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Indonesia Development Forum 2017

Fighting Inequality for Better Growth

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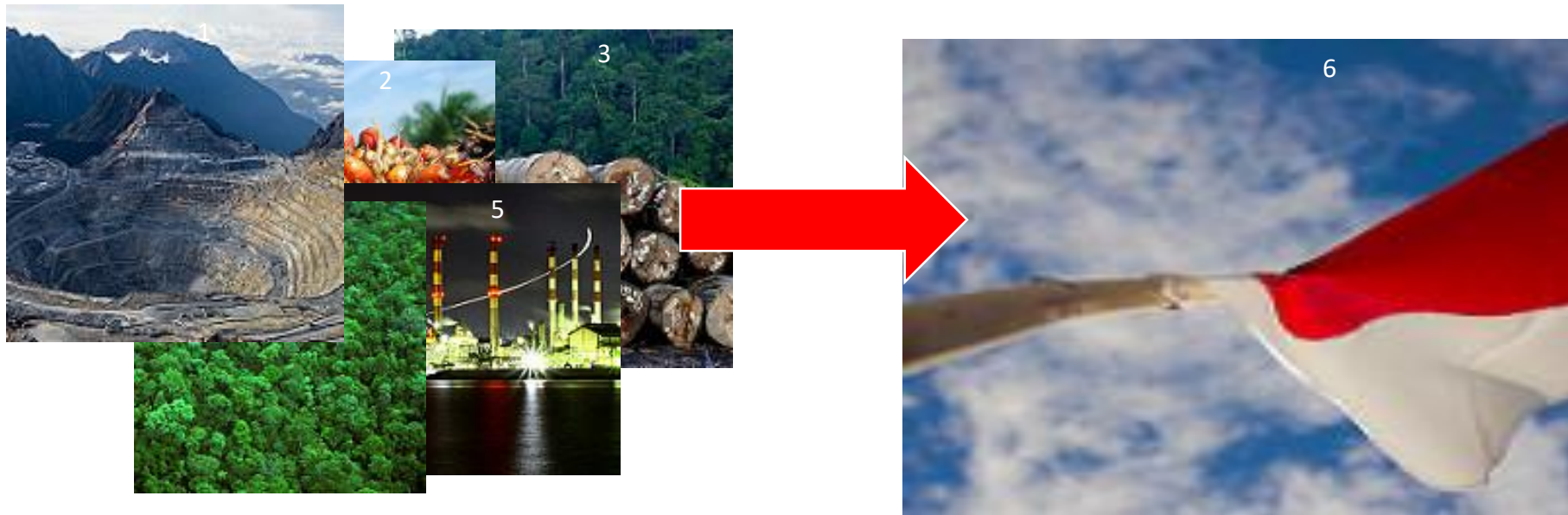


THE CONTRIBUTION OF NATURAL RESOURCES TO ECONOMIC WELFARE IN INDONESIA



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Palupi Anggraeni
PhD Candidate, Griffith University



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GENERAL AND SPECIFIC BACKGROUND

- **General**

- The impact of natural resource endowments on a country's welfare is inconclusive.

- **Specific**

- Indonesia is a country which might perceive natural resource endowment as a blessing.

Successfully overcame the resource curse during the 1970s and 1980s (Rosser, 2007)

Achieved positive rates of per capita GNP growth between 1980 and 1992 (Mikesell, 1997)

Grouped as one of only four countries among 65 resource-rich countries that achieved long term investment and per capita GNP growth (Gylfason, 2001)

- The Indonesian economy has neither followed a sustainable path nor progressed in the right direction to achieve substantial improvements in welfare related to natural resource use (Alisjahbana & Yusuf, 2004; Mollin, 2014)



THE MODERATING FACTORS

Indonesian policy background:

The Indonesian government has been focused upon inclusive and environmentally sustainable growth. This requires an improvement in environmental and natural resource management, by strengthening institutions and community participation in rehabilitation and conservation (ADB, 2015)



