



Committee for Acceleration
of Priority Infrastructure Delivery



KPPIP Report

June 2014 - July 2015

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Acknowledgement

This Semester Report is developed to fulfill the mandate as stipulated in the Presidential Regulation No. 75 of 2014 article 29. Through this first Report, we would like to disseminate information about KPPIP's achievements since the commencement of its operations, effectively January 2015.

This Report has been made possible with the inputs from various officers and staff from the Ministries/Institutions, Regional Governments, and State/Region Owned Enterprises, who have given their support by sharing information and actively participating in the implementation of the infrastructure development from technical preparation, regulation, debottlenecking efforts, facilitation of coordination challenges, to implementation of priority projects acceleration.

In particular, this Report will not be possible without the support and guidances of the honourable: Dr. Darmin Nasution, the Coordinating Minister of Economic Affairs as the Chair of KPPIP; Dr. Sofyan Djilil, the Minister of National Development Planning and the former Coordinating Minister of Economic Affairs; Dr. Bambang Brodjonegoro, the Minister of Finance as the member of KPPIP; Drs. Ferry Mursyidan Baldan, the Minister of Agrarian and Spatial Planning as the member of KPPIP; Dr. Rizal Ramli, the Coordinating Minister of Maritime Affairs; Dr. Dwisuryo Indroyono Soesilo, the former Coordinating Minister of Maritime Affairs; Dr. Lukita Dinarsyah Tuwo, the Secretary of Coordinating Minister of Economic Affairs and the Deputy Chair of KPPIP Implementation Team; Dr. Ridwan Djamaluddin, Deputy of Infrastructure Coordination, the Coordinating Minister of Maritime Affairs; Dr. Dedy S. Priatna, the former Deputy of Infrastructure, Ministry of National Development Planning; Prof. Dr. Budi Mulyanto, Director General of Land Acquisition, Ministry of Agrarian and Spatial Planning as a member of KPPIP Implementation Team; and Dr. Ir. Wahyu Utomo, Expert Staff of Regional Development as the Secretary of KPPIP Implementation Team.

With the guidance from these honored officials, this Report was produced by the Implementation Team Secretariat and Project Management Office (PMO) of KPPIP, which is supported by Tusk Advisory. We take this opportunity to express our thanks to the experts and consulting team who have contributed in developing this Report.

We also express our gratitude to all parties for their support and cooperation. Let us continue to work together to deliver quality infrastructure to elevate the country's prosperity.

Luky Eko Wuryanto

Deputy for Coordination of Infrastructure and Regional Development Acceleration
as the Chairman of KPPIP Implementation Team

Foreword

COORDINATING MINISTER OF ECONOMIC AFFAIRS

Assalamuálaikum Wr. Wb.,

Infrastructure will always play a strategic role in national development, regardless of the development stage. Infrastructure development is a basic duty of a government. In the early stage of economy progress, the development is directed towards infrastructure delivery to fulfill the basic needs of the society. As the economy progresses, the focus shifts to the capacity and reliability improvement to boost economic competitiveness and eventually to attain inclusive and sustained development.

The availability of quality and reliable infrastructure is often used to measure the quality of life or a welfare condition. Though cliché, this is true given the availability of quality infrastructure and access to infrastructure will provide people with work, residential, and social options.

Under President Joko Widodo administration, infrastructure development becomes one of the main priorities. This is reflected in the high targets stipulated in the National Medium-Term Development Plan (RPJMN) 2015 – 2019. Hard work and firm commitment is needed to achieve the RPJMN targets. Learning from the experience, “business not as usual” approach is required to accelerate the implementation.

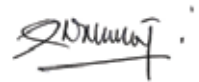
One important step that the Government of Indonesia has made is the stipulation of Presidential Regulation No. 75 of 2014 regarding the Committee for Acceleration of Priority Infrastructure Delivery chaired by the Coordinating Minister of Economic Affairs. The main mandate of this Committee is to revitalize various infrastructure development policies in order to accelerate the implementation as well as to expand funding potential from non-governmental sectors. Moreover, another important mandate is to monitor priority infrastructure implementation, which includes providing and/or monitoring project preparation, determining the most efficient and effective funding scheme and facilitating coordination for debottlenecking purposes to accelerate project implementation.

This Committee has been actively delivering its mandates since the beginning of 2015 and several concrete steps have been taken, both at the policy level and at the coordination level to solve operation challenges. Although challenges still exist, these notable steps, which use mechanisms constructed from the standard operating procedure developed based on international best practices, have been positively recognized not only at domestic level but also at international level. This recognition can be seen from the high interests shown by several financial institutions and international consulting firms to work together with KPPIP.

Different from the typical coordination team establishment pattern, KPPIP daily operation has been supported by professionals and pool of consultants that have expertise in infrastructure sectors. To deliver project preparation and to evaluate projects that are proposed by relevant ministries, KPPIP procured reputable and highly competent international consulting firms.

This first Report is developed for the first semester of 2015. Through this material, I hope that all stakeholders can learn about the steps taken by KPPIP and discern which steps were effective and which steps could be improved. I also hope to receive inputs from relevant stakeholders to ensure that there is a continuous improvement on our progress. Successful infrastructure development generally has a long-term dimension. Therefore, the policies that have been developed must be maintained to ensure consistency and sustainability.

Wassalamuáaikum Wr. Wb.,



Darmin Nasution

Coordinating Minister of Economic Affairs
as the Chairman of KPPIP

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INFRASTRUCTURE DEVELOPMENT PLAN IN INDONESIA





Introduction

Indonesia is the 16th largest economy in the world, with a Gross Domestic Product (GDP) of almost USD 1 Trillion. Goldman Sachs Global Investment in 2009 predicted that Indonesia's income per capita will increase to USD 14,900 by 2025 (the 12th in the world) and subsequently to USD 46,900 by 2045 (the 7th or 8th in the world). Indonesia will become a high-income country by 2025, assuming that the government plan is in realized. However, such achievement will be highly dependent on the economic growth, which relies on Indonesia's infrastructure delivery (RPJMN 2015-2019, 2015).

Indonesia has fundamental resources to achieve the abovementioned target, and these resources are in the form of abundant natural resources, a strategic location, and large population (i.e. enormous market and manpower). However, Indonesia's potential to be a powerful country in the world economy can not materialize incidentally.

There are a number of challenges that need to be addressed, which are listed as follows:

- 1. Indonesia currently suffers from “infrastructure crisis”** and this situation has been reflected in several economic indicators such as the Global Competitiveness Index (World Economic Forum, 2014) and the 2014 Logistic Performance Index as follows:
 - a. The logistic cost in Indonesia has reached 17% of the entrepreneurs' total expenditure. This cost is the least economical, compared to the cost in Malaysia of only 8%, in the Philippines of only 7% and in Singapore of only 6%;
 - b. Logistic cost in Indonesia has reached 24% of the total GDP and it is the highest in the Southeast Asia region (World Bank, 2013).
- 2. Limited infrastructure:** Based on the Global Competitiveness Index for 2014-2015, infrastructure provision in Indonesia is ranked 56th out of 144 countries. The rank is still far below Singapore, which is ranked 2nd, and Malaysia, which is ranked 25th.
- 3. Limited availability of the infrastructure financing allocation:** Only 5% of the Indonesian GDP is allocated for infrastructure in 2015, and only 2-3% was allocated in the previous years. As a comparison, the Government of the People's Republic of China (PRC) has allocated a budget at least 8-10% of its GDP.

The high logistic cost has directly reduced the competitiveness of Indonesian export products due to the high domestic production cost.

Improvements in a country's competitiveness is proportionally in line with its growth prospect, and infrastructure is a driver of the economic growth. The abovementioned Global Competitiveness Index indicates that Indonesia's infrastructure is inadequate to boost Indonesia's competitiveness potentials.

As a result, the development of National Medium-Term Development Plan (RPJMN) for 2015-2019 is aimed to address the infrastructure deficit in Indonesia, as well as to achieve the 9 priority agendas of the Government (Nawacita). To enhance productivity and competitiveness in the international market. Hence, the Government sets targets on infrastructure construction and development, which include: 10 new container ports construction; 6 ports revitalization to turn them into international hubs (Belawan, Makassar, Sorong, Tanjung Priok, Tanjung Perak, and Bitung), 76 pioneering routes development, 2,000 kilometres new roads construction, dedicated cargo airports development, 10 new industrial estates construction along with the construction of housing for the employees, and 5.000 traditional markets construction and modernization, as well as establishment of infrastructure banks. These Nawacita Targets were then developed and integrated into an infrastructure development plan in the 2015-2019 RPJMN.

A. Infrastructure Development Plan in accordance with the 2015-2019 RPJMN

The initiative to transform Indonesia to be a developed country in 2025 had become the fundamental basis of the Masterplan for Acceleration and Expansion of Indonesia's Economic Development (MP3EI). As stipulated in the Presidential Regulation No. 32 of 2011, the emphasis of MP3EI is to become a change initiative by managing local potentials through economic corridors establishment, improving national connectivity through synchronization of national infrastructure action plans and regulation, and partnering with private sectors using PPP scheme.

In order to transform Indonesia to be an independent, developed, equitable, and prosperous country, the Government of Indonesia has set the RPJMN, which formulates the policy directions for infrastructure development in 2015-2019, as followed up in the Presidential Regulation No. 3 of 2015.

Inadequate infrastructure provision to support the economic growth is the main obstacle in maximizing the investment growth opportunities and leads to high logistic cost.

In formulating the 2015-2019 RPJMN, the Government of Indonesia has divided infrastructure development policy to a number of directions to address some issues, which include inadequate road condition, limited railway line development, non-competitive port performance, low electrification rate, and limited water resources capacity.

To address the aforementioned issues, the Government has set achievement targets for infrastructure development and improvements as follows:

Indicator	2014 (Baseline)	2019
Electrification Ratio	81.5%	100%
Per Capita Electricity Consumption	843 KWh	1,200 KWh
Access to Safe Drinking Water	70%	100%
Access to Basic Sanitation	60.5%	100%
National Roads in Good Condition	94%	99%
National Roads	38,570 km	46,770 km
New Roads	1,028 km	2,650 km
Toll Roads	260 km	1,000 km
Railway Line	5,434 km	8,692 km
Number of Ports	278	450
Port Dwelling Time	6-7 days	3-4 days
Number of Airports	237	252
On-Time Airline Flight Performance	75%	95%
Broadband Coverage in Regencies/Cities	82%	100%
Number of Ferry Jetties	210	270
Market Share of Urban Public Transport	23%	32%
Capacity of National Raw Water	41.44 m ³ /sec	118.6 m ³ /sec
Number of Man-made Reservoirs	21 reservoirs	49 reservoirs
On-shore Regasification Units	0	6
FSRU Development	2	3
Gas Pipeline Network	11,960 km	17,960 km
Gas Station (SPBG) Units	40	118
Number of Houses Connected with the City Gas Network	200,000	1,000,000
Construction of New Refineries	0	2

(Source: RPJMN 2015-2019, 2015)

B. Problems in Developing Infrastructure in Indonesia

A number of challenges that hinder Indonesia's infrastructure delivery occur in the preparation and implementation phases. These challenges are:

1. Lack of coordination, particularly due to the distribution of authorities and the decision making process;
2. Inconsistencies between funding plan and implementation needs;
3. Difficulties in land procurement and acquisition process;
4. Lack of capacity within the Ministries/Institutions/ Regional Governments and/or the Government Contracting Agency in delivering infrastructure projects, particularly under the PPP scheme;
5. Slow regulation drafting process and overlapping regulations that result in investment delays.



