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Indonesia's Development and Graduation from ODA

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Outlook on Indonesia's Development and Graduation from ODA[*]

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Abstract

This paper aims to present the most desirable scenario for Indonesia's development up to 2020. It provides an analytical basis for identifying what Indonesia should do and what Japan can assist in order to make the scenario reality. According to the outlook in this paper, Indonesia will reach an economic level at which it can graduate from receiving ODA in around 2020. Key development challenges for Indonesia looking toward 2020 are achieving growth and employment creation concurrently, which works to reduce poverty and disparity.

Keywords: Indonesia, graduation from ODA, growth, employment creation, a more advanced developing country

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1. Introduction

This paper intends to present the most desirable and feasible future picture of Indonesia and to identify development issues required for making the picture into reality. This attempt is meaningful not only for Indonesia but also for Japan, which is the largest donor for Indonesia. The study is originally meant to provide target functions in formulating Indonesia's desirable development strategies and Japan's assistance policy in accordance with the strategies[1].

The paper is organized as follows. Section 2 discusses growth scenarios of Indonesia until 2020. Based on the scenarios, Section 3 presents a message that Indonesia reaches an economic level enabling it to graduate from ODA in around 2020. Section 4 examines scenarios of employment creation, which is required for realizing the desirable future state. Section 5 discusses issues for Indonesia to become a more advanced developing country. Section 6 identifies development issues for Indonesia to attain the best scenario. Section 7 concludes the analysis.

2. Growth Scenarios

I set 2020 as a point to illustrate the future picture of Indonesia. Why 2020? In Indonesia, the government changes every five years through presidential elections and mid-term development plans are formulated in the same cycle. The cycle occurs in 2009, 2014 and 2019. 2020 is a year that enables to cover the current Yudhoyono government and the two subsequent governments, which is suitable for estimating long-term trends transcending changes of government.

What economic level will Indonesia reach by 2020? To estimate this, I assumed a high-growth scenario and a low-growth scenario. The high-growth scenario is the maximum level to be achievable. The low-growth scenario is the possible lowest level, envisaged as a continuation of the past several years that were unable to get on the high-growth track.

[1] See Indonesia Study Team IDE [2008] for full scope of discussions, Higashikata, Michida and Takahashi [2008] for econometrical analysis on Indonesia's desirable development strategies, Matsui [2008] for Japan's future assistance for Indonesia.

The assumptions for each of these scenarios are shown in table 1.

Table 1　Assumptions in the High-Growth and the Low-Growth Scenarios

	Real GDP Growth	Inflation Rate	Population Growth Rate	Exchante Rate
High-growtn Scenario	6.7%→6.2%	6%→4%	1.2%→1.1%	1US$＝ 9000 rupiah
Low-Growth Scenario	5.0%→4.5%			

Reference: The inflation rate in 2006 was 6.6%, and the average exchange rate for 2006 was 9,159 rupiah.
The population growth rate between 2000 and 2005 was 1.34% according to BPS.
Source: By author.

The high-growth scenario is set to have an average real GDP growth rate of 6.7 percent[2] and the low-growth scenario is set to have an average real GDP growth rate of 5.0 percent. 6.7 percent is slightly lower than the average growth rate of 7.0 percent achieved during the Soeharto administration (1968-1997). As the current democratic regime requires more time and costs for policy decision-making and implementation compared to the authoritarian regime, this condition is assumed to slightly lower the growth rate.

5.0 percent assumed in the low-growth scenario is almost the same as the average growth rate of 4.9 percent during the period of 2000-2006. This was a period of economic stagnation and delayed recovery, as trial and error in political and economic reforms continued under the Abdurrahman Wahid, Megawati and Yudhoyono governments. I assume this period as a bottom line in which it was hard enough to ensure macroeconomic stability at most.

The population growth rate, inflation rate and USD exchange rate are set using 2006 actual figures as a reference.

During the 14 years covered, long-term trends possibly shift due to changes in the given conditions. For the sake of simplification, I assume that the following changes occur only once in the mid-term of the period.

(1) Changes in the external environments, that is, increasingly competitive conditions surrounding Indonesia, lower the real growth rate by a 0.5 point.
(2) Sounder macroeconomic management decreases the inflation ratio by 2 points.
(3) The population growth rate decreases by 0.1 points.

