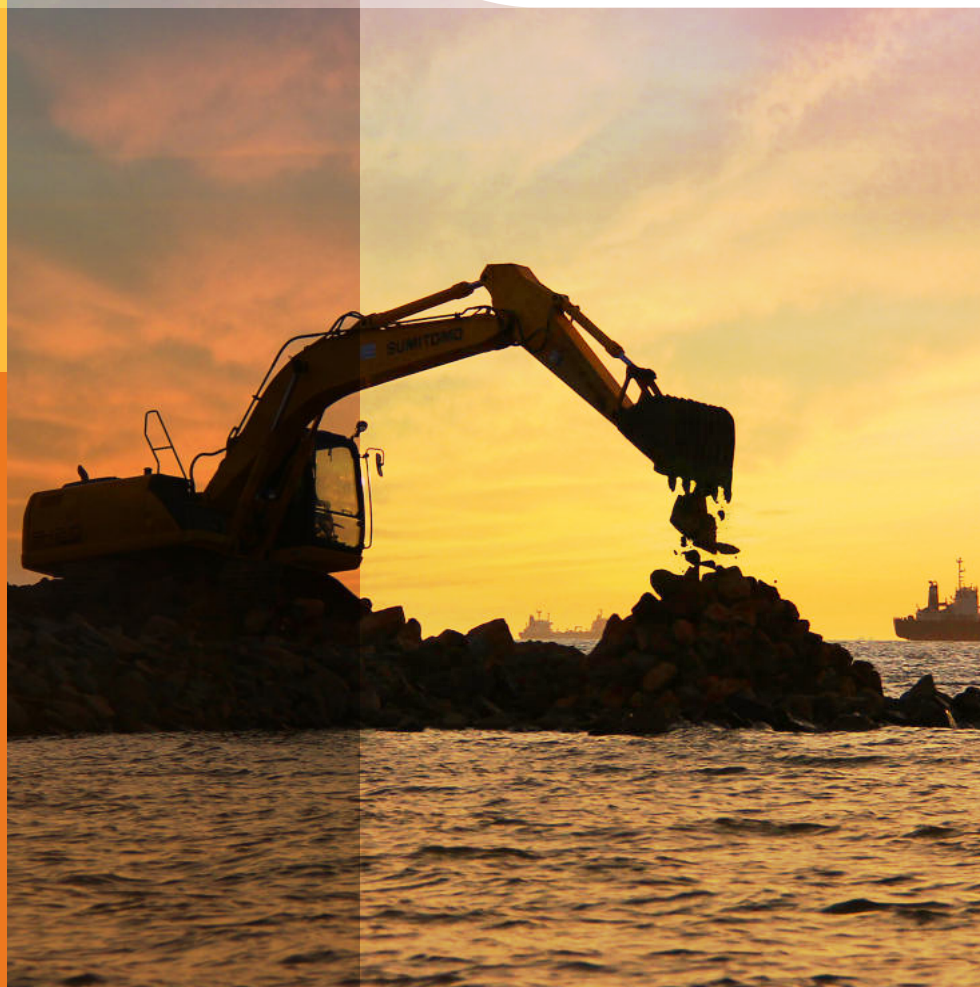




Committee for Acceleration
of Priority Infrastructure Delivery



2nd Semester

KPPIP Report

Period July - December 2017

Table of Contents

KPPIP Report
2nd Semester 2017

Table of Contents	I
Glossary	X
Foreword	XV

Chapter I	Development of Committee for Acceleration of Priority Infrastructure Delivery (KPPIP)	1
------------------	--	----------

This chapter covers the highlights of KPPIP's progress as an institution which includes:

A. Achievements of the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) per Semester 2 – 2017	3
B. KPPIP's Policy Support for Infrastructure Delivery Acceleration	6
C. Priority Projects Determination	9
D. National Strategic Projects Photography Competition	11

Chapter II Infrastructure Development Progress In Indonesia

15

This chapter highlights progress related to regulations, fiscal, and institutional contexts.

A. The Effect of Infrastructure Development on National Economic Development	17
B. KPPIP's Policy Support for Infrastructure Delivery Acceleration	18
C. Improvements in Institutional Regulations	20
• Task and Function Expansion of Public Service Body of Toll Road Regulatory Body (BLU BPJT)	20
• The Establishment of a PPP Node within the Ministry of Transportation	22
• Support to Monitoring of Land Acquisition Funding through the State Asset Management Agency (LMAN)	23
D. Alternative Funding Supports	25
• The Progress of Public-Private Partnership (PPP) Projects in Indonesia	25
• The Progress of Legal Basis Preparation for Limited Concession Schemes (LCS)	27
• The Progress of Securitization Scheme and Asset-Backed Securities (ABS)	30
• The Progress of New Financial Instrument (Collective Investment Contract – Infrastructure Investment Fund) (KIK DINFRA)	31

This chapter covers reports on KPPIP's Achievements in the projects in terms of quality improvements in project preparation, determination of funding scheme, monitoring and debottlenecking as well as improvements in regulations.

A. Project Preparation Support	35
• Outline Business Case (OBC) for Bitung International Hub Port (PHI)	35
• Patimban Port Intermoda Master Plan	38
• Outline Business Case (OBC) for Yogyakarta – Bawen Toll Road	40
• Environmental Impact Assessment (EIA) for Yogyakarta – Bawen Toll Road	43
• Real Demand Survey and Capital Expenditure Calculation for West Semarang Water Supply Project (SPAM)	44
• Financial Models for Waste to Energy (PLTSa) Project	46
B. Determining Project Funding Scheme	47
• Soekarno – Hatta International Airport Express Rail Link	47
• Kuala Tanjung International Hub Port (PHI)	48
• West Semarang Water Supply Project	49
• Jakarta Sewerage System	50
• Serang – Panimbang Toll Road	51
• Tangerang Waste-to-Energy Project (PLTSa Kota Tangerang)	53
• Downstream Industry Development of Oil and Gas Upstream Projects	54

C. Project Monitoring and Debottlenecking	55
• The Impacts of Agreement on Relocation Permit and SUTT/SUTER Line Elevation to the Routes of Light Rail Transit (LRT) Jakarta, Bogor, Depok and Bekasi (Jabodebek)	55
• The Signing of Loan Agreement for the Port of Patimban	57
• Decision Making for Financing Portion of MRT Jakarta North – South Corridor	58
• The Establishment of a Working Team for Transit Oriented Development (TOD) Kampung Bandan for MRT Jakarta North – South Corridor	59
• Acceleration of Approval Process for Natural Preservation Cooperation of Areas along Balikpapan – Samarinda Toll Road Route	61
• Land Acquisition for Manado – Bitung Toll Road	63
• Acceleration of Jakarta Sewerage System Zone 1 Engineering Service	64
• Acceleration of West Semarang Water Supply Project Development Facility	65
• The Government Contracting Agency for Jatiluhur Drinking Water Supply Project	66
• The Issuance of Discretionary Permit for Central West Java Transmission Line 500 kV Project Location by the Minister of Agrarian and Spatial Planning	67
• Spatial Plan and Land Acquisition for Sumatra Transmission Lines	68
• Central Java Power Plant (CJPP) / PLTU Batang Construction	69
• Debottlenecking to Reach Financial Close of IPP Power Generation Plant with Total Capacity 7,810 MW	70
• Land Procurement for Tuban Oil Refinery	71

D. Achievements in Infrastructure Regulation Revisions	72
• Coastal Area and Small Island Zoning Plan (RZWP3K) for Power Plant Jetty	72
• Project Legal and Structure Review and the Implications for Tipping Fees for Waste-to-Energy (PLTSa) Projects	73
• Coal Ash Management Policy for Coal Steam Power Plant (PLTU) Mulut Tambang	74
• The Regulation of DKI Jakarta Governor No. 140 of 2017 concerning the Assignment of PT Mass Rapid Transit Jakarta as the Main Operator of Transit Oriented Development for North – South Corridor Phase 1	75
• Tariff Review for Drinking Water Supply Projects	78
• The Introduction of Availability Payment Scheme through Regionally Owned Enterprises (ROEs)	80

Chapter IV List of KPPIP's Priority Projects 81

List of 37 Priority Projects	82
1. Serang – Panimbang Toll Road	89
2. Manado – Bitung Toll Road	92
3. Balikpapan – Samarinda Toll Road	95
4. A. Medan – Binjai Toll Road	94
B. Palembang – Indralaya Toll Road	100
C. Pekanbaru – Dumai Toll Road	102
D. Bakauheni – Terbanggi Besar Toll Road	104
E&F. Terbanggi Besar – Pematang Panggang – Kayu Agung Toll Road	106

G. Palembang – Tanjung Api-Api Toll Road	108
H. Kisaran – Tebing Tinggi Toll Road	110
I-L. Binjai – Langsa, Langsa – Lhakseumawe, Lhokseumawe – Sigli & Sigli – Banda Aceh Toll Roads	112
M&N.Pekanbaru – Bangkinang – Payakumbuh – Bukit Tinggi & Bukit Tinggi – Padang Panjang – Lubuk Alung – Padang Toll Roads	114
O. Tebing Tinggi – Pematang Siantar – Prapat Tarutung – Sibolga Toll Roads	117
5. Probolinggo – Banyuwangi Toll Road	119
6. Yogyakarta – Bawen Toll Road	121
7. East Kalimantan Railway	123
8. Makasaar – Parepare Railway	126
9. Soekarno – Hatta Indonesia Airport Express Railway	129
10. MRT Jakarta North – South Corridor	132
11. Light Rail Transit Jakarta, Bogor, Depok and Bekasi	135
12. Light Rail Transit South Sumatra	138
13. General Railway Services in DKI Jakarta Province/Light Rail Transit (LRT) DKI Jakarta	141
14. Kuala Tanjung International Hub Port	144
15. Bitung International Hub Port	147
16. Patimban Port	149
17. Inland Waterways/ Cikarang - Bekasi – Sea	152
18. Palapa Ring Broadband	155
19. Central Java Power Plant (PLTU Batang)	157
20. Steam Power Plant (PLTU) Indramayu	159
21. Steam Power Plant (PLTU) Mulut Tambang	161
22. Gas – Based Power Plant	163
23. Central-West Java Transmission Line 500 kV	165
24. Transmission Sumatra 500 kV	167
25. Bontang Refinery	170
26. Tuban Refinery	173

27. Refinery Development Master Plan (RDMP)	175
28. Abadi Gas Field Development of Masela Block	178
29. Gendalo, Maha, Gehem & Bangka Field Development (Indonesia Deepwater Development Project/IDD)	180
30. Tangguh LNG Train 3 Project	182
31. Jambaran – Tiung Baru Gas Unitization Field Development	184
32. West Semarang Drinking Water Supply System (SPAM)	186
33. Jatiluhur Drinking Water Supply System (SPAM)	188
34. Lampung Drinking Water Supply System (SPAM)	190
35. Jakarta Sewerage System	192
36. Giant Seawall Phase A	196
37. Waste-to-Energy Projects in Big Cities	199

Chapter V **National Strategic Projects** **203**

This chapter provides explanation of Presidential Regulation No. 3/2016 and Presidential Regulation No. 58/2017 on the National Strategic Projects (PSN), and on the role of KPPIP to boost the implementation of the PSN. In addition, this chapter describes the activities of KPPIP in evaluating PSN, and its latest position.

A. The Current Status of National Strategic Projects (PSN)	205
B. Facility Effectiveness Review on National Strategic Projects (PSN)	207
C. Recapitulation of Follow Up Meetings for PSN Limited Meetings Results (RATAS PSN)	208
D. KPPIP's Information Technology System	210

Chapter VI Policies Related to Infrastructure Supported by KPPIP 213

This chapter explores how existing legislation can be adapted to boost the acceleration of the implementation of Priority Projects and National Strategic Projects (PSN). This chapter also discusses the direction of infrastructure policy pursuant to the mandate of the President of the Republic of Indonesia. The explanation will be divided into 2 (two) parts, namely: (i) Changes in regulations that have so far made progress in the delivery of infrastructure and (ii) Changes in regulation required for the acceleration of infrastructure delivery.

A. Current National Strategic Project Status	215
A1. Cross Sectoral Regulatory Changes in the Delivery of Infrastructure	215
A2. Change in Sectoral Regulation Related to Infrastructure Delivery	218
A3. Amendments to Regulations related to Infrastructure Financing	226
B. Amendments to Regulations Required to Accelerate Infrastructure Delivery	224
B1. Cross-Sectoral Regulatory Changes related to Infrastructure Delivery	228
B2. Cross-Sectoral Regulatory Changes in the Delivery of Infrastructure	229
B3. Required to Coordinating a Cross the Ministry/Institution Related to Regulation of Limited Asset Management Scheme (KePAT) for Optimalization of Infrastructure Delivery	232

Chapter VII Future Plans 233

A. KPPIP Achievements	235
B. KPPIP Plans in 2018	236
C. KPPIP Activities for Human Resources and Capacity Building	237

• Manpower Requirements related to Priority Projects and National Strategic Projects	237
• Engineering Issues and Solutions	242
• Common Problems to Overcome	244
• Facilitated Activities for National Vocational Systems that Support the Implementation of Priority Projects and National Strategic Projects	246
• Capacity Building Activities for Implementation Support of Priority Projects and National Strategic Projects	254

Glossary

ABET	Accreditation Board for Engineering and Technology
AD ART	Bylaws
AMDAL	Environmental Impact Assessment
ANDAL	Environmental Impact Analysis
AP	Availability Payment
APBD	Regional Budget
APBN	State Budget
ASEAN	Association of South East Asian Nation
Bappeda	Regional Development Planning Agency
Bappenas	National Development Planning Agency
BED	Basic Engineering Design
BK	Board of Chapter
BOD	Biological Oxygen Demand
BPSN	Badan Nasional Sertifikasi Profesi
BPJT	Indonesia Toll Road Authority
BPN	National Land Agency
BP3TI	House of Rural Telecommunication and Information Technology
BUJT	Toll Road Business Entity
BKPM	The Investment Coordinating Board
BLU	Public Services agency
BUMD	Regional Government-Owned Enterprise
BUMN	State-Owned Enterprise
B2B	Business to Business
CJPP	Central Java Power Plant
DED	Detail Engineering Design
DNI	Daftar Negatif Investasi
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EPC	Engineering Procurement and Construction
FAIP	Professional Engineer Application Forms
FBC	Final Business Case
FEED	Front End Engineering Design
FS	Feasibility Study
GRR	Grass Root Refinery
G2G	Government to Government
HA	Hectare
HSBC	Hong Kong Shanghai Banking Corporation
HKK	Himpunan Keahlian Keinsinyuran

HVDC	High Voltage Direct Current
IFC	International Finance Corporation
IDR	Indonesian Rupiah
IP	Professional Engineer
IPAL	Waste Water Management Plant
IPP	Independent Power Producer
IPP	Insinyur Profesional Pratama
IPPKH	Borrow-to-use Permti for Forest Area
IPM	Para-Professional Engineer
IPU	Professional Engineer
ISRM	Indonesia Single Risk Management
JABEE	Japan Accreditation Board for Engineering Education
JICA	Japan International Corporation Agency
JKINFA	Infrastructure Index Value
JSS	Jakarta Sewerage System
KA ANDAL	Terms of Reference on Environmental Impact Analysis
KAK	Terms of Reference
KEK	Special Economic Zone
K/L	Ministries/Government Agencies
KLHS	Strategic Environmental Assessment
Kementerian ATR	Ministry of Agrarian Affairs and Spatial Planning
Kementerian ESDM	Ministry of Energy and Mineral Resources
Kementerian LHK	Ministry of Environment and Forestry
Kementerian PAN	Ministry of Administrative and Bureaucratic Reform
Kementerian PPN	Ministry of National Development Planning
Kementerian PUPR	Ministry of Public Works and Public Housing
Kementerian RISTEKDIKTI	Ministry of Research, Technology, and Higher Education
KPBU	Public-Private Partnership
KPI	Key Performance Indicator
KPPIP	Committee for Acceleration of Priority Infrastructure Delivery
KPPIP-SF	Committee for Acceleration of Priority Infrastructure Delivery for Priority-Support Facility
KSP	Executive Office of the President
KUR	Credits for Micro, Small and Medium Businesses
kV	Kilo-volt
LCS	Limited Concession Scheme
LMAN	State Asset Management Agency (LMAN)
LKPP	National Public Procurement Agency
LPJK	Construction Service Development Board
LRT	Light Rail Transit
LSIP	Lokakarya Sertifikasi Insinyur Profesional
LSP	Lembaga Sertifikasi Profesi
MBR	Low Income Community
Menteri ATR	Minister of Agrarian Affairs and Spatial Planning
MoU	Memorandum of Understanding

MRTJ	Mass Rapid Transportation Jakarta
MW	Megawatt
NCICD	National Capital Integrated Coastal Development
OBC	Outline Business Case
ODA	Official Development Assistance
OJK	Indonesia Financial Services Authority
PBAS	Performance Based Annuity Scheme
PDAM	Regional Drinking Water Company
PDB	Gross Domestic Product
PDF	Project Development Fund
PINA	Non-Government Budget Infrastructure Financing
Permenhub	Regulation of the Minister of Transportation
Permenko	Regulation of the Coordinating Minister
Perpres	Presidential Regulation
PJBL	Power Purchase Agreement
PJP	Implementing Agency
PJPK	Government Contracting Agency
PLTA	Hydroelectric Power Plant
PLTMH	Micro-hydroelectric Power Plant
PLTU	Coal-Fired Power Plant
PMO	Project Management Office
PM	Regulation of the Minister
PMK	Regulation of the Minister of Finance
PMN	State Capital Injection
PP	Government Regulation
PPA	Power Purchase Agreement
PPI	Engineer Professional Program
PPJT	Toll Road Concession Agreement
PPN	Value Added Tax
Pre-FS	Pre-Feasibility Study
PSO	Public Service Obligation
PT HBAP	PT Huadian Bukit Asam Power
PT IIF	PT Indonesia Infrastructure Finance
PT KAB	PT Kereta Api Borneo
PT KAI	PT Kereta Api Indonesia
PT MRTJ	PT Mass Rapid Transit Jakarta
PT PII	PT Penjaminan Infrastruktur Indonesia/Indonesia Infrastructure Guarantee Fund)
PTPIN	Pengembangan Terpadu Pesisir Ibukota Negara
PT PLN	PT Perusahaan Listrik Negara/State Electricity Company
PT SMI	PT Sarana Multi Infrastruktur
PSN	National Strategic Project
RDMP	Refinery Development Master Plan/Revitalization of Existing Oil Refinery
RI	The Republic of Indonesia
ROW	Right of Way

RPJMN	National Medium-Term Development Plan
RPL	Recognition of Learning/Prior Experiences
RRT	People's Republic of China
RTRW	Regional Spatial Plan
RUPTL	Ten-Year Electricity Infrastructure Development Plan
RPL	Recognition of Prior Learning
SBOT	Supported-Build-Operate-Transfer
SDM	Human Capital
SHIA	Soekarno-Hatta International Airport
SK	Decision Letter
SKA	Qualified Certifications
SKKNI	Standar Kompetensi Kerja Nasional Indonesia
SKT	Sertifikat Ketrampilan Kerja
SLA	Service Level Agreement
SOP	Standard Operating Procedures
SPAM	Drinking Water Supply System
SPC	Special Purpose Company
SPV	Special Purpose Vehicle
S&P	Standard and Poor's
TA	Transaction Advisory
TA	Expert
TI	Information Technology
TKDN	Local Contents
UU	Law
UMKM	Micro, Small, Medium Businesses, and Cooperatives,
USD	United States Dollar
VfM	Value for Money
VGf	Viability Gap Funding/ Dukungan Kelayakan
WA	Washington Accord
WTE	Water-to-Energy

Foreword



The Government of Indonesia has carried on the efforts during the second semester of 2017 to accelerate the provision of infrastructure, and to implement policies and directions that were determined in the previous semester. Such acceleration efforts include the settlement of problems or obstacles in the field.

As required by Presidential Regulation No. 75 of 2014 j.o. Presidential Regulation No. 122 of 2016, the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) has selected 37 priority projects from the list of National Strategic Projects (PSN).

The determination of this list of priority projects was carried out through the issuance of the Regulation of the Coordinating Minister of Economic Affairs No. 12 of 2015 j.o. Regulation of the Coordinating Minister of Economy No. 5 of 2017 concerning Acceleration of Priority Infrastructures Provision. The priority projects consist of 6 toll road projects, 7 railway projects, 4 port projects, 14 energy and electrification projects, 5 water and sanitation projects, and 1 telecommunication project.

KPPIP has supported the Project Owners through the provision of facilities, coordination, and debottlenecking of infrastructure projects. KPPIP has in 2017 facilitated the preparation of study on the Outline Business Case (OBC) of Bitung International Hub Port, Patimban Port Inter-mode Master Plan, OBC and Environmental Impact Assessment (AMDAL) of Yogyakarta - Bawen Toll Road, Real Demand Survey Study to complement the West Semarang Water Supply Project OBC, and a Financial Model for the Waste to Energy Power Plant (PLTSa). These studies allow the related stakeholders to make decisions based on the result of objective study and carry out the follow up measures of the projects to the next phase. KPPIP has accelerated project preparation so that the projects are able to continue to the next phase and the project implementation targets can be achieved.

In addition, KPPIP has supported various other achievements, such as acceleration of the electricity transmission relocation and elevation license issuance for the Jakarta, Bogor, Depok and Bekasi (Jabodebek) Light Rail Transit

(LRT) projects; signing of the Patimban Port Loan agreement; decision-making related to the portion of financing and establishing of the Kampung Bandan Transit Oriented Development (TOD) Working Team for the Mass Rapid Transit Jakarta (MRTJ) North - South Track; approval for cooperation in organizing the Nature Conservation Area (KPA) for the Balikpapan - Samarinda Toll Road project; and debottlenecking of the Central Java Power Plant/ PLTU Batang construction issues, as well as support to other projects.

Furthermore, KPPIP has also encouraged infrastructure acceleration efforts from both policy and institutional aspects. KPPIP has, from the policy aspect, provided the data and information on the National Strategic Project (PSN) for preparation of the Coastal and Small Islands Area Zoning Plan (RZWP3K) and the National Marine Spatial Plan (RTRLN; preparation of the study related to the implementation of the Availability Payment scheme through the Regional Owned Enterprise (BUMD); as well as preparation of the legal base and project structure study for acceleration of the waste to energy project implementation. From the institutional aspect, KPPIP has supported the coordination of stakeholders for implementation of the land procurement financing through the bailouts and direct payment scheme by the State Assets Management Institution Public Service Agency (BLU LMAN).

In addition to supporting PSN and priority projects preparations and debottlenecking from policy and institutional aspects, KPPIP has also carried out various capacity development and socialization activities for stakeholders in the infrastructure sector, specifically for the Project Owners or Government Contracting Agencies. Topics covered included the implementation of the Public Private Partnership (PPP) scheme and OBC preparation guidance.

In August 2017, KPPIP organized the PSN photograph competition titled "We Develop Infrastructures on Land, Sea and Air," as part of the socialization of the government's real work on infrastructure development in Indonesia to the community. A highlight activity was awarding the winners of the competition and the exhibition, which were organized at Lapangan Silang Monas, Jakarta, and was attended by the President of the Republic of Indonesia, Coordinating Minister of Economic Affairs, Minister of Public Works and Public Housing, Minister of Transportation, Minister of Environment and Forestry, Minister of Agriculture, Minister of Communication and Information, and the Head of Presidential Staff.

With the issuance of this Report, we are providing complete information on the Priority Projects. We hope that this report enables all parties to coordinate and utilize the improvements in the policy and institutional aspects in carrying out debottlenecking and acceleration efforts for other projects. With this input, it is expected that infrastructure projects will provide positive impacts for betterment of the community welfare and the regional and national economy.

The Head of KPPIP's Implementation Team



Wahyu Utomo



Chapter I

Development of
Committee for Acceleration
of Priority Infrastructure
Delivery (Kppip)



Photo Source : Baehali Hariri/KPPIP
Note : Bakauheni – Terbanggi Besar Toll Road, Lampung (15 Segments of Trans Sumatra Toll Road)



A. Achievements of the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) per Semester 2 – 2017

To build Indonesia into a developed country with a solid economy and socially prosperous people, sound development in various sectors such as the economy, security and education will be of paramount importance. Economic development is dependant on infrastructure.

Infrastructure development is needed to fulfill the needs of people both currently and in the future. With strong infrastructure the dream of Indonesia as a developed country can be achieved.

Infrastructure development involves a wide variety of stakeholders ranging from the Indonesian Government, regional governments, State-Owned Enterprises(SOE), Regional-Owned Enterprises (ROE), and private enterprises to other organizations. To achieve effective and efficient coordination, in 2014 the Government established the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) which is tasked to coordinate and accelerate project development, especially projects deemed to be priority.

In 2014, KPPIP was set up under the Presidential Regulation No. 75 of 2014, and in 2016 its membership was revised under Presidential Regulation No. 122 of 2016.

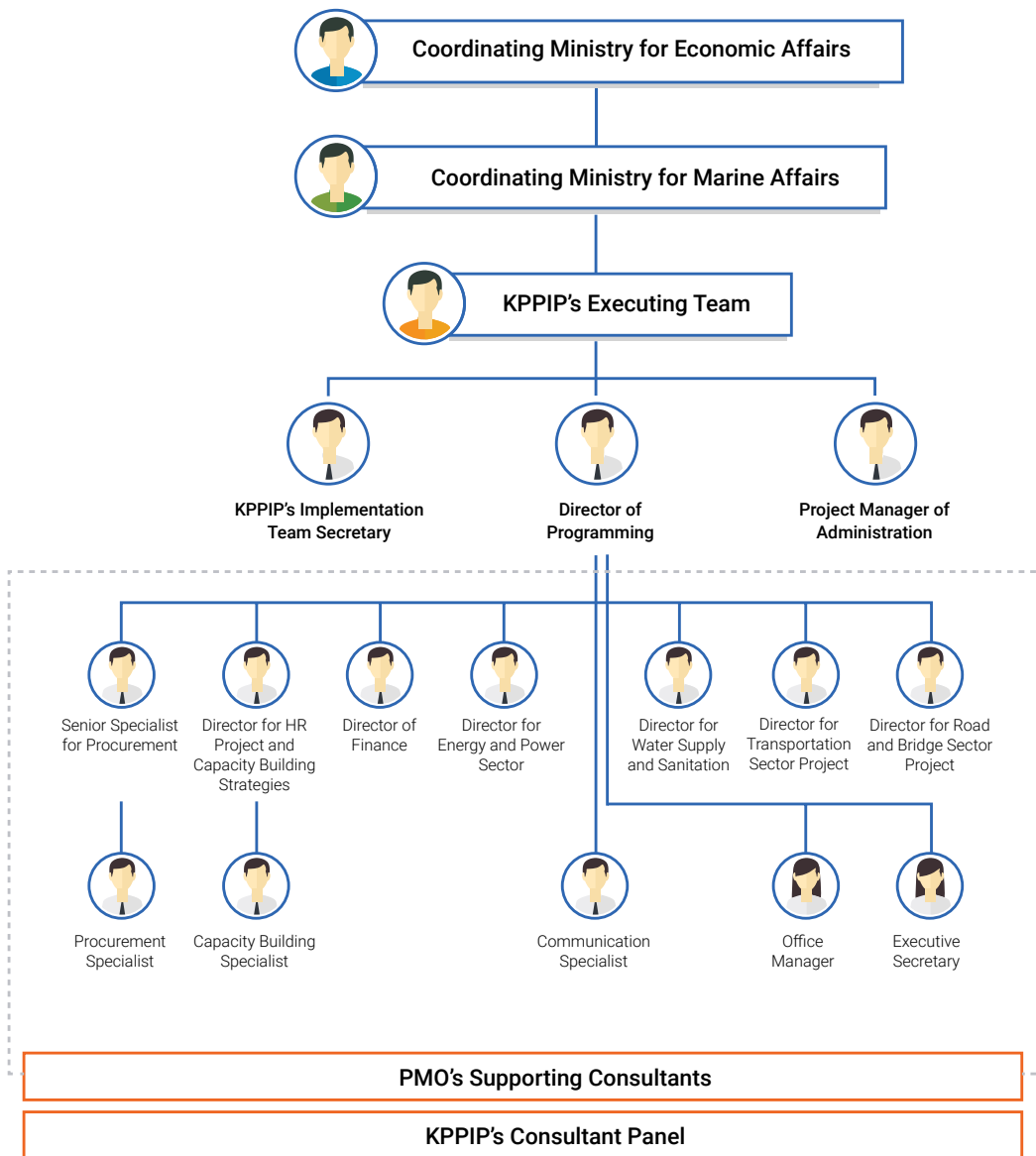
KPPIP's purpose is to safeguard the projects that have been selected as priority projects, and particularly to provide support and facilitate project acceleration as necessary.

At present, KPPIP consists of the Coordinating Minister for Economic Affairs as Chairperson, the Coordinating Minister for Marine Affairs as Deputy Chairman, the Minister of Finance, the Minister of National Development Planning (Bappenas), the Minister of Agrarian Affairs and Spatial Planning, and the Minister of Environment and Forestry as members. KPPIP assists technical ministries/agencies in their capacity as Project Managers to implement these priority projects as soon as possible.

In day-to-day operation, KPPIP is supported by the Implementation Team that consists of Echelon 1 officials of the related ministries as described in the Regulation of the Coordinating Minister for Economics No. 127 of 2015.

Furthermore, the Implementation Team is supported by Project Management Office (PMO) with tasks of analyzing, monitoring, preparing reports and other tasks necessary to prepare recommendations for project accelerations to the Implementing Team or Ministers.

Organizational Structure



While focusing on priority projects, Presidential Regulation No. 3 of 2016 concerning the Implementation of National Strategic Projects (PSN)

broadened the tasks of KPPIP to include evaluation of the proposed revision to the National Strategic Project list and monitoring of projects included to National Strategic Projects. As the National Strategic Projects list expands, as established in Presidential Regulation No. 58 of 2017, the number of items monitored by KPPIP has now grown to 245 projects, one electricity program and one mid-term aviation industry program.

In 2017, KPPIP monitored PSN (National Strategic Projects) through various processes covering tabulation data systems and Information Technology systems, the preparation of Cabinet meeting agendas for PSN by Cabinet Secretary, the preparation of Cabinet meeting agendas for PSN by province led by the president, and the preparation and facilitation of follow-up meetings for PSN by province.

Specific to priority projects, KPPIP has been mandated with the task of providing support for debottlenecking and facilitation for project preparation as necessary to expedite the implementation of priority projects. In 2017, KPPIP has provided facilities for project preparation, which includes masterplans and Outline Business Cases (OBC) required by the projects to proceed to the next stages.

In addition to project preparation, facilitation and coordination supports for the resolution of encountered problems, KPPIP is also actively engaged in the preparation of infrastructure-related policies, such as review and analysis of alternative financing schemes. Relating to soft skills, KPPIP provides capacity enhancement for the parties involved in projects to provide them with understanding on the roles of Project Managers, PPP Schemes and review preparation.

Achievements of KPPIP

Per Semester 2 of 2017



Prepared White Paper as legal basis for Limited Concession Scheme (LCS) as alternative financing source.



Drafted Academic texts as legal basis for Infrastructure Law.



Developed Patimban Port masterplan to ensure availability to supporting infrastructure in the port's vicinity.



Facilitated signature of the Loan Agreement with Japan for Pantimban Port.



Prepared Outline Business Case (OBC) and IAE for Yogyakarta – Bawen Toll Road for Public-Private Partnership (PPP)-based project tender and land acquisition.



Prepared Real Demand Survey to supplement OBC SPAM Study of West Semarang.



As of November 2017, 35,000 MW Program reached 998 MW operational phase, 15,676 MW in construction phase, 13,782 MW in contract/PPA phase, 3,163 MW in procurement phase and 2,228 MW in planning phase.

B. KPPIP's Policy Support for Infrastructure Delivery Acceleration

1. Limited Concession Scheme (LCS) Preparation

Limited Concession Schemes (LCS) aim to provide fund sources than can be obtained rapidly for urgent development of infrastructure projects. This scheme is a response to the limited funds of the Government and SOEs and the requirements to meet the specified construction targets in 2018, as funds for the projects are not sufficient. This use of LCS on an urgent basis requires that the concession for the development and operation of existing assets be awarded to private business entities only

for a limited period of time. The concession holders are required to make an upfront payment, periodic and profit sharing (clawback) payments. With the support of the President and Coordinating Minister for Economic Affairs, KPPIP has prepared a White Paper as the legal basis for LCS. This legal basis is expected to be the basis for LCS implementation, including the required institutional arrangements and implementation stages.

2. Land Acquisition Financing by State Assets Management Institute (LMAN)

Since 2017, the State Assets Management Institute (LMAN) has effectively provided funding for land acquisition required by National Strategic Projects (PSN) under Presidential Regulation No. 102 of 2016 concerning the Funding of Land Acquisition for the Development of Public Interest for the implementation of National Strategic Projects and the Regulation of Finance Minister No. 21 of 2017 concerning Procedures for Land Acquisition Funding for National Strategic Project and Asset Management of Land Acquisition by the State Asset Management Agency.

There are two schemes which comprise the land acquisition funding mechanism through LMAN, i.e. Direct Payment Mechanism by LMAN and the use of corporate funds (bailout funds). However, to date, LMAN has only applied the bailout mechanism, but is expected to implement the direct payment mechanism in 2018.

In 2017, KPPIP provided support for monitoring and accelerated repayment of bailout funds, for which KPPIP organized several monitoring meetings to assure timely bailout fund repayment and to provide solutions in case of problems during implementation.

3. Development of Financial Instruments for Infrastructure Financing

The relatively wide gap between required funds for national infrastructure investments and the Government's fiscal budget has required the private parties to take part in infrastructure development as prescribed in Mid-Term National Development Plan (RPJMN) 2015-2019.

A number of efforts and high level discussions have been taken by the related stakeholders such as Indonesian Bank (BI), Financial Service Authority (OJK) and the Ministry of Finance to develop new financial instruments that will attract private parties to invest their funds in infrastructure development. As a result of these efforts, as of Semester II of 2017, significant achievements were recognized with regard to the new financial instruments, for example: 1) the issuance of Infrastructure Investment Fund instrument (DINFRA); and 2) asset securitization implementation on commercial infrastructure projects.

On July 27, 2017, the Regulation of OJK No. 52/POJK0.4/2017 concerning Infrastructure Investment Fund (DINFRA) in the form of Collective Investment Contracts (KIK, better known as KIK DINFRA) was issued. KIK DINFRA is a mechanism that is used to collect funds from the communities as investors and the majority of such proceeds will be invested in infrastructure assets by the Investment Manager.

Besides KIK DINFRA, the two other implemented instruments are asset securitization schemes or Asset-Backed Securities by PT Jasa Marga and PT Indonesia Power. PT Jasa Marga has issued an EBA

(Asset-Backed Security) Mandiri JSMR01, which is a Toll Revenue Entitlement Security of Jagorawi Toll Road in the amount of IDR 2 trillion that was listed on the Indonesia Stock Exchange on August 31, 2017.

PT Indonesia Power issued Asset-Backed Security of Danareksa Indonesia Power PLN1 for account receivables of PLTU (Steam Power Plant) Suralaya Unit One to Four to PLN, and was listed on the Indonesia Stock Exchange on September 20, 2017.

Apart from KIK DINFRA and Asset Securitization, a new financial instrument known as a Perpetual Bond was also proposed.

On August 25, 2017, OJK organized a Forum Group Discussion (FGD) on Perpetual Bonds as one of the infrastructure financing alternatives. This event was attended by the related Ministries/Agencies, Investment Managers, Accounting Firms and Legal Firms.

During the FGD, the main issue related to perpetual bond accounting by issuers was discussed, whether they should be classified as equity or debt. In the FGD, the accounting of a perpetual bond either as equity or debt should refer to the substance of contractual clause stating whether the issuers do not have to redeem principle bond was discussed. If so, the perpetual bond should be classified as equity, otherwise it should be categorized as debt. However, no consensus was reached at the end of discussion and this will be further discussed in the next FGD.

4. National Strategic Project Facility Implementation Effectiveness

As stipulated in Presidential Regulation No. 3 of 2016 j.o. Presidential Regulation No. 58 of 2017 concerning National Strategic Project (PSN) Implementation Acceleration, some license and non-license facilities to expedite the implementation of National Strategic Projects (PSN) are available. These license and non-license facilities for PSN among others received debottlenecking supports from KPPIP, spatial discretion, land-acquisition acceleration, the provision of Government guarantee, or goods and service procurement acceleration.

KPIP has evaluated the implementation and effectiveness of Presidential Regulation concerning National Strategic Projects (PSN) in project acceleration. Together with the related stakeholders, KPPIP is currently proposing policy improvements and coordination as necessary to enhance the effectiveness of PSN facility implementation as described in the Presidential Regulation in order to enhance implementation effectiveness impacts of the PSN project.

5. National Sea Spatial Plan and Coastal and Small Island Zoning Plan (RZWP3K)

As stipulated in Law No. 32 of 2014 concerning Marine Affairs, the National Marine Spatial Plan (RTRLN) is a reference for using sea space. At present, RTRLN is harmonizing such plans prior to enacting into Government Regulation.

KPIP as a stakeholder in infrastructure provision is required by the Ministry of Marine Affairs and Fisheries to provide inputs for composing the National Marine Spatial Plan (RTRLN), especially to

ensure that National Strategic Projects and Priority Projects will not be hampered by issues of sea space unsuitability after this is enacted into Government Regulation. Therefore, RTRLN will be adopted as the basis for the issuance of discretion on marine and coastal spatial suitability for PSN by the Minister of Marine Affairs and Fisheries, in which the Regional Government has yet to enact RZWP3K necessary to permit PSN implementation.

6. Spatial Plan and Development Plan Integration

Spatial suitability is a pre-requisite for the implementation of infrastructure projects. Spatial suitability is thus the basis for the issuance of permits required for project implementation, for example, environmental and location permits. During development, the implementation of PSN projects is frequently hindered by spatial suitability-related issues.

Together with the related stakeholders, KPPIP has prepared a proposal for policy improvements and

implemented various coordination efforts to assure synchronization between development plans and spatial plans. One synchronization method proposed by KPPIP is to integrate spatial information of infrastructure projects into the development plan. The synchronization of development plans and spatial plans is needed to prevent projects listed in the Government's development agendas from conflicting with spatial plans and resulting in difficulties in permit processing.

C. PRIORITY PROJECTS DETERMINATION

- Existing Priority Projects
- New Priority Projects

TOLL ROADS

1. Panimbang – Serang Toll Road
2. Manado – Bitung Toll Road
3. Balikpapan – Samarinda Toll Road
4. Trans Sumatra Toll Road (8+7 toll road segments)
5. Probolinggo – Banyuwangi Toll Road
6. Yogyakarta – Bawen Toll Road

RAILWAYS

7. East Kalimantan Railway
8. Makassar – Pare-Pare Railway
9. SHIA Express Railway
10. MRT Jakarta North – South Line
11. Integrated LRT of Jabodebek
12. LRT of South Sumatra
13. DKI Jakarta Railway

PORTS

14. Kuala Tanjung International Hub Port
15. Bitung International Hub Port
16. Patimban Port
17. Inland Waterways Cikarang – Bekasi – Sea

SCIENCE AND TECHNOLOGY

18. Palapa Ring Broadband

Following up on the 37 Priority Projects proposed, KPPIP convened a Committee Meeting on June 21, 2017, chaired by the Coordinating Minister for Economic Affairs in the capacity of KPPIP Chairperson. The Deputy for Infrastructure Acceleration and Regional Development Coordination in the capacity as Head of KPPIP's Implementation Team presented Priority Project Selection methods and results. The meeting agreed to maintain some existing Priority Projects and include some new selected Priority Projects. The selections are as follows:

POWER PLANTS

19. Central Java Power Plant (CJPP)/PLTU Batang
20. PLTU Indramayu
21. PLTU Mulut Tambang (South Sumatra, Jambi, Riau, East Kalimantan, North Kalimantan)
22. PLTGU (18 provinces)
23. Central – West Java Transmission Line
24. Sumatra 500 kV Transmission (4 provinces)

OIL AND GAS

25. Bontang Oil Refinery
26. Tuban Oil Refinery (Expansion)
27. RDMP (Balongan, Cilacap, Dumai, Balikpapan, Plaju)
28. Abadi WK Masela Field (Maluku)
29. Indonesia Deepwater Development (IDD) (East Kalimantan)
30. Tangguh Train 3 Development (Papua)
31. Unitization Field Gas Jambaran – Tiung Biru (East Java)

WATER SUPPLY, SANITATION AND DAMS

32. West Sumatra Drinking Water Supply (SPAM)
33. Jatiluhur Drinking Water Supply (SPAM)
34. Bandar Lampung Drinking Water Supply (SPAM)
35. Jakarta Sewerage System
36. Sea Embankment Phase A

WASTE TO ENERGY PROGRAM

37. Waste to Energy Programs in 8 cities (Jakarta, Tangerang, Bandung, Semarang, Solo, Surabaya, Denpasar, Makassar)

As a follow-up action of the meeting resolutions concerning the Priority Project selection, Regulation of Coordinating Minister for Economic Affairs (Permenko) No. 5 of 2017 concerning Amendment to Permenko No. 12 of 2015 concerning Priority Infrastructure Preparation Acceleration has been issued. This Permenko has been enacted by the Director General of Regulations and Laws, and the Ministry of Laws and Human Rights on 6 September 2017.



**THE COORDINATING MINISTER FOR ECONOMIC AFFAIRS
THE REPUBLIC OF INDONESIA**

COPY

REGULATION OF COORDINATING MINISTER FOR ECONOMIC AFFAIRS
THE REPUBLIC OF INDONESIA
NUMBER 5 OF 2017
CONCERNING

AMENDMENT TO THE REGULATION OF THE COORDINATING MINISTER FOR ECONOMIC AFFAIRS NUMBER 12 OF 2015 CONCERNING PRIORITY INFRASTRUCTURE PREPARATION ACCELERATION

D. National Strategic Projects Photography Competition

In order to socialize the real performance that has been accomplished by the Government in infrastructure development for Indonesian people, KPPIP organized an infrastructure photography competition for participants across the country. This activity was invited participants to witness infrastructure development that had been carried out throughout Indonesia from photos of National Strategic Project implementation personally seen and taken by the participants.

The theme of this photography competition is **"On Land, Sea and Air, We Build Infrastructure"**.

The participants were divided into seven categories: Professional, Open for Western Zone, Open for Central Zone, Open for Eastern Zone, Students of Western Zone, Students of Central Zone and Students of Eastern Zone. Together, they competed to win a total prize of IDR 310 million.

The competition was initiated with registration and submission of photos from August 7, to August 21, 2017. They were also required to publish the photos on social media. There were 853 participants from various regions across Indonesia with a total of 2,269 photos submitted.

Details of submitted photographs and participants are as follows:

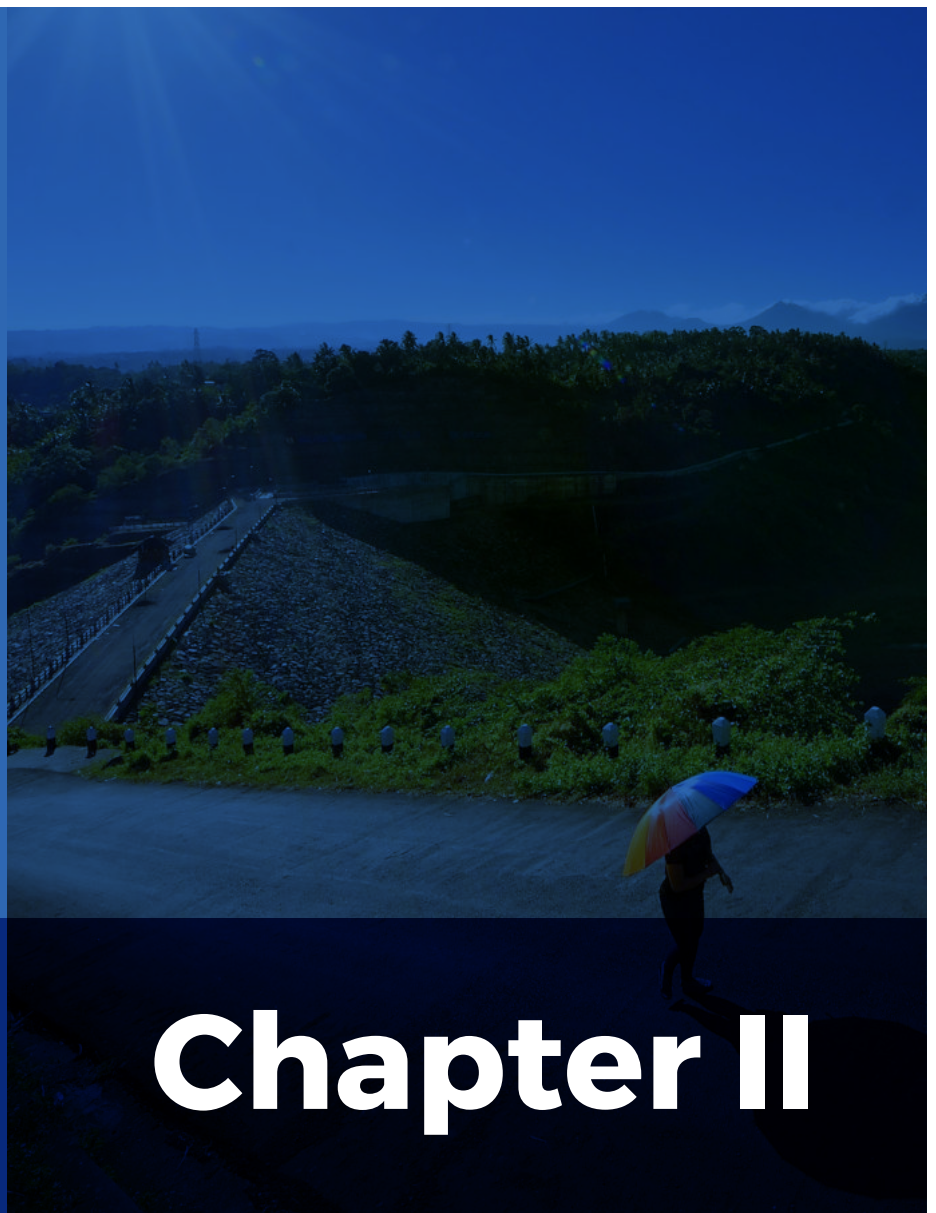
No	Category	Participants	Photos
1	Professional	117	317
2	Open of Western Zone	383	1024
3	Open of Central Zone	52	138
4	Open of Eastern Zone	55	139
5	Students of Western Zone	191	496
6	Students of Central Zone	25	76
7	Students of Eastern Zone	30	79
Total		853	2,269

The judging was on August 22, 2017. Three judges assigned were, Arbain Rambey, a journalist of Kompas, Alfred Lilipay, a photographer and Bastary Pandji Indra, as KPPIP's representative. The winners were announced on KPPIP's social media on August 23, 2017.

No.	Winners by Category	Name
Professional Category		
1	1st Winner - Professional	Fadil Aziz
	2nd Winner - Professional	Panca Budi Prabowo
	3rd Winner – Professional	Gunawan Rustandi
Open Category		
2	1st Winner – Open of Western Zone	Bayu Perwira Negara
	2nd Winner – Open of Western Zone	Andrian Bela Widodo
	3rd Winner – Open of Western Zone	Fajar Hengki Wijaya
3	1st Winner – Open of Central Zone	Felix Daritan
	2nd Winner – Open of Central Zone	I Ketut Raka Bujangga
	3rd Winner – Open of Central Zone	Raditia Teja
4	1st Winner – Open of Eastern Zone	Sander Sonambela
	2nd Winner – Open of Eastern Zone	Amrullah basri Paembonan
	3rd Winner – Open of Eastern Zone	Yardi Husaini
Students Category		
5	1st Winner – Open of West Zone	Ghiffari Zeva Hatsmi
	2nd Winner – Open of West Zone	Restu Riyanto
	3rd Winner – Open of West Zone	Arif Tribawono Hadirahmanto
6	1st Winner – Open of Central Zone	LG Bagus Verdhi Vidyasthana
	2nd Winner – Open of Central Zone	I Ketut Adi Ari Putra
	3rd Winner – Open of Central Zone	Dedet Noptiannur
7	1st Winner – Open of Eastern Zone	Ade Kurnia Farisah Sani
	2nd Winner – Open of Eastern Zone	Sadly Ashari Said
	3rd Winner – Open of Eastern Zone	Fawwas Muthohar

The Highlight of the competition was presenting of awards to the winners and photographs were exhibited on August 27, 2017, at Merdeka Square Jakarta. The guests who attended this event included the President of Republic of Indonesia and some ministers such as Coordinating Minister for Economic Affairs, the Minister of Public Works and Public Housing, the Minister of Transportation, the Minister of Environment and Forestry, the Minister of Agriculture, the Minister of Communication and Informatics and Chief of Presidential Staff.





Chapter II

Infrastructure Development
Progress in Indonesia



Photo Source : I Ketut Bujangga/KPPIP
Note : Titab Dam, Buleleng Bali



A. The Effect of Infrastructure Development on National Economic Development

The development of infrastructure projects selected in National Strategic Project (PSN) List is expected to generate positive impacts for the overall national economy. KPPIP in collaboration with the Economic and Community Research Institute, Economy Faculty of Indonesia University (LPEM FEUI) conducted a survey of such positive impacts. In the study, LPEM FEUI applied the main economic indicators of Gross Domestic Product (GDP), workers and domestic income to evaluate the impacts of National Strategic Projects (PSN) at both national and regional level with Labuan Bajo Airport Project and Umbulan Drinking Water Supply project selected as case studies.

At the national level, PSN project development gave positive impacts to the national economy. The magnitude of impacts varies depending on the budget allocations and sector investments. In general, PSN project development, which parts of their investment needs came from the subsidy reallocation, has potential to increase GDP by 5.32% with the highest added value found in 2028-2029 at 7.64%. The development of infrastructure under PSN category will increase domestic income by 6.69% compared to economic conditions without PSN projects (business as

usual). The impacts noted above will further increase if PSN project development is followed with productivity improvements of the related regions and sectors.

The economic impact of PSN project development on workforce and domestic income create a structural adjustment in 2020. This structural adjustment is a result of disparity in fund allocations by sector and changing infrastructure development type from relatively labor intensive character to more capital intensive.

At the regional level, Labuan Bajo airport has increased the number of tourist visits, particularly domestic tourists. Annual cumulative growth of the tourism sector in 2013-2016 was 23%. These favorable conditions also created business growth in the tourism sector at Labuan Bajo. For example, in 2015, the number of hotel rooms increased from 994 rooms, to 1,084 rooms by 2017 and hence, the number of employees hired also increased from 715 people in 2015, to 816 people in 2017. So the capital investments both foreign and domestic also increased.

The bolstering business activities in the tourism sector have boosted regional

revenues (PAD) from hotel, restaurant and entertainment taxes. For example, revenue amassed from restaurant tax from 2014 to 2015 rose by 16.9% and by 24.7% from 2015 to 2016.

