Indonesia Infrastructure Development
Guidance from IndCham (India Indonesia Chamber of Commerce)

Presentation at the 1st India Indonesia Infrastructure Forum (IIFF)
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Amol Titus
President Director WISE
President IndCham
Indonesian infrastructure requires –

1. Long term commitment
2. Proper local presence with good alliance partners
3. Proper project due diligence and feasibility studies
4. Understanding of regulations and governance complexities
5. Compliance with environment regulations
6. Proper funding plan with access to long term lenders
7. Implementation focus (avoid “MOU only” tag of previous projects)
8. Risk taking ability given socio-economic and natural disaster risks
Infrastructure Development Focus 1 – Power Sector (35,000 MW roadmap)

**Kalimantan**
- Developed by PLN: 900 MW
- Developed by Private sector: 1,735 MW
- Transmission network: 5,604 km

**Sulawesi**
- Developed by PLN: 2,000 MW
- Developed by Private sector: 1,470 MW
- Transmission network: 5,276 km

**Papua**
- Developed by PLN: 220 MW
- Developed by Private sector: 0 MW
- Transmission network: 364 km

**Sumatra**
- Developed by PLN: 1,100 MW
- Developed by Private sector: 8,990 MW
- Transmission network: 18,729 km

**Java & Bali**
- Developed by PLN: 5,000 MW
- Developed by Private sector: 13,697 MW
- Transmission network: 9,186 km

**Nusa Tenggara**
- Developed by PLN: 670 MW
- Developed by Private sector: 0 MW
- Transmission network: 2,347 km

**Maluku**
- Developed by PLN: 260 MW
- Developed by Private sector: 12 MW
- Transmission network: 653 km

Source: IndonesiaWISE analytics using PLN data
Infrastructure Development Focus 2 – Renewable Energy

National Energy Mix Target for 2025

- Natural Crude: 20%
- Natural Gas: 30%
- Coal: 33%
- Biofuel/BBN: 5%
- Geothermal: 5%
- Other new, renewable energy: 5%
- Coal liquefaction: 2%

Source: IndonesiaWISE analytics using Cabinet Secretariat data
Infrastructure Development Focus 3 – Railway Network

Railway Infrastructure Projects
- Period of construction 2015 – 2019
- Location: Jawa, Sumatera, Kalimantan, Sulawesi, Papua
- Total Length: 3.200km
- Fund requirement: Rp234 trillion

Source: IndonesiaWISE analytics using data from National Railway Masterplan (RIPNas 2010-2030)
<table>
<thead>
<tr>
<th>No.</th>
<th>Location</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kuala Tanjung, North Sumatra</td>
<td>North Sumatra</td>
</tr>
<tr>
<td>2</td>
<td>Sei Mangkei, North Sumatra</td>
<td>North Sumatra</td>
</tr>
<tr>
<td>3</td>
<td>Tanggamus, Lampung</td>
<td>Lampung</td>
</tr>
<tr>
<td>4</td>
<td>Landak, West Kalimantan</td>
<td>West Kalimantan</td>
</tr>
<tr>
<td>5</td>
<td>Ketapang, West Kalimantan</td>
<td>West Kalimantan</td>
</tr>
<tr>
<td>6</td>
<td>Jorong, South Kalimantan</td>
<td>South Kalimantan</td>
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<tr>
<td>7</td>
<td>Batulicin, South Kalimantan</td>
<td>South Kalimantan</td>
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<tr>
<td>8</td>
<td>Bitung, North Sulawesi</td>
<td>North Sulawesi</td>
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<tr>
<td>9</td>
<td>Palu, Central Sulawesi</td>
<td>Central Sulawesi</td>
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<td>10</td>
<td>Bantaeng, South Sulawesi</td>
<td>South Sulawesi</td>
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<td>11</td>
<td>Morowali, Central Sulawesi</td>
<td>Central Sulawesi</td>
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<td>12</td>
<td>Konawe, Southeast Sulawesi</td>
<td>Southeast Sulawesi</td>
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<tr>
<td>13</td>
<td>East Halmahera, North Maluku</td>
<td>North Maluku</td>
</tr>
<tr>
<td>14</td>
<td>Teluk Bintuni, West Papua</td>
<td>West Papua</td>
</tr>
</tbody>
</table>