Regarding the USD exchange rate, the value of rupiah is expected to strengthen in the long term as the level of the Indonesian economy rises, but specific numerical forecasts

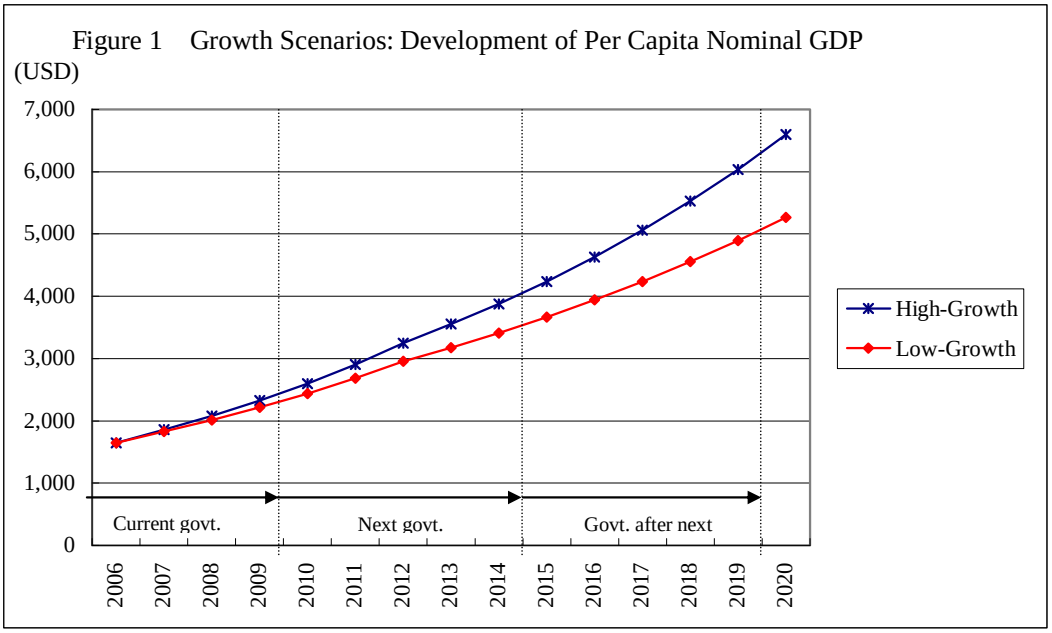
[2] The assumption of 6.7 percent as the highest level achievable in this study is still moderate compared with Bank Indonesia [2008] which estimates 7.4-8.0 percent growth in 2008-2012.

are difficult and have an enormous impact on the calculation results. Thus the exchange rate is assumed to be fixed at 1USD = 9000 rupiah.

Calculating nominal GDP per capita until 2020 based on the above assumptions, the results are as follows (see Appendix 1 for details).

- Nominal GDP per capita will grow from 1643 USD in 2006 to 6600 USD in 2020 in the high-growth scenario and to 5260 USD even in the low-growth scenario.
- In both scenarios, the 2000 USD mark will be passed in 2008 during the current Yudhoyono government.
- The 3000 USD mark is reached in 2012 in the high-growth scenario and in 2013 in the low-growth scenario, both during the next government.
- In the high-growth scenario, the 4000 USD mark will be passed in 2015, the first year of the government after next, and the 5000 and 6000 USD marks will be passed after subsequent two-year intervals. In the low-growth scenario, the 4000 USD mark will be reached in 2017, which is mid-term during the government after next.

Figure 1 Growth Scenarios: Development of Per Capita Nominal GDP



Source: By author.

As shown in Figure 1, the growth scenarios illustrate a continually rising trend. This growth trend supposes that there will be no major long-term upheavals in Indonesia or in the Asian region. On the level of Indonesia, major upheavals could refer to regime changes equivalent to the collapse of the Soeharto rule in 1998. On the level of the Asia region, they may include economic crises equivalent to the Asian monetary

crisis of 1997, major disasters or pandemics that paralyze regional economy, or an economic shockwave accompanied by political fluctuations in major Asian countries. However, it is unlikely that Indonesia undergoes such major regime changes as those of 1998 again during the period under study. It is difficult to predict upheavals in the Asia region, but even if there is an external shock of a crisis or a pandemic, the delay in reaching the stated economic level will be limited to around five years unless Indonesia is subject to major domestic upheaval. In the case of five year delay, a nominal GDP per capita in 2020 would be 4600USD in the high-growth scenario and 3900 USD in the low-growth scenario.

3. Outlook toward Graduation from ODA

What is the outlook for Indonesia graduating from ODA?

