
Indonesian stimulus program running slowly as of Q3

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The Jakarta Post reported that, despite hype that this would help accelerate the economy amid the global downturn, the government's stimulus program for infrastructure projects has been running slowly as of the third quarter of the year.

Mr Hatta Radjasa coordinating minister for the economy said that the stimulus package, totaling IDR 12.2 trillion, was designed to help cushion the negative impacts of the global economic downturn but only 35% of it has been disbursed during the January to September 2009 period. He added that "Only 35% of the stimulus has been absorbed. However, we are still optimistic that the rest of the infrastructure stimulus could be absorbed in the next 2 months."

According to Mr Hatta, chief among the problems slowing down the implementation of the program has been the absence of clear guidelines which would be resolved following the issuance of supporting presidential regulations. He said that "We find that the complicated administration process is a core problem. We expect the presidential regulation will help ministries speed up these infrastructure programs."

The package includes paying the income tax contributions of employees working in industries hit hardest by the global economic crisis by up to IDR 6.5 trillion, subsidizing diesel by IDR 2.8 trillion and additional spending on infrastructure of IDR 12.2 trillion.

The stimulus for infrastructure forms part of regular programs at ministries and government agencies. The Public Works Ministry and the Transportation Ministry are the largest recipients of the stimulus, package, with IDR 6.6 trillion and IDR 2.2 trillion respectively. The government plans to finance 29% of a total IDR 1,430 trillion investment in infrastructure funding during the 2009-2014 period, with the shortfall targeted to come from local and overseas investors.

(Sourced from www.thejakartapost.com)

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