

Analysis Projection of Investment Need in Province of East Nusa Tenggara on 2025

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ABSTRACT

Increasing economic growth in a region certainly requires investment support. For this reason, a projection is needed which is part of the planning to see how much investment is needed to develop economic potential in East Nusa Tenggara Province. This study aims to determine the value of the ICOR coefficient and the projected investment needs in East Nusa Tenggara Province in 2025, as well as the direction of the appropriate investment development policies. The method used is descriptive quantitative and qualitative analysis, using analysis tools in the form of ICOR and SWOT. The results of the analysis show that the ICOR coefficient of East Nusa Tenggara Province during 2013-2019 shows a positive development and the projected investment demand in East Nusa Tenggara Province in 2025 grows positively. Meanwhile, the policy direction that must be taken is improving community entrepreneurial skills, improving infrastructure, creating the pentahelix development concept, increasing innovation in the leading sectors of East Nusa Tenggara Province and ensuring land rights ownership.

Keywords: Economic Growth, ICOR, Investment

1. INTRODUCTION

1.1. Background

Economic development requires investment support to increase the economic growth of a country or region. Where the added value of investment can significantly increase the Regional Original Income from each economic sector which in turn increases the increase in economic growth. Economic growth is defined as an increase in the ability of an economy to produce goods and services [1]. Economic growth is an important output to describe the economic development, economic welfare and economic progress of a country or region.

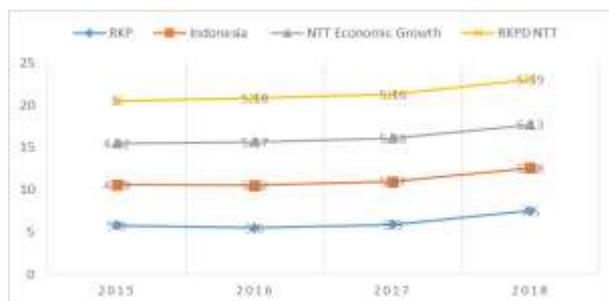


Figure 1 Comparison of Economic Growth in NTT Province

Indonesia's economic growth has fluctuated from year to year, this is indicated by the development of economic growth from 2015 to 2018 (see graph 1). With economic growth in 2016 increasing by 0.23 percent from 2015, and decreasing until 2018 by 0.01 percent from 2017. The province of East Nusa Tenggara also experienced fluctuations in economic growth throughout 2015 to 2018 with economic growth in 2016 it increased 0.25 percent and decreased until 2018 by 0.03 percent (see figure 1).

The decline in Indonesia's economic growth was due to a slowdown in the global economy which gave a negative response in the form of a decrease in the rupiah exchange rate. This also had an impact on the economy of East Nusa Tenggara which was below the target of the 2018 Regional Development Work Plan (RKPD NTT) of 0.26 percent but economic growth in East Nusa Tenggara Province was higher than the national economic growth of 0.05 percent in the same one. This is evidenced by positive growth in all categories of business fields, the highest growth was still dominated by agricultural, forestry and fishery business fields with a contribution of 28.40 percent.

The main component in economic growth is the accumulation of capital which includes all types of

investment, whether invested in land, physical equipment, and capital or human resources [2]. So that investment in the form of buildings or land, both in the property, retail and hotel businesses provides benefits for investors. Most of the investments invested in East Nusa Tenggara come from abroad (PMA). The following is the ranking data for investment realization based on location from 2015 to 2019 in the territory of Indonesia.

Based on the data on investment realization by region above, it can be seen that regions must be able to create investment attractiveness. As one of the provinces that is implementing development in all sectors, East Nusa Tenggara Province is trying to attract investors. In figure 1.3, Bali and Nusa Tenggara are in the last position with a realization of Rp. 11.7 trillion (3%) even though they are in that position, investment in East Nusa Tenggara continues to grow and develop. This can be seen from the various forms of investment, which recorded foreign investment (PMA) worth IDR 963.4 billion and domestic investment (PMDN) IDR 3.4 trillion.



Figure 2 Investment Realization January - June 2019 Based on Region in Indonesia
Source: BKPM data

Investment realization from domestic investors during 2017 increased by 41.09% when compared to investment realization in 2016 which reached IDR 3.1 trillion. However, the realization of FDI in 2017 decreased when compared to 2016 which reached 1.8 trillion. The average increase in investment realization for the 2014-2017 period was 23.06%. The increase in the realization of special investments in 2017 and 2018 was 15.19%. With 41 PMDN companies and 112 PMA companies, which are spread across 22 districts / cities in East Nusa Tenggara. Meanwhile, the employment of 3,465 people, namely 154 foreign workers, and 3,311 Indonesian workers.

East Nusa Tenggara Province actually has considerable investment potential and opportunities. Good planning is certainly needed to increase investment in the future. However, information regarding what investments will occur in the future is of course not available. Therefore, projections are needed to estimate future investments, based on scientific methods and systematically carried out. Based on this, the writer

intends to conduct research with the title "Analysis Projection of Investment Needs in Province East Nusa Tenggara on 2025".

1.2. Research Objectives

Based on the problems that have been formulated, the research objectives are carried out by the researchers as follows:

- 1) To analyze the amount of ICOR needed to boost economic growth in the Province of East Nusa Tenggara in 2025.
- 2) To explain the projection of economic growth in Nusa Tenggara Province in 2025.
- 3) To formulate an investment development strategy in East Nusa Tenggara.

2. LITERATURE REVIEW

2.1. Investments

In macroeconomic terms, investment (I) is part of national income (Y), in addition to other parts, namely public consumption (C), government consumption (G), exports (X), and import spending (M), so that in macroeconomic terms, the domestic income balance model is known as follows:

$$Y = C + G + I + X - M$$

In the economic development scenario, the macro objectives to be achieved in economic development are essentially economic growth which becomes the capital for the welfare of the community. To achieve this condition, adequate investment is needed both in terms of quantity and quality [3].

Investment is the first step in production activities [4]. With such a position, investment is essentially an initial step for economic development activities. The dynamics of investment affect the high and low levels of economic growth, reflecting the rampant sluggishness of development. In an effort to grow the economy, every country is always trying to create a climate that can attract investment. The main targets are not only the public or domestic private sector, but also foreign investors.

Investment is a value-added activity that accumulates into Gross Domestic Product (GDP), therefore investment and economic growth (GDP) have a relationship shown by the ICOR coefficient [3]. By calculating ICOR, it can be estimated how much additional capital is needed to achieve certain economic growth targets [5]. This ICOR figure will be calculated in total with a macro estimate with the ICOR calculation adopting the formula used by Meier[5]. With the formula:

$$ICOR_t = \frac{I_{t-1}}{PDRB_t - (PDRB_{t-1})} \text{ or } ICOR_t = \frac{I_{t-1}}{\Delta PDRB_t}$$

Information:

$I_t(\Delta K)$ = is the amount invested in the previous year

$ICOR_t$ = is ICOR in year t

$\Delta PDRB_t$ = is the increase in GRDP in year t

To determine the investment needs, it is assumed that (Y) is the domestic income of a region and (g) is the growth in income compared to the previous year [5], then:

$$I_t = k \cdot g \cdot Y_t$$

Information:

I_t = the amount of investment required

$$k = \Delta Y / \Delta K = ICOR$$

g = rate of economic growth

Y_t = GRDP at constant price year t

2.2. Gross Regional Domestic Product (GRDP)

There are various concepts and definitions that can be used in discussing regional income / added value as follows:

2.2.1. Gross Regional Domestic Product (PDRB) at Market Price

Gross regional domestic product on a market basis is the amount of gross value-added arising from all economic sectors in the region. What is meant by gross added value is the production value (output) minus the intermediate cost. Gross value added includes the components of the factors of income (wages and salaries, interest, land rent and profits), depreciation, and net indirect taxes. So, by calculating the gross added value of each sector and adding it up, it will produce gross regional domestic product based on market prices [6].