1. Issues in the Distribution of Authorities and the Decision Making Process

Implementation of decentralization of authorities and decision-making process, which has been adopted since the reformation era in Indonesia, has not been followed by regional capacity development such as in personnel and budget allocation. The large number of infrastructure projects in the region, means that Regional Governments have to serve as the government contracting agencies and the project executor.

Regional Governments' responsibility in an infrastructure provision has been specified in the Law No. 23 of 2014 on the Regional Governments. As described in the Law, both Provincial Governments and Regency/City Governments have responsibilities to determine development and spatial plan, provide public facilities and infrastructure, and manage environmental impacts. In addition to this, the Law No. 32 of 2004 along with the amendment to the Government Regulation No. 65 of 2005 specifies the guideline on minimum service standards which may be used as a reference by the Regional Governments to develop their infrastructure plans.

When a Regional Government cannot fulfill the fundamental infrastructure needs, the Central Government has an authority to penalize including to give a sanction to the Regional Government. However in the implementation, there is no clear guideline for the Central Government especially the Ministries to deliver such punishment and sanction. This situation has delayed preparation and implementation of the infrastructure provision.

In addition to the implementation issues at the Regional Government level, the absence of coordination between ministries and government institutions is also an issue contributing to delays during project implementation process. As an example, the decision to set project priorities is often not coordinated among the ministries and the institutions at the central government level. As a consequence, project implementation often becomes stagnant or delayed, or at worse case, is cancelled because the project is unable to obtain the required support from all related agencies.

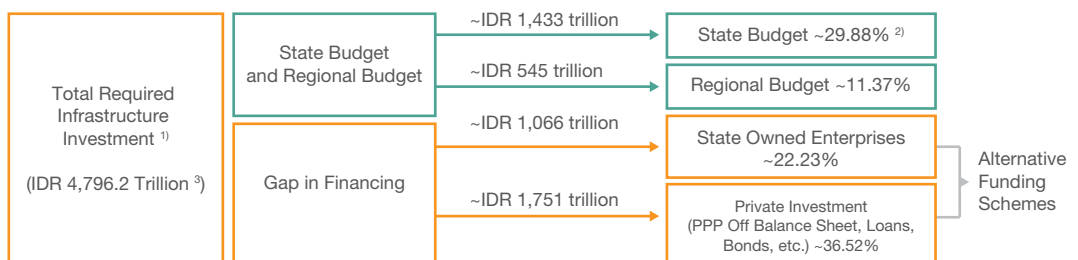


2. Inconsistencies between Funding Plan and Implementation Needs

Constraints in infrastructure provision also comes from the amount of budget required to finance the project implementation, and as a result, infrastructure projects are forced to seek fundings from many sources. For example: an infrastructure project is planned to be financed by State Budget (APBN), Regional Budget (APBD), and Business Entity fund. During the implementation, a delay in the project delivery could occur due to inaccessibility of fund as a result of a non-synchronized scheduling between budget planning, implementation of land procurement, and business entity tender.

An analysis conducted by the Ministry of National Development Planning shows that the total investment amount required for infrastructure provision is IDR 4,792.6 Trillion in the period of 2015-2019. However, the allocated funds from APBN and APBD for infrastructure is only IDR 1,978 Trillion (approximately 41.52%) and hence, alternative funding schemes are required. The alternative schemes will be funded from the Indonesian State-Owned Enterprises (SOEs) (approximately IDR 1,066 Trillion or 22.23%) and private investment (approximately IDR 1,751 Trillion or 36.52%).

Therefore, a sound plan is crucial, where fundings from from APBN and APBD can be allocated to the most critical infrastructure, while other highly bankable infrastructure projects can be used to attract private investments.



Notes:

1) The figure reflects funding needs target.

2) The portion of State Budget is based on the budget proposed by the Ministry of National Development Planning and approved by the Ministry of Finance.

3) The estimate is based on capital expenditure of investment and rehabilitation of large projects, not including operational and maintenance expenditure of existing infrastructure.



3. Difficulties in Land Procurement and Acquisition Process

Land procurement implementation and acquisition have always become a constraint in the infrastructure provision. The lengthy process provides an opportunity to land speculators to increase land price and as a result, the fund prepared by the Government is often insufficient during the compensation payment process. In addition, inadequate capacity of government personnels and technology unavailability for data collection and registration also contribute to the delays in project land acquisition process.

Moreover, imbalanced availability and completeness of land survey equipment between the Central Government and Regional Governments have frequently delayed land acquisition process.



4. Lack of Capacity within the Ministries/Institutions/Regional Governments and/or the Government Contracting Agency in Delivering Infrastructure Projects, Particularly under the PPP Scheme

The problem in delivering infrastructure does not only lie on the authority distribution. Lack of human resources capacity at the regional level to prepare, implement, and maintain infrastructure in their respective regions is identified as another barrier.

Currently, Regional Governments use a major portion of their budgets for salaries and routine expenditures. Hence, a minimal budget allocation for infrastructure often becomes a constraint for infrastructure provision at a regional level. This situation has been increasingly alarming, particularly considering that there is no minimum allocation obligation for infrastructure in the Regional Government budget, which is essential to support regional economies.

In addition to the above, Regional Governments also lack of human resources capable to take responsibilities as the executor or the project manager. This problem is closely related to the Central Government's weak role in ensuring capacity building and resources allocation from the Central Government to the Regional Government; hence it results in inefficiency in delivering infrastructure projects.

In particular, a Public-Private Partnership (PPP) scheme requires a firm project conceptualization, a regulation framework, and a capacity building for both Central Government and Regional Government as the Government Contracting Agency (GCA).

For PPP projects, in which tender will be carried out in a competitive and transparent manner, projects must be prepared properly and must follow an international standard to attract investors and these projects must meet their standards. Considering that the number of PPP projects is still limited in Indonesia, the Central Government needs to provide its support to the Ministries/Institutions and the appointed Regional Governments as the GCAs, by setting up quality standards for project analysis and providing a transparent and competitive system to procure consultants and business entities. With such support, there will be a capacity building at the respective GCAs and this will contribute to the growth of PPP projects in Indonesia in the coming years.



5. Constraints in Preparing and Implementing Regulations

The constraints in preparing and implementing policies and regulations have become huge obstacles in the infrastructure provision. Lack of coordination between the ministries and the state institutions in preparing a regulation frequently delays the issuance of a regulation that is essential in project implementation. Due to this delay, there is no legal basis for the project implementation and therefore, the project implementation is pushed back past its schedule.

Furthermore, the existing regulations quite often overlap and contradict with each other, and this confuses the Government Contracting Agency in carrying out their responsibilities. To ensure a smooth implementation, the existing regulations frequently have to be revised to make them in line with the new regulations. In preparing or revising the regulations supporting the infrastructure development, a coordinator is needed to be a champion to safeguard the process.



Efforts Accomplished by the Government of Indonesia

To accelerate infrastructure provision, the Government of Indonesia has issued a set of laws and regulations, prepared a number of initiatives, and set up institutions as follows:

• Improvement on PPP regulation

By taking into account the growth of PPP project potential, the Government of Indonesia has revised the Presidential Regulation No. 67 of 2005 on PPP and its amendments by issuing the new Presidential Regulation No. 38 of 2015 on PPP on 20 March 2015.

This new Presidential Regulation addresses the constraints

which contributes to delays in PPP implementation, such as: PPP for the social infrastructure; a low quality of pre-feasibility studies; gaps of quality in assets that were partly constructed by the Government; unattractive investment return scheme; and weak Ministries/Institutions commitment for PPP projects. These revisions are described in Picture 1.



Picture 1: Improvements on Presidential Regulation No. 38 of 2015

The Ministry of National Development Planning has issued the Ministerial Regulation No. 4 of 2015 on the Implementation Procedures for a Public-Private Partnership in Infrastructure Provision. This Ministerial Regulation is a derivative regulation to supplement the Presidential Regulation No. 38 of 2015 on PPP.

• **Regulation improvement to accelerate land procurement process**

The Government of Indonesia issued Law No. 2 of 2012 on Land Acquisition for Public Interest, with a purpose to provide certainty about the land acquisition duration for the Government Contracting Agencies and the Investors. The Law sets a maximum time of 583 days to complete the land acquisition process (Picture 2).

a land acquisition which can be reimbursed by the Government following the completion of land acquisition process. With this Regulation, the land acquisition process is expected not to be delayed by the unallocated budget or the delay on the Government budget disbursement.

For its implementation, the Law No. 2 of 2012 was supported by the Presidential Regulation No. 71 of 2012 on Land Acquisition Implementation for Developing Public Facilities, which has been revised into the Presidential Regulation No. 99 of 2014 and recently, by the Presidential Regulation No. 30 of 2015. The amendment to the Regulation allows a Business Entity to allocate fundings for

“Law No. 2 of 2012 was successfully applied in the Palembang - Indralaya Section of the Trans Sumatra Toll Road project.”



Picture 2: Land Procurement Process as Stipulated in Law No. 2 of 2012

• **Other initiatives to accelerate infrastructure provision**

On top of the abovementioned efforts, the Government of Indonesia has also established several institutions in order to support infrastructure projects. These institutions are: PT Sarana Multi Infrastruktur (PT SMI), whose role is to provide long-term funding and also a facilitation during the project preparation; PT Penjaminan Infrastruktur Indonesia (PT PII), whose mandate is to provide guarantee to PPP projects; and PT Indonesia Infrastruktur Finance (IIF), which is established to fill in the vacancy of long-term funding, particularly with a tenure of more than 15 years, and to

develop funding products, such as mezzanine financing, to boost the investors' confidence.

Moreover, the Government of Indonesia has also provided other supporting initiatives for PPP projects. Such initiatives are: land capping and land revolving funds as supporting instruments for land acquisition; and Viability Gap Funding (VGF) as a funding support facility from the Ministry of Finance in order to improve commercial feasibility and financial feasibility of PPP projects.

