

Regional Economic Policy Analysis: Problem Structuring and Forecasting Economic Growth in East Kalimantan

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Abstract

Economic development plays a crucial role in efforts to improve income and welfare for the community. However, East Kalimantan still faces various issues in its economic growth. Slow economic growth can be a hindrance to achieving development goals. Therefore, policy analysis on regional economic policies is essential. The aim of this research is to provide a detailed description and in-depth analysis of the existing problems of economic growth in East Kalimantan Province and to forecast the economic growth of East Kalimantan Province for the next five years, which will serve as the basis for strategic planning for the future of the region. This research is a qualitative descriptive study. Data sources were selected using purposive sampling techniques. Data collection techniques included observation, interviews, and documentation. The data analysis technique used is the interactive model from Miles et al., (2014), which consists of data reduction, data display, and conclusion drawing or verification. The results of the study indicate that East Kalimantan Province faces serious challenges in economic diversification and reducing dependence on the mining and quarrying sector. This situation poses long-term risks as natural resources are non-renewable. Serious efforts are needed to formulate policies that promote economic diversification to ensure economic sustainability. The economic growth forecast highlights the importance of careful strategies in optimizing the potential of the National Capital City relocation to support stable and sustainable economic growth in the future.

Keywords: Economic Development; Policy Analysis; Regional Economic Policies

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1. Introduction

Policy analysis is a tool to reveal the essence of actual public actions, as policies are considered manifestations of their essence (Knoepfel et al., 2007). Policy analysis has a practical focus and aims to identify the most optimal choices in addressing current challenges (Fischer et al., 2007). It has expanded its scope and its results are increasingly applied in the policy development processes within legislative and administrative domains (Anderson, 2003).

One of the policies that must be considered in its implementation process is development policy. Development policies implemented by the government essentially stem from the society itself. Development is a planned process of change to enhance various aspects of community life (Digdowiseiso, 2019). As explained by Hasan & Aziz (2018), the fundamental problem of a nation is to find and achieve an ideal societal state. The search for an ideal formula and strategy to transform society can be termed as development. This responsibility is officially bestowed upon the state by its government, thus making it the government's responsibility to lead all citizens towards a better state of development within a specific

timeframe.

The province that will be specifically highlighted in development is East Kalimantan. This is based on the issuance of Law Number 3 of 2022 concerning the Capital City (IKN), which designates East Kalimantan Province as the location of the new IKN, a crucial step to promote more equitable development growth in Indonesia. Furthermore, the relocation of the national capital from Java Island to Kalimantan Island is one of the efforts to promote regional equity to reduce the gap between the Eastern and Western regions of Indonesia, especially between Java and non-Java regions (Hariati & Saputri, 2022).

One of the macro indicators of development in East Kalimantan Province is economic growth rate. Additionally, with the establishment of one of the development goals in the Regional Development Plan of East Kalimantan Province for the years 2024-2026, which is to achieve quality economic growth, the East Kalimantan Provincial Government has set several target indicators, including the economic growth rate. However, East Kalimantan Province still faces challenges in economic development, especially concerning the established goal indicators.

Economic development is crucial for a region, particularly in efforts to increase income and the welfare of the people (Hidayat et al., 2022). However, the economic growth rate in East Kalimantan is still problematic. Yet, one of the success factors of regional development can be seen from its economic growth rate (Safira et al., 2019). The economic growth rate of East Kalimantan Province has been fluctuating in recent years. This can be observed in the figure below.