In 2006, Indonesia's nominal GDP per capita was 1643 USD, and nominal GNI per capita was 1442 USD[3]. This is at the top end of the Group II lower-middle-income countries by the World Bank's Financing Standards (the 2005 standard was a per capita GNI of 766-1465 USD in 2003). Assuming that this level will be exceeded in 2007, Indonesia will lose eligibility for International Development Association (IDA) financing in 2009, and become a Group III lower-middle-income country. It will also be excluded from eligibility for Japanese grant aid.

In the low-growth scenario, Indonesia's nominal GDP per capita will reach around 5300 USD in 2020. This is almost equal to the level of Malaysia in 2006 (5770 USD). It is the same level as Japan as of 1975. The 6600 USD in the high-growth scenario is equivalent to the late 1970s in Japan (see Appendix 2 for Japan's GDP levels).

Japan began to receive loans from the World Bank in 1953, while starting technical cooperation and post-war compensation from 1954 and providing yen loans from 1958. It is estimated that the Japan's GDP per capita in 1958 was lower than or around the same as Indonesia's current level. The final loan agreement with the World Bank was concluded in 1966, and this marked Japan's graduation from aid (repayments to the World Bank were not completed until 1990). The GDP level at the graduation in

[3] Calculated using actual figures of nominal GDP 3,338.196 trillion rupiah, nominal GNI 2,928.942 trillion rupiah, and the estimated population in 2006 218.35 million (calculated using a population growth rate of 1.2 percent applied to the population announced by BPS for 2005). See Appendix 1 for details. The nominal GDP per capita figure in this paper is slightly lower than the 1663 USD announced by BPS for February 2007 (BPS [2007:8], but higher than the 1369 USD in the IMF World Economic Outlook (http://www.econstats.com/weo/C076V015.htm).

1966 was around 2500 USD. In the 13 years from 1954 to 1966, Japan was both an aid recipient and an aid donor. At the end of the 1960s, as GDP per capita reached the 3000 USD mark, the provision of aid and overseas investment gained momentum. The 4000 USD mark was reached in 1972.

With their different histories of national foundation, Japan and Indonesia cannot be discussed in equal terms, but the general image is that the period until 2020 for Indonesia is equivalent to the period in which Japan was both an aid recipient and an aid donor, and the period from high growth through until the post oil-shocks.

China is currently both an aid recipient and an aid donor. The nominal GDP per capita in China only just reached 2000 USD in 2006, but China has not only started to provide foreign aid, but also to make overseas investments and international acquisitions actively.

The transition from an aid recipient to an aid donor is an issue that strongly reflects the political will of a country, and does not necessarily correspond to economic levels. However, the economic level is a necessary condition of graduation from aid. There may be some room to argue about using nominal GDP per capita as the only economic indicator, but here I use it as a guide.

Based on the above discussion, the outlook of Indonesia graduating from ODA is summarized as follows.

- Indonesia will reach an economic level at which it is able to graduate from receiving ODA in around 2020. The periods covered by the next two governments can be positioned as a period of preparation for graduation and a transition period from aid recipient to aid donor.
- Indonesia’s nominal GDP per capita will pass the 2000 USD mark during the current Yudhoyono government, reaching a level at which Indonesia could start providing foreign aid while being an aid recipient.
- At the start of the next government, IDA financing and Japanese grant aid will move toward an end, and the nominal GDP per capita will reach 3000 USD during the administration. The first half of the transition period is marked by a start of preparations within the government for graduation from aid.
- In the government after next, nominal GDP per capita will reach 6000 USD in the high-growth scenario, and exceed 4000 USD in the low-growth scenario, shortening the repayment period for IBRD loans. In the latter half of the transition period, Indonesia will become clearly aware of the graduation from aid and the transformation into a net aid donor, and step into international society as an aid donor.

4. Employment Creation Scenarios

Will income distribution be improved along with the rising level of income in 2020? The creation of employment serves as a bridge between growth and distribution. If employment is created along with growth, unemployment and poverty will be reduced.

I assume a high-employment scenario and a low-employment scenario. The employment elasticity and number of jobs created are shown in Table 2.

Table 2 Assumptions in the High-Employment and the Low-Employment Scenarios

	Employment Elasticity[1)]	Reference Period (year)	Number of Jobs Created per 1% of Growth based on 2006 (1000 persons)	Population Growth Rate	Labor Participation Ratio
High-Employment Scenario	0.39→0.28	1985-95	369→267	1.2%→1.1%	0.48%→0.52%
Low-Employment Scenario	0.28	1985-95／2000-05	267		

Note: 1) Growth rate in jobs per 1% of GDP growth.