The abovementioned efforts in land acquisition, project feasibility improvement, and project preparation support have been carried out to accelerate infrastructure provision in Indonesia. However even with such efforts, Indonesia still needs additional reinforcement on the implementation aspect, especially on coordination (monitoring and debottlenecking), project preparation quality improvements, and capacity building. **Therefore, there is a need to establish a committee focusing on driving project preparation quality improvements and implementation accelerations.** As the Project Management Office (PMO) for priority infrastructure, the Committee will improve coordination and assure timely priority infrastructure implementation. As a model in preparing the priority projects and developing the standards of project preparation quality, the committee will disseminate the “know-how” in quality infrastructure preparation. By providing training and a hands-on experience for the Ministries/Institutions, the Committee can promote improvement on the human resources capacity and responsibility.



Conclusions

2015-2019 RPJMN was developed to address infrastructure deficit in Indonesia and consists of development and improvements in basic infrastructure, water security, energy sovereignty, and connectivity. The plans that have been developed will face a number of constraints at the preparation and implementation level. Although there have been several initiatives being launched and conducted by the Government, challenges and constraints still need to be resolved in a more comprehensive manner. Therefore, many other efforts are still required, which include coordination improvement during preparation and implementation stage as well as regulation synchronization, which is capable to provide facilities and resources to support infrastructure provision in Indonesia.

An aerial photograph of a rural landscape. In the foreground, there are rolling green fields. In the middle ground, a small town or village is visible with several houses and a large barn. In the background, a large industrial facility, possibly a power plant, is visible with several tall smokestacks emitting thick white smoke that rises into the sky. The overall scene is hazy, suggesting a slightly overcast day.

COMMITTEE FOR ACCELERATION OF PRIORITY INFRASTRUCTURE DELIVERY (KPPIP)

A. BACKGROUND OF KPPI

In 2001, the Government of Indonesia established the National Committee for the Acceleration of Infrastructure Provision (KKPPI) based on the Presidential Decree No. 81 of 2001. The Decree stipulates a mandate to accelerate the provision of infrastructure and since its issuance, the Decree had been amended twice resulting in the Presidential Regulation No. 42 of 2005 and subsequently, the Presidential Regulation No. 12 of 2011.

As specified in the Presidential Decree No. 81 of 2001, KKPPI had the responsibilities to: formulate strategies and policies for accelerating infrastructure development, coordinate the integration of plans and programs as well as monitoring the implementation of policies, and resolve problems hindering infrastructure development. The mandate of KKPPI was expanded through amendment of the Decree in 2005 to include policy formulation on the implementation of Public Service Obligation. Moreover, a further addendum in 2011 provided an additional mandate to monitor policies at Ministerial and Regional Government level.

KKPPI membership in 2001 comprised of the Coordinating Minister of Economic Affairs as the chairman and 11 Ministers from the related ministries as its members. The membership was restructured in 2005, resulting in a reduction of its members from 11 Ministers to 8 Ministers. However in 2011, the membership structure was expanded to include Ministers who had direct responsibilities related to the permits required for infrastructure development.

Even though the Presidential Decree and the Presidential Regulations provided legal basis for the Committee and its members comprised of the related Ministers, KKPPI still faced many challenges.

B. THE OBJECTIVES OF THE ESTABLISHMENT OF KPPI

Reflecting to the ineffectiveness of KKPPI, the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) is established by incorporating reinforcements that did not exist in KKPPI.

The new Committee is given a mandate to provide support which focuses on stipulated priority projects. As fundamental reinforcements, KPPIP has been given mandates to decide and manage debottlenecking activities and to participate from the project preparation phase up to the project implementation phase. With the abovementioned mandates, KPPIP will be able to anticipate problems in advance and conduct intensive monitoring so that decisions on the next steps can be implemented.

KPPIP applies an incentive/disincentive scheme to follow up on project monitoring outcomes. The scheme also serves to attract the Ministries/Institutions/Regional Governments to accelerate the provision of priority projects and to propose their projects as KPPIP's prospective priority projects.

Firstly, the existing legal set-up did not explicitly grant an authority to KKPPI to make a decision in the events of problems or disputes occurred between one or more Ministries/Institutions/Regional Governments. Additionally, KKPPI was not able to provide any incentives or disincentives to follow up monitoring and implementation efforts during infrastructure provision. As a result, the authority to resolve problems across Ministry/Institution/Regional Government was passed back to the President in most cases.

Secondly, KKPPI's involvement during the infrastructure project planning phases was limited and hence, the Committee was unable to prevent future problems and manage project implementation. Moreover, there was no incentive for Ministries/Institutions for early KKPPI involvement. Problem solving was done using reactive rather than preventive approach.

Thirdly, KKPPI's large membership structure had resulted in coordination difficulties and a slow-decision process. Furthermore, KKPPI did not have a full-time expert staff to monitor project implementation and the Ministers, who were serving as members, had limited time to devote in between their main responsibilities.

As a consequence, KKPPI became ineffective in performing its responsibilities and could not provide a significant contribution to the project acceleration. Due to this reason, KKPPI was then disbanded and revitalized to form a new Committee, namely the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP). The new Committee has been reinforced based on lessons learnt from KKPPI's weaknesses.

To overcome the issue on the limited capacity within the previous KKPPI structure, reinforcement of the new Committee has been executed by streamlining the organizational structure to have only Ministries/Institutions that have significant roles during the preparation phase and in granting fiscal support and non-fiscal support to the infrastructure projects. Coordination with other Ministries and other Institutions could be established when a need to resolve issues with the respective Ministries/Institutions is identified. Moreover, KPPIP also plays a role as a coordinator to connect two influential institutions in the preparation and implementation stage of the PPP project, namely PPP Directorate in the Ministry of National Development Planning and Directorate General of Financing and Risk Management in the Ministry of Finance.

In performing its responsibilities, KPPIP is equipped with a Project Management Office (PMO), which comprises of professionals from private sector background with deep experiences and expertise in particular sectors (for example:

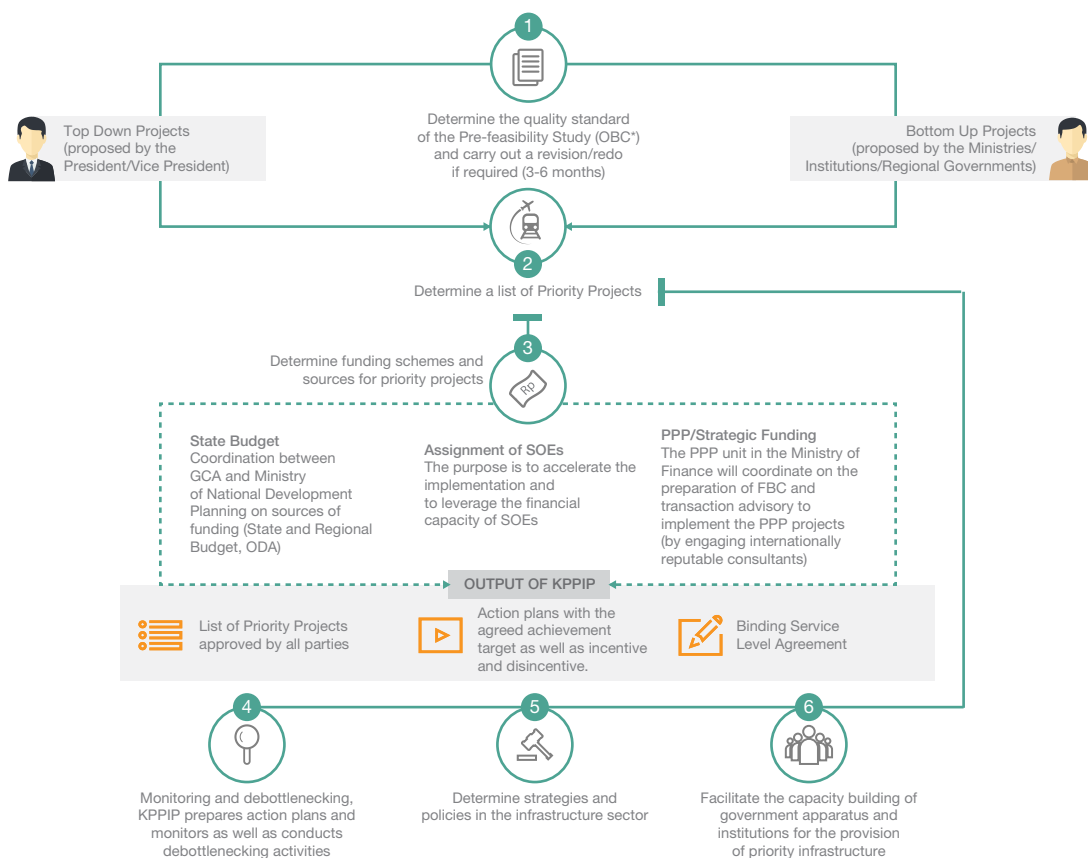
road, port, etc.) and in cross-sectoral issues (such as finance). Through its new structure, KPPIP is expected to transfer essential knowledge to the Ministries/Institutions and the Regional Governments involved in the projects to build their capacity. The knowledge transfer carried out by KPPIP is mainly in the form of developing a standard of quality for preparing a pre-feasibility study document (pre-FS/Outline Business Case) as well as developing a guideline for determining a project funding scheme. With this knowledge transfer, it is expected that the capacity of Ministries/ Institutions and Regional Governments in preparing projects would be improved and as a result, the role of KPPIP could be shifted from the provision of Pre-FS or Outline Business Case facilities to the debottlenecking activities.

KPPIP establishment is expected to accelerate the provision of priority infrastructure through the additional support from the Government, which will be provided from planning phase, pre-feasibility study phase, up to construction phase. The acceleration of infrastructure provision through KPPIP would improve Indonesia's economic potentials and subsequently, the prosperity of the Indonesian people.

Additionally, revitalization of the previous organization to form KPPIP is essential as a key aspect to send a positive signal to the market. Therefore, it is important for KPPIP to carry out functions that were not previously performed and to avoid any overlapping roles and authorities with other institution/committee.

Below is the summary of KPPIP's roles and functions, which are the derivatives from KPPIP's establishment purpose. (Picture 3).

6 MAIN DUTIES OF KPPIP AS MANDATED IN THE PRESIDENTIAL REGULATION NO. 75 OF 2014



Picture 3: KPPIP's Tasks and Mandates as stipulated under Presidential Regulation No. 75 of 2014

C. LEGAL BASIS OF THE KPPIP ESTABLISHMENT

The establishment of Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) is stipulated in the Presidential Regulation No. 75 of 2014 which regulates the Acceleration of Priority Infrastructures Delivery. Apart from the committee establishment, the Regulation also stipulates the criteria of priority projects, the types of priority projects, the implementing phases of priority projects, the funding of

priority projects, the reporting process and the issuance of a list of priority infrastructure projects. Moreover, the Presidential Regulation No. 75 of 2014 also regulates KPPIP's membership to consist of the Coordinating Minister of Economic Affairs, the Minister of National Development Planning, the Minister of Finance, and the Minister of Agrarian and Spatial Planning.