The second project is SPAM Umbulan (Umbulan Water Drinking Supply System), which as of October, 2017 had employed 491 thousand working hours for the construction of the water

treatment plant and 118 thousand working hours for piping network construction.

Umbulan SPAM project has potential to serve 1.3 million people or 31,000 new house connections (SR) in East Java province (five regencies/cities) including several frequently draught stricken districts (kecamatan).

B. KPPIP's Policy Support for Infrastructure Delivery Acceleration

Economic Policy Package

Since the first economic policy package launched on September 9, 2015, deregulation has been introduced in various sectors to simplify regulations by eliminating duplication and irrelevant regulations. This initiative is intended to increase industrial performance to revive from the previously faltering economy and to cope with Rupiah depreciation against the US dollar. To date, the Government has issued 16 Economic

Policy Packages (PKE). The 16th PKE was launched on August 31, 2017 which focused on transferring business permit processing from central level to regional level. This measure is better known as Single Submission. In view of problems in permit processing in the regions which have been experienced in the past, it is therefore necessary for the local officials to understand and implement this PKE.

Economic Policy Package	Policy Highlights
I	Deregulation of 165 regulations, accelerate permit processing bureaucracy for land acquisition and other permits necessary for infrastructure projects, strengthen legal capacity of land ownership titles and clarify procedure and document completeness required for permit processing
II	Facilitate investment permit processing services at industrial estates, shorten time required for tax allowance and tax holiday processing and repeal VAT for transportation modes.
III	Reduce Oil Fuels (BBM) price, gas price and base rate of electricity tariff and simplify agrarian permits for investment purposes.
IV	Improve employment system and remuneration system with annual wage increases and introduce broader and more affordable KUR (People's Business Credits) policy.
V	Provide incentives of tax breaks and asset revaluation of corporations and SOEs and Individuals to build more transparent and efficient economic and investment systems.
VI	Provide incentives of investment facilitation in Special Economic Zones (KEK), water resources regulations and faster permit processing.
VII	Provide facilitations for labor intensive industries with PPh 21 tax borne by companies.

VIII	One Map Policy, speed up the development of domestic oil refinery plant and give incentives for companies engaged in maintenance services.
IX	Support the acceleration of power infrastructure development with Presidential Regulation No. 4 of 2016 concerning Power Infrastructure Development Acceleration to pursue electrification ratio target 97% in 2019.
X	Increase protection to Micro, Small, Medium Enterprises and Cooperatives with revisions to Negative Investment List (DNI).
XI	Introduce Indonesia Single Risk Management (ISRM) to ease cargo flows in the ports.
XII	Support deregulation by simplifying 94 procedures to 10 procedures to process permits necessary to start a business activity.
XIII	Reduce the number of permits and their processing time necessary for the construction of houses for low-income people (MBR), i.e., from 33 permits/stage to 11 permits/recommendation
XIV	Issue E-commerce Road Map to promote and expand people's economic activities throughout Indonesia in an efficient way and globally connected.
XV	Provide facilitation to ease business operation and save costs for national logistic service providers.
XVI	Remove barriers hampering the implementation process and maximize the use of information technology with the application of integrated license system (single submission)

C. Improvements in Institutional Regulations

Task and Function Expansion of Public Service Body of Toll Road Regulatory Body (BLU BPJT)

To respond to the mandate given to KPPIP, i.e., to establish funding schemes and sources for Priority Projects and set strategies and policies for priority infrastructure delivery acceleration, KPPIP provided support for BLU BPJT task and function expansion plan, of which an objective is to implement alternative funding schemes such as Availability Payment (AP).

Under an AP funding scheme, a project which is found financially unfeasible will receive financial supports consisting of an annual payment during the concession period from the Government according to the agreed rate of return. This support is subject to condition that business entity must have finished the project and delivered infrastructure services at the agreed quality standards. An example of such a project, which is deemed successful in applying an AP scheme, is Palapa Ring Broadband by Telecommunication and Informatics Financing Provision and Management Center (BP3TI).

Since April, 2017, KPPIP has been actively engaged with this plan, including coordinating the meetings and providing inputs with regard to the proposed new tasks and functions of BLU BPJT. KPPIP also held some discussions on the BLU BPJT expansion action plan and task allocation of Indonesia Infrastructure Guarantee Fund/PT Penjaminan Infrastruktur Indonesia (PT PII) and World Bank, under which PT PII should continue preparing the review with a focus on short-term solutions, especially for AP scheme operation. Meanwhile, the

World Bank was preparing a long-term review including BLU BPJT tasks, function and structure expansion for more optimum and sustainable BLU BPJT.

In the second semester of 2017, KPPIP supported coordination with BPJT for legal review preparation at the request of BPJT based on letter of Head of BPJT, the Ministry of Public Works and Public Housing No. UM.01.11-P/265 dated 28 July 2017. The review covered:

1. A study on the implications of laws and regulations for the proposed BLU BPJT expansion;
2. A study for the alternative BLU(s) to perform new tasks and functions if the planned BLU BPJT expansion is difficult to realize; and
3. A study to focus on the tasks and functions of BLU BPJT with regard to the Bailout Fund for Land Acquisition.

In addition, KPPIP also organized a meeting discussing the BLU BPJT expansion proposal on September 13, 2017. The resolutions of the meeting included that the Ministry of Public Works and Public Housing and BPJT would hold further coordination for the planned BLU BPJT expansion plan. This meeting was needed since the Minister of Public Works and Public Housing planned to re-organize the Ministry of Public Works and Public Housing, which also covered BPJT and BLU BPJT.

In November, KPPIP supported the coordination of a meeting discussing BLU BPJT Expansion with the Director General of Treasury, the Ministry of Finance. During the meeting, the Director General of Treasury underlined that any proposal must undergo in-depth review in terms of effectiveness and efficiency to avoid any overlapping tasks and functions with the existing agencies. In addition, review from a legal point of view was also necessary to prevent potential contravention of the applicable regulations.

Since more in-depth review was still necessary for some proposals, Directorate General of Treasury suggested the division of BLU BPJT functions expansion into several "proposal packages" which for the time being, should focus more on urgent functions and must not contradict existing regulations. As for other "proposal packages" they could be further reviewed and adjusted to the regulations or include setting up a new BLU as necessary.

In light of foregoing, KPPIP urged BPJT to develop the tasks and functions of BLU BPJT as an institute responsible for AP funds management no later than 2019, since Serang – Panimbang Toll Road was targeted to operate in that year.



The Establishment of a PPP Node within the Ministry of Transportation

The formation of a PPP Implementing Organization with clear-cut tasks and authorities is a key to ensuring that projects executed under Public Private Partnership (PPP) schemes will produce optimal results. A PPP implementing organization with leading roles in every stage of PPP implementation ranging from planning,

preparation to transaction is known as a 'PPP Node'. As defined in Regulation of the Minister of National Development Planning/Head of Bappenas No. 4 of 2015, the PPP Node shall play roles in formulating policy, synchronizing, coordinating, supervising and evaluating PPP activities.

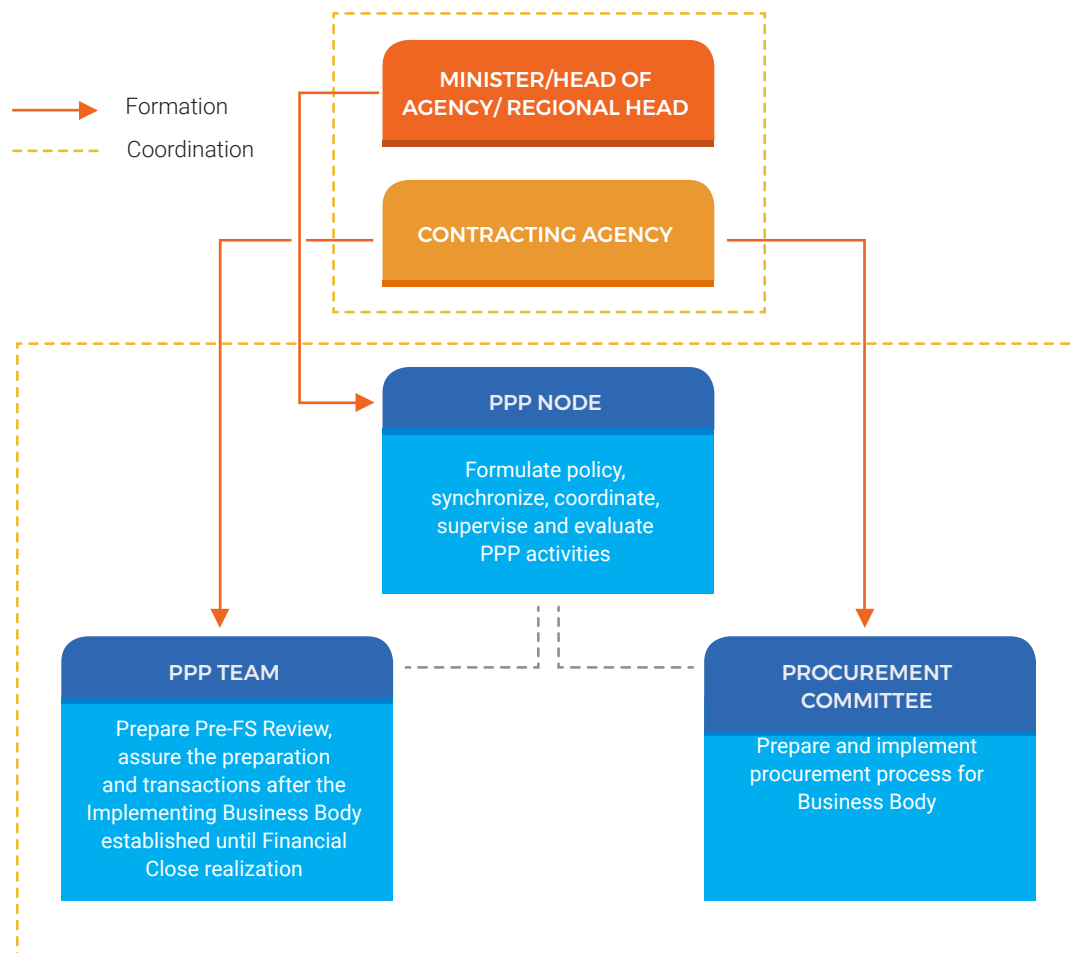


Figure 1

PPP implementation involving several institutional organizations as defined in the Regulation of the Minister of National Development Planning/Head of Bappenas No. 4 of 2015

Within the Ministry of Transportation, the PPP Node has been set up under Regulation of the Minister of Transportation No. 90 of 2010 concerning the Establishment of Public – Private Partnership (PPP) of the Ministry of Transportation. PPP Node, which was formed in 2010, consists of a Steering Team and an Executing Team. The former is led by the Minister of Transportation. The latter is chaired by the Head of Transportation Service Partnership and Delivery Review Center.

The tasks of the PPP Node as described in the Regulation of the Minister of Transportation No. 90 of 2010, have been in compliance with those described in the Regulation of the Minister of National Development Planning/Head of Bappenas No. 4 of 2015. In addition, for the PPP implementation within the Ministry of Transportation the corresponding procedure has been issued under Regulation of the Minister of Transportation No. 83 of 2010 concerning Procedure for Public-Private Partnership Implementation in Transportation Infrastructure Delivery.

During the implementation of Regulation of the Minister of Transportation No. 83 of 2010 and Regulation of the Minister of Transportation No. 90 of 2010, some constraints have been encountered. PPP projects in the Ministry of Transportation sustained delays in preparation and transaction stages and overlapping and confusing tasks of working units engaged in PPP implementation. As a solution to intensify PPP within the Ministry of Transportation, Regulation of the Minister

of Transportation as revision to Regulation of the Minister of Transportation No. 83 of 2010 and Regulation of the Minister of Transportation No. 90 of 2010 is being prepared.

The revisions will be focused on strengthening the functions of Cooperation Bureau for PPP implementation within the Ministry of Transportation. The Cooperation Bureau is a bureau under the Secretariat General of the Ministry of Transportation established in 2015.

The functions of this Cooperation Bureau to be contained in the revisions to Regulation of the Minister of Transportation No. 83 of 2010 and Regulation of the Minister of Transportation No. 90 of 2010 will include conducting reviews and providing recommendations and approvals to Preliminary Study, Outline Business Cases and preparing Final Business Cases and giving assessment to the realization of targets that have been set previously for every PPP project phase, starting from planning and preparation to transaction so as to enhance the success of PPP project implementation. In addition, the Cooperation Bureau is currently preparing PPP Implementation Guide in Transportation Sector.

KPPIP provided support to improve the achievement of PPP implementation in the Ministry of Transportation with facilitation of PPP capacity building for the Cooperation Bureau and other related working units and providing inputs to the PPP Implementation Guide in Transportation Sector currently being prepared by the Cooperation Bureau.

Support to Monitoring of Land Acquisition Funding through the State Asset Management Agency (LMAN)

Since May 2016 KPPIP has built intensive cooperation with State Asset Management Agency (LMAN) in fund provision for lands required by PSN projects under Presidential Regulation No. 102 of 2016 concerning Land Acquisition Funding for the Development for Public Interest within National Strategic Project implementation

Framework and Regulation of the Minister of Finance No. 21 of 2017 concerning Procedure of Land Acquisition Funding for National Strategic Projects and Asset Management to the Acquired Lands by State Asset Management Agency (LMAN). Land acquisition funding through LMAN was believed to be a significant

breakthrough since LMAN as a Public Service Body (BLU) has in a centralized and flexible way managed the land acquisition budget, which was previously managed by the ministry/agency concerned.

In the second Semester of 2017, KPPIP focused the support on monitoring and acceleration of bailout fund repayment. For this purpose, KPPIP conducted meetings to monitor the repayment of bailout funds and give solutions for any problems in the implementation.

Based on monitoring by KPPIP, the main problem confronted related to overlapped verification roles of the Finance and Development Supervisory Body (BPKP) and LMAN. According to Presidential Regulation No. 102 of 2016 and Regulation of the Minister of Finance No. 21 of 2017, BPKP shall verify the use of bailout fund before submitting a repayment request to LMAN. Meanwhile, LMAN as KPA (Budget User Authority) is empowered to examine administratively the proposed bailout repayment request.

However, many parties regard such practice as a re-verification process by LMAN, which is deemed to be ineffective since the verification role is under the responsibility of BPKP. On the other hand, the bailout fund repayment process to BPJT also was hindered by lack of quality and incomplete documents received by LMAN, i.e., inconsistent number of land documents submitted with areas of lands recorded in bailout fund repayment requests of BPJT.

To cope with these problems, KPPIP has conducted a string of monitoring and debottlenecking meetings to accelerate the repayment of bailout funds. KPPIP was also actively engaged in the preparation of Memorandum of Understanding for Bailout Fund Repayment Acceleration for Toll Road National Strategic Projects with five parties, i.e., BLU LMAN; BPKP; Directorate General of Roads and Bridges (DJ Bina Marga); the Ministry of Public Works and Public Housing; Directorate General of Land Provision, the Ministry of Agrarian and Spatial Plan; and BPJT. Under the MoU, some breakthroughs have been made to expedite the repayment process. LMAN will be directly involved in the verification process by BPKP to avoid overlap in this verification process.

With such acceleration efforts, as of December 6, 2017, the realization bailout fund repayment recorded IDR 11.49 trillion (92.6%) of total payment requests to LMAN at IDR 12.40 trillion. Although the settlement was not met by September, KPPIP highly appreciates LMAN's performance. LMAN almost completely settled the bailout fund repayment in fiscal year 2016.

As the next follow-up action, KPPIP is currently supporting LMAN in introduction of the Direct Payment mechanism. Under this scheme, a Business Entity is no longer obliged to provide Bailout Funds for land acquisition. KPPIP recommended Patimban Port project and LRT Jabodebek projects as the first two projects to implement this direct payment scheme.

D. Alternative Funding Supports

The Progress of Public-Private Partnership (PPP) Projects in Indonesia

Public-Private Partnership (PPP) is an infrastructure financing scheme set to optimize risk allocation between the Government and Private Parties in infrastructure project development ranging from preparation, pre-construction, construction to operation and maintenance. Such a scheme is intended to provide support to the limited fund allocation of the Government in State Budget/Regional Budget (APBN/APBD) and SOEs/ROEs by inviting private parties to participate in infrastructure development in Indonesia.

For the above purpose, the Government has introduced necessary instruments to support PPP scheme implementation in Indonesia. Reforms on the fiscal side have been introduced with the provision of Government supports like Viability Gap Funding (VGF), Availability Payment (AP) and from the institutional side the support includes the formation of Committee for the Acceleration of Priority Infrastructure Delivery (KPPIP), PT Sarana Multi Infrastruktur and Indonesia Infrastructure Guarantee Fund /PT Penjaminan Infrastruktur Indonesia (PT PII).

In 2017, policy and regulatory reforms were introduced to support well-advanced project implementation with, inter alia, the issuance of Government Regulation No. 13 of 2017 concerning National Spatial Planning (RTRWN) under which the Minister of Administrative and Bureaucratic Reforms can issue recommendations on spatial use as a basis for project permit issuance.

In addition, Presidential Regulation (Perpres) No. 56 of 2017 concerning Mitigation to Social Impacts of Land Acquisition for National Strategic Projects has been issued. This Presidential Regulation became the legal basis for the Government and business entities to provide compensation for house demolition, mobilization, house rents of the affected people and allowances for their lost income since the lands were owned by the Government, regional governments, SOEs or ROEs and currently used for PSN project development.

From various reforms that have been introduced, some **PPP Projects** have reached milestones as follows:



Positive impact of policy reforms is the implementation of Palapa Ring Broadband Project for West, Central and East Packages, which constitute the first PPP project applying Availability Payment (AP) scheme.

The payment for this service availability is guaranteed by **Indonesia Infrastructure Guarantee Fund/PT Penjaminan Infrastruktur Indonesia (PT PII)**. These three project packages managed to invite the participation of strategic investors and financial investors, the key to elevating the trust and confidence of other potential investors to perform PPP projects in Indonesia. The benefits will not only be appreciated by the investors but also by the Ministry of Communication and Informatics in the capacity of Contracting Agency (PJPK). With this project, the transfer of knowledge from strategic investors to PJPK and local investors can be implemented.

The Progress of Legal Basis Preparation for Limited Concession Schemes (LCS)

Limited funds had become the main barrier in infrastructure provision. Since 2018 was the year intended to begin the infrastructure development, fresh funds from alternative financing sources became necessary. So KPPIP is preparing management policies for the existing assets, from which fresh funds can be available in a reasonably short time. This initiative is called Limited Concession Schemes (LCS).

LSC is a scheme of granting concession for certain period of time to business entities for the operation and/or development of an existing matured infrastructure. The Government or SOEs in the capacity of Contracting Agency shall receive revenues that consist of an upfront fee, a periodic fee, revenue sharing and/or claw back. It is expected that the fresh funds can be used immediately for new infrastructure construction. At the same time, the assets in question remain under the proprietary rights of the Government (without any ownership assignment to business entities).

Below are the advantages of LCS

Income earned from the management of the existing assets but under ownership of the Government.

- The inclusion of fresh funds for other infrastructure construction (greenfield)

Assets managed by investors become a new source of funds in addition to the government's funds. The funds can be used specifically for infrastructure development (greenfield), and especially projects, which are deemed financially unfeasible such as in Eastern Regions of Indonesia, etc.. Funds can be obtained immediately according to the urgency funds required for Indonesia.

- To enhance confidence of foreign investors in investments in Indonesia

The Government's strong commitment is reflected by offering securitization or concessions, for suitable and feasible projects. The success of a pilot project under a limited concession scheme will encourage and motivate other investors to invest in Indonesia because of its national due diligence. New investors onboard after the pilot project can use such due diligence to participate in greenfield projects or other brownfield projects.

- To promote economic growth and the associated domino effects.

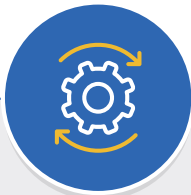
Enhance operation efficiency of projects adopting limited concession scheme, which later can increase economic growth through human mobilization, cargo movements, construction activities and supports to industries and trades.

- To optimize the operation, efficiency and management of the existing assets and transfer of knowledge.

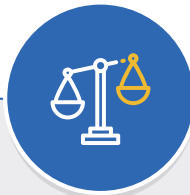
Limited concession scheme is able to elevate the competitiveness of a project at domestic or international scale, and also build the capacity of human resources to replicate the know-hows they acquire for other projects in Indonesia.

To respond to positive comments of stakeholders, such as the President, Coordinating Minister for Economic Affairs and the Minister of National Development Planning/Bappenas, KPPIP is formulating a White Paper to lay down the legal basis for limited concession schemes.

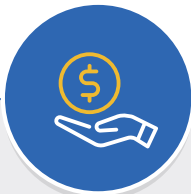
Why is **Presidential Regulation** necessary?



Indonesia **requires fresh funds** other than from the State Budget for the development of highly urgent infrastructure and brownfield projects, which are potential to optimize further.



Presidential Regulation No. 38 of 2015 concerning Public-Private Partnership (PPP) **has not regulated the participation of private parties in brownfield project development** and limited concession schemes.



The absence of legal basis for the received income, such as upfront fee, periodic fee, revenue sharing and claw back in concession schemes.



The absence of legal basis for BLU (Public Service Body) formation within the Ministry of Finance as the receiver of the revenue and **channel such proceeds earned from asset optimization directly** to other infrastructure projects.

The White Paper prepared by KPPIP (Committee for Acceleration of Priority Infrastructure Delivery) has been designed to regulate in detail the implementation of LCS in Indonesia. The aspects requiring regulation are inclusive of:

1. Types of infrastructure that can be optimized;
2. The term of the optimized asset;
3. Contracting Agency (PJPK): Ministries/Agencies together with BLU of the Ministry of Finance;
4. Agency in Charge for Monitoring and Evaluation: the Coordinating Ministry for Economic Affairs;
5. Transaction structure alternative;
6. Criteria for brownfield assets qualified to be offered;
7. Monitoring & evaluation function by the Government;
8. Maximum deadline for financial close;
9. Business entity procurement process;
10. LCS agreement modalities.

KPPIP submitted the White Paper to the Coordinating Ministry for Economic Affairs and it is at present being harmonized with the Presidential Regulation draft.

The Progress of Securitization Scheme and Asset-Backed Securities (ABS)

Based on the Mid-Term National Development Plan (RPJMN) 2015-2019, the total investments needed by the Government for infrastructure development are IDR 4,800 trillion or around IDR 960 trillion per annum. Compared to the State Budget allocation in 2017, which reaches IDR 390 trillion (41% of total requirements per annum), an investment instrument capable of covering the deficit IDR 570 trillion (59%) is necessary. One solution that can be implemented is the introduction of Asset-Backed Securities.

An Asset-Backed Securities scheme is a breakthrough infrastructure financing mechanism that can be taken by the Government through SOEs or Ministries/Agencies by maximizing potential upfront fees that can be collected from greenfield projects/assets (not in operation) or from brownfield projects/assets (already in operation) so as to obtain fresh funds (upfront payment) for the development of other infrastructure projects. Under this scheme, the rating of asset securitization products will be higher than the rating of their host corporation and as such, can minimize the cost for product launching.

The first investment instrument of Asset Securitization in Indonesia is EBA Danareksa Sarana Multigriya Finansial I for the Home Credit of Bank Tabungan Negara (SMF I-KPR BTN). The product consists of Collective Investment Contract (KIK) and effectively launched in January, 2009. Until the first semester in 2017, KIK-EBA scheme was implemented for home credits only. As of the second semester in 2017, two products of KIK-EBA scheme for commercial infrastructure assets were launched by PT Jasa Marga (Persero) Tbk. (Jasa Marga) as SOE engaged in Toll Road sector and PT Indonesia Power (a subsidiary of SOE Perusahaan Listrik Negara or PLN) (Indonesia Power) engaged in electricity sector.

On August 31, 2017, Jasa Marga launched its first asset securitization, i.e., KIK-EBA Mandiri JSMR01 with a value of IDR 2 trillion. This product was formed based on 40% of the potential revenue income from Jagorawi Toll Road. In this case, Jasa Marga acted as originator and collection manager that collects revenue from the secured Jagorawi Toll for distribution to KIK-EBA Mandiri JSMR01. Therefore, KIK-EBA Mandiri JSMR01 will distribute the yields and investment principal to investors. The fixed income promised from this product reached 8.4%. The fresh funds earned from the asset securitization implementation will be used by Jasa Marga for the construction of new toll roads in the next three years, with a value of IDR 71 trillion.

Indonesia Power promoted its first asset securitization product and was officially listed on the Indonesia Stock Exchange on September 20, 2017. The product's name is EBA Danareksa Indonesia Power PLN 1 – Account Receivables (EBA DIP1). Assets secured for this product were account receivables from power sales of PLTU Sularaya Unit 1 (one) until 4 (four) to PLN. The gains from asset securitization will be used as one of the funding sources for the development of Steam Power Plant (PLTU) Suralaya Unit 9 (nine) and 10 with a capacity of 1,000 Megawatt (MW) respectively. This project is part of the 35,000 MW Power Program.

During public offering, both KIK-EBA Mandiri JSMR01 and KIK-EBA DIP1 were oversubscribed 2.7 times. The positive interest of investors indicates the relatively low and acceptable investment risks of these products. In future, asset security scheme should offer products with higher risks, even for Greenfield project funding.

The development of infrastructure asset securitization schemes with two products above should be well received and improved. However, it is to be noted that asset securitization is not the only way to cover

investment deficits for infrastructure development since not all infrastructure assets are suitable for securitization. Two aspects must be taken into consideration in the securitization scheme, which are: 1) the scheme is debt-like in character, therefore, the asset cashflow should be established to prevent default, and 2) this scheme is

more suitable for optimum infrastructure assets and stable operation as found in the toll road sector. Thus, the characteristics and the assets' degree of maturity must be clearly understood before formulating and implementing asset securitization.

The Progress of New Financial Instrument (Collective Investment Contract – Infrastructure Investment Fund) (KIK DINFRA)

To embrace the spirit of Nawa Cita (Nine Development Pillars) proclaimed by the President and Vice President, infrastructure development holds the key in pursuing the vision and mission of Nawa Cita including to build Indonesia from the peripheries while strengthening regions and villages within the Unitary State of Indonesia. Enhancing the productivity of people and competitiveness in the international market that will enable this nation to develop further and compete with other Asian countries, and to achieve economic self-reliance by intensifying strategic domestic economic sectors.

However during implementation, infrastructure development is still hampered by the limited fiscal budget of the Government. To cover the financial gap, participation of the private sector is required. This private fund mobilization can be facilitated, inter alia, with financial instruments of Collective Investment Contract (KIK) Infrastructure Investment Fund (DINFRA) as described in the Regulation of Financial Service Authority (POJK) No. 52/POJK.04/2017.

KIK DINFRA is an investment instrument to collect funds from the public as financiers or investors, of which the

majority of proceeds collected, will be invested in infrastructure assets by Investment Manager. While this product is tantamount to a Limited Participation Mutual Fund (RDPT), there is still a fundamental difference. KIK DINFRA can be offered in a public offering and listed on the Indonesia Stock Exchange. KIK DINFRA can also be traded in secondary markets. This brings implications of broader investment coverage by investors than RDPT product.

In POJK, portfolio components that can be managed from this investment instrument are:

- 1. A minimum of 51% of Infrastructure assets from the Total Net Assets;**
- 2. A maximum 49% of other assets from the Net Asset Value, i.e.:**
 - a. Money Market Instrument, or
 - b. Security portfolio consisting of:
 - i. Securities issued domestically, and or
 - ii. Other financial instruments approved by Financial Service Authority as Securities;
- 3. Cash/Equivalent to Cash in DINFRA must be a maximum 20% of Net Asset Value;**

4. Investments in infrastructure assets can be made:

- a. Directly with the purchase of Infrastructure Assets subject to conditions:
 - i. Located in Indonesia;
 - ii. Assets that support the development or provision of Government infrastructure or bring about benefits to the public;

b. Indirectly:

- i. The purchase of equity securities issued by the companies controlling infrastructure assets;
- ii. Investments to debt securities to be paid from Infrastructure Assets; or
- iii. Investments to debt securities issued by companies controlling Infrastructure Assets.

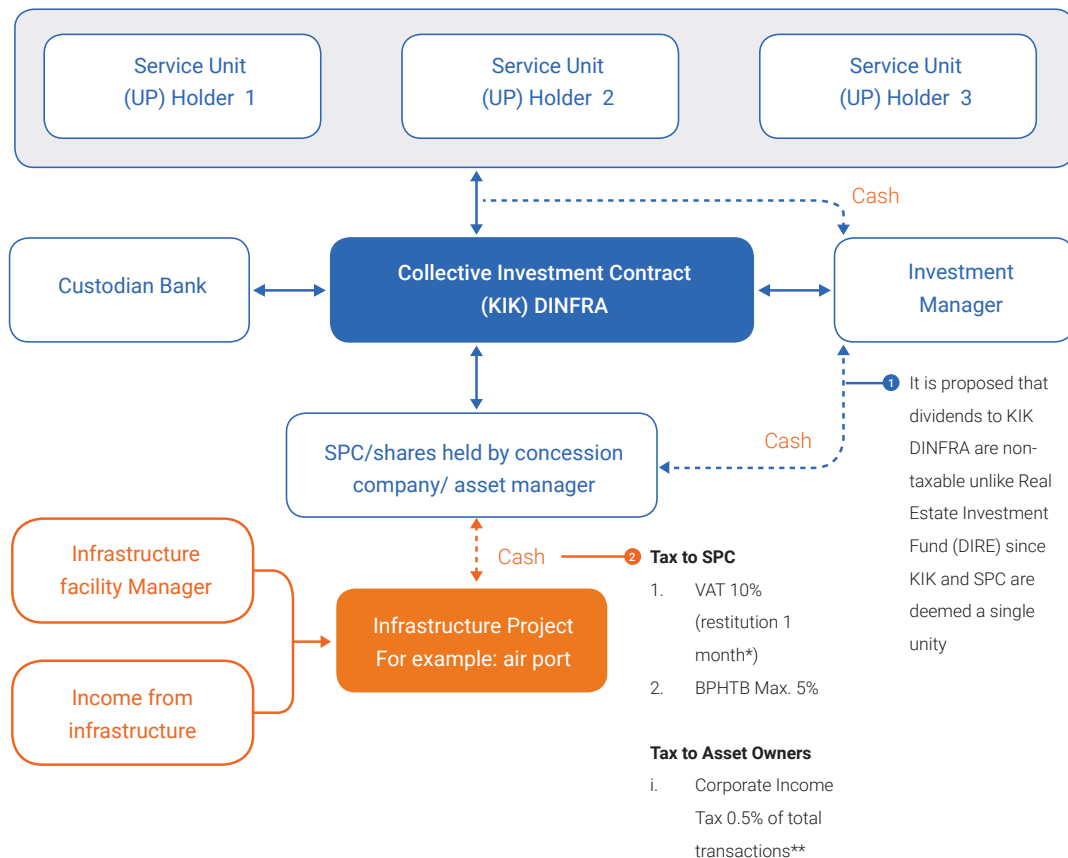


Figure 2.
KIK DINFRA Investment Scheme Diagram

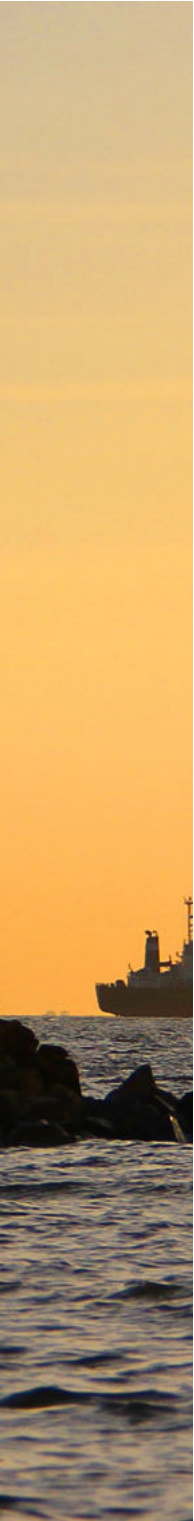


Chapter III

KPPIP Accomplishments



Photo Source : Rezki Sugiharto/KPPIP
Note : New Port Makassar Development Project



This Chapter covers the achievements of KPPIP in supporting project implementation by providing improved preparation quality, funding scheme formulation, monitoring and debottlenecking and regulations.

A. Project Preparation Support

Outline Business Case (OBC) for Bitung International Hub Port (PHI)

The OBC for Bitung PHI formulates the synchronization and integration of Bitung PHI port development with the existing port in Bitung, Bitung SEZ, and Lembah Island, and provides recommendations on regional development, alternative institutional patterns and the most optimum funding scheme. KPPIP facilitated the preparation of Terms of Reference (TOR) for OBC Consultant Procurement by inviting inputs from stakeholders, particularly the Ministry of Transportation.

In April 2017, KPPIP conducted a tender for OBC Bitung PHI consultant. This tender process was completed in May 2017 with the consortium of PT Mott MacDonald Indonesia, PT Deloitte Konsultan Indonesia and PT Hanafiah Ponggawa & Partners selected as successful bidders. OBC Bitung PHI preparation was

commenced with kick-off meeting on 6 June 2017. In the implementation, KPPIP involved stakeholders at every stage by organizing two Coordinating Meetings (25 July 2017 and 18 October 2017), two Focus Group Discussions (1 August 2017 and 8 November 2017), and two Market Consultations (28 November 2017 and 6 December 2017).

This OBC Bitung PHI preparation produced preliminary analysis of the trading and navigation conditions and trends in Bitung and the surroundings, alternative Bitung PHI development from a technical perspective. It also provided financial and economic assessment, legal assessment and regulatory assessment of the relevant regulations, and of Bitung PHI development structure. Analysis to trading and navigation conditions and trends in Bitung and the surroundings showed the need

for improving the feasibility of Bitung International Hub Port from a throughput aspect. This port is expected to serve throughput of some 21.4 tons per annum in 2050. The first stage of Bitung SEZ development of 534 hectares will provide additional throughput to Bitung International Hub Port of 2.4 million tons per annum in 2050. However, further capacity expansion to 2,000 ha must also be appropriately justified. This expansion will provide additional throughput of 11.9 million tons per annum.

It is also evident that to promote the status of Bitung port as an International Hub, firmer Government policy is needed to divert shipping traffic to Bitung and assign Bitung as a Hub for the Eastern Regions of Indonesia. These additional throughputs can be generated from such diversion, i.e. to range from 21.1 to 45.9 million tons per annum in 2050 dependent on catchment areas. However, in view of its uniqueness and possible unexpected consequences, further analysis is deemed necessary to validate this Eastern Region Hub scenario.

Analysis of alternative developments from a technical perspective indicates the need to satisfy the following infrastructure matrix for the various facilities that follow:

- Container: ~ 1,500 to 2,000 TEU/Lineal Meter Berth Line or + 30,000 TEU/hectare container terminal area
- Liquid Bulk: 3 to 5 Mtpa/berth and tank farm with cap. 5 to 20 storage turnovers per annum (dependent on products/buyers)
- Dry bulk: 10 to 25 Mtpa/berth and stockyard with capacity to store throughout 5-25% dependent on the product
- Break bulk and general cargo: 2 to 5 Mtpa/berth and supported with capacity ~2 ha dock side storage per Mtpa.

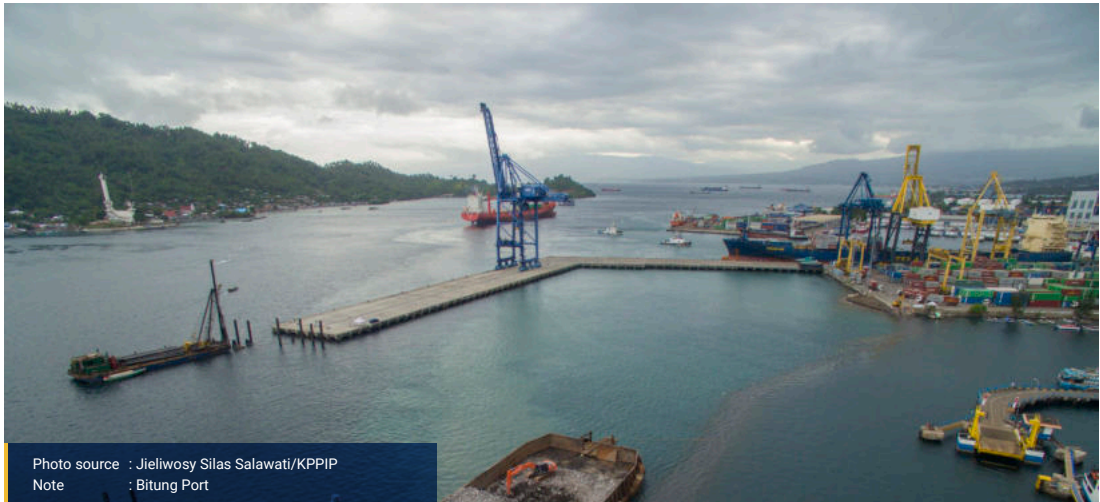
Technical analysis also identified the need for integration of land transportation development from and to Sam Ratulangi airport, flyover construction connecting Bitung port to the port in KEK Bitung, Tanjung Merah, Manado-Bitung railway project development acceleration, and inter-city railway network development especially on high priority routes including Kema-Belang-Tutuyan-Molibagu-Gorontalo for connection with Manado-Bitung railway network design.

Project financial feasibility analysis has been made for two development scenario alternatives selected for sensitivity analysis:

- **Master Developer Model**, in which investors just play a role as Port Developer
- **Bundled Developer and Operator**, in which investors will be both Port Developer and Operator.

The results of analysis indicate that under the Master Developer model (investors only play role as developer) can generate profits of USD1.89 billion (Net Present Value after tax) or 11.4% (real-IRR after tax) during the concession period until 2050.

However, if investors are also operators, in the Developer and Operator model, the same project will generate a rate of return at USD259 million (Net Present Value after tax) or 4.6% (real-IRR after tax) during concession period until 2050. According to the financial assessment, such a rate of return means that the project can only be executed marginally. In this case the project would need substantial financial support from the Government, especially in the form of land acquisition for the port, KEK and overfly road. If the Developer and Operator model is to be adopted, then the existing tariff setting for cargo service in Bitung will need to be reviewed to make the project more financially feasible for the operators.



Economic impact analysis of Bitung International Hub Port (PHI), including Cost Benefit Analysis, shows that the development of this project is able to bring significant economic impacts. Under the Master Developer scenario option, the economic costs arising from this project are USD2.67 billion with economic profits of USD2.68 billion. Meanwhile, in bundling the port developer and operation scenario options, the economic costs are USD2.55 billion with economic profits of USD2.67 billion. Economic stimulus to port development may also generate broader economic impacts. For example, it is very likely that the Special Economic Zone will experience significant improvements once the port is developed. Port development can also stimulate regional economic growth.

1. Bitung Special Economic Zone (SEZ) Development:
 - a. Land acquisition
 - b. Land occupation by local communities
 - c. Time required by Bitung SEZ to be ready to operate
 - d. Bitung SEZ development plan for 2,000 ha
 - e. Light Railway Track development plan

2. Bitung Port Development Plan
3. Transshipment Ban
4. Consolidation of Goods Transportation or Navigation Route to Eastern Regions of Indonesia via Port of Bitung
5. The absence of Technical Criteria for International Hub Port
6. Bureaucracy established by the Government of Philippines for Cement Import
7. Diminishing coconut supplies in North Sulawesi
8. Security – defense aspects of Bitung International Hub Port Development.

With regard to development stages, Bitung PHI will accommodate the existing Port of Bitung Development Master Plan prepared by PT Pelindo IV.

Patimban Port Intermoda Master Plan



To implement the cross-sectoral integrated Patimban Port development plan, KPPIP procured consulting services for the preparation of a highway and railway infrastructure master plan to support intermoda integration of Port of Patimban. A consortium consisting of PT Worley Parsons Indonesia and PT KPMG Indonesia was selected as Consulting Team to prepare such a Master Plan.

The preparation of the master plan was initiated with a kick-off meeting on 14 June 2017. In subsequent stages, KPPIP involved stakeholders by organizing two coordinating meetings (on 28 August 2017 and 5 December 2017), and two Focus Group Discussions (18 September 2017 and 2 November 2017).

Based on the review, the Master Plan considered 3 options of separate integrated routes. The master plan includes Access Road to the Port connecting Pantura

Corridor (National Road Network along North Coast of Java Island) and the existing Port of Patimban and calculates the estimated journey time for logistic traffics in various alternative accesses. The Master Plan also provides economic and financial evaluation. IRR (Internal Rate of Return) and NPV (Net Present Value) are separately evaluated for individual options. The access road to the port and the access road to railway will be financed by the Government utilising JICA loans. Toll Road construction will be financed under a PPP scheme. The Master Plan provides funding structure analysis, project IRR, equity and sensitivity analysis describing potential impacts to the financial/economic performance of project in case of changes to several project parameters.

The Master Plan also presents the estimated Capital Expenditure (CAPEX) and Operation and Maintenance Expenditure (OPEX) for several alternatives. Furthermore, the Master Plan proposes a short schedule for Project

Development, i.e. from the use of Access Road to the Port via toll road to the completion of railway access. Risks, advantages and disadvantages have been summarized in this Master Plan for every transportation access point to the port and the recommended integrated intermoda system.

The master plan recommends the integration of intermoda infrastructure development plan covering national roads, toll roads and railways, while ensuring spatial suitability for land use planning, demand on the port and efficiency of journey time from Port of Tanjung Priok and industrial estates in Cikarang and Karawang to Port of Patimban and vice versa, and the synergy with the existing transportation infrastructure. Based on preliminary review, the recommended intermoda access with the best efficiency and effectiveness in terms of

technical aspects, spatial planning and environment and finance is Option A, i.e.:

1. Road Access to the Port connected from Pantura corridor subject to review of DG Roads and Bridges (Bina Marga), the Ministry of Public Works and Public Housing;
2. Toll Road with modification to Subang Interchange; and
3. Railway tracts in parallel with the toll road from a starting point at Pagaden Baru Station.

The preparation of the Master Plan was accomplished with Final Presentation to Internal KPPIP on 21 December 2017, from which a number of inputs recommended during the presentation will be included in Final Report.

Outline Business Case (OBC) for Yogyakarta – Bawen Toll Road



Yogyakarta – Bawen Toll Road has been a Priority Project since 2017. The Feasibility Study for this project was accomplished in 2009. However, this feasibility study has been considered no longer relevant and data update is therefore necessary. In light of that, KPPIP facilitated the preparation of an Outline Business Case (OBC) to produce OBC documents, which reflect the actual conditions and in compliance with OBC standards established by the Government under Regulation of the Minister of Bappenas No. 4 of 2015 concerning Procedure for the Implementation of Public – Private Partnership (PPP) in Infrastructure Development. For this purpose, KPPIP has tendered consultant procurement for OBC preparation, with PT Price Waterhouse Coopers Indonesia Advisory determined as the successful bidder. The OBC was completed in December 2017.

During OBC preparation, KPPIP organized intensive coordination with various stakeholders at central level as well as at regional level. Some meetings held included:

- Coordinating Meeting of OBC progress to report the latest development of OBC preparation to the Ministry of Public Works and Public Housing
- Coordinating Meeting with Central Java Province Government and DIY Government
- Meeting with Sri Sultan Hamengkubuwono X in the capacity of the Governor of DI Yogyakarta
- Meeting with Magelang Regent
- Meeting with Temanggung Regent

The most significant stage in OBC preparation for Yogyakarta – Bawen Toll Road concerned its route design. Through in-depth analysis and a number of meetings some options for Yogyakarta – Bawen routes were proposed as follows:

1. Two options in Central Java areas:
 - a. Option 1: go through the Eastern side of Magelang Regency
 - b. Option 2: go through the Western side of Magelang Regency

2. Three options recommended for DI Yogyakarta areas:
 - a. Option A: at grade
 - b. Option B: elevated crossing Mataram Irrigation Ditch (Selokan Mataram)
 - c. Option C: the end of toll road in Yogyakarta connected to the planned outer ring road

Based on analysis and evaluation method to technical, environmental and cost parameters, Option 1 was selected as the best alternative (ranking 1). In terms of cost parameters, Option B was found to be the option requiring higher capital cost. However, in view of inputs received from the local government and discussion with stakeholders, Option 1B was regarded as the most optimum route from a stakeholder perspective and thereby selected as the most appropriate route. This preferred route will avoid big issues of land acquisition and social impacts during project implementation, particularly in D.I. Yogyakarta province.

From a commercial perspective, the OBC analyzed the financial feasibility indications of project using assumptions and data, which were mostly collected from surveys and analysis as parts of this review. Financial feasibility analysis in OBC was undertaken for several business model scenarios, namely, a user based payment scenario, in which the concessionaires will receive investment return based on revenue earned from toll road users, and an Availability Payment scenario in which the investment return will be based on the payment by the Government for the availability of infrastructure services operated by concessionaires. However, the obtained values were derived from data available during OBC preparation and therefore subject to change in case of revisions to the main assumptions applied.

Another aspect reviewed in this OBC included Value for Money ("VfM") analysis by comparing project development under a conventional Goods/Service

Procurement Contract (KPBJ) scheme to a PPP scheme. The analysis indicated that procurement with a PPP scheme has potential to provide savings for the Government of around IDR 696 billion or 14.64% of Project value than if implemented with a goods/services procurement contract scenario by the Ministry of Public Works and Public Housing with State Budget. While a PPP scheme is more complicated in its procurement process than Goods/Service Procurement contract (KPBJ) scheme, the former has more advantages and will produce a better Project with lower risks to the Government.

From the economic feasibility aspects of the Project, OBC also provided social-economic cost-benefit analysis. This analysis indicates that Yogyakarta – Bawen Toll Road Project will produce higher benefits than its cost. According to Economic Benefit and Social Cost Analysis, Yogyakarta – Bawen Toll Road is expected to produce the following benefits:

- Generate economic benefits worth IDR 40 trillion (at present value) during 40 years of the agreement term.
- Provide positive economic rate of return with net present value in amount of IDR 31.1 trillion and EIRR 21. This shows that this investment is economically justified with a benefit-cost ratio of 4.5.

Apart from technical, economic and commercial aspects, the OBC also dealt with analysis from legal and institutional perspectives. The legal analysis aimed to:

- (1) Ensure that Project had been processed according to the applicable laws and regulations from the following aspects:
 - (a) Business body establishment;
 - (b) Capital investment;
 - (c) Business competition;
 - (d) Environment;

- (e) Occupational safety;
- (f) Land acquisition;
- (g) PPP financing scheme, including revenue financing mechanism;
- (h) PPP licenses;
- (i) Taxes; and
- (j) Other related regulations.

- (2) Identify the legal risks and the associated mitigation strategies;
- (3) Review possible regulatory revisions;
- (4) Identify types of permits/approvals required; and
- (5) Prepare plans and schedules to comply with regulatory and legal requirements.

The institutional analysis of the Project was carried out to:

- (1) Ascertain the authorities of the Contracting Agency in Project implementation;
- (2) Map the stakeholders by assessing the roles and responsibilities of agencies engaged in Project implementation;
- (3) Set the roles and responsibilities of PPP Team on

preliminary pre-feasibility study review, final pre-feasibility study review and establish the reporting system of the PPP Team to the Contracting Agency;

- (4) Set and prepare regulatory – institutional instruments; and
- (5) Establish the terms of reference for decision making.

On 3 October 2017, a discussion was held to select Yogyakarta – Bawen Toll Road Route as part of OBC preparation. While taking various technical and social aspects into account, the discussion, which was organized by Toll Road Regulatory Body (BPJT), set option 1 (Central Java) and Option B (D.I. Yogyakarta) as Yogyakarta – Bawen Toll Road routes.

After obtaining approval for the proposed routes from stakeholders, the Directorate General of Roads and Bridges (Bina Marga) prepared letters for submission to the Governor of Central Java Province and the Governor of D.I. Yogyakarta Province asking them to issue letters confirming such locations as the routes of Yogyakarta – Bawen toll road.

Environmental Impact Assessment (EIA) for Yogyakarta – Bawen Toll Road



An Environmental Impact Assessment (EIA) for Yogyakarta – Bawen Toll Road has been prepared alongside with OBC preparation for Yogyakarta – Bawen Toll Road. KPPIP prepared a tender for the selection of EIA Preparation Consultants with PT Karsa Buana Lestari determined as the successful bidder. They were tasked to prepare an EIA to facilitate the issuance of Environmental Permit of the Ministry of Environment within 5 months as from 1 August 2017.

During OBC preparation, KPPIP built intensive coordination with stakeholders at both central and regional level. On 14 August 2017, KPPIP convened a Kick-Off Meeting to start the implementation of the EIA Study for Yogyakarta – Bawen Toll Road with attendance of the related stakeholders. During the Kick-Off Meeting, the participants agreed on the need for accelerating the toll road routes decision that enabled EIA Consultants to proceed with socialization and survey activities as soon as possible.

Yogyakarta – Bawen Toll Road EIA was prepared simultaneously with OBC preparation of the same toll road. To prepare the EIA, the selected routes must be confirmed and this task was within the scope of OBC works. In this case, KPPIP put much effort into synchronizing information and progress of these two studies. Information synchronization is important to ascertain that EIA preparation will not be disrupted with inconsistent information used as basis in EIA and OBC preparation for Yogyakarta – Bawen Toll Road.

Since stakeholders had yet to confirm the selected toll road routes and it has been behind the original schedule, EIA preparation was just to reach the stage of Terms of Reference (TOR) preparation for ANDAL (Environmental Impact Analysis) and Environmental Permit processing, which was expected to be issued in April 2018.

Real Demand Survey and Capital Expenditure Calculation for West Semarang Water Supply Project (SPAM)



West Semarang Water Supply Project is a Priority Project under the PPP scheme. This drinking water supply project in West Semarang was initiated in 2012 with a real demand survey prepared by JICA, also in 2012. For the OBC, a final feasibility study was prepared by PT Indonesia Infrastructure Finance in 2014 and updated in 2017.

Upon evaluation to such studies, KPPIP emphasised the need for data update with a real demand survey to get the most up-to-date and accurate illustration on clean water needs and demands of areas to be served by this PPP-Based West Semarang Water Supply Project. The updated data from real demand survey should be adopted as reference in Final Business Case (FBC) preparation. This work will be tendered to prospective bidders. Alongside the real demand survey, KPPIP also initiated a piping capital expenditure (CAPEX) calculation to estimate investments required for pipe network

development that must be provided by the prospective investors. PT SMEC Denka Indonesia was selected to perform this study.

The Kick-Off Meeting of real demand survey study was held on 4 September 2017 and continued with data collection process by PT SMEC Denka under coordination with Semarang Municipality Government and PDAM Tirta Moda in the capacity of Contracting Agency for West Semarang SPAM Project. On 27 November 2017, a focus group discussion on the results of real demand survey and piping capex calculation was organized involving the Ministry of Finance, the Ministry of Public Works and Public Housing, Semarang Municipality Government, PDAM Kota Semarang and PT SMI.