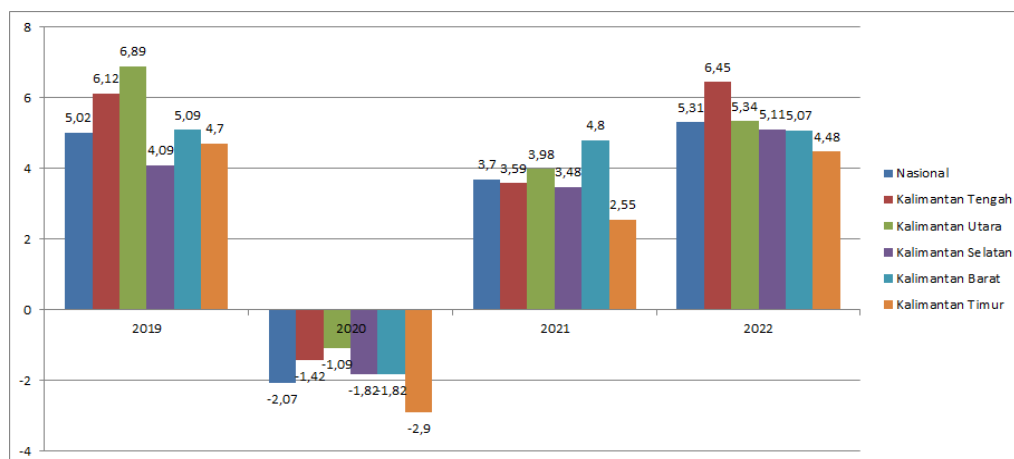


Figure 1.1 Economic Growth Rate of National and Provincial Levels in Kalimantan Island from 2019 to 2022

Source: (Sistem Informasi Dan Manajemen Data Dasar Regional, 2023)

Based on Figure 1.1, the data processed from the website of the Regional Basic Data Management and Information System shows that the economic growth rate of East Kalimantan (Kaltim) is still lower than the national economic growth rate. In 2022, the economic growth rate of East Kalimantan was the lowest in Kalimantan Island, standing at only 4.48%. This undoubtedly calls for economic development policies that integrate government efforts to create a conducive environment for sustainable economic growth.

Examining policy issues is essential in policy analysis. As explained by (Dunn, 2018), one of the stages of policy analysis is problem structuring, which is a key prerequisite that influences the effectiveness of other stages of policy analysis. Analysts often fail because they may identify the wrong problems rather than because of errors in finding solutions to the real problems. Additionally, Dunn (2018) describes how forecasting helps examine plausible, potential, and normatively valued futures; estimate the consequences of existing and proposed policies; specify probable future constraints on the achievement of objectives; and estimate the political feasibility (support and opposition) of different options.

This research aims to examine the stages of policy analysis outlined by Dunn (2018), namely problem structuring and forecasting: (1) Existing economic issues in East Kalimantan; (2) Economic growth forecasting in East Kalimantan.

2. Research Design and Method

This research adopts a qualitative research approach. The qualitative research process, as described by Creswell (2019), involves several important steps, such as formulating research questions and procedures, collecting specific data from research participants, conducting inductive data analysis that moves from specific to general, and interpreting the meaning of the data. The final report of qualitative research generally has a more flexible framework. Anyone involved in this type of research should adopt an inductive-oriented research approach, paying special attention to individual meanings, and unpacking the complexity of an issue.

This study utilizes a qualitative descriptive research method, which involves gathering qualitative data through interviews with representatives from the Regional Development Planning Agency (BAPPEDA) of East Kalimantan Province and collecting secondary data through government documents, internet sources, and previous qualitative research. Subsequently, an elaboration process is conducted in the preparation of research results.

Data sources play a crucial role in research as they form the basis for ensuring the validity of findings. In this study, there are two types of data sources: primary data and secondary data. The selection of primary data involves key informants and informants through purposive sampling techniques, which refer to specific considerations in selecting data samples (Sugiyono, 2020). This technique selects individuals considered to have in-depth knowledge of the research topic, such as a leader or individual who can help researchers understand the social context being studied. Primary data is obtained directly from key informants and informants through interviews guided by research interview protocols using purposive sampling methods.

In this study, researchers use qualitative data analysis techniques with an interactive model developed by (Miles et al., 2014). The data analysis stages include data collection, data condensation, data presentation, and conclusion drawing and verification. Data collection is done through observation, interviews, and documentation at the Regional Development Planning Agency (BAPPEDA) of East Kalimantan Province. Then, the data is condensed to summarize, select, and simplify relevant information. Data presentation is done in the form of brief summaries, tables, graphs, and images. Finally, conclusions are drawn and verified based on the results of data analysis presented in narrative form. The analysis process is interactive, where data reduction, data presentation, and conclusion drawing are repeated until a deep understanding of the research object is achieved.