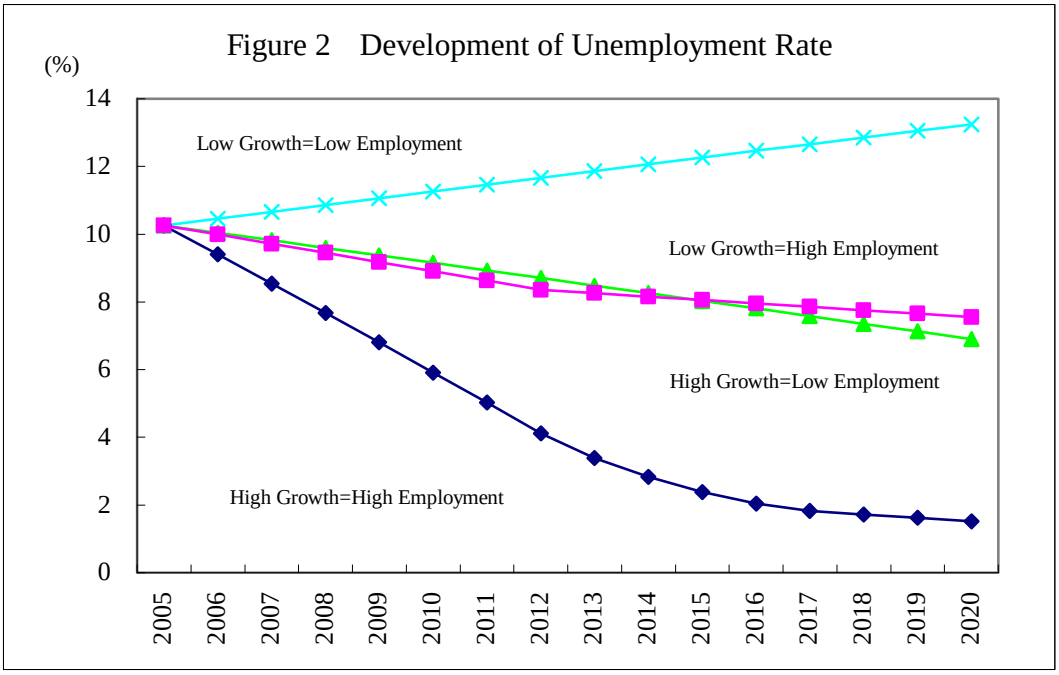
Source: By author.

In the high-employment scenario, the average employment elasticity of 0.39 during the last decade of the Soeharto administration (1985-1995) is adopted. In the low-employment scenario, average employment elasticity of 0.28 during the period from 1985 to 2005 (excluding the period of confusion from 1995 to 2000) is adopted. Based on the 94.95 million working population as of 2006 as the starting point of the estimation, the number of jobs created by 1 percent of GDP growth is 370,000 per year in the high-employment scenario and 270,000 per year in the low-employment scenario. During the Soeharto administration, it was assumed that 1 percent of GDP growth created approximately 400,000 jobs, and this was the basis for 6 percent growth being required to absorb new entrant working population[4]. However, the estimation here adopts figures reflecting a decline in employment elasticity over time. The low-employment scenario uses the average elasticity covering the period of 2000-2005, when the figure of elasticity was extraordinarily low at 0.07 (see Appendix 3 for details)[5]. Also in the high-employment scenario, I assume that employment elasticity would gradually decline during the period observed.

[4] Islam and Nazara [2000:10,12,17] estimated that the employment elasticity was 0.48 in the period between 1978 and 1996, and that 428,000 jobs were created per year by 1 percent of GDP growth.

[5] As shown in Appendix 3, there are two sets of figures for 2000-2005. Although both have problems in statistical accuracy, the lower of the two was adopted here.

Figure 2　Development of Unemployment Rate



Source: By author.

As shown in Figure 2, in the high-growth=high-employment scenario, the unemployment rate falls from the current level of 10 percent to 3 percent at the end of the next government, and the unemployment problem will be eliminated during the government after next. In the high growth=low employment scenario, however, the unemployment rate will be at 9 percent during the current government and decrease only to 7 percent even in 2020. In the low growth=high employment scenario, the unemployment rate will stay high at 8 percent. The low growth=low employment scenario shows that the unemployment rate will continue to rise, reaching 13 percent in 2020.