A real demand survey and a piping CAPEX study were completed in November 2017 and used as inputs by the Ministry of Finance and PT SMI for transaction preparation process of West Semarang SPAM Project.

The final results and conclusions of the study presented by KPPIP to stakeholders of West Semarang SPAM Project are as follows:

1. At present, clean water service level in West Semarang service areas, i.e. Semarang Barat District, Ngaliyan District, and Tugu District is only 44.26%. This clean water service to the residents of West Semarang areas must be enhanced. According to the target set by the Government in Sustainable Development Goals (SDGs) at 100% by 2019, there is still a need to increase the existing level by 56%.
2. The real demand survey indicates a service target of 86%. To pursue this target, breakthroughs of intensive socialization and encouragement for local households to install new connections by PDAM and regulations banning the consumption of water extracted from deep wells to attract them to register as PDAM customers will be necessary;
3. While West Semarang Water Supply System is feasible for the construction of a Water Treatment Plant with capacity of 1,000 l/sec, however, a special strategy to absorb such capacity will be important;
4. The preferred pipes for transmission mains are the combination of steel pipes, High Density Polyethylene (HDPE) and Polyvinyl Chloride (PVC). For distribution mains, similar to transmission mains, combined pipes are preferred, i.e. steel pipes, HDPE and PVC; and
5. Total investments necessary for pipe network construction that have been updated by consultants are estimated as IDR357.8 billion with transmission mains made of steel pipes and distribution mains of HDPE pipes, IDR297.3 billion for transmission and distribution mains consisting of HDPE pipes, and IDR202.9 billion for transmission and distribution mains made of PVC pipes.

Financial Models for Waste to Energy (PLTSa) Project



Photo Source : KPPIP
Note : Solid Waste Processing

Waste to Energy Project is a Priority Project selected in 2017. The local governments being Contracting Agencies for this Waste to Energy Project admitted that their local budgets allocation for processing fees are very limited. For example, Tangerang Municipality stated that their maximum budget for processing fees was IDR100,000/ton only. Given that, Waste to Energy Project is intended to adopt a PPP scheme.

To prepare its OBC, financial modelling must be made to identify the tipping fee value. To get this tipping fee value, KPPIP with support of a Forecast Financial Modelling Consultant has prepared financial and economic modelling for Waste to Energy Tangerang Project for capacity building purpose. This Forecast Financial Modelling provides a worksheet template to KPPIP that can be used to calculate the value of the required tipping fee.

Financial calculation has been made using technical and financial assumptions taken from reviews by a multilateral agency (International Financial Cooperation,

the Ministry of Environment, Japan) for Waste to Energy Tangerang and Denpasar Projects.

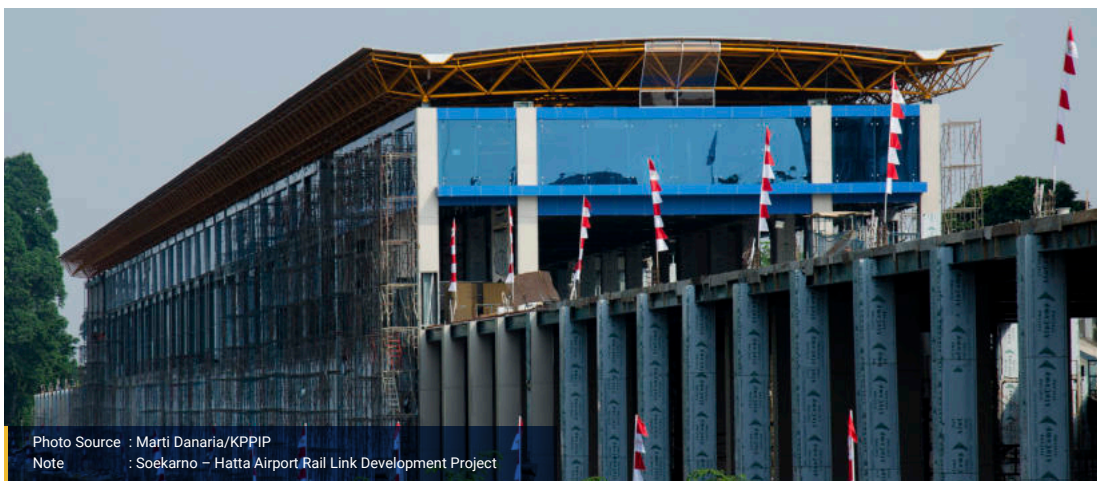
According to financial review by KPPIP under assumptions of garbage volume 1,000/ton/day with calorific value 1,300 kcal/kg, the generated power 16 (MW) gross, electricity tariff at US\$18.77 cent/kWh (IDR 2,533.95/kWh), loan interest 4.6%, the IRR of Project will be 8.1 – 9.3% and positive NPV subject to conditions:

1. **Capital Expenditure US\$90 million** will require tipping fee IDR200,000/ton
2. **Capital Expenditure \$116 million** will require tipping fee IDR375,000/ton

KPPIP has communicated this tipping fee calculation to stakeholders at central level and to the local governments concerned. Regulation on tipping fee is currently being drafted by the Ministry of Home Affairs.

B. Determining Project Funding Scheme

Soekarno – Hatta International Airport Express Rail Link



Airport Express Rail Link Project is an alternative transportation mode to Soekarno – Hatta International Airport (SHIA), which includes a dedicated SHIA express rail link. In 2013, the Minister of Transportation confirmed the route for this dedicated SHIA express rail link via Halim – Manggarai – Dukuh Atas – Tanah Abang – Pluit – SHIA. However, in 2015 the routes were planned to revise via Gambir.

While the rail link routes were confirmed, no funding scheme had been established for this Project. In 2014, the preparation of its pre-feasibility study was completed by PT SMI and approved by Director General of Railways, the Ministry of Transportation in September 2014. The recommended project funding scheme was a PPP scheme. In October 2015, the Minister of Transportation sent a letter to the Minister of Finance informing that

project preparation for infrastructure development would be performed by the Ministry of Transportation and facilitation from PT SMI was stopped.

Until November 2017 no clarification from the Ministry of Transportation on the continuation of project preparation was provided. To respond this situation, KPPIP facilitated the decision making process for project continuation with a meeting of KPPIP's Implementation Team and KPPIP's Ministers. From a ministerial meeting in October 2017 and the next meeting with Director General of Railways, finally KPPIP got confirmation that the dedicated SHIA express rail link project would be continued. However, review to the routes for project development was required to be carried out first. Another step necessary to resume the project was to improve its Pre-Feasibility Study.

Kuala Tanjung International Hub Port (PHI)



As a follow-up action to the Committee Meeting held in June 2017, a series of meetings at technical level were organized to agree the project development scheme with a bundling scheme for port areas, port terminals and industrial estates development. During a Committee Meeting in October 2017, the discussion was more focused on the unbundling scheme, in which the project would develop port areas and the port terminal separately from the

industrial estate areas. To respond to this decision, the Ministry of Industries coordinated a discussion on industrial estate area development scheme with stakeholders. As to the development of port areas and port terminals, this would be continued by PT Pelabuhan Indonesia I since the development of port areas phase I, i.e. the construction of multipurpose terminal had been commenced. This project development scheme was intended to be finalized in early Fiscal Year 2018.

West Semarang Water Supply Project



To respond the resolutions of KPPIP's Implementation Team meeting in March 2017 discussing State Budget – based funding scheme compared to the PPP scheme for West Semarang SPAM Project, KPPIP initiated a discussion to compare funding schemes with the Directorate of Water Supply Development, in the Ministry of Public Works and Public Housing. KPPIP urged the issuance of a letter by the Coordinating Minister for Economic Affairs to the Minister of Public Works and Public Housing No. S-55/M.

EKON/03/2017 in March 2017 to re-confirm that the funding scheme for West Semarang Water Supply Project was a PPP scheme. To reply to such a letter, the Ministry of Public Works and Public Housing then issued letter No. PR.01.03-Mn/301 to Semarang Mayor informing that the scheme supported by the Government for West Semarang Water Supply Project was a PPP scheme. Thus, project preparation could be resumed with the adoption of a PPP scheme.

Jakarta Sewerage System



Photo source : KPPIP
Note : Water Pipeline

To continue the study that commenced at the end of 2016, KPPIP with the assistance of Indonesia Infrastructure Initiative (InDI) completed a scoping study to identify Jakarta Sewerage System (JSS) potential for further development under a PPP scheme. Based on this study, it was identified that JSS Zone 5 and Zone 8 have potential to prepare for a PPP scheme. To follow this identification, KPPIP together with DKI Jakarta Province government and Asia Development Bank (ADB) agreed that JSS Zone 8 would receive support for project preparation under a PPP

scheme by Asian Infrastructure Center of Excellence (AICOE), ADB. In September 2017, KPPIP sent an official support request through the Chairman of KPPIP's Implementation Team with letter No. S-85/D.VI.M.EKON. KPPIP/09/2017 regarding "Request for Project Development Assistance for Jakarta Sewerage System Zone 8". Until end of 2017, KPPIP communicated with AICOE to discuss the follow-up actions of such request and the process for PPP scheme study and transaction preparation for JSS Zone 8 project.

Serang – Panimbang Toll Road



In January 2017, the consortium of PT Wijaya Karya Tbk., PT Pembangunan Perumahan Tbk., and PT Jababeka Infrastruktur was determined as successful bidder for the Serang-Panimbang Toll Road concession. This project will be developed under Supported Build Operate Transfer (SBOT) with construction support from the Government for some of the toll road segments. However, in a later development, SBOT scheme was unable to be implemented on the grounds of budget efficiency. BPJT coordinated the Ministry of Finance to revise this scheme into an Availability Payment (AP) mechanism. In July 2017, the Ministry of Finance with letter No. S-17/MK.8/2017 approved the revision of the Government's feasibility support into AP.

With an AP scheme as Government's support to enhance the feasibility of Serang-Panimbang Toll Road Project with the construction of 33 km toll road segment (Cileles-Panimbang section), KPPIP provided support with analysis and recommendations for the implementation of the Government's support. In the analysis, KPPIP underlined that the implementation of AP scheme would

bring about direct impact of new BUJT holding concession for Cileles-Panimbang section. For the new BUJT, its shareholders could be the consortium PT Wijaya Karya Serang-Panimbang (PT WKSP) with capital/share participation portion equal to PT WKSP (condition 1) or otherwise the new BUJT could have different shareholders (condition 2). From these two conditions, it emerged that there were some issues that should receive attention to assure sound and efficient implementation of Government's support through AP scheme.

As to condition 1, KPPIP noted the possibility of smaller NPV of Government's support consisting of AP to PT WKSP than support of Viability Gap Fund because of the double taxation effect. This effect occurs because the revenue earned by the new BUJT from the Government's AP support is taxable and this will affect AP value of BUJT to the shareholders of new BUJT in the form of dividends, which are again taxable. To prevent this, recalculation was necessary so that support in AP would not decrease BUJT's investment rate of return.

In condition 2, an issue that needed to be considered concerned the quality of construction and maintenance of toll road developed by new BUJT that must be consistent with PT WKSP's expectation to ascertain smooth toll road operation.

Irrespective of condition 1 and condition 2, other issues that were identified as cause for concern were:

1. Legality of revenue from users of toll road section receiving Government's support by PT WKSP since such revenue would constitute non-tax revenue. In the offered schemes, all toll revenues will be recognized by PT WKSP;
2. The need to construct toll gates at the ends of Cileles-Panimbang section in a separate way and that toll revenue from this section should not be mixed with overall toll road revenue.

Based on the above analysis, in view of some factors with potential to decrease the feasibility of PT WKSP from the original PPJT, KPPIP recommended compensation for PT WSKP that could consist of revisions to the concession period, initial tariff or other mechanisms. In addition, KPPIP also recommended the preparation of legal opinion for the recognition of toll road revenue earned from the Cileles-Panimbang section by PT WKSP that should be recognized as non-tax revenue. For the harmonization of toll road construction and maintenance quality between PT WKSP and the new BUTP, this can be set out in an agreement or other business-to-business agreement.

Tangerang Waste-to-Energy Project (PLTSa Kota Tangerang)



The Waste-to-Energy Project for Tangerang Municipality (PLTSa Kota Tangerang) is intended to process solid waste at TPA (Final Disposal Site) Rawa Kucing of Tangerang Municipality into electrical power. At present, TPA Rawa Kucing has to accommodate garbage not less than 1,400 ton per day using sanitary landfill. It is projected that this final disposal site will reach its design capacity (garbage collection capacity) in 2029, which unless managed properly will cause uncontrollable trash accumulation. In light of that, it is proposed to process garbage in TPA Rawa Kucing into electrical power.

From 2010 to early 2017, a Pre-Feasibility Study has been prepared by local consultants. According to resolutions of KPPIP's Committee Meeting on 21 June 2017, PLTSa Kota Tangerang was selected as a Priority Project. KPPIP gave support for review and revision to Pre-Feasibility Study of PLTSa Kota Tangerang in August 2017. Based on such review, the proposed funding scheme was that of a PPP scheme. Tangerang Municipality stated that they could only afford to allocate budget for the processing fee at IDR100,000/ton. Thus, support from the Government and private sectors to realize this PLTSa Kota Tangerang was necessary. In

September 2017, the Coordinating Minister for Economic Affairs sent a letter to the Minister of Finance regarding a request for a Project Development Facility (PDF) for PPP-based PLTSa Tangerang to accelerate its preparation so that the specified project milestones could be achieved.

In November 2017, the Minister of Energy and Mineral Resources sent a letter to the President Director of PT PLN to assign PT PLN as the developer of PLTSa Kota Tangerang project. As a response to this letter, KPPIP conducted a legal and financial review, which found that authority for solid waste management lay with local government, not the central Government, and with the committed processing fee at IDR100,000/ton a bank loan with interest rate less than 5% would be necessary.

Based on these review results, KPPIP recommended continuing PLTSa Kota Tangerang Project with the adoption of a PPP scheme. Tangerang Municipality Government argued that if PT PLN scheme assignment was not in compliance with the applicable laws and regulations, then they would accept the introduction of a PPP scheme instead.

Downstream Industry Development of Oil and Gas Upstream Projects



One issue encountered by oil and gas upstream projects, which are now registered as Priority Projects, is that there is no allocation of the gas produced by their fields to downstream users. Oil and gas upstream projects such as Tangguh Train-3, Jambaran Tiung-Biru and Masela requires oil and gas downstream industries ready to receive the gas to be developed. In addition to providing fuel for the electricity sector, the gas industry plays leading roles in and generates positive multiplier effects for petrochemical industries in Indonesia.

The Ministry of Industries, which is responsible for petrochemical industry development decided that projects benefiting the downstream sector of the gas industry should be more focused on the Industrial Estate at Bay of Bintuni, which was also included in the National Strategic Project list and would consume part of gas from Tangguh Train-3 project as raw material.

Plants in the Industrial Estate of Bay of Bintuni are expected to produce methanol as a substitute component that can be maximized to produce fuel oils such as petroleum and LPG. This industry will play

leading role in bolstering the national energy resilience of Indonesia.

Since October 2017, KPPIP has coordinated with the Ministry of Industries in a series of FGD sessions to discuss the most suitable funding scheme for the development of this industry. During these FGD sessions, KPPIP presented funding schemes with potential to for this industry, especially SOEs Assignment scheme and PPP schemes, and suggested that these should be implemented in the project preparation stages, for example during the nomination of Contracting Agency and OBC preparation.

During coordination sessions, other Ministries/Agencies (K/L) such as the Ministry of Finance and the Ministry of PPN/Bappenas were invited to present more clarification on funding schemes.

Based on coordination and the discussion above, the Ministry of Industries decided to adopt a PPP scheme for the development of Industrial Estates in the Bay of Bintuni. The Ministry of Industries would play a role as Contracting Agency for the project.

C. Project Monitoring and Debottlenecking

The Impacts of Agreement on Relocation Permit and SUTT/SUTER Line Elevation to the Routes of Light Rail Transit (LRT) Jakarta, Bogor, Depok and Bekasi (Jabodebek)



Photo Source : Yulius Satria Wijaya/KPPIP
Note : Construction of the LRT Jabodebek

While construction of the LRT Jabodebek project development was started in 2016, some problems remained which required intensive coordination between stakeholders. One problem that needed immediate attention related to the decision making process for relocation permits related to the elevation of SUTT/SUTET Line tower foundation affected by LRT Jabodebek project. Two main locations were identified as requiring permits from the related agencies, i.e. Cawang City Park Area and Road Reserve Strips (RUMIJA) of Jakarta-Cikampek (JAPEK) Toll Road.

At the location of Cawang City Park Area, the existing SUTT tower foundation of PT PLN built was over land under State Asset (BMN) status of the Ministry of Public Works and Public Housing, and needed to be relocated. The use of this land under BMN status needed agreement among stakeholders before PT PLN issues Principle Permit for the relocation of the existing tower foundation.

To respond to this issue, KPPIP facilitated a series of coordination meetings between the Ministry of Finance, the Ministry of Public Works and Public Housing, the Ministry of Transportation, Finance and Development Supervisory Body (BPKP), PT PLN and PT Adhi Karya. As

a result of these meetings, it was agreed to use such BMN land for the construction of new tower foundation in lieu of tower foundation affected by LRT Jabodebek project without impairing the rights of PT PLN over the newly developed asset. In addition, the construction of new tower foundation could be commenced only if the process of transferring BMN land and the associated rights proceeded well without hampering the LRT Jabodebek project development schedule.

Meanwhile, for the location along Road Reserve Strips (RUMIJA) of JAPEK Toll Road, tower foundation of the existing SUTT/SUTET lines of PT PLN, which are in close proximity with LRT Jabodebek project site, JAPEK Toll Road Elevated II and Jakarta – Bandung High-Speed Railway must be elevated. Agreement on the height of tower foundation acceptable by these three projects must be therefore reached. However, since Detailed Engineering Design (DED) for Jakarta-Bandung High-Speed Railway Project was not yet available, the required

height to elevate the existing tower foundation was not identified, meanwhile LRT Jabodebek and JAPEK Toll Road Elevated II had already identified the heights of elevation they required. Consequently, the discussion on tower foundation elevation suffered deadlock.

To solve this problem, KPPIP facilitated coordinating meetings between the Ministry of Public Works and Public Housing, the Ministry of Transportation, PT PLN, PT Waskita Karya, PT Kereta Api Cepat Indonesia Cina and PT Adhi Karya to reach agreement on the elevation of tower foundation. Since the development schedules for LRT Jabodebek project and JAPEK Toll Road Elevated II project had been prepared and their DEDs were already available, they should be able to decide the elevation of tower foundation according to their needs. Thus, it was agreed to first accommodate the needs of these two projects.

The Signing of Loan Agreement for the Port of Patimban



In early 2017, KPPIP attempted to accelerate the issuance of an Environment Permit, which was an administrative pre-requisite for a foreign loan to the Government of Japan through JICA. The loan would be used to finance phase 1 construction of the project, which was slated for early 2018. Apart from ensuring the issuance of the Environmental Permit, KPPIP also provided assistance of inter-ministerial/agency

coordination during the disbursement process of the foreign loan, particularly to the Ministry of Transportation, in the capacity of Contracting Agency, to accelerate Loan Agreement preparation stages by the Governments of Indonesia and Japan, i.e. from project inclusion phase into Green Book to Exchange of Notes. As a result, this foreign loan was able to be disbursed at the signing of the Loan Agreement on 15 November 2017.

Decision Making for Financing Portion of MRT Jakarta North – South Corridor



MRT Jakarta project for North – South Corridor is financed through State and Local Budgets, plus a foreign loan from Official Development Assistance (ODA). The loan is aimed to finance the construction of Phase II and additional Phase I of MRT Jakarta South – North Corridor of USD1,869 million had been indicated in Green Book published by the Minister of PPN/Bappenas on 14 July 2017. On 25 August 2017, the provincial parliament (DPRD) of DKI Jakarta province approved the request by the DKI Jakarta Governor for the financing of MRT Jakarta project construction Phase II and Additional Phase I.

For project funding with State and Local Budgets, it is necessary to set the financing portions to be borne by the Central Government (State Budget) and DKI Jakarta province government (Local Budget). On 17 July 2017, the Minister of Finance sent a letter to the Coordinating Minister for Economic Affairs proposing a meeting to discuss the financing portions through the KPPIP forum. This initiative followed a previous pattern that had been

taken and because MRT Jakarta South – North Corridor project is a National Strategic Project and Priority Project. KPPIP facilitated the decision making process for this issue by organizing KPPIP's Implementation Team Meeting and KPPIP's Ministerial Meeting. KPPIP also analyzed the loan documents, minutes of previous meetings discussing the same issue and the impacts on the project development timeline for every alternative decision. The results of the analysis were then used as input and consideration in decision making during KPPIP Meetings.

As a result of these inputs, during KPPIP's Ministerial Meeting in October 2017 it was decided that the financing portions for the construction of Phase II and Additional Phase I of MRT Jakarta South – North Corridor between the Government (State Budget) and DKI Jakarta Province government (Local Budget) should be set at 49% and 51% respectively. This decision was followed by the issuance of a Regulation of the Coordinating Minister for Economic Affairs to accommodate the decision.

The Establishment of a Working Team for Transit Oriented Development (TOD) Kampung Bandan for MRT Jakarta North – South Corridor



K PPIP coordinated a meeting of stakeholders to discuss the MRT Jakarta Depot development plan. This depot is planned to integrate the TOD Kampung Bandan development. One focus of TOD is to develop public low-cost housing. Another issue relates to land use in Kampung Bandan areas.

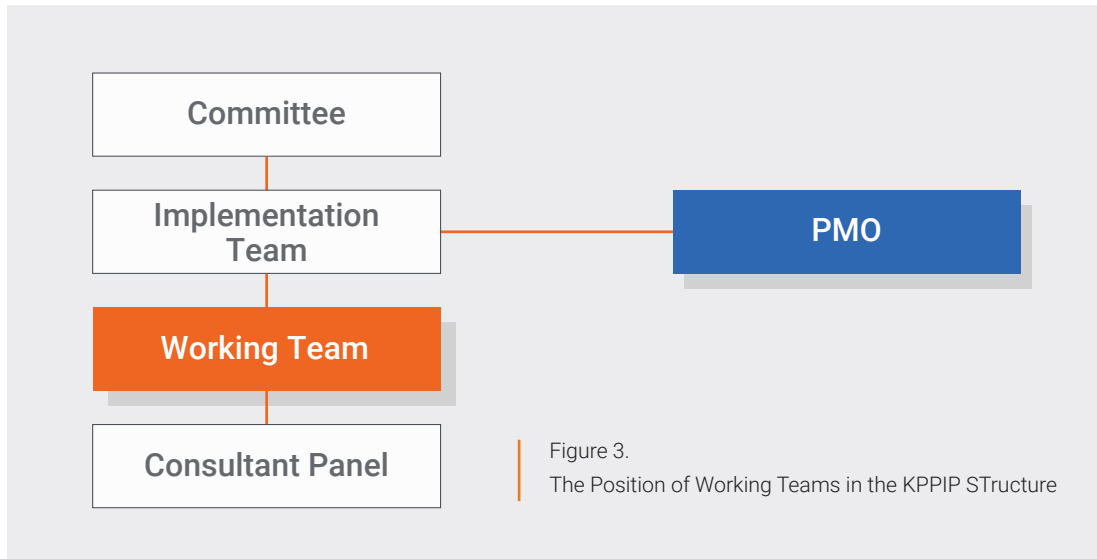
To address this issue, KPPIP coordinated discussion and carried out analysis on the status of land in Kampung Bandan and other issues relating to land acquisition for the MRT Jakarta Depot development and TOD. To support the formulation of an action plan on this issue, KPPIP collected data relating to the land status of Kampung Bandan (HPL and HGB) from PT KAI and the Regional Office of BPN (National Land Agency), DKI Jakarta, especially for areas in which the MRT Jakarta depot was to be constructed.

Based on land status data on Kampung Bandan from PT KAI and the Regional Office of BPN, DKI Jakarta, issues

relating to lands were analysed and an action plan to settle the potential problems was identified and prepared. Following a series of discussions in coordinating meetings, an action plan was approved for the establishment of TOD Kampung Bandan Working Team. The team, which is responsible for TOD Kampung Bandan development, is also tasked with handling land acquisition problems in Kampung Bandan.

As prescribed in Presidential Regulation No. 75 of 2014 jo Presidential Regulation No. 122 of 2016 the Coordinating Minister of Economic Affairs in the capacity of KPPIP Chairman is empowered to set up sector and cross-sector working teams as deemed necessary.

Some of the working teams that have been established are a Working Team for Electricity Sector and a Working Team for Bontang Oil Refinery Construction Acceleration. During KPPIP's Ministerial Meeting in October 2017, it was agreed to set up a Working Team. In addition to resolving land-related problems, this Working Team will



play roles as TOD Coordinating Committee tasked to synchronize TOD Master Plan with MRT Jakarta Depot and Public Low-Cost Housing development plan with participation of various stakeholders of the Government,

Local Government and Business Entities. To follow after KPPIP's Ministerial Meeting in October 2017, a Decision of the Coordinating Minister for Economic Affairs was issued for the formation of this Working Team.

Acceleration of Approval Process for Natural Preservation Cooperation of Areas along Balikpapan – Samarinda Toll Road Route



In view of topographic conditions which consist of valleys and hills, in April 2017 PT Jasamarga Balikpapan Samarinda (PT JBS) proposed additional ROW for Tahura Bukit Soeharto location to the Minister of Environment and Forestry (LHK) and the Governor of East Kalimantan province. PT JBS has prepared all document requirements as established in Article 26 Regulation of the Minister of Environment and Forestry No. 85 of 2014.

In 30 August 2017, since there had been no significant progress following the request, KPPIP checked directly the status of the letter sent to the Minister of Environment and Forestry (LHK). In addition, KPPIP also coordinated with the Presidential Staff Office to urge the Ministry of Environment and Forestry to expedite the approval process for the proposed additional ROW.

To achieve such approval, KPPIP discussed this issue during KPPIP's Implementation Team Meeting on 2 October 2017 and at the Coordinating Meeting to speed up the settlement of problems which had emerged for the Balikpapan-Samarinda Toll Road development. The meetings invited various stakeholders and discussed

each meeting agenda item in detail including the corresponding solutions.

However, despite the two meetings, KPPIP still felt that no significant progress had been achieved, particularly with regard to approval process of the proposed additional ROW. So KPPIP brought this issue to the attention of KPPIP's Ministerial Meeting held on 30 October 2017 to assure the commitment of the Ministry of Environment and Forestry (LHK) in accelerating the approval process for addition ROW at Tahura Bukit Soeharto location. During the meeting, the Ministry of Environment and Forestry (LHK) agreed to grant approval for additional ROW at Tahura Bukit Soeharto location in 2 weeks.

This agreement was expressed in a letter of the Coordinating Minister for Economic Affairs sent to the Minister of Environment and Forestry. On 3 November 2017, the Ministry of Environment and Forestry issued Letter No. S.627/KSDAE/PIKA/KSA.0/11/2017 concerning Approval for Cooperation Agreement of Additional ROW in Tahura Bukit Soeharto Location for Balikpapan-Samarinda Toll Road development.

Apart from this issue, according to the meeting held on 10 October 2017 there was still controversy on legal opinions expressed by the Prosecution Office, the Governor of East Kalimantan and Director General of Land Acquisition arguing that land acquisition at Land for Other Use areas in Bukit Tahura could be carried out according to Presidential Regulation No. 71 of 2012. Meanwhile, BPKP of East Kalimantan province opined that the land acquisition must follow Presidential Regulation No. 51 of 2017 concerning Mitigation of Land Acquisition Social Impacts Resulting from National Strategic Project Development.

To address this issue, on 23 October 2017 a discussion was held between the Chairman of KPPIP's Implementation Team, the Director General of Land Acquisition, the Head of BPJT, and the Deputy for Government Agency Supervision of Economic and Maritime Affairs of BPKP. During the discussion, it was agreed that land acquisition in the areas in question would be carried out pursuant to President Regulation No. 71 of 2012.

Land Acquisition for Manado – Bitung Toll Road



Photo Source : KPPIP Documentation
Note : Manado-Bitung Toll Road Development Project

KPPIP at all times actively conducts monitoring and debottlenecking of land acquisition and construction activities of Manado – Bitung Toll Road development. The main issue during the land acquisition process for this toll road is a relatively slow consignment mechanism. Moreover, the majority of owners whose lands are affected by the project rejected the compensation values. The compensation set by independent appraiser was deemed too low. After evaluation and re-appraisal, higher compensation was offered and most of the affected land owners agreed the values.

To cope with these various problems, KPPIP coordinated with many parties, including at the Coordinating Meeting of Manado – Bitung Toll Road held on 22 August 2017. The meeting discussed several issues arising in the field, especially relating to land acquisition. The fact that the Head of Regional Office of Land Affairs of North Sulawesi Province, who was about to retire per 1 September 2017, was also considered. KPPIP assisted in urging the

Ministry of Agrarian and Spatial Planning to prepare the successor and to immediately start the transition process to ensure uninterrupted and well-advanced land acquisition process.

The protracted and lengthy land acquisition process under the consignment mechanism, which took longer than the schedule prescribed in laws and regulations was the subject of many complaints. The mechanism was identified as hampering the progress of land acquisition process. To expedite the consignment mechanism, KPPIP and the Presidential Staff Office urged the Supreme Court to take measures that could accelerate the consignment mechanism. Actions include the sending of a letter of the Coordinating Minister for Economic Affairs to the Chairman of Supreme Court dated 31 August 2017 concerning the Request for the Acceleration of the Consignment Mechanism in Land Acquisition for the development of National Strategic Infrastructure (PSN) and Priority Infrastructure Projects for public interests.

Acceleration of Jakarta Sewerage System Zone 1 Engineering Service



Photo Source : KPPIP
Note : Water Pipeline

The first priority of Jakarta Sewerage System (JSS) was given to Zone 1 and 6 financed under foreign loans from Japan. The groundbreaking of these two priority zones was targeted to realize no later than 2018. Debottlenecking for JSS project has been focused on the acceleration of loan proposal and disbursement, and the proceeds will be used to finance JSS construction.

The loan for Zone 1 development will be divided into two packages, i.e. for engineering service and construction. The loan for Zone 6 development is planned to consist of a single loan package with a design and build concept

for the Waste Water Treatment Plan (WWTP).

For JSS Zone 1, the procurement process for Engineering Service was accomplished in 2017. The work has been commenced by a consortium of Yochiyo Engineering and several local engineering consulting firms. This consortium has accomplished the preliminary stage of technical engineering such as technical aspects relating to the options of adopting an interceptor system, separate system or hybrid system while taking construction costs and operation and maintenance costs in account.

Acceleration of West Semarang Water Supply Project Development Facility



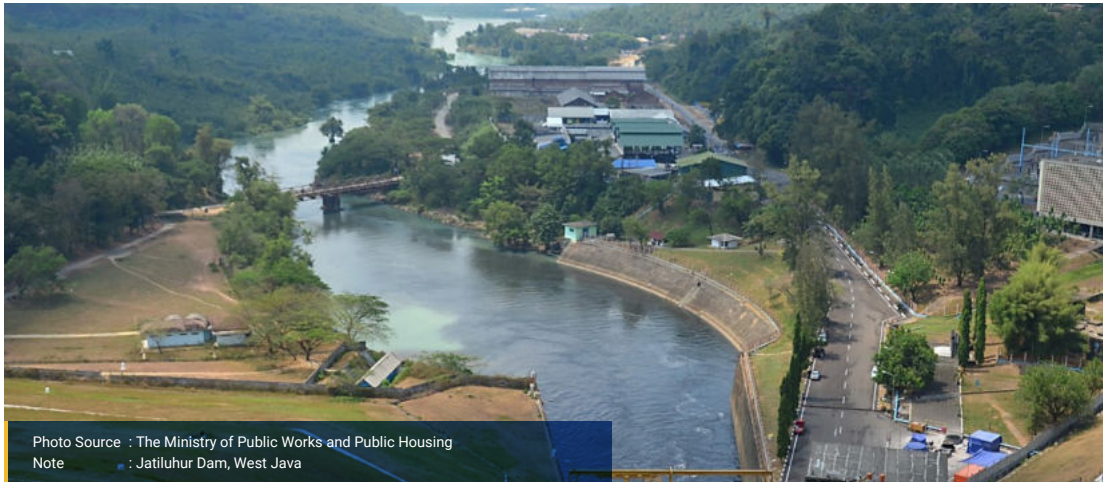
West Semarang Drinking Water Supply Project is a drinking water supply project with potential capacity of reaching 1,050 liter per second to serve 80,000 households in three districts of Semarang Municipality, i.e. West Semarang District, Tugu District, and Ngaliyan District. This project is planned as a pilot drinking water supply project at municipality level under the PPP scheme in Indonesia. The project is currently entering its tender preparation stage.

Tender preparation for PPP – based West Semarang drinking water supply Project has been performed with a

project development facility of the Directorate of PDPPI, the Ministry of Finance through the assignment of PT SMI. The Directorate of PDPPI and PT SMI launched kick-off meetings for transaction advocacy together with engineering, financial and legal consultants that will assist until the completion of Financial Close.

The selected engineering consultant is PT IIF which was engaged in the previous PPP-based West Semarang SPAM project in 2014. The selected engineering and legal consultants are PT SMEC Denka and law firm AYPMP Law.

The Government Contracting Agency for Jatiluhur Drinking Water Supply Project



Jatiluhur Drinking Water Supply Project is a drinking water supply project utilizing water from Jatiluhur dam for water treatment, transmission and distribution to West Java province and DKI Jakarta province with a capacity of 5,000 liter per second. It has been agreed that Jatiluhur Drinking Water Supply project will be executed under a PPP scheme, for which a joint venture of the related Regionally Owned Enterprise and State Owned Enterprise (ROE and SOE) will act as unsolicited bidders. The project is presently under pre-feasibility study document preparation stage by unsolicited bidders.

A problem impeding Jatiluhur Drinking Water Supply project is the absence of a strong basis for the assignment of Perum Jasa Tirta as Contracting Agency (PJPK) for Jatiluhur Drinking Water Supply project. It

was therefore necessary to conduct legal review. The legal review concluded that the most suitable agency to act as Contracting Agency was the State Owned Enterprise (SOE) engaged in drinking water. This conclusion is more compelling since the project will involve several provinces.

The absence of an SOE focusing on drinking water management makes Perum Jasa Tirta II the strongest candidate for Contracting Agency. Perum Jasa Tirta is therefore now recorded as Jatiluhur Dam Management Authority. In formal terms, Perum Jasa Tirta II has been assigned as Contracting Agency for Jatiluhur Drinking Water Supply Project under Ministerial Decision No. 561/KPTS/M/2017 concerning the Assignment of President Director of PJT II as the Contracting Agency for PPP-based Jatiluhur Drinking Water Supply Project.

The Issuance of Discretionary Permit for Central West Java Transmission Line 500 kV Project Location by the Minister of Agrarian and Spatial Planning



In April 2017, KPPIP in association with the Vice President Secretariat Office held a coordinating meeting with stakeholders to discuss land acquisition-related problems encountered by Central West Java Transmission Line 500 kV. One issue discussed during the meeting concerned Location Permits in five regencies that have been extended and are now expiring. Pursuant to Law No. 2 of 2012 concerning Land Procurement for Development for Public Interests, Location Permits can be only extended once.

Based on minutes of the meeting, KPPIP urged the issuance of Letter No. S-42/D.III.MEKON/05/2017 concerning Follow-Up Action Request for Location Permit Extension by Deputy of Energy, Natural Resources and Environmental Management Coordination, the Coordinating Minister for Economic Affairs to Director General of Land Procurement, the Ministry of Agrarian and Spatial Planning. The issuance of this letter was to ask the Ministry of Agrarian and Spatial Planning to give recommendation/dispensation to the Governor of Central Java Province, which was beyond the provisions set forth in Law No. 2 of 2012 and Presidential Regulation

No. 71 of 2012. In July 2017, with support from KPPIP, the Vice President Secretariat, the Ministry of Agrarian and Spatial Planning and PT PLN, the Minister of Agrarian and Spatial Planning issued Letter No. 2567/29.1/VII/2017 concerning Dispensation/Recommendation of Land Procurement for SUTET 500 kV PTLU Tanjung Jati – Tx (Ungaran – Pedan) Routes for the Governor of Central Java province. The letter certified that the Minister of Agrarian and Spatial Planning gave dispensation/recommendation for Location Renewal for another 2 years to the Governor of Central Java province in five regencies, namely Pati Regency, Kudus Regency, Grobogan Regency, Demak Regency and Semarang Regency.

To date, KPPIP together with Vice President Secretariat Office has monitored and supervised land procurement activities for the Central West Java Transmission Line 500 kV Project. In November 2017, land acquisition for Tanjung Jati – Tx section, Tx – Mandirancan section and Mandirancan – Cibatubaru section had reached 67%. For the construction of tower foundation, the progress was 3.5% or 48 of a total of 1,386 tower sites.

Spatial Plan and Land Acquisition for Sumatra Transmission Lines



In 2017, the Sumatra 500 kV Transmission project resumed its land procurement process and the construction of tower foundations. To accelerate the development of this project, KPPIP gave debottlenecking support for problems found in the land acquisition process. The obstacles were, inter alia: 1) the acquisition of lands controlled by private and government agencies and 2) need of monitoring to the enactment of Regional Regulation on Spatial for Riau Province.

In 2017, KPPIP held coordinating meetings with stakeholders to reach consensus on a follow-up action plan to deal with the acquisition process for the lands controlled by private and government agencies. According to the meeting, PT Waskita Karya and PT Agrowiyana would coordinate with Credit Suisse Singapore to lend land certificates. For the lands controlled by government agencies, the stakeholders agreed the utilization of their land for Sumatra 500 kV Transmission Project. While waiting for discussion between PT PLN, PT Waskita Karya and the related government agencies concerning which scheme to be applied in land acquisition process, KPPIP recommended

PT PLN and PT Waskita Karya to propose a Preceding Permit (Izin Mendahului) to the competent government agencies so as to proceed with the construction process.

KPPIP conducted intensive monitoring on the issuance of the Draft Regional Regulation (RaPerda) on Riau Regional Spatial Plan. In September 2017, the RaPerda of Riau Regional Spatial Plan was approved by Riau Provincial Parliament (DPRD). As a follow-up action, in October 2017, an evaluation meeting was organized with the Ministry of Home Affairs suggesting the need for a technical meeting to accommodate the proposed power plant location in RUPTL 2017-2026, which is not included in the RaPerda of Riau Regional Spatial Plan.

In October 2017, the Minister of Environment and Forestry sent a letter to the Minister of Home Affairs asking for the rejection of the RaPerda of Riau Regional Spatial Plan since a Strategic Environmental Review for the changing use and function of forest areas was still needed. To settle this issue, it is proposed to hold a Limited Meeting chaired by the President.

Central Java Power Plant (CJPP)/PLTU Batang Construction



After reaching financial close in 2016, PLTU Batang is in construction stage and under KPPIP monitoring. In October 2017, KPPIP and PT PLN conducted discussions on development schedules of GITET 500 kV Batang, GI 150 kV and SUTT 150 kV Batang by PT PLN. However, this activity was not yet included in the existing EIA. The license held today is that of Environmental Permit by PT Bhimasena Power Indonesia (PT BPI).

In October 2017, KPPIP organized a coordinating meeting to discuss the acceleration of permit processing necessary for GITET 500/150 kV and SUTT 150 kV development of PLTU Batang project. The meeting agreed that PT PLN and EIA Consultants would coordinate from the beginning with Central Java Environment Agency and furnish an EIA Addendum Document by end of November 2017. Thereafter, due to the additional scope of work for GITET, GI and SUTT

development of PLTU Batang by PT PLN, amendment to Power Purchase Agreement (PPA) became necessary. PT PLN UIP Central Java II was expected to submit a letter to Central Java Construction Division with copy sent to Head of IPP PLN Unit to process PPA Amendment with PT BPI. PT BPI promised that they would transfer the construction area to PT PLN in January 2018.

After bilateral discussion between PT PLN and PT BPI, it has been decided that PT PLN will develop GITET, GI and SUTT Batang after PT BPI finishes the construction works and therefore that no PPA Amendment is necessary. PT BPI stated that PT PLN was considering constructing GITET 500/150 kV and SUTT 150 kV after PT BPI completed the construction. KPPIP will coordinate again with PT PLN and PT BPI to get their mutual consensus on GITET 500/150 kV and SUTT 150 kV development schedules.

Debottlenecking to Reach Financial Close of IPP Power Generation Plant with Total Capacity 7,810 MW



To expedite 35,000 KW Power Program, KPPIP has conducted monitoring and debottlenecking of IPP power plants holding PPA agreement to reach financial close. From 2016 to December 2017, KPPIP assisted IPP power plants to achieve their financial close with a total capacity of 7,810 MW. In 2017 itself, KPPIP has assisted 13 IPP power plants to reach their financial close with a total capacity of 5,810 MW.

Three IPP power plants with total capacity 2,135 MW still have land acquisition problems and another four IPP power plants with total capacity 2,270 MW have had their progress disrupted because of no final power selling price. KPPIP gave specific support on land procurement and coordination to speed up approval finalization for the proposed foreign commercial loan. Based on KPPIP's Committee Meeting on 21 June 2017, PT PLN expressed its commitment to settle the problems faced by five IPP power plants, which remained obstructed by power selling price finalization and PPA amendment until August 2017.

As a follow-up action, KPPIP prepared a chronology report for every IPP power plant and organized coordinating meetings with Director General of Electricity, the Ministry of Energy and Mineral Resources and Board of Directors PT PLN in July 2017 to reach agreement on follow-up action plans. In October 2017, PPA agreement for Steam Power Plant (PLTU) Mulut

Tambang Sumsel-8 (2x660 MW) was signed with revision of COD target realization shortened to 2021 for Unit-I and 2022 for Unit-II and the adoption of super-critical technology. In addition, in November 2017, PLTU Rantau Dedap (86 MW) reached agreement on price and financial close. For three other IPP power plants, based on Letter of the Minister of Energy and Mineral Resources and directives of President in August 2017, it is expected that negotiation process of power selling price will be resumed with PT PLN. Today, no agreement on power price has been achieved but remains in negotiation process.

KPPIP also provided debottlenecking support to PLTU Cirebon Expansion (1x1,000 MW). This project had a legal problem, relating to its Environmental Permit being revoked resulting from a weak Spatial Planning Recommendation by BKPRN. In May 2017, the Minister of Agrarian and Spatial Planning issued a Recommendation of Land Use for PLTU Cirebon Expansion. To support the realization of financial close, KPPIP urged the issuance of a GOI Support Letter from the Secretary of Coordinating Minister for Economic Affairs to JBIC, which was released in October 2017. KPPIP also coordinated with the Ministry of Finance and PT PLN to issue GOI Consent Letter. Thanks to this GOI Consent Letter by the Ministry of Finance, the financial close of PLTU Cirebon Expansion was reached in November 2017.

Land Procurement for Tuban Oil Refinery



With the issuance of cooperation approval (KSP) of State Asset Management (BMN) by the Minister of Finance for lands of the Ministry of Environment located in Jenu District, Tuban Regency, a consortium of Pertamina-Rosneft wished to revise the KSP scheme into a swapping mechanism. This intention was expressed in an audience request letter to the Minister of Finance, the Minister of Environment and the Presidential Staff Office. The grounds underlying this scheme revision came from Profit Sharing Contribution clauses, which were deemed not common practice in Joint Venture schemes and obligation of providing buildings/facilities for the Ministry of Environment and the ownership status of the oil refinery after the end of KSP scheme period.

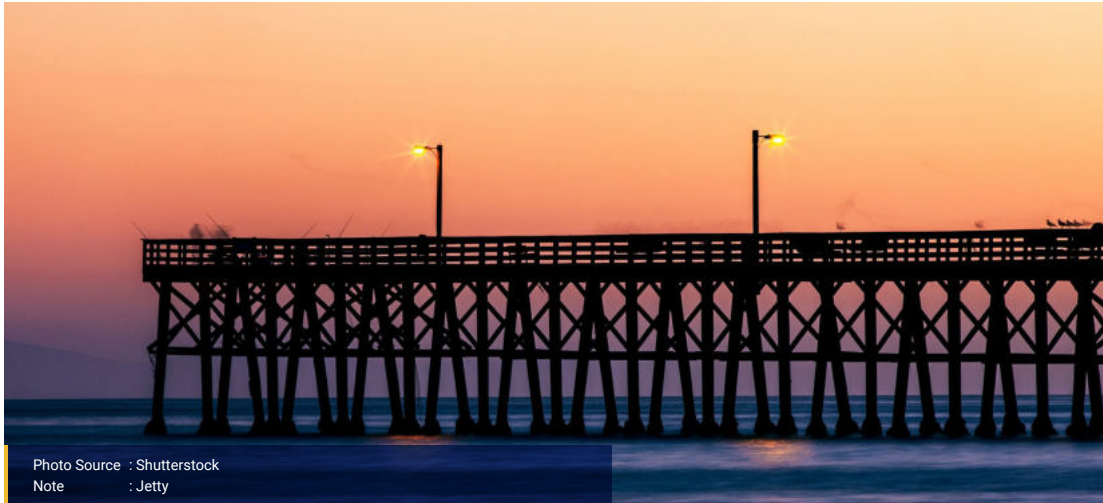
Before PT Pertamina sent such a letter, KPPIP coordinated a series of discussion involving stakeholders, which included the Ministry of Finance, the Ministry of Environment and PT Pertamina. Upon consideration of

analysis by KPPIP on various State Asset (BMN) use/transfer and inputs from other ministries/agencies, PT Pertamina decided to change the KSP pattern into a swapping scheme.

KPIP continued giving support on coordination to further progress such scheme revision, which is still underway until to date. PT Pertamina together with the Ministry of Environment and Forestry will prepare a preliminary asset list proposed for inclusion in the Asset Swap List with the lands of the Ministry of Environment and Forestry. This asset list will be attached when PT Pertamina submits a formal request to the Ministry of Environment and Forestry regarding the revision of the asset use scheme. The Ministry of Environment and Forestry in the capacity of Asset User will send a letter requesting the revision to the use of State Lands (BMN) to the Ministry of Finance in the capacity of Asset Manager.

D. Achievements in Infrastructure Regulation Revisions

Coastal Area and Small Island Zoning Plan (RZWP3K) for Power Plant Jetties



In KPPIP's Committee Meeting on 21 June 2017 some grave problems that had disrupted Priority Project deliveries, including spatial suitability, were discussed.

A project suffering spatial issues discussed in the meeting was PLTGU Bangka Peaker, which had not yet received a Location Permit for Jetty because Regional Regulation (Perda) of Bangka Belitung Province concerning Coastal Area and Small Island Zoning Plan (RZWP3K) as the basis to issue jetty permit was not yet enacted.

From this PLTGU Bangka Peaker case, it is clear that the absence of RZWP3K at provincial level has potential to obstruct permit processes for Priority Projects and/or other National Strategic Projects (PSN) using coastal areas. In light of that, an immediate solution is necessary to ascertain uninterrupted PSN project implementation.

In addition to RZWP3K, regulation, which is closely related to the use of coastal areas is Marine Spatial Planning (RTRLN), which is currently under an harmonization process before being enacted into Government Regulation. For RTRLN preparation, KPPIP was asked by the Ministry of Marine Affairs and Fisheries (KKP) to give inputs to assure that PSN projects as well as Priority Projects would not encounter any issues relating to the use of coastal areas or the marine spatial plan.

KPPIP supported KKP in validating and preparing PSN Projects and Priority Projects qualified for listing in the annex of Priority Projects i.e. RTRLN Government Regulation Preparation and supporting coordination with stakeholders for RTRLN preparation.

Project Legal and Structure Review and the Implications for Tipping Fees for Waste-to-Energy (PLTSa) Projects



Waste to Energy project is a National Strategic Project (PSN). One attempt taken by the Government to expedite its construction was to issue Presidential Regulation No. 18 of 2016 concerning the Acceleration of Waste-Based Power Generation Development in Seven Cities. However, this regulation was repealed under a Supreme Court decision on the grounds of: 1) Environmental Permits should not be issued during construction and 2) limitation to the scope of thermal technology application is prohibited, otherwise it may cause negative impacts on health.

KPPIP conducted problem identification and analysis of these Waste to Energy projects. The analysis revealed four issues with potential to disturb the implementation process, namely: 1) processing fee; 2) volume and type of garbage; 3) power selling price; and 4) GOI support of AP or VGF. KPPIP also identified efforts that could be taken by stakeholders to deal with such issues, which included: 1) Waste to Energy structure with PPP scheme as a funding mechanism option; 2) processing fee calculation from demand side to meet the demand from the supply side; 3) location selection for Waste to Energy development while taking the most economic

transportation distance from all trash sources into account; 4) the selling price of power generated from Waste to Energy project, which is included in acceleration program based on Regulation of Minister of Energy and Mineral Resources ESDM No. 50 of 2017; and 5) GOI support of AP or VGF to minimize the required processing fee.

Based on coordination with PT PLN and the Ministry of Energy and Mineral Resources, it was agreed that the selling price of power produced by Waste to Energy projects included in the acceleration program would refer to Minister of Energy and Mineral Resources Regulation No. 50 of 2017 stating that the selling price of power from Waste to Energy project in acceleration program shall refer to previous regulation, i.e, Minister of Energy and Mineral Resources Regulation No. 44/2015 set at 18.77 cent/kWh.

Coordination with the local governments, for Waste to Energy Tangerang and Waste to Energy Bandung Raya projects agreed on the adoption of a PPP scheme as an attempt to reduce the necessary processing fee. For Waste to Energy projects in the other six cities, they had just reached pre-feasibility study preparation stage.

Coal Ash Management Policy for Coal Steam Power Plant (PLTU) Mulut Tambang



The increasing number of PLTU plants required to accelerate 35,000 MW Power Program has sparked problems relating to coal ash production, as its quantity exceeds the amount that can be used by industries. An attempt recommended by PT PLN is to exempt coal ash from the Hazardous Waste (B3) list for simpler procedure in benefiting coal ash without necessarily revising EIA documents.

However, the representative of the Ministry of Environment and Forestry informed that according to Regulation of the Minister of Environment No. 55 of 2015 concerning Procedures for Hazardous Waste Characteristic Testing, coal ash exemption shall be only granted to particular projects complying with specified requirements. Meanwhile, at present the Ministry of Environment and Forestry is preparing a Ministerial Regulation regarding Technical Requirements and Procedure for the Relocation of Hazardous Waste into

Ex-Mine Areas. However, backfilling can be only made if the owner of the waste and ex-mine area are parts of one entity.