3. Results and Discussion

Problem Structuring of Economic Growth in East Kalimantan Province

1. Problem Situation

Problem Situation is a stage where stakeholders seek diverse representations of issues from various perspectives in the policy context (Dunn, 2018). From the research findings, the broad issues faced by East Kalimantan Province in economic growth are still closely related to the mining and excavation sector, which consistently remains the main contributor within the economic framework of the region. Based on the research findings by Suharto et al., (2015), the local communities in East Kalimantan feel more negative impacts than positive ones from the coal mines in their area. Despite an increase in employment and income, these impacts are indirect and temporary. Coal mining in East Kalimantan leads to environmental issues and imbalance between economic growth and social development (Bachruddin &

Saraswati, 2021).

The dependency of East Kalimantan Province on the mining and excavation sector has been a long-standing issue. This is due to the abundance of natural resources, particularly abundant mining products in East Kalimantan. Although the economic growth of East Kalimantan appears stable in numbers, its long-term impacts could be disadvantageous, especially concerning environmental aspects. Additionally, other factors such as global policies focusing on renewable energy use also justify East Kalimantan Province not solely relying on the mining and excavation sector.

As explained by Lung (2020), the coal mining sector in Indonesia, especially in East Kalimantan (Kaltim), is currently facing several challenges, including declining coal commodity prices, demands for environmental management and social responsibility, issues related to global warming, efforts towards coal downstreaming, and declining interest from financial institutions in supporting this industry. According to Marennu (2019), Governments, both at the national and local levels, often claim that the presence of coal mining industry in an area will enhance the economic and social welfare of local communities. However, based on observed phenomena, it is evident that governments tend to support the interests of capital owners rather than protecting the rights of communities related to their lives and land exploited by mining companies. Ideally, the government should act to protect the community from the negative impacts caused by the mining industry, often seen as a "destructive giant" for East Kalimantan.

Another research finding by Kuncoro & Idris (2010) explains that East Kalimantan has not undergone structural transformation in its economy, but rather experiences symptoms of deindustrialization. The analysis indicates that the abundance of oil and gas, as well as the dominance of the mining and excavation sector, are the main factors inhibiting industrialization. This makes East Kalimantan a clear example of "growth without development".

The findings of this research state that Challenges continue to arise in achieving economic diversification as the extractive sector still dominates. Although awareness of the importance of economic transformation has increased, concrete steps to encourage economic diversification still need to be strengthened. Margiyono et al., (2019) explain that the structural transformation of relying on non-renewable mining sectors to renewable resource-oriented ones is a crucial step in reducing ecological disaster risks and their negative effects. The speed in responding to efforts for economic structural transformation is one strategy to mitigate potential ecological disasters and their negative impacts.

The dependency of East Kalimantan Province on the mining and excavation sector is a significant macro issue in the economic growth process. Its widespread impact, both environmentally and socially felt by all segments of society, requires special attention from various parties. As explained by Winarno (2014), public issues refer to issues that have widespread implications and involve the entire community, regardless of direct involvement of individuals in the problem. In other words, these issues not only affect individuals directly involved but also touch on many aspects of life and the welfare of the community in general.

This problem situation highlights the strong economic dependency on the mining and excavation sector in East Kalimantan. While this sector has been the backbone of the regional economy, excessive dependence leaves the province vulnerable to commodity price fluctuations and global changes in natural resource demand. Moreover, the dominance of the mining and excavation sector also poses risks to economic inequality, lack of economic diversification, and lack of innovation in other sectors. Therefore, strategic steps to stimulate sustainable and inclusive economic growth in East Kalimantan are becoming increasingly urgent.

In conclusion, the problem situation faced by East Kalimantan Province in the context of economic growth is still closely related to the dominance of the mining and excavation sector. Although this sector has been the main driver of the regional economy, excessive dependence makes the province vulnerable to commodity price fluctuations and global changes in natural resource demand. The negative impacts of the mining industry, both environmentally and socially, are also serious concerns, while efforts for

economic diversification have not yet reached adequate levels. The required structural transformation to reduce risks and encourage sustainable economic growth is still hindered by the dominance of the extractive sector. Therefore, stronger and more focused strategic steps are needed to address these challenges and stimulate inclusive economic growth in East Kalimantan.