2.2.2. Gross Regional Domestic Product (GRDP) at Current and Constant Prices.

Regional income in several years reflects the increase and decrease in income levels of people in the area. The increase / decrease can be divided into the following two factors: [6]

- 1) Real increase / decrease, namely the increase / decrease in the level of income which is not influenced by the factor of price changes. If there is an increase in the real income of the population, it means that the purchasing power of the population in the area increases, for example, they can buy goods of the same quality in larger quantities.
- 2) Increase / decrease in income due to a factor in price changes. If there is an increase in income that is only due to inflation, even though income increases, the

amount of goods that can be purchased does not necessarily increase. It is necessary to look at which one has increased more sharply, the income level or the price level.

Constant price means that product prices are based on the price in a certain year, the year used as the price benchmark is called the base year for determining constant prices [6]. So, the increase in income is only caused by an increase in the amount of physical production, because the price is considered constant (constant). However, in the services sector which does not have a production unit, the production value is stated in the selling price. Therefore, the selling price must be deflated using an inflation index or other deflator that is deemed more appropriate.

In general, the projection of the GRDP figure can be done by making a PDRB trend equation [5]. In this study, the linear trend method is used, the linear trend line can be written with the straight-line equation as follows:

$$Y' = a + bX$$

Information:

Y' = is periodic data of time series GRDP

X = time, which is annual data

a = is a constant number, if X = 0, that is, the GRDP at the beginning of the year

b = is the slope of the trend line, which is the average change in GRDP for each year.

The usefulness of national income data is to provide useful information on various aspects of economic activity in a given year, providing an overview of the level of economic activity achieved in a region and the value of output produced, the composition of aggregate expenditure, the contribution of various sectors in realizing national income, and the level of prosperity achieved [7].

2.3. Theory of Development and Economic Growth

Perhaps there have been many theories discussing the concept of development, but the essence of development is more important as presented by [8], the essence of development in economic planning (economic planning) the efforts made deliberately by the government to coordinate all the process of making economic decisions in the long run, as well as to influence, direct, and in certain cases also control the rate and growth of the main economic variables of a country (income, consumption, absorption of labour, investment, savings, exports, imports, and etc.) in order to achieve predetermined development goals.

Regional economies analyse a region (or parts of the region) as a whole or by looking at various areas with

various potentials and how to set up a policy that can accelerate the economic growth of the entire region [6]. In a regional economic analysis, a regional economic development policy is needed, whose ultimate goal is to be able to encourage and increase overall economic growth and social welfare in accordance with the wishes and aspirations that develop in society [9].

In order to be able to formulate a good and directed regional development policy, it is also necessary to determine the targets to be achieved in advance. In this case, there are two alternative targets, namely realizing regional prosperity (place prosperity), people prosperity or both at once [9]. These targets need to be defined clearly and firmly, because each of them has different regional development strategies and policies and may even contradict one another. This aspect was originally discussed by Winnick (1996) and then followed by Richardson (1978).

3. METHODS

3.1. Types and Sources of Data

This research used quantitative and qualitative descriptive analysis. Quantitative analysis uses the Investment Capital Output Ratio (ICOR) method and the data used is secondary data obtained from the Investment Coordinating Board (BKPM), the Office of Investment and One Stop Services (DPMPTSP) NTT Province, the Central Bureau of Statistics of NTT Province. While the qualitative analysis uses primary data obtained directly from several related agencies or institutions, academics and entrepreneurs through questionnaires and uses the analysis method of Strength, Weakness, Opportunities and Threats (SWOT).

3.2. Data Analysis Techniques

The method of analysis used descriptive quantitative analysis. Descriptive analysis is used to describe the development of research variables in order to provide a clear picture for further research and to get conclusions from the results of the analysis. Meanwhile, quantitative analysis is used to calculate the investment needs of East Nusa Tenggara Province using the Investment Capital Output Ratio (ICOR) method.

3.2.1. Quantitative Analysis

Theoretically, the relationship between ICOR and economic growth was first developed by RF Harrod and Evsey Domar. Calculations using ICOR are very interesting because ICOR can show the amount of capital productivity or the amount of additional capital which in turn involves the amount of economic growth that can be achieved [10].

3.2.1.1. Annual ICOR

Annual ICOR estimates are made based on annual time series data which can be separated based on the gestation period as follows:

1) ICOR Without a Deadline

If the investment is made in year t, it is assumed that it will generate additional income in year t as well. Then the ICOR estimate obtained through this approach is an ICOR without a grace period which can be calculated using the formula:

$$k_{it} = \frac{I_{it}}{\Delta Y_{it}} = \frac{\frac{I_{it} \times 100}{Y_{it-1}}}{g_{it}}$$

2) ICOR One Year Grace

The ICOR estimate with a grace period of one year implies that the investment made in year t-1 will provide additional returns in year t. ICOR estimates with a grace period of one year can be calculated using the formula:

$$k_{it} = \frac{I_{it-1}}{\Delta Y_{it}} = \frac{\frac{I_{it-1} \times 100}{Y_{it-1}}}{g_{it}}$$

Information:

k_{it} is ICOR in year t for activity i

$I_{(it-1)}$ is the investment in year t-1 for activity i

$Y_{(it-1)}$ is regional income in year t-1 for activity i

g_{it} is the rate of economic growth I in year t

3) ICOR with a grace period of more than one year

In certain activities, the time period between the additional investment yields obtained as a result of the investment can be more than one month. If the investment period in year t-2 will only provide additional regional income in year t, the ICOR calculation is done by:

$$k_{it} = \frac{I_{it-2}}{\Delta Y_{it}} = \frac{\frac{I_{it-2} \times 100}{Y_{it-1}}}{g_{it}}$$

Meanwhile, if the additional results are only obtained three years later, the ICOR is calculated by the formulation:

$$k_{it} = \frac{I_{it-3}}{\Delta Y_{it}} = \frac{\frac{I_{it-3} \times 100}{Y_{it-1}}}{g_{it}}$$

Information:

k_{it} is ICOR in year t for activity i

$I_{(it-2)}$ is the investment in year t-2 for activity i

$I_{(it-3)}$ is the investment in year t-3 for activity i

$Y_{(it-1)}$ is the regional income in year t-1 for activity i

g_{it} is the rate of economic growth I in year t

3.2.1.2 Estimated ICOR Average

Estimated average ICOR less precise when done based on the average ICOR per year, because it can happen refraction of numbers that may occur pa da certain years. To overcome this, the calculation of the average ICOR should be carried out based on investment developments and cumulative additional returns within a certain period of time. As with the annual ICOR, the calculation of the average ICOR can also be differentiated based on a grace period. But in general, this average ICOR formula is as follows:

$$\bar{k}_t = \frac{\sum_{i=0}^{t-n} I_{it-n}}{\Delta Y_{it}}$$

Information:

\bar{k}_t is the average ICOR

I is an investment

ΔY is additional yield (regional income)

I is the activity i

T is year t

N is the grace period used where $n \geq 1$

3.2.1.3 Estimated Investment Return Grace Period

One of the most important jobs that must be done as carefully as possible in calculating the ICOR is setting a grace period for certain investment activities. Some investment activities are very easy to determine the payback period (regional income), and generally agricultural businesses do not have a return on investment grace period, meaning that what is invested in the current year can be seen in the current year.

