

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

**Presentation at the 1<sup>st</sup> India Indonesia Infrastructure Forum (IIF)  
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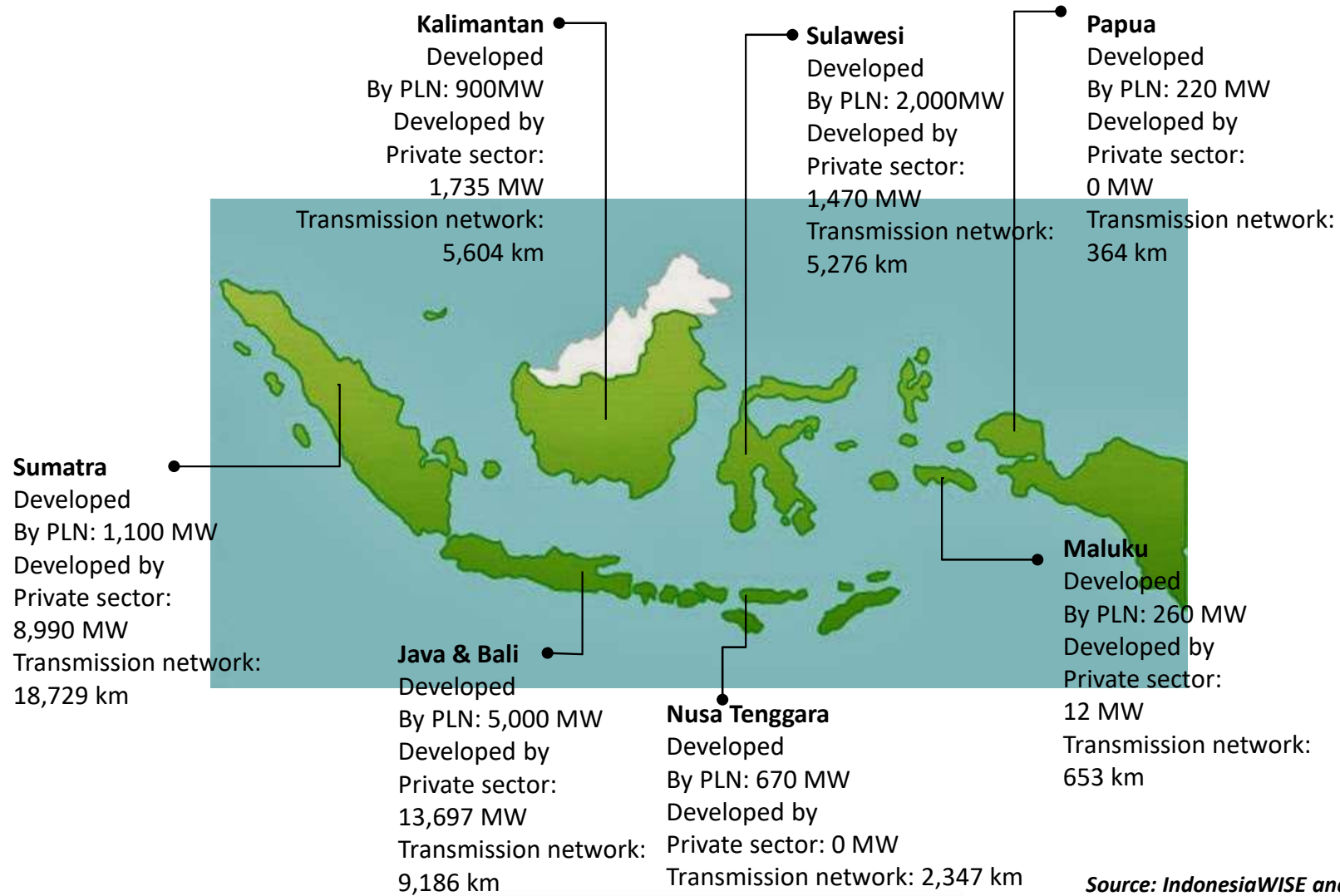
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### Indonesian infrastructure requires –

