DAY 2

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| Session 4 |  | Guided simulations 3 – Simulations of improving connectivity + MP3EI Investment |

**For each of the simulation set, create tables, graphs, and maps that you think relevant and interesting for the discussions of results! However, this information should at least be included: GDP/GRDP, CPI (national and provincial), maps, and volume of inter-regional trade (excel).**

Simulation 1 – Region-specific transport cost reduction

Assumption about transport cost reduction simulation the source of efficiency is not expansion of transport/margin sectors

Variable to be shocked: **a11trcost(MAR,ORG,DST)**

* Simulation A – 25% transport cost reduction within eastern Indonesia
* Simulation B – 25% transport cost reduction within Java
* Simulation C – 25% transport cost reduction between Eastern Indonesia and Java
* Simulation D – 25% transport cost reduction between and within Eastern Indonesian and Java
* Simulation E – Province-to-province 25% transport cost reduction (of any provinces of interest)

Simulation 2 – Region-specific and margin specific transport cost reduction

Variable to be shocked: **a11trcost(MAR,ORG,DST)**

* Simulation A – 25% transport cost reduction within eastern Indonesia of sea-transport/shipping only
* Simulation A – 25% transport cost reduction within eastern Indonesia of land transport only

Simulation 3 – Iceberg transport cost reduction

*a 1% reduction in iceberg trade costs; eg we assume that where before only 90 in 100 tomatoes reached their destination unspoiled, now with better transport 90.9 tomatoes will arrive in good condition*

* Simulation A – a 5% reduction in iceberg cost from Java to eastern Indonesia (one-way)

Variable to be shocked: **a12icecost(ORG\*DST)**

Simulation 4 – MP3EI Investment in Kalimantan Corridor

* Simulation A – Investment (capital stock and land use) in extractive sector in Kalimantan (20%)
* Simulation B – Simulation A + transport cost improvement from Kalimantan to the rest of Indonesia (20%, one-way)
* Simulation C – Simulation A + transport cost improvement within and between Kalimantan and the rest of Indonesia (20)

Variable to be shock: **xcap, xlnd, a11trcost**