2. Meta Problem

Meta problems are underlying issues that form the backdrop to various emerging problems (Dunn, 2018). In the context of discussing the economic growth of East Kalimantan, which remains heavily reliant on the mining and excavation sector, several meta problems are identified from research findings.

Firstly, the designation of East Kalimantan as an energy powerhouse has resulted in a high economic dependency on the mining sector, particularly coal. The island of Kalimantan is recognized as the national energy powerhouse. It is even stated in the National Medium-Term Development Plan (RPJMN) 2020-2025 that the development direction of the Kalimantan region is to maintain its role as a national energy powerhouse through the downstream development of coal commodities. Stipulated in Presidential Regulation Number 3 of 2012 concerning the Spatial Planning of Kalimantan Island, the island of Kalimantan is acknowledged as the main base in efforts to achieve energy independence and become the main energy source for national needs, especially in the electricity sector. Additionally, Kalimantan is also a major center for mineral mining, coal, as well as oil and gas in Indonesia. This policy tends to direct investment and development more towards the mining sector than other sectors. Over time, dependence on the mining sector has strengthened as most of the revenue and employment come from mining activities. This renders the economy of East Kalimantan vulnerable to commodity price fluctuations, global demand for natural resources, and the lack of economic diversity to mitigate the negative impacts of declining mining activities.

Secondly, the policy of granting permits to companies controlled by the Central Government reduces regional autonomy in developing the local economy. The policy of granting permits to companies controlled by the Central Government reduces regional autonomy in developing the local economy by giving greater authority to the central government in managing and supervising the mining sector. Consequently, decisions regarding licensing and regulations in the mining industry, which were previously the authority of regions, are now more determined by central authorities. This reduces the direct control held by local governments in determining the direction of local economic development in accordance with the characteristics and needs of local communities. This withdrawal of authority can also hinder regional initiatives in developing alternative economic sectors that are more sustainable and diverse, as the primary focus of the central government tends to be on managing natural resources that have the potential to generate significant national revenue. Research by Rachman et al., (2021) explains that the authority previously held by Regional Governments is now fully transferred to the Central Government, especially regarding mining management. This is a violation of the principle of Regional Autonomy, which gives rights and authority to Regional Governments to manage their own local affairs, but now these authorities have been revoked, especially concerning minerals and coal.

Thirdly, the lack of discovery of other economic sectors capable of replacing the role of the mining and excavation sector in supporting economic growth. The absence of other economic sectors that can replace the role of the mining and excavation sector is due to several factors. First, the mining and excavation sector is financially dominant, making it difficult for other sectors to compete in terms of investment and job creation. Second, infrastructure and human resources related to the mining sector hinder the development of other sectors that require different capital and skills. Third, dependence on this sector can create resistance to economic diversification due to concerns about uncertainty and potential changes.

Previous research findings are also in line with these research findings. Nababan et al., (2014) stated that the economy of East Kalimantan is highly dependent on the exploitation of natural resources, which

causes negative impacts both environmentally and socially. From an environmental perspective, resource-based economic activities make East Kalimantan one of the provinces with the highest carbon emissions in Indonesia. This is due to the fourth factor, namely, the downstreaming of the non-oil and gas sector is still not optimal, so the economic value added is limited and not maximal. This reason was conveyed by Wahyuningsih (2019) that until now, the mining and excavation sector remains the main pillar of the East Kalimantan economy. There are several reasons why this sector remains important. First, Indonesia is still a developing country, so ownership of the latest technology is still limited, and access to capital is also limited. Second, Indonesia does not yet have a comparative advantage in high-technology and capital-based economic sectors, so the focus of the economy is still on natural resource sectors that employ many workers. Therefore, the mining and excavation sector remain the main sector that meets these qualifications in East Kalimantan.

Other highlighted factors, such as high export demand and large foreign exchange earnings from mining exports, highlight the sustainable dependency on non-renewable resources and challenges in maintaining local economic sustainability and sectoral diversity in East Kalimantan. This emphasizes the need for concrete efforts to address these meta-problems to formulate more effective policies and strategies in enhancing economic growth and the welfare of local communities. The research findings of Maulina (2021) explain that most exports from the mining sector in Indonesia come from East Kalimantan. If exports from the mining sector are halted, the most significant decline in terms of output and income will be felt by East Kalimantan Province. Therefore, the East Kalimantan Regional Government needs to develop processing industries for mining products, especially coal. Through coal downstreaming and domestic market commodity usage, a larger multiplier effect can be generated for East Kalimantan Province and Indonesia as a whole.