3.2.1.4 Investment Needs Calculation

The setting of the target for the rate of economic growth has considerable implications in estimating the investment needs needed to achieve the economic growth target. In this context, the higher the target for the rate of economic growth to be achieved, the greater the need for investment in the future, and vice versa. If the size of the ICOR is known (annual or average) and a regional economic growth target has been set, the investment required to produce the economic growth target is calculated using the equation:

$$\hat{I} = k \Delta Y$$

Where \hat{I} is the estimated investment required, k is the ICOR and the ΔY amount of increase in yield. The estimated investment needs described in equation (6) is

also calculated based on a grace period, this is adjusted to the ICOR grace period used in the equation. If the ICOR used has a grace period of one year, the estimated investment that is calculated also has a grace period of one year. Likewise, if the ICOR grace period is two years, it means that the investment estimate is also based on a two-year grace period.

3.2.2. SWOT analysis

For a qualitative approach, the researcher used the SWOT analysis technique, which consists of Strength, Weakness, Opportunities and Threats. SWOT analysis aims to maximize strength (strengths) and opportunities (opportunities), but can minimize weaknesses (weaknesses) and threats (threats).

SWOT analysis is a systematic identification of strategic factors to formulate a strategy. Strategy is a very important tool for achieving goals. From the meaning of the SWOT, it will be explained as follows:

3.2.2.1. Internal Factor Evaluation

- 1) Strength (strength), namely what strength has an investment in East Nusa Tenggara. By knowing its strengths, investment can be developed to be more resilient so that it is able to survive in the market and be able to compete for further developments.
- 2) Weakness (weakness), are all factors that are not beneficial or detrimental to investment in the East.

3.2.2.2. Evaluation of External Factors

- 1) Opportunities (opportunities), is all the opportunities that exist as a government policy, regulations or national or global economic conditions that are considered to provide opportunities for investment.
- 2) Threats (threats), are things that can cause harm to investment, political climate does not favour.

This analysis was carried out using data collection tools, namely guidelines for observation, interviews and documentation. With the following stages:

- 1) Grouping the data that has been obtained for processing
- 2) Perform a SWOT analysis.
- 3) Enter into the SWOT matrix.
- 4) Analyse strategies from the SWOT matrix.
- 5) Recommend the strategies that have been made to the manager.

This study uses a SWOT analysis based on the concept of David (1993). SWOT analysis means analysis based on Strength-Weakness-Opportunities-Threats, namely Strengths-Weaknesses-Opportunities-

Constraints. Through a SWOT analysis, will help in concluding the final research. SWOT analysis uses an internal factor evaluation (IFE) matrix and an external factor evaluation (EFE) matrix, where IFE includes strengths and weaknesses and EFE includes opportunities and challenges.

4. RESULTS AND DISCUSSION

4.1. Analysis and Discussion of Incremental Capital Output Ratio (ICOR)

4.1.1. Regional ICOR of East Nusa Tenggara Province

The value of the Regional ICOR describes the amount of investment required by a region as an effort to increase investment. Investment needs are influenced by the rate of economic growth, in this case the higher the target rate of economic growth, the greater the investment needs. If it is assumed that the ICOR value in 2018 is 1.45% unchanged until 2025, and following the national growth target, to create economic growth of 8% (RPJMN 2020-2024) requires an increase in investment of 11.60% (equation 2)

$$\Delta I = k \times g \tag{1}$$

$$\Delta I = 1,45\% \times 8\% = 11,60\% \tag{2}$$

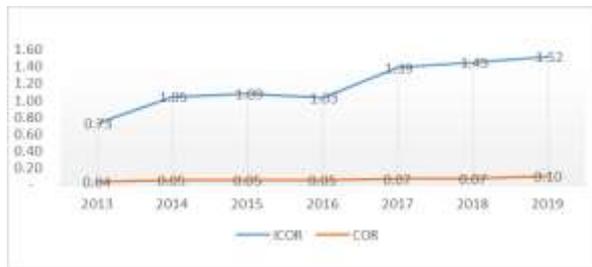


Figure 2 NTT Province COR and ICOR developments
Source: DPMPTSP, 2020 (data processed)

The ICOR value of East Nusa Tenggara Province during the 2013-2019 period fluctuated, the ICOR value decreased in 2016 by 0.06% compared to the previous year. This is due to the decline in the value of domestic investment (PMDN), but it is still assisted by the increase in foreign investment (PMA) through projects in the hotel and telecommunication sectors.

The increase in the ICOR value of East Nusa Tenggara Province was the highest in 2019 at 0.07% compared to 2018, this was due to the increase in the value of PMDN investment of Rp. 241,810,535,332.19 due to the construction of power plants and networks in Flores, infrastructure, and especially completion of the Roktilot Dam and work on the Temef Dam in Timor Tengah Selatan Regency. In addition, foreign investment also increased by Rp2,088,562,008,946.75 compared to the previous year, through the addition of the number of projects that reached 363 projects, including the construction projects of hotels.

The following shows the results of the ICOR calculation using the GRDP data of 21 districts and 1 city in the Province of East Nusa Tenggara which results in the pesky ICOR Spa show in table 1. The Spatial ICOR value in table 1 shows that of the 22 (twenty-two) districts / cities whose ICOR was calculated, there were identified 20 (twenty) regions that were considered to have low cost to investment because they had a low ICOR. Where based on the standard values that describe a sector it is said to be efficient if it has an ICOR that is smaller or equal to 4 (four) [11].

Based on the results of the Spatial ICOR calculation, it can be seen that there are 3 (three) districts, namely Kupang Regency, Ende Regency, and West Sumba Regency which have an ICOR value in the range of 3% - 4%, meaning that it can increase Gross Regional Domestic Product (GRDP). 1% in East Nusa Tenggara Province requires an additional investment of up to 3% - 4%.