In August 2017, KPPIP together with Vice President Secretariat Office held a coordination meeting with PT PLN and the Ministry of Environment and Forestry to talk about the management of fly ash and bottom ash (FABA) produced from combustion residue of Coal-Fired PLTU, especially Steam Power Plant (PLTU) Mulut Tambang. This coordinating meeting was needed to reach consensus of stakeholders with regard to the management of FABA from Steam Power Plant (PLTU) Mulut Tambang. Stakeholders who attended the meeting were inclusive of Special Staff of Vice President for Infrastructure and Investment Division, Director of Hazardous Waste (B3) Management of the Ministry of Environment and Forestry, representative of Director General of Road and Bridges (Bina Marga), the Ministry

of Public Works and Public Housing, PT PLN, BPKP, Junior Prosecutor for Administration Civil Division of Attorney General Office and KPPIP. The resolutions agreed in the meeting included:

1. FABA can be managed under the existing regulations;
2. Exemption to Hazardous Waste (B3) Management , especially FABA can be taken in 3 alternatives: 1) maximized as by product, 2) backfilling; and 3) landfill;
3. FABA management through exemption must be made with request submitted by Person in Charge for FABA management;
4. Backfilling for FABA is possible subject to conditions:
 - The mine entity is the same as the entity owning FABA or there is responsible party for backfilling for 30 years, for example PT PLN or other institutions assigned to take responsibility;

- Backfilling activities specified in environmental documents;
- Backfilling must be performed according to procedures for mine closure.

For Steam Power Plant (PLTU) Mulut Tambang development in Sumatra and Kalimantan, PT PLN has assigned PT Indonesia Power and PT Pembangkitan Jawa Bali. In August 2017, KPPIP held a coordinating meeting with PT Indonesia Power and PT Pembangkitan Jawa Bali to present the resolutions achieved in the meeting with the Ministry of Environment and Forestry concerning the management of FABA produced from Steam Power Plant (PLTU) Mulut Tambang. In the meeting, PT Indonesia Power and PT Pembangkitan Jawa Bali promised to prepare IEA documents while including backfilling activities and specifying the party held responsible for such activities.

The Regulation of DKI Jakarta Governor No. 140 of 2017 concerning the Assignment of PT Mass Rapid Transit Jakarta as the Main Operator of Transit Oriented Development for North – South Corridor Phase 1



One aspect of the various main factors that should receive great concern on Mass Rapid Transit project development in Jakarta is how to allocate the required funding in a sustainable way. This funding requirement can be only reached with a viable financial structure, which consists of farebox revenue projection, expenditure projection, non-farebox revenue projection (e.g. ads, space rental, etc.) and GOI support projection (subsidy).

Specifically on non-farebox revenue, an opportunity that can optimize it is Transit Oriented Development (TOD). According to the Regulation of the Minister of Agrarian and Spatial Planning/Head of BPN No. 16 of 2017

concerning Transit Oriented Development (TOD) Guideline, TOD is a zone development concept inside and in the vicinity of areas dedicated for inter-mode and intra-mode exchanges so as to enhance the added value.

To become main operator for TOD management at MRT South – North Corridor in Jakarta, PT MRT Jakarta sent a letter to the Governor of DKI Jakarta asking the assignment/decision of PT MRT Jakarta as the main operator for TOD management at North – South Corridor Phase I (13 zones) and Phase II (8 zones). On 6 October 2017, the Regulation of DKI Jakarta Province No. 140 of 2017 concerning the Assignment of Limited Liability

Company Mass Rapid Transit Jakarta as the Main Operator for the Management of Transit Oriented Development for North – South Corridor Phase I was enacted.

Pursuant to Article 4 such Governor Regulation, for this preliminary stage, the zones established as TOD areas for management by PT MRT Jakarta shall include Bundaran HI, Dukuh Atas, Setiabudi, Bendungan Hilir, Istora Senayan, Blok M and Lebak Bulur. As for other

locations along the North – South Corridor, further review of their supporting capacity as well as their accommodating capacity are still necessary.

With this Governor Regulation, it is expected that PT MRT Jakarta will be able to develop the commercial functions of TOD areas that in turn generate added values and commercial profits as non-farebox revenue sources.

Tariff Review for Drinking Water Supply Projects



Drinking water supply projects plays a crucial role in augmenting the living standard/quality of people and in alleviating waterborne disease prevalence. According to Government Regulation No. 122 of 2015 concerning Drinking Water Supply System (SPAM), the implementation, development and management of drinking water services and infrastructure shall be performed by Regionally Owned Enterprises (ROEs) in this case Local Drinking Water Enterprises (PDAMs) established by regency or city governments.

In attempt to bolster these water enterprises, the Government has taken restructuring measures with debt write-off to make PDAMs become more solvent companies. Now, another issue needs more attention related to the implementation of water tariff setting policy.

A way to review water tariff setting in Indonesia is to analyze international benchmark that has been applied in other countries such UK and Australia. KPPIP has analyzed international benchmark on drinking water tariff setting in Indonesia. The analysis is divided into two parts, i.e.:

1. Calculate the ratio of tapped drinking water production costs and the selling price of bottled drinking water; and
2. Analyze the ratio of international benchmarks with the conditions in Indonesia at present to get hypothetical Willingness to Pay/WRP for the applicable water tariff.

The results of international benchmark analysis by KPPIP can be seen below.

Description	UK	Australia	Indonesia
Tapped Drinking Water Production Cost	0.00097 GBP/liter	0.00124 AUS/liter	3.78 IDR/liter
Average Selling Price of Tapped Drinking Water	0.00165 GBP/liter	0.00211 AUD/liter	4.53 IDR/liter
Gross Profits	70.10%	70.12%	19.73%
Average Selling Price of Bottled Drinking Water	0.34 GBP/liter	2.54 AUD/liter	5,312 IDR/liter
Tapped Water Price relative to Bottled Water	0.4889%	0.0829%	0.0852%
Willingness to Pay for Bottled Drinking Water	205x	1206x	1173 x

From the above analysis results, it can be concluded that:

1. The gross profits from the sales of tapped drinking water in Indonesia are to reach ~ 20% on average, which is much lower than the selling price in UK and Australia where the gross profits are ~ 70% on average; and
2. People in Indonesia are willing to pay per liter of bottled drinking water at 1,173 times the cost of tapped drinking water. This phenomenon is relatively similar to Australia (1,206 times), but much higher than conditions in UK where

the people are willing to pay per liter of bottled drinking water at price 205 times of tapped drinking water. Upon these conditions, PDAMs in Indonesia need to review the existing tariff setting structure because of relatively low gross profits (20%). Low gross profit will hamper PDAMs in Indonesia to obtain higher net profit margin.

The Introduction of Availability Payment Scheme through Regionally Owned Enterprises (ROEs)



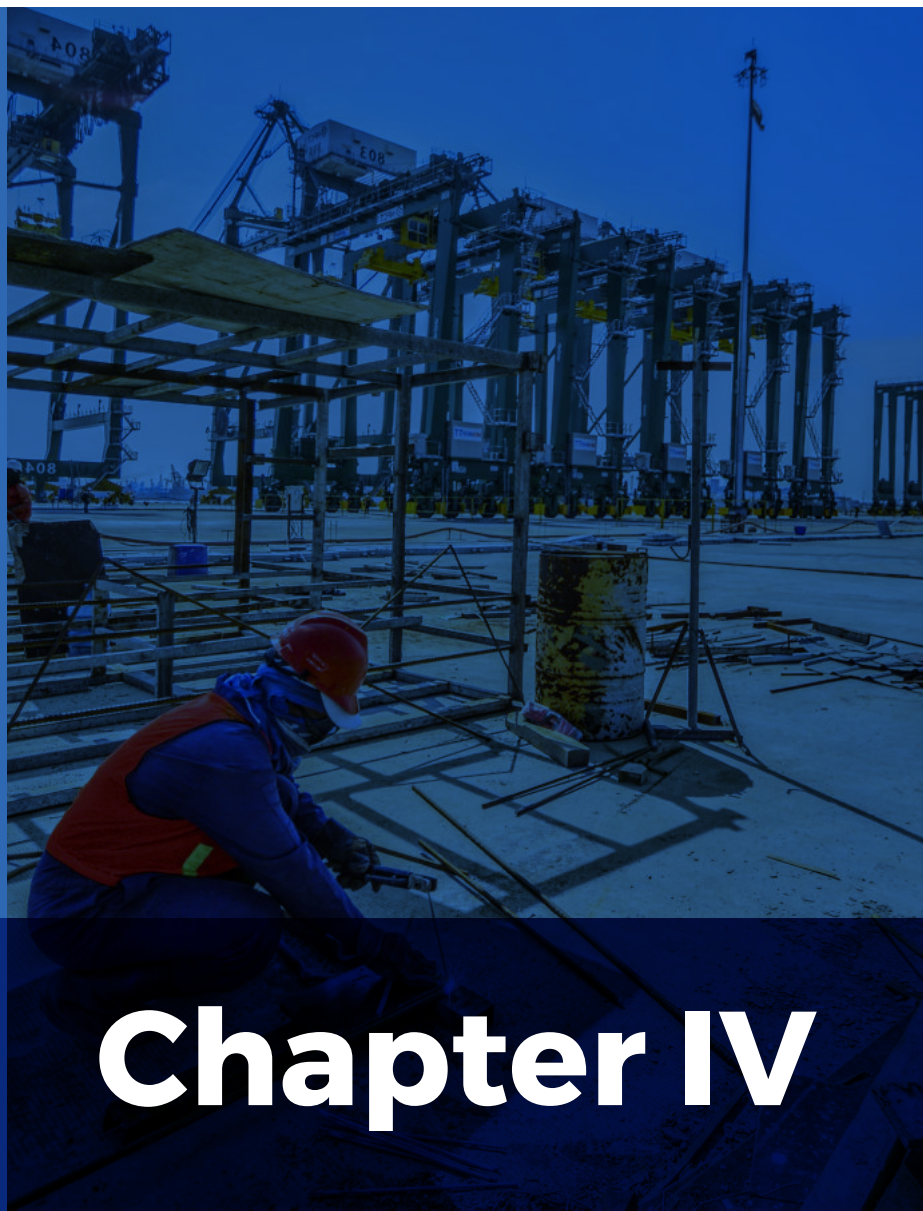
Availability Payment (AP) is fiscal support that can be provided by the Government for infrastructure provision.

The introduction of Availability Payments (AP) for projects where the Government is to act the Contracting Agency has been established in the Regulation of the Minister of Finance (PMK) No. 260 of 2016 concerning Availability Payment Procedure for PPP projects. As to the application of Availability Payment schemes for projects with the local government acting as the Contracting Agency, it has been prescribed in the Regulation of the Minister of Home Affairs No. 96 of 2016 concerning Availability Payment for Public Private Partnership in Infrastructure Provisions in Regions.

With regard to Availability Payment schemes in which Regionally Owned Enterprises (ROEs) act as the Contracting Agency, no regulation has been set up.

Projects for which the Government Contracting Agency is an ROE are commonly found in Drinking Water Supply Systems (SPAM). If availability payment schemes must be applied, the following alternative schemes may be introduced:

- **Alternative 1** : capital participation of local government to ROE as initial capital for availability payment by ROE;
- **Alternative 2** : Direct payment for the provided services by local government; and
- **Alternative 3** : subsidy for availability payment.

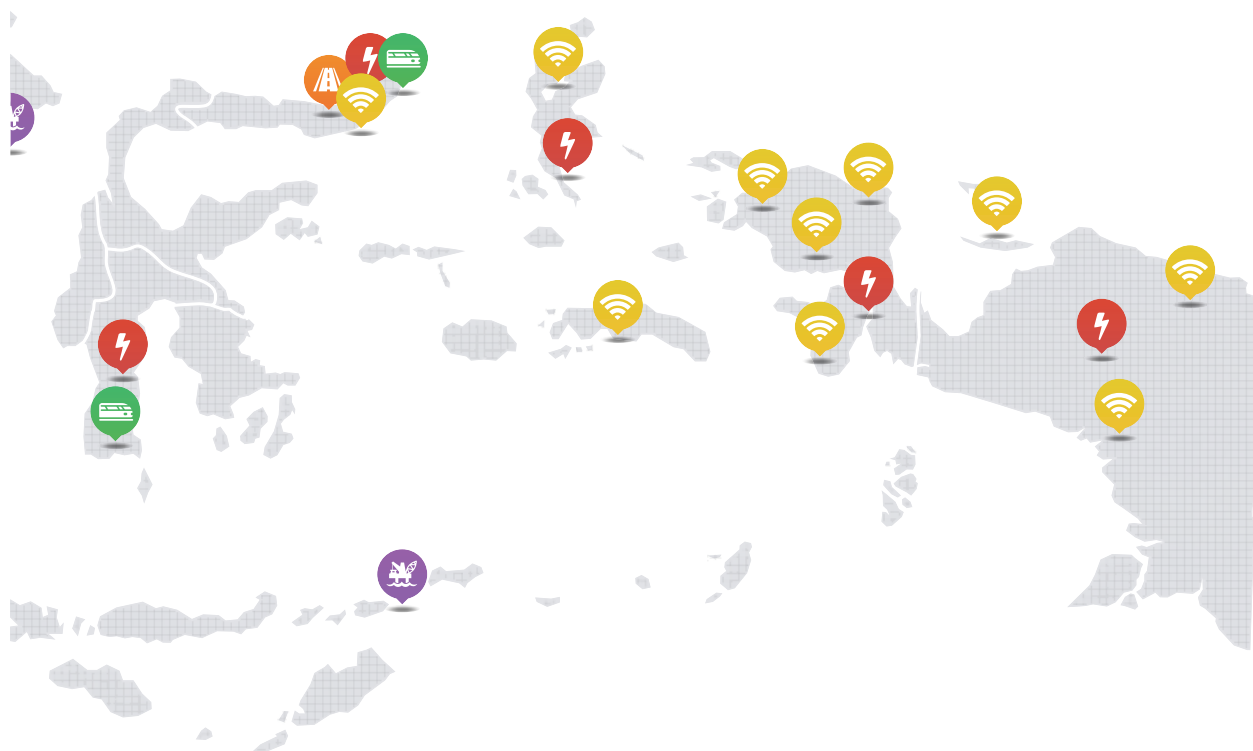


Chapter IV

Kppip Priority
Project List

37 Priority Project List





Water and Sanitation



Energy



Roads and Bridges



Transportation



Electricity



Telecommunication

KPPIP PRIORITY PROJECT

LIST SUMMARY

Pursuant to the Regulation of Coordinating Minister for Economic Affairs No. 5/2017

ROADS AND BRIDGES	No.	Project Name	Contracting Agency	Investment Value (IDR Billion)	Funding Scheme	Location (for in Map)
	1	Serang – Panimbang Toll Road	BPJT	5,330	PPP	Banten
	2	Manado – Bitung	BPJT	5,120	PPP	North Sulawesi
	3	Balikpapan – Samarinda Toll Road	BPJT	9,970	PPP	East Kalimantan
	4A	Medan – Binjai	PT Utama Karya	1,600	SOE Assignment	North Sumatra
	4B	Palembang – Indralaya	PT Utama Karya	3,300	SOE Assignment	South Sumatra
	4C	Pekanbaru – Dumai	PT Utama Karya	16,200	SOE Assignment	Riau
	4D	Bakauheni – Terbanggi Besar	PT Utama Karya	16,700	SOE Assignment	Lampung
	4E & 4F	Terbanggi Besar – Pematang Panggang – Kayu Agung Toll Road	PT Utama Karya	43,900	SOE Assignment	Lampung and North Sumatra
	4G	Palembang – Tanjung Api-Api Toll Road	PT Utama Karya	14,200	SOE Assignment	South Sumatra
	4H	Kisaran – Tebing Tinggi	PT Utama Karya	13,454	SOE Assignment	North Sumatra
	4I – L	Binjai – Langsa, Langsa – Lhakseumawe, Lhakseumawe – Sigli & Sigli – Banda Aceh Toll Roads	PT Utama Karya	150,456	SOE Assignment	North Sumatra and Aceh
	4M & 4N	Pekanbaru – Bangkinang – Payakumbuh – Bukit Tinggi & Bukit Tinggi – Padang Panjang – Lubuk Alung – Padang Toll Roads	PT Utama Karya	144,054	SOE Assignment	Riau and West Sumatra
	4O	Tebing Tinggi – Pematang Siantar – Prapat Tarutung – Sibolga Toll Roads	PT Utama Karya	19,778	SOE Assignment	North Sumatra
	5	Probolinggo – Banyuwangi Toll Road	BPJT	21,072	PPP	East Java
	6	Yogyakarta – Bawen Toll Road	BPJT	12,139	PPP	D.I. Yogyakarta and Central Java

TRANSPORTATION	No.	Project Name	Contracting Agency	Investment Value (IDR Billion)	Funding Scheme	Location (for in Map)
	7	East Kalimantan Railway	PT Kereta Api Borneo	53,000	Private	East Kalimantan
	8	Makasaar – Parepare Railway	The Ministry of Transportation	8,250	State Budget	South Sulawesi
	9	Soekarno – Hatta Indonesia Airport Express Railway	The Ministry of Transportation	24,500	Potential PPP	DKI Jakarta and Banten
	10	MRT Jakarta North – South Corridor	PT Mass Rapid Transit Jakarta	39,500	State Budget and Local Budget with foreign loan	DKI Jakarta
	11	Light Rail Transit Jakarta, Bogor, Depok and Bekasi	The Ministry of Transportation	23,000	SOE Assignment	DKI Jakarta and West Java
	12	Light Rail Transit South Sumatra	The Ministry of Transportation	12,500	SOE Assignment	South Sumatra
	13	General Railway Services in DKI Jakarta Province/Light Rail Transit (LRT) DKI Jakarta	DKI Jakarta province	7,345	RSOE Assignment	DKI Jakarta
	14	Kuala Tanjung International Hub Port	The Ministry of Transportation	30,000	Potential SOE Assignment	North Sumatra
	15	Bitung International Hub Port	The Ministry of Transportation	34,000	Potential PPP	North Sumatra
	16	Patimban Port	The Ministry of Transportation	43,200	State Budget with foreign loan, Local Budget and Private	West Java
	17	Inland Waterways/ Cikarang - Bekasi -- Sea	PT Pelabuhan Indonesia II	3,400	Potential SOE Assignment	DKI Jakarta and West Jav

TELECOMMUNICATION	No.	Project Name	Contracting Agency	Investment Value (IDR Billion)	Funding Scheme	Location (for in Map)
	18	Palapa Ring Broadband	The Ministry of Communication and Informatics	5,840	PPP	All regions across Indonesia

ELECTRICITY	No.	Project Name	Contracting Agency	Investment Value (IDR Billion)	Funding Scheme	Location (for in Map)
	19	Central Java Power Plant (PLTU Batang)	PT Perusahaan Listrik Negara	40,000	PPP with IPP Bhimasena Power Indonesia	Central Java
	20	Steam Power Plant (PLTU) Indramayu	PT Perusahaan Listrik Negara	27,000	State Budget with Foreign Loan	West Java
	21	Steam Power Plant (PLTU) Mulut Tambang	PT Perusahaan Listrik Negara	210,860	SOE Assignment and IPP	South Sumatra, Jambi, Riau, East Kalimantan and Central Kalimantan
	22	Gas – Based Power Plant	PT Perusahaan Listrik Negara	302,120	SOE Assignment and IPP	Riau, Bangka Belitung, Banten, West Java, Central Java, East Kalimantan, Central Kalimantan, East Kalimantan, North Kalimantan, Central Sulawesi, South Sulawesi, South-East Sulawesi, West Nusa Tenggara, East Nusa Tenggara, Maluku, North Maluku, Papua and West Papua
	23	Central-West Java Transmission Line 500 kV	PT Perusahaan Listrik Negara	7,640	SOE	Central Java and West Java
	24	Transmission Sumatra 500 kV	PT Perusahaan Listrik Negara	24,400	SOE assignment and Private	Sumatra Island

ENERGY	No.	Project Name	Contracting Agency	Investment Value (IDR Billion)	Funding Scheme	Location (for in Map)
	25	Bontang Refinery	PT Pertamina	197,580	PT Pertamina Assignment in association with private	East Kalimantan
	26	Tuban Refinery	PT Pertamina	199,300	PT Pertamina Assignment in association with Privates	East Java
	27	Existing Refinery Revitalization (RDMP)	PT Pertamina	246,220	SOE Assignment	Central Java, West Java, Riau, East Kalimantan and South Sumatra
	28	Abadi Gas Field Development of Masela Block	The Ministry of Energy and Mineral Resources	289,900	Private	Maluku
	29	Gendalo, Maha, Gehem & Bangka Field Development (Indonesia Deepwater Development Project/ IDD)	The Ministry of Energy and Mineral Resources	124,800	Private	East Kalimantan
	30	Tangguh LNG Train 3 Project	The Ministry of Energy and Mineral Resources	104,000	Private	West Papua
	31	Jambaran – Tiung Baru Gas Unitization Field Development	The Ministry of Energy and Mineral Resources	26,728	SOE	East Java

WATER AND SANITATION	No.	Project Name	Contracting Agency	Investment Value (IDR Billion)	Funding Scheme	Location (for in Map)
	32	West Semarang Drinking Water Supply System (SPAM)	PDAM Kota Semarang	1,191	PPP	Central Java
	33	Jatiluhur Drinking Water Supply System (SPAM)	Perum Jasa Tirta II	1,670	PPP	DKI Jakarta and Central Java
	34	Lampung Drinking Water Supply System (SPAM)	PDAM Way Riau	700	PPP	Lampung
	35	Jakarta Sewerage System	DKI Jakarta Province Government	70	State Budget with Foreign Loan (Zone 1), potential for State Budget with (Foreign Loan (Zone 2) and not yet decided (Zone 3-6)	DKI Jakarta
	36	Giant Seawall Phase A	DKI Jakarta Province Government	2,400	State Budget, Local Budget, SOE, ROE and Private	DKI Jakarta

WASTE TO ENERGY	No.	Project Name	Contracting Agency	Investment Value (IDR Billion)	Funding Scheme	Location (for in Map)
	37	Waste-to-Energy Projects in Big Cities	The province governments or municipal governments	17,517	PPP and Private	DKI Jakarta, Tangerang, West Java, Central Java, East Java, South Sulawesi and Bli



1. Serang – Panimbang Toll Road

Investment Value	: ~ IDR 5.33 trillion
Funding Scheme	: PPP
Location	: Banten
Project Owner	: Indonesia Toll Road Authority (BPJT)
Construction Commencement Plan	: 2017
Commercial Operation Date	: 2019

Project Description

The development of this 83.6 km-toll road aims to provide access to Special Economic Zone (SEZ) Tanjung Lesung and National Park Ujung Kulon. The project consists of three sections: Section I Serang – Rangkasbitung; Section II Rangkasbitung – Cileles; and Section III Cileles – Panimbang.

Project Significance

In addition to promoting tourism in Tanjung Lesung and National Park Ujung Kulon, this toll road is expected to reduce logistics costs for goods delivery from industrial estates in Pandeglang to the port in Jakarta and vice-versa.

The Latest Status

The Land Acquisition Planning Stage was completed on 23 May 2016 with the submission of the Land Acquisition Plan Document to the Governor of Banten Province. The route was confirmed on 29 June 2016. At present, the land acquisition process has reached the inventory and identification stage and for some locations, it has started the appraisal stage.

In January 2017, the consortium of PT Wijaya Karya, Tbk., PT Pembangunan Perumahan Tbk., and PT Jababeka Infrastruktur was selected as the winning bidder for an SBOT concession bid. At that time, a procurement for a business entity to develop the Cileles – Panimbang section with Availability Payment scheme was also carried out and some prospective bidders passed pre-qualification selection. The subsequent stage was a Request for Proposal.

On 24 November 2017, KPPIP visited Serang – Panimbang Toll Road project. During the visit, PT Wijaya Karya Serang Panimbang revealed that by the end of December 2017 it aimed to acquire 7 villages in Serang Regency. The land acquisition for Pandeglang will be completed by the end of December 2017 before the retirement of the regional Head of BPN.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finished	Finished	2016

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Not necessary	Location confirmed, land acquisition targeted to finish in June 2018

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
PPP	Finished in February 2017	The budget was expected to be allocated in FY 2017	February 2017

Financing Realization	Construction Commencement Plan	Commercial Operation Date
21 February 2017	Planned to commence in October 2017	Early 2019

Funding Scheme

Serang – Panimbang Toll Road was discussed in a KPPIP meeting in June 2016 and was agreed to be implemented under PPP scheme, with additional Government Support consisting of partial construction for Cileles – Panimbang section. At present, the consortium of PT Wijaya Karya Tbk., PT Pembangunan Perumahan Tbk., and PT Jababeka Infrastruktur has been determined as the winning bidder for this SBOT investment bid.

Government support will be provided with the construction of Cileles – Panimbang section (33 km). Considering limited budget ceiling allocated by the Ministry of Public Works and Public Housing and the President's directives requiring the construction to commence in 2018, this construction support is expected to be realized with Availability Payment (AP) scheme, covering construction and maintenance for Cileles-Panimbang section by New Toll Road Business Entity. The implementation of the AP scheme to this toll road has received initial approval of the Ministry of Finance.

Toll Road Concession Agreement for Cileles-Panimbang section is expected to be signed in April 2018. Indonesia Infrastructure Guarantee Fund is preparing a new agreement for Cileles-Panimbang in which the Service Level

Agreement (SLA) will be included in the agreement. The Deputy for Infrastructure Delivery Acceleration and Regional Development under Coordinating Ministry for Economic Affairs has asked for the acceleration of the Cileles-Panimbang section concession bid process.

Land Procurement

Land procurement for Serang-Panimbang Toll Road is in progress after the issuance of Location Determination Permit for this toll road in June 2016. It is expected that this land procurement process will take 2 years. Land procurement is entering land inventory and identification process and in some locations, land valuation/appraisal is underway.

Follow-Up Actions

1. Acceleration land procurement process after the issuance of Location Determination Permit by the Governor of Banten Province and Concession agreement signing.
2. Expand the main tasks and functions of BLU BPJT to implement Availability Payment (AP) scheme for Serang – Panimbang Toll Road.
3. Monitor the bidding process for Cileles – Panimbang section
4. Ask confirmation from the Directorate General of Highways (Bina Marga) with regard to budget allocation of Technical Assistance for Commitment-Making Officer of Land Procurement for Serang – Panimbang Toll Road.



2. Manado – Bitung Toll Road

Investment Value	: ~ IDR 5.12 trillion
Funding Scheme	: PPP
Location	: North Sulawesi
Project Owner	: Indonesia Toll Road Authority (BPJT)
Construction Commencement Plan	: 2016
Commercial Operation Date	: 22019

Project Description

This 39-km toll road will connect two largest cities in North Sulawesi, namely Manado and Bitung. This project is divided into two phases, namely (1) Section 1; Manado – Airmadidi and (2): Airmadidi - Bitung.

Project Significance

This project aims to support the increased traffic in Manado – Bitung route, enhancing the tourism sector as well as economic growth in Manado, North Minahasa, and Bitung. This toll road will also serve as the main access road to Bitung Special Economic Zone (SEZ) and Bitung International Hub Port.

The Latest Status

The tender process for the investor portion of Manado – Bitung Toll Road was completed in May 2016, which PT Jasamarga Manado – Bitung was selected as the winning bidder to construct the tendered section with a PPP funding scheme. A Concession agreement was signed on 9 June 2016. In addition, the project also received a guarantee from Indonesia Infrastructure Guarantee Fund (IIGF). The guarantee agreement and recourse agreement were also signed on 9 June 2016.

Land acquisition progress for Section 1 and Section 2 has reached 78% and 59%. Construction progress has reached 14% for Section I and 10% for Section II.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Not necessary	Reach 64%

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
PPP	Finish in May 2016	Partly constructed by the Government	9 June 2016

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Targeted to finish in the second quarter 2017	Planned to commence in Semester II 2017 (Private Portion)	2019

Funding Scheme

Manado – Bitung Toll Road used a Supported-Build-Operate-Transfer (SBOT) funding scheme, in which the Government will construct part of the toll road section and the remaining parts will be tendered to private investors. The Government portion in Section 1 will use fund from State Budget, Local Budget and loan from the People's Republic of China amounted to IDR 1 trillion. Section 2 will become private portion.

Land Procurement

Land procurement process for this toll road was commenced in June 2015. For Section I (Manado – Airmadidi), 78% of the required lands have been acquired with budget support from North Sulawesi Province government. For Section II, the land procurement process has reached 50%. In total, the progress is 64%.

Based on the meeting of August 22nd, 2017, it was informed that the head of BPN North Sulawesi Province would enter pension age per September 1st, 2017. KPPIP has coordinated the Directorate General of Land Procurement, the Ministry of Agrarian and Spatial Planning/BPN to ensure smooth transition process of Head of BPN Regional Office of North Sulawesi province and to make sure that the land acquisition process can be resumed according to the targets.

In addition, the land procurement process with consignment mechanism should be accelerated. Its implementation in this Manado – Bitung Toll Road took a longer time than the duration established in Law No. 2 of 2012 concerning Land Procurement for the Development for Public Interests. KPPIP and the Executive Office of President have urged the Supreme Court to accelerate the consignment mechanism process in the Higher Court of North Sulawesi Province.

Follow-Up Actions

1. Accelerate land procurement process, particularly for Section II (Airmadidi – Bitung).
2. Take follow-up actions to accelerate the consignment mechanism process in Higher Court of North Sulawesi Province.



3. Balikpapan – Samarinda Toll Road

Investment Value	: ~ IDR 9.97 trillion
Funding Scheme	: PPP
Location	: East Kalimantan
Project Owner	: Indonesia Toll Road Authority (BPJT)
Construction Commencement Plan	: 2017
Commercial Operation Date	: 2018

Project Description

Balikpapan – Samarinda toll road spans 99 km from Samarinda to Sepingan International Airport of Balikpapan. This toll road is divided into 5 sections and is designed to have two lanes for each direction.

Project Significance

This toll road will support palm oil, coal, oil and gas, and agriculture-based industrial estates in the two cities and along the toll road. This toll road project will also support the projected growth of passengers and goods traffic as well as improve connectivity and reduce logistic costs and travel time between Samarinda and Balikpapan.

The Latest Status

The tender process for the PPP portion of Balikpapan – Samarinda was finished in June 2016 for which PT Jasamarga Balikpapan – Samarinda was selected as Toll Road Business Entity. Concession agreement was signed on 9 June 2016. This project received guarantees from Indonesia Infrastructure Guarantee Fund (IIGF). The Guarantee Agreement and Recourse Agreement were also signed on 9 June 2016. Per February 2017, the concession tender was finished with PT Wijaya Karya determined as successful bidder under SPMK (Notice to Proceed) as of November 11th, 2016.

On 5 December 2017, KPPIP together with stakeholders undertook a site visit to Balikpapan – Samarinda Toll Road to check the progress of land procurement and construction activities. According to the data collected from the site visit, in general the land acquisition had reached 96% progress (not including ROW widening for Forest Park Conservation Area Bukit Soeharto). For Section I and III, all required lands have been purchased. Construction progress had reached 39% overall, with Section I recording the highest construction progress at 73%.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	2016

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Issued	Reach 96%

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
PPP	Finish in June 2016	Partially constructed by the Government	Issued on 9 June 2016

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Targeted to finish by end of 2018	Construction is planned in 2017 (Toll Road Business Entity Portion) Commenced in 2016 (Government portion)	2018

Funding Scheme

Balikpapan – Samarinda Toll Road adopted a Supported-Build-Operate-Transfer (SBOT) funding scheme in which the Government will put up part of toll road section and the other parts will be tendered to private investors. Section I and V will be partially constructed by the Government as a government support. Section I will be financed from State Budget and Regional Budget and Section V from the loan to People's Republic of China with amount of IDR 720 billion. Section II, III and IV will be built by investors and planned to be financed under a Contractor Pre-Financing (CPF) scheme. Financial close is expected after the completion of construction in end of 2018.

Land Procurement

Land acquisition for Section I and Section II had reached 100% and while Section III had reached 91%(not including ROW widening in Forest Park Conservation Area Bukit Soeharto) by the end of December 2017. The land acquisition progress for Section II, and IV and V had reached 91%, 97% and 94% respectively or 96% in total.

A site visit on December 5th, 2017 revealed that Section 1 encountered a problem with a disputed border between Kutai Kartanegara and Balikpapan. For this issue, the Decision of the Minister of Home Affairs stating that the disputed lands are within the administrative territories of Kutai Kartanegara has been issued. Compensation for the affected lands can be therefore be paid.

Related to joint environmental management proposal for Forest Park Conservation Area Bukit Soeharto, this has been discussed during KPPIP's Ministerial Meeting to ascertain the commitment of the Ministry of Environment and Forestry. The meeting asked the Ministry of Environment and Forestry to settle the Environmental Management Agreement for Forest Park Conservation Area "Bukit Soeharto" with regard to ROW widening and expedite the excavation and disposal proposal. On November 3rd, 2017, an Approval Letter for Environmental Management Agreement of ROW Widening was signed by the Minister of Environment and Forestry.

Follow-Up Actions

Monitor and accelerate the approval process of Strategic Cooperation between PT Jasa Marga Balikpapan Samarinda and the Ministry of Environment and Forestry for excavation and disposal sites.



4A. Medan – Binjai Toll Road (15 Section of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 1.6 trillion
Funding Scheme	: SOE Assignment
Location	: North Sumatra
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2017 (partly operated)

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. The segment is divided into 3 sections and is located in North Sumatra to connect Medan and Binjai. The three sections are: (1) Section I: Tanjung Mulia – Helvetia; (2) Section II: Helvetia – Semayang; (3) Section III: Semayang – Binjai.

Project Significance

As part of the Trans Sumatra Toll Road Network, this section has a vital role in supporting the flow of goods and people between Medan and Binjai. It will serve as an alternative to the current existing road and is expected to reduce the load on the existing road. Additionally, the section will increase connectivity and ease of access. As a result, the toll road will contribute towards regional and economic development in Sumatra Island.

The Latest Status

At present, Medan – Binjai toll road for Section II and Section III are in operation. For Section I, it remains in land acquisition problem settlement process. Its construction has been hampered by unresolved land procurement issues, which to date has reached 21%. Land acquisition progress for Section I is 73%.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Issued	Section 2 and 3 finish Section 1 reaches 73.38%

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	Government Capital Participation (PMN)	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish	Commenced on 2015	December 2018

Funding Scheme

Medan – Binjai Toll Road is being developed with an assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 117 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. Concession agreement for this toll road section was signed in 2014. In the same year, the Government gave support of PMN (Government Capital Participation) to PT Hutama Karya to help this enterprise in accomplishing the assignment. The funding structure for this section consists of 70% equity of PT Hutama Karya (supported with PMN) and 30% of loan from PT Sarana Multi Infrastruktur (PT SMI).

Land Procurement

Overall the land procurement process has reached 91%. For Section II and Section III, the progress had reached 100%. Section I construction encountered a land dispute over “Grant Sultan” land. This problem is currently being discussed by the Ministry of Agrarian and Spatial Planning/BPN and the Ministry of Public Works and Public Housing.

Follow-Up Actions

1. Accelerate land procurement and construction process for Section I.
2. Expedite the settlement of land acquisition problem for “Grant Sultan” land.



4B. Palembang – Indralaya Toll Road (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 3.3 trillion
Funding Scheme	: SOE Assignment
Location	: South Sumatra
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2017 (partly operated)

Project Description

This section is part of Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. It is located in South Sumatra with total length 22 km and is divided into three sections: (1) Section I: Palembang – IC Pemulutan; (2) Section II: IC Pemulutan – IC KTM; (3) Section III: IC KTM – Simpang – Indralaya.

Project Significance

This section is intended to anticipate the increasing traffic projection between Palembang and Indralaya. With the existence of a toll road, the traffic load will be divided and congestion will decrease, supporting regional and economic development along with increased accessibility for both cities.

The Latest Status

Palembang – Indralaya Section 1 is already in operation. For Section II and III, construction is in progress that in total has reached 73% as follows: 100% for Section I, 35% for Section II and 91% for Section III. In total 97% of the required lands have been acquired.

Project Implementation Schedule and Status

RTRW Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish
EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Not necessary	Reach 97%

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	Government Capital Participation (PMN)	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish	Commenced on 2015	Section 1 in operation Section 2 in March 2018 Section 3 in December 2017

Funding Scheme

Palembang - Indralaya Toll Road is being developed with an assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 117 of 2015 concerning Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. Concession agreement for this toll road section was signed in 2015. In the same year, the Government gave support of PMN (Government Capital Participation) to PT Hutama Karya to help this enterprise in accomplishing the given assignment. Funding structure for this section consists of 70% equity of PT Hutama Karya (supported with PMN) and 30% of loan from PT Sarana Multi Infrastruktur (PT SMI).

Land Procurement

Progress of land procurement for Section II and Section III has reached 89% and 98% respectively. For Section I, it has finished the land procurement process (100%).

Follow-Up Actions

Expedite land procurement and construction for Section II and Section III.



4C. Pekanbaru – Dumai Toll Road (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 16.2 trillion
Funding Scheme	: SOE Assignment
Location	: Riau
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2016
Commercial Operation Date	: 2019

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. This section is located in the Province of Riau and connects Pekanbaru, Kandis and Dumai. It is divided into 6 sections, i.e.: (1) Section I: Pekanbaru – IC Minas; (2) Section II: IC Minas – IC Kandis; (3) Section III: IC Kandis Selatan – IC Kandis Utara; (4) Section IV: IC Kandis Utara – IC Duri Selatan; (5) Section V: IC Duri Selatan – IC Duri Utara; (6) Section VI: IC Dumai – Junction Duri.

Project Significance

This section will connect Pekanbaru (the capital city of Riau) with Dumai. With high potentials for agribusiness development and the status of Dumai in advanced oil industries, this section is expected to further bolster such industrial sectors.

The Latest Status

At present, the Pekanbaru – Dumai section is on procurement and construction phase. The construction progress for Section I has reached 16%, while Section II and III has just reached 3% and 7%. For land procurement, in total the progress is 47%.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Under preparation process

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to finish in 2017	Waiting for the signing by Governor	Targeted to finish in 2017. Waiting for the issuance of Province RTRW (Regional Spatial Plan)	Reach 47%

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	Not yet decided	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet finished	Targeted to commence on 2015	2019

Funding Scheme

Pekanbaru – Bumai Toll Road will be developed with assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. Concession agreement for this toll road was signed in 2015. This section required equity of 70%. However, due to limited PMN allocation (Government Capital Participation), alternative funding sources such as Medium-Term Notes need to be sought.

Land Procurement

A Location Determination Permit for the section has been issued by the Governor and the land procurement process is now underway. In total, 47% of the required lands have been acquired. Section 3 records the highest progress in land acquisition wise, i.e. 67%.

Follow-Up Actions

1. Expedite the issuance of Environmental Permit and Environmental Feasibility.
2. Search alternative fund source for Pekanbaru – Dumai section.



4D. Bakauheni – Terbanggi Besar Toll Road (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 16.7 trillion
Funding Scheme	: SOE Assignment
Location	: Lampung
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2017 (partly operated)

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. The Bakauheni – Terbanggi Besar section is located in the province of Lampung with a total length of 140 km. The toll road is divided into three sections: (1) Section I: Bakauheni – Sidomulyo; (2) Section II: Sidomulyo – Branti; (3) Section III: Branti – Terbanggi Besar.

Project Significance

This section will serve as a main access road to and from Bakauheni Port. Since Bakauheni Port is one of the major ports that connects Java and Sumatra, this section will significantly decrease travel time needed to distribute goods and people to and from Sumatra via Bakauheni Port.

The Latest Status

At present, the Bakauheni – Terbanggi Besar section is in land procurement and construction phase. The construction progress has reached 61%, which means an increase of 6% compared with progress in November 2017. In total, the land procurement progress is 92%.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Issued	Reach 92%

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	Government Capital Participation (PMN)	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish	Commenced on 2015	2019

Funding Scheme

Bakauheni – Terbanggi Besar Toll Road will be developed with an assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. The Concession agreement for this toll road was signed in 2015. In the same year, the Government gave support of PMN (Government Capital Participation to PT Hutama Karya in accomplishing this assignment. Funding structure for this section consists of 45% equity (with PMN support) and 55% debt.

Land Procurement

The Government has decided toll road routes. Land procurement is currently underway for Section I, Section II, Section III and Section IV that have reached 90%, 97%, 91% and 88% respectively. In total, the progress of land procurement has reached 92%.

Follow-Up Actions

Expedite land procurement by Land Procurement Committee.



4 E&F.

Terbanggi Besar – Pematang Panggang – Kayu Agung Toll Road (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 21.950 trillion (Terbanggi Besar – Pematang Panggang (100 km): IDR11.865 trillion and Pematang Panggang – Kayu Agung (85 km): IDR 10.085 trillion)
Funding Scheme	: SOE Assignment
Location	: Lampung and North Sumatra
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2019

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. This section is located in the province of Lampung and the province of South Sumatra with a total length of 185 km. The toll road is divided into three sections: (1) Section I: Terbanggi Besar – Mengala; (2) Section II: Menggala – Sp. Pematang; (3) Section III: Sp. Pematang – Kayu Agung. This section is combination of Terbanggi Besar – Pematang Panggan (100 km) and Pematang Panggang – Kayu Agung (85 km).

Project Significance

As part of Trans Sumatra Toll Road Network, this section is important to support goods and passenger traffic from Bakauheni Port. It is also expected to open access for the surrounding regions and support economic growth, especially in the oil palm and rubber plantation sectors. In addition, a vital role expected to be played by this section is to reduce travel time and logistic costs of land transportation modes from Bakauheni Port to South Sumatra and the surroundings that in turn will bolster economic growth particularly in the oil palm and rubber plantation sector.

The Latest Status

At present, Terbanggi Besar – Pematang Panggang – Kayu Agung section is on land procurement phase with the construction progress of Terbanggi Besar – Pematang Panggang has reached 35% and 31% for Pematang Panggang – Kayu Agung section. The land procurement progress in Terbanggi Besar – Pematang Panggang and Pematang Panggang – Kayu Agung, is recorded as 24% and 89% respectively.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	2017

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Finish	Not yet commenced	43%

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	2017	2019

Funding Scheme

Terbanggi Besar – Pematang Panggang Toll Road will be developed with an assignment scheme to SOE, i.e. PT Utama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. The Concession agreement for this toll road was signed in June 2016.

Land Procurement

The land procurement progress for Terbanggi Besar – Pematang Panggang has reached 24% and 89% for Pematang Panggang – Kayu Agung.

Follow-Up Actions

Monitor land procurement and construction process.



4G. Palembang – Tanjung Api-Api Toll Road (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 14.2 trillion
Funding Scheme	: SOE Assignment
Location	: South Sumatra
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2020

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. This section is located in the province of South Sumatra.

Project Significance

As part of Trans Sumatra Toll Road Network, this section is important to support goods and passenger traffics from Palembang to SEZ Tanjung Api-Api and Tanjung Api-Api Port, which are currently under construction. SEZ Tanjung Api-Api is an oil palm industry center and processing industry for exports.

The Latest Status

The Feasibility Study and EIA have been finished and approved. The Environmental Permit has been signed by Banyuasin Regent on March 27th 2017. Basic Design and Business Plan for this section is still under preparation. The contract with PT Buana Achicon is also being drafted. According to the Coordination Meeting of Trans Sumatra on November 10th, 2017, PT Hutama Karya asked synchronization of Palembang – Tanjung Api-Api Toll Road development and Tanjung Api-Api Port and SEZ.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Under preparation

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Not yet commenced	Not yet commenced

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	Targeted to commence in 2018	2020

Funding Scheme

Palembang – Tj. Api-API Toll Road will be developed with assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra.

Land Procurement

Survey and planning process of land procurement are still on-going.

Follow-Up Actions

1. Monitor Basic Design and Business Plan preparation process.
2. Coordinate the synchronization of Palembang – Tanjung Api-API toll road development with Tanjung Api-API Port and SEZ.



4H. Kisaran – Tebing Tinggi Toll Road (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 13,454 trillion
Funding Scheme	: SOE Assignment
Location	: North Sumatra
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2019

Project Description

Kisaran – Tebing Tinggi toll road is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. This section is located in North Sumatra.

Project Significance

This toll road is expected to improve the connectivity of regions in North Sumatra and provide a transportation option with relatively lower costs than the existing road network with faster travel time. The project can also promote tourism in Tebing Tinggi and support aluminum industry in Asahan Regency and facilitate access and connectivity to the Port of Kuala Tanjung, an international hub port.

The Latest Status

At present, the Kisaran – Tebing Tinggi toll road remains in survey and planning phase. According to minutes of meeting dated 23 August 2016 held in BPJT, it was proposed to include an additional link, i.e. Indrapura – Kuala Tanjung segment (15 km) to Kisaran – Tebing Tinggi section and a Concession Agreement for Kuala Tanjung – Tebing Tinggi was signed on February 22nd, 2017. It is planned that Kuala Tanjung – Tebing Tinggi section will be developed earlier to accommodate the development of Kuala Tanjung International Port. EIA consultants for Kuala Tanjung – Tebing Tinggi section have signed a contract for EIA preparation. For Indrapura – Kisaran section, Concession agreement was signed in November 2017.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Targeted to finish in 2017

EIA	Environmental Permit	IPPKH	Land Procurement
Not yet commenced	Not yet commenced	Not yet commenced	Not yet commenced

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	Targeted to commence in 2018	2020

Funding Scheme

Kisaran – Tebing Tinggi Toll Road will be developed with an assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. The Government is currently reviewing the fund sources and form of Government support for all the segments of Kisaran – Tebing Tinggi toll road.

Land Procurement

Just entered survey and planning process.

Follow-Up Actions

1. Finish EIA document to get Environmental Permit to proceed the project into Land Procurement Planning process for Kuala Tanjung – Tebing Tinggi section.
2. Decide the funding source and form of Government Support.
3. Finish technical preparation for the construction.



4 I,J,K,&L.

Binjai – Langa (110 km) Toll Road, Langsa – Lhokseumawe Toll Road (135 km), Lhokseumawe – Sigli Toll Road (135 km) & Sigli – Banda Aceh Toll Road (75 km), (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	:	~ IDR 75,138 trillion (Binjai – Langa: IDR18,823 trillion; Langsa – Lhokseumawe: IDR 21,766 trillion; Lhokseumawe – Sigli: IDR 21.786 trillion and Sigli – Banda Aceh: IDR 12,944 trillion)
Funding Scheme	:	SOE Assignment
Location	:	South Sumatra and Aceh
Project Owner	:	PT Hutama Karya
Construction Commencement Plan	:	2018
Commercial Operation Date	:	2023

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. Medan – Aceh toll road is a priority section to be developed according to Letter of the Minister of Public Works and Housing KU.09.01-Mn/784, which is confirming three additional priority section, i.e. (1) Medan – Banda Aceh, (2) Padang – Pekanbaru, and (3) Tebing Tinggi – Paralat. Medan – Aceh toll road is divided into 4 segments for inclusion in National Strategic Project. They are Binjai – Langa Toll Road (110 km), Langsa – Lhokseumawe (135 km), Lhokseumawe – Sigli (135 km) & Sigli – Banda Aceh (75 km).

Project Significance

This toll road is expected to improve the connectivity between regions in the northern parts of Sumatra Island by connecting 2 big cities, namely Medan and Banda Aceh so as to decrease logistic costs and provide an alternative transportation mode with faster travel time.

The Latest Status

The location determination permit for Sigli – Banda Aceh toll road was issued under Decision of the Governor No. 590/1008/2017. At present, an Environmental Impact Assessment (ANDAL) of Traffic is still in progress. Tender process for DED Consultant Phase 1 for Sigli - Banda Aceh segment is also underway. PT Hutama Karya has submitted ROW plan and Land Acquisition Planning Document to the Ministry of Public Works and Public Housings.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish in 2012	Finish in 2013	Targeted to finish in 2018

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to finish in 2018	Targeted to finish in 2018	N/A	Location Permit for Sigli – Banda Aceh segment issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	Construction is targeted to commence in 2018	Targeted to operate in 2025

Funding Scheme

These segments of Trans Sumatra Toll Road Network will be developed with an assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra.

Land Procurement

Location permit for this 73-km Sigli – Banda Aceh toll road was granted under Decision of Governor No. 590/1008/2017.

Follow-Up Actions

Expedite the settlement of the Service Level Agreement with Aceh Governor.



4 M&N.

Pekanbaru – Bangkinang – Payakumbuh – Bukit Tinggi Toll Road (185 km) & Bukit Tinggi – Padang Panjang – Lubuk Alung – Padang (80 km) (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	:	~ IDR 36,594 trillion (Pekanbaru – Bangkinang – Payakumbuh – Bukit Tinggi: IDR 28,720 trillion and Bukit Tinggi – Padang Panjang – Lubuk Alung – Padang: IDR 78,740 trillion)
Funding Scheme	:	SOE Assignment
Location	:	Riau and West Sumatra
Project Owner	:	PT Hutama Karya
Construction Commencement Plan	:	2018
Commercial Operation Date	:	2023

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. Padang - Pekanbaru toll road is a priority section to be developed according to Letter of the Minister of Public Works and Housing KU.09.01-Mn/784, which is confirming three additional priority section, i.e. (1) Medan – Banda Aceh, (2) Padang – Pekanbaru, and (3) Tebing Tinggi – Paralat. Padang – Pekanbaru toll road is divided into 2 segments for inclusion in National Strategic Project. They are Pekanbaru – Bangkinang – Payakumbuh – Bukittinggi (185 km) and Bukittinggi – Padang Panjang – Lubuk Alung – Padang (80 km).

Project Significance

This toll road has significant role as a connector link within the Trans Sumatra Toll Road Network and is expected to improve the connectivity between regions in Sumatra Island, particularly as a connector link for regions in the western parts to the eastern parts of Sumatra that in turn will boost economic growth in the entire Island.

The Latest Status

Concession agreement for Padang – Pekanbaru was signed in October 2017. At present, the project is in preparation phase, i.e. Traffic Environmental Impact Analysis (ANDALIN) and DED Padang – Sicincin Phase 1. As for land procurement, the location permit for Padang – Sicincin link of 27 km has been issued.

With regard to funding, JICA is currently reviewing the possibility of financing this toll road section. On August 24, 2017, KPPIP had a joint visit with JICA representatives. During the visit, JICA expressed its readiness to grant loan for the construction of two tunnels of 5.1 km and 1.4 km long respectively and other construction works of 40 km along the border areas of West Sumatra.

On 14 December 2017 KPPIP held a meeting discussing the progress of alternative route preparation for this toll road section by PT Hutama Karya. In general, the alternative route prepared by PT Hutama Karya located in the west of the original route considering hilly terrains in the east of original route that in terms of technical and technological aspect will require more expensive costs.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish in 2012	Finish in 2013	Targeted to finish in 2018

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to finish in 2018	Targeted to finish in 2018	N/A	Not yet commenced

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	2018	2023

Funding Scheme

These segments of Trans Sumatra Toll Road Network will be developed with an assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. In August 2017, the Japan International Cooperation Agency (JICA) expressed its interest and currently considering extending loan facility of Private Sector Investment Finance (PSID), i.e. a 20-year loan term with 10 years of grace period and low interest. This loan scheme is basically similar to the loan scheme previously offered by AIIB.