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

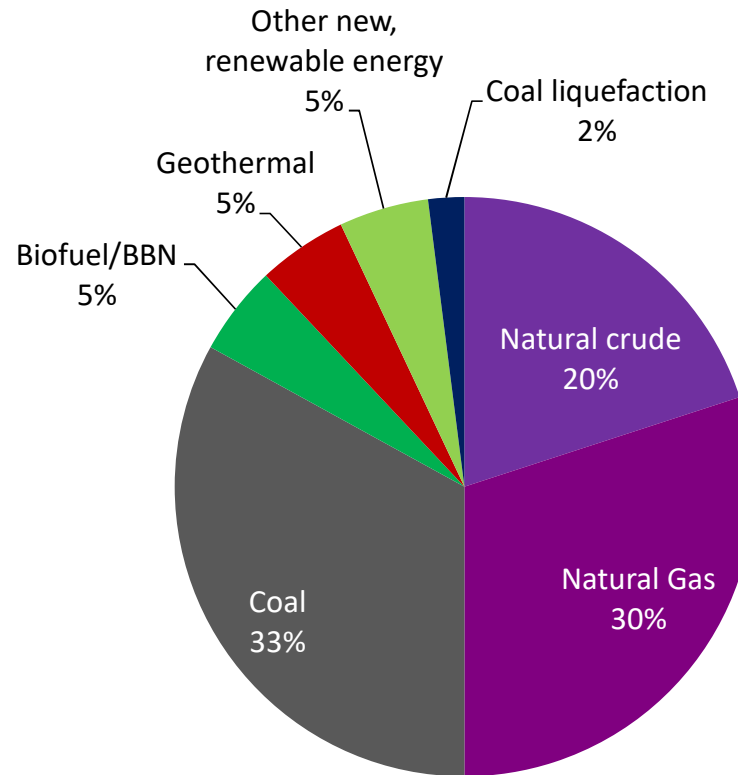
# Infrastructure Development Focus 1 – Power Sector (35,000 MW roadmap)