In conclusion, the identified meta-problems indicate that the high dependency on the mining and excavation sector in East Kalimantan has various negative impacts, both economically, environmentally, and socially. The designation of East Kalimantan as a national energy powerhouse and a major center for mineral mining, coal, as well as oil and gas adds complexity to these issues. Additionally, the reduction of regional autonomy in mining management by the Central Government reduces flexibility in developing the local economy. The lack of discovery of alternative economic sectors that can replace the role of the mining sector indicates greater challenges in achieving economic diversification and balancing economic growth and environmental sustainability. The need to develop processing industries for mining products, especially coal, through downstreaming and domestic usage can be a strategic step in overcoming dependence on the mining and excavation sector and enhancing sustainable economic growth in East Kalimantan.

3. Substantive Problem

Transitioning from meta problems to substantive issues, as elucidated by Dunn (2018), analysis aims to delineate issues in more specific and general terminology. Analysts endeavor to identify problems in the context of economics, social dynamics, or political science, fundamental to a deeper understanding of the challenges faced. With this approach, analysts can more precisely determine how these issues affect various aspects of life and how their resolution can be effectively directed. This way, a more detailed and focused understanding of the issues can be obtained, enabling the formulation of more precise and efficient policies and actions.

Policy and political aspects become dominant factors influencing the status of East Kalimantan Province as a major producer in the mining and excavation sector. Policies made by governments, both at the central and regional levels, as well as evolving political dynamics, can affect the regulations and permits required for mining and excavation activities. For example, the designation of East Kalimantan as an energy hub or the central government's focus on the mining sector can direct investments and major infrastructure development to this sector.

Moreover, policies related to licensing can also affect the attractiveness of investment in the mining and excavation sector. Therefore, policy and political factors have a significant influence in shaping East Kalimantan's status as a major producer in this sector. As practically explained by Anggara (2018), public policy is the result of political processes within a country's governance system. In this process, there are steps or efforts that must be carried out by the government as the state executor. Dominant policy and political aspects have shaped the status of East Kalimantan Province as one of the main producers in the mining and excavation sector. Consistent with (Meutia (2017) explanation that a policy may be influenced by the agendas and political dynamics of various political forces outside the governmental structure.

Furthermore, suboptimal economic diversification poses a major challenge to East Kalimantan Province in reducing dependence on the mining and excavation sector. Although efforts have been made to stimulate other economic sectors, the results have not been optimal. This indicates that economic diversity in East Kalimantan is still limited, with most economic activities still centered on the exploitation of natural resources, especially coal and oil. The suboptimal economic diversification can pose high economic risks, especially if there are changes in commodity prices or global market conditions that can significantly impact the regional economy. This is also supported by previous research findings. Fitriani (2018) states that the economic transformation in East Kalimantan has not yet reached the expected level as planned by the East Kalimantan Provincial Government. Furthermore, research by Nababan et al., (2014) states that the utilization and management of energy resources in East Kalimantan are becoming less efficient. High economic growth depends only on the increase in production and exploitation of natural resources such as oil, natural gas, and coal. Therefore, economic transformation involving changes in the economic structure of East Kalimantan is needed. Regional development should focus more on reducing economic dependence on non-renewable natural resources such as oil, natural gas, and coal.

Meeting international market demand for mining and excavation products remains an important factor influencing the direction of the regional economy. This indicates that mining and excavation exports from East Kalimantan have a significant market share internationally. Dependency on foreign market demand influences the direction of the regional economy, as production and export of mining commodities are one of the main pillars of East Kalimantan's economic growth. Although these exports provide benefits in the form of foreign exchange and significant regional income, they also carry risks, especially related to fluctuations in global commodity prices and the potential environmental impacts they may cause. As explained by Verico (2017), increasing regional foreign exchange can be obtained through exports that benefit from international trade. Exports have the potential to increase foreign exchange flows and significantly increase regional income. However, increasing dependence on exports in international trade also carries certain risks. As explained by Oktaviani & Novianti (2021), one of these risks is the potential for excessive exploitation of natural resources and negative environmental impacts. Therefore, a careful balance is needed between exploiting international trade opportunities and protecting natural resources and the environment to ensure balanced economic and environmental sustainability.