It is thus indicated that, even though the high growth is achieved, unemployment will not be eliminated in the long term if job creation results in failure. Accumulated unemployment preserves poverty, and may increases pressure to push labor overseas. The high-growth=low-employment scenario shows that, while GDP per capita increases on average, disparity is expanding because growth is not accompanied by equity. Even if an economic level enabling graduation from aid is reached, it is possible that ODA is still required to cope with poverty and disparity.

This estimation reveals that it is crucial not only to achieve high growth but also to increase employment concurrently, in order to avoid such a gloomy scenario.

5. Indonesia as a More Advanced Developing Country with Increasing International Presence

The growth scenario until 2020 presented earlier could be summed up as "Indonesia becoming a more advanced developing country." According to this scenario, at the end of the next administration in around 2013-2015, Indonesia will rise from a lower-middle-income country to an upper-middle-income country.

Given the world's fourth largest population totaling 220 million (2006), Indonesia's economic scale will have a significantly increased presence as it becomes a more advanced developing country. In 1995, before the Asian monetary crisis, the OECD predicted that the next economic powers will be China, Brazil, Russia, India and Indonesia. Indonesia subsequently fell into decline, and this forecast ended up being "phantom BRIICs". But recently, Indonesia has entered the limelight once again as one of the post-BRICs countries. OECD again advocates "BRIICS" including Indonesia and South Africa as countries with which it needs to work more closely in the council meeting at ministerial level in 2007 (OECD [2007]).

Table 3 shows a comparison of the world ranking of the BRICs, Japan, the United States and Indonesia in terms of such basic indicators as the economic scale, population and territory.

Table 3 Compariton of Basic Indicators: BRICs, Indonesia, USA and Japan

Indicators	Year	China	India	Brazil	Russia	Indonesia	USA	Japan
Nominal GDP (billion USD)	2006	2,626 (3)	724	1,067	979	364	13,254 (1)	4,363 (2)
	2050	44,453 (1)	27,803 (3)	6,074 (5)	5,870 (6)	5,100 (7)?	35,165 (2)	6,673 (4)
Population (millions)	2005	1,308 (1)	1,107 (2)	184 (5)	143 (7)	219 (4)	296 (3)	128 (10)
	2050	1,395 (2)	1,531 (1)	233 (8)	n.a.	294 (5)	409 (3)	110 (15)
Territory ($1000km^3$)	2006	9,600 (3)	3,290 (7)	8,550 (5)	17,080 (1)	1,860 (9,800)*	9,630 (2)	380

Note: Figures in parentheses are world ranking.

* including sea territory.

Source: - 2006 nominal GDP and 2005 population are statistics from the respective countries. Nominal GDP in India is for 2005.

- 2050 nominal GDP is from Purushothaman [2003]. The figures for Indonesia are forecasts for 2030 from Yayasan Forum Indonesia [2007].
- 2050 populations are from NIPSSR [2005].
- Figures for territory are based on the country data on the JETRO website (http://www.jetro.go.jp).

The table confirms that Indonesia will continue to be one of the world's most populous countries, and that the territory is as large as China and the United States, if

territorial waters are included considering that Indonesia is an archipelagic country. The large territory is linked to rich resources. At present, the economic scale of Indonesia falls well short of BRICs, the United States and Japan. However, considering the size of the population and resources, it is possible that it will rise to a position following after BRICs, the United States and Japan in the future.

The reason this international comparison has been used here is to indicate that Indonesia has a latent awareness of being a major power. Due to the Asian monetary crisis and the subsequent regime change, Indonesia's GDP growth rate was less than 5 percent for seven years from 1997 until 2003. The country experienced "lost seven years" for the first time in the past 40 years. Many Indonesians lost their confidence, despite that the country has successfully carried out the largest political reforms since the nation founding. After national leaders were elected in direct elections by 150 million voters in 2004 and the economy returned to a growth track, they are gradually gaining back their confidence. Once the people regain their confidence, Indonesia will begin to stamp its presence in the Asia region and in the international society. The Indonesian people have a strong sense of resistance to foreign power that was honed through their harsh history of the long colonial times. The "lost seven years" under the supervision of the IMF reminded them of this humiliation. Now that they voiced "not to want to be dictated" from foreigners, Indonesia is taking the step into the next stage of its development toward a more advanced country.

In establishing its presence in the international society, Indonesia must first gain a foothold by recovering its status as a leader with a presence in ASEAN. Furthermore, it has the new appeal of being "the world's largest Muslim democracy," and sees itself as serving a bridge between Muslim countries and non-Muslim countries such as the United States, Europe and Japan. With its military, the country is actively making international contributions through U.N. troop deployments to conflict areas. In addition, as Indonesia becomes a more advanced developing country, it is conceivable that the country will be motivated to make international contributions in an economic aspect such as providing assistance to less developed countries including those in Africa.