The investment value in Ende Regency is the largest with the Projected Investment Needs required of IDR 18,471,003,501,989.30 compared to other regions by looking at the amount of ICOR which is included in the efficient category (from a moderate value of 3% -4%) in 2025. While the Regency Sikka has the lowest investment value with an investment increase of 0.11%, this is due to the low ICOR value. The smaller the ICOR value, it indicates efficiency in the investment process, meaning that for Sikka Regency, only Rp 0.019 is needed to increase the regional added value (PDRB) of Rp 1. Increased investment in Sikka Regency is expected to be on target considering the facilities and infrastructure in the area. this is quite adequate, one of which is the international standard Lorens Say port. Where the largest export and import of goods in the Flores region are mostly through the port of Lorens Say Maumere.

Table 1. Spatial ICOR of East Nusa Tenggara Province

| No | Regency / City | ICOR | | | | informatio. |
|----|------------------------------|------|------|-------|-------|-------------|
| | | 2016 | 2017 | 2018 | 2019 | |
| 1 | Kupang City | 1.68 | 0.60 | 1.06 | 1.42 | Efisien |
| 2 | Regency Kupang | 0.10 | 4.46 | 1.59 | 3.37 | Efisien |
| 3 | Regency Rote Ndao | 1.55 | 0.23 | 0.22 | 1.32 | Efisien |
| 4 | Regency Sabu Raijua | 0.00 | 0.00 | 0.00 | 0.10 | Efisien |
| 5 | Regency Timor Tengah Selatan | 0.00 | 0.02 | 0.02 | 0.10 | Efisien |
| 6 | Regency Timor Tengah Utara | 0.61 | 0.00 | 0.01 | 0.36 | Efisien |
| 7 | Regency Belu | 0.01 | 0.21 | 0.34 | 0.90 | Efisien |
| 8 | Regency Malaka | 0.00 | 0.08 | 0.14 | 0.18 | Efisien |
| 9 | Regency Alor | 0.38 | 0.18 | 2.96 | 0.63 | Efisien |
| 10 | Regency Flores Timur | 1.62 | 0.01 | 0.08 | 0.08 | Efisien |
| 11 | Regency Ngada | 0.00 | 0.00 | 0.00 | 0.03 | Efisien |
| 12 | Regency Nagekeo | 0.00 | 0.32 | 0.46 | 0.38 | Efisien |
| 13 | Regency Ende | 0.00 | 0.17 | 1.79 | 3.91 | Efisien |
| 14 | Regency Sikka | 0.26 | 0.54 | 3.95 | 0.02 | Efisien |
| 15 | Regency Manggarai | 0.00 | 0.00 | 0.01 | 0.13 | Efisien |
| 16 | Regency Manggarai Barat | 3.35 | 9.84 | 13.55 | 14.67 | In-efisien |
| 17 | Regency Manggarai Timur | 0.51 | 0.00 | 0.00 | 0.05 | Efisien |
| 18 | Regency Sumba Barat | 1.58 | 0.30 | 1.67 | 3.75 | Efisien |
| 19 | Regency Sumba Timur | 4.37 | 3.54 | 7.06 | 8.21 | In-efisien |
| 20 | Regency Sumba Tengah | 1.12 | 0.00 | 0.00 | 0.00 | Efisien |
| 21 | Regency Sumba Barat Daya | 0.00 | 1.30 | 5.57 | 1.57 | Efisien |
| 22 | Regency Lembata | 0.00 | 0.33 | 0.01 | 0.06 | Efisien |

Note: The ICOR coefficient is said to be efficient if <4%, and in-efficient if ≥ 4%

Source: NTT Province DPMPTSP (data processed)

The least efficient (in-efficient) investment value was found in 2 districts out of 22 districts / cities in East Nusa Tenggara Province, namely West Manggarai and East Sumba Regencies. This is because the amount of ICOR in the two districts exceeds the moderate value (3% - 4%). Based on the calculations that have been made in West Manggarai Regency, the ICOR value reaches 14.67%, it can be seen that a leakage of 72.73% occurs due to inefficient investment performance. This leakage rate is calculated as follows:

$$\text{Investment Leakage} = [1 - (4 / \text{ICOR})] \times 100\%$$

$$\text{Investment Leakage} = [1 - (4 / 14.67)] \times 100\% = 72.73\%$$

The ICOR value which has a value of 0 (zero) is found in Central Sumba Regency, this is because based on data from the One Stop Integrated Investment Service (DPMPTSP) for the last 3 years since 2017 there has been no investment in the area. In the future, this may be a consideration for the government to attract investors in this area.

4.1.2 Sectoral ICOR of East Nusa Tenggara Province

The data obtained is only in the form of 2010-2018 PMDN data, so the calculation of Sectoral ICOR analysis can only be seen from one side, namely PMDN.

Based on the ICOR value in table 4.3, it can be said that the sectors in East Nusa Tenggara Province are classified as efficient in the economy of the East Nusa Tenggara region. The trade and reparations sector can be said to be the most efficient because it has the lowest ICOR value of 0.13%, in other words, to increase the GRDP by Rp 1, only requires investment from the trade and reparations sector of Rp 0.13.

The Food Crops, Plantation and Animal Husbandry sector has a fairly large ICOR value of 3.10% but is still efficient because it is below 4%, and can be said to be the sector that has the largest investment value, because it creates an increase in GRDP of IDR 1, it takes an increase in investment from this sector of Rp. 3.10.

Table 2. Projection of Investment Needs by Regency / City of East Nusa Tenggara Province on 2025

| Regency / City | ICOR 2019 (%) | Increase in Investment (%) | Investment Projections (Rp) |
|------------------------------|---------------|----------------------------|-----------------------------|
| Kupang City | 1.419 | 8.228 | 12,981,883,536,741.30 |
| Regency Kupang | 3.373 | 19.565 | 16,357,291,640,663.80 |
| Regency Rote Ndao | 1.325 | 7.683 | 1,102,823,831,162.33 |
| Regency Sabu Raijua | 0.097 | 0.560 | 5,771,536,655.36 |
| Regency Timor Tengah Selatan | 0.096 | 0.557 | 34,639,325,884.15 |
| Regency Timor Tengah Utara | 0.358 | 2.078 | 148,937,404,758.92 |
| Regency Belu | 0.897 | 5.203 | 839,951,936,342.38 |
| Regency Malaka | 0.181 | 1.047 | 32,100,628,054.79 |
| Regency Alor | 0.635 | 3.682 | 291,322,229,007.13 |
| Regency Flores Timur | 0.085 | 0.492 | 20,499,685,904.64 |
| Regency Ngada | 0.034 | 0.200 | 4,572,797,311.92 |
| Regency Nagekeo | 0.380 | 2.204 | 67,710,121,524.43 |
| Regency Ende | 3.906 | 22.655 | 18,471,003,501,989.30 |
| Regency Sikka | 0.019 | 0.108 | 3,413,389,109.04 |
| Regency Manggarai | 0.131 | 0.758 | 33,299,772,171.36 |
| Regency Manggarai Barat | 14.669 | 85.082 | 148,916,548,421,317.00 |
| Regency Manggarai Timur | 0.055 | 0.318 | 7,024,942,446.51 |
| Regency Sumba Barat | 3.748 | 21.741 | 5,988,261,418,841.47 |
| Regency Sumba Timur | 8.212 | 47.629 | 77,688,251,368,912.70 |
| Regency Sumba Tengah | 0.000 | 0.000 | - |
| Regency Sumba Barat Daya | 1.565 | 9.079 | 1,753,063,199,831.39 |
| Regency Lembata | 0.063 | 0.364 | 4,833,692,728.77 |