From the discussion of substantive issues affecting the economy of East Kalimantan, it can be concluded that policy and political aspects play a dominant role in determining the province's status as a major producer in the mining and excavation sector. However, the main challenge is the suboptimal effort in economic diversification, leading to excessive dependence on this sector. Moreover, meeting international market demand for mining and excavation products also influences the direction of the regional economy, with exports having the potential to increase foreign exchange, but also carrying the risk of overexploitation of natural resources and negative environmental impacts. Therefore, a careful balance is needed between exploiting international trade opportunities and protecting natural resources and the environment for sustainable economic

4. Formal Problem

As stated by Dunn (2018), once the main problems are identified, the next step is to elaborate on

the issues with the purpose of formulating a formal problem statement. This is done to provide a more detailed description of the problems at hand, as well as to develop clear and focused problem statements. The lack of optimization in economic policy direction related to economic transformation becomes a formal problem underlying the excessive dependence on the mining sector in East Kalimantan. In the context of East Kalimantan, this indicates that existing economic policies have not fully succeeded in reducing dependence on the mining sector. This lack of optimization can be caused by various factors, such as inadequate infrastructure support for the development of alternative sectors, policies that do not support economic diversification, and certain political interests influencing the direction of economic policy.

As explained by Winarno (2014), formulating policy problems is a crucial step in public policy analysis. Many policy makers fail to solve problems due to a lack of proper understanding of the actual issues. This is not due to errors in the method of resolution, but because the identified problems do not correspond to the root of the actual problems. This indicates that proper problem identification is the key in addressing economic issues, such as excessive dependence on the mining sector in certain regions.

When an economy relies too heavily on one sector, such as mining, the region becomes more vulnerable to fluctuations in global commodity prices and potentially detrimental changes in economic policies. Moreover, excessive dependence on the mining sector can also hinder the growth of other sectors that have the potential to contribute more sustainably to the regional economy, such as tourism, agriculture, or other industries.

Elaborating on the problem of the lack of optimization in economic policy direction related to economic transformation in East Kalimantan is crucial, especially considering the plan to relocate the capital city to this region. With this plan in place, there is a need for greater economic transformation to prepare infrastructure and economic opportunities that can support this significant change. The lack of economic diversification and excessive dependence on the mining sector are problems that need to be addressed so that East Kalimantan can overcome challenges and capitalize on opportunities associated with the capital city relocation. As expressed by Purnama & Chotib (2022) regarding the development and relocation of the national capital, it brings strategic potential in the economic aspect, especially through economic transformation and empowerment of Indonesia as a whole, contributing to economic diversification and multiplier effects.

In conclusion, it can be summarized that the lack of optimization in economic policy direction related to economic transformation in East Kalimantan is a profound problem, especially as it leads to excessive dependence on the mining sector. Elaborating on this problem underscores the importance of proper problem identification in formulating public policies. When an economy relies too heavily on one sector, such as mining, the repercussions can be severe as it increases vulnerability to fluctuations in global commodity prices and changes in economic policies. To address this challenge, greater optimization of economic transformation policies is needed. This will help achieve more sustainable economic growth and enhance regional competitiveness.

Forecasting economic growth in East Kalimantan

In this study, the authors utilize the framework of one form of forecasting proposed by Dunn (2018), namely estimation. By collectively exploring Strategic Plans with policymakers, we can identify ways to strengthen economic growth in East Kalimantan Province. All research informants are optimistic about the positive economic growth in the coming years. In the context of East Kalimantan, the development of the National Capital City (IKN) is considered a significant factor with the potential to have a significant positive impact on economic growth in the region. Several previous studies have indicated the economic potential for East Kalimantan in the relocation of the national capital. Hasibuan & Aisa (2020) stated that the relocation of the National Capital City (IKN) has the potential to accelerate national economic growth while maintaining low inflation rates. Furthermore, the growth of the industrial sector in the region, from

upstream to downstream, is expected to increase community income and gradually reduce economic disparities between Java Island and non-Java regions. Additionally, Pribadi & Utomo (2021) also explained that the relocation of the national capital is due to various factors, indicating the need to reduce the economic imbalance centered on Java Island. Economic equalization across Indonesia is crucial to support economic recovery in various regions, allowing the economic process to spread more evenly.