Source: IndonesiaWIE analytics using National Medium Term Development Program (RPJMN) data
## Infrastructure Development Focus 5 – Construction of Dams

### Dam Construction Plan for the 2014-2019 Period

The government plans to build 50 dams, 29 of which be completed by 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Dams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under construction before 2014</td>
<td>16 dams</td>
</tr>
<tr>
<td>Planned 2014</td>
<td>5 dams</td>
</tr>
<tr>
<td>Planned 2015</td>
<td>6 dams</td>
</tr>
<tr>
<td>Planned 2016</td>
<td>7 dams</td>
</tr>
<tr>
<td>Planned 2017</td>
<td>6 dams</td>
</tr>
<tr>
<td>Planned 2018</td>
<td>5 dams</td>
</tr>
<tr>
<td>Planned 2019</td>
<td>5 dams</td>
</tr>
</tbody>
</table>

Main objectives include Hydroelectric Power Generation, Irrigation and Flood Control (for example Ciawi and Sukabumi dams that are expected to help reduce flooding in greater Jakarta).

*Source: IndonesiaWISE analytics using National Medium Term Development Program (RPJMN) data*
Indonesian infrastructure development covers many sectors –

1. Power (conventional and renewable)
2. Roadways
3. Airports and Seaports
4. Railways (passenger and cargo)
5. Metro rail
6. Telecommunications (Infrastructure and Connectivity solutions)
7. Inclusive Development (national identity cards, financial inclusion, digital payments)
8. Social sector (education, healthcare, sanitation)
Infrastructure spending has significantly increased under the new government.

**Infrastructure Spending**
(in trillion rupiah)

Source: IndonesiaWISE analytics using Fiscal Policy Agency data 2017
Total infrastructure development funds required USD 330 billion

Funds yet to be secured
- 59 pct
- USD195 billion

Funds Secured
- 41 pct
- USD135 billion

Source: IndonesiaWISE analytics using National Development Board (Bappenas) data
China is playing a very active role in Indonesia infrastructure projects. Indian firms need to catch up.

China Investment in Indonesia (Realized Inflows)

<table>
<thead>
<tr>
<th>Project</th>
<th>Total USD M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toll Road Balikpapan - Samarinda</td>
<td>85</td>
</tr>
<tr>
<td>Toll road Manado - Bitung</td>
<td>60</td>
</tr>
<tr>
<td>Toll road Medan – Kualanamu</td>
<td>475</td>
</tr>
<tr>
<td>Toll road Cileunyi – Sumedang - Dawuan</td>
<td>250</td>
</tr>
<tr>
<td>Jadigede Dam, West Java</td>
<td>172</td>
</tr>
<tr>
<td>Tayan bridge, West Kalimantan</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: IndonesiaWISE analytics using BKPM and Transportation Ministry data
Guidance for Indian companies seeking to invest in Indonesian infrastructure

Success in Indonesian infrastructure requires –

1. Long term commitment
2. Proper local presence with local staff and good alliance partners
3. Proper project due diligence and feasibility studies
4. Understanding of regulations and governance complexities
5. Compliance with environment regulations
6. Proper funding plan with access to long term lenders
7. Implementation focus (avoid “MOU only” tag of previous projects)
8. Risk taking ability given socio-economic and natural disaster risks
IndCham support for Indian infrastructure companies –

1. Coordination with Ministries
2. Coordination with Industry Associations
3. Experience sharing with Indian private sector companies that have invested over USD 15 Billion in Indonesia since 1970s and who account for direct employment of 50,000 and indirect employment of 200,000 workers
4. Information sharing on infrastructure opportunities and roadmaps
5. Introduction to key business development partners (e.g. consultants, tax, audit, legal, headhunters etc). Note these companies will charge professional fees.
6. Multiple benefits of IndCham benefits
Investment in infrastructure development in each other’s development plans must become one of the pillars of the next phase of India-Indonesia relations.