Source: *DPMPTSP Prov. NTT, 2020 (data processed)*

Table 3. Sectoral ICOR of East Nusa Tenggara Province 2010-2018

| No | | PMDN | COR | ICOR (t) | ICOR (t-1) | ICOR (t-2) | ICOR (t-3) | ICOR (t-4) |
|----|------------------|--------------------------------------|-------|----------|------------|------------|------------|------------|
| 1 | Primary Sector | Plantation, livestock food and crops | 0,09 | 3,10 | | | | |
| 2 | | Fishery | | | | | | |
| 3 | | Miner | 0,02 | | | | 0,21 | |
| 4 | Secondary sector | Industry | 0,01 | | 0,54 | | | |
| 5 | Tersier Sector | Electricity, Gas and water | 24,90 | | 0,67 | | | |
| 6 | | Construction | 0,00 | | | 0,22 | | |
| 7 | | Trade and Reparation | 0,00 | | 0,13 | | | |
| 8 | | Hotel and Restaurant | 0,31 | | 1,15 | | | |
| 9 | | Building and Telecommunication | 0,00 | | 2,73 | | | |
| 10 | | Industry Area and | 0,01 | | | | | |
| 11 | Service etc | 0,00 | | | | | | |
| | | Total | 0,06 | 1,32 | 0,34 | 0 | 0,40 | 0,00 |

Source: nswi.bkpm.go.id (data processed by researchers)

The ICOR value in all sectors in East Nusa Tenggara Province can be said to be efficient, this is because the ICOR value does not exceed 4% as a standard of efficiency. This means that every sector in East Nusa Tenggara Province can be recommended for investors to invest, because of the value of the ICOR

Investment growth in the food crop, plantation and livestock sector as the sector with the highest investment value in 2025 with an ICOR value of 2.45% and 3.10%, so to achieve an increase in economic growth, an increase in investment of 7.62% or within the value of rupiah

required an investment of 14,032,598.57 million rupiah. This can be seen from program support from the central government in the National Medium-Term Development Plan (RPJMN) 2020-2024, where there are development projects for superior plantation sectors in the form of coffee, coconut, pepper, nutmeg, cloves, sugar cane, salt and aquaculture spread across several areas in East Nusa Tenggara Province.

The following is a projection of investment needs in East Nusa Tenggara Province by sector in 2025.

Table 4. Projected Investment Needs Based on Sector East Nusa Tenggara Province in 2025

| No | Sector | PDRB 2018 (In Million) | Investment 2018 (In Million) | ICOR (Percent) | Economic Growth (Percent) | Increase Investmen t 2025 (percent) | Investment estimation 2025 (in million) |
|----|---|-------------------------|-------------------------------|------------------|-----------------------------|--------------------------------------|---|
| 1 | Food crops, plantation and animal husbandry | 17.853.776,37 | 1.628.815,60 | 3,10 | 2,45 | 7,62 | 7,6214.032.598,57 |
| 2 | Fishery | | | | 0,00 | 0,00 | |
| 3 | Miner | 908.520,17 | 14.503,70 | 0,21 | 3,04 | 0,62 | 23.554,57 |
| 4 | Food Industry | 841.213,89 | 4.800,00 | 0,12 | 3,42 | 0,41 | 6.767,64 |
| 5 | Chemycal Industry and Farmachy | | | 0,00 | 0,00 | 0,00 | |
| 6 | Electricity, gas, and water | 94.659,78 | 2.356.810,80 | 0,67 | 4,81 | 3,21 | 9.927.791,27 |
| 7 | Construction | 7.254.894,22 | | 0,22 | 3,58 | 0,80 | |
| 8 | Trading and reparation | 7.785.381 | 24.135.00 | 0,13 | 3,71 | 0,47 | 35.542.44 |
| 9 | Hotel And Restaurant | 492.783,23 | 151.025,40 | 1,15 | 4.55 | 5,26 | 944.743,54 |
| 10 | Ware house , transportations and telecommunicati on | 9.322.118,58 | | 0,00 | 3,67 | 0,00 | |
| 11 | housing, industrial and office areas | 1.657.866.55 | 15.483.00 | 2,73 | 2,76 | 7,53 | 132.055.64 |
| 12 | Another services | 19.733.698.46 | 30.106.50 | 0,03 | 3,03 | 0,09 | 32.849,42 |

Source: nswi.bkpm.go.id (data processed by researchers)

Table 5. ICOR and COR of East Nusa Tenggara Province

| No | Year | Investment (Rp) | PDRB (Rp) | Economics Growth Rate (%) | COR | ICOR |
|----|------|----------------------|-----------------------|---------------------------|------|------|
| 1 | 2013 | 2.027.000.000.000,00 | 51.505.188.600.000,00 | 5.41 | 0.04 | 0.73 |
| 2 | 2014 | 2.860.000.000.000,00 | 54.107.974.200.000,00 | 5.05 | 0.05 | 1.05 |
| 3 | 2015 | 3.031.359.165.769,00 | 56.770.793.300.000,00 | 4.92 | 0.05 | 1.09 |
| 4 | 2016 | 3.154.759.141.031,57 | 59.678.012.400.000,00 | 5.12 | 0.05 | 1.03 |
| 5 | 2017 | 4.451.224.563.429,49 | 62.725.410.470.000,00 | 5.11 | 0.07 | 1.39 |
| 6 | 2018 | 4.901.620.072.593,06 | 65.944.913.030.000,00 | 5.13 | 0.07 | 1.45 |
| 7 | 2019 | 7.231.992.616.872,00 | 70.399.530.000.000,00 | 6.75 | 0.10 | 1.52 |

Source: BPS, 2020 and DPMPTSP, 2020 (Data processed)

4.1.3. Projection of Investment Needs in East Nusa Tenggara Province

To project investment needs in a region, there must first be a determination of the rate of economic growth because the implications are quite large in calculating the investment needs needed to achieve the economic growth target.

The ICOR value obtained from calculations throughout 2013 - 2019 continues to increase and is still within the efficient limit ($\leq 4\%$). The ICOR value of East Nusa Tenggara Province is low, because it ranges in the range of 0.50% - 1.50%, it illustrates that the economy of the East Nusa Tenggara region is running at a high level of efficiency so that economic leakage occurs in the region which can be considered low [10].

The ICOR coefficient value during the 2013 - 2019 period in East Nusa Tenggara Province shows a positive trend (table 5). This is because a low ICOR value indicates the more efficient the capital formation is. The value of ICOR for East Nusa Tenggara Province in 2014 increased by 0.32% compared to 2013, and decreased in 2016 by 0.06% (1.03%) this is because the investment value increased by Rp. 123,399,975,262.57 through the project. the construction of star hotels totaling 22 investments and development in the telecommunications sector (table 5).