Land Procurement

Location permit for Padang – Sicincin of 27 km has been issued. However, a land procurement-related problem is encountered in Duku - Sicincin. The local residents demanded compensation for the endowed lands that had been cleared. The Director General of Land Procurement proposed to find an alternative route. Now, PT Hutama Karya is preparing alternative route for the Padang – Sicincin segment.

Follow-Up Actions

1. KPPIP to monitor the progress of loan provision plan by JICA.
2. PT Hutama Karya to prepare alternative route to replace the existing route in Duku – Sicincin.
3. Expedite the completion of Service Level Agreement including the inclusion of West Sumatra Governor.



4O. Tebing Tinggi – Pematang Siantar – Prapat Tarutung – Sibolga Toll Road (200 km) (15 Sections of Trans Sumatra Toll Road Network)

Investment Value	: ~ IDR 19,778 trillion
Funding Scheme	: SOE Assignment
Location	: North Sumatra
Project Owner	: PT Hutama Karya
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2023

Project Description

This section is part of the Trans Sumatra Toll Road Network that is planned to connect the northern part of Sumatra to the southern part and will link the province of Nangroe Aceh Darussalam with Lampung. Tebing Tinggi – Pematang Siantar – Parapat – Tarutung - Sibolga toll road is a priority section to be developed according to Letter of the Minister of Public Works and Housing KU.09.01-Mn/784, which is confirming three additional priority section, i.e. (1) Medan – Banda Aceh, (2) Padang – Pekanbaru, and (3) Tebing Tinggi – Paralat. The scope of this toll road project has been extended to accomodate access road for Kuala Tanjung International Hub Port.

Project Significance

This toll road is expected to improve the connectivity of North Sumatra Province and become access to the National Strategic Tourism Area of Lake Toba.

The Latest Status

The project is currently in Preparation phase. For scope of project extension, Concession agreement for Kuala Tanjung – Tebing Tinggi – Parapat was signed on February 22nd, 2017 followed by the establishment of a subsidiary named PT Hutama Marga Waskita.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Targeted to finish in 2018	Targeted to finish in 2019

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to finish in 2018	Targeted to finish in 2018	N/A	Targeted to finish in 2019

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	Construction is targeted to commence in 2019	Targeted to operate in 2022

Funding Scheme

These segments of Trans Sumatra Toll Road Network will be developed with an assignment scheme to SOE, i.e. PT Hutama Karya under Presidential Regulation No. 177 of 2015 Amendment to Presidential Regulation No. 100 of 2014 concerning Toll Road Development Acceleration in Sumatra. For Kuala Tanjung – Tebing Tinggi – Parapat toll road, consortium of PT Hutama Marga Waskita with share composition of PT Hutama Karya (40%), PT Jasa Marga (Persero) Tbk. (30%) and PT Waskita Karya (Persero) Tbk (30%).

Land Procurement

Not yet commenced.

Follow-Up Actions

Monitor project preparation by KPPIP.



5. Probolinggo – Banyuwangi Toll Road

Nilai Investasi	: ~ IDR 21,072 trillion
Skema Pendanaan	: PPP
Lokasi	: East Java
Penanggung Jawab Proyek	: Indonesia Toll Road Authority (BPJT)
Mulai Konstruksi	: 2018
Rencana Mulai Operasi	: 2023

Project Description

Probolinggo – Banyuwangi toll road of length 170 km is the last segment of Trans Java Toll Road Network. This section is planned to have 2 lanes with design speed 80 – 120 km/hour.

Project Significance

Probolinggo – Banyuwangi toll road will improve the connectivity of East Java Province and support transportation and logistical activities through Java – Bali ferry crossing system.

The Latest Status

Concession agreement was signed on December 15th, 2017 under which consortium PT Jasa Marga Probolinggo Banyuwangi was assigned as the Toll Road Business Entity. Until now, Location Determination Permit for this toll road hasn't been issued by the Governor of East Java Province.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	N/A	Finish (2006)	Not yet commenced

EIA	Environmental Permit	IPPKH	Land Procurement
Finish (2006)	Issued (2006)	Not yet issued	Not yet commenced

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
PPP	Finish	Not yet decided	Not yet decided

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	Targeted to commence in 2017	Targeted to operate in 2019

Funding Scheme

The project will be developed with a PPP scheme.

Land Procurement

No land procurement activity has been commenced. BPJT is coordinating with East Java Province Government for Location Determination Permit issuance.

Follow-Up Actions

Expedite Location Determination Permit issuance.



6. Yogyakarta – Bawen Toll Road

Nilai Investasi	: ~ IDR 12,139 trillion
Skema Pendanaan	: Potential in PPP
Lokasi	: D.I. Yogyakarta and Central Java
Penanggung Jawab Proyek	: Indonesia Toll Road Authority (BPJT)
Mulai Konstruksi	: 2018
Rencana Mulai Operasi	: 2020

Project Description

This 71-km Yogyakarta – Bawen Toll Road will be connected to Semarang – Solo toll road bound for Yogyakarta province. This toll road is designed to have two lanes with design speed 80 – 120 km/hour.

Project Significance

This toll road has significant value, especially in building connectivity to the on-going Trans Java Toll Road Network development. It is also expected that it will support industrial zones in the surroundings of Ungaran and Bawen and improve connectivity to tourism destinations in Yogyakarta, Solo and Semarang, notably access to Borobudur temple.

The Latest Status

Feasibility Study for Yogyakarta – Bawen Toll Road was finished in 2008. However, this feasibility study is no longer relevant and needs updates, which include financial, legal, market and institutional aspects. In light of that, KPPIP provided a facility in Outline Business Case (OBC) development and assigned PT PricewaterhouseCoopers Indonesia Advisory to develop. OBC was expected to be finished in December 2017.

During a meeting discussing the route of this toll road section by BPJT on October 3rd, 2017, it was decided that the preferred route for Yogyakarta – Bawen toll road would pass along eastern side of Magelang with elevated structure above Mataram irrigation ditch (Selokan Mataram). On 18 and 19 December 2017, KPPIP held a meeting with DIY and Central Java Governors. During the meeting, principally these two Governors had no objection to the planned Yogyakarta – Bawen Toll Road development. Specifically the DIY Governor stressed

the importance of intensive socialization and coordination at village level. Meanwhile, the Central Java Governor asked OBC Consultants to review the possibility of involving Village Enterprises (BUMDes) in the ownership of such toll road. He also asked KPPIP and OBC Consultants to coordinate with Central Java Province Government to assure no spatial or technical problem would arise.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Targeted to finish in December 2017	Not yet commenced	Not yet commenced

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to finish in in December 2017	Not yet issued	Not yet issued	Not yet commenced

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Not yet decided	Not yet commenced	Not yet decided	Not yet decided

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Not yet realized	Targeted to commence in 2018	2020

Funding Scheme

This project has potential to be developed under a PPP scheme. The roles of the Government and the private sector will be decided later after the OBC preparation is complete.

Land Procurement

The land procurement process has not yet commenced waiting for fixed route and Location Determination Permit issuance.

Follow-Up Actions

Finish OBC and EIA preparation, which is expected to sustain slight delay from the original target in December 2017.



7. East Kalimantan Railway

Investment Value	: IDR 53.3 trillion
Funding Scheme	: Private
Location	: East Kalimantan
Project Owner	: PT Kereta Api Borneo
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2022

Project Description

East Kalimantan railway project is a development of 203 km single track railway to be supported with other infrastructure such as the stations, coal jetty, seaport and coal fired power plant (15 MW). PT Kereta Api Borneo will operate the project. The project scope includes West Kutai Regency, Pasir Regency, Penajam Pasir Utara Regency and Balikpapan City.

Project Significance

The project is aimed to reduce distribution cost and time which would encourage mining companies to improve their production. To enhance the feasibility of the project, the investor, i.e. PT Kereta Api Borneo proposed status change from special railway to general railway that will enable PT Kereta Api Borneo to use the railway for logistics of palm oil, timber and passengers.

The Latest Status

It is expected that the construction be commenced in October 2018. At present, PT Kereta Api Borneo (KAB) is preparing demand study and legal framework. The results of the study will influence the decision to be taken by PT KAB with regard to the type of railway operation, i.e. special or general and project action plan in future.

A decision on type of railway operation is necessary since PT KAB plans to carry non-affiliate passengers and goods to make the project financially feasible. To deal with this issue, a meeting with PT KAB as project proponent was held on 20 February 2017 to discuss the replies of KPPIP to letter No. KAB-9800/20170119 concerning Legal Frameworks Obstacles. Reply for regulatory constraints faced by the project was submitted by KPPIP on March 16th, 2017 to PT KAB.

PT KAB has acquired recommendations and permits for land transfer of more than 200 hectares in Buluminung of Panajam Pasir Utara Regency (PPU) for infrastructure development relating to railway, i.e. special terminal and techno park. PT KAB has also got environmental permit for port and industrial estate in the southern railway tracks. Areas of land owned by PT KAB comprise 71.84 hectares.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to commence in quarter II 2017	Targeted to commence in quarter III 2017	Finish in March 2015	Location Permit issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Private	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	Construction is targeted to commence in 2018	Targeted to finish in 2022

Funding Scheme

The project is planned to be fully financed by private party, i.e. PT KAB, a subsidiary of Russian Railways. PT KAB plans to establish a consortium to mobilize fund to finance the next phases of project development.

Land Procurement

Land procurement is differentiated into two parts, i.e. for forest areas and non-forest areas. For the former, IPPKH (Forest Area Lease-Use) Permit for Railway Track Survey and Exploration has been acquired with IPPKH permit No. 41/IPPKH/PMA/2015 dated 19 March 2015 from the Head of BPKM on behalf of the Minister of Environment and Forestry. For the latter, permits from land owners with business entity status along railway crossings have been obtained.

Follow-Up Actions

Finish OBC and IEA preparation, which is expected to be slightly delayed from the original target in December 2017.



8. Makassar – Parepare Railway

Investment Value	: IDR 8.25 trillion
Funding Scheme	: State Budget
Location	: South Sulawesi
Project Owner	: The Ministry of Transportation
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2018

Project Description

Makassar – Parepare Railway Development Project is the development of 142-km railway tracks crossing Makassar – Maros – Pangkep – Barru - Parepare. The construction of 16.1 km from Km 76+200 to Km 92+300 has been accomplished. The target until 2018 is to put up railway tracks of 47.65 Km from Km 76+200 to Km 119+150 including 4.7 Km track connecting the Port of Garongkong. This track is expected to be ready to operate in October 2018.

Project Significance

The project will create railway infrastructure in South Sulawesi, which is expected capable of supporting the increasing passenger and goods demands. This railway track will connect ports in Parepare and Makassar.

The Latest Status

Sixteen (16) construction contracts are currently being undertaken with a target of the track extending 47/65 Km ready to operate in October 2018 (track Km 76+200 – Km 119+150 and track 4.7 Km connecting Port of Garongkong). The Operational target in October 2018 is for the infrastructure. For the target of operational services, further discussion will be necessary.

Construction progress per early December 2017 reached 79%. From January 2018 to August 2018, construction activities for track of 47.65 will be halted waiting for land issue settlement (primary consolidation). Thereafter construction will be resumed with track laying, which is expected to be completed by October 2018.

Issues requiring attention from KPPIP include the not-yet-ready railway service operation despite operational readiness of associated infrastructure in October 2018 and no trains ready to operate on the developed infrastructure. Another issue relates to explosions in hilly areas. This activity has been halted since an MoU between the Minister of Transportation and Commander of Indonesia Armed Forces (TNI) is necessary.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Finish	Not necessary	Location Permit issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
State Budget and Regional Budget	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	2015 – 2019	Targeted to partially operate in 2018

Funding Scheme

It has been decided that railway track construction from STA 12+150 (Station Mandai) to STA 119+150 (Station Palanro) will require a budget of IDR 5 trillion from SBSN. For track STA 119+150 (Station Palanro) to STA 142+000 (Parepare) and STA 0+000 to STA 12+150 and potential connection to Airport and Port, a funding review with PPP scheme (hybrid financing) will be conducted. Land assets and infrastructure that have been developed by the Government will be granted with management rights consisting of concession as Government support.

Land Procurement

Based on letter of Secretary of Director General of Railway to the President Director of LMAN, funds required to purchase lands for Makassar – Parepare railway development in 2017 have increased to IDR 1,149.5 billion from originally IDR 2,200 billion. In the locations where the lands necessary for Makassar – Parepare Railways Project development not yet purchased, i.e. from STA 0+000 to STA 140+000, land procurement funds from BLU LMAN will be used.

Land for the construction of a 16.1 km railway track with Regional Budget has yet to be transferred from South Sulawesi Transportation Agency to the Ministry of Transportation. No land certification process has been commenced to date. The implementation of this PPP project plan will be seriously hampered unless assets for 16.1 km railway track have become the property of the Ministry of Transportation.

Follow-Up Actions

1. Finish the construction of railway track phase I.
2. Review construction cost allocation rationalization every year until the construction complete.
3. Coordinate with the related ministries/agencies for the land acquisition process.
4. Deal with any issue relating to service provision, resume explosion activities in hilly areas and transfer the constructed lands from North Sulawesi Province Government to the Ministry of Transportation.



9. Soekarno-Hatta International Airport (SHIA) Express Railway

Investment Value	: IDR 24.5 trillion
Funding Scheme	: Potential for PPP
Location	: DKI Jakarta and Banten
Project Owner	: The Ministry of Transportation
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2022

Project Description

SHIA Express Railway project serves as an alternative transportation from Central Jakarta to SHIA. In 2013, the Minister of Transportation decided the routes for this SHIA, i.e. via Halim – Manggarai – Dukuh Atas – Tanah Abang – Pluit – SHIA. However, at present the Minister of Transportation is reviewing the routes. It is planned that the original routes will be modified from Gambir to SHIA.

SHIA Express Railway will provide stations in the city centers, which are relatively accessible from roads and other transportation modes with locations close to commercial centers and other densely populated areas, and connected with MRT Transportation System and other railway lines. Stations in the Airport will be put up in proximity to passenger terminals. In addition, the departure terminals or baggage collection venues and arrival terminals can be reached just by walking from the railway station.

SHIA Express Railway will give greater attention to convenience aspects with larger baggage storage capacity, shorter travel time and more reliable transportation services than those rendered by other transportation modes. A competitive tariff will be offered. This express railway service will have a faster speed than Commuter Trains with fewer halts.

Project Significance

The purpose of this project is to accommodate the need for access from and to SHIA considering the growing capacity and passenger traffic at SHIA and to boost the growth of the local and national economy. The economic benefit of this project will help the improvement of commercial and industrial activities in the surrounding area as well as creating job opportunities for local people.

The Latest Status

According to the Minutes of KPPIP's Ministerial Meeting held on 30 October 2017 and the meeting of KPPIP with the Director General of Railways, it was confirmed that the project would be continued with an initial step of setting the route, which at the time was still under review. The proposed route discussed was from Gambir to SHIA.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Regional Regulation of DKI Jakarta No. 1 of 2014 (Halim – Palmerah – Shia corridor); Regional Regulation of DKI Jakarta No. 1 of 2012 (SHIA-Manggarai Route)	Pre-Feasibility Study is complete and legalized in 2014. However, to continue the project the data must be updated.	Targeted to commence in Quarter I 2017.	Targeted to commence in Quarter II 2017

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to commence in Quarter IV 2017	Targeted to commence in Quarter I 2018	Not necessary	Location Permit not yet issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Potential for SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Targeted to commence in April 2018	Targeted to commence in May 2018	Targeted to commence in March 2022

Funding Scheme

No funding scheme for the project has been decided. However, based on the directives of the Minister of Transportation, this project has potential for financing under PPP scheme. The project preparation process with PPP scheme is still waiting for confirmation from the Ministry of Transportation.

Land Procurement

Land required for this project will be identified after the routes are confirmed.

Follow-Up Actions

Prepare follow-up action plan for project preparation by the Ministry of Transportation including route confirmation.



10. MRT Jakarta North – South Corridor

Investment Value	: IDR 17 trillion (Phase I) and IDR 22.5 trillion (Phase II)
Funding Scheme	: State Budget and Regional Budget of DKI Jakarta Province with Foreign Loan
Location	: DKI Jakarta
Project Owner	: PT Mass Rapid Transit Jakarta
Construction Commencement Plan	: 2013 (Phase I) and 2018 (Phase II)
Commercial Operation Date	: 2019 (Phase I) and 2024 (Phase II)

Project Description

The development of Mass Rapid Transit (MRT) in the capital city is aimed at improving public transportation facilities and reducing traffic congestion in Jakarta. The first stage of this project consists of 2 phases: (1) Lebak Bulus – HI Roundabout and (2) HI Roundabout – Kampung Bandan.

Project Significance

MRT Jakarta is a public transportation system that will help to resolve traffic congestion problems, improve mobility, reduce carbon emissions and create new job opportunities in DKI Jakarta.

The Latest Status

To date depot, corridor and station construction for Phase I is still on-going. Construction progress of Phase I Lebak Bulus – HI Roundabout until end of December 2017 reached 80.48%. DKI Jakarta province government sent a letter asking approval for the proposed routes of MRT HI Roundabout - Kampung Bandan corridor to the Minister of Transportation on 13 October 2017. The proposed route is now being reviewed by the Ministry of Transportation.

A loan proposal for MRT Jakarta (Phase II and variation order of Phase I) of USD1.87 billion has been indicated in Green Book published in July 2017 and approved by DKI Jakarta Parliament (DPRD). The composition of loan charges between the Government and DKI Jakarta government was decided during KPPIP's Ministerial Meeting on 30 October 2017 at 49% for the Government and 51% for DKI Jakarta Province government. Governor Regulation Number 53 of 2017 concerning the Assignment to PT MRT Jakarta for the Provision of Mass Rapid

Transit Infrastructure and Facility has been issued. Agreement, which legally regulates the rights and obligations of PT MRT Jakarta in the MRT project such as rights to operate railway infrastructure, risk allocation of operator and Provincial Government, etc. will be immediately prepared. At present, PT MRT Jakarta is conducting several reviews with regard to the contents of Operation Agreement.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Phase 1: Complete Phase 2: Complete	Phase 1: Complete Phase 2: Complete	Phase 1: Complete Phase 2: 2016 - 2017
EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Issued	Not necessary	Location Permit issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
State Budget and Regional Budget of DKI Jakarta with foreign loan	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish in December 2015	Phase 1: August 2013 Phase 2: October 2018	Phase 1: targeted to finish in 2019 Phase 2: targeted to finish in 2024

Funding Scheme

MRT Jakarta Project for North – South Corridor Phase I will be financed from the State Budget and Regional Budgets with a foreign loan from Official Development Assistance (ODA) of the Japanese Government in amount of IDR 14.3 trillion. This foreign loan is divided into three loan packages, i.e. Package 536 of JPY 1.87 billion, Package 554 of JPY 48.15 billion and Package 571 of JPY 75.22 billion.

The loan to finance variation order Phase I amounting to IDR 2.56 trillion and the development of Phase II of IDR 22.55 trillion is being proposed and it was expected that the loan agreement would be signed in April 2018.

For Pre-Request from Bappenas to JICA, PT MRT Jakarta sent a letter to the Regional Secretary of DKI Jakarta attached with supporting documents as required. DKI Jakarta government should submit such letter and the accompanying documents to Directorate General of Railways, the Ministry of Transportation for submission to Bappenas.

Land Procurement

With regard to land procurement, no serious problem was encountered for the construction of MRT Jakarta South – North Corridor Phase I. Special discussion on land procurement for MRT Jakarta depot construction in Kampung Bandan is underway. PT KAI, the land owner, sent a letter, which basically approved the use of its land for MRT Jakarta depot. However, the mechanism for the use of such land required prior consent of stakeholders.

KPPIP is supporting the issuance of Decision of Coordinating Minister for Economic Affairs concerning the establishment of Working Team for TOD Kampung Bandan, in which the scope of work of the team will include coping with land-related problems in Kampung Bandan.

Follow-Up Actions

1. Issue Regulation of Coordinating Minister for Economic Affairs concerning the composition of loan charges for Construction Phase II and Additional Construction Phase I between the the Government and the Regional Government of DKI Jakarta Province;
2. Issue Decision of Coordinating Minister for Economic Affairs with regard to the establishment of TOD Kampung Bandan Working Team;
3. Approval of the routes by the Ministry of Transportation;
4. Pledge signing by JICA, which was targeted in March 2018;
5. Loan agreement signing, which was targeted in May – June.



11. Light Rail Transit Jakarta, Bogor, Depok and Bekasi

Investment Value	: IDR 23 trillion
Funding Scheme	: SOE Assignment
Location	: DKI Jakarta and West Java
Project Owner	: The Ministry of Transportation
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2019

Project Description

The LRT development consists of six corridors: (1) Cawang – Cibubur, (2) Cawang – Kuningan – Dukuh Atas, (3) Cawang – Bekasi Timur, (4) Dukuh Atas – Senayan, (5) Cibubur – Bogor and (6) Palmerah – Bogor. The LRT is expected to start operating in 2018 when the Asian Games 2018 sport event will be held in Jakarta and Palembang.

Project Significance

In order to reduce traffic congestion in the Greater Jakarta area, the LRT development is needed to provide mass public transportation for the community so that the use of private vehicles can be reduced.

The Latest Status

Presidential Regulation No. 49/2017 concerning the Second Amendment to Presidential Regulation No. 98/2015 concerning Integrated Light Rail Transit Operation in Jabodebek Region has been issued. The amendment includes a funding scheme and the source of project and payment mechanism for the operated infrastructure.

Per 8 December 2017, construction progress for integrated service 1-3 has reached 26.23%. Addendum to contract for infrastructure operation between the Ministry of Transportation and PT Adhi Karya and contract for service operation between the Ministry of Transportation and PT KAI were signed on 19 December 2017.

Decision of the Minister of Finance No. 598/2017 concerning Payment Mechanism for LRT Jabodebek Infrastructure Development by PT Adhi Karya was issued, in which the payment to PT Adhi Karya would be made through PT Kereta Api Indonesia. In addition, PT Sarana Multi Infrastruktur (PT SMI) was tasked by the Ministry of Finance to review the LRT funding scheme and source.

PT SMI has calculated the investments required by project. They are also monitoring the preparation of concession agreement, funding scheme and payment mechanism, subsidy mechanism process and regulations as needed as well as regulations for project guarantees. This review was discussed during a Coordinating Meeting of the Coordinating Ministry for Maritime Affairs on 7 December 2017. The review resulted in total CAPEX of IDR 29.9 trillion with IRR 9% and funding sources from investments by PT Adhi Karya of IDR 4.2 trillion (PMN and loan) and PT KAI of IDR 25.7 trillion (PMN and loan).

KPPIP supports any effort to expedite the issuance of relocation permits and elevation of SUTT/SUTET lines among Cawang – Bekasi Timur route, which is located at two main sites, i.e. City Park Cawang and ROW of Jakarta – Cikampek (JAPEK) Toll Road. As for JAPEK ROW, an agreement was reached with the stakeholders. The elevation of SUTT/SUTET lines would follow the needs of LRT Jabodebek project and JAPEK II Elevated Toll Road. For the area in City Park Cawang, the Ministry of Transportation sent a letter requesting the Ministry of Public Works and Public Housing in the capacity of user of land with BMN status. This letter was discussed internally in DG Roads and Bridges (Bina Marga).

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Partially finish (DED not yet approved by the Ministry of Transportation)

AMDAL	Izin Lingkungan	IPPKH	Pengadaan Tanah
integrated service 1-3: Complete	integrated service 1-3: Complete integrated service 3 potential for revision	Not necessary	Location Permit issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	Quarter III 2015 – Quarter I 2019	Targeted to finish in Quarter II 2019

Funding Scheme

The LRT project will be developed with assignment scheme to PT Adhi Karya with the issuance of Presidential Regulation No. 98/2015 jo Presidential Regulation No. 65/2016 jo Presidential Regulation No. 49/ 2017. For funding sources and the scheme of this assignment to PT Adhi Karya, the Government is currently reviewing several funding source options and a payment mechanism to abate budget burden to the Government (State Budget).

Land Procurement

Project will be developed along ROW. Principal permit of DKI Jakarta Governor for integrated service 1-3 has been issued.

Locations for depots must be immediately confirmed and Land Procurement Action Plan document must be finished as soon as possible for all depots.

Follow-Up Actions

1. Service operation by PT KAI;
2. Confirm the routes for integrated service 4 (Dukuh Atas – Palmerah – Senayan), integrated service 5 (Cibubur – Bogor) and integrated service 6 (Palmerah – Grogol).



12. Light Rail Transit South Sumatra

Investment Value	: IDR 12.5 trillion
Funding Scheme	: SOE Assignment
Location	: South Sumatra
Project Owner	: The Ministry of Transportation
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2018

Project Description

The development of Light Rail Transit (LRT) in Palembang, South Sumatra is to support public mass transportation services. This integrated LRT services will start from Sultan Mahmud Badaruddin II International Port to Jakabaring Sport City. It is expected that this LRT be operated in August 2018 concurrently with the international sports event of the Asian Games 2018.

Project Significance

Palembang is one of the fast growing big cities in Indonesia. Public mass transportation will be crucial as a preventive measure against the predicted high traffic growth in this city.

The Latest Status

During a coordinating meeting organized by the Coordinating Minister for Economic Affairs it was agreed that LRT would use electrical power (third rail) and narrow gauge. Presidential Regulation No. 55/2016 concerning Amendment to Presidential Regulation No. 116/2015 concerning Light Rail Transit Operation Acceleration in South Sumatra Province was issued. The revisions include an additional scope of work for PT Waskita Karya, i.e. the construction of the depot and reimbursement mechanism and assignment to PT Kereta Api Indonesia to manage, operate and maintain the facilities including the associated automated ticketing system.

The Ministry of Transportation has issued the technical specifications. A contract between the Ministry of Transportation and PT Waskita Karya was signed in June 2016. This contract has been considered as taking effect since the payment mechanism by the Ministry of Transportation through State Budget allocated to the Ministry of Transportation has been approved. Since the project adopted a design and build scheme then the payment will be made in stages, i.e. for the parts ready to build.

Construction progress per 1 December 2017 has reached 76.10%. By end of 2018, two sets of trains will arrive. One set consists of three railroad cars. It is expected that a total of 8 sets of train will be procured. In early March 2018, a trial operation was conducted. While the full operation is targeted in June 2018, however there will be some additional construction works after June 2018 such as to complete depot construction.

Around 29% of construction works have been executed before the procurement of SMEC supervisory consultants. To test such construction, SMEC has established a special team that will be on duty for around 4-5 months. In light of that PT Waskita Karya has not yet submitted any invoice for these 29% construction works to the Ministry of Transportation waiting for the results of tests performed by SMEC.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Partially finish (DED not yet approved by the Ministry of Transportation)

EIA	Environmental Permit	IPPKH	Land Procurement
Finish in 2013	Finish	Not necessary	Location Permit issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	Quarter III 2015 – Quarter III 2018	Targeted to finish in May 2018

Funding Scheme

The LRT project will be developed with an assignment scheme to PT Waskita Karya under Presidential Regulation No. 116 of 2015 jo Presidential Regulation No. 55 of 2016.

Land Procurement

Lands required for this project are owned by South Sumatra Province government, Angkasa Pura II and parts of ROW.

Follow-Up Actions

1. Complete the infrastructure operation by PT Waskita Karya
2. Procure the facilities by PT KAI



13. Light Rail Transit (LRT) DKI Jakarta

Investment Value	: IDR 7.35 trillion
Funding Scheme	: ROE Assignment (PT Jakarta Propertindo)
Location	: DKI Jakarta
Project Owner	: DKI Jakarta Province Government
Construction Commencement Plan	: 2016 (Corridor 1 Phase 1)
Commercial Operation Date	: 2018 (Corridor 1 Phase 1)

Project Description

Light Rail Transit (LRT) in DKI Jakarta regions will be developed covering seven corridors, namely: (1) Kebayoran Lama – Kelapa Gading, (2) Pulo Mas – Tanah Abang, (3) Joglo – Tanah Abang, (4) Puri Indah – Tanah Abang, (5) Pesing – Kelapa Gading, (6) Ancol – Kemayoran, and (7) Soekarno-Hatta – Kemayoran.

Project Significance

LRT DKI Jakarta is a public transportation with total tracts extending ~ 100 km. The project will help in resolving congestion, improve the mobility of people, reduce carbon emission and create new job opportunities in DKI Jakarta.

The Latest Status

Construction for Corridor 1 Phase 1 (Kelapa Gading – Velodrome) of 5.8 km is underway and had reached 48.17% per 30 November 2017. This slower construction progress is due to change in physical work sequence in the field. The construction works were performed by PT Wijaya Karya.

With the consent of DKI Jakarta Governor, PT LRT Jakarta was established on 12 September 2017. At present, the DKI Jakarta government is proposing the design and technical criteria for approval to the Ministry of Transportation. According to the results of the Feasibility Study, the electricity system of LRT will use a third rail method since a vertical safe zone in DKI Jakarta is necessary. The width of railway track is that of standard gauge that can be integrated with LRT Jabodebek.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Corridor 1 Phase 1: Complete	Corridor 1 Phase 1: Complete	Corridor 1 Phase 1: Complete

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Corridor 1 Phase 1: issued	Not necessary	Location Permit issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Corridor 1 Phase 1: DKI Jakarta Regional Budget	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Approval for Regional Capital Participation (PMD) for 2018 is expected to get in December 2017	Corridor 1 Phase 1: 2018	Corridor 1 Phase 1: 2018

Funding Scheme

Project implementation will follow Presidential Regulation No. 99 of 2015 jo Presidential Regulation No. 79 of 2016 concerning Public Railway Operation in Special Province of National Capital Jakarta. Given that, DKI Jakarta government can assign railway infrastructure development to Regionally Owned Enterprises (ROE) of DKI Jakarta Province.

Pursuant to DKI Jakarta Governor Regulation No. 154 of 2017 concerning the Assignment to PT Jakarta Propertindo for LRT Jakarta Infrastructure and Facilities Provision, the scope of infrastructure delivery (construction, operation and maintenance and management) and facilities delivery (procurement, operation and maintenance and management) for LRT DKI Jakarta shall be carried out by PT Jakarta Propertindo.

Under the above Presidential Regulation, project funding particularly for Corridor 1 Phase 1 will come from DKI Jakarta Regional Budget and further on lent to PT Jakarta Propertindo in the capacity of ROE as PMD (Regional Capital Participation).

Land Procurement

No land procurement is necessary since Corridor 1 Phase 1 consists of six elevated stations using highway median and one depot for train maintenance put up over land owned by PT Jakarta Propertindo

Follow-Up Actions

1. Approve the proposed design and technical criteria by the Ministry of Transportation.
2. Continue the construction and procurement of facilities by PT Jakarta Propertindo.



14. Kuala Tanjung International Hub Seaport

Investment Value	: IDR 30 trillion
Funding Scheme	: Potential for SOE Assignment
Location	: North Sumatra
Project Owner	: The Ministry of Transportation
Construction Commencement Plan	: 2019 (Stage 2 & 3)
Commercial Operation Date	: 2021 (Stage 2 & 3)

Project Description

The development of Kuala Tanjung port into an international hub port aims to create an entrance for logistics flows to the western regions of Indonesia. Based on the assessment result conducted by the Ministry of Transportation in 2015, the development of this seaport will increase the volume of container traffic up to 12.4 million TEUs in 2039.

The increased volume of container traffic comes from the demand from Sei Mangkei Special Economic Zone (SEZ) to Jambi Province, and the seaport is projected to obtain additional demand from four competitors, namely Port of Singapore, Port of Tanjung Pelepas, Port of Klang and Penang Port.

Project Significance

It is expected that with this international hub, Indonesia may benefit from seaport demands that have long been enjoyed by Singapore and Malaysia. Based on the 2012 Kuala Tanjung Port Plan, the construction of this seaport will accommodate cargos to support the development of the Sei Mangkei SEZ and the Port of Belawan.

The Latest Status

KPPIP has finished Outline Business Case (OBC) preparation to make Kuala Tanjung International Hub Port planning and preparation meet the specified criteria with a depth of review acceptable by the market and give recommendations for regional development in the surroundings of this international hub port location. The prepared OBC has been distributed to stakeholders of Kuala Tanjung International Hub port for inputs.

The access road to Kuala Tanjung Port that will be developed by PT Pelindo I can be commenced since agreement on the use of land and road assets has been achieved.

During KPPIP's Implementation Team meeting on October 2nd, it was agreed that the funding scheme for project would be a landlord bundling scheme in which PT Pelindo I would act as master developer for the port area, terminal and industrial estates based on SOE assignment scheme. The project will be developed in stages as follows:

- Stage 1 : Multipurpose terminal development
- Stage 2 : Port Development to serve industrial estates
- Stage 3 : Industrial estate development

Based on Minutes of Committee Meeting on 30 October, the development scheme will be made separately of port area (stage 1 and 2) from industrial estates (stage 3). For this issue, the Ministry of Industries is facilitating a series of technical meeting to reach agreement on project development scheme stage 3.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish in December 2016	Stage 1: complete State 2: targeted to complete in Quarter IV 2017	Stage 1: complete Stage 2: targeted to commence in 2018

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to get in 2018	Targeted to get in 2018	N/A	Stage 1: issued Stage 2 & 3: Location Permit not yet issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Potential for SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	Stage 1: commenced Stage 2 & 3: targeted to commence in Quarter III 2019	Stage 1: targeted to operate in end of 2017 Stage 2 & 3: targeted to operate in 2021

Funding Scheme

The prepared OBC recommends that Kuala Tanjung International Hub Port will be developed with a bundling scheme of port management and industrial estate management to enhance its attractiveness to Business Entities. However, in later progress and technical consolidation by all stakeholders it was agreed that the project would be developed with a landlord scheme preceded by the signing of MOU between the Ministry of Industries and the Ministry of Transportation. An MOU is necessary since the project involves two technical ministries, where one of them must become lead project owner for port area and industrial estate development.

It is recommended that the project be developed under assignment to PT Pelindo I in the capacity of master developer for the port area. Industrial estates will be developed separately and coordinated directly by the Ministry of Industries based on KPPIP's Committee Meeting. In parallel, Presidential Regulation concerning legal basis for project implementation is being drafted.

Land Procurement

According to the OBC, it is estimated that land procurement will need funds of IDR 14.1 trillion to purchase an area of 5,123 ha. Under the PPP scheme, the Government's portion is 3000 ha and Business Entities' portion is 2,123 ha.

Follow-Up Actions

1. Set and approve funding scheme coordinated by KPPIP.
2. Prepare draft Presidential Regulation for assignment to PT Pelindo I in the capacity of master developer of port area after agreement on industrial estate development is reached.
3. Revise policy in port sector with regard to the synchronization of Belawan Port, Tanjung Sauh Port (Batam) and the effectiveness of the cabotage system.



15. Bitung International Hub Port

Investment Value	: IDR 23 trillion
Funding Scheme	: SOE Assignment
Location	: DKI Jakarta and West Java
Project Owner	: The Ministry of Transportation
Construction Commencement Plan	: 2015
Commercial Operation Date	: 2019

Project Description

This seaport was chosen as an International Hub Seaport in the Eastern Regions of Indonesia with the following considerations:

1. Growth in the Eastern Regions of Indonesia has a higher potential compared to the Western Regions of Indonesia;
2. The logistic dynamics in the Eastern Regions of Indonesia are expected to grow exponentially.

Project Significance

This seaport will support the development of Bitung Special Economic Zone (SEZ), which has been declared as one of the Government of Indonesia's priorities. In addition to the above, the existence of Bitung International Hub Port will also support industrial activities in the Eastern Regions of Indonesia, including Ambon and Ternate (agriculture, industry and mining) as well as Samarinda, Balikpapan, Tarakan and Nunukan (coal, petroleum and plywood).

The Latest Status

The Ministry of Transportation has conducted a Design Investigation Survey to determine the feasibility of port development in Bitung SEZ.

KPPIP provided facility of consulting services for OBC preparation of this project. KPPIP has tendered consulting services for PHI Bitung OBC Preparation, from which PT Mott MacDonald Indonesia, PT Deloitte Konsultan Indonesia and PT Hanafiah Ponggawa & Partners have been decided as service providers for OBC preparation for PHI Bitung development. The preparation of PHI Bitung OBC is still in progress. During a coordinating meeting with stakeholders a consensus on Bitung Port Development Plan into International Hub Seaport has been reached. OBC was expected to be complete in December 2017 with final presentation on December 15th, 2017.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Just reach stage 1 of OBC preparation	Targeted to commence in Quarter I 2018	Targeted to commence in Quarter II 2018

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to finish in May 2018	Targeted to finish in May 2018	N/A	Location Permit not yet issued for mid-term development

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Potential for PPP	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	Targeted to commence in 2022 for mid-term development	Targeted to operate in 2024 for mid-term development

Funding Scheme

The project has potential for development under a PPP scheme. The roles of Government and private parties will be allocated later after the completion of OBC preparation.

Land Procurement

No land procurement is commenced to date for mid-term development.

Follow-Up Actions

Socialize the results of PHI Bitung OBC preparation and the associated follow-up action plan.



16. Patimban Seaport

Investment Value	: IDR 43.2 trillion
Funding Scheme	: State Budget with Foreign Loan, Regional Budget and Private
Location	: West Java
Project Owner	: The Ministry of Transportation
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2019 (Phase 1)

Project Description

This project is aimed to develop a seaport including a container terminal with expected capacity of 7.5 million TEUs in view of potential demand growth in the eastern part of West Java.

Project Significance

The development of this seaport is in line with the Government's strategy to reduce the overcapacity of Tanjung Priok Seaport in Jakarta. This seaport is expected to also serve as a regional development stimulator in Subang area.

The Latest Status

It is planned to finance the project under foreign loan from the Japanese Government. To achieve loan agreement, EIA study and Land Acquisition Plan (LAP) are necessary as pre-requisites. EIA study, Port Master Plan, Land Acquisition Plan (LAP) and Basic Design have been prepared. A loan agreement for project development phase I of IDR 13.3 trillion was signed on November 15th, 2017.

With regard to EIA study preparation, KPPIP supported the coordination and verification of study materials so as to comply with the entire requirements necessary to acquire Environmental Permit. The resulting Environmental Permit was issued in two months, i.e. on February 28th, 2017. The Ministry of Transportation is coordinating spatial adjustment at province level. A location Permit from West Java Governor was issued on 13 April 2017.

KPIP has submitted a legal review for the Port Business Entity procurement mechanism including recommendations based on regulatory analysis to the Ministry of Transportation. Now, the Ministry of Transportation and JICA are preparing procurement scheme review for the selection of the Port Business Entity.

KPPIP is preparing a Highway and Railway Track Infrastructure Master Plan to support Intermoda Integration in Patimban Port, with Consultant Consortium of PT WorleyParsons Indonesia and PT KPMG Infrastructure Advisory reviewing the most optimum railway track and highway routes to support Patimban Port. The review recommended that the most optimum route to support logistic flows from/to Patimban Port was the combination of inter-modes (access road, toll road and railway).

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
In process	September 2015	Finish in December 2015	Under preparation

EIA	Environmental Permit	IPPKH	Land Procurement
Finish in February 2017	Issued in February 2017	N/A	Location Permit issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Phase 1: State Budget with foreign loan Phase 2 and 3: PPP and Private	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	Targeted to commence in January 2018	Targeted to finish in July 2019 (Phase 1)

Funding Scheme

The funding scheme for Phase 1 comprises State Budget and Foreign Loan (ODA Loan). Phase 2 and 3 are potential for PPP scheme. For the funding of Phase 1, stakeholders' responses to Exchange of Notes as part of process toward Loan Agreement preparation between Government of Indonesia and Japan are still under discussion. The signing of Loan Agreement was in November 2017.

Land Procurement

The Ministry of Transportation prepared a Land Acquisition Plan (LAP) in November 2016. The project needs lands of 372.02 ha consisting of 352.23 ha for port supporting area and 15.79 ha for access roads. A location Permit was issued by the West Java Governor on April 13th, 2017.

Follow-Up Actions

1. Port Business Entity tender process
2. Land procurement process
3. Construction Phase 1



17. Inland Waterways/Cikarang – Bekasi – Java Sea

Investment Value	: IDR 3.4 trillion
Funding Scheme	: Potential for SOE Assignment
Location	: DKI Jakarta and West Java
Project Owner	: PT Pelindo II (not yet determined)
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2021

Project Description

Inland Waterways/CBL development is to create a potential river canal route as an alternative logistics transportation. This will connect the off-the-road area in Tanjung Priok Seaport with the hinterland area.

In Phase 1, the canal transportation system will utilize the existing canal developed by the Ministry of Public Works and Public Housing, which is Cirang Bekasi Laut (CBL) through Marunda, North Jakarta. In Phase 2, Pelindo II plans to add the canal route from Tanjung Priok to Cikampek where the canal will connect the logistics stream from Tanjung Priok to the Cibitung-Cikarang Industrial Area in Bekasi as well as in Cikampek, Karawang.

Project Significance

The inland waterways/CBL development is expected to reduce road traffic congestion from the Cikarang and Karawang Industrial areas to Tanjung Priok Seaport.

The Latest Status

A Draft Presidential Regulation on the assignment and land procurement of PT Pelindo II (Persero) has been submitted to the Ministry of SOEs and first discussion has been held in the Coordinating Ministry for Economic Affairs. PT Pelindo II (Persero) has accomplished an Environmental Baseline and SID survey. The Feasibility Study was still under revision and was targeted to finish in February 2018.

Review and assistance have been provided with Greater River Area Center (BBWS) for River Ciliwung, Cisadane to get technical recommendations for CBL terminal development. The progress of BBWS Ciliwung Cisadane Study reached around 45% per August 2017 and was expected to finish in December 2017. RIP Tanjung Priok Revision is in finalization stage by Tanjung Priok Port Authority and was targeted to finish in April 2018.

PT Pelindo II is preparing project feasibility study revision relating to timeline and critical path of project development.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated except for Bekasi Regency	Finish in February 2015	Finish in June 2016	Targeted to finish in 2017

EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to commence in January 2018	Targeted to commence in January 2018	Not necessary	Location Permit not yet issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Potential for SOE Assignment	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
N/A	Targeted to commence in 2018	Targeted to operate in 2021

Funding Scheme

The project will be financed from the internal budget of PT Pelindo II. However, there is a plan of assigning PT Pelindo II or adopting a PPP scheme.

Land Procurement

Project development will be divided into two phases. The first phase is canal construction of 40 km from Tanjung Priok to Cikarang Industrial Estate utilizing a canal route developed by the Ministry of Public Works and Public Housing. No land procurement is necessary for this project. However, dredging works to the canal and renovation to a ferry bridge are necessary. As to Phase II, which consists of an additional canal route extending 42 km from Tanjung Priok to Cikampek, land procurement of 300 ha is necessary. This land will be used for the barge jetty. Based on a field visit, the lands in the location where barge jetty is planned to put up is owned by local residents and housing developers.

Follow-Up Actions

Finish project feasibility study by PT Pelindo II with regard to timeline and critical path of project development and BBWS Ciliwung Cisadane study.



18. Palapa Ring Broadband

Investment Value	: IDR 5.84 trillion
Funding Scheme	: Public Private Partnership (PPP)
Location	: Throughout Indonesia
Project Owner	: The Ministry of Communication and Informatics
Construction Commencement Plan	: West and Central Packages in Quarter 1 2016 and East Package in Quarter 1 2017
Commercial Operation Date	: West Package in February 2018, Central Package in March 2018, East Package in September 2018

Project Description

Palapa Ring Broadband is a fiber optic network development project in 57 regencies/cities with difficult geographical contours and potential users relatively insignificant. The project is intended to build the backbone for the national telecommunication system covering 514 regencies/cities across the country.

Project Significance

Fiber optic network development is an initiative of the Government to achieve targets set in Mid-Term National Development Plan (RPJMN) 2015-2019 by providing broadband quality internet access in an equal way to the entire regions of Indonesia. Supported by better communication infrastructure from this project, it is expected that information access will be more evenly distributed and more accessible, internet based business opportunities and employment (e-commerce) generated will grow, efficiency and effectiveness of working system will be enhanced, and the competency necessary to be more competitive in global markets will be improved.

The Latest Status

West Package: physical construction has reached 80.48% and targeted to finish in February 2018. The civil works are nearly accomplished and now enter the Network Operation Center (NOC) installation stage.

Central Package: physical construction has reached 68.33%. Environmental Permit is being verified by the Ministry of Environment and Forestry. However, since the project is not an EIA object, the Ministry of Environment and Forestry asks for overlay maps with the maps of protected forest locations crossed over by fiber optic.

East Package: physical construction has reached 29.80%. BP3TI is coordinating with Directorate General of Post and Informatics to complete the land acquisition process since there is no BPN office in the location where the required lands will be acquired.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Finish	Finish	Finish	Finish
EIA	Environmental Permit	IPPKH	Land Procurement
Not necessary	Not necessary	Not necessary	Not necessary

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Finish	West and Central Package in July 2015 East Package in January 2016	West and Central Package in March 2016 East Package in February 2017	West and Central Package in March 2016 East Package in February 2017

Financing Realization	Construction Commencement Plan	Commercial Operation Date
West Package in August 2016 Central Package in September 2016 East Package in March 2017	West Package in August 2016 Central Package in September 2016 East Package in March 2017	West and Central Package in Quarter 1 2018 East Package in Quarter 4 2018

Funding Scheme

Palapa Ring project has adopted a PPP scheme in which the Ministry of Communication and Informatics shall become the Contracting Agency. In addition, the project has also received a guarantee from Indonesia Infrastructure Guarantee Fund/PT Penjaminan Infrastruktur Indonesia (PT PII) and feasibility support consisting of an availability payment.

Land Procurement

For East Package, there is a land procurement problem in the region where no Regional Office of BPN exists. To cope with this issue, the Ministry of Communication and Informatics in the capacity of Contracting Agency has conducted socialization to the affected communities.

Follow-Up Actions

Monitor construction process and Project Management Unit (PMU) procurement for Palapa Ring Broadband project.



19. Central Java Power Plant (PLTU Batang)

Investment Value	: IDR 40 trillion
Funding Scheme	: PPP with IPP PT Bhimasena Power Indonesia
Location	: Central Java
Project Owner	: PT PLN
Construction Commencement Plan	: 2016
Commercial Operation Date	: 2019

Project Description

PLTU Batang or Central Java Power Plant (CJPP) is an ultra-critical coal – fired power plant with 2 x 1,000 MW capacity in Batang Regency, Central Java. PLTU Batang will be constructed by the Special Purpose Vehicle (SPV) of PT Bhimasena Power Indonesia consisting of J-POWER (34%), Adaro (34%) and Itochu (32%). This project is guaranteed by the Indonesia Infrastructure Guarantee Fund (IIGF) and the Central Government for political and force majeure risks.

Project Significance

PLTU Batang or Central Java Power Plant (CJPP) is intended to meet power demands in Java Island and is part of the 35,000 MW power program. As a pilot project adopting a PPP scheme with the largest scale in Indonesia, CJPP plays strategic roles in encouraging the participation of private investors in infrastructure development.

The Latest Status

CJPP reached Financial Close on 6 June 2016. The project also entered the preparation phase for physical construction. PT BPI has started to construct partially and made consignment to the court for compensation payments to the affected residents who previously filed claims for their acquired lands.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Issued	Issues	Issued	Issued

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
IPP	Finish in May 2011	Not necessary	Finish in May 2016

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish in June 2016	Commenced in 2016	Targeted to operate in 2019

Funding Scheme

The funding scheme is Public-Private Partnership (PPP) and the successful bidder was PT Bhimasena Power Indonesia established by J-Power (34%), Adaro (34%) and Itochu (32%).

Land Procurement

The land procurement process is complete.

Follow-Up Actions

1. Monitor construction phase.
2. Monitor the revision to EIA document for scope of work extension for PT PLN in GITET 500 kV Batang.



20. Steam Power Plant (PLTU) Indramayu

Investment Value	: IDR 27 trillion
Funding Scheme	: State Budget with foreign loan
Location	: West Java
Project Owner	: PT PLN
Construction Commencement Plan	: 2017
Commercial Operation Date	: 2019

Project Description

The construction of Steam Power Plant Indramayu (PLTU Indramayu) with a capacity of 1,000 MW to generate electricity required for Java and Bali islands.

Project Significance

The purpose of this power plant is to support the electricity supply system and reduce the electricity crisis in Java and Bali regions. In addition to the above, this project aims to create economic growth and positive impacts for the communities by supporting the industrial estate growth in the Eastern Regions of Jakarta and West Java.

The Latest Status

Project location has been confirmed on 24 May 2016 under Decision Letter of Head of Capital Investment and Integrated License Body of West Java Province (Letter No. 590/03/14/1/02/BPMPT/2016). Land Acquisition Plan (LAP) Document has been prepared and is being reviewed by PLN and JICA. Basic Design is still under preparation and is expected to be completed in Quarter IV 2017. The 500 kV substation is under construction by contractors and expected to finish in 2019. EPC contractor bidding is underway and targeted to complete in November 2017. Loan Agreement approval is expected in March 2018.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	In the process and new target date not yet confirmed

EIA	Environmental Permit	IPPKH	Land Procurement
In the process and new target date not yet confirmed	In the process and new target date not yet confirmed	In the process and new target date not yet confirmed	In the process and new target date not yet confirmed

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
State Budget with foreign loan	Not necessary	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
In the process and new target date not yet confirmed	Targeted to commence in Quarter II 2018	2021

Funding Scheme

PLTU Indramayu is to be financed with Foreign loan of JICA via State Budget in the amount of USD 2 billion.

Land Procurement

Project location was confirmed in June 2016. As for land procurement, the Land Acquisition Plan (LAP) was finalized as part of land procurement stages under JICA funding. JICA requires the LAP to have no objections from the land owners and other residents, who despite not being land owners have been affected by project. The LAP document is reviewed by Risk Division of PLN and JICA.

Follow-up Actions

1. Monitor LAP review as a requirement for Financial Close.
2. Expedite land procurement process.



21. Steam Power Plant (PLTU) Mulut Tambang

Investment Value	: IDR 210.86 trillion
Funding Scheme	: SOE Assignment and IPP
Location	: South Sumatra, Jambi, Riau, East Kalimantan, Central Kalimantan
Project Owner	: PT PLN
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2020

Project Description

The development of 18 PLTU Mulut Tambang in Sumatra and Kalimantan with a total capacity of 7,550 MW.

Project Significance

The development of PLTU Mulut Tambang (PLTU MT) in Sumatra and Kalimantan will have significant impacts in power supply and economic growth in these two large islands. The project will assure that the regions, which are renowned for their abundant coal resources will benefit from the generated energy.

This project has been supported in RUPTL 2017-2026 (Decision of the Minister of Energy and Mineral Resources 1415 K/20/MEM/2017), which states that PT PLN must give higher priority for the development of mine-mouth coal-fired power plants. Maximizing fuel located close to the power plants will make power generation costs become more efficient.