Source: IndonesiaWISE analytics using PLN data

## Infrastructure Development Focus 2 – Renewable Energy

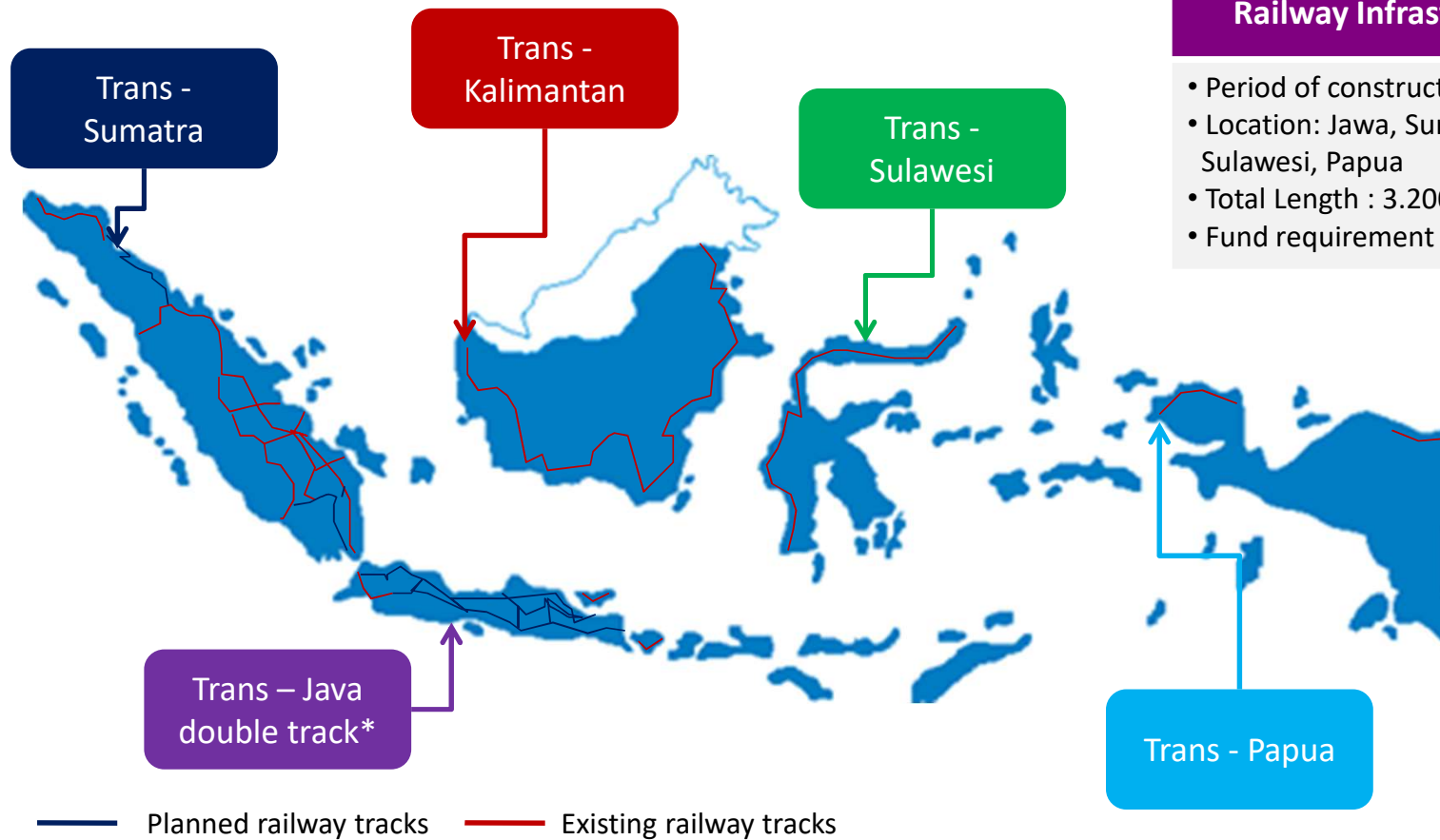
### National Energy Mix Target for 2025



Source: IndonesiaWISE analytics using Cabinet Secretariat data

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## Infrastructure Development Focus 3 – Railway Network

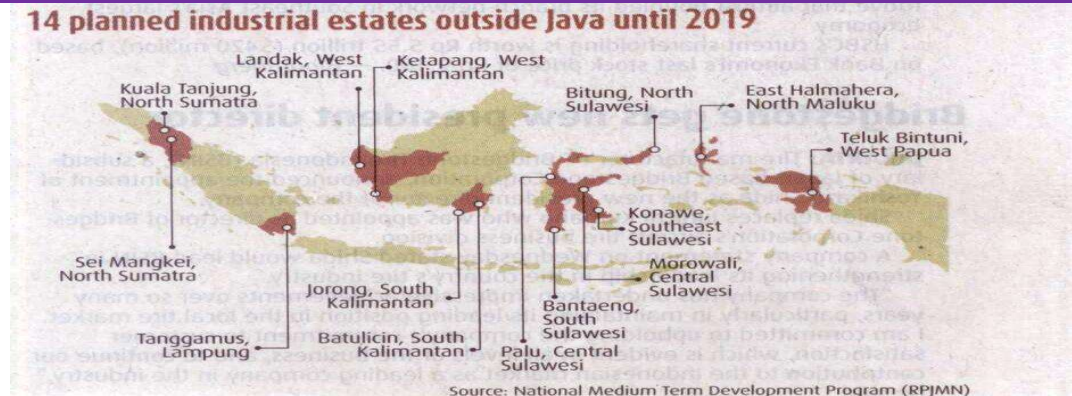


### Railway Infrastructure Projects

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

Source: IndonesiaWISE analytics using data from National Railway Masterplan (RIPNas 2010-2030)