Based on the ICOR value, then the investment needs in East Nusa Tenggara Province are calculated in 2025. The amount of investment needed is calculated based on the ICOR value, investment and economic growth at constant prices using data for 2013-2019, as well as the economic growth targets set out in the Design Long-term Development of East Nusa Tenggara Province 2015-2025. The following is the value for calculating the projected investment needs in East Nusa Tenggara Province in 2025 as follows:

$$I_{2025} = (k_{2019} \times (g^{2025+1}) \times I_{2019})$$

$$I_{2025} = (1.521 \times 5.8+1) \times 7,231,992,616,872.00$$

$$I_{2025} = 71,020,892,851,994.8$$

Based on the results of the calculation, it can be seen that the projection of the investment needs of East Nusa Tenggara Province in 2025 is Rp 71,020,892,851,994.8,-. This investment need projection certainly requires a large source of funding, considering that the investment need cannot be met from the source of income for East Nusa Tenggara Province which is still classified as low. For that we need a follow-up of cooperation and strong commitment between all parties so that what is the development target in the coming year can be achieved.

4.2. Strategic Issues

In the preparation of an investment development strategy, an analysis framework of strategic issues is needed. There are several things that affect the low level of investment in East Nusa Tenggara Province, including several aspects, namely:

4.2.1. Low Quality of Community Life

Based on BPS data, the East Nusa Tenggara Province Human Development Index in the last 5 years for the 2015-2019 period has increased, but is still in the middle group. This can be seen from the limited access of Micro, Small and Medium Enterprises (MSMEs) entrepreneurs to capital. So far, investment activities in the province of East Nusa Tenggara have been more dominant in developing exploitative natural resources and not leading to manufacturing development based on the ability to master technology.

4.2.2. Legal Uncertainty of Land Ownership Rights

Development problems in the land sector in East Nusa Tenggara Province are disputes over land status and the lack of land ownership belonging to both the community and local governments. This land status dispute is caused by a lack of certainty over the legal

status of the land. In addition, another problem in the land sector is the lack of availability of land belonging to local governments. This land status dispute is caused by a lack of certainty over the legal status of the land. In addition, another problem in the land sector is the lack of availability of land belonging to the regional government, which affects the implementation of development in the sector of public and government facilities and infrastructure, such as widening roads or building government buildings.

4.2.3. The availability of adequate infrastructure is still limited.

The availability of infrastructure in East Nusa Tenggara Province is still limited. Although the budget for infrastructure development always absorbs a large portion of the budget in the APBD, due to the vast area of the Province of East Nusa Tenggara, the need for infrastructure is always far greater than the existing budget capacity. Not to mention that the infrastructure that must be repaired because it is damaged also requires a large budget.

4.2.4. Not yet optimal implementation of Good Governance.

The quality of public services still needs to be improved, especially in one-stop integrated services for licensing and investment services so that they can provide excellent service faster and easier. The capacity of the bureaucracy also still needs to be maximized. In this digital era, the use of information technology, information systems and management as well as e-government has not been implemented in an integrated and comprehensive manner.

4.2.5. Not yet optimal management of regional assets

An asset which is the potential of a region, which means that there are financial and economic benefits that can be obtained in the future that can support the role and function of local governments as providers of public services to the community. In its implementation, problems often arise, where regional asset management is often budgeted for something that is not needed. This can occur because of certain interests, such as rent, received by regional officials prior to reading the goods.

4.3. SWOT Analysis for Investment Development Strategy

This study also uses an analysis of Strength, Weakness, Opportunity, and Threat (SWOT) to determine the policies needed to increase investment in East Nusa Tenggara Province. SWOT analysis is carried out by distributing questionnaires to respondents who are

considered experts by looking at internal and external factors that affect investment in East Nusa Tenggara Province.

SWOT analysis is a systematic identification of strategic factors to formulate a strategy. Strategy is a very important tool for achieving goals. SWOT analysis, which consists of Strength, Weakness, Opportunities and Threats. where SWOT analysis aims to maximize strength (strength) and opportunities (opportunities), but can minimize weaknesses (weakness) and threats (threats).

Based on table 6, it can be seen above that the weight and rating of internal strategic factors for investment development in East Nusa Tenggara Province, where the weighting is carried out with the aim of these factors can have an impact on strategic factors. The weighting of strategic factors that support investment development in East Nusa Tenggara Province is obtained from

$$\text{Bobot} = \frac{M_x}{M_t}$$

Where M_x is the mean of the x factor, while M_t is the total mean of both internal and external strategic factors. For the purpose of giving a rating is to provide a scale ranging from 4 to 1 based on the influence of these factors on investment development in East Nusa Tenggara Province and the weighting score shows how investment affects the strategic factors in it.

Based on the data in table 7, it can be seen that the threat value is the highest value for the external factor matrix with a total of 1.4 compared to the opportunity factor of 1.03, so the value that can be used as the basis of policy is the threat value.

4.3.1. Cartesian diagram SWOT analysis

Based on calculations made through the analysis of *Strength, Weakness, Opportunity, and Threat* (SWOT), the final values are obtained as in the following table 8.

In forming a strategic framework based on a SWOT analysis, first a basic strategy is planned using strengths as the basic capital of an operation, minimizing existing weaknesses, making the best of opportunities, and trying to overcome existing threats.

According to the table, it can be seen that for the developer 's investment have dominant force than the weaknesses and threats are greater than the opportunities that exist with values as follows:

- 1) Strengths - Weaknesses (Internal Factors): $1.59 - 1.03 = 0.56$
- 2) Opportunity - Threat (External Factors): $1.03 - 1.40 = -0.37$

Table 6. Matrix of Internal Strategic Factors for Investment Development in East Nusa Tenggara Province

| The Factor of Internal Strategic | Weight | Rating | Score |
|---|--------|--------|-------------------|
| | | | (Weight x Rating) |
| <i>Strengths</i> | | | |
| The geographical position of East Nusa Tenggara Province as a strategic economic growth point | 0.106 | 3 | 0.293 |
| The good quality and quantity of Human Resources in East Nusa Tenggara Province | 0.104 | 3 | 0.283 |
| Natural Resources Potential of East Nusa Tenggara Province as an investment attraction | 0.122 | 3 | 0.385 |
| Tourism Potential exist as the basic capital for the development of the tourism sector in order to attract investors | 0.118 | 3 | 0.361 |
| High socialization related to the regional potential of East Nusa Tenggara Province to investors | 0.102 | 3 | 0.272 |
| <i>TOTAL SCORE OF STRENGTH</i> | | | 1.593 |
| <i>Weakness</i> | | | |
| Lack of availability of basic infrastructure such as public infrastructure for increased investment | 0.091 | 2 | 0.214 |
| Weak work ethic value tenacity and entrepreneurial spirit of the community in the microeconomic sector in an effort to support increased investment in the province of East Nusa Tenggara | 0.083 | 2 | 0.179 |
| Limited capacity and performance of institutions in the province of East Nusa Tenggara in efforts to increase investment | 0.089 | 2 | 0.205 |
| Low levels of community participation in planning and implementation and supervision of investment development | 0.089 | 2 | 0.205 |
| The study on investment feasibility of potential leading sectors in East Nusa Tenggara Province which is still limited | 0.083 | 2 | 0.223 |
| <i>TOTAL WEAKNESS SCORES</i> | | | 1.027 |
| <i>TOTAL SCORE</i> | | | 1 |