The Latest Status

Out of 18 PLTU MT projects, five power plants have been contracted to Indonesia Power (IP), five power plants to PT PJB, three power plants to other IPPs and the remaining five projects have no contract yet. Contracts for the latter will be offered through bidding or direct appointment. One power plant, i.e. PLTU MT Kaltim is under construction.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Not yet indicated	Finish	2018	2018

EIA	Environmental Permit	IPPKH	Land Procurement
2018	2018	2018	2018

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE assignment and IPP	2017	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2017	2018	2020

Funding Scheme

The majority of power plants will be managed with direct appointment mechanism to PT PLN subsidiaries, i.e. Indonesia Power or PT PJB.

Land Procurement

Land procurement process for PLTU MT Sumsel-1 and PLTU MT Banyuasin is complete. For the other eleven power plants that have been contracted, their land procurement process will commence immediately.

Follow-up Actions

1. Monitor direct appointment and/or bidding process for power plant projects
2. Settle issue relating to coal ash treatment
3. Monitor the construction phase of PLTU MT Kaltim



22. Gas-Based Power Plants

Investment Value	: IDR 302.12 trillion
Funding Scheme	: SOE Assignment and IPP
Location	: Riau, Bangka Belitung, Banten, West Java, Central Java, East Java, Central Kalimantan, East Kalimantan, North Kalimantan, Central Sulawesi, South Sulawesi, South East Sulawesi, West Nusa Tenggara, East Nusa Tenggara, Maluku, North Maluku, Papua, West Papua
Project Owner	: PT PLN
Construction Commencement Plan	: 2017
Commercial Operation Date	: 2019

Project Description

The project will develop 112 gas-fired power plants (PLTG, PLTGU, PLTMG, MM) in 18 provinces with total capacity 9,735 MW.

Project Significance

The development of these gas-fired power plants will bring about significant impacts on power supply and economic growth to the affected regions. This project has been supported in RUPTL 2017-2026 (Decision of the Minister of Energy and Mineral Resources 1415 K/20/MEM/2017), which states that PT PLN must give higher priority for the development of mine-mouth coal-fired power plants. Maximizing fuel located close to the power plants will make power generation costs become more efficient. Moreover, regions, which are rich of gas resources such as Papua and Maluku can benefit from the locally exploited and generated power.

The Latest Status

Of the total 112 power plants that have been included in project list, 51 power plants with total capacity 2,297 MW are under planning phase, 31 power plants with total capacity 3,196 MW in procurement phase, 4 power plants with total capacity 2,170 MW in contracting phase and the other 25 power plants with total capacity 2,072 in construction phase.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
2017	Finish	Finish	2018

EIA	Environmental Permit	IPPKH	Land Procurement
2018	2018	2018	2018

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE assignment and IPP	Finish	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2018	2017	2019

Funding Scheme

96 power plants will be directly managed by PT PLN. The other 16 power plants will be developed under IPP scheme.

Land Procurement

Lands necessary for 25 power plants have been purchased. For the other 16 power plants, their land acquisition process is still underway. For 58 power plants, no land procurement process has been commenced yet.

Follow-up Actions

1. Expedite the issuance of IPPKH permit for PLTGU Jawa-1 project
2. Revise sea spatial plan for the development of gas-fired power plant in eastern regions of Indonesia located in Sea Conservation Areas



23. Central – West Java Transmission Line 500 kV

Investment Value	: IDR 7.64 trillion
Funding Scheme	: SOE (PLN Budget)
Location	: Central Java and West Java
Project Owner	: PT PLN
Construction Commencement Plan	: 2017
Commercial Operation Date	: 2019

Project Description

The development of the 500 kV transmission line is to transmit power generated from Central Java to load centers in Jakarta and the western parts of Java Island. This transmission will be divided into several segments, i.e.:

Segment	Length
Tanjung Jati – Tx (Ungaran – Pedan)	144 km
Tx (Ungaran – Pedan) - Mandirancan	397 km
Mandirancan - Indramayu	180 km
Indramayu – Cibat	260 km

Project Significance

The transmission route from West Java to Central Java is crucial to transmit power that will be generated by PLTU Indramayu (1,000 MW), PLTU Jawa-1 (1,000 MW), PLTU Pemalang (2 x 1,000 MW), PLTU Jawa-3 (2 x 660 MW), PLTU Jawa-4 (2 x 1,000 MW) and PLTU Batang (2,000 MW). In light of that, construction and completion schedules of these projects must be soundly synchronized.

The Latest Status

EPC contract for segment Tx (Ungaran – Pedan), Batang – Mandirancan Section 1 and Batang – Mandirancan Section 2) was signed in March 2017. IPPKH permit for segment Tanjung Jati – Tx and Tx – Mandirancan was issued by the Ministry of Environment and Forestry. IPPKH permit for segment Mandirancan – Cibat is about to be issued, subject to issuance of Technical Recommendation (Pertek) from Perhutani. Foundation works for 40 tower bases were complete. The majority of lands for towers in all segments of transmission routes have been acquired i.e. 67% of 924 of 1386 towers.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Finish	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Finish	Completed	In the process for 12 regencies along segment Tanjung Jati – Tx (Ungaran-Pedan), Tx (Ungaran – Pedan) – Mandirancan and Indramayu – Cibatubaru	Land acquisition for all segments has reached 67% (924 of 1386 towers)

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE (PLN budget)	Not necessary	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
This project will be developed using PT PLN budget	April 2017	Targeted to operate in July 2019

Funding Scheme

The project will be developed using PT PLN budget.

Land Procurement

Land acquisition for all segments has reached 67% (924 of 1386 tower bases). Land acquisition problems with private parties securing the required lands in banks as collateral, will be settled through land certificate split. This problem is found in four regencies. All village lands along the transmission routes in Central Java province have been jointly proposed to acquire Izin Mendahului (Pre-emptive Permit) to Central Java Governor for knowledge of all local governments.

Follow-up Actions

1. Monitor the construction of transmission tower through PLN consultants, PT Jasa Manajemen Konstruksi (JMK).
2. Monitor the implementation of Izin Mendahului (Pre-emptive Permit) for construction works over village lands.
3. Monitor land certificate splitting process for private lands secured in banks as collaterals.



24. Transmission Sumatera 500 kV

Investment Value	: IDR 24.4 trillion
Funding Scheme	: SOE Assignment and Private
Location	: Sumatra Island
Project Owner	: PT PLN
Construction Commencement Plan	: 2016
Commercial Operation Date	: 2019

Project Description

This 500 kV Sumatra Transmission development project aims to transmit the power generated from coal-fired power plants in the southern parts to the northern parts of Sumatra Island via transmission lines spanning 1,300 km from Muara Enim of South Sumatra to Langsa of Aceh.

Project Significance

Sumatra transmission is necessary to transmit power generated by PLTUs in South Sumatra to the northern parts of Sumatra Island.

The Latest Status

Tender for 3 packages of this transmission project (segment New Aur Duri – Muara Enim) has been made and PT Waskita Karya was selected as successful bidder. Bidding for Package 4 (Perawang – Rantau Prapat) and Package 5 (Rantau Prapat – Galang) is still waiting for confirmation of PT PLN.

Until November 2017, land procurement for the project has reached 73% for Aur Duri – Peranap – Perawang segment, i.e. 681 of 932 towers. As for foundation construction, its progress records 26%, i.e. 242 of 932 towers. Due to delay in the issuance of RTRW for Riau province, EIA in Riau Province is prepared simultaneously with EIA of Jambi Province by the Ministry of Environment and Forestry under justification of inter-provincial project scope.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
RTRW Riau Province not yet issued	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
EIA for Jambi Province is completed, meanwhile EIA for Riau Province still under preparation	Environmental Permit for Jambi Province is issued, and still in process for Riau Province	IPPKH permits for Jambi Province and Riau Province are still in process	Reach 68% for Aur Duri – Peranap – Perawang segment per July 2017

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE assignment or private	Tender for Aur Duri – Peranap – Perawang segment has been conducted	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Reached financial close for segment Aur Duri – Peranap - Perawang	Commenced in July 2016 for segment Aur Duri – Peranap - Perawang	Targeted to operate in July 2019 for segment Aur Duri – Peranap - Perawang

Funding Scheme

For three packages of Muara Enim – New Aur Duri – Peranap – Perawang segment, PT PLN has appointed PT Waskita Karya as successful bidder.

Land Procurement

PT Waskita Karya has started the land procurement process for New Aur Duri – Peranap and Peranap – Perawang segment. Until November 2017, PT Waskita Karya records 73% progress in this land acquisition process for Aur Duri – Peranap – Perawang segment, i.e. 681 of 932 towers.

On 16 September 2016, a meeting discussing spatial issues relating to the development plan of SUTET 500 kV New Aur Duri – Peranap – Perawang was held. The meeting was conducted to develop discretionary policy

necessary to cope with issues arising from delayed issuance of Riau spatial plan. The meeting also resulted in the signing of recommended discretionary policy stating that the 500 kV transmission line development plan for New Aur Duri – Peranap – Perawang of East Sumatra Transmission Network and Central Sumatra Transmission Line can be resumed.

However, to date no Location Permit that has been proposed by Riau Province, despite issuance of spatial plan discretion. This process is subject to the issuance of Regional Regulation (Perda) of Riau RTRW, that will be settled in a Presidential Meeting.

Follow-up Actions

1. Monitor land procurement and construction process for New Aur Duri – Peranap – Perawang segment and the completion of bids for Package 4 and Package 5 of Sumatra Transmission Line.
2. Issuance of Regional Regulation (Perda) of Riau RTRW in Presidential Meeting.
3. EIA process for Riau Province prepared simultaneously with EIA for Jambi Province by the Ministry of Environment and Forestry with justification of inter-provincial project scope.
4. Coordinate with the related ministries/agencies and private parties to accelerate construction process.



25. Bontang Refinery

Investment Value	: IDR 197.58 trillion
Funding Scheme	: Assignment to PT Pertamina with Private Sector Partnership
Location	: East Kalimantan
Project Owner	: PT Pertamina (Persero)
Construction Commencement Plan	: 2019
Commercial Operation Date	: 2024

Project Description

Bontang Refinery is a project to develop a new refinery (grass root refinery) with production capacity of fuel at a minimum 300 thousand barrels per day in Bontang, East Kalimantan. The development will adopt a configuration that takes other systems such as petrochemicals into account. The products of this oil refinery will be prioritized to meet domestic fuel demands.

Project Significance

In view of the increasing demands on fuel and vision to achieve domestic energy security, Indonesia needs solid growth in refinery industries. A combination of Grass Root Refineries (GRR) and Refinery Development Master Plan (RDMP) is necessary to increase crude oil and fuel availability in Indonesia to reduce import dependence.

The Latest Status

The Outline Business Case (OBC) was prepared in February 2016 with facilitation from KPPIP and was deemed to comply with KPPIP's OBC quality standards. In this OBC, the project funding scheme proposed for Bontang refinery was a PPP scheme. This decision was taken during a committee meeting and PT Pertamina was appointed as the Contracting Agency (PJPK).

IFC, which previously proposed itself as Transaction Advisor for Bontang Refinery Project resigned. The Ministry of Finance sent a reply to Pertamina stating regress rights, transfer of assets after concession to Pertamina, Pertamina share options and transaction advisory request. PT PII presented to the Ministry of ESDM and Pertamina regarding the option of regress responsibility.

In December 2016, the Minister of Energy and Mineral Resources revised the funding scheme for Bontang Refinery project into assignment to PT Pertamina under Decision of the Minister of Energy and Mineral Resources No. 7935 Year 2016 concerning the Assignment of PT Pertamina in the Development and Operation of Refinery in Bontang, East Kalimantan.

KPPIP procured consultants tasked to calculate the economic price of products from Bontang Refinery as established in Presidential Regulation No. 146 Year 2015 concerning the Implementation of Domestic Refineries Development and Expansion. Three workshops to review this issue were also conducted and the results were formulated on 28 October 2016.

A project expose on 28 February 2017 was attended by 82 companies and 12 strategic partners. Twelve (12) investors asked for Request for Information. Eight (8) investors officially submitted partnership proposals to respond to the Request for Information. Technical evaluation to strategic partners was complete. The selection of these partners still waited board of directors' decision. Adopting a joint marketing scheme was considered.

In September 2017, Pertamina proposed an additional requirement with regard to GRR structure for Bontang Refinery to 8 potential partners. This new requirement related to the allocation of Joint Venture shares for Pertamina, BED and FEED fund deposit after the signing of a Framework Agreement, the rights of Pertamina to supply crude oil, and no offtake guarantee from Pertamina. Pertamina's Board of Directors was expected to select strategic partners in January 2018.

PT Pertamina is currently processing an agreement on the utilization of state assets with LMAN. PT Pertamina has submitted an Operation Cooperation proposal for the utilization of state assets from LMAN for land of 460 ha.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
In process	Finish in January 2016	Targeted to finish by end of 2017	Targeted to finish in 2018
EIA	Environmental Permit	IPPKH	Land Procurement
Targeted to finish in 2018	Targeted to finish in 2018	Waiting for RTRW revision	Not yet commenced

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Assignment to PT Pertamina	Targeted to commence in 2020	Targeted to commence in 2024

Funding Scheme

Bontang Refinery project will be developed with a SOE assignment scheme, in which PT Pertamina has been appointed as Project Owner (under Decision of the Minister of ESDM No. 7935 K/10/MEM/2016). PT Pertamina plans to involve the private sector in a joint venture in refinery development and operation. Pertamina does not plan to give any offtake guarantee.

Land Procurement

Directorate General of State Assets, the Ministry of Finance will provide lands of 460 ha in Bontang Regency for oil refinery construction under State Asset Use mechanism based on a Joint Utilization Scheme. However, parts of such lands are not consistent with Regional Spatial Plan (RTRW) of East Kalimantan and Bontang Municipality. Some of them have been dedicated for mangrove forest conservation. RTRW is now being revised in such a way that such parts of lands can be used for oil refinery development.

The Location Permit is awaiting for revisions to RTRW of East Kalimantan and RTRW of Bontang Municipality. However, in-principle permit for Bontang refinery development was issued on 3 May 2016 (Letter No. 600/2250/BPPD/Bangda).

Follow-up Actions

1. Monitor the partner selection by PT Pertamina.
2. Monitor the issuance of Regional Regulation on RTRW of Bontang Municipality
3. Monitor approval for Operation Cooperation of State Asset Use with LMAN.



26. Tuban Refinery

Investment Value	: IDR 199.3 trillion
Funding Scheme	: Assignment to PT Pertamina with Private Sector Partnership (Investor: Rosneft)
Location	: East Java
Project Owner	: PT Pertamina (Persero)
Construction Commencement Plan	: 2019
Commercial Operation Date	: 2024

Project Description

Tuban Refinery is a project for developing a new refinery with production capacity of fuel minimum 300 thousand barrels per day in Tuban, East Java. The development will adopt a petrochemical configuration (integrated with PT Trans Pacific Petrochemical Indotama).

Project Significance

In view of the increasing demands on fuel and vision to achieve, i.e. domestic energy resilience, Indonesia needs solid growth in refinery industries. The development of Tuban Oil Refinery can increase crude oil and fuel availability in Indonesia to reduce import dependence.

The Latest Status

PT Pertamina has signed a cooperation agreement with Rosneft on 26 May 2016 for Tuban Refinery development. A JV agreement between Rosneft and PT Pertamina was signed on 5 October 2016. The Basic Feasibility Study was completed in January 2017.

As a follow-up action of the Committee Meeting on 22 June 2016, PT Pertamina's Technical Team and East Java Province's Technical Team conducted a site visit and reached agreement that Tanjung Awar-Awar Port would be put in the west of TPPI (fish auction place). PT Pertamina would bear the costs for land procurement. However, this plan was cancelled. Pertamina is now planning on using 340 ha of lands owned by the Ministry of Environment and Forestry in addition to land procurement of 500 ha.

EIA was completed in September 2017. The Minister of Finance issued an Approval Letter for Joint Utilization (Kerja Sama Pemanfaatan) of State Assets, i.e. Lands owned by the Ministry of Environment and Forestry. This cooperation agreement is still being negotiated between PT Pertamina, the Ministry of Finance and the Ministry of Environment and Forestry.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Targeted to finish in 2018	Finish	In process	Targeted to finish in 2019

EIA	Environmental Permit	IPPKH	Land Procurement
September 2017	September 2017	Targeted to finish in 2019	Commenced in September 2017

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE assignment	Finish in May 2016	Not necessary	2019

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Targeted to finish in 2010	Targeted to commence in 2020	Targeted to operate in 2024

Funding Scheme

Tuban refinery project is a joint venture project Business-to-Business between PT Pertamina and Rosneft as investor. All funds for this project investment will be arranged and performed by investor.

Land Procurement

The issue of overlapping development of Tuban Refinery and Tanjung Awar-Awar Port on lands of the Ministry of Environment and Forestry was settled during a Committee Meeting on 22 June 2016. It was decided that lands owned by the Ministry of Environment and Forestry would be used for oil refinery. PT Pertamina gave commitment to East Java Province government to allocate lands for port development at the east side. An MoU between PT Pertamina and East Java Province Government concerning land swap scheme for port land had been approved. However, this plan was cancelled by PT Pertamina.

PT Pertamina plans to use lands of the Ministry of Environment and Forestry Of 340 ha and will carry out additional land procurement of 500 ha. Location Permit for the latter is expected to be issued in June 2018.

Follow-up Actions

1. KPPIP to monitor land procurement process
2. Monitor funding plan for GRR Tuban project
3. Coordinate usage state assets of the Ministry of Environment and Forestry's lands
4. Monitor additional land procurement of 500 ha



27. Refinery Development Master Plan (RDMP)

Investment Value	: IDR 246.22 trillion
Funding Scheme	: SOE Assignment (potential cooperation with private) Cilacap, Central Java; Balongan, West Java; Dumai, Riau; Balikpapan, East Kalimantan; Plaju, South Sumatra
Location	: PT Pertamina (Persero)
Project Owner	: 2018
Construction Commencement Plan	: 2024
Commercial Operation Date	

Project Description

RDMP project is the revitalization of 5 existing refineries in Cilacap, Central Java; Balongan, West Java; Dumai, Riau; Balikpapan, East Kalimantan; and Plaju, South Sumatra to improve the capacity and competitiveness of refineries in Indonesia.

Project Significance

Considering the fuel demand and the goal to achieve energy security, Indonesia needs to grow the domestic refinery industry. The capability of Indonesia to meet domestic demands is very low (48 days in 2013) and it is estimated to decrease to 38 days in 2025: this has potential to threaten energy security.

RDMP is needed on top of new refinery projects (Grass Root Refinery) to improve production capacity and competitiveness of the existing refineries in Indonesia. With revitalization of the five refineries (Cilacap, Balikpapan, Plaju, Balongan and Dumai) the production will increase by 150%.

The Latest Status

RDMP Balikpapan is to be developed by PT Pertamina with engineering works carried out by Bechtel. BFS was completed by UOP in March 2015. BED was prepared by Axens, UOP, and CB&I and completed in January 2017. The ISBL FEED was prepared by Bechtel which was expected to finish in third quarter of 2017. EPC appointment for Phase 1 was slated for the first quarter 2018.

For the development of RDMP projects of Cilacap, Dumai and Balongan refineries, PT Pertamina originally would cooperate with Saudi Aramco. However, in December 2016 PT Pertamina sent letter of cooperation termination with Saudi Aramco for RDMP project of Dumai Refinery and RDMP project of Balongan Refinery. There is no project development timeline for these two RDMP projects.

BFS for RDMP Cilacap was completed by UOP in December 2015. Letter on the recommended spatial plan, letter of principle permit for road route relocation and letter of Environmental Impact Analysis (ANDAL) were issued in April 2017. The Environment Permit was released in September 2017.

RDMP Balongan project is planned to be developed and managed 100% by PT Pertamina. This project entered Bankable Feasibility Study phase, which was expected to finish in the third quarter of 2017. Pre-FID (Final Investment Decision) was targeted in May 2018 and will be continued with BED and FEED.

Project Implementation Schedule and Status

RTRW (Regional Spatial Plan)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Completed	Balikpapan Refinery: complete Balongan Refinery: 2017 Plaju, Dumai Refineries: unknown	Balikpapan refinery: June 2017 Cilacap refinery: 2019 Plaju, Balongan, Dumai refineries: unknown

EIA	Environmental Permit	IPPKH	Land Procurement
Balikpapan refinery: April 2017 Cilacap refinery: September 2017 Balongan refinery: targeted in 2018 Plaju, Dumai refineries: unknown	Balikpapan refinery: April 2017 Cilacap refinery: September 2017 Balongan refinery: targeted in 2018 Plaju, Dumai refineries: unknown	Not necessary	Cilacap refinery: land acquisition for lands required for refinery facility and road rerouting

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
SOE assignment	Not necessary	Not necessary	Balikpapan, Balongan and Cilacap refineries: 2018 Plaju and Dumai refineries: unknown

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Balikpapan and Balongan Refineries: targeted in 2018	Balikpapan refinery: targeted to commence in 2018	Balikpapan refinery: 2021
Cilacap refinery: targeted in 2020	Cilacap refinery: targeted to commence in 2020	Cilacap refinery: 2024
Plaju, Balongan and Dumai refineries: unknown	Balongan refinery: targeted to commence in 2018	Balongan refinery: 2021
	Plaju, Balongan and Dumai refineries: unknown	Plaju and Dumai refineries: unknown

Funding Scheme

PT Pertamina will act as Project Owner for the revitalization of existing refineries. For the funding scheme, PT Pertamina can cooperate with private parties (B-to-B) for the development of such refineries.

Land Procurement

No land procurement is necessary since the lands to be used are from the existing refineries owned by PT Pertamina (Persero), except for Cilacap Refinery project.

Follow-up Actions

1. Develop funding plan for RDMP project development.
2. Coordinate with the Ministry of Energy and Mineral Resources to revise the Decision of the Minister of ESDM concerning assignment of RDMP Cilacap.
3. Coordinate with the Ministry of Energy and Mineral Resources to issue Decision of the Minister of Energy and Mineral Resources concerning assignment of RDMP Balongan.
4. Coordinate for the settlement of land acquisition issues relating to lands owned by Indonesia Armed Forces (TNI) for RDMP Cilacap.



28. Abadi Gas Field Development of Masela Block

Investment Value	: IDR 289.2 trillion
Funding Scheme	: Private (Cooperation Contract)
Location	: Maluku
Project Owner	: The Ministry of Energy and Mineral Resources
Construction Commencement Plan	: 2022
Commercial Operation Date	: 2027

Project Description

Abadi gas field development is an upstream oil and gas infrastructure project at Masela block operated by INPEX Masela Ltd. This field is located at ~ 800 m below sea level in Arafura Sea, Maluku Province. Abadi gas field in Masela Block has a natural gas reserve with the largest capacity for exploitation to date and world class reserve volume. It is situated in the deep sea and therefore needs enormous investment since refinery capacity LNG 9.5 MTA will be necessary. LNG refinery of Abadi field is expected to be the largest refinery in the world after Sakhalin (Russia), Gorgon (Australia) and Atlantic (Trinidad & Tobacco).

Project Significance

This gas infrastructure project development in the Abadi field of Masela Block is a strategic project in the border area of Republic of Indonesia and will promote development of the surrounding regions, especially those in Maluku province as well as national development. The multiplier effects of this upstream oil and gas project include generating employment opportunities either directly or indirectly, building national construction capacity, developing supporting infrastructure for operation activities, logistic access and transportation, basic infrastructure (health, education, banking, road, etc.), improving national natural gas supply, increasing oil and gas revenue and national taxes, providing gas supply for industries in Maluku and the surroundings, especially fishery and marine industries.

The Latest Status

SKK Migas approved Authorization for Expenditure (AFE) for pre-FEED process of Abadi field management in Masela Block. INPEX is preparing bidding for such pre-FEED. It is expected that pre-FEED be carried out in early 2018.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
2018	2018	2019	2020

EIA	Environmental Permit	IPPKH	Land Procurement
2020	2020	Not necessary	2021

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Private (PPP)	Implemented	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2020	2022	2027

Funding Scheme

The funding scheme is that of a Cooperation Contract (KKS) with INPEX Masela Ltd as the contractor with 65% share and Shell with 35% share.

Land Procurement

Land procurement process for onshore facilities will be performed after POD in 2019.

Follow-up Actions

1. Monitor bidding process and pre-FEED implementation
2. Coordinate the utilization plan of gas from Masela for downstream industries
3. Coordinate RTRW revision
4. Coordinate financial policy support



29. Gendalo, Maha, Gandang, Gehem & Bangka Field Development Indonesia Deepwater Development (IDD) Project

Investment Value	: IDR 124.8 trillion
Funding Scheme	: Private (Cooperation Contract)
Location	: East Kalimantan
Project Owner	: The Ministry of ESDM (Energy and Mineral Resources)
Construction Commencement Plan	: 2012
Commercial Operation Date	: 2016

Project Description

IDD project is an integrated development of five fields (e.g. Bangka, Gendalo, Gehem, Gandang and Maha) in four Cooperation Contracts (KKS) (Makassar, Rapak, Ganai and Muara Bakau). Exploitation and exploration are aimed to develop gas reserves that reach about 2.55 TCF. IDD Project is a gas deep-water project development in Indonesia, for which sophisticated deep-sea technology coupled with world class project management to exploit such huge resources in a safe and efficient manner will be paramount.

Project Significance

Today, IDD Project is expected to be capable of producing 2.55 trillion feet cubic of gas and 46.7 million barrel of condensates. This production will generate around USD 8.7 billion direct revenue for the Government of Indonesia or equal to 28.1% of total revenue earned by the Government. The project will increase natural gas and LNG supplies to domestic markets and optimize the use of LNG Badak Refinery after 2022.

The Latest Status

Bangka field started to produce natural gas in 2016. For Gendalo field, Gandang field and Maha field, Chevron is performing tender process for pre-FEED that started in 2017.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Not necessary	Finish	Finish	Finish
EIA	Environmental Permit	IPPKH	Land Procurement
Issued	Issued	Not necessary	Finish

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Private (PPP)	finish	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish	2013	Bangka field is in operation. Gendalo, Gasang and Maha fields are waiting for the results of pre-FEED

Funding Scheme

The funding scheme is that of Cooperation Contract (KKS) with Chevron Indonesia as the contractor.

Land Procurement

No land procurement process is necessary since it is an offshore project.

Follow-up Actions

Monitor the evaluation of Gendalo, Gandang and Maha fields.



30. Tangguh LNG Train 3 Project

Investment Value	: IDR 104 trillion
Funding Scheme	: Private (Cooperation Contract)
Location	: West Papua
Project Owner	: The Ministry of ESDM (Energy and Mineral Resources)
Construction Commencement Plan	: 2016
Commercial Operation Date	: 2020

Project Description

Tangguh LNG Train 3 project includes refinery construction and the associated supporting facilities (production wells, gas collection facility and LNG shipping dock) and gas field development for gas supply to such LNG refinery. This project is expected to increase gas production of Train 1 and Train 2 by 3.8 MTPA.

Project Significance

From Tangguh Train 3 production volume, 75% have been allocated for PT PLN to produce around 4,000 MW and expected to save expense for diesel oil purchase for power generation from 2020 through 2035. BP is also committed to allocate gas supply at 20 MMSCFD (or 0.16 MTPA) for power generation in West Papua and Papua.

The Latest Status

Final Investment Decision (FID) was taken in July 2016. The project is in construction phase. Specifically, for offshore facilities their engineering and procurement activities are nearly completed and started fabrication in Karimun in April 2017. The engineering and procurement phase of onshore facilities were commenced in August 2016 and their construction was started in early 2017. This project is expected to operate in 2020.

The development of downstream gas industry of Tangguh is being coordinated with the Ministry of Industry and PT Pupuk Indonesia.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
issued	issued	issued	Finish

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Private (cooperation contract)	Finish	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish	Commenced in 2016	Targeted to operate in 2020

Funding Scheme

The funding scheme is a cooperation contract (KKS) with BP Berau Ltd as contractor. It is a cooperation between BP and five partners, i.e. CNOOC (13.9%), MI Berau (16.3%), Nippon Oil (12.23%), KG (10%) and LNG Japan (7.35%).

Land Procurement

Land procurement process is complete.

Follow-up Actions

1. Monitor the construction phase
2. Coordinate the development of downstream gas industry with the Ministry of Industries and PT Pupuk Indonesia



31. Jambaran – Tiung Biru Gas Unitization Field Development

Investment Value	: IDR 26.728 trillion
Funding Scheme	: SOE (Cooperation Contract)
Location	: East Java
Project Owner	: The Ministry of ESDM (Energy and Mineral Resources)
Construction Commencement Plan	: 2017
Commercial Operation Date	: 2020

Project Description

The project is to develop Gas Processing Facility with capacity 330 MMSCFD and the associated supporting facilities to produce gas and condensates from Jambaran-Tiung Biru field with production of crude gas reaching 315 MMSCFD on average, which is targeted to produce in 201 with gas purchase of 172 MMSCFD. The project is managed by PT Pertamina EP Cepu.

Project Significance

Gas Development Project in Jambaran-Tiung Biru Unitization Field is targeted to produce in 2012 to supply gas for power generation as part 35,000 MW power program to satisfy power demands of Indonesian people.

The project will allocate 100 MMSCFD for PT Pertamina (Persero) to be distributed to PT PLN (Persero) at gas price USD 6.7 per MMBTU with toll fee USD 0.9 per MMBTU. The remaining gas will be used to meet gas demands of industries in East Java and Central Java.

The Latest Status

Project Plan of Development (POD) was approved by SKK Migas on 18 August 2017. PT Pertamina approved the selling price of gas with PT PLN. Civil works for well site, road route and bridge site preparation are underway. Conductor pipes will be installed in early 2018. It is expected that these civil works be accomplished in March 2018. EPC contract for Gas Processing Facilities was signed in December 2017 and soil investigation is underway.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Issued	Issued	issued	Finish

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Private (Cooperation Contract)	Finish	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finish	Quarter IV 2017	Targeted to operate in 2020

Funding Scheme

The funding scheme is that of Cooperation Contract (KKS) with PT Pertamina EP Cepu as contractor.

Land Procurement

Land procurement process is complete.

Follow-up Actions

Monitor the construction phase.



32. West Semarang Drinking Water Supply System (SPAM)

Investment Value	: IDR 1,191 Billion
Funding Scheme	: PPP
Location	: Central Java
Project Owner	: Semarang City Water Company (PDAM)
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2022

Project Description

West Semarang Drinking Water Supply System (SPAM) is planned as a pilot project for funding scheme of PPP in Indonesia. West Semarang Drinking Water Supply System project will resolve clean water crisis and soil surface subsidence because of ground water exploitation in Semarang city.

Project Significance

The Project will use water from Jatibarang dam to deal with raw water shortage in Semarang City, which thus far is taken from Kudus Regency. The project has objective of supplying drinking water for 31 sub-districts (kelurahan) and 3 districts (kecamatan) where approximately 60,000 households in West Semarang, Tugu and Ngaliyan are expected of having no piped water connections. The project aim to resolve the clean water crisis and abating the use of ground water in Semarang city.

The Latest Status

Public consultation was held on December 11th, 2017 in Semarang City with the attendance of representatives of various community elements from three affected districts (Kecamatan), i.e. West Semarang, Tugu and Ngaliyan. The discussion during the public consultation was focused on the questionnaires that had been completed by the respondents relating to the existing PDAM services and the expected service criteria. The discussion agreed on tariff set at IDR 5,800 per m3 range as the rate is deemed acceptable by the communities considering the capacity of prospective users of West Semarang Drinking Water Supply System .

Market sounding was held on December 18th, 2017 and attended by tens of potential foreign and domestic investors. The discussion within this market sounding was focused on project profile, project coverage and project scheme. Market sounding was continued with one-on-one session between the interested potential investors and PDAM Tirta Moedal Semarang City and PT SMI in the capacity of transaction advisor.

PPP bidding preparation for West Semarang Project was continued with pre-qualification phase by Contracting Agency with assistance of PT SMI. In December 2017, Directorate of PDPPI, Ministry of Finance and PT SMI held discussion on the finalization of FBC value, together with the Ministry of Public Works and Public Housings and KPPIP. Bidding process of West Semarang Drinking Water Supply System Project was announced in mass media on 29th December 2017.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finished	Finished	Finished

EIA	Environmental Permit	IPPKH	Land Procurement
Issued	Issued	Issued	Finished

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Private (Cooperation Contract)	Finished	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Finished	Quarter IV 2017	Targeted to operate in 2022

Funding Scheme

The Coordinating Minister for Economic Affairs had issued the letter No. S-55/M.EKON/03/2017, which basically supported the PPP scheme adoption for West Semarang Drinking Water Supply System project. In respond to this letter, the Minister of Public Works and Public Housing had issued the letter No. PR.01/03-Mn/301, which also confirmed the support given for the PPP scheme application to West Java Drinking Water Supply System project.

Land Procurement

Semarang Municipality Government has allocated budget for the land procurement through Semarang Public Works Agency. Approximately of 5 ha land required for this project is planned to be procured in December 2017.

Follow-up Actions

1. Commencement of Pre-Qualification Phase
2. Proceed to acquire in-principle approval/VGF



33. Jatiluhur Drinking Water Supply System (SPAM)

Investment Value	: IDR 1,670 Billion
Funding Scheme	: PPP
Location	: West Java
Project Owner	: Perum Jasa Tirta II
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2022

Project Description

Jatiluhur Drinking Water Supply System project will utilize the water supply from Jatiluhur Dam to meet the water needs in Karawang Regency, Bekasi Regency, Bekasi City and DKI Jakarta Province. Jatiluhur Drinking Water Supply System project is expected to have the capacity of 10,000 liter per second.

Project Significance

The Project will utilize the water of Jatiluhur Dam, which has been used to cater the needs of drinking water within West Java Province and later DKI Jakarta Province. DKI Jakarta is currently utilizing water from the West Tarum open channel. The increasing water demands in DKI Jakarta, Bekasi City and Karawang City becomes the main background for Jatiluhur Drinking Water Supply System Project. The project will increase the capacity and reliability of clean water supplies especially for DKI Jakarta province. Jatiluhur Drinking Water Supply System Project is also intended to reduce the use of ground water in DKI Jakarta province and to prevent soil surface subsidence.

The Latest Status

On October 30th 2017, Perum Jasa Tirta II, in the capacity of Contracting Agency for Jatiluhur Drinking Water Supply System Project, has conducted market sounding by inviting 21 potential prospective investors and 4 potential prospective lenders. During the market sounding discussion, there was a concern regarding the deadline of Pra-Qualification document submission.

The participants felt that the deadline of 14 days was too short to prepare pre-qualification (PQ) document, while at the same time seeking local partners for foreign companies interested to participate in this project.

Perum Jasa Tirta II is currently discussing the water absorption plan and water tariff for each regions with Jakarta drinking water company (PAM Jaya), Bekasi districts drinking water company (PDAM Bekasi) and Karawang regional drinking water company (PDAM Karawang).

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finished in 2017	Targeted to finish in Semester 2 of 2017	No information from Contracting Agency (PJPK)

EIA	Environmental Permit	IPPKH	Land Procurement
No information from Contracting Agency (PJPK)	No information from Contracting Agency (PJPK)	N/A	No information from Contracting Agency (PJPK)

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
Semester 1 of 2017	No information from Contracting Agency (PJPK)	No information from Contracting Agency (PJPK)	No information from Contracting Agency (PJPK)

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2018	2018	2022

Funding Scheme

The funding scheme for Jatiluhur Drinking Water Supply System project is PPP with potential of unsolicited bid. KPPIP is currently reviewing the legal basis.

Land Procurement

No information from Contracting Agency (PJPK).

Follow-up Actions

Commencement of pre-qualification process for potential prospective business entities as the developer of Jatiluhur Drinking Water Supply System project.



34. Lampung Drinking Water Supply System (SPAM)

Investment Value	: IDR 700 billion
Funding Scheme	: PPP
Location	: Lampung
Project Owner	: PDAM Way Rilau
Construction Commencement Plan	: 2018
Commercial Operation Date	: 2022

Project Description

Lampung Drinking Water Supply System (SPAM) project is planned to have the capacity of 750 liter per second to serve around approximately 600,000 persons. The water comes from Way Sekampung river with Water Treatment Plan (WTP) located in Rulung Helok Village.

Project Significance

The water will be distributed through transmission pipe (21 km) crossing over eight districts in Bandar Lampung city, i.e. Rajabasa, Labuan Ratu, Way Halim, Kedaton, Tanjung Senang, Sukarame, Sukabumi and Kedamaian with estimated total house connections of 600,000 units.

The Latest Status

On December 14th, 2017, PDAM Way Rilau Bandar Lampung, in the capacity as the Contracting Agency for Lampung Drinking Water Supply System (SPAM) project, through the Decision of Board of Directors PDAM Way Rilau No. KP/3261/PDAM/08/XII/2017, has determined KSO Bangun Cipta Kontraktor – Bangun Tjipta Sarana as successful bidder for the Project.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	2017	2017	Targeted to commence in Semester I of 2018

EIA	Environmental Permit	IPPKH	Land Procurement
Issued	Issued	N/A	2017

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
2016	Successful bidder announced in December 2017	In principle approval-approved	Letter of Intent from PT. IIGF issued

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2018	2018	2022

Funding Scheme

The funding scheme for the project is PPP.

Land Procurement

Land procurement is still in process.

Follow-up Actions

Signing of PPP Agreement



35. Jakarta Sewerage System

Investment Value	: ~ IDR 70 trillion
Funding Scheme	: State Budget with Foreign Loan for Zone 1 and Zone 2 (potential), funding scheme for other zones has not been decided
Location	: DKI Jakarta
Project Owner	: DKI Jakarta Province Government
Construction Commencement Plan	: 2018 (Zone 1)
Commercial Operation Date	: 2022 (Zone 1)

Project Description

Jakarta Sewerage System project will treat the domestic waste within 15 zones (including the zones already in operation) across DKI Jakarta with preliminary development plan in Zone 1 and 6. The two zones are expected to operate in 2022. Zone 1 will serve Central and North Jakarta areas, while Zone 6 will serve West Jakarta area. Total project costs for Zone 1 and 6 are approximately 8.1 Trillion 5 trillion, respectively.

Jakarta Sewerage System Zone 1 is an off-site waste treatment system consisting of: 1) Waste Water Treatment Plant (WWTP); 2) pipeline system; 3) house connections with service coverage of 4,901 ha. WWTP in Zone 1 will be located in Pluit with treatment capacity of 198,000 m3 per day on average. At present, the project acceleration will be focused on Zone 1.

Project Significance

As the national capital city, DKI Jakarta has evolved into the centers of governance, business and industrial. However, this rapid development is not followed with the improvement of the waste disposal system for the generated waste. As a result, water and sanitation conditions in Jakarta are aggravating. At present, the coverage ratio for sanitation service in Jakarta remains at 4% of the total areas with BOD pollution rate hitting 84 mg/l. Under this condition, DKI Jakarta is in the second lowest position in terms of quality for sanitation, compared with other national capital cities within South East Asia regions. In addition, JSS is also required to enhance the effectiveness of the recently-started National Capital Integrated Coastal Development (NCICD) project.

NCICD project requires the acceleration of the waste water treatment project thus the project receives priority treatment from the Government with the issuance of letter No.: S-130/D.VI.M.EKON/09/2013 regarding

"Acceleration of the Development for Waste Water Treatment System Project in DKI Jakarta". The project targeted a 75% coverage ratio for waste water treatment service across DKI Jakarta by 2022.

The development of Jakarta Sewerage System Zone 1 and Zone 6 will increase the coverage ratio of waste water treatment service in DKI Jakarta by 20%. It is expected that the project preparation for Zone 1 will act as a spillover effect to other zones. Finally, it is hoped that the development of JSS project will exceed the specified targets of waste water treatment services in DKI Jakarta.

The Latest Status

The Engineering Services (E/S) for JSS Zone 1 has been started, despite the 10 months delay from the original schedule with direct consequence towards longer construction period to 2020. In December 2017, the focus of the E/S study were checking of pipe route and preparation of EIA.

On Zone 6, during the preparation meeting of JSS Action Plan which took place in KPPIP, it was agreed that JSS Zone 6 will be financed under Japanese loan with Design and Build scheme. The Ministry of Public Works and Public Housing will prepare the basic design of JSS Zone 6 using the remaining loan of E/S for Zone 1. For acceleration purpose, the preparation of pumping station for JSS Zone 6 will be prioritized, and it is expected to be constructed in April 2019. Ministry of Public Works and Public Housings will work together with Ministry of National Development Planning (Bappenas) as well as JICA to finalize the readiness criteria document for loan proposal.

As for other zones, KPPIP has facilitated the support request proposal for the preparation of JSS Zone 8 using PPP scheme, to Asian Infrastructure Center of Excellence (AICOE) – part of Asia Development Bank (ADB).

For other JSS Zone with potential for PPP scheme, KPPIP and Regional Planning Agency of DKI Jakarta have facilitated the meeting with private business entities who have interest to be the unsolicited bidders.

Jadwal Pelaksanaan Proyek dan Status Proyek JSS Zona 1

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finished in 2015	Finished in 2016	Targeted to finish in Semester 2 of 2017

EIA	Environmental Permit	IPPKH	Land Procurement
Not yet commenced	Not yet commenced	Not necessary	Location confirmed

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
State Budget with foreign loan	Not necessary	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2018	2020	2023

Project Implementation Schedule and Status for JSS Zone 6

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finished in 2015	Finished in 2016	Targeted to finish in 2019

EIA	Environmental Permit	IPPKH	Land Procurement
Not yet commenced	Not yet commenced	Not necessary	Location confirmed

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
State Budget with foreign loan	Not necessary	Not necessary	Not necessary

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2019	2019	2024

Funding Scheme

Based on Echelon 1 discussion meeting, which was held on February 9th 2016, it was decided that Zone 1 and Zone 6 will be financed under State Budget with source of fund from foreign loan, i.e. Japanese ODA.

Funding scheme for other zones has not been decided. However, the finding of scoping study by KPPIP with assistance of INDII, has identified potential zones to be financed under PPP scheme or Regional/State Budget (loan or government budget).

Land Procurement

Status on land for Zone 1 is confirmed positive. The land is owned by PT Jakarta Propertindo, which is wholly owned by DKI Jakarta province government.

Follow-up Actions

1. Commencement of E/S process for Zone 1
2. Compliance on the preparation of Readiness Criteria document for loan of Zone 6.



36. National Capital Integrated Coastal Development (NCICD) Phase A

Investment Value	: ~ IDR 2.4 trillion for phase A (not include land acquisition)
Funding Scheme	: State Budget, Regional Budget, SOEs/ROEs and Private Sectors
Location	: DKI Jakarta
Project Owner	: DKI Jakarta Provincial Government and Ministry of Public Works and Public Housing
Construction Commencement Plan	: 2016
Commercial Operation Date	: 2018

Project Description

National Capital Integrated Coastal Development (NCICD) also covers the construction of giant sea wall in the north of Jakarta bay as a way to protect the city from floods. Inside the sea wall, several large lagoons will be constructed to collect water streams from 13 rivers in Jakarta (these water reservoirs will form large scale dam).

Three phases of this large-scale project are:

Phase A: The phase focused on maximizing coast protection. The existing coast embankment of 30 KM will be strengthened and reinforced. Seventeen (17) man-made islands will be built in Jakarta bay. This first phase has been designed in early September 2014. It is expected that the construction works will commence in early 2016.

Phase B: The phase focused on the construction of the outer sea wall in the west area as well as construction of large scale dam, which is planned to be constructed from 2018 to 2022.

Phase C: The phase focused on the construction of the outer sea wall in the east area that will be realized after 2023. Several long-term development in the eastern side of Jakarta bay will be carried out by closing the bay to anticipate the unstoppable soil surface subsidence in Eastern Jakarta. During the construction period, toll road access between Tangerang-Bekasi will be provided within the eastern sea wall area to mitigate the impact of the construction.

Of these three phases, only Phase A that is listed under the priority projects of KPPIP.

Project Significance

More than half of Jakarta residence lives in coastal areas. The main economic activities are also growing in these areas. The city is passed over by 13 large rivers mouthed in Jakarta bay and 40% of the area consist of low lands below sea tide. Floods occurrence within coastal areas in Jakarta have been aggravated with soil surface subsidence as a result of excessive ground water extraction.

Considering the above mentioned threats and negative conditions, NCICD project is deemed necessary.

The Latest Status

EIA and Strategic Environmental Review were completed in December 2015.

On NCICD Phase A, while route division inside DKI Jakarta is completed, routes for Tangerang and Bekasi must be confirmed, for which confirmation letters of the respective Governors will be necessary.

For NCICD as a whole, Ministry of National Development Planning/Bappenas, in association with Ministry of Environment and Ministry of Public Works and Public Housing has accomplished the review needed to decide the resumption of NCICD project. KPPIP is further examining the results of such review.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finished in 2015	Finished in 2015	Finished in 2016

EIA	Environmental Permit	IPPKH	Land Procurement
Issued	Issued	N/A	Not yet commenced

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
State Budget, Regional Budget, SOEs, ROEs and Private Sector	N/A	N/A	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
2016	Targeted to finish in 2018	2018

Funding Scheme

The source of funding for Phase A will be State Budget, Regional Budget, SOEs, ROEs and Private Sectors with funding allocation following the indicative routes that have been confirmed. As for the other phase (B & C), it is planned to be developed with participation from the private sectors which will be made available to make investments in NCICD regions.

Land Procurement

NCICD, which is located in the northern part of Jakarta, will include land reclamation works, for which 90 million m³ of sand is required only to build the outer wall. An additional of 210 million m³ of sand will be required to reclaim 1,250 ha area for urban development.

DKI Jakarta provincial government is currently identifying the points of elevation and embankment widening which will requires land acquisition.

Follow-up Actions

Accelerate the confirmation of Phase A routes for Tangerang-Bekasi, through the issuance of Decision Letter from the relevant Governors.



37. Water to Energy Project in Big Cities

Investment Value	: IDR 17.517 trillion
Funding Scheme	: PPP and Private Sector
Location	: DKI Jakarta, Tangerang, Bandung, Surakarta, Semarang Surabaya, Makassar and Denpasar
Project Owner	: The related Provincial Governments or Municipal Governments
Construction Commencement Plan	: 2017
Commercial Operation Date	: 2019

Project Description

Waste-to-Energy Power Plant (PLTSa) will be developed in eight major cities in Indonesia, i.e. DKI Jakarta, Tangerang, Bandung, Surakarta, Semarang, Surabaya, Makassar and Denpasar. DKI Jakarta plans to build four PLTSa, while the other cities will construct one PLTSa each. PLTSa Surakarta is expected to manage garbage of 400-450 ton/day with gasification plasma technology. As to other cities, their PLTSa are planned to convert waste of 1,000 – 1,500 ton/day into energy with thermal incinerator technology.

Project Significance

This project is crucial for many cities in Indonesia which encounter waste management issues. The existing TPA (Final Waste Disposal Sites) capacities are about to reach or even exceed capacity causing severe sanitation problems to the urban residents. With the implementation of waste-to-energy initiative (PLTSa), it is expected that a large volume of trash will be processed in relatively short time. The additional benefits include the generated power supply to PT PLN.

The Latest Status

1. PLTSa DKI Jakarta

Head of Agreement between PT Jakarta Propertindo and Fortum for Intermediate Treatment Facility (ITF) Sunter has been established.

2. PLTSa Tangerang

The Contracting Agency has prepared feasibility study with consultant assistance. However, the produced documents have yet to meet the specified KPPIP's OBC quality standards. Government support of Project Development Facility (PDF) is necessary and currently proposed to the Ministry of Finance.

3. PLTSa Bandung

The project will receive funding from MCA-Indonesia and the Pre-Feasibility Study of the project is in preparation.

4. PLTSa Semarang

Pre-Feasibility Study under preparation.

5. PLTSa Surakarta

Surakarta Municipal Government has determined the contractor for PLTSa. Feasibility Study and DED of project are under preparation.

6. PLTSa Surabaya

Project is entering construction phase.

7. PLTSa Makassar

Project receives funding from South Korea for Pre-Feasibility Study preparation.

8. PLTSa Denpasar

Denpasar Municipal Government will act as Contracting Agency and will be immediately legalized.

Project Implementation Schedule and Status

RTRW (Regional Spatial Planning)	Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Indicated	Finish	Finish	Finish

EIA	Environmental Permit	IPPKH	Land Procurement
Issued	Issued	N/A	N/A

Funding Scheme	Investment Bid	Feasibility Support	Guarantee
PPP and Private Sector	Surabaya: finish, other 7 cities: 2018	In evaluation process	N/A

Financing Realization	Construction Commencement Plan	Commercial Operation Date
Surabaya: finish Other 7 cities: 2019	Surabaya: 2017 Other 7 cities: 2019	Surabaya: 2019 Other 7 cities: 2021

Funding Scheme

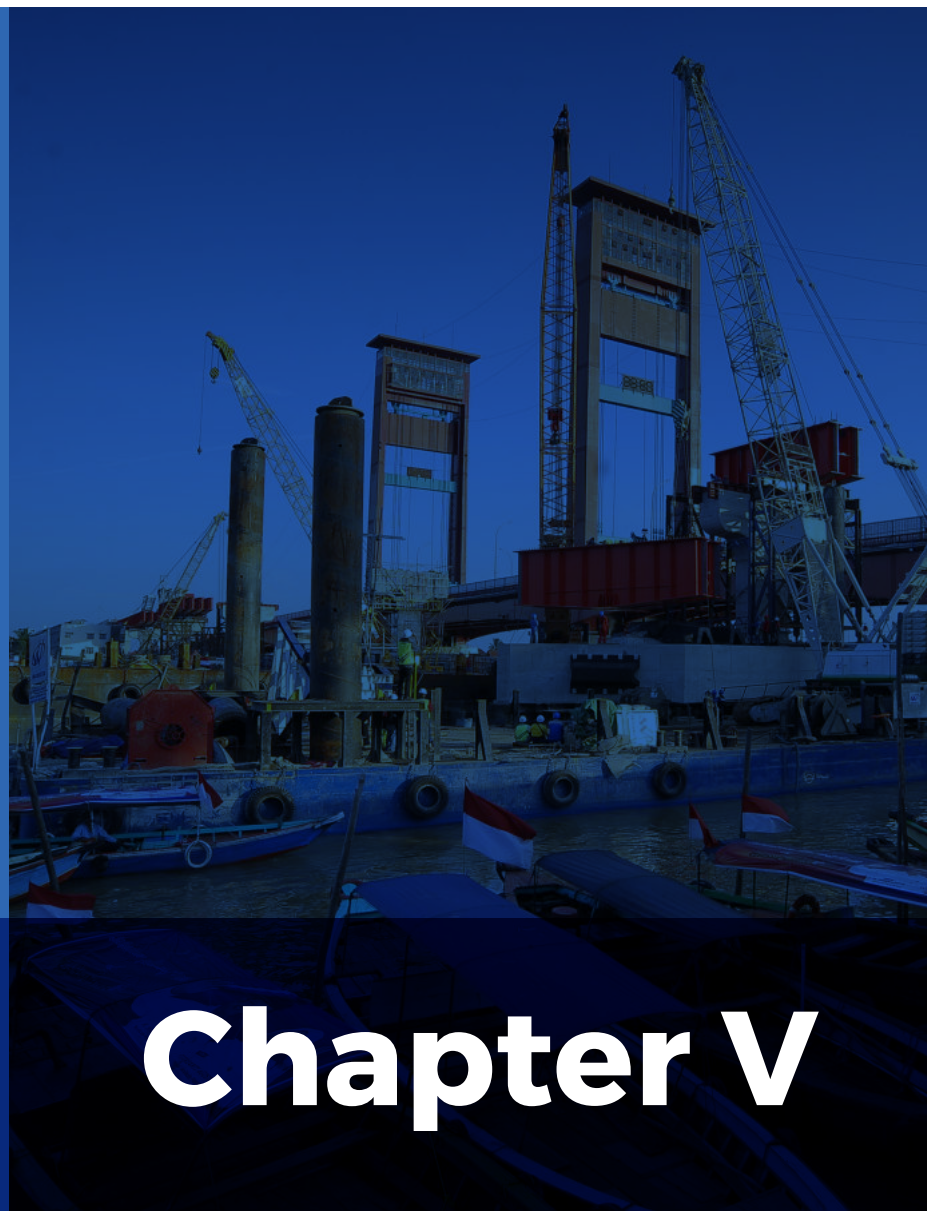
Funding scheme for the project is expected to adopt PPP scheme. In light of that, support from the Central Government will be necessary based on the selling price of power and in view of limited fund of local governments for tipping fee.