However to accommodate the change in the Ministerial/ Institutional structures within President Joko Widodo's Working Cabinet, the Coordinating Minister of Economic Affairs, as the Chairman of KPPIP, has provided a direction that KPPIP membership needs to be expanded to include the Coordinating Minister of Maritime Affairs and the Minister of Environment and Forestry. With the above membership structures, KPPIP is expected to have a broader authority to support the priority infrastructure delivery. To accommodate the change, the Presidential Regulation No. 75 of 2014 is currently being revised by the Legal Bureau of the Coordinating Ministry of Economic Affairs.

In carrying out its daily duties, the Committee (at Ministerial level) is assisted by an Implementation Team (comprising of Echelon 1 level officers). The Coordinating Minister of Economy Affairs has issued the Ministerial Decree No. 127 of 2015 that regulates the duties and the membership structure of the Implementation Team. As stipulated in the Ministerial Decree, the Implementation Team is chaired by the Deputy Minister for Coordination of Infrastructure and Regional Development Acceleration of the Coordinating Ministry of Economic Affairs.

Moreover, KPPIP is preparing the Regulation of the Coordinating Minister of Economic Affairs as the Chairman of KPPIP about the list of 2015 Priority Infrastructure projects in addition to the Presidential Regulation. This draft is currently awaiting ratification by the Chairman of KPPIP. KPPIP has selected 22 priority infrastructure projects, which are targeted to be implemented by 2019 and will become the main focus of KPPIP. The selection process involves consultation with various infrastructure related institutions from the Central Government Ministries, the local governments, up to community level industry professionals.

KPPIP has also developed a Standard Operating Procedures (SOP) and this SOP has been discussed at Echelon 2 level officers from the respective Ministries. In order to finalize the SOP, KPPIP will conduct discussions with the Echelon 1 level officers from the respective Ministries in the second semester of 2015 and subsequently, draft a regulation for the SOP to be approved by the Coordinating Minister of Economic Affairs. This regulation will then become the basis for the Committee to run its operation.

D. VISION AND MISSION OF KPPIP



VISION

Champion in managing and delivering the strategic & priority infrastructure projects in Indonesia.

MISSION

1. Act as the single point of contact for all government agencies, potential funders and private sector investors for coordinating and delivering the strategic & priority infrastructure projects;
2. Coordinate the delivery of the projects to be on-time, within the budget and at the best quality;
3. Enable and facilitate the GCAs' capabilities to deliver projects via various fiscal and technical support schemes.

E. KPPIP'S TASKS

As described in the Presidential Regulation No. 75 of 2014, KPPIP's Tasks are as follows:

- a. Determine strategic plans and policies to accelerate the priority infrastructure delivery;
- b. Monitor and control the implementation of strategies and policies for the acceleration of priority infrastructure delivery;
- c. Facilitate capacity building of state apparatuses and institutions in delivering the priority infrastructure projects;
- d. Determine the standard of pre-feasibility study quality and its evaluation procedures;
- e. Facilitate preparation of the priority infrastructure;
- f. Resolve all problems emerging from the implementation of priority infrastructure delivery.



F. COMPOSITION AND ORGANIZATIONAL STRUCTURE OF KPPIP

KPPIP is an inter-ministerial/government institutional committee with the following organizational structure:

Committee (Ministerial Level)

As stipulated in the Presidential Regulation No. 75 of 2014, KPPIP is chaired by the Coordinating Minister of Economic Affairs with a membership comprising of: the Minister of the National Development Planning, the Minister of Finance and the Minister of Agrarian and Spatial Planning. A revision of the Presidential Regulation No. 75 of 2014 will add the Coordinating Minister of Maritime Affairs and the Minister of Environment and Forestry as the Committee member.

The abovementioned Committee membership has been structured to respond to the main mandate of KPPIP, which

is to focus on project preparation quality improvement as well as debottlenecking in order to accelerate the development of the priority projects. The membership is therefore comprised of only the Ministries/Institutions that have inter-sectoral authorities and frequently deal with the technical Ministries that execute the infrastructure projects.

In addition to the above, the involvement of Ministry of Finance from project preparation stage is expected to improve coordination needed for granting government support, both in mechanism and implementation level.

Implementation Team

As described in the Decree of the Coordinating Minister of Economic Affairs No. 127 of 2015, the Implementation Team is a collective decision-making team comprising of Echelon I officials and is chaired by the Deputy Minister for Coordination of Infrastructure and Regional Development Acceleration of the Coordinating Ministry of Economic Affairs. To support the Chairman, the Expert Staff of Regional Development of the Coordinating Ministry of Economic Affairs is appointed as the Secretary. The Team consists of the following members:

1. Deputy Minister for Management of Energy, Natural Resources, and Environment of the Coordinating Ministry of Economic Affairs;
2. Deputy Minister for Infrastructure of the Coordinating Ministry of Maritime Affairs;
3. Director General of Budgeting of the Ministry of Finance;
4. Director General of Financing and Risk Management of the Ministry of Finance;
5. Deputy Minister for Infrastructure Affairs of Bappenas;
6. Director General of Land Acquisition of the Ministry of Agrarian and Spatial Planning;
7. Director General of Forestry Planology and Environmental Management of the Ministry of Environment and Forestry;
8. Secretary of the Ministry of State-Owned Enterprises;
9. Director General of Science, Technology, and Higher Education of the Ministry of Research, Technology, and Higher Education;
10. Director General of Regional Development of the Ministry of Home Affairs;
11. Director General of Regional Financial Development of the Ministry of Home Affairs.

As for the responsibilities, the Implementation Team is formed to assist the Committee in:

1. Developing strategic plans and policies to accelerate priority infrastructure delivery;
2. Monitoring the implementation of strategies and policies for the acceleration of priority infrastructure delivery;
3. Facilitating capacity building of state apparatuses and institutions in delivering the priority infrastructure projects;
4. Determining the standard of pre-feasibility study and its evaluation procedures;
5. Facilitating preparation of the priority infrastructures;
6. Developing an inventory of problems and barriers as well as conveying recommendations in solving the problems arising from the priority infrastructure delivery.

Working Teams

As stipulated in the Presidential Regulation No. 75 of 2014, the Coordinating Minister of Economic Affairs, as the Chairman of KPPIP, is given an authority to form a sectoral work team and an inter-sectoral work team whenever required. In its implementation, the work team for Acceleration of Electricity Infrastructure Delivery has been established by a virtue of the Decree of the Coordinating Minister of Economic Affairs, as the Chairman of KPPIP (Decree No. 129 of 2015). The Electricity Work Team is chaired by the Minister of Energy and Mineral Resources and it becomes the legal basis for establishing the Implementation Unit for National Electricity Development Program (UP3KN). The unit establishment will be further regulated in a derivative regulation to be issued by the Minister of Energy and Mineral Resources.

Project Management Office (PMO)

To support the decision making process by the Implementation Team and the Committee, KPPIP is equipped with a Project Management Office (PMO), which comprises of professional experts in their respective fields. PMO has a responsibility to provide recommendations to the Implementation Team in the selection of and in the implementation of the priority projects as well as in problem solving.

PMO consists of a Program Director as the head of PMO, who is tasked to ensure achievement of the KPPIP's mandate, to provide policy recommendations to the Implementation Team, to develop KPPIP organization, to ensure the implementation of the priority project delivery, and to build capacity as well as to improve regulations supporting the priority infrastructure delivery.

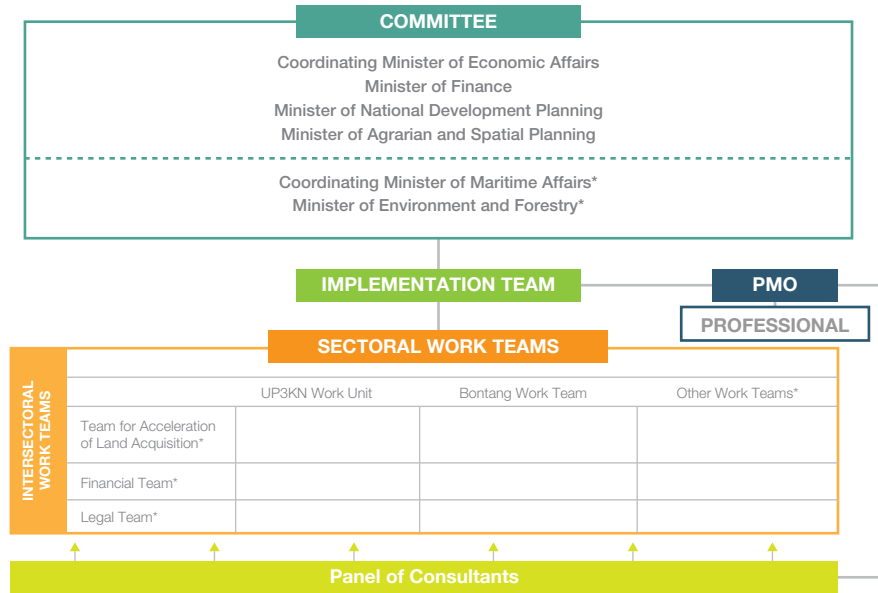
Apart from the UP3KN work unit, the work team for Acceleration of Bontang Refinery Development has also been established by a virtue of the Decree of the Coordinating Minister of Economic Affairs, as the Chairman of KPPIP (Decree No. 159 of 2015). This Refinery Work Team has a mandate to ensure that implementation of the Bontang Refinery Development meet the target schedule as specified in the National Medium-Term Development Plan (RPJMN).

Furthermore, KPPIP is currently drafting a ministerial decree for the establishment of the Work Team for Acceleration of Land Acquisition for Priority Infrastructure Projects. The draft was developed in coordination with the Ministry of Agrarian and Spatial Planning.

The Program Director is supported by a team of senior experts specialized in port, airport, train, energy and electricity, and water resources. These experts, namely Sector Directors, are responsible to ensure that projects in their respective sector are well-prepared and to drive the project implementation up to the construction phase. For projects that are already in the construction phase, the Sector Directors are responsible to ensure that the project delivery is on time and to provide supports to troubleshoot any emerging issue. Moreover, the Sector Directors are also required to analyze constraints on the project delivery, needs for regulation improvements and other acceleration efforts in his/her sector, which in the long run, could be applied to other projects.



The organizational structure of KPPIP is described as follows:



* The new KPPIP members will be accommodated under the Presidential Regulation revision

Picture 4: Organizational Structure of KPPIP

G. KPPIP'S ACHIEVEMENTS IN THE PAST 6 MONTHS



Acceleration of the project preparation and the decision making process



Bontang Oil Refinery

- ✓ Revived the project preparation process, which has been delayed for 5 years.
- ✓ Facilitated the preparation of an Outline Business Case (OBC) by allocating ~IDR 14 Billion for the engagement of an international company to execute the work.



Panimbang – Serang Toll Road

- ✓ Facilitated the preparation of Value for Money review, which is part of a project preparation process under Public-Private Partnership scheme and serves as the justification to determine the funding scheme.
- ✓ Developed a standard in preparing the Pre-feasibility Study/Outline Business Case (OBC) for a toll road project.
- ✓ Facilitated the preparation of an Environmental Impact Analysis (EIA), which is required for the land acquisition.