However, Indonesia will face challenges in moving toward a more advanced developing country. The World Bank examines a "middle income trap" in which middle-income countries are unable to make a transition to high-income countries. The challenges of the trap include the balance between growth and the environment, the balance between growth and equity, the improvement of education and workforce training, the maintenance of social cohesion, and the improvement of social security systems (World Bank [2007]). The "middle income trap" is basically assumed to refer to

China, Malaysia and Thailand, but it is probably best to assume that Indonesia will eventually face the same challenges in the near future.

6. Indonesia's Development Issues Looking Toward 2020

Based on the above discussions, development challenges faced by Indonesia looking toward 2020 can be organized into the four issues below. The issues are set according to the three objectives of Indonesia's development policy over time, *sustained growth*, *distribution and poverty reduction*, and *stability and security* (Indonesia Study Team IDE [2008]). These are the objectives not only for development within the country, but also for Indonesia's future international contributions.

(1) The issue for *sustained growth* is to realize the high-growth scenario presented in Section 2. Sustained growth includes achieving both growth and environmental preservation.
(2) Issues for *distribution and poverty reduction* are twofold. The first is to reduce poverty and disparity by realizing the high-employment scenario presented in Section 4. The second is to reduce poverty and disparity by directly taking poverty reduction measures for groups and regions not involved in high-growth and high-employment mechanisms.
(3) Ensuring *stability and security* is a prerequisite for realizing the high-growth=high-employment scenario. The issue is to establish a stable democratic system in Indonesia by improving capabilities in national governance.
(4) New issues for contributing to international society is to promote *stability and security* inside and outside the Asian region, and to serve for *sustained growth* and *distribution and poverty reduction* in less developed regions utilizing Indonesia's experiences.

The identification of issues is intentionally made in the simple form as far as possible, in order to provide clear target functions in analyzing Indonesia's desirable development strategies and Japan's assistance policy.

Of the issues mentioned above, Higashikata, Michida and Takahashi [2008] explores (1) and (2) to seek what Indonesia should do, applying econometrical analysis. Indonesia Study Team [2008] and Matsui [2008] examines in what and how Japan should assist Indonesia, assuming Indonesia challenging the issues from (1) to (4).

7. Toward the Realization of the Best Scenario

This paper has presented a future scenario that Indonesia will reach the economic level enabling it to graduate from ODA in around 2020. It has also shown the realization of high growth and high employment creation as the best scenario.

The best scenario we envisage for Indonesia can be elaborated as follows. Indonesia realizes high growth = high employment creation to reduce poverty and disparity, on the basis of stable democratic regime for the period leading up to 2020. This will make Indonesia a more advanced developing country and it will increase its presence as being capable of contributing to international society by 2020. As a result, the country will reach the stage that it can evolve from an aid recipient to an aid donor not only due to political demands, but also as a consequence of socioeconomic development.

I do not claim that Indonesia has a high probability of achieving this best scenario. Nor do I have any intention to discuss how high or low the probability is. My argument here presents the specifics of the best scenario for the sake of identifying what needs to be done in order to achieve it. Needless to say, it is assumed that Japan assist Indonesia with the aim of enabling it to realize the best scenario.