Land Procurement

Land procurement is only necessary for three ITFs in DKI Jakarta. For other PLTSa locations, they will be put up on the existing TPA sites and no additional land procurement is necessary.

Follow-up Actions

1. Monitor the issuance of Presidential Regulation (Perpres) on Waste-to-Energy Project Development Acceleration
2. Socialization of PPP scheme mechanism and requirements to local governments acting as Project Owners
3. Prepare support of Project Development Facility (PDF) for PLTSa Tangerang

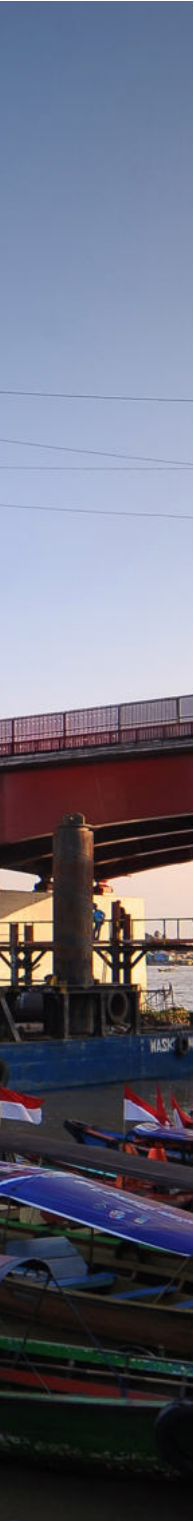


Chapter V

National Strategic Projects



Photo Source : Andar Tri Atmaja/KPPIP
Note : Photo of Palembang LRT Project, South Sumatera



This chapter provides explanation of Presidential Regulation No. 3/2016 and Presidential Regulation No. 58/2017 on the National Strategic Projects (PSN), and on the role of KPPIP to boost the implementation of the PSN. In addition, this chapter describes the activities of KPPIP in evaluating PSN, and its latest position.

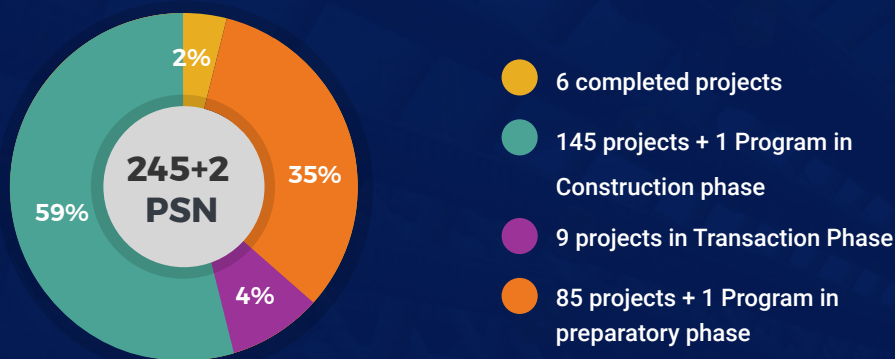
A. The Current Status of National Strategic Projects (PSN)

By virtue of the mandate promulgated in Presidential Regulation No.3 of 2016, (Perpres No.3/2016) and Presidential Regulation No.58 of 2017, on the Acceleration of National Strategic Projects - PSN, the Committee for Acceleration of Priority Infrastructure Delivery - KPPIP has evaluated and monitored the progress of National Strategic Projects (PSN). The PSN list encompasses 245 projects and two programs with an estimated total investment value of IDR 4,417 trillion.

During December, 2017, KPPIP updated the Status of National Strategic Projects (PSN) by gathering information on the implementation of those National Strategic Projects (PSN)

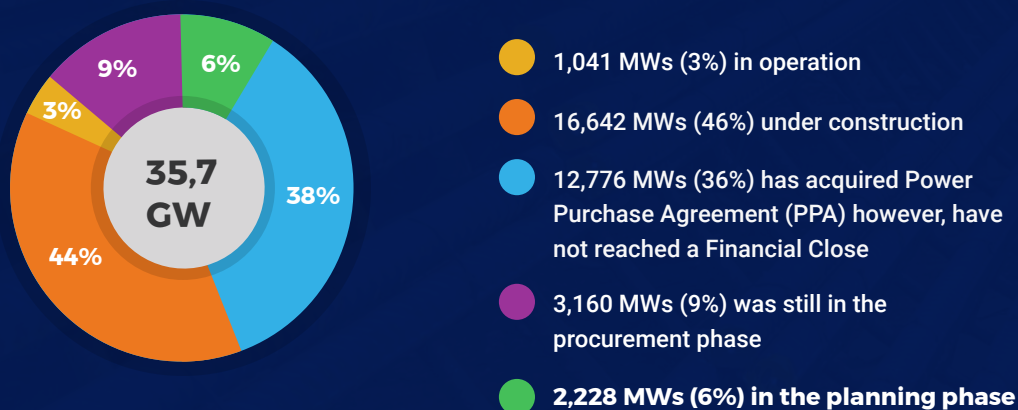
from the line ministries and institutions responsible for the related projects. In order to ensure the accuracy of the information provided by the institutions responsible, KPPIP has conducted data verification from the President Staff Office (KSP) and Finance and Development Supervisory Agency (BPKP).

The progress status for 245 Projects and two Programs as of December 2017, was that six national strategic projects (PSN) have been completed, 145 Projects + one Program were in construction stage (including the 35 thousand MegaWatts (MWs) electricity program under construction), nine Projects were in transaction stage, and 85 Projects + 1 Program were at Preparation Stage.



Progress of 245 Projects + 2 Programs
as of December, 2017

The Progress Status for the electricity program as of December 2017, recorded 1,041 MWs (3%) in operation, 16,642 MWs (46%) under construction, and 12,776 MWs (36%) had acquired Power Purchase Agreements (PPA) but had not reached a Financial Close, while 3,160 MWs (9%) were still in the procurement stage, and 2,228 MWs (6%) were in the planning phase.



Progress Status for the electricity program
as of December 2017

The National Strategic projects require funding sources through the participation of the National Budgeted Plan (APBN), State-owned Enterprises (BUMN/D) as well as from the Private Sector. Out of the Estimated Investment Value of IDR 4,417 trillion for the National Strategic Projects, they require funding sources from the State Budget estimated to be IDR 547 trillion, State-owned Enterprises (BUMN/D) IDR 1,255 trillion as well as Private Sector IDR 2,615 trillion.

B. Facility Effectiveness Review on National Strategic Projects (PSN)

One of the objectives of the Presidential Regulation on National Strategic Projects is to accelerate the implementation of the projects of strategic value in meeting basic needs and improving the welfare of the people. As a result, there have been various achievements such as the completion of the 20 National Strategic Projects stipulated in Presidential Regulation no. 3 of 2016, and four National Strategic Projects stipulated in Presidential Regulation No. 58 of 2017.

In order to measure how effective the facilities provided in the Presidential Regulation (Perpres) on the Acceleration of Implementation of PSN has been in generating accelerated impacts on the expected infrastructure development, KPPIP has reviewed the implementation and effectiveness of project acceleration facilities stipulated in the Perpres. The purpose of this study was to identify the policy and regulatory improvements required to further accelerate future infrastructure developments.

KPIP has conducted a series of activities such as surveys and discussions with PSN stakeholders. Surveys related to the implementation of PSN acceleration facilities were distributed to 69 PSN project stakeholders, such as KPPIP member ministries, technical Ministries / Institutions, SOEs, and Private Enterprises. From the conducted survey, the outcome identified 15 issues in the PSN indicated as not implemented at all or constrained in the implementation in the field. Six of the identified implementation issues discovered were related to the application of the license issuance in its time frame, two issues related to the application of the licensing checklist, and the remaining seven were related to the implementation of licensing facilities under the

authority of the Regional Government. KPPIP has also held a Focus Group Discussion, attended by 115 participants from various Ministries/Institutions and Business Entities.

As for the series of activities that have been conducted, there were several issues which needed attention in order to enhance the effectiveness of the implementation of the Presidential Regulation on PSN. First, it is necessary conduct further validation with the stakeholders that the activities mandated in the Presidential Regulation can actually be implemented. Second, improvement is required in the form of administrative sanctions for the Regional Government. Apart from the written warning, the Presidential Regulation on the National Strategic Projects (PSN) stipulates the superseding of license issuance by the Governor or the Minister of Home Affairs.

However, based on the evaluation described above, it was discovered that superseding permit issuance basically can not be implemented as it is contradictory to the sector regulation framework. In order for the administrative sanctions to be applicable, it is necessary to make adjustments to the forms of administrative sanctions with reference to Government Regulation no. 48 of 2016, on Procedures for the Imposition of Administrative Sanctions To Government Officials. Furthermore, it may also be considered that the application of administrative sanctions imposed on the Regional Government is also applied to technical Ministries / Institutions related to PSN. Third, it is necessary to conduct systematic and structured socialization activities to ensure that all stakeholders understand the roles and responsibilities stipulated in the Presidential Regulation and recognize any applicable sanctions.

C. Recapitulation of Follow Up Meetings for PSN Limited Meetings Results (RATAS PSN)

As a follow up on the letter sent by the Cabinet Secretary to the Coordinating Minister for the Economy on the delivery of the president's directive on PSN's Limited Meeting, KPPIP was assigned to coordinate the implementation of the National Strategic Project Limited Meeting. KPPIP coordinated 33 Follow up Limited Meetings on PSN, conducted from June 6th, 2017 to October 11th, 2017. The Province that has not conducted a Limited Follow up Meetings - RATAS PSN was West Sulawesi Province as no PSN was established within the province.

The schedule for the implementation of the PSN Follow-up Meeting is as follows:

Month	Meeting Date	Discussion Meeting on Provincial PSNs
June, 2017 (Eight Provinces)	June 6, 2017	Central Kalimantan and North Sulawesi
	June 8, 2017	North Sumatera dan West Nusa Tenggara
	June 14, 2017	Lampung and Central Sulawesi
	June 15, 2017	East Java and East Kalimantan
July, 2017 (11 Provinces)	July 12, 2017	North Maluku
	July 13, 2017	South Sumatera and West Kalimantan
	July 19, 2017	Central Java and Maluku
	July 26, 2017	Riau Islands & Special Territory of Yogyakarta
	July 27, 2017	East Nusa Tenggara & South Kalimantan
	July 28, 2017	Jambi and South East Sulawesi

August, 2017 (10 Provinces)	August 2, 2017	Bali
	August 3, 2017	Bengkulu and Jakarta- Capital City
	August 7, 2017	South Sulawesi
	August 14, 2017	Bangka Belitung Islands
	August 15, 2017	Aceh and Banten
	August 21, 2017	West Java and North Kalimantan
	August 22, 2017	Riau
September, 2017 (3 Provinces)	September 4, 2017	West Papua and Papua
	September 6, 2017	West Sumatera
October, 2017 (1 Province)	October 11, 2017	Gorontalo

The Follow up Meeting for the Limited Meeting (RATAS) on National Strategic Projects (PSN) invited Echelon 1 officials from 33 Ministries/Institutions to discuss implementation of the president's directives to the RATAS PSN and also to discuss the follow-up that requires to be done on the issue that PSN faces. After the meeting, KPPIP prepared and distributed the minutes of the meeting as a follow-up reference to be performed by each party consisting of Ministries/Institutions, the Regional Government, SOEs, and Business Entity.

D. KPPIP's Information Technology System

In monitoring and managing information related to the National Strategic Project (PSN), KPPIP utilizes the Dashboard of Information Technology (IT) System located on the servers of the Office of the Presidential Staff. This dashboard is accessible to all Ministries/Agencies that are in charge of the National Strategic Projects to update data and project issues.

As of December 2017,
data collected for 245 projects and two programs and included in the
National Strategic Projects list are as follows:



In order to improve the quality of monitoring, KPPIP is conducting improvements to the IT System Dashboard. Improvements are focused on fixing bugs that hamper Ministries/Agencies as users while updating project data. Improvement started in May, 2017, and by December, 2017, a deployment process had been carried out on the servers of the President Staff Office (KSP) and targeted to be in full operation in January, 2018.

Apart from the above improvements, KPPIP has also signed an agreement with the State Intelligence Agency (BIN) related to the integration of IT System. Through this partnership, KPPIP will provide PSN project data for State Intelligence Agency (BIN) and vice versa, BIN will provide high resolution satellite imagery that is regularly updated in PSN locations. With this cooperation, it is expected that monitoring of physical progress and resolution of issues that hampers the implementation of PSN can be followed up more quickly and efficiently.

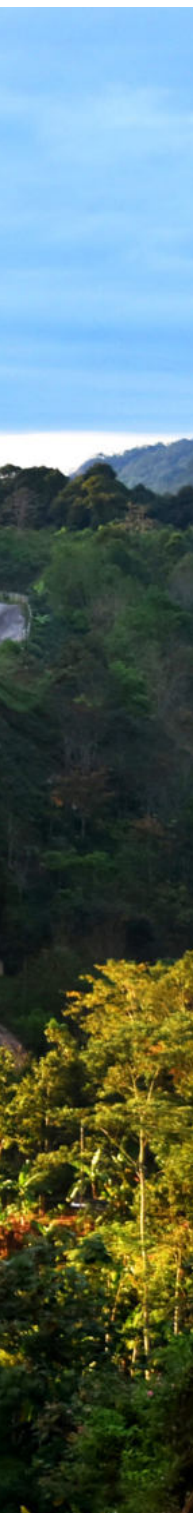


Chapter VI

Policies Related to
Infrastructure Supported
by KPPIP



Source Photo : Aditya Pradana Putra/KPIIP
Note : Photo of Semarang-Solo Tol Road Project



This chapter explores how existing legislation can be adapted to oost the acceleration of the implementation of Priority Projects and National Strategic Projects (PSN).

This chapter also discusses the direction of infrastructure policy pursuant to the mandate of the President of the Republic of Indonesia. The explanation will be divided into 2 (two) parts, namely:(i) Changes in regulations that have so far made progress in the delivery of infrastructure and(ii) Changes in regulation required for the acceleration of infrastructure delivery.

A. Current National Strategic Project Status

A1. Cross Sectoral Regulatory Changes in the Delivery of Infrastructure

Based on analysis by the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP), there are several sectoral regulations that have undergone changes to support the acceleration of the implementation of Priority and PSN Projects, as follows:

Presidential Regulation on Land Acquisition Settlement within Forest Territories

In order to settle and provide legal protection for community rights in forest territories and to control land in the forest areas, the Government promulgated Presidential Regulation No. 88/2012 on Land Acquisition Settlement in Forest Areas (Perpres 88/2017) on September 11, 2017. This specifies the Parties that control and utilize (i) settlements (ii) public facilities and/or social facilities (iii) cultivated land and/or social facilities (iv) forest territory managed by community customary law.

The Government of the Republic of Indonesia has enacted Presidential Regulation Number 88 of 2017, on Settlement over Land Acquisition in the Forest Territory (PR 88/2017). Presidential Regulation 88/2017 as administers the patterns and settlement procedures for parcels of land controlled and utilized by certain parties as mentioned above. The settlement of land acquisition in further forest areas shall be organized by the team established through Perpres 88/2017, i.e The Team for the Accelerated Land Acquisition Settlement in Forest Territory ("PPTKH Acceleration Team"), chaired by the Coordinating Minister for Economic Affairs. In the implementation of its duties, the PPTKH Acceleration Team is assisted by the Implementing Team for Land Acquisition Settlement in Forest Territory ("Implementing Team of PPTKH"). During their implemetation, the PPTKH Implementing Team can be assisted by a working group established by the Chairman of the PPTKH Acceleration Team.

In order to carry out an inventory and verification of land Acquisition within a forest territory, Presidential Regulation 88/2017, mandates the Governor to establish an Inventory and Land Verification Team within the Forest Territory.

With the promulgation of Presidential Regulation 88/2017, it is expected that the settlement of land acquisition within a forest territory can be carried out while protecting the rights of the community which control the land in the forest territory.



Source Photo : Denny Sugiarto/KPPIP
Note : Photo of Semarang-Solo Tol Road Project, Central Jawa



Regulation of the Coordinating Minister for Economic Affairs as Chairman of KPPIP Number 5 of 2017, on the Amendment to Regulation of Coordinating Minister for Economic Affairs on the Acceleration of Priority Project Delivery

With the enactment of Presidential Regulation Number 58 of 2017, regarding Amendment of Presidential Regulation No. 3 of 2016, on the Acceleration of the Implementation of National Strategic Projects, there has been a change in the PSN list.

KPPIP has conducted a study of the list of Priority Projects listed in the Regulation of the Coordinating Minister for Economic Affairs No. 12 of 2015, on the Acceleration of Priority Infrastructure Preparation of 30 (thirty) projects.

In the Presidential Regulation No.75 of 2014, on Priority Infrastructure Delivery as amended by Presidential Regulation No. 122 of 2016, regarding Amendment of Presidential Regulation No.75 of 2014, on Acceleration of Delivery of Priority Infrastructure (Perpres 75/2014), it is stipulated that one of the Infrastructure criteria set forth to determine Priority Infrastructure was pursuant to national/regional medium-term development plans and strategic plans for the infrastructure sector.

In order to enhance the effectiveness and acceleration of priority infrastructure delivery, the Government enacted the Regulation of the Coordinating Minister for Economic Affairs No. 5 of 2017, on Amendment to the Regulation of the Coordinating Minister for Economic Affairs No. 12 of 2015 regarding the Regulation of Coordinating Minister (Permenko Perekonomian 5/2017).

By virtue of the Regulation of the Coordinating Minister for Economic Affairs number 5/2017, the Coordinating Minister for Economic Affairs amended the Priority Infrastructure List and established 37 (thirty seven) Priority Infrastructure projects.

A2. Change in Sectoral Regulation Related to Infrastructure Delivery

Presidential Regulation on the Land Acquisition Settlement within the Forest Territory

Geographically located on the volcanic mountain path (Ring of Fire), Indonesia has abundant geothermal potential which can be utilized as a source of energy for power generation. As a result, the Government is concentrating on developing geothermal for indirect utilization as electricity generation.

On February 21, 2017, the Government enacted Government Regulation No. 7 of 2017 on Geothermal for Indirect Use. Government Regulation No. 7 of 2017 is the implementing regulation of Law No. 21 of 2014, on Geothermal, as well as revoking Government Regulation No. 59 of 2007 on Geothermal Business Activities.

In Government Regulation No. 7 of 2017, Indirect Utilization is defined as the process of converting from heat energy and/or fluid into electrical energy. Under Government Regulation No. 7 of 2017, the implementation of geothermal for indirect use in all parts of Indonesia is under the authority of the Central Government implemented

and/or coordinated by the Minister which includes (a) national policy making; (b) arrangements in the field of geothermal; (c) the granting of geothermal permits; (d) guidance and supervision; (e) management of geological data and information and geothermal potential; (f) inventory and preparation of the geothermal resource and reserve balance; (g) implementation of exploration, exploitation, and/or geothermal awareness; and (h) the promotion of research activities, human resource development, development of technology, and geothermal engineering capability.

In addition to regulating the implementation of geothermal for indirect usage, Government Regulation No. 7 of 2017 contains regulations covering: (a) Working area, (b) Working area proposed, (c) Geothermal Exploitation, (d) Geothermal energy price, (e) Geothermal Data and Information, (f) Guidance and supervision, and (g) Administrative sanctions.

Changes in Government Regulation on Toll Roads

In order to accelerate the realization of economically viable but not financially feasible toll road development, the Government can take the toll road concession through financing activities, technical planning and the implementation of toll road construction, where the road is subsequently operated and maintained by the Business Entity.

To achieve the acceleration of economically viable yet financially not feasible toll road

exploitation, the Government can take steps in accordance with its authority to carry out toll road concessions. The provisions concerning toll road concessions by the Government had not been regulated in detail and therefore it became necessary to amend Government Regulation Number 15 of 2005, regarding Toll Road. So the Government enacted Government Regulation No.30 of 2017, regarding the Third Amendment to Government Regulation Number 15 of 2005, on Toll Road.

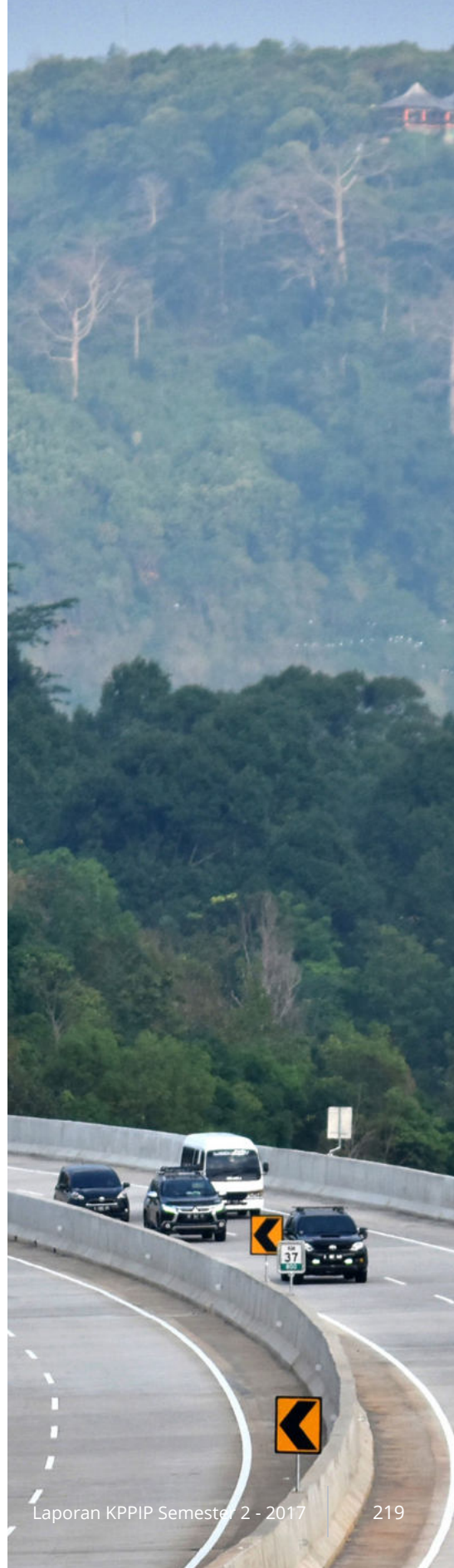
Based on Government Regulation No.30 of 2017, in the case of Government funding allocated in the State Budget (APBN) and the limited Government Work Plan (RKP), the Government may assign State-Owned Enterprises (SOEs) solely owned by the State for the operation of toll roads. Assignment of the state-owned enterprise can be done by (i) providing the concession and (ii) continuing the share of the toll road built by the Government, including the operation and maintenance of the entire toll road.

In addition, the operation of toll roads shall also support Government funding for the acceleration of development, operation, maintenance, capacity building and the development of relevant toll roads and/or other economically feasible but not financially feasible toll road development. In Government Regulation No.30 of 2017, it is stipulated that it is necessary to improve the function of toll roads that have been completed during the concession period to support other toll roads that are not yet financially feasible (but are economically feasible) which have been assigned by the government.

Pursuant to Government Regulation No.30 of 2017, toll roads for which the concession period has expired can be determined as a toll road by the Minister on the recommendation of the Toll Road Regulating Body (BPJT) in terms of:

- a. considering State finances for operation and maintenance;
- b. for capacity building and development of the respective toll roads' and/or
- c. supporting other economically viable, but not financially feasible, toll road concessions assigned by the Government to SOEs.

The tariffs for toll roads that have been completed during the concession period but are determined as toll roads by the Minister, are based on the needs for operating and maintenance costs, increasing current capacity as well as the development of the toll road concerned.





Source Photo : Raditya MY/KPPIP
Note : Photo of Semarang-Solo Toll Road Project

Regulation of the Minister of Public Works and Public Housing on the Procedures for Procurement of Business Entity on Toll Road Concession

On February 17, 2017, the Government enacted the Regulation of Minister of Public Works and Housing No. 01 / PRT / M / 2017, on Procedures for the Implementation of Business Entities for the Exploitation of Toll Road Concession (Permen PUPR 01 / PRT / M / 2017).

The Permen PUPR 01 / PRT / M / 2017, is an implementing policy of Government Regulation No. 15 of 2005, on Toll Road as last amended by Government Regulation No. 43 of 2013, regarding the Second Amendment to the Government Regulation Number 15 of 2005, on Toll Road ("PP15 / 2005"), as well as revoking the Regulation of Minister of Public Works No. 13 / PRT / M / 2010, on the Guidelines of Toll Road Provision as amended by Ministerial Regulation Public Works of the Republic of Indonesia No. 21 / PRT / M / 2012 ("PermenPU 13 / PRT / M / 2010"). The issuance of Permen PUPR 01 / PRT / M / 2017, was also based on Presidential Regulation No. 38 of 2015, on Public

Private Partnership in the Delivery of Infrastructure (Perpres 38/2015) which governs that a toll road serves as a type of infrastructure that requires to be improved and accelerated in terms of its delivery, to support the national economy, improve the welfare of society, and enhance Indonesia's global competitiveness.

Pursuant to the Permen PUPR 01 / PRT / M / 2017, it stipulates that procedures for the implementation of Business Entity on the Procurement for Toll Road Concession is prepared with the intention:

- a. As a guidance for the Minister, Toll Road Regulatory Agency (BPJT), Committee, and other stakeholders to carry out the Procurement For Business Entity on Enterprising Toll Road, both initiated by the Government (solicited project) or initiated by Business Entity (unsolicited project); and



- b. to establish a qualified Business Entity, eligible and has business ability in terms of administrative, technical and financial aspects within Toll Road Concession.

The Procedures for the implementation of Business Entity Procurement for Toll Road Concession both initiated by the Government (solicited project) or by the Business Entity (unsolicited project), is done fairly, openly, transparently, competitively, accountably, in mutually beneficial way, efficiently, and effectively.

Pursuant to Permen PUPR 01 / PRT / M / 2017, the establishment of a collaboration with a Toll Road Company should proceed as follows:

- a. Build-Operate-Transfer (BOT) which consists of BOT without Government Support, BOT with availability payment, BOT with Government Support;
- b. Contract of Operation and Maintenance; or
- c. Other forms as approved by Minister.

In terms of investment return that can be obtained by Toll Road Business Body (BUJT) accordingly with the form of Toll Road Concession:

- a. In the scheme of BOT without Government support, return on investment for BUJT is derived from toll revenue.
- b. In the BOT with availability payment scheme, BUJT's investment return is obtained from payment of service availability.
- c. In the BOT with government support scheme, the return on investment for BUJT is derived from toll revenue.

However, in the Contract of Operations and Maintenance, BUJT receives payment for operating costs and maintenance or toll revenue in accordance with the tender method used.



Regulation of the Minister of Energy and Mineral Resources on Licensing for Oil and Gas Business Activities

In order to enhance a more conducive investment climate and to ease implementation of oil and gas business activities, Government has stipulated Regulation of the Minister of Energy and Mineral Resources No. 29 of 2017, on Licensing in Oil and Gas Business Activities ("Permen ESDM 29/2017") and concurrently revoked the previous regulations, namely the Regulation of the Minister of Energy and Mineral Resources No. 0007 of 2005, on the Terms and Guidelines for the Implementation of Business Permits in Oil and Gas Downstream Business Activities ("Permen ESDM 0007/2005"), Regulations of Minister of Energy and Mineral Resources No. 27 of 2006, on Data Management and Utilization Retrieved from the General Survey of Oil and Gas Exploration ("Permen ESDM 27/2006") as long as it regulates the granting of licenses, and Regulation of the Minister of Energy and Resources Mineral No. 28 of 2006, on the Procedural Guidelines on Implementing the General Survey in

Upstream Oil and Gas Business Activities ("Permen ESDM 28/2006").

The Permen ESDM 29/2017 simplified licensing mechanisms in the Oil and Gas sector which originally was 104 (one hundred and four) permits into 6 (six) permits.

The Provisions on the types of licenses on business activities in the oil and gas sector are set out in Article 3 of Permen 29/2017 which includes:

- a. Survey Permit;
- b. Permit for Data Utilization of Oil and Gas ;
- c. Business License for Oil and Gas Processing;
- d. Oil and Gas Storage Business License;
- e. Oil and Gas Freight Business License; and
- f. Oil and Gas Business License

Regulation of the Minister of Energy and Mineral Resources on the Utilization of Renewable Energy Sources for Power Supply

In the framework of developing renewable energy for the interests of national electricity, the Government considers it necessary to regulate provisions on mechanisms and purchase prices of electricity by PT Perusahaan Listrik Negara (Persero) ("PLN") State Owned Power Company utilizing renewable energy sources.

Hence, the government has set the Regulations of Minister of Energy and Mineral Resources No.50 of 2017, on Utilization of Renewable Energy Sources for Power Supply ("Permen ESDM 50/2017"). The stipulation of Permen ESDM No.50/2017, concurrently has revoked the Ministerial Regulation on Energy and Mineral Resources No.12 of 2017, on the Utilization of Renewable Energy Sources for Power Supply as amended by Ministerial Regulation on Energy and Mineral Resources No.43 of 2017, on Amendment to Ministerial Regulation Energy and Mineral Resources No.12 of 2017, on the Utilization of Renewable Energy Sources for Power Supply ("Permen ESDM 12/2017").

The Permen No 50/2017 serves as a guideline for PT PLN in purchasing electricity from power plants utilizing Renewable Energy Sources, which include: (a) solar, (b) wind, (c) hydropower, (d) biomass, (e) biogas, (f) municipal waste, (g) geothermal, and (h) movement and difference in sea lining temperature.

The purchase of electricity is done through public tender. However, under certain conditions, the purchase of electricity from a third party can possibly be done through direct selection or direct appointment.

In terms of purchasing electricity carried out within the framework of energy diversification for power generation to non fuel oil, can be done through direct appointment.

The purchase of electricity is done through direct appointment in the case of:

- a. purchase of electricity from power plants that use renewable energy, marginal gas, coal at Mulut Tambang, and other local energy;
- b. purchase of excess electricity;
- c. local electric power system in critical condition or emergency power supply and/or;
- d. additional generation capacity at a powerhouse that has been operating in the same location.

The purchase price guidelines for PT PLN to purchase electricity, are as follows:

- a. In the case of Cost of Power Supply Generation (BPP) Generation in the local electricity system is above the average BPP National generation, purchase price of electricity from the Solar Power Plant (PLTS) Photovoltaics, the highest by 85% (eighty five percent) from BPP Generation in the local power system.
- b. In the case of BPP Generation in the local electricity system is the same or below average BPP National generation, purchase price of electricity from Photovoltaics Waste to Energy projects referred to in paragraph (2), is stipulated based on the agreement of the parties.
- c. In the case of BPP Generation in the local electricity system is above the average BPP National generation, purchase price of electricity from Wind Thermal Power Station (PLTB), the highest is 85% (eighty five percent) of BPP Generation in the local power system.
- d. In the case of BPP Generation in the local electricity system is the same or below average BPP National generation, purchase price of electricity from PLTB, set based on the agreement of the parties.

- e. In the case of BPP Generation in the local electricity system is above the average BPP National generation, purchase price of electricity from the highest Water Power of BPP Generation in local power system.
- f. In the case of BPP Generation in the system electricity in Sumatera, Java, and Bali or the other local electricity systems are equal to or below the average BPP national generation, purchase price of electricity from hydropower is based on agreement of the related parties.
- g. In the case of BPP Generation in the local electricity system is above the average BPP National generation, purchase price of electricity from the Biomass Power Plant (PLTBm) referred to in paragraph (2), the highest of 85% (eight five percent) of BPP Generation at the local electricity system.
- h. In the case of BPP Generation in the local electricity system is the same or below the average BPP of the national generation, the cost of purchasing power from the Biomass Power Plant (PLTBm), is determined by agreement of the parties.
- i. In the case of the BPP Generation in the local electricity system above the national average BPP, the purchase price of electricity from the Biogas Power Plant (PLTBG) is 85% (eighty five percent) of the BPP Generation in the local electricity system.
- j. In the case that the BPP Generation in the local electrical system is the same or below the average national BPP, the purchase of electricity from the PLTBG is determined based on the agreement of the related parties.
- k. In the case of BPP Generation in local electricity system is above the national average BPP, the purchase price of power from Municipal Waste to Energy Power Plant (PLTSa) the highest is at BPP Generation in the local electricity system.
- l. In the case of BPP Generation for the electrical systems in Sumatera, Java, and Bali or other local electricity systems are equal to or below the national average BPP, the purchase price of electricity from the power plant PLTSa is determined based on the agreement of the parties.
- m. In the case of the BPP Generation in the local electrical system is above the national average BPP, the purchase price of the power station from the Motion Power Generation and the Sea Sequential Difference (Sea Wave Power Plant) is 85% (eighty five percent) of the BPP Generation at the local electrical system.
- n. In the case of BPP Generation in the local electricity system is the same or below the average BPP of a national generation, the cost of purchasing power from a marine hydropower plant shall be determined by an agreement of the related parties.

In addition, all purchases of electricity from renewable energy resources shall subject to the approval of the Minister.



Regulation of the Minister of Transportation on the Second Amendment to the Regulation of the Minister of Transportation on the Public Transportation Tariff on Economy Class Trains to Implement Public Service Obligation

On June 7, 2017, the Government enacted the Regulation of the Minister of Transportation (Permenhub) No.42 of 2017, on the Second Amendment Upon Regulation of the Minister of Transportation No. 35 of 2016, related to Public Transportation Tariffs for Economy Class Train To Implement Public Service Obligations ("Permenhub 42/2017") specifies tariff adjustments for public transport by economy class train service.

This Permenhub 42/2017 has been enacted in conjunction with the change of service for economy

trains, operating pattern and services which have impacted the freight tariff by economy class train to implement Public Service Obligations.

The Permenhub 42/2017, has amended the provisions in Attachment I of Regulation of the Minister of Transport No. 35 of 2016, on Transportation Tariff of People with Economy Class Trains to Implement Public Service Obligation. The change in the calculated increase became effective on July 7, 2017.

A3. Amendments to Regulations related to Infrastructure Financing

Regulation of the Minister of Public Works and Public Housing concerning Non-Cash Toll Transaction on Toll Roads

On September 15, 2017, the Government promulgated the Ministerial Regulation of Public Works and Public Housing No. 16/PRT/M/2017 on Non-cash Toll Transactions on the Toll Road ("Permen PUPR 16/PRT/M/2017"). Article 2 of Permen PUPR 16/PRT/M/2017 stated that the minister's regulation intended as an internal guideline operation of Non-toll Toll Transaction on the road toll road and aims to improve service to the toll users so that the toll transactions become more effective, efficient, safe and convenient.

The scope of arrangements in Permen PUPR 16/PRT/M/2017 encompasses the Implementation of Non-cash Toll Transactions and Business Entities Executor of Non-toll Tariff Transaction. Non-Ticket Transaction Operation ranges from management, supervision and control. Management activities for Non-cash Toll transactions consisting of:

- a. Supply and maintenance of equipment for non-cash toll transactions;
- b. Equipment for operations for non-cash transaction at Highway;
- c. Implementation of transaction reconciliation activities for non-cash toll; and
- d. Settlement of final payment for non-ticket transaction between providers of Electronic Money Providers and Toll Road Operators. In addition, Supervision activities and Non-toll Tariff Transaction Control consists of:

- a. Monitoring and evaluation the implementation of non-cash toll transaction; and
- b. Reporting of monitoring and evaluation results for non-cash toll transaction.

Permen PUPR 16/PRT/M/2017, has regulated the principles of non-cash toll transaction, which are based on: a) inter-operability, which means that the non-cash toll transaction system can function alongside existing systems in each BUJT and/or the non-cash transaction system in other transport sectors; b) non-exclusive, meaning organizing non-cash toll transaction is open for all electronic money issuers without exclusivity pursuant to the provisions of legislation; c) the payment system in the operation of non-cash toll transaction shall be pursuant to the provisions of the laws and regulations.

Furthermore, Article 6 of PUPR 16/PRT/M/2017 stipulates two stages of non-cash toll transaction namely the implementation of non-cash toll transaction using effective electronic money-based technology as of October 31, 2017, and the adoption of transactions using effective touch-based technology as of December 31, 2018. The development of non-cash payment system technology and its application across all toll roads is expected to facilitate toll road accessibility and shorten the time of transaction service at toll booths.

Regulation of the Minister of Public Works and People's Housing No. 03/PRT/M/2017, on Amendment to the Regulation of the Minister of Public Works and People's Housing No. 18 /PRT/M/2016, on the Stipulation and Procedure of the Use of Bridging Funds for Toll Road Land Acquisition

The Government through the Minister of Public Works and Housing Regulation No. 18/ PRT/M/2016, on the Stipulation and Procedure of the Use of Bridging Funds for the Procurement of Toll Road ("Permen PUPR No.18/PRT/M/2016") stipulates that the acquisition of land is the responsibility of the Government and its funds may come from the State Budget, which may be preceded by the Business Agency. However, there was no regulation regarding the procedure for reimbursement of Toll Road Business Entity's bridging fund.

In relation to the procedure for reimbursement of bridging funds, Permen PUPR 03/PRT/M/2017 Regulation stipulates that the application for reimbursement of bridging funds that have been paid, is done under the following conditions:

- a. The Business Entity shall submit a written application for the reimbursement of the bridging-funds spent to Toll Road Regulatory Authority (BPJT);
- b. Based on the application of the business entity, Toll Road Regulatory Authority (BPJT) requests the reimbursement of the bridging funds to State Asset Management Agency (LMAN);
- c. The request for reimbursement shall at least contain (1) the identity of the enterprise, (2) the details and amount of compensation for land acquisition; and (3) the object of acquisition.
- d. The reimbursement request is provided by Toll Road Regulatory Authority (BPJT) with the required files as specified in Permen PUPR 03 /PRT / M / 2017;
- e. Toll Road Regulatory Authority (BPJT) shall submit a payment request and file a request for temporary use of asset of the acquired land to be used for the construction of toll roads;
- f. Toll Road Regulatory Authority (BPJT) shall deliver a complete data to the Directorate General as a requirement for verification of the reimbursement of toll road procurement by Finance and Development Supervisory Agency (BPKP) no later than three working days after receipt of the application letter for reimbursement of corporate bridging funds;
- g. The Directorate General shall convey the requirements of (i) the proof of payment submitted by the enterprise and approved by the Ministry/Institution requiring the land; (ii) a statement of responsibility statement from the Land Acquisition Official at the Ministry/Institution, Land Acquisition Official (PPT), (iii) photocopy of the proof of land title or supporting documents; and (v) a memorandum of understanding between State Asset Management Agency - LMAN and the Head of Toll Road Regulatory Authority BPJT and the President Director of the Business Entity;

- h. Toll Road Regulatory Authority (BPJT), on behalf of the Minister, shall submit an application to LMAN no later than three working days after receipt of verification report of reimbursement of bridging fund of toll road procurement from Finance and Development Supervisory Agency (BPKP).

That, pursuant to Permen PUPR 03/PRT/M/2017 Public Works and Housing Ministerial Regulation, BPKP is defined as the government internal auditor, which has duties to undertake internal supervisory on state finance accountability to

support good governance and is responsible directly to the President.

Furthermore, in Permen PUPR 03/PRT/M/2017 Ministerial Regulation on State Asset Mmanagement Agency –LMAN, BPKP LMAN is defined as a working unit within the Ministry of Finance carrying out the task of financing Land Procurement for Development for Public Interest in the implementation of National Strategic Project and performing the tasks and functions of State asset management agency by applying the financial management pattern of public service agencies.

B. Amendments to Regulations Required to Accelerate Infrastructure Delivery

B1. Cross-Sectoral Regulatory Changes related to Infrastructure Delivery

Additional regulation on the Cooperation Agreement Between the Government and Business Entities on Initiatives of Enterprises in Pirority Infrastructure Projects

The Regulation on Public Private Partnership (PPP) has so far been regulated in Presidential Regulation No. 38 of 2015 on Government Cooperation with Business Entities in Provision of Infrastructure ("Perpres 38/2015") and the Minister of National Development Planning/Head of Bappenas Regulation No. 4 of 2015, on Procedures for Implementation of Government Cooperation with Business Entities in the Delivery of Infrastructure ("Permen PPN 4/2015"). Based on Article 14 of Perpres 38/2015, the Minister/ Head of Institution/Regional Head initiates the delivery of infrastructure to be operated in cooperation with the business entity through the

Cooperation Agreement between Government and Business Entities (KPBU) scheme (solicited).

The provision of Article 14 of Perpres 38/2015, also regulates that the business entity may submit the initiative of the KPBU (unsolicited) to the Minister/Head of Institution/Regional Head by fulfilling several criteria.

PPP is one of the funding schemes of infrastructure delivery. Referring to the provisions of Article 22, of Perpres 75/2014, it is stipulated that the funding scheme for the delivery of priority infrastructure shall be determined by KPPIP.

In this case, the regulation of delivery of priority infrastructure in Perpres 75/2014, was not in line with the spirit of the unsolicited PPP in the provision of Article 14 paragraph (2) of Perpres 38/2015. The funding scheme for the delivery of Priority Infrastructure was determined by the Ministers through KPPIP, while the spirit of the unsolicited PPP is the delivery of infrastructure initiated by the business entity.

This can lead to an understanding that priority infrastructure delivery can not be done through

unsolicited PPP scheme. Whereas so far, there are examples of delivery of priority infrastructure with unsolicited schemes, namely in the single track train development project in East Kalimantan.

From the above description, the Government may need to issue new regulations governing the guidelines of the unsolicited KPBU procedures in the delivery of priority infrastructure.

B2. Cross-Sectoral Regulatory Changes in the Delivery of Infrastructure

Encouraging the issuance of a new Presidential Regulation on the Acceleration of Waste to Energy Power Plant (PLTSa) Construction in DKI Jakarta Province, Tangerang City, Bandung City, Semarang City, Surakarta City, Surabaya City, and Makassar City

In order to transform waste as a source of energy and improve the quality of the environment, and to increase the role of renewable energy in several cities, the Government has issued Presidential Regulation No. 18 of 2016, on the Acceleration of Development of Waste-Based Power Plant in DKI Jakarta Province, Tangerang City, Bandung City, Semarang City, Surakarta City, Surabaya City, and Makassar City (Perpres 18/2016).

Through Presidential Regulation 18/2016, the Government affirms the acceleration of PLTSa 2016-2018 development through the utilization of

waste which is the affairs of the Provincial Government of DKI Jakarta, Tangerang City, Bandung City, Semarang City, Surakarta City, Surabaya City, and KotaMakassar City.

Currently, Presidential Regulation 18/2016 has been revoked based on Supreme Court Decision Number 27P/HUM/2016 which stipulated that Presidential Regulation 18/2016 contradicts Law No.32 of 2009, on Environmental Protection and Management, Law Number 36 of 2009, regarding Health, and Law Number 12 of 2011, on the Establishment of Legislation.

The Issuance of Presidential Regulation on Accelerating Development and Operation at Kuala Tanjung International Port Hubs

Kuala Tanjung Hub Port has an important role for economic growth since it is a port adjacent to major industrial areas, serving the loading and unloading activities of containers, general cargo, liquid and dry, as well as supporting industries for domestic and international requirements.

Kuala Tanjung International Hub Port in Batu Bara Regency of North Sumatera Province (Kuala Tanjung International Hub Port) is one of the National Strategic Projects for which development and operation is to be immediately accelerated through assignment to SOEs. In addition, the acceleration of development and operation of Kuala Tanjung International Hub Port is also to be carried out in order to increase connectivity, maritime infrastructure development, development of a bonded logistics center and regional development in North Sumatera.

Because of the importance of the development and operation of Hub Port International Kuala Tanjung, the required legal framework that regulates the acceleration of development of Hub International Port Kuala Tanjung needs amendment. The Government is therefore required to issue a Presidential Regulation on the Acceleration of Development and Operation of International Hub Port Kuala Tanjung.



Sumber Foto : Riski Cahyadi/KPPIP
Keterangan : Foto Proyek Pelabuhan Kuala Tanjung



Issuance of Regulation on Working Team of Transit Oriented Development Of Kampung Bandan, on Project Mass Rapid Transit Jakarta

In the framework of accelerated implementation of Mass Rapid Transit development in the Province of Special Capital Region Jakarta requirement and to implement the provisions of Article 12 paragraph (2) of Perpres 75/2014, it became necessary to establish a Working Team on Transit Oriented Development (TOD) development of Kampung Bandan on Mass Rapid Transit Project in the Province of Jakarta Capital Region of North-South Line.

In Article 12 paragraph (1) and (2) of Perpres 75/2014, it is stipulated that (1) in performing its duties, KPPIP should be assisted by the Implementing Team and Working Team, and (2) the composition of the Executive Team and the Working Team and the Work Team is stipulated by Ministerial Decree whereby Coordinating Minister of Economic Affairs as the Chairman of KPPIP.

A series of tasks of the Work Team that has been proposed by KPPIP in the draft Decree of the Coordinating Minister for Economic Affairs are:

- a. development of assets within the Transit Oriented Development - TOD Area;
- b. preparing plans, monitoring, evaluation and control of acceleration of development in TOD Area;
- c. making Coordination and facilitation in technical and commercial preparation (pre-feasibility study and feasibility study), land provision and development of TOD Area;
- d. conducting an inventory of issues and obstacles and submitting recommendations in solving problems arising from the implementation of acceleration of infrastructure delivery in TOD Area;
- e. conducting inventory, coordination and facilitation of land consolidation around TOD Area in the development effort of TOD Area;
- f. acting as the coordinating committee of TOD Area that synchronizes the master plan of TOD Area with the development plan of Depo MRT Jakarta and the surrounding area development; and
- g. performing other related tasks given by the Coordinating Minister for Economic Affairs as the Chairman of the Committee for the Acceleration of Delivery of Priority Infrastructure.

B3. Required to Coordinating a Cross the Ministry/Institution Related to Regulation of Limited Asset Management Scheme (KePAT) for Optimalization of Infrastructure Delivery

Existing infrastructure projects (brownfield) can be optimized to improve the quality of infrastructure operations and obtain fresh funds for new infrastructure development. However, there is currently no legislation that specifically regulates the management of limited assets for optimization of infrastructure delivery.

To support the optimization of infrastructure asset management activities, the Coordinating Ministry for Economic Affairs is currently preparing a Presidential Regulation on Limited Asset Management Scheme (KePAT) for Optimalization of Infrastructure Delivery.

The provisions to be accommodated in the Draft Presidential Regulation are as follows:

- a. The types and criteria of infrastructure that can be optimized;
- b. Timing of asset optimization;
- c. The person responsible for optimizing the asset;
- d. Supervision and assessment of asset optimization activities;
- e. Structure of transaction implementation;
- f. Risk management;
- g. Procurement of business entities; and
- h. Scheme of cooperation and substance of the agreement.

To support the issuance of the Presidential Regulation, KPPIP has provided support in the

form of conceptual input and response to the Presidential Decree. The draft Regulation of the President is currently in the preparation stage. The Coordinating Ministry for the Economy has requested feedback from other relevant parties.

The legal issues identified in the review of KPPIP include:

1. The regulatory framework necessary to implement the Limited Concession Scheme to optimize infrastructure assets;
2. Parties who shall become the GCA in the LCS scheme;
3. In the context of assets owned by the MoF, whether upfront payment and/or fixed fees may be required under the LCS scheme;
4. In the case of a LCS agreement between the line ministries and the business entity, would it be possible to have the upfront payment and/or fixed fee be paid to the Public Service Agency;
5. The procurement of business entity. A regulation is needed to confirm that the procurement process does not follow the procurement of goods and services regulations;
6. The feasibility to have State Owned Enterprises (SOEs) as the standing partner in project implementation.



Chapter VII

KPPIP Future Plans



Photo Source : Fadil Aziz/KPIP

Note : Photo of Bekasi-Cawang-Kampung Melayu Toll Road Project



A. KPPIP Achievements

As of December 2017, KPPIP has made significant progress as described below:

- a. Stipulation of a new list of Priority Projects through the issuance of The Regulation of Coordinating Minister of Economic Affairs No. 5 of 2017. These projects were selected from the National Strategic Projects listed in Presidential Regulation No. 3 of 2016 juncto Presidential Regulation No. 58 of 2017.
- b. 2 projects in the port and toll road sectors already have a credible Outline Business Case (OBC) pursuant to the KPPIP OBC Development Guide, namely Bitung International Hub Port and Yogyakarta - Bawen Toll Road.
- c. 2 projects in the port and toll sectors, namely Patimban Port and Yogyakarta - Bawen Toll Road, have an intermodal master plan and AMDAL to improve the quality and completeness of the project preparation.
- d. 1 port project, namely Patimban Port, has obtained loan agreement.
- e. Has supported problem solving for priority projects acceleration.
- f. Has organized various capacity building activities related to the National Priority and Strategic Projects, particularly preparation of projects under the Public Private Partnership scheme (PPP) and the socialization of the KPPIP Outline Business Case - OBC Development Guideline.

B. KPPIP Plans in 2018

The following is the plan for KPPIP activities in 2018 which has been agreed by the KPPIP Implementation Team:

1. **Target of project achievement:**

- a. 6 projects to reach financial close and / or start construction by the end of 2018.
- b. 1 electricity program to receive funding from lending / donor agencies.
- c. 1 project preparation study to be prepared pursuant to the Guidelines for the Preparation of OBC KPPIP or FBC that is accepted by the market or bankable.

2. **Quality improvement targets:**

- a. Increasing the capacity of stakeholders in Priority and National Strategic Projects with a focus on monitoring and debottlenecking mechanisms as well as financial close processes.

- b. Establishing a Vocational Study Center to prepare the expert workforce required in the delivery of the National Strategic Projects.
- c. Providing selective counselling to Government Contracting Agencies in charge of National Strategic Projects in a debottlenecking effort.

