

Shifting from 'backyard' to 'front yard' in the digital era



Exploring Sustainable Development

with Dr. Goh Chun Sheng

I WAS in Tawau last month, taking a Grab from the airport to the town. It was just too convenient – I am now so used to e-hailing services and e-wallets.

Listening to my driver sharing his adventures in Nunukan and Tarakan, I recalled an article about internet penetration and digital literacy in The Jakarta Post two years ago.

The reporter of this article, Josa Lukman, illustrated how the digital revolution had changed Tarakan, the largest city in North Kalimantan. With the rise of affordable smartphones and data plans, digital platforms like Grab have been able to provide a variety of services in the city, creating new sources of income for the people.

Interestingly, it also revealed that the e-hailing services somehow solved the issue of public transportation in Tarakan. The city, occupied by close to 250,000 inhabitants, is nestled in complex valleys, making it difficult for buses to navigate. But, with e-hailing services, residents can now get around easier.

The e-wallet service is probably the most revolutionary function. One interviewee in the article pointed out that it has substantially transformed the way people perceive and manage their money.

In places like Tarakan, many do



The rise of affordable smartphones and data plans has allowed digital platforms to provide a variety of services in Tarakan city, creating new sources of income for the people. (Photo credit: The Jakarta Post)

not have bank accounts due to limited access to financial services. The e-wallet is a game changer – no more having to worry about the costs, time, and security issues associated with handling cash, making business transactions much more convenient. From the government's perspective, digital payment also allows better monitoring of the informal economy, potentially curtailing the prevalence of illegal activities.

North Kalimantan was once widely considered Indonesia's 'backyard' (teras belakang) and suffered from marginalisation. It was not until 2011 when the term 'front yard' (teras depan) was officially used by the government

to change the policy perspective on the borderland.

The region has received constant attention from the government since President Joko Widodo took office in 2014, setting 'to develop Indonesia from the periphery' as one of his major development goals. Various (mega) projects were introduced and proposed for the province, including a green industrial park in Tanah Kuning and hydropower plants in Kayan and Mentarang Induk, as described in some of the articles in last year's column.

Tarakan, the largest city and also an island in North Kalimantan, is located close to Tanjung Selor, the capital of the

North Kalimantan province. 'Tarakan' is a combination of 'tarak' and 'ngakan' in the Tidung language, meaning the place to meet and eat, respectively. The name is probably given by fishermen who went there to rest, meet, and barter their catch in the past.

Today, it has become a transportation hub that connects Sabah and Kalimantan, operating 3-hour ferry services to and from Tawau. The sea route has been busy with formal and informal exchanges of goods and flows of people.

The city has a history of oil and gas production, but now the economy mainly relies on fisheries

and processing. Tawau has been importing large quantities of marine products from Tarakan. Goods from Tawau also enter Tarakan through various channels. Meanwhile, many Indonesians travel to Tawau from time to time as migrant workers via Tarakan or Nunukan. However, the rapid development in Kalimantan in recent years may have significantly altered the labour force supply dynamics.

In the past decade, the Tarakan city has seen rapid progress in digital infrastructure. According to a study on digital competitiveness by East Ventures, North Kalimantan was ranked the 17th most competitive province in Indonesia in 2022 among the 34 provinces. The pandemic probably played a role in driving and accelerating digital transformation. It is more than just the hardware, as people were forced to adjust their mindsets, lifestyles, and ways of doing business in order to survive.

For example, the arrival of digital platforms has enormous implications for the local women in Tarakan. Traditionally, women in this part of the world have to bear multiple responsibilities. Many are both a housewife and a breadwinner. The availability of flexible-hour income opportunities brought by digital transformation like e-hailing provides them with alternatives to re-organise their daily schedule, potentially reducing unnecessary waste of time in commuting.

Tourism sector is another area that will directly benefit from the digital revolution. Notably, Tarakan is a gateway to one of the most gorgeous places in Borneo, the Derawan Archipelago. This place has been on my list for a while, but I haven't had a chance to go.

Besides the beautiful seascape, what attracts me most is the existence of stingless jellyfish in Kakaban Lake. The lake is one of the two places on Earth where one can swim with the lake jellies (another one is Palau in Micronesia). Imagine the local small and medium operators being able to tap into that potential and promote it to a wider audience through digital

platforms – it's exciting to think about!

Another area worth mentioning is probably waste management. In developing regions like Tarakan, waste collection and recycling can be extremely challenging.

One compelling example is the case of 'WeCycler' in Lagos, Nigeria. A mobile app was created to connect 'subscribers', i.e., residents who sign up for the programme, with waste collectors and handling hubs. The app is equipped with features to streamline the whole process. And get this – the 'subscribers' can actually earn 'points' from recycling the waste, which they can then use to buy everyday items.

It seems that such a system can also be seamlessly integrated into the e-hailing and e-wallet systems mentioned earlier. Coupled with creative little perks like bonus points and gamification, digital tools may significantly change people's behaviours. It is inspiring to learn how digital transformation has changed lives in this region – but I will say these are just the beginning.

In November 2022, the Central Banks of Indonesia, Malaysia, Philippines, Singapore, and Thailand agreed to accelerate cross-border payments, making them faster, cheaper, and more accessible, including through QR codes and fast payment methods. New opportunities may emerge for micro, small, and medium businesses in border regions like Sabah-Sarawak-Kalimantan. Governments can also better monitor and manage informal cross-border trade, reducing unwanted illegal activities.

These will lead to a more integrated and prosperous border economy. Hopefully, the digital revolution can provide breakthroughs to some of the difficult development challenges and steer the trajectories to more sustainable ones.

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