Source: Research Results

Table 7. Matrix of External Strategic Factors for Investment Development in East Nusa Tenggara Province

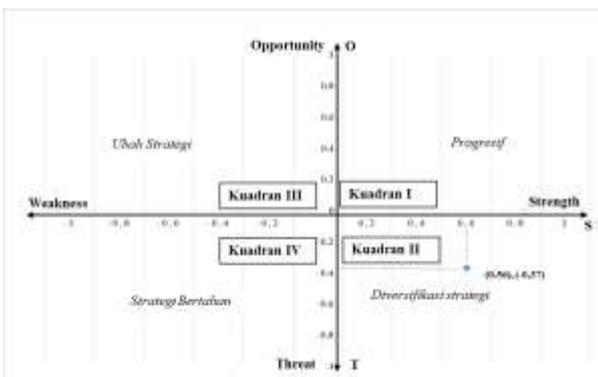
| The Factor of External Strategic | Weight | Rating | Score |
|---|--------|--------|-------------------|
| | | | (Weight x Rating) |
| <i>Opportunity</i> | | | |
| The influence of globalization, freedom and openness of the world economy in the development efforts of the East Nusa Tenggara Province | 0.134 | 3 | 0.348 |
| The social, political and economic conditions of East Nusa Tenggara Province which are conducive to supporting increased investment | 0.129 | 3 | 0.322 |
| Central government programs in the form of village funds, projects dam construction, as well as transfer of funds | 0.137 | 3 | 0.362 |
| <i>TOTAL SCORE OF OPPORTUNITY</i> | | | 1.033 |
| <i>Threat</i> | | | |

| | | | |
|---|-------|---|-------|
| International social, political and economic conditions that are not conducive to supporting the development and enhancement of investment in East Nusa Tenggara Province | 0.124 | 2 | 0.297 |
| Social, political and national economic conditions that are less conducive to supporting the development and enhancement of investment in East Nusa Tenggara Province | 0.121 | 2 | 0.285 |
| Weak law enforcement and bureaucratic reform that is being promoted by the central government in an effort to support development in East Nusa Tenggara Province | 0.121 | 2 | 0.285 |
| Implementation of technology science in licensing services and investment promotion is still limited | 0.116 | 2 | 0.261 |
| Lack of cooperation with surrounding areas East Nusa Tenggara province in an effort to increase economic growth | 0.119 | 2 | 0.273 |
| <i>TOTAL THREAT SCORES</i> | | | 1.399 |
| <i>TOTAL SCORE</i> | 1 | | 2.433 |

Table 8. Recapitulation of the Calculation of Strengths, Weaknesses, Opportunities and Threats

| No. | Description | Value |
|-----|------------------|-------|
| 1. | Internal factors | |
| | a. Power | 1,593 |
| | b. Weakness | 1,027 |
| 2. | External Factors | |
| | a. Opportunity | 1,033 |
| | b. Threat | 1,399 |

Source: Research Results



Source: Research Results

Figure 3 Cartesian Diagram SWOT Analysis of Investment Development in East Nusa Tenggara Province

Based on the cartesius diagram above, it is very clear that the conditions for investment development in East

Nusa Tenggara Province are in quadrant II. This position indicates that investment in the province of East Nusa Tenggara is strong, but it faces big challenges. The strategic recommendation given is strategy diversification, meaning that investment development in East Nusa Tenggara is in good condition but faces a number of tough challenges so that it is estimated that the wheels of the organization will have difficulty continuing to rotate if only relying on the previous strategy. Therefore, it is suggested to increase its tactical strategy.

4.3.2. SWOT Matrix

The SWOT matrix is a tool used to measure strategic factors. This matrix can clearly describe how the external opportunities and threats are. This matrix can produce four cells of possible alternative strategies which can be seen in the table 9.

4.3.3. East Nusa Tenggara Province Investment Development Strategy and Policy

SWOT analysis of investment development in East Nusa Tenggara province into the quad r 's second SWOT diagram. So, it is necessary to diversify the strategy through the *Strength and Threat* (ST) strategy, taking into account that the East Nusa Tenggara region has a lot of potential both from natural and human resources to attract investors in investing. Besides that, there are a number of challenges that must be faced by the Province of East Nusa Tenggara in increasing regional investment considering the existing threats. So, in developing investment in the province of East Nusa Tenggara the following strategies are needed.

Table 9. Investment Development Analysis SWOT Matrix in East Nusa Tenggara Province

| Internal | <i>Strengths (S)</i> | <i>Weakness (W)</i> |
|--|---|---|
| | <p>The geographical position of East Nusa Tenggara Province as a strategic economic growth point</p> <p>The good quality and quantity of Human Resources in East Nusa Tenggara Province</p> <p>Natural Resources Potential of East Nusa Tenggara Province as an investment attraction</p> <p>Tourism Potential exist as the basic capital for the development of the tourism sector in order to attract investors</p> <p>High socialization related to the regional potential of East Nusa Tenggara Province to investors</p> | <p>Lack of availability of basic infrastructure such as public infrastructure for increased investment</p> <p>Weak work ethic value tenacity and entrepreneurial spirit of the community in the microeconomic sector in an effort to support increased investment in the province of East Nusa Tenggara</p> <p>Limited capacity and performance of institutions in the province of East Nusa Tenggara in efforts to increase investment</p> <p>Low levels of community participation in planning and implementation and supervision of investment development</p> <p>The study on investment feasibility of potential leading sectors in East Nusa Tenggara Province which is still limited</p> |
| External | | |
| <i>Opportunity (O)</i> | <i>S-O Strategy</i> | <i>W-O Strategy</i> |
| <p>The influence of globalization, freedom and openness of the world economy in the development efforts of the East Nusa Tenggara Province</p> <p>The social, political and economic conditions of East Nusa Tenggara Province which are conducive to supporting increased investment</p> <p>Central government programs in the form of village funds, projects dam construction, as well as transfer of funds</p> | <p>Increase production and innovation of agricultural products, livestock based on the utilization for local potential</p> <p>Increases community awareness and appreciation of the regional culture in improving excellence attractiveness and promotion of regional tourism</p> | <p>Improve the planning process, the use of space to realizes regional spatial planning that is efficient, sustainable and has the power of competitiveness</p> <p>Improve the infrastructure conditions of roads to support people and goods services movement to support people's economic activities</p> <p>Creating the concept of building pentahelix in investment development</p> |
| <i>Threat (T)</i> | <i>S-T Strategy</i> | <i>W-T Strategy</i> |
| <p>International social, political and economic conditions that are not conducive to supporting the development and enhancement of investment in East Nusa Tenggara Province</p> | <p>Improve the skills and entrepreneurial for business actors including managerial skills, products, packaging, and appropriate technology</p> | <p>Improve the quality of licensing and investment services that are effective and efficient</p> <p>Improve the community awareness about the benefits of certificates and</p> |

| | | |
|---|--|---|
| <p>Social, political and national economic conditions that are less conducive to supporting the development and enhancement of investment in East Nusa Tenggara Province</p> <p>Weak law enforcement and bureaucratic reform that is being promoted by the central government in an effort to support development in East Nusa Tenggara Province</p> <p>Implementation of technology science in licensing services and investment promotion is still limited</p> <p>Lack of cooperation with surrounding areas East Nusa Tenggara province in an effort to increase economic growth</p> | <p>Improving government effective governance through the establishment of the Cyber Province</p> | <p>certainty of ownership of rights of land</p> |
|---|--|---|