## Infrastructure Development Focus 4 – Industrial Estates Outside Java



**14 planned industrial estates outside Java until 2019**  
*14 kawasan industri yang direncanakan di luar Jawa hingga 2019*

1	Kuala Tanjung, North Sumatra	8	Bitung, North Sulawesi
2	Sei Mangkei, North Sumatra	9	Palu, Central Sulawesi
3	Tanggamus, Lampung	10	Bantaeng, South Sulawesi
4	Landak, West Kalimantan	11	Morowali, Central Sulawesi
5	Ketapang, West Kalimantan	12	Konawe, Southeast Sulawesi
6	Jorong, South Kalimantan	13	East Halmahera, North Maluku
7	Batulicin, South Kalimantan	14	Teluk Bintuni, West Papua

Source: IndonesiaWISE analytics using National Medium Term Development Program (RPJMN) data

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## Infrastructure Development Focus 5 – Construction of Dams

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

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

Under construction before 2014	: 16 dams
Planned 2014	: 5 dams
Planned 2015	: 6 dams
Planned 2016	: 7 dams
Planned 2017	: 6 dams
Planned 2018	: 5 dams
Planned 2019	: 5 dams

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

*Source: IndonesiaWISE analytics using National Medium Term Development Program (RPJMN) data*

## Indonesia Infrastructure Development – Other Potential Sectors

Indonesian infrastructure development covers many sectors –

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

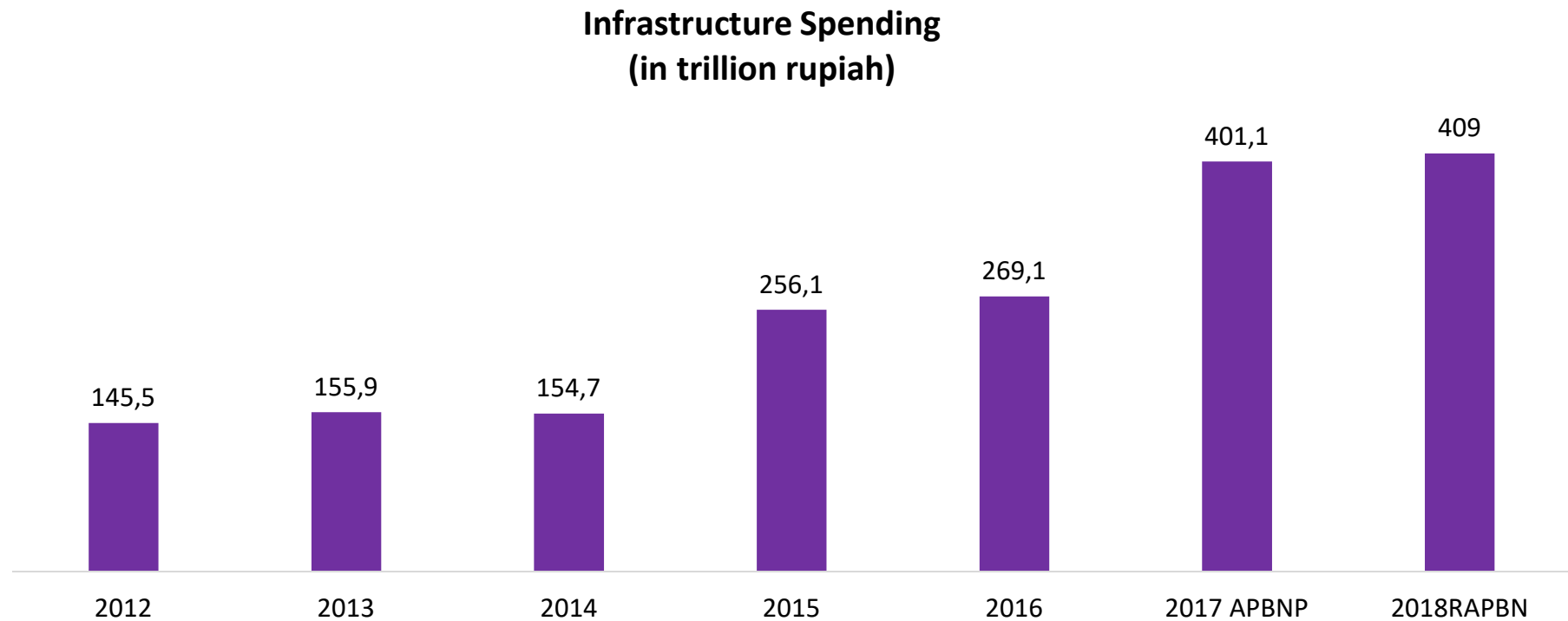
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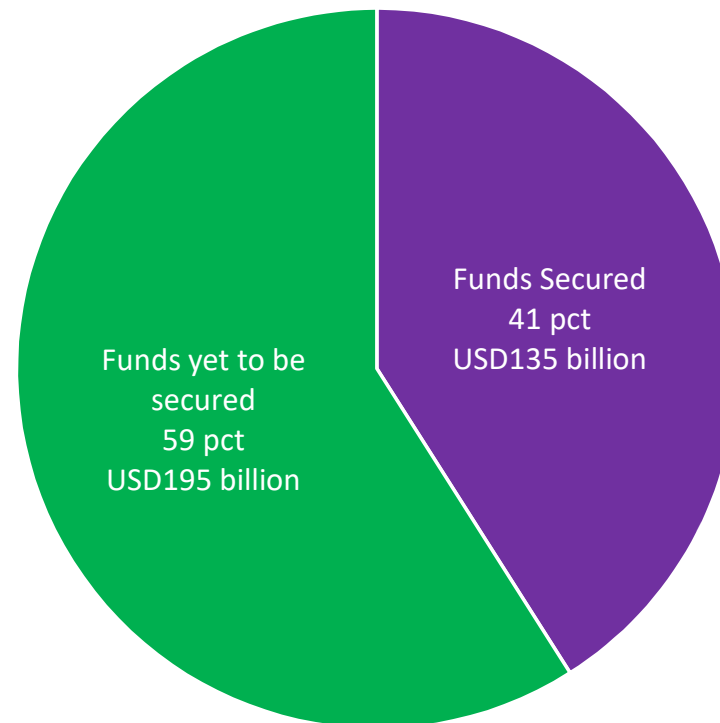
## Infrastructure spending has significantly increased under the new government