Specifically, the impact of the construction of IKN in East Kalimantan, as explained by Saputra et al., (2021), presents an opportunity to directly boost economic activities through government investment in infrastructure development and government operations in East Kalimantan. The indirect impact of this step is the multiplier effect that can enhance the overall economy, with hopes of creating new jobs, economic growth, and increasing community income. Furthermore, Hariati & Saputri (2022) outlined that the cooperation between three cities, namely the National Capital City (IKN), Balikpapan, and Samarinda, is a major driver for Indonesia's future economy. Samarinda, the historical center of East Kalimantan with a renewed energy sector, also serves as the regional government center and a beacon for sustainable coal mining and a new manufacturing base for renewable energy. The IKN, as the main government center and green innovation hub in the region, encompasses government and community services, innovation and talent development centers, as well as clean and high-tech industries, and serves as the basis for tourism in the region. Meanwhile, Balikpapan, which serves as a downstream hub for the oil and gas industry and logistics in East Kalimantan, also plays a role in downstreaming the oil and gas processing industry into the petrochemical industry, as well as serving as the main port for the province and the region.

East Kalimantan Province needs to ensure that this potential is effectively optimized, provided that the process of relocating the National Capital City proceeds smoothly and continues until completion. However, the forecasts also highlight the importance of not relying entirely on one sector, especially the mining and excavation sector, which tends to be vulnerable to fluctuations in the global market. Therefore, a comprehensive economic transformation strategy is needed to encourage sectoral diversification and optimize regional economic potential. Through these efforts, it is hoped that East Kalimantan can achieve stable and sustainable economic growth in the future, while reducing the risk of economic uncertainty that may arise. Thus, economic growth forecasting is an important foundation for designing effective and sustainable development policies to support the economic progress of East Kalimantan Province. As explained by Dira et al., (2023), East Kalimantan Province can effectively improve the efficiency of human resource development in the National Capital City area. Programs for education, health, and infrastructure need to be enhanced to improve living standards and productivity of the residents. Furthermore, economic diversification must also be implemented to reduce dependence on specific sectors.

Overall, this research highlights the importance of forecasting in planning effective policy measures to address economic growth challenges in East Kalimantan Province (East Kalimantan). Forecasting provides deep insights into how factual information about the future can be generated based on existing data. The economic transformation of East Kalimantan Province is projected to have significant potential for improvement in the coming years. In the context of the relocation of the National Capital City (IKN), the potential to accelerate economic growth in East Kalimantan is highlighted, with an emphasis on economic diversification and comprehensive regional potential optimization. It is crucial for East Kalimantan to ensure the smooth process of relocating the IKN and not overly relying on a specific economic sector. By integrating various aspects of forecasting, East Kalimantan Province can plan and implement effective and sustainable development policies to support stable economic growth in the future.

4. Conclusions

The existing condition indicates that East Kalimantan Province is facing serious challenges in economic diversification and reducing dependency on the mining sector. Excessive reliance on this sector potentially poses long-term risks as natural resources are non-renewable. The lack of discovery of alternative economic sectors, centralized policies controlling company permits, and high export demand

contribute to this problem. Therefore, serious efforts are needed to formulate policies that promote economic diversification to ensure the sustainability of East Kalimantan's economy in the future. Additionally, while economic growth forecasting analysis suggests the potential for increased economic growth in East Kalimantan Province with the relocation of the National Capital City (IKN), careful strategies are required to optimize this potential. Economic sector diversification is crucial in reducing dependency on specific sectors and ensuring the smooth process of the IKN relocation. However, it is important to note that this study has limitations, such as limited data usage and focus solely on economic forecasting analysis; moreover, this study only employs qualitative methods, thus further research is needed to address these limitations and provide a deeper understanding of the challenges and opportunities for economic development in East Kalimantan Province.

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