Water to Energy

- ✓ Facilitated the review of existing studies for Matenggeng Dam.
- ✓ Facilitated the preparation of Pre-feasibility Study/OBC for Hydroelectric Power Plant sector in Indonesia.
- ✓ Facilitated the development of a recommendation to support a regulation and/or an institutional set-up required to accelerate the Water to Energy program.



High Speed Railway Jakarta-Bandung

- ☑ Performed a follow-up action to settle the deadlock resulting from two HSR proposals for the Government of Indonesia, which came from the Government of Japan and the Government of PRC.
- ☑ Facilitated the engagement of an international independent consultant for assessing the two HSR proposals.



Acceleration of the Project Funding Scheme determination



Jakarta Sewerage System (JSS)

- ☑ Provided a guideline in preparing the OBC, that becomes a basis for the funding scheme recommendation, in accordance to the standards set by KPPIP
- ☑ Facilitated meetings among the stakeholders to assess funding scheme recommendation.



South Sumatra Light Rail Transit (LRT)

- ☑ Reviewed the existing financial assessment of the project.
- ☑ Provided a recommendation to the decision maker on the project funding scheme.



Debottlenecking the land acquisition problems



Central Java Power Plant (CJPP)/ PLTU Batang

- ☑ Provided recommendations to accelerate the land acquisition in accordance to the applicable regulations
- ☑ Performed activities to coordinate the decision making process to accelerate the land acquisition.
- ☑ Facilitated a project-acceleration meeting at the Vice President level.



Indramayu PLTU

- ☑ Performed activities to accelerate the issuance of the environmental permit by the Regent (that has been delayed for 3 years) in order to continue the project preparation.



NCICD

- ☑ Promoted the decision making process on the allocation of responsibilities between the government and investor for the preparation of EIA.
- ☑ BBWS has approved the allocation of responsibilities and is currently conducting a tender for consulting services to prepare the EIA.



MRT Jakarta (North-South Corridor)

- ☑ Performed activities to accelerate the President's approval in granting the National Police residential area for the station development.
- ☑ Accelerated the disbursement process of the foreign loan to ensure that the construction can be conducted on schedule.



Debottlenecking the Procurement Problems



South Sumatra Mine-to-Mouth Coal Fired Power Plant (PLTU) 9 & 10

- ☑ Facilitated the bidders' concern over the tight schedule for the tender document submission.
- ☑ On the encouragement of KPPIP, the State Electricity Company (PT PLN) has agreed to prolong the deadline for document submission for 3 months.



Revision to the Infrastructure related Regulations



Manado – Bitung Toll Road

- ✓ Accelerated the issuance of the Minister of Agrarian and Spatial Planning Regulation No. 6 of 2015, which provides an adjustment to the Presidential Regulation No. 30 of 2015 to accelerate tender.



West Semarang Drinking Water Supply System

- ✓ Performed activities to ensure that the draft Government Regulation regarding Drinking Water Supply System allows the city government to be a Government Contracting Agency (GCA) in the Public-Private Partnership (PPP) project.



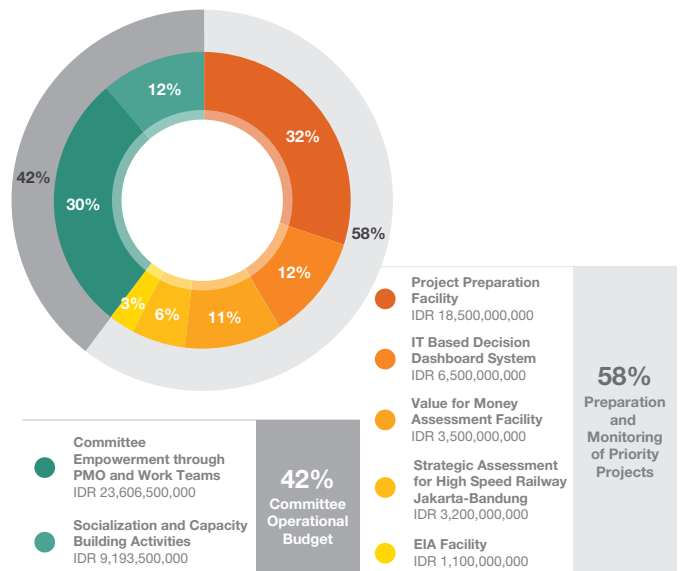
Derivative Regulation on the Presidential Regulation No. 38 of 2015 regarding Public-Private Partnership

- ✓ Performed coordination activities among the stakeholders to develop:
 1. Regulation of the Head of National Public Procurement Agency on Infrastructure Provision Project Preparation and Tender of Business Entity,
 2. Regulation of the Minister of Finance on Availability Payment,
 3. Regulation of the Minister of Home Affairs on Availability Payment.

H. KPPIP'S FINANCIAL STATEMENT

Over the next 5 years, KPPIP has obtained a principal approval for the state budget allocation of approximately IDR 80 Billion per annum. However since KPPIP is effectively operating only for approximately 6 to 9 months in 2015 (due to the procurement process to engage PMO expert staff in the first 3-6 months), the 2015 budget has a lower allocation, which is IDR 56,406,500,000.

Out of the 2015 budget allocation, most of the budget (58% or equivalent to IDR 32,800,000,000) has been allocated to facilitate the preparation of Pre-FS/OBC of the priority projects of which funding scheme has not yet been decided and to develop an IT system (Decision Dashboard System) to support the implementation of monitoring and debottlenecking roles of KPPIP. The remaining budget of IDR 23,606,500,000 (42% of the total budget) has been allocated to the Committee's operational budget, including the capacity reinforcement/ empowerment at the Work Team level, the socialization activities, and the capacity building activities. The following figure provides the breakdown of KPPIP budget allocation (Picture 5).



Picture 5: KPPIP's Budget Allocation

Up to July 2015, a budget for facilities for the OBC and other project preparation activities have been set aside and the amount is approximately 91% of the total allocated budget. This allocation shows KPIP's commitment to carry out its mandate to improve the quality of project preparation, which will become a valuable input in deciding the best project funding scheme.

On the process of providing the abovementioned facilities, KPIP is currently procuring consultants and up until the publication of this report, the procurement is still ongoing. Most of the consultants' engagements are expected to be completed in September 2015. The following table shows the procurement status of the consultants for the OBC facility and the project preparation facility:



Project Name



Objective



Allocated Budget

1 Bontang Oil Refinery	Pre-feasibility study/Outline Business Case (OBC) development	IDR 14 Billion
2 Water to Energy	Preparation of Pre-feasibility Study/OBC for pilot projects of Matenggeng dam and Maung dam together with a recommendation for a new regulation, and a design of new institution set-up to accelerate the Water to Energy program	IDR 4.5 Billion
3 Serang – Panimbang Toll Road	Value for Money assessment development	IDR 3.5 Billion
	Environmental Impact Assessment (EIA) development	IDR 1.1 Billion
4 High Speed Railway (HSR) Jakarta-Bandung	Developing strategic assessment on two HSR proposals from Government of China and Government of Japan with next steps recommendation for the Government of Indonesia	IDR 3.2 Billion
5 Development of IT Based Decision Dashboard System	Developing a mock up IT system application to be used as the platform for Decision Support System	IDR 6.5 Billion

LIST OF KPPIP'S PRIORITY PROJECTS IN 2015



A. PRIORITIZATION PROCESS

As mandated in Article 15 (1) of the Presidential Regulation No. 75 of 2014, KPPIP was tasked to determine priority projects based on the result of its selection process of priority infrastructure or the priority infrastructure proposed by ministers, heads of institutions, regional governments, heads of State-Owned Enterprises (BUMN), or heads of Regional Government-Owned Enterprises (BUMD). Article 15 paragraphs (2) and (3) stipulate that the identification of priority projects must consider the criteria of priority infrastructure which will be further regulated in the Coordinating Minister of Economic Affairs' Regulation as the Chairman of KPPIP.

The priority projects selection process for 2015 period included consultations with related stakeholders from the Ministries/Institutions, Regional Governments, and related institutions such as PT Sarana Multi Infrastruktur, PT Indonesia Infrastructure Finance, and PT Penjaminan Infrastruktur Indonesia.

As for the prioritization process, it included three phases, which were:

1

LEVEL I PRIORITIZATION (REQUIREMENTS)

The prioritization process started by shortlisting 1,781 projects into 200 Prospective Priority Projects under the following criteria:

1. Suitability to the National Medium-Term Development Plan (RPJMN) and Regional Spatial Plan (RTRW) as well as cross sectoral and cross regional linkages;
2. Total investment value: The value of projects that were to be included/taken into consideration had to be more than IDR 500 Billion and less than IDR 50 Trillion;
3. Types of project: Maintenance and procurement projects, as well as existing power plant projects (except for electricity transmission) were not included.

2

LEVEL II PRIORITIZATION (SCORING AND RANKING MODEL)

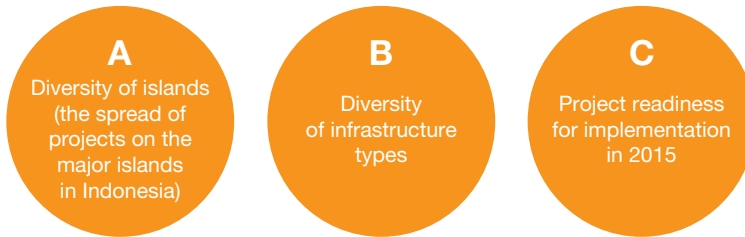
After undergoing Level I prioritization process, there were 60 Prospective Priority Projects which were assessed, evaluated, and ranked using additional criteria that had been agreed by related stakeholders. The relevant criteria included the following criteria:

1. Project objective;
2. Ease of project implementation, including therein identification of obstructing factors such as land acquisition, EIA, capacity and commitment of the project owner, and suitability to RTRW and permits;
3. Socioeconomic impacts, including contribution to Gross Regional Domestic Product (GRDP) and Gross Domestic Product (GDP) as well as manpower utilization; and
4. Environmental impacts.

3

LEVEL III PRIORITIZATION (DISCUSSIONS WITH STAKEHOLDERS)

There were 41 Prospective Priority Projects being discussed at this level, including the proposed projects in PPP Book stipulated by the Ministries/Institutions. There were in-depth discussions of the assessment results from the Level II Project Prioritization and additional project proposals from the Ministry of National Development Planning and other Ministries/Institutions by taking the following three issues into account:



Following the completion of the prioritization through the three levels, the 22 priority projects of KPPIP were selected for 2015. Out of the total of 22 priority projects, KPPIP divided them into two categories, which are: (1) projects that still need funding scheme decision; and (2) projects that need monitoring and debottlenecking efforts.



