	5,60	D	157	KALBAR	Sanggau	4,79	E
122	RIAU	Bengkalis	5,60	D	158	PAPUA	Fakfak	4,78	E
123	SUMUT	Langkat	5,60	D	159	KEPRI	Natuna	4,72	E
124	SULSEL	Jeneponto	5,58	D	160	SULTRA	Muna	4,70	E
125	JATIM	Banyuwangi	5,56	D	161	NTB	Dompu	4,64	E
126	SULTENG	Morowali	5,56	D	162	SULTRA	Buton	4,62	E
127	JATIM	Blitar	5,55	D	163	KALTIM	Kutai Timur	4,46	E
128	JATENG	Wonosobo	5,52	D	164	RIAU	Kampar	4,45	E
129	KALTENG	Barito Utara	5,51	D	165	BENGKULU	Bengkulu Selatan	4,37	E
130	PAPUA	Manokwari	5,51	D	166	PAPUA	Jayawijaya	4,37	E
131	NTB	Bima	5,50	D	167	KALTENG	Barito Selatan	4,34	E
132	SULSEL	Luwu Utara	5,49	E	168	RIAU	Rokan Hulu	3,91	E
133	LAMPUNG	Lampung Timur	5,49	E	169	JAMBI	Tanjung Jabung Timur	3,30	E