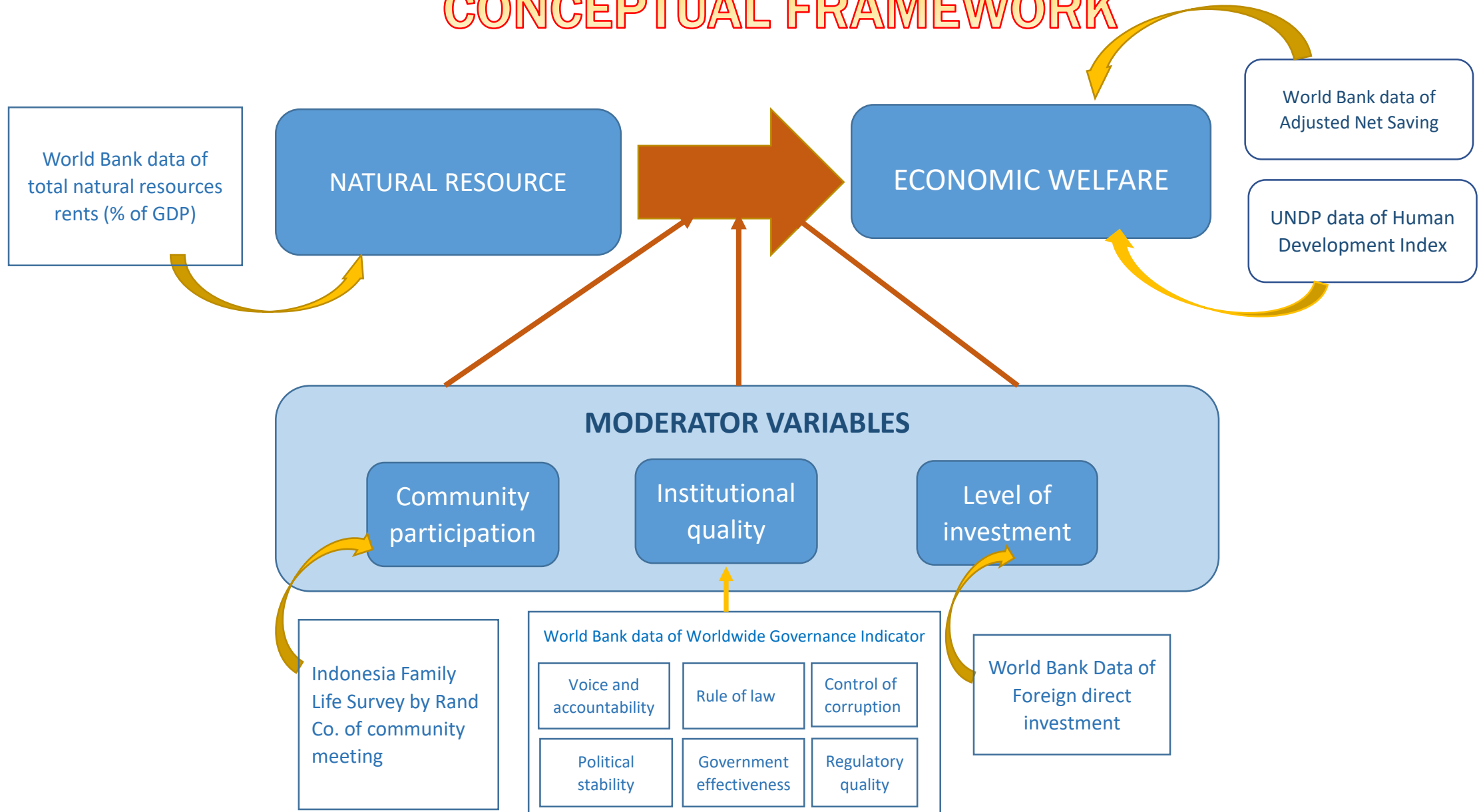
Empirical study results background:

A meta-analysis study from Havranek et al. (2016) found that several factors influence the estimated effect of natural resources on economic growth. These are the level of the investment, the quality of institutions, and including an interaction term between institutional quality and natural resource richness.



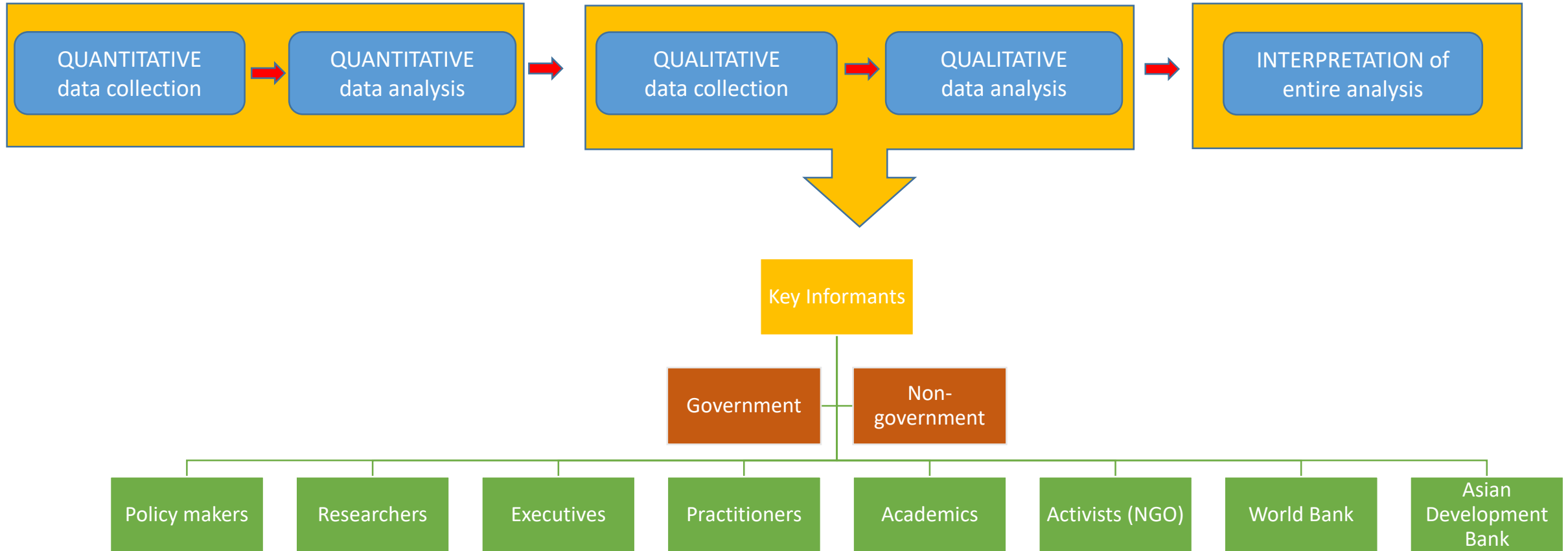
This study will examine three variables as moderating factors between economic welfare and natural resources:
institutional quality, investment level, and community participation

CONCEPTUAL FRAMEWORK



METHODOLOGY

- Research Approach : Sequential Explanatory design (Creswell, 2009)



EXPECTED RESULTS

This study argues that:

Natural resource curse exists in Indonesia at the national level

The three moderating variables of institutional quality, investment level, and community participation, can positively moderate the relationship between natural resources and economic welfare

This study's goal:

Propose a recommendation for the GoI about:

- which factors that should be focused on
- how to implement this/these factor(s),

in order to achieve the inclusive and environmentally sustainable growth.