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Appendix 1

Growth Estimation in Indonesia: the High Growth and Low Growth Scenarios

Year	Population (1000 persons)	Constant GDP (billion rupiah)		GDP Deflator (2000=1.0)	Nominal GDP				Per Capita Nominal GDP			
					Rupiah basis (billion rupiah)		Dollar basis (million USD)		Rupiah basis (1000 rupiah)		Dollar basis (USD)	
		High	Low		High	Low	High	Low	High	Low	High	Low
2006	221,835	1,846,655	1,846,655	1.8	3,338,196	3,338,196	364,460	364,460	15,048	15,048	1,643	1,643
2007	224,497	1,970,381	1,938,988	1.9	3,759,487	3,699,588	417,721	411,065	16,746	16,479	1,861	1,831
2008	227,191	2,102,396	2,035,937	2.0	4,252,054	4,117,642	472,450	457,516	18,716	18,124	2,080	2,014
2009	229,918	2,243,257	2,137,734	2.1	4,809,159	4,582,935	534,351	509,215	20,917	19,933	2,324	2,215
2010	232,677	2,393,555	2,244,621	2.3	5,439,255	5,100,807	604,362	566,756	23,377	21,922	2,597	2,436
2011	235,236	2,553,923	2,356,852	2.4	6,151,906	5,677,198	683,545	630,800	26,152	24,134	2,906	2,682
2012	237,824	2,725,036	2,474,694	2.6	6,957,928	6,318,722	773,103	702,080	29,257	26,569	3,251	2,952
2013	240,440	2,893,988	2,586,055	2.7	7,684,893	6,867,187	853,877	763,021	31,962	28,561	3,551	3,173
2014	243,085	3,073,416	2,702,428	2.8	8,487,810	7,463,259	943,090	829,251	34,917	30,702	3,880	3,411
2015	245,759	3,263,967	2,824,037	2.9	9,374,617	8,111,070	1,041,624	901,230	38,146	33,004	4,238	3,667
2016	248,462	3,466,333	2,951,119	3.0	10,354,077	8,815,110	1,150,453	979,457	41,673	35,479	4,630	3,942
2017	251,195	3,681,246	3,083,919	3.1	11,435,871	9,580,262	1,270,652	1,064,474	45,526	38,139	5,058	4,238
2018	253,958	3,909,483	3,222,696	3.2	12,630,690	10,411,829	1,403,410	1,156,870	49,735	40,998	5,526	4,555
2019	256,752	4,151,871	3,367,717	3.4	13,950,345	11,315,575	1,550,038	1,257,286	54,334	44,072	6,037	4,897
2020	259,576	4,409,287	3,519,264	3.5	15,407,877	12,297,767	1,711,986	1,366,419	59,358	47,376	6,595	5,264
Assump-tion	Population Growth	GDP Growth Rate		Inflation Rate			Exchange Rate				Exchange Rate	
	1.2(06-10)	6.7（06-12）	5.0（06-12）	6.0(06-12)			1USD＝9000 rupiah				1USD＝9000 rupiah	
	1.1(11-19)	6.2（13-19）	4.5（13-19）	4.0（13-19）								

Note: The fugires for 2006 are actual data, except population that was calculated from the estimated data for 2005 (219,205 persons).

Source: by author based on BPS, *Statistik Indonesia 2005/2006* , Jakarta ／ BPS, [2007] ／ National Income Statistics accounced by BPS in Feburary 2007.

Appendix 2

Japan's Development: Per Capita Nominal GDP and ODA Related Events

Year	Per Capita Nominal GDP	ODA Related Events	
		Receiving ODA	Providing ODA
1953	1,008	Started receiving loans from the World Bank.	
1954	1,081		Started technical cooperation and compensation (to Burma).
1958	1,430		Started Yen loan (to India).
1959	1,534		Established OECF. Joined DAC.
1962	1,893		Established OTCA (predecessor of JICA).
1964	2,177		Joined OECD.
1966	2,505	Concluded the final loan agreement with the World Bank. =Graduation of ODA	
1969	3,091		Started providing grant.
1970	3,315		
1971	3,608		
1972	4,022		Established the Japan Foundation.
1973	4,483		
1974	4,762		Established JICA.
1975	5,307		
1976	5,771		Completed providing compensation.
1977	6,344		
1978	7,083		
1979	8,025		
1980	8,930		
1985	12,971		
1990	18,792	Completed the repayments to the World Bank.	
1995	22,504		
2000	25,597		
2005	30,773		

Note: The figures of GDP in dollars are based on purchasing power parity (PPP) of current exchante rates of each concerned year.

OECF: Overseas Economic Cooperation Fund OTCA: Overseas Technology Cooperation Agency

DAC: Development Assistance Committee OECD: Organization for Economic Cooperation and Development

Source: - GDP after 1970 is from OECD long-term statistics（http://stats.oecd.org/).

- GDP before 1970 is calculated retroactively from the OECD statistics on the basis of Okazaki [1997:13].

- Events related to ODA are from MOFA [2004] and JICA website (http://www.jica.go.jp).

Appendix 3

Employment Elasiticity in Indonesia

Period	Growth Rate of Employment	GDP Growth Rate	Elasticity
1980-1985	3.75%	3.58%	1.05
1985-1990	2.72%	6.06%	0.45
1990-1995	2.26%	6.88%	0.33
1995-2000	2.97%	0.73%	4.08
2000-2005	0.31% 0.90%	4.53%	0.07 0.20

(Note) -For 2000-2005, the upper figures are based on working population from population sensus (2000) and manpower statistics (2005), and the lower figures are from manpower statistics for both years.