KPPIP'S PRIORITY PROJECTS IN 2015

For year 2015, KPPIP has selected 22 priority infrastructure projects with implementation targets by 2019 and these projects will become the first focus of KPPIP. These projects have a total investment value of IDR 851 Trillion with the following distribution:









- 7** | Seven projects in Electricity Sector, including High Voltage Direct Current (HVDC) project, Mine-Mouth Coal-Fired Power Plants (PLTU) South Sumatra 8, 9, 10, Sumatra 500 kV Transmission Line, Central – West Java 500 kV Transmission Line, PLTU Indramayu, PLTU Batang/Central Java Power Plant (CJPP) and Water to Energy;
- 3** | Three projects in Water and Sanitation Sector, including the Jakarta Sewerage System Project, West Semarang Drinking Water Supply (SPAM Semarang Barat), and National Capital Integrated Coastal Development (NCICD) Phase 1;
- 4** | Four projects in Road Sector, including 4 Sections of the Trans Sumatra Toll Road, Balikpapan – Samarinda Toll Road, Manado – Bitung Toll Road, and Serang – Panimbang Toll Road;
- 1** | One project in Public Transportation Sector, namely Jakarta MRT Project (South – North Corridor);
- 1** | One project in Airport Sector, which is the revitalization project of 10 Airports;
- 2** | Two projects in Port Sector, including Kuala Tanjung International Hub Port and Bitung International Hub Port;
- 2** | Two projects in Energy Sector, including Bontang Refinery project and Revitalization of the Existing Refineries (Refinery Development Master Plan/ RDMP);
- 2** | Two projects in Railway Sector, including Soekarno-Hatta International Airport (SHIA) Express Railway and Makassar – Parepare Railway.

Out of the 22 priority infrastructure projects, there are 9 projects with the potential to be implemented under PPP scheme, and 2 of them are ready for tender in 2015.

PROJECTS IN 2015




Legends:

- | | |
|--|---|
|  Water & Sanitation |  Airport |
|  Energy |  Road |
|  Electricity |  Urban Transportation |
|  Port |  Railway |

List of 22 KPPIP's Priority Projects

 WATER & SANITATION	No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
	1	Jakarta Sewerage System (JSS)	Provincial Government of DKI Jakarta, Ministry of Public Works and Public Housing	8,000 for Zone 1	Potential for State and Regional Budget with foreign loan
	2	West Semarang Drinking Water Supply	Municipal Government of Semarang	1,170	Potential for PPP (Availability Payment) with government support in form of VGF
	3	National Capital Integrated Coastal Development (NCICD) Phase 1	Provincial Government of DKI Jakarta, Ministry of Public Works and Public Housing	26,000 (Phase A)	State and Regional Budgets (50:50) for Phase 1, and potential for PPP for other phases

 ENERGY	No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
	4	Bontang Refinery	Ministry of Energy and Mineral Resources (ESDM)/ PT Pertamina	75,000 – 140,000	Potential for PPP
	5	Revitalization of the Existing Refineries (RDMP)	PT Pertamina	210,000	Business to Business/ Strategic Partnership



No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
6	High Voltage Direct Current (HVDC)	PT PLN	33,400	State Budget with foreign loan
7	Mine-Mouth Coal Fired Power Plant (PLTU) South Sumatra 8, 9, 10	PT PLN	72,000	IPP
8	Sumatra 500 kV Transmission Line	State Owned Enterprises and PT PLN	24,400	Potential funding from SOEs for several sections and IPP (funded with Direct Lending)
9	Central – West Java 500 kV Transmission Line	PT PLN	7,640	Potential for State Budget with foreign loan using direct lending mechanism
10	PLTU Indramayu	PT PLN	20,000	State Budget with foreign loan
11	Batang Power Plant/Central Java Power Plant	PT PLN	40,000	PPP
12	Water to Energy (Construction of 4 New Hydroelectric Power Plants (PLTA): Karangates IV, V, Kesamben, Lodoyo) and construction of other potential hydropower plants	PT PLN	To be determined	Appointment of SOE consortium for PLTA Karangates IV & V, PLTA Kesamben, PLTM Lodoyo



ELECTRICITY

No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
13	Kuala Tanjung International Hub Seaport	Ministry of Transportation	30,000	Potential for PPP
14	Bitung International Hub Seaport	Ministry of Transportation	34,000	Potential for PPP



PORT

No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
15	Revitalization of 10 Airports	Ministry of Transportation	To be determined	To be determined



AIRPORT



ROAD

No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
16	4 Sections of the Trans Sumatra Toll Road	PT Hutama Karya	31,000	SOE appointment
17	Balikpapan – Samarinda Toll Road	BPJT	11,400	PPP scheme with government support in the form of partial construction
18	Manado – Bitung Toll Road	BPJT	3,900	PPP scheme with government support in the form of partial construction
19	Panimbang - Serang Toll Road	BPJT	12,000	Potential for PPP



PUBLIC TRANSPORTATION

No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
20	Jakarta MRT (North – South Corridor)	Provincial Government of DKI Jakarta	25,000	State Budget with foreign loan

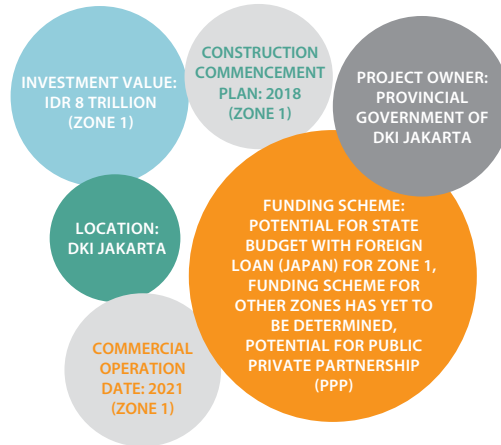


RAILWAY

No.	Project Name	Project Owner	Investment Value (IDR Billion)	Funding Scheme
21	Soekarno-Hatta International Airport Express Railway	Ministry of Transportation	24,000	Potential for PPP or cooperation with the existing SOEs
22	Makassar – Parepare Railway	Ministry of Transportation	6,400	State Budget

C. PROFILE OF 22 PRIORITY PROJECTS

JAKARTA SEWERAGE SYSTEM (JSS)



► PROJECT DESCRIPTION

Jakarta Sewerage System project will manage domestic waste treatment in 15 zones (including zones that have been in operation), with the initial focus on Zones 1 and 6. Both are targeted for operation in 2021. Zone 1 will serve the central and north areas and Zone 6 will serve the west area. Total cost of Zone 1 project is ± IDR 8 Trillion, while the development of Zone 6 will cost ± IDR 5 Trillion.

Zone 1 constitutes an integrated waste treatment system consisting of: 1). Waste Water Treatment Plant (IPAL); 2). Piping System; and 3). House connections, with an area coverage of 4,901 Ha. IPAL for Zone 1 will be constructed in Pluit with an average capacity of 198,000 m³ per day. Currently, the acceleration of the project is focused on Zone 1.

► PROJECT SIGNIFICANCE

As the nation's capital city, DKI Jakarta has developed as a center of government, business, and industry. Since the development is not accompanied by the improvement of disposal system for handling wastes generated, the condition of water and sanitation in Jakarta has increasingly worsened. Currently, the coverage ratio in DKI Jakarta is only 4% of the entire area with a BOD pollution rate of 84 mg/l. This condition makes DKI Jakarta the second lowest capital city in Southeast Asia in terms of sanitation. In addition to the above, JSS is also needed to support the effectiveness of the National Capital Integrated Coastal Development (NCICD), which has commenced with construction. Since the development of waste water treatment plant is crucial to NCICD development, this project has become a priority to the central government with the issuance of Letter No: S-130/D.VI.M.EKON/09/2013 regarding the Acceleration of the Development of Integrated Waste Water Treatment System in DKI Jakarta, which stipulates the importance to achieve 75% coverage of waste water service area in 2022.

The construction of Zones 1 and 6 will increase the area coverage of waste water service in DKI Jakarta by 20%. The commencement of the Zone 1 project preparation is aimed to have a spillover effect to the construction of other Zones. In the end, the

1

construction of all projects in the Jakarta Sewerage System (JSS) is expected to exceed the targeted waste service coverage in DKI Jakarta.

► JSS IMPLEMENTATION SCHEDULE

Pre-FS/OBC	Feasibility Study	Detailed Engineering Design	EIA Document
Completed in July 2015	Targeted to finish in December 2015	Awaiting funding scheme decision	Ongoing

► LATEST STATUS

JICA has provided support in the preparation of Pre-feasibility Study for Zone 1 and the result has been disseminated to related parties, including the Coordinating Ministry of Economic Affairs, Cipta Karya Directorate of the Ministry of Public Works and Public Housing, Bappenas, and Regional Development Planning Agency (Bappeda) of DKI Jakarta. Subsequently, a coordination meeting will be held at Ministerial level to determine the best possible funding scheme based on the assessment result. The Ministerial level coordination meeting is planned to be held by September 2015.

Considering that this project is closely related with NCICD, support will be given so that the project is not delayed and will not reduce the optimum level of the environmental/economic benefits from NCICD, especially when NCICD Phase B has commenced.

► FUNDING SCHEME

Funding scheme for IPAL in Zone 1 has yet to be determined.

Outline Business Case (OBC)/pre-feasibility study has been completed with the support of Japan International Corporation Agency (JICA). Based on the discussion meeting at Echelon 1 level held on May 20, 2015, the funding scheme has been narrowed down to two funding scheme options, which are State Budget with foreign loan from Japan and Public-Private Partnership scheme. The meeting concluded that the funding scheme will be decided at Ministerial level.

► LAND ACQUISITION

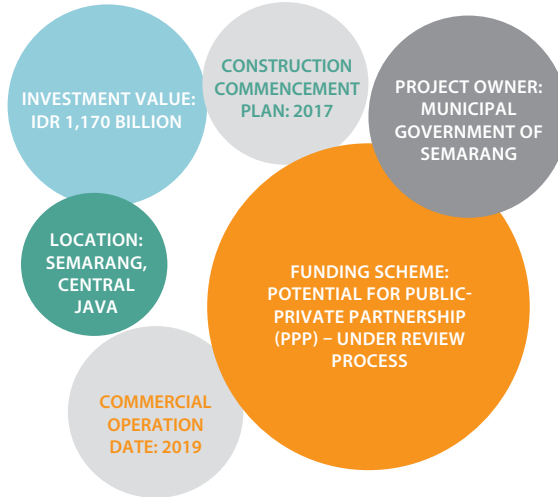
The development of Zone 1 does not need land acquisition as the land is owned by the Regional Owned Enterprise (ROE) of DKI Jakarta, hence, matters related to land acquisition in Zone 1 will be solved internally within DKI Jakarta.

► NEXT STEPS

Acceleration of the funding scheme determination meeting at Ministerial level for IPAL JSS Zone 1.