Source: IndonesiaWISE analytics using Fiscal Policy Agency data 2017

## Infrastructure Spending 2014-19 Funding Requirements

Total infrastructure development funds required USD 330 billion

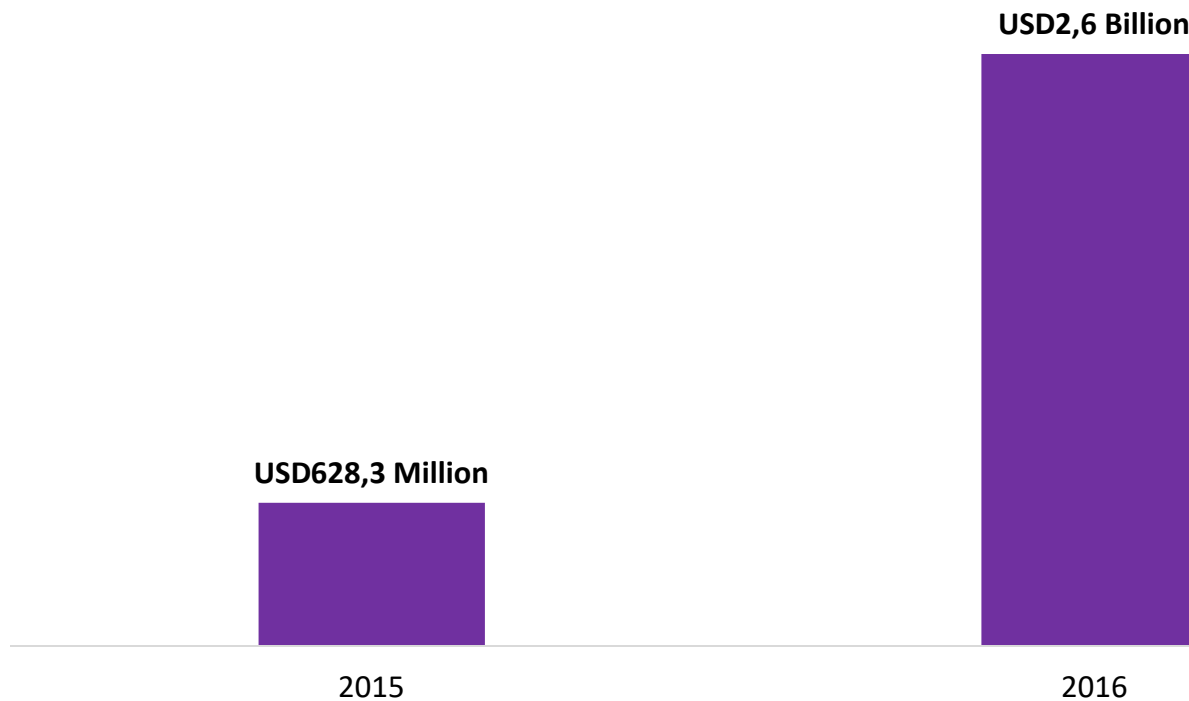


*Source: IndonesiaWISE analytics using National Development Board (Bappenas) data*

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**China is playing a very active role in Indonesia infrastructure projects.  
Indian firms need to catch up**

**China Investment in Indonesia  
(Realized Inflows)**



Source: IndonesiaWISE analytics using BKPM and Transportation Ministry data

Project	Total USD M
Toll Road Balikpapan - Samarinda	85
Toll road Manado - Bitung	60
Toll road Medan – Kualanamu	475
Toll road Cileunyi – Sumedang - Dawuan	250
Jadigede Dam, West Java	172
Tayan bridge, West Kalimantan	65

## Guidance for Indian companies seeking to invest in Indonesian infrastructure

Success in Indonesian infrastructure requires –

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

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**IndCham support for Indian infrastructure companies –**

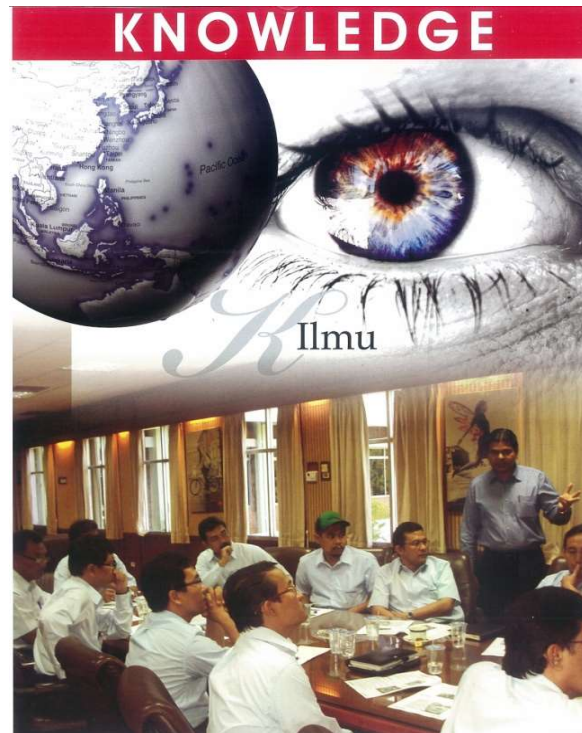
- 1. Coordination with Ministries**
- 2. Coordination with Industry Associations**
- 3. Experience sharing with Indian private sector companies that have invested over USD 15 Billion in Indonesia since 1970s and who account for direct employment of 50,000 and indirect employment of 200,000 workers**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

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Investment in infrastructure development in each other's development plans must become one of the pillars of the next phase of India-Indonesia relations



Thank You  
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