Source: Research Results

Table 10. Investment Development Strategy and Policy Direction

| No | Strategy | Policy | Program |
|--|---|--|---|
| <i>The Strategy of Strengths-Opportunity</i> | | | |
| 1. | Increase production and innovation of agricultural products, livestock based on the utilization for local potential | Increasing the ability of the community to increase or produce value added commodities | Entrepreneurship development program and competitive advantages of Micro, Small and Medium Enterprises (MSMEs) |
| 2. | Increases community awareness and appreciation of the regional culture in improving excellence attractiveness and promotion of regional tourism | <p>Maintain exchange rates and purchasing power of farmers, ranchers and fishermen</p> <p>Increase community participation in supporting tourism promotion</p> | <p>Consumer protection program and trade security</p> <p>The festival development program has become a momentum in the development of tourism and tourism products (natural, cultural, historical, pilgrimage) in the context of tourist destinations</p> |
| <i>The Strategy of Weakness-Opportunity</i> | | | |
| 1. | <p>Improve the planning process, the use of space to realizes regional spatial planning that is efficient, sustainable and has the power of competitiveness</p> <p>Improve the infrastructure conditions of roads to support people and goods</p> | <p>Control of regional or territorial development in accordance with the determination of land</p> <p>Improvement and rehabilitation of the road</p> | <p>Spatial planning synchronization program and development plans</p> <p>Program to open road access for the Special Economic Zone (KEK) of East</p> |

| | | | |
|---|---|--|--|
| 2. | services movement to support people's economic activities | network to support services for the movement of people and goods to support activities in the regions | Nusa Tenggara Province which is still isolated to support investment activities |
| 3. | Creating the concept of building pentahelix in investment development | <p>Increased empowerment of indigenous communities in supporting regional development</p> <p>Increased support for private companies / associations / institutions in developing regional investment</p> <p>Increasing research collaboration between the government and higher education institutions</p> | <p>The "Tiga Batu Tungku" collaborative and coordination program (government and people, religion and traditional leaders, between ethnic groups), lesson learned: Papua Province</p> <p>Partnership program for mentoring companies / associations, private institutions in the investment development process</p> <p>Research results development programs from various research institutions and universities</p> |
| <i>The Strategy of Strengths-Threat</i> | | | |
| 1. | Improve the skills and entrepreneurial for business actors including managerial skills, products, packaging, and appropriate technology | Improving the quality of Human Resources, Market Access, Technology, and Product Quality and Financing for Cooperatives / Micro, Small and Medium Enterprises (MSMEs). | Entrepreneurship development programs and competitive advantages for Micro, Small and Medium Enterprises (MSMEs) |
| 2. | Improving government effective governance through the establishment of the Cyber Province | Development of technology information Implementation in government management. | Establishment of a Cyber Province Agency, such as the Jabar Cyber Province (JCB) program |
| <i>The Strategy of Weakness-Threat</i> | | | |
| 1. | Improve the quality of licensing and investment services that are effective and efficient | Improving the quality of public services that are effective, transparent and participatory | Online-based integrated licensing program |
| 2. | Improve the community awareness about the benefits of certificates and | Realizing an orderly land administration | Local government and community ownership land certification programs |

| | | |
|--|--|--|
| | certainty of ownership of rights of land | |
|--|--|--|

5. CONCLUSION

5.2. Conclusion

The amount of the Incremental Capital Output Ratio (ICOR) in East Nusa Tenggara Province increased from 0.73% in 2013 to 1.52 % in 2019. This means that the ICOR value of 1.52% indicates an increase in Gross Regional Domestic Product. (PDRB) of Rp. 1 requires an increase in investment of Rp. 1.52

The results of the Investment Capital Output Ratio (ICOR) analysis in this study show the projection of investment demand in East Nusa Tenggara Province in 2025 is estimated to grow positively or increase by Rp71,020,892,851,994.8, -. Spatially, of the 22 districts / cities in East Nusa Tenggara Province, there are 20 regions that are considered to have Low Cost to Investment, while the other 2 areas, namely West Manggarai and East Sumba Districts, have high ICOR values so that they become inefficient or High Cost to Investment. Meanwhile, from the sectoral side, the ICOR value in all sectors in East Nusa Tenggara Province can be said to be efficient, meaning that every sector in East Nusa Tenggara Province can be recommended for investors.

Based on the results of a qualitative descriptive analysis using a SWOT analysis, it was identified the strategies needed in developing investment in the East Nusa Tenggara Province, the following strategies were needed: First, improving community skills and entrepreneurship including managerial abilities, product quality, packaging , and appropriate technology. Second, improving infrastructure conditions to support services for the movement of people and goods that support investment activities. Third, creating a pentahelix development concept in developing investment in East Nusa Tenggara Province. Fourth, increasing production and innovation of agricultural, livestock and fishery products which are the leading sectors of East Nusa Tenggara Province. Fifth, increasing public awareness about the benefits of certificates and certainty of ownership of land rights. This is useful for expanding regional promotion by working together with the community to increase interest in investment.

5.3. Suggestions

Some of the suggestions put forward based on this research are:

- 1) Each district / city in the province of East Nusa Tenggara needs to control its ICOR rate to be at a moderate rate interval of 3% - 4% by reducing high

investment costs (High Cost to Investment), in order to increase investment interest for investors. This can be done through easing, reducing or eliminating investment-related licensing fees and fees.

- 2) In investment development activities in East Nusa Tenggara Province, innovation is still needed in the agriculture, tourism and creative industry sectors, as well as other sectors that support investment growth in East Nusa Tenggara Province. For example, for the agricultural sector, digital agriculture is needed, such as the application "Karsa" and "Pak Tani Digital" to spread good agricultural knowledge among farmers with appropriate technology. For the tourism sector, it is necessary to create an integrated tourist area that makes it easier for tourists to find tourist destinations.
- 3) The utilization and renewal of regional spatial planning in 22 districts / cities needs to be increased by shifting from land-based investment to spatial-based investment by taking into account the applicable regulations in an effort to optimize the available space. By creating a Special Economic Zone (KEK) which is the investment destination for investors.
- 4) The Provincial Government of East Nusa Tenggara is expected to be able to create a Cyber Province, such as a program that has been run by several regions such as West Java and Yogyakarta Special Region which uses cyber province in implementing information and communication technology to improve coordination, communication and collaboration in the implementation of regional governments.
- 5) Optimization in the administration section also needs to be considered, for the government of East Nusa Tenggara Province, especially updating investment data every year to facilitate and increase data accuracy in projecting investment in East Nusa Tenggara Province.

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