C. PROFILE OF 22 PRIORITY PROJECTS

WEST SEMARANG DRINKING WATER SUPPLY SYSTEM



► PROJECT DESCRIPTION

West Semarang Drinking Water Supply System is a project to supply drinking water under PPP scheme. The Government Contracting Agency is the Municipal Government of Semarang, supported by PT Indonesia Infrastruktur Finance (IIF) as the transaction advisor. It has become one of the pilot projects for PPP with availability payment scheme from the Regional Budget.

The Drinking Water Supply System project is divided into 2 divisions:



DISTRIBUTION NETWORK



RAW WATER SUPPLY SYSTEM

- Raw water facility
- Transmission network
- Water Treatment Plant (WTP)
- Clean water transmission network
- Reservoir

2

► PROJECT SIGNIFICANCE

This project will use water from Jatibarang Dam and aims to resolve the problem of raw water supply shortage in Semarang, which is currently supplied by Kudus Regency. The purpose of the project is to provide drinking water for 31 sub-districts in 3 districts, in which around 60,000 families do not yet have access to the Drinking Water Supply System (SPAM) network in West Semarang, Tugu, and Ngaliyan areas. The project aims to resolve clean water crisis and reduce the use of ground water in Semarang.

► PROJECT IMPLEMENTATION SCHEDULE AND PROJECT STATUS WITH ASSUMPTION OF PPP SCHEME

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
June 2012	2014	To be developed by the winning bidder	Approved
Funding Scheme Determination	Investment Tender	Fiscal Support/ VGF	Guarantee
Targeted for Q4 2015	PQ will start after funding scheme determination	In-principle approval was issued in May 2015	Letter of Intent was issued in March 2015
Regional Spatial Plan	Environmental Permit	IPPKH	Land Acquisition
Accommodated	Approved	N/A	Awaiting location determination
Financial Close	Construction	COD	
Targeted for November 2016	Not yet started	2019	

▶ LATEST STATUS

The in-principle approval for Viability Gap Fund (VGF) has been issued by the Ministry of Finance, so that the pre-qualification can be conducted in the near future.

As a follow-up to the annulment of Law No. 7 Year 2004 regarding Water Resources that resulted in the absence of legal basis for the use of PPP scheme in the Drinking Water Supply project, KPPIP has coordinated to ensure that the new draft of Government Regulation for Drinking Water Supply allows the management of such projects to be conducted under Business to Business (B2B) scheme between SOEs/ROEs, namely *Perusahaan Daerah Air Minum* (PDAM), and Business Entities or under PPP scheme if SOEs/ROEs do not have the capacity to supply drinking water. Therefore, this will keep investors' trust to participate in future Drinking Water Supply projects.

KPPIP has worked to ensure that Municipal/Regional Governments are authorized to become Government Contracting Agencies (GCA) for PPP projects, to avoid any hindrance for Semarang Municipal Government to act as a GCA for this project, if PPP scheme is to be used.

During the discussion held on June 3, 2015, the Vice President gave a direction to change the project scheme from PPP to SOE appointment to PDAM in an effort to accelerate the supply of water for the public. KPPIP will coordinate an assessment to compare the two schemes proposed to be able to determine the most effective project funding scheme.

▶ FUNDING SCHEME

The West Semarang Drinking Water Supply has been prepared to adopt PPP scheme, and has been planned to receive Government Support in the form of Viability Gap Fund (VGF). In-principle approval for VGF was issued in May 2015. The West Semarang Drinking Water Supply constitutes one of the projects planned to receive availability payment from Semarang Regional Budget.

Further study of funding scheme will be exercised to determine the most effective scheme.

▶ LAND ACQUISITION

Planning document for land acquisition has been prepared, and Location Determination by the Governor of Central Java is scheduled to be issued in the fourth week of September 2015. Land acquisition is expected to be completed in the first week of April 2016.

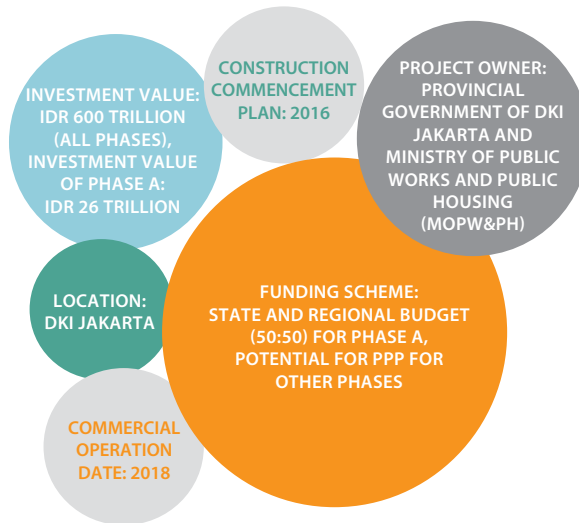
▶ NEXT STEPS

Completion of comparative assessment on the proposed two schemes, which are PPP and PDAM assignment schemes with completion target in September 2015.



C. PROFILE OF 22 PRIORITY PROJECTS

NATIONAL CAPITAL INTEGRATED COASTAL DEVELOPMENT (NCICD) PHASE A

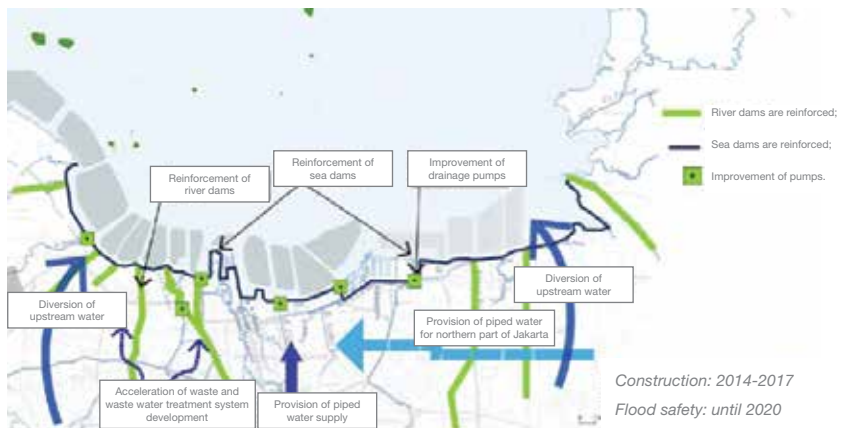


► PROJECT DESCRIPTION

National Capital Integrated Coastal Development (NCICD) includes the construction of a giant seawall in the north of Jakarta Bay as an effort to protect the capital city from floods. Large lagoons will be built within the walls to accommodate the water flow from 13 rivers in Jakarta (water reservoirs).

Three phases of this megaproject are as follows:

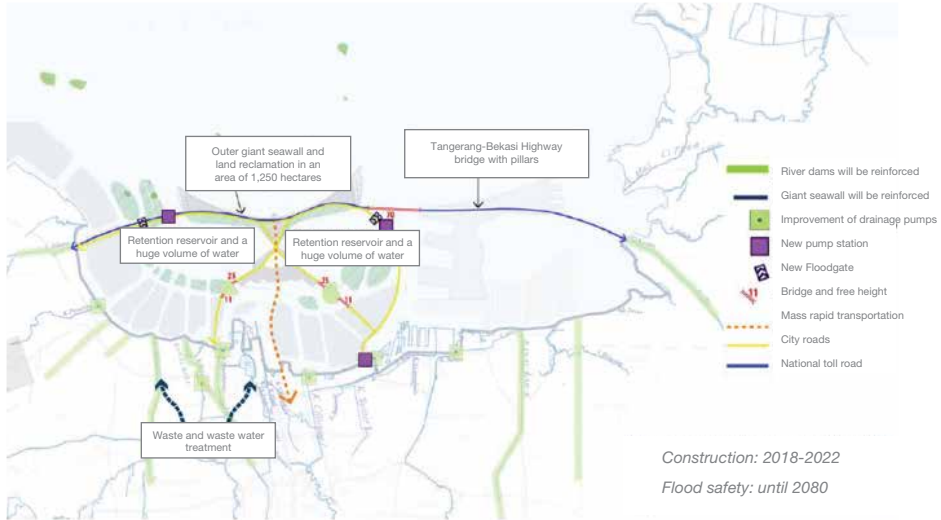
- a** Phase A focuses on improving the existing coastal protection. This includes the reinforcement and development of the existing coastal dams of 30 kilometers in length and the development of 17 artificial islands on the Jakarta Bay. The first phase was launched in the beginning of September 2014. The construction is planned to begin in early 2016.



3

b

Phase B focuses on efforts to develop the west outer giant seawall planned to be constructed during 2018 through 2022.



c

Phase C focuses on constructing east outer giant seawall planned for after 2023. Several long-term developments in the east of the Jakarta Bay are conducted by closing part of the bay in order to anticipate if land subsidence in the east part of Jakarta cannot be avoided. To reduce the impact due to the closure during construction, a part of the eastern giant seawall will be allocated for Tangerang-Bekasi toll road.



▶ PROJECT SIGNIFICANCE

More than half of Jakarta residents live in the coastal area and significant urban economic activities develop in the coastal area. There are 13 rivers which disembogue in Jakarta Bay and 40% of the coastal lowland area lies below tidal surface. Floods in coastal area are exacerbated by the land subsidence due to excessive extraction of ground water.

Due to such concerns, the National Capital Integrated Coastal Development (NCICD) becomes crucial. This mega project will be conducted in 3 phases where the first phase will be conducted by raising the existing dams.

▶ NCICD PHASE A PROJECT IMPLEMENTATION SCHEDULE

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
July 2015	N/A	N/A	Targeted to finish in December 2015

▶ LATEST STATUS

In order to accelerate the delivery of this project, the Environmental Impact Assessment (EIA) is scheduled to be completed in 2015 and will immediately be continued with physical construction works. The dam improvement of Phase A is scheduled to be completed in 2018.

To complete the Environmental Impact Assessment (EIA), the NCICD project needs Strategic Environmental Assessment (SEA) that will identify social and economic impacts of the project and will provide options so that the standard of life of the affected communities do not deteriorate.

SEA and EIA are in development process and are scheduled to finish by December 2015.

▶ FUNDING SCHEME

Phase A funding scheme will use State and Regional budgets and the details of cost allocation are not yet determined. Other project phases are planned in collaboration with private entities with investment opportunities in NCICD.

▶ LAND ACQUISITION

National Capital Integrated Coastal Development (NCICD) which is located in the north of Jakarta will require a land reclamation in which 90 million m³ of sand will be needed for the construction of the outer giant seawall. The additional 210 million m³ of sand will be used for land reclamation that creates new dry land of 1,250 hectares area to accommodate urban development.

