Indonesia has made great progress in the past decade promoting infrastructure development and attracting foreign investment. While the rapid pace of growth has created jobs and helped thousands of Indonesians lift themselves out of poverty, its benefits have not been spread equally and come with significant risks. PATTIRO has been monitoring Indonesia’s developing economy for several years and has focused much attention on the extractive industry (EI) sector. The revenue from EIs can serve as an important resource for investment in the regions where EIs operate, but they can also have a distorting effect on fragile economies.

PATTIRO believes that Indonesia is especially susceptible to falling into a “natural resource trap,” where a country’s reliance on natural resource extraction and exportation ends up harming long-term growth and development prospects. PATTIRO believes that the symptoms of this condition have already begun to manifest themselves in places like the Blora District of Central Java Province.

Despite being home to one of Indonesia’s most active oil and gas exploration sites, Blora — Central Java Province’s second poorest district in 2009 — has suffered from weak social infrastructure and low-quality public services.

PATTIRO has identified several causes for the sluggish pace of growth and low quality of life in districts like Blora, namely: the lack of transparency and accountability regarding revenue-sharing schemes between central and local governments, unsustainable long-term development...
The IBP’s Partnership Initiative is a collaborative effort that seeks to enhance the impact of civil society budget work in selected countries of Africa, Asia, and Latin America. The initiative strives to contribute to the development of sustainable institutions; to increase public access to timely, reliable, and useful information; to enhance the effective participation of civil society in policy and budget processes; and to establish a platform of good practices on which future generations of civil society can build.