3. **Regulatory improvement targets:**

- a. Identifying and ratifying issues in economic and social infrastructure.
- b. Resolving sectoral issues for the water and sanitation, electricity, road and financial sectors.
- c. Conducting harmonization of policies and regulations related to KPBU.
- d. Evaluating and implementing KPPIP work plans with clear targets for each Sector Work Team.

C. KPPIP Activities for Human Resources and Capacity Building

Manpower Requirements related to Priority Projects and National Strategic Projects

The National Long-Term Development Plan (RPJPN) 2005-2024 consists of four stages of the National Medium Term Development Plan (RPJMN).

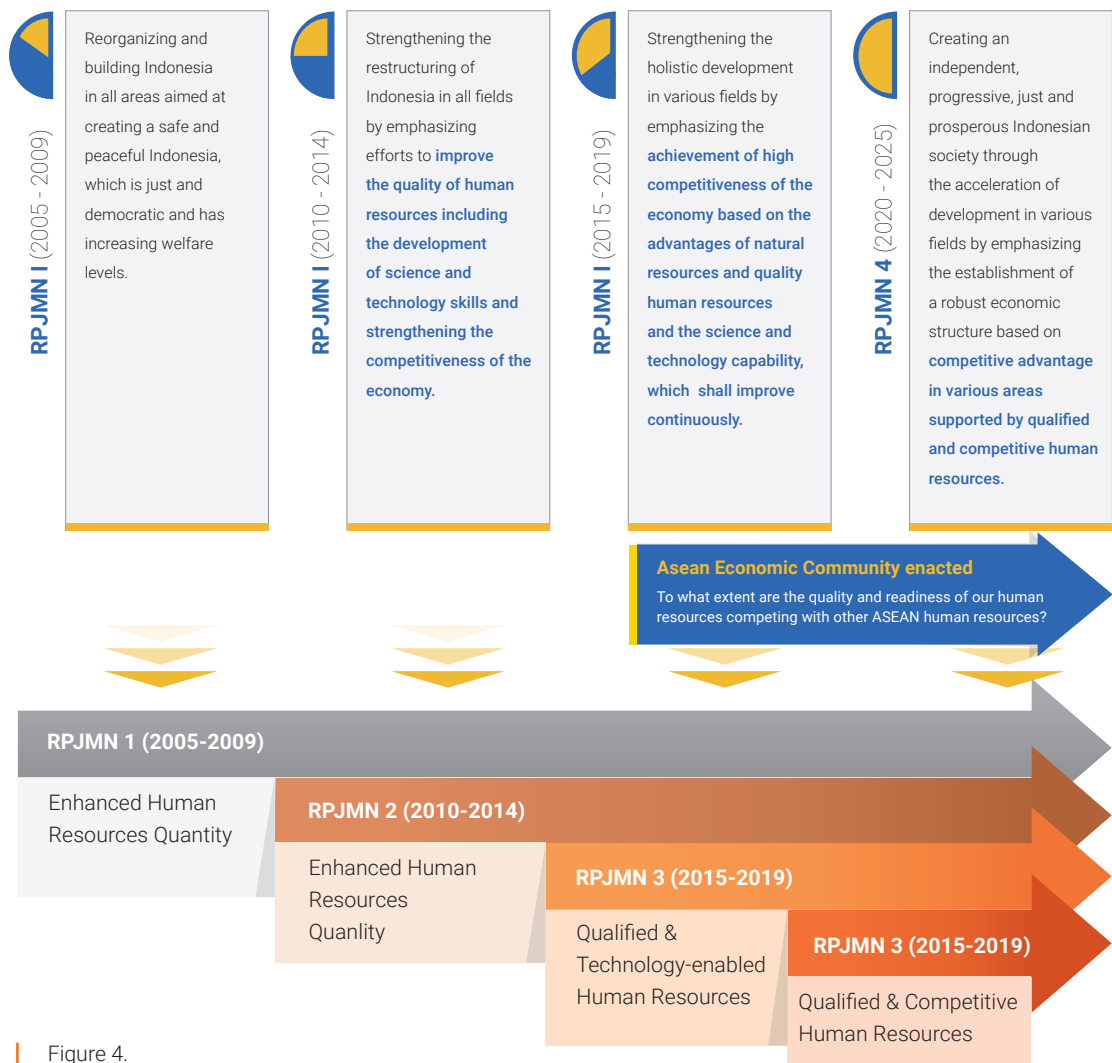


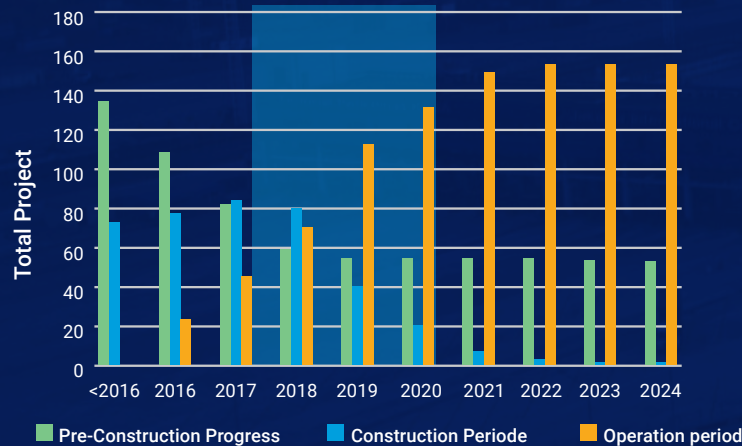
Figure 4.

Human Resources Requirement for Construction:

The Medium Term Development Plan (RPJM) vs. ASEAN Economic Community (MEA)

Currently we are in the penultimate year of the the National Medium Term Development Plan - RPJMN 3 (2015-2019) era. The direction for human resources in this era should be “Qualified and Technology-enabled Human Resources”. As for the upcoming era, the RPJMN 4 (2020-2024), we should have “Qualified and Competitive Human Resources”. Human resources provision plan should correspond to the direction of HR policy in both eras. RPJMN 3 era emphasizes on the strengthening of competence, while the era of RPJMN 4 emphasises international recognition.

THE PROGRESS OF NATIONAL STRATEGIC PROJECTS



THE PROGRESS OF PRIORITY INFRASTRUCTURE PROJECTS

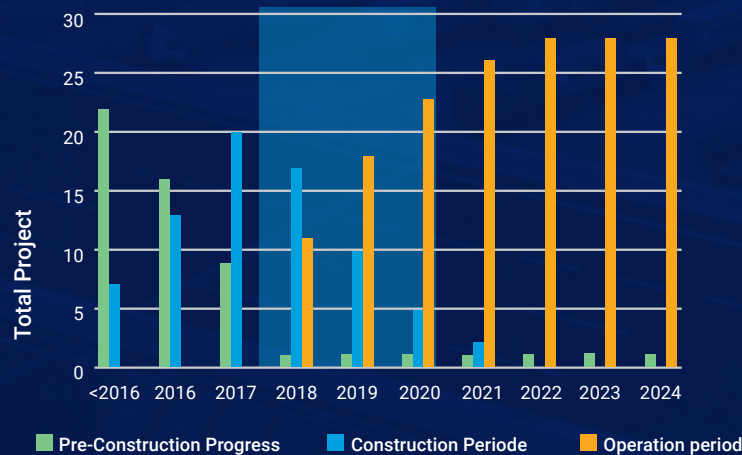


Figure 5
The Progress of National Strategic Projects and Priority Projects viewed in terms of the Pre-Construction, Construction, and Post-Construction phases

The Progress of National Strategic Projects and Priority Projects viewed in terms of the Pre-Construction, Construction, and Post-Construction phases

Furthermore, Figure 5 shows the progress status of the National Strategic Projects (PSN) and Priority Projects. As many as 54 PSNs need additional information on the construction and operation periods. That is why until 2024, a constant value is used for these 54 projects. In addition there are also 26 PSNs with unknown status. A portion of these projects have been revised on the PSN list under Presidential Regulation no. 58 of 2017.

The differentiation of construction and operation is important because of the different the human resource requirements. During the construction period, the deployment need of technical or skilled personnel, especially in the construction field, is intensive. While during the operation period, the deployment need for such personnel is reduced and generally replaced by personnel who are specialists in each type of infrastructure.

The various types of HR tend to have different competencies.

NO	Human Resources Requirement for Electricity and Power Sector with Enhanced Competencies	2016	2017	2018	2019
1	Generation	7,512	15,282	2,896	5,716
	Operation	156	627	1,818	3,724
	Maintenance	116	400	1,078	1,992
	Construction and Installation	7,240	14,255	-	-
2	Transmission	767	992	609	563
	Operation and Maintenance	767	992	609	563
3	Distribution (Substation)	2,730	3,864	2,256	2,034
	Operation and Maintenance	2,730	3,864	2,256	2,034
4	Installation	9,494	9,207	9,477	8,528
	Maintenance	9,494	9,207	9,477	8,528
Human Resources Requirement for Geology Mineral Resources and Coal Sector with Enhanced Competencies					
1	Operator for Smelter	-	5,643	342	171
2	Mining Operation Supervisor	544	480	760	760

Table 1.

Human Resources Requirement to Support Strategic Policy in Energy and Mineral Resources Sectors.

Human Resources Requirement for New and Renewable Energy Sector with Enhanced Competencies					
1	Operator Solar Power Plant	-	1827	-	-
2	Operator Mini Hydro Power Plant	-	270	-	-
Human Resources Requirement for Geothermal Sector with Enhanced Competencies					
1	Operator for Geothermal Power Plant	145	116	377	435
2	Supporting Operator	180	144	468	540
Human Resources Requirement for Oil & Gas Sector with Enhanced competencies					
1	Operator for Oil Refinery (Tuban and Balikpapan)	-	-	-	1,485

Tabel 2.

Surveyor Requirement for Cadastres / Land Surveyors for Supporting Land Registration Process

DESCRIPTION	UNIT	2015 A	2016 A	2017 P	2018 P	2019 P
Land Registration	lot	955,061	1,222,697	5,000,000	7,000,000	9,000,000
	ha	214,620	274,763	1,750,000	2,450,000	3,150,000
Number of Surveyors	person	2,000	2,000	2,000	2,000	2,000
Licensed Surveyors (existing)	Person	-	-	1,000	3,000	5,000
The Required Number of New Licensed Surveyors	person	-	-	3,000*	2,000	2,000
Total Surveyors	person	2,000	2,000	5,000	7,000	9,000

*) 1,000 people (existing) out of the target of 3,000 people have been fulfilled

Note:**Ratio 1 Surveyor** = 1,000 lots per year**The ratio of 1 lot** = 0.35 ha for the period of 2017-2019

Table 3.

Surveyor and Surveyor Assistant Requirement to Support Strategic Policy in Various Sectors

No.	Program	Ratio	Size	Time	Surveyor	Assistant		Ratio Assistant per surveyor		HR	Qualification
						Min.	Max.	Min.	Max.		
1	Electricity Program for 35GW										
	PLN Transmission	0.5 km/ team/ day	46,000 Km length	3 years	103	300	300	2.9	2.9	103 team (103 surveyors, 300 assistants)	Topographic Surveyor
	PLN Tower Base	5 bases/ team/ day	Base size = 20x20m	1 year (300 days)	23	39	92	1.7	4.0	23 teams (23 surveyors, 39-92 assistants)	Cadastral Surveyor
			Number of bases = 34,500								
2	Power Plant Land requirement (Coal Fired Power Plant)										
	Topographic Measurement	1-1.5 ha/ survey team/day	Area 10,000 hectare	1 year	34	99	122	2,9	3,6	34 tim (=34 surveyor, 99-122 asisten surveyor)	Surveyor Kadastral
	Data Processing	1 operator team per 3 survey teams			11					11 data processing teams	
	Total				45	135	180	3.0	4.0	45 teams (45 surveyors, 135-180 assistants)	
3	Toll Road Corridor										
	Topographic Measurement	0.5 km/ survey team/ day	2,600 km	3 years (900 days)	6	18	24	3,0	4,0	6 tim (=6 surveyor, 18-24 asisten)	Engineering Surveyor
	Data Processing	1 team operator per 3 survey team			2					2 data processing teams	
	Total				8	24	32	3.0	4.0	8 teams (= 8 surveyors, 24-32 assistants)	

No.	Program	Ratio	Size	Time	Surveyor	Assistant		Ratio Assistant per surveyor		HR	Qualification
						Min.	Max.	Min.	Max.		
4.	Coal Mining										
					120	250	250	21	21	250 assistant Cadasters	
										250 assistant Cadasters	
5.	Offshore Oil Drilling										
					100					100 surveyors No Cadasters Required	

Follow-up for Human Resources Overview for Priority Projects and PSN:

1. Data collection on the number of Human resources requirement and availability (number and quality / competency) continues from activities performed in 2017;
2. Measures taken to address the shortage of human resources (quantity and quality / competence);
3. Breakthrough or innovation in the framework of fulfilling HR related Priority Projects and PSN;
4. Affirmations related to maximizing human resources in the country; and
5. Fiscal support for relevant engineering courses to meet the necessary educational infrastructure.

Engineering Issues and Solutions

Key Issues

Law no. 11 of 2014 on Engineering was ratified on March 22, 2014. This law mandates that some derivative legislation should be issued no later than three years after it is enacted. However, until March 22, 2017 no Government Regulations, Presidential Regulations and Presidential Decree had been issued.

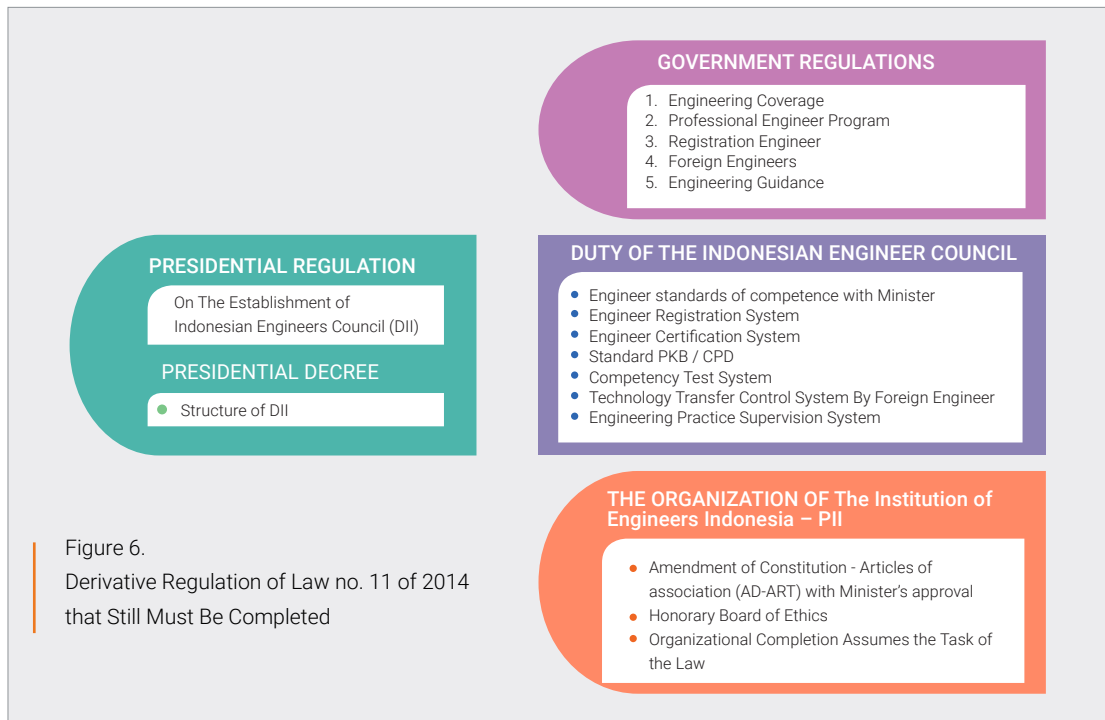


Figure 6.
Derivative Regulation of Law no. 11 of 2014
that Still Must Be Completed

The absence of derivative legislation pursuant to the mandate may have serious implications in, as much as the certification and work permit of the engineer may be declared null and void. This is due to the provisions stipulated by the Engineering Law, which states:

1. Any Engineers, technical graduates and certified applied engineering graduates are designated as Registered Engineers and shall be in conformity with this Law no later than three years after the Law is enacted (Art. 52 Item b); and
2. Any Engineer who has performed Engineering Practice with a work permit, but has not been certified before the Law is enacted, is declared as Registered Engineer and must be pursuant to this Law no later than three years since the Law is enacted (Article 52 Item c).

Apart from the three-year target, the Transitional Provision Section in Law no. 11 of 2014 has mandated a target of one year and two years after the law is enacted, as follows:

1. Within no later than one year (in 2015) the Indonesian Engineer Council (DII) has been established. In fact, until now DII has not been established. This makes some DII functions mandated by the Engineering Law not to be performed;
2. Within no later than two years (in 2016) the implementation regulations of this Law should be established. So far no PP has been issued. To fill in the blanks during the period, a Directorate General Regulation was issued instead;
3. Within no later than two years (in 2016) the Constitution and Articles of Association (AD-ART) of PII shall be adjusted pursuant to the provisions of this Law and obtain the approval of the Ministry of Research, Technology and Higher Education of the Republic of Indonesia (MRTH). The AR-ART has been established by the PII 2015 Extraordinary Congress as AR-ART PII and has also been endorsed by the MRTH in 2016.

Given there is no implementing regulation, there were conflicting opinions on the ground. For example, the Professional Engineer Study Program found in the colleges assumes that The Institution of Engineers Indonesia (PII) must discontinue the LSIP (Professional Engineer Certification Workshop) which has been held even before the Engineering Law. However, PII assumes that as long as there is no regulation issued, the discontinuance of LSIP will lead to a vacuum of certification activities.

The Government Regulations (PP) that should be explicitly developed as derivatives of the Engineering Law are as follows:

1. Registration of Engineer:
2. Substance: Article 10 to Article 14
3. Procedures for the imposition of administrative sanctions: Articles 15 and 16.

4. Foreign Engineers:
5. Substance: Article 18, Article 19, and Article 20
6. Procedures of the imposition of administrative sanctions: Article 21
7. Technical Guidance: Article 45 to Article 48
8. Scope of engineering discipline and scope of engineering: Article 5 paragraph (1) and paragraph (2)
9. Professional Engineer Program: Article 7 and Article 8

As an additional note, since 2016 PII Central Board has issued a decree to establish a Team to Accelerate the Formulation of PP derivative of the Engineering Law and has held several internal meetings with the Ministry of Research, Technology and Higher Education. To support this effort, a legal consultant has been contracted.

Common Problems to Overcome

1. Ratio of technical graduate per one million people

The Engineering Law is a very vital and strategic instrument to pursue the backwardness of Indonesia on the engineering side compared to some countries, both in ASEAN and the world. For example, Indonesia's position in terms of number of technical graduates per one million population is relatively low compared to other Asian countries such as South Korea (25,309 Bachelor of Engineering), Vietnam (9,037), China (5,119) and Indonesia (3,076). The low ratio makes it difficult for Indonesia to become host in its own country. The magnitude of the Priority and National Strategic Projects requires significant human resources.

With the low ratio of technical graduates per one million population in Indonesia, there is a concern that the shortage will be met by workers from neighbouring countries and overseas.

2. Recognition of Washington Accord (WA)

Another problem that we face is recognition of Indonesian university graduates. For engineering, there is a state-level accreditation system known as the Washington Accord (WA). Indonesia is relatively backward compared to neighboring countries in achieving recognition from WA. For example, other countries have become members of WA such as Hong Kong (1995), Japan (2005), Singapore (2006), Taiwan (2007), Malaysia (2009), Turkey (2011), Russia (2012), India (2014), Sri Lanka (2014), and People's

Republic of China (2016). The new countries to achieve Provisional Status are Pakistan (2010), Bangladesh (2011), and Philippines (2013). For Indonesia, only in 2013 did the Government begin to take action by submitting an ODA to the Government of Japan to get direction in order to get recognised by **Washington Accord**. It is planned that by 2019 Indonesia can get Provisional Status with sponsorship from JABEE (Japan) and ABET (United States).

3. Recognition of Development / Formation of Competence in Industry

Some industries in Indonesia have run professional development programs (formation of competence) for newly recruited engineering graduates within a certain period of time. Even after completing this professional development program, they still need to undergo professional training while working in company / industry. This fact should have been given the necessary government recognition related to the certification of the engineers concerned. Some industries that provide professional development programs include PT Pertamina (BPST), PT Badak LNG, PT Yokogawa Indonesia, PT Pupuk Indonesia, and PT Unilever Indonesia.

4. Engineer Profession Program (PPI)

Related to Engineering Law No. 11 of 2014, the government has appointed 40 universities to run the Engineer Profession Program (PPI) to develop engineering qualifications for Bachelor of Engineering and to certify engineers. This PPI program can be done in two ways, that is through regular program or Past Experience Recognition (RPL).

5. PII Certification and Construction Service Development Institute (LPJK)

LPJK is an Institution under the Ministry of Public Works and Housing (MPWH) that issues a Work

Competency Certificate (SKA) for engineers or engineering graduates and Vocational Certificate (SKT) for applied diploma and degrees. LPJK appeared in the MPWH following the emergence of the Construction Services Law established in 1999. However, since the establishment of BNSP in 2003, the authority of the MPWH, in this case LPJK, is limited to certification of skills / skills related to infrastructure projects. PII is one of the professional associations known and recognized by LPJK. In the organization of infrastructure projects, IPM can be Project Manager and IP can be the project implementer.

Holders of IP, IPM and IPU certificates may request SKAs to LPJK to obtain more specific field SKAs such as instrumentation, control, thermal and others. LPJK's recognized disciplines include civil, architecture, machinery (thermal), and electro (instrumentation and control). In the project (eligibility to participate in tenders), there is also certification for bodies / companies. With PII professional certification / individual engineers, the company's certification by LPJK is determined by the number of IPP, IPM and IPU within the company.

6. Indonesia's National Work Competency Standard (SKKNI) for Engineers at Each Vocational Entity

Each Vocational Agency (BK) within the PII develops Indonesia's National Work Competency Standards (SKKNI) for Engineers. This will become the reference of the PPI, the Learning / Past Experience Recognition Program (RPL), and the basis for conducting competency tests as well as the Professional Engineer Registration Program in Indonesia. The draft of SKKNI for Engineer is structured on the basis of competencies that are believed to represent each BK as well as stakeholder inputs, including the respective BK. The draft of SKKNI for Engineers then need to be pointed to BNSP and LPJK (as long as this still works). Input from BNSP and

LPJK is used to revise the parts that still require refinement before being set by the government to be an official state document.

7. Indonesian Engineers Council (DII)

According to Law no. 11 of 2014, the Engineers Council is a body of stakeholders in the implementation of Engineering matters which is authorized to make policies on the implementation of Engineering matters and supervise their implementation. Its tasks are formulating policies, establishing international engineering cooperation and overseeing technology transfer by foreign engineers. The formulation of these policies include the Engineer registration system, the Engineer Profession Program standards, the Sustainable Professional Development Standards, the supervision of the implementation of Engineering Practices by PII, Competency Test system, and Engineer competency standards. So the task of PII should be determined by the Engineers Council so that its position is essential. Referring to the mandate in the Engineering Law, DII should have been established no later than one year after the law was enacted.

The Council of Engineers mandated by the Law was rejected by the Ministry of Administrative Reform and Bureaucratic Reform (Kemenpan RB). PII proposed a Draft Government Regulation containing a proposed replacement body for the Council of Engineers before the Engineers Council is formed. The draft is being processed by the Legal Bureau, Kemenristekdikti. The proposals of the PII to the Presidential Decree and the Presidential Decree have been conducted since 2015 through meetings led by the Deputy of BPPT (currently Directorate of Reinforcement of

Research and Development, Kemenristekdikti), but the internal PII itself did not reach an agreement so it is difficult for it to be followed up by the Government.

On the other hand, the Government has launched a reduction / dissolution of non-structural institutions funded by the state budget so that the process of forming PII Indonesia is delayed until some future date.

8. Foreign Engineers

Foreign Engineers may carry out Engineering activities in Indonesia pursuant to national development needs. Foreign Engineers who wish to work as Professional Engineers (PE) in Indonesia must be registered as professional engineers in their home country. This is stated in Law no. 11 of 2014, Article 18 Item 3 and 4, namely:

1. Article 18 Item (3): To obtain the work permit as referred to in paragraph (2) the foreign engineer shall possess the Registration Letters of Engineer from PII based on the Registration Certificate or Certificate of Engineer's competence according to the laws of his country; and
2. Article 18 Item (4): In the event that a Foreign Engineer does not possess a Registration Certificate or Certificate of Engineer's Competence according to the laws of his country as referred to in paragraph (3), the Foreign Engineer shall meet the requirements referred to in Article 11.

Provisions concerning Foreign Engineers are governed by a Government Regulation as a derivative of the Engineering Law.

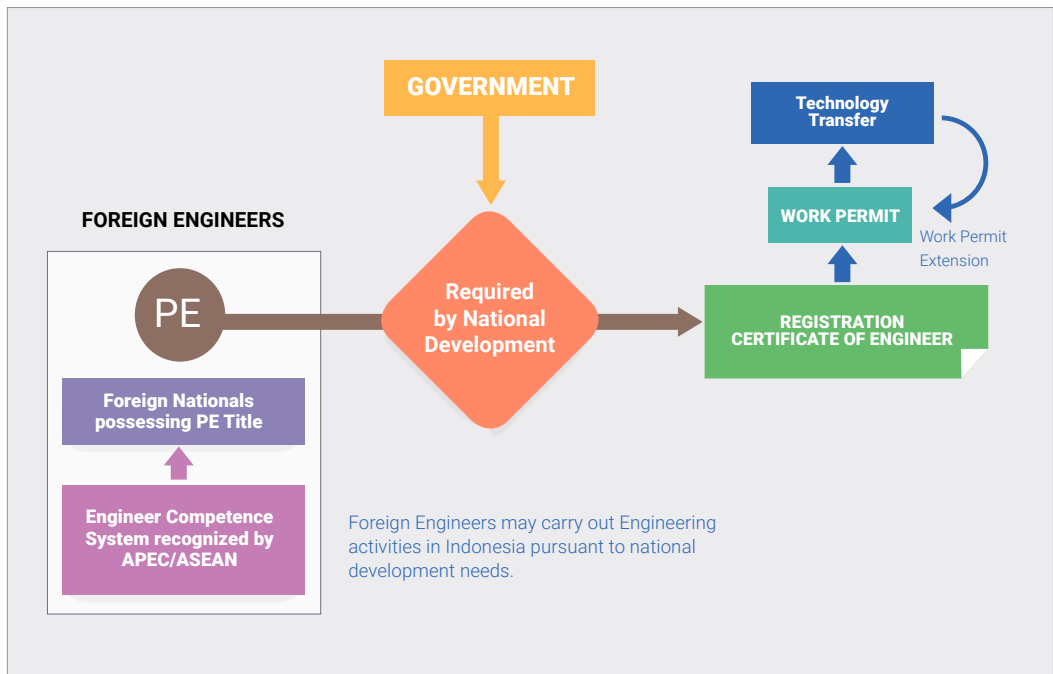


Figure 7.
Provisions on Foreign Engineers

It is necessary to add here, specifically to Human Resources in Construction sector, that there is a provision in Law no. 2 of 2017 concerning Construction Services Article 74 as follows:

1. Employers of foreign construction workers shall have a plan for the utilization of foreign workers and permits to hire foreign workers;
2. Foreign construction workforce may undertake construction work in Indonesia only in certain positions pursuant to the provisions of laws and regulations;
3. Foreign construction workers in expert positions to be employed by the employer must have a registration certificate from the Minister of Public Works and Housing;
4. Registration certificate is given based on certificate of competence of the foreign construction worker under the laws of his country;
5. A foreign construction worker in expert position shall implement knowledge and technology transfer to the companion worker pursuant to the provisions of laws and regulations;
6. Supervision of the use of foreign construction workers shall be carried out by the labor inspectors pursuant to the provisions of laws and regulations; and
7. More provisions concerning registration procedures for foreign construction workers shall be regulated in a Ministerial Regulation of Public Works and Housing.

Follow Up On Engineering Issues and Solutions:

1. The process of accrediting 240 technical study programs by IABEE for Indonesia to become a signatory of the Washington Accord begins with a provisional of status by 2019;
2. Fiscal support to study programs to be accredited by IABEE for accreditation fees; and
3. Involving industry (SOEs and private enterprises) in accreditation activities by IABEE.

In addition to the above, for the future plans, facilitation to Professional Engineer Study Program (PSPPI) is still under discussion, where important issues related to PSPPI facilitation needs are as follows:

1. Collaboration and empowerment of State Universities / Private Universities for the development of PSPPI curriculum;
2. Cooperation and empowerment of State Universities / Private Universities for the development of administrative and management system of PSPPI;
3. Cooperation and empowerment of State Universities / Private Universities for development of collaboration scheme and mechanism in the construction industry for professional practice;
4. Collaboration and empowerment of State Universities / Private Universities for system development, governance and RPL (past learning recognition) tools for the profession of engineers;
5. Collaboration and empowerment of State Universities / Private Universities for the preparation of the SST & SPdT equivalency system; and

6. Collaboration and empowerment of regional PII to support the implementation of PSPPI in State Universities / Private Universities.

Programs and activities to prepare construction industry as a place of practice for PPI are as follows:

1. Organizing industry categories;
2. Developing industry criteria;
3. Establishing collaboration patterns;
4. Developing standardized forms of collaboration;
5. Developing industrial collaboration plan; and
6. Developing collaboration evaluation methods.

Programs and activities to compile the categories and criteria of the construction industry to become the place of practice for PSPPI are as follows:

1. Study / assessment of readiness and feasibility of the construction industry as a place of practice for PPI;
2. Study / assessment of system arrangement and equipment in the construction industry to facilitate PPI practice;
3. FGD / workshop / seminar on the support needed from the construction industry for the success of professional engineer program; and
4. FGD / workshop / seminar on the formulation of Minister of Public Works and Housing regulation on the determination of category and criteria for the construction industry as a place of practice for PPI.

The program and activities to set the pattern and mechanism of collaboration among the construction industry, State Universities / Private

Universities, and PII for the implementation of PSPPI are as follows:

1. Study / assessment to establish pattern and mechanism as well as financing for collaboration on PSPPI implementation between State Universities / Private Universities and the construction industry;
2. Study / assessment to establish the system, collaboration structure, scope, roles, duties and responsibilities of the construction industry actors for the facilitation of PPI practices;
3. FGD / workshop / seminar on the ideal model for collaboration with the construction industry for the success of professional engineer program; and
4. FGD / workshop / seminar on the formulation of Minister of Public Works and Housing regulation concerning the pattern of collaboration with the construction industry as a place of practice for PPI.

The program and activities to compile the standard form of collaboration contract with the

construction industry, State Universities / Private Universities, and PII for the implementation of PSPPI are as follows:

1. Study / assessment to develop a standard form of PSPPI collaboration contract between State Universities / Private Universities and the construction industry;
2. Study / assessment to develop monitoring and evaluation system of the collaboration with the construction industry for facilitation of PPI practice;
3. FGD / workshop / seminar on the standard construction industry collaboration contract for the success of professional engineer program; and
4. FGD / workshop / seminar on the formulation of Minister of Public Works and Housing regulation concerning the standard collaboration contract with the construction industry, State Universities / Private Universities and PII in conducting PPI practice place.

Facilitated Activities for National Vocational Systems that Support the Implementation of Priority Projects and National Strategic Projects

Vocational development activities are part of government policy. In 2016, the President issued instruction in the form of Presidential Instruction No. 9 of 2016 on the Revitalization of Vocational High School Aimed to Improve the Quality and Competitiveness of Human Resources in Indonesia. Then, this year the development of vocations is incorporated into the

large framework of the Economic Equity Configuration Policy. Figure 8 shows the chronology of vocational policy in Indonesia where the unemployment rate in vocational education graduates is the highest, followed by high school and junior high school graduates. Therefore, the President instructed a reshuffle of the vocational education.

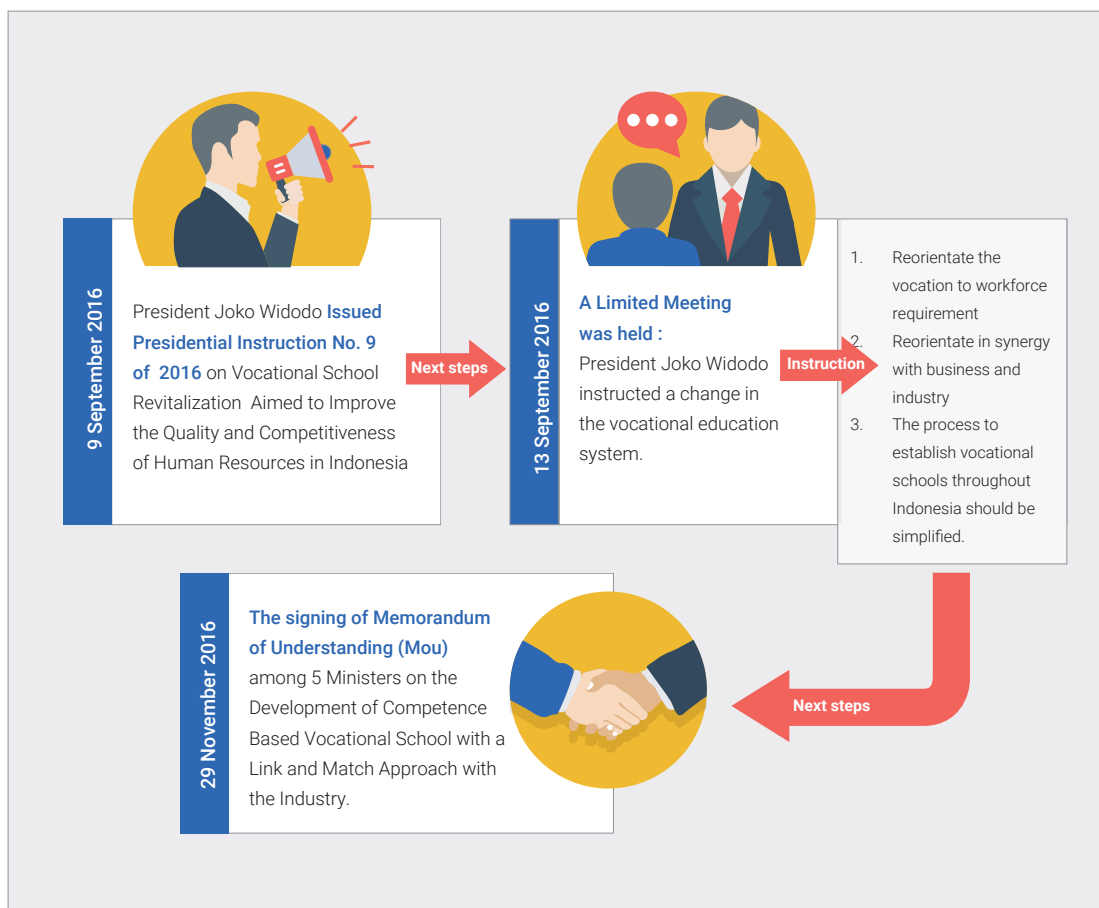


Figure 8.
Chronological Vocational Policy in Indonesia

In order to obtain an overview of the context of vocational development, an urgent configuration of the Policy on Economic Equity is required in various sectors. Various efforts to review and issue a new fairness-based policy are needed to achieve more optimal efficiency in sectors that impact on meeting the needs of the community at large. In 2017, the Government proclaims an Economic Equality Policy Configuration covering three areas of land, opportunities, and capacity of human resources.



Figure 9.
Configuration of Economic Equity Policy

Vocational and Employment work programs in support of the Economic Equalization Policy in the field of vocation and employment have five main policies that can be implemented to support economic equity policy:



Figure 10.

Vocational and Employment Work Programs in Supporting Economic Equity Policy.

Out of the five Vocational and Employment programs, KPPIP's assignment is primarily to support the Government's Strategic Programs consisting of four sub-programs:

1. Operator preparation program to support the 35,000 MW Electricity Projects
2. Preparation program for surveyors;
3. Workforce requirement for the transportation sector; and
4. Industrial labor preparation program.

The first and second programs are to be focused on the vocational development activities of KPPIP. As for the transportation sector, it will be focused on the development of capacity building of GCA (Government Contracting Agency) of the Ministry of Transportation. whereas the fourth program, although it is not considered as a National Strategic Program, it can be included, directly or indirectly, onto the development of vocations for electricity and surveyor.

Facilitated Activities for National Vocational Systems are directed to:

1. The reform of vocational education into a unique / specific education and is no longer a mass and general education;
2. Reorganization of vocational education so as not to become an education for underprivileged children (both economically and academically);
3. The concept of teaching factory is applied in school / vocational education; and
4. Industry involvement in vocational education through the PPP scheme.

Apart from descriptions for future facilitated activities, the submitted proposals in the development of vocations which will carry out three types of activities will be as follows:

1. Identification of vocational development for electricity
Technical personnel are required mainly for the construction and operational phase of the IPP. This is inasmuch as PT PLN has prepared the necessary personnel. Proposed activity details include:
 - a) Identification of problems and needs of vocational areas in the electricity sector. Through identification, it is known that PT PLN has guaranteed the manpower requirement fulfilled by PLN Training and Education Center. As for the IPP, it should be observed which ones have prepared and which ones have not yet;
 - b) FGDs to identify the problems and needs of vocations in the electricity sector; and
 - c) Preparation of database of human resources needs in electricity sector.

2. Implementation of the development of international standard for electricity vocation. This activity is mainly undertaken by vocational consultants from Australia to formulate the development of international standard electricity vocations. Activity details include:

- a) Proposal for the development of international standard electricity vocations;
- b) Determination of funding for Sustainable Skills;
- c) Collaboration contract with Sustainable Skills;
- d) Memorandum of Understanding with related parties; and
- e) Consultant assistance.

3. Formulation of vocational training for Cadastral Surveyors
This activity is intended to meet the needs of cadastral surveyor to support the land registration program with the PTSL method. Activity details include:

- a) Identification of problems and needs of vocation in the field of agrarian;
- b) FGD on identification of problems and needs of agrarian vocations;
- c) Workshop support PTSL (Complete Systematic Land Registry) by related parties; and
- d) Vocational training activities for Cadastral Surveyors.

Capacity Building Activities for Implementation Support of Priority Projects and National Strategic Projects

Capacity Building Activities for The Ministry of Transportation as the Government Contracting Agency (GCA) for Projects with the Public Private Partnership Scheme (PPP)



Figure 11.

Capacity Building Activities for The Ministry of Transportation as the Government Contracting Agency (GCA) for Projects with the Public Private Partnership Scheme (PPP)

The impediments of the implementation of the PPP scheme in Indonesia can not be separated from the unfamiliarity of the Ministries / Agencies responsible for the project to implement the scheme. At the beginning of 2017, KPPIP has identified the Ministry of Transportation as one of the parties responsible for potentially implementing the PPP scheme, particularly considering the potential of PPP scheme in priority projects in the transportation sector.

Therefore, KPPIP has conducted capacity building activities with the theme of "Preparing the Ministry of Transportation as the Government Contracting Agency (GCA) for Projects with Public Private Partnership (PPP) Scheme" in Bandung, 19-20 October 2017. In this event, KPPIP invited the Bureau of Cooperation of the Ministry of Transportation which has been

designated as the PPP Node and other Ministry of Transportation apparatus from every Directorate General, Secretariat, and Expert Staff. In addition, KPPIP also invited ministries / agencies related to PPP such as the Ministry of Finance, the Ministry of National Development Planning / Bappenas, and PT Sarana Multi Infrastruktur.

In this event, KPPIP cooperated with PT Tusk Advisory to provide lessons on the responsibilities of GCAs and learnings of PPP scheme. The materials presented included the introduction of schemes and phases of PPP, the discussion of the institutional organization in the implementation of PPP, the structure and the allocation of PPP project risk, the introduction of the Outline Business Case (OBC), the Financial Internal Rate of Return (FIRR), and Value for Money (VfM).

Capacity Building Activities for the Provincial Government of DKI Jakarta as Government Contracting Agency (GCA) for Project with Public Private Partnership (PPP) Scheme



Figure 12.

Capacity Building Activities for the Provincial Government of DKI Jakarta as GCA for Projects with PPP Scheme

DKI Jakarta Provincial Government Representatives and representatives from a number of Jakarta-owned Enterprises (BUMD) requested KPPIP facilitation to provide a capacity building program related to PPP scheme with emphasis on the mechanism for unsolicited project proposal and parties that can be assigned as the Government Contracting Agency (GCA). This capacity building activity was held on November 1, 2017 at Grand Cempaka Hotel, Central Jakarta by inviting Jakarta-owned Enterprises representatives including PD Pasar Jaya, PD Pembangunan Sarana Jaya, PT Jakarta Propertindo, PT Mass Rapid Transit Jakarta, PD Pal Jaya and PT Food Station Tjipinang Jaya.

The first session presented was the Introduction of Public Private Partnership Scheme. This session aimed to introduce the PPP scheme, the development of the scheme in Indonesia, examples of case studies on the

implementation of the PPP scheme, and the keys to successful implementation of PPP. Discussions at this session included the types of projects at the local level that can implement the PPP scheme, identification of the greatest risk after political risk, and the contribution from the implementing agency that includes funding, innovation, and know how.

The second session presented the institutional setup for the implementation of PPP which aimed to explain all phases of the PPP project, from the planning stage up to the transaction stage. In addition, information about the institutional structure of the GCA, including the PPP Nodes, the PPP Team, and the Procurement Committee, and their respective roles were also provided.

Furthermore, KPPIP provided lessons of the understanding related to unsolicited project, the definition and the advantages and disadvantages, and

the mechanism for proposing unsolicited PPP project. The next session was about PPP Structure and Risk Allocation. This session aimed to explain the features, sectors, and structure of PPP, the allocation of risks, the examples of the PPP structures in the transport sector, and the strategy in applying PPP.

From this session, participants could obtain information related to the type of infrastructure that can apply the PPP scheme. One of the issues raised by the participants in the discussion was the implementation of PPP in the transportation sector, market, and public housing. One of the inputs discussed is the implementation of the Availability Payment scheme for the PPP project in the social sector and potential project bundling which is expected to improve the feasibility of the project.

The last session in this activity was the Introduction to Outline Business Case, Financial Internal Rate of Return and Value for Money session. This session aimed to clarify the required studies, good form of preparation, benefits, and components of the assessment for the implementation of a good PPP scheme, especially in the preparation stage.

Discussions at this session included lessons learned from the Bangkok inner-city rail system that incorrectly calculated the demand estimates, the implementation of the Value for Money Guideline from KPPIP as a guide for the establishment of a funding scheme, and the PPP contract component that needs to emphasize output specifications and not regulate inputs.

Capacity Building Activities on Financial and Economic Calculations for the Waste to Energy Project

Given the plan to use the PPP scheme on most of the Waste to Energy projects, the ability to make financial and economic models is important to relevant stakeholders. In the preparation of OBC, in addition to financial calculations, project economic calculation is also required.

The ability to perform a project's financial calculations can be an effective tool in determining the financial feasibility and needs of a project based on certain financial parameters, such as interest rates on loans.

Furthermore, the economic calculation is a component that can be used in looking at the economic impact of a project. Economic calculations have not been widely understood by line ministries as well as business practitioners in Indonesia

KPPIP coordinated capacity building sessions with the support of Forecast Financial Modelling consultants as lecturers. The capacity building sessions included explanations of theories on the PPP scheme, financial and economic modelling and practice sessions on financial and economic modelling for the Tangerang Waste to Energy project.

Participants of the capacity building session included the Coordinating Ministry for Economic Affairs, the Ministry of Finance and KPPIP. The worksheet template from modelling by Forecast Financial Modelling consultants was given to all capacity building session participants and can be used as a basis for financial and economic modelling for other projects.

Workshop on Stages of Public Private Partnership and Role of Government Contracting Agency of West Semarang Clean Water Project



Figure 13.

Workshop on Capacity Building for GCA of West Semarang Clean Water Project

KPPIP has the mandate to facilitate the capacity building of apparatus and institutions related to the delivery of Priority Projects, including the understanding of Government Contracting Agency (GCA) on phases of PPP scheme and its role in each of these stages.

At a meeting between the Program Director, KPPIP and the President Director of PDAM Tirta Moedal Kota Semarang on June 5, 2017, KPPIP was asked to prepare capacity building activities for PDAM Semarang City with the theme of understanding of PPP scheme and the role of GCA in the stages of the PPP scheme.

KPIP together with PT Sarana Multi Infrastruktur compiled a series of materials for learning for Semarang City PDAM and Semarang City Government that will play a key role in the implementation of the West Semarang Clean Water PPP Project. The materials were prepared by KPPIP, Directorate of PDPPI Ministry of Finance, PT Sarana Multi Infrastruktur, and Indonesia Infrastructure Guarantee Fund/PT Penjaminan Infrastruktur Indonesia (PII).

Based on initial appraisal by KPPIP, capacity building activities needed to provide understanding on:

1. How to run the submission and granting of the project development facility after the preparation OBC?
2. How to draw up a team structure in the PPP Node that will perform tasks related to project preparation and debottlenecking?

In response to these requirements, the following capacity building programs were established:

1. "The Role of KPPIP in the Acceleration of Priority Projects Delivery" by KPPIP;
2. "Explanation of Project Development Fund and Viability Gap Fund" by the Ministry of Finance;
3. "Case Study of Umbulan Clean Water and Lampung Clean Water PPP Projects" by PT Sarana Multi Infrastruktur;
4. "Fundamentals of PPP Project Guarantee" by Indonesia Infrastructure Guarantee Fund/PT Penjaminan Infrastruktur Indonesia (PII).

The Ministry of Maritime Affairs and Fisheries Workshop on the OBC Guidelines

KPPIP has the mandate to facilitate the capacity building of the apparatus and institutions related to the delivery of Priority Projects and establish the quality standards of the Pre-feasibility Study and the evaluation procedures. In order to carry out the mandate, KPPIP held a workshop for the Ministry of Marine Affairs and

Fisheries (MMAF) on the Guideline for Preparation of OBC which included quality standards in preparing the project preparation document.

The following are the components that need to be discussed and reviewed in the preparation of the OBC or Pre-Feasibility Study.

No.	Component	Description
	Stakeholder planning and consultation	<ul style="list-style-type: none"> Identify stakeholders and collect information on the role of each stakeholder. Establish and approve project implementation organizations and oversight structures. Conduct public consultations to confirm basic infrastructure needs.
	Legal & Regulatory Analysis	<ul style="list-style-type: none"> Identify approvals and permits as well as clarify status. Identify necessary legal and regulatory issues to be completed and coordinated with stakeholders
	Technical Analysis	<ul style="list-style-type: none"> Analyze preliminary technical studies including location / conformity, etc. Prepare technical options. Provide initial infrastructure design
	Land & Environmental Assessment	<ul style="list-style-type: none"> Gather information about location requirements and project status. Identify social / environmental issues and clarify status. Review initial environmental analyzes / compile Land Acquisition and Resettlement Action Plan (LARAP).

	Risk Analysis	Identify key risks and estimate the consequences that can arise.
	Economic / Financial Analysis	<ul style="list-style-type: none"> • Estimated costs (construction costs and implementation costs). • Calculation of Financial Internal Rate of Return (FIRR) / Economic Internal Rate of Return (EIRR) (calculation of the overall project) and Viability Gap Funding (VGF) estimates.
	Project Funding Scheme	<ul style="list-style-type: none"> • Assess which funding scheme (government budget, SOE appointment, PPP or private) is the most appropriate based on project characteristics. Review Value for Money (VfM) in considering the most optimal funding scheme. • Conduct initial socialization with potential related investors on the possibility of PPP scheme.
	Knowledge transfer	Establish regular communications with stakeholders, including workshop to discuss OBC

Capacity Building Activities on PPP for Municipal Waste to Energy Projects



Figure 14.

Capacity Building Activities on PPP schemes for Waste to Energy projects

Since the inclusion of the Municipal Waste to Energy Project in Major Cities into the list of Priority Projects, KPPIP coordinated with the Coordinating Ministry of Maritime Affairs to support the acceleration of the project. Most of the projects were still in the preparation stage and no funding scheme had yet been determined. With the basic calculation that Waste to Energy projects are not commercial, it is necessary to use PPP scheme in order to obtain Government support and / or guarantee to improve the feasibility of the project.

KPIP coordinated and provided material in capacity building sessions on the PPP scheme for Local Government related to Waste to Energy projects.

The material presented in the sessions included the procedures for preparing PPP project as well as the potential for implementation on the Waste to Energy project.

The capacity building sessions have been held for the DKI Jakarta, Tangerang and Bali Governments. From these capacity building sessions, the relevant Local Government is expected to gain additional understanding on the implementation of the PPP scheme for Waste to Energy projects as well as an understanding of the steps that need to be taken to accelerate the delivery of such projects.

Capacity Building Activities on PPP for Utilization of Gas from Upstream Oil and Gas Project



Figure 15.

FGD and Capacity Building Activities for Bintuni Bay Industrial Estate Development in the Context of Utilization of Upstream Oil and Gas Priority Projects

The Bintuni Bay Industrial Area Project is a National Strategic Project that will focus on gas utilization activities, among others, from the Tangguh Train-3 project. To develop the project, the Ministry of Industry as the line ministry in charge of the project, required capacity building in terms of project preparation.

The stage of project preparation which forms the basis for the next steps is the stipulation of a funding scheme. Therefore, KPPIP and the Ministry of Industry conducted a series of discussion sessions to improve understanding of the funding scheme that can be used for the development of the Bintuni Bay Industrial Estate project.

Since November 2017, KPPIP has coordinated with the Ministry of Industry to conduct several FGD sessions to discuss the strategic role of the petrochemical industry development plan in Indonesia

as a form of downstream utilization of upstream oil and gas projects and financing schemes suitable for the development of the industry. KPPIP provided some exposure on possible funding schemes, especially SOE assignments and PPP schemes, as well as steps to be taken into account in the project preparation stage, such as the determination of GCA and the preparation of OBC.

During these sessions, related line ministries such as the Ministry of Finance and the Ministry of National Development Planning / Bappenas were also involved to provide explanation, especially related to the development of projects by using the PPP scheme. SOEs that have the potential to participate in the development of the petrochemical industry such as PT Pupuk Indonesia, PT Sarana Multi Infrastruktur, and Indonesia Infrastructure Guarantee Fund/ PT Penjaminan Infrastruktur Indonesia (PII) also participated in the capacity building sessions.

For Further Information, Please Contact



Menara Merdeka, 8th Floor
Jalan Budi Kemuliaan I No. 2
Jakarta 10110, Indonesia



+62 21 2957 3771
+62 21 2957 3772



+62 21 2957 3773



www.kppip.go.id



sekretariat@kppip.go.id



facebook.com/kppip



[@kppip_ri](https://twitter.com/kppip_ri)



[@kppip_ri](https://www.instagram.com/kppip_ri)