-Figures are not seasonally adjusted; e.g. population sensus is as of June, manpower statistics of 2000 as of August, and that of 2005 as of November.

-2000 manpower statistics is estimated results, based on samples about half (around 32,000 households) of that of 2005, using 2000 population sensus before confirmed.

(Source) Computed by Higashikata based on BPS, *Keadaan Angkatan Kerja di Indonesia 2005* ; *Statistik Indonesia* , various years; *Survei Penduduk Antar Sensus* , various years; and *Penduduk Indonesia 2000* .

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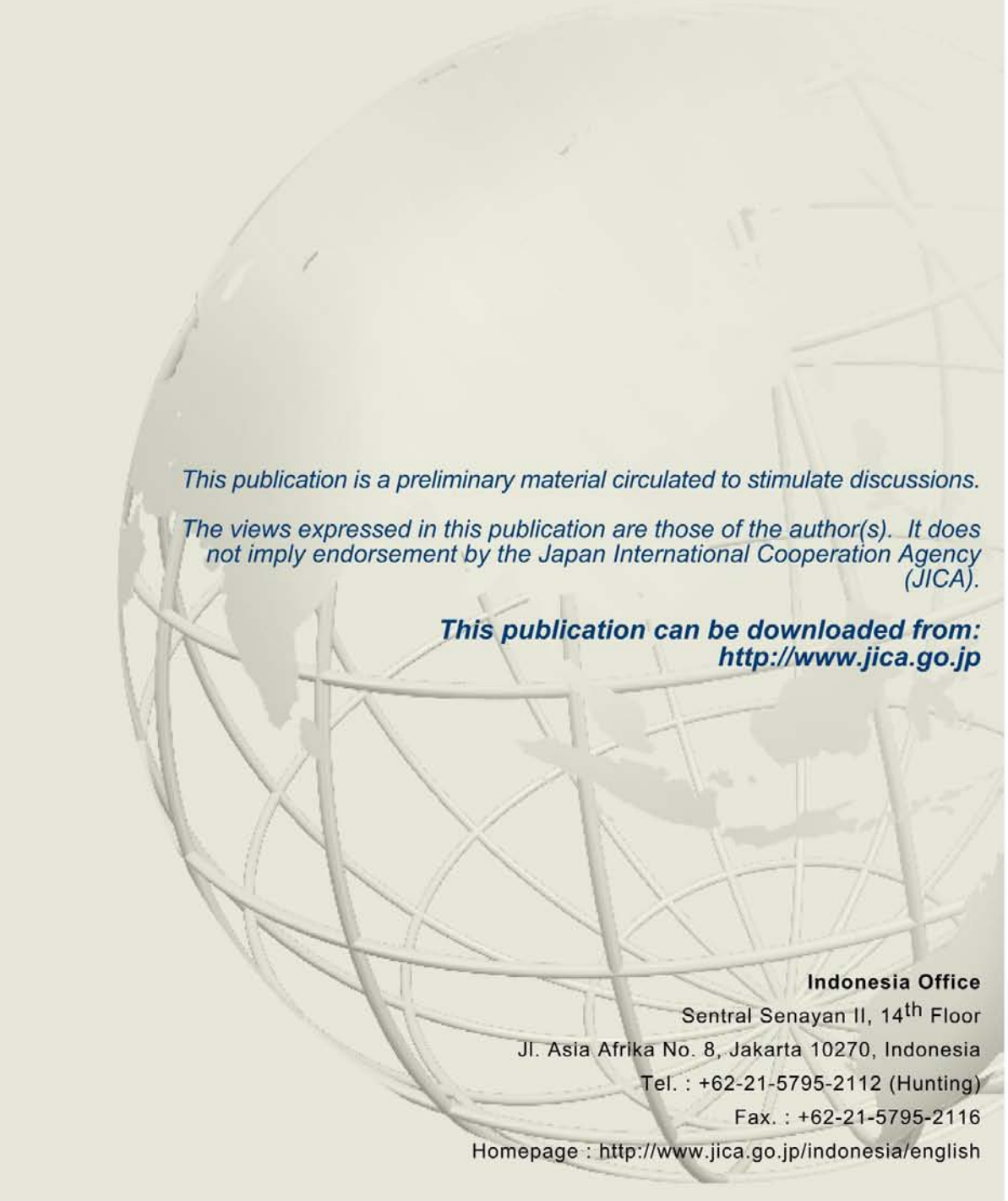

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