

Press Release

**INDONESIA INFRASTRUCTURE WEEK 2016:
ACCELERATING NATIONAL INFRASTRUCTURE DEVELOPMENT**

JAKARTA – Indonesian Chamber of Commerce and Industry (KADIN) in collaboration with Ministry of National Development Planning/Bappenas presents Indonesia Infrastructure Week (IIW) event, held at the Jakarta Convention Center, from Nov 9th to 11th 2016. IIW is a yearly conference and exhibition that offers investment opportunities for multiple stakeholders, ranging from the Central Government and Regional Government to the leaders of State-Owned Enterprises, aiming at accelerating the national infrastructure development. In 2016, IIW consists of five main activities, including exhibition, workshop, one-to-one meetings program, and conference. This year, IIW will bring together national infrastructure stakeholders and leaders of local and international business, providing solutions to critical national infrastructure expenditure over the next five years.

Indonesia, the ASEAN's largest economy, is now facing several challenges in developing national infrastructure which encompass road, train, airport, seaport, electricity, oil, public transportation, sea transportation, refinery, water, public housing, and technology. Until 2019, Indonesia's infrastructure requires US\$ 370 Billion (IDR 4.796,2 Trillion), while the capacity of state budgeting is only 41 percent of it, or US\$ 155 Billion (IDR 1.978,6 Trillion). In his speech, Minister of National Development Planning Bambang Brodjonegoro emphasizes that participation from business entities for alternative non-state budget infrastructure financing is needed to achieve the national priorities for infrastructure development. "This underlines the importance of private sector's role regarding investment in infrastructure," Bambang said.

To boost investment in infrastructure, Indonesia is tenacious in aiming 40th position in the World Bank Ease of Doing Business Index in 2017, up from 109th this year. The government has launched thirteen economic stimulus packages, all in favor of enhancing the ease of doing business in Indonesia by trimming down permits, procedures, bureaucracies, and costs. This strongly shows Indonesia is fully aware of infrastructure's pivotal role in its economy. The Public-Private Partnership (PPP) scheme is set to be the ultimate drive to accelerate infrastructure development in Indonesia.

Bambang reveals the success of the sustainable infrastructure projects depends on the funding scheme. There are several prerequisites to effectively and efficiently implement PPP mechanism: (i) human resources in identification of prioritized project and preparing PPP project; (ii) financing PPP project preparation and transaction; (iii) government guarantee; (iv) government support; and (v) regulation and institutional frameworks. "Bappenas is ready to support collective effort to accelerate national infrastructure development," Bambang added.

Without belittling the challenges, Indonesia remains the promising investment destination. Only in Indonesia that all investment attractiveness gathers, from abundant natural resources, young and polished workers, enormous and growing domestic market, government support in improving investment climate, while still being internationally acknowledged. The economic growth in the midst of global economic slow-downs is still

hovering around 5.18 percent during the past quarter. Credit report also shows an improving economic conditions.

Building infrastructure in Indonesia is in accordance to the fact that ASEAN is now thriving to implement the Master Plan on ASEAN Connectivity 2025. It has incorporated various initiatives in addressing a wide range of issues that includes the issue of domestic connectivity, including sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence, and people mobility. "This is an important aspect for Indonesia as we are also in process of strengthening our connectivity pattern, as stated in our National Mid Term Plan 2015-2019 (RPJMN 2015-2019). The coherency between the MPAC and the RPJMN 2015-2019 will be the backbone in ensuring national and global connectivity. Looking at the fact that the Government of Indonesia is promoting infrastructure funding through non-state budget considering the budget constraint, PPP mechanism is also in favor of the implementation of the MPAC," Bambang explained.

Setting aside the major accomplishment that ASEAN have achieved in the past few years, there are three major challenges that Indonesia need to continue to address. *First*, is the need of political commitment to implement project of MPAC. Strong political commitment is needed for realizing development plan and for creating a good environment for investment. Second is funding issues. Indonesia has experienced that the PPP mechanism is not as easy as it may sounds. Nonetheless, it should be viewed as trial and error process. Therefore, Indonesia should continue to learn from the best practices. Third is a coordination issue. There are four types of coordination that support implementation of MPAC projects, namely bilateral, cross-sectorial, regional ASEAN, and also local and center government.

To that extent, Indonesia Infrastructure Week 2016, with its 16.000 participant and the investment value of US\$450 Million, is vital to drive Indonesia's critical national infrastructure agenda forward. The event, not only position itself as the Government of Indonesia's medium to increase business entities contribution in infrastructure funding so that national priorities for infrastructure development could be achieved, but also serves as the vivid place for the public and private sector to join force together. "I believe that through cooperation, transfer of knowledge and experience, the escalation of competitiveness and inclusive economy growth could be realized," Bambang said.

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