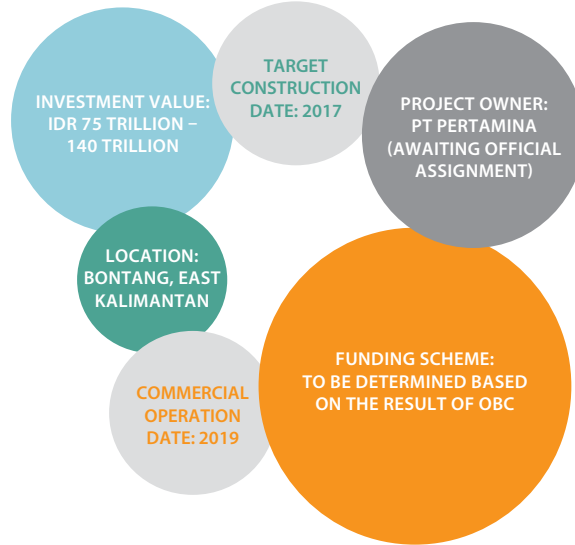
The raising of dams in Phase A will use the existing dam ground area, hence land acquisition is not needed.

▶ NEXT STEPS

Acceleration of decision making regarding tranches allocated for construction sharing between DKI Jakarta Provincial Government and MoPW PH.

C. PROFILE OF 22 PRIORITY PROJECTS

OIL REFINERY IN BONTANG



► PROJECT DESCRIPTION

Bontang Refinery is a refinery construction project in Bontang, East Kalimantan, aiming to produce fuel at the minimum of 235 thousand barrels per day. The refinery is planned to use a configuration system which includes system collaborations like petrochemicals system. The output of the refinery will be prioritized to satisfy domestic fuel demand.

► PROJECT SIGNIFICANCE

Considering the need for fuel and the vision to achieve energy security, Indonesia needs to grow the domestic refinery industry. A combination of Grass Root Refineries (GRR) and Refinery Development Master Plan (RDMP) is needed to enhance the provision of crude oil and oil fuel in Indonesia to be able to reduce import dependence.

It is expected that the construction of Bontang refinery will not face significant issues in land procurement process because a 300 hectares area has been made available. In addition to that, the supporting infrastructure such as road access, jetty, etc., are also available.

4

▶ PROJECT IMPLEMENTATION SCHEDULE WITH PPP SCHEME ASSUMPTION

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
Targeted for December 2015	To be developed by the winning bidder	To be developed by the winning bidder	Ongoing
Funding Scheme Determination	PPP Tender	Fiscal Support/VGF	Guarantee
Targeted for December 2015	Targeted for Q1 2016	To be determined after the Pre-FS is finalized	To be determined after the Pre-FS is finalized

▶ LATEST STATUS

KPIIP has tried to resolve the problems causing a 4-year delay in Bontang refinery project. One prominent issue is the approval on Government Support in order to improve project feasibility if the project is to be offered with PPP scheme. During market sounding in March 2014, 12 investors expressed their interest. However, they expected the Government to provide incentives (e.g. income tax holiday, duty free import on crude, land provision, open market/export for petrochemical products, performance guarantee, and provision of supporting infrastructure). These incentives may put significant burden to the state budget.

In order to accelerate a good governance in granting such fiscal incentives (mainly the competition aspect), PPP scheme can be a practical option. KPIIP has allocated ~IDR 14 Billion for the pre-feasibility analysis that will develop an Outline Business Case document that will serve as the basis for funding scheme determination. PT Pertamina has agreed to become GCA but this needs a legal basis in the form of Presidential Regulation which is currently drafted by the Ministry of Energy and Mineral Resources.

▶ FUNDING SCHEME

The construction of Bontang refinery is planned to adopt Public-Private Partnership (PPP) scheme where PT Pertamina will serve as GCA. PPP scheme takes into consideration the limited funding capacity from the State Budget (APBN) to finance the construction. With PPP, the project may obtain Government Support specifically for PPP, such as Viability Gap Fund, Government Guarantee, and other non-sectoral supports and incentives.

With PPP scheme, PT Pertamina as the GCA and the winning investor will cooperate in the construction and operation of Bontang refinery with financing from the investor in addition to the Government Support. The form and amount of Government Support will be identified in the pre-feasibility study/Outline Business Case (OBC) phase that is being prepared by KPPIP.

▶ LAND ACQUISITION

The Directorate General of State Assets of the Ministry of Finance has provided 300 hectares area in Bontang Regency that can be utilized for the construction of refinery under a lease mechanism of IDR 0 (zero Rupiah).

▶ NEXT STEPS

Acceleration of Presidential Regulation ratification that will become the basis for PT Pertamina to become GCA in PPP scheme.

Acceleration of the procurement process for pre-feasibility study/OBC consultant so that the completion target in December 2015 can be accomplished.

Appointment of transaction advisor to avoid delays in the completion of OBC by KPPIP with an investment tender process that will be coordinated under the PPP Unit of the Ministry of Finance. In order to achieve the production target in 2019, KPBU investment tender must be conducted in the first Quarter of 2016 at the latest.



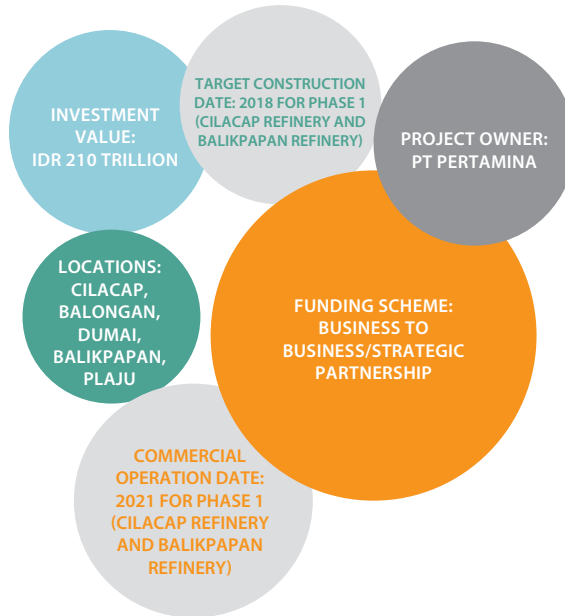
PROJECT READINESS LEVEL AND IMPLEMENTATION SCHEDULE

ACTIVITY	2015	2016	2017	2018	2019	PIC
1. General Permits Preparation Stage						
1.1 President Regulation Appointing Pertamina as the GCA	8/31/15					MoEMR
1.2 Spatial Planning revision to accommodate Bontang Refinery	10/16/15					CMEA
1.3 Submission of EIA Document	10/19/15					Pertamina
1.4 Submission of Land Acquisition Planning Document	11/16/15					Pertamina
1.5 Environmental Permit	11/20/15					Governor
1.6 Location Determination	12/18/15					Governor
2. On Shore Facilities Preparation Stage						
2.1 Budget allocation for land needs	9/7/15					MoF
2.2 On-site preparation						Pertamina
3. Off-Shore Facilities Preparation Stage						
3.1 Any permits related to Ministry of Transportation, Ministry of Public Works and Public Housing, Ministry of Energy and Mineral Resources						CMMA
4. Pre-feasibility Study Preparation Stage						
4.1 Market Sounding						Pertamina, KPPIP
4.2 OBC Development	12/18/15					Pertamina, KPPIP
5. Transaction Stage/Investment Tender						
5.1 Appointment of Transaction Advisor	9/14/15					Pertamina, PPP Unit
5.2 IIGF guarantee application						Pertamina
5.3 Tender Document Preparation / Transaction Advisory						Pertamina/TA
5.4 Pre-Qualification (PQ)	12/28/15					Pertamina/TA
5.5 PPP Tender Process						Pertamina/TA
5.6 Announcement of Tender Winner and the Signing of PPP Agreement	8/31/16					Pertamina, SPV
5.7 Financial Close						SPV
6. Construction and Operation						
6.1 Construction related (Site Prep, BED, FEED, EPC)						SPV, Pertamina
6.2 Commercial Operation Date (COD)						SPV, Pertamina

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C. PROFILE OF 22 PRIORITY PROJECTS

REFINERY DEVELOPMENT MASTER PLAN (RDMP)



► 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) and has a potential to threaten energy security.

RDMP needs to coincide with new refinery project (Grass Root Refinery) to improve production capacity and competitiveness of the existing refineries in Indonesia. With the revitalization of the five refineries (Cilacap, Balikpapan, Plaju, Balongan, and Dumai), the production will increase 150%.

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▶ RDMP PHASE 1 IMPLEMENTATION SCHEDULE

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
January 2013	2015 (ongoing)	2016

▶ LATEST STATUS

Pre-feasibility study, selection of contractors, and Bankability Study for RDMP projects had been completed in the end of 2014. PT Pertamina had signed a Memorandum of Understanding (MoU) with selected investors on December 10, 2014 with partners from Saudi Aramco, JX Nippon, and Sinopec China. PT Pertamina will conduct the revitalization in stages. Phase 1 will start from Balikpapan Refinery and Cilacap Refinery.

▶ FUNDING SCHEME

For this revitalization project, PT Pertamina will establish strategic partnerships with several entities. A couple of finalized partnerships are with JX Nippon for Balikpapan refinery and with Saudi Aramco for Cilacap refinery.

▶ LAND ACQUISITION

Revitalization will be conducted in the locations of the existing refineries, thus, land procurement will not be needed.

▶ NEXT STEPS

In order to obtain long-term contracts from crude oil suppliers, G2G Agreements are needed, e.g. with Iraq, Iran, Azerbaijan, and Saudi Arabia.

In principle permits for foreign investment for the establishment of JV companies in 2017 at the latest.

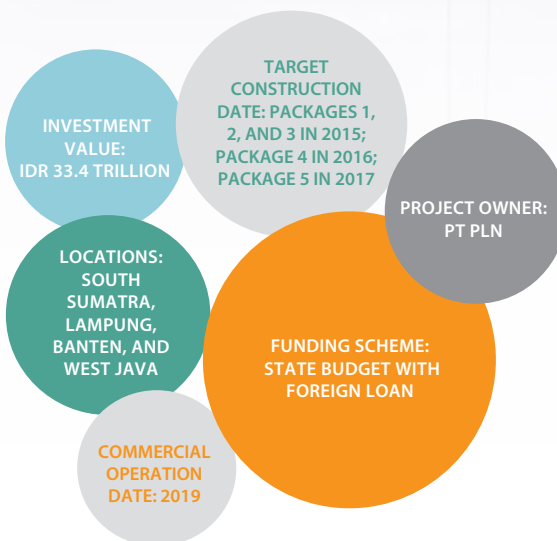
Approval of tax holiday or tax allowance in 2016.

Approval of environmental permits.

Certification and other related oil and gas permits during the EPC phase up to the operation.

C. PROFILE OF 22 PRIORITY PROJECTS

HIGH VOLTAGE DIRECT CURRENT (HVDC)



► PROJECT DESCRIPTION

High Voltage Direct Current (HVDC) is a construction project of transmission system that connects Sumatra and Java. The system will be utilized to transmit electricity from Mine-Mouth Coal-Fired Power Plant 8, 9, and 10 in South Sumatra to Java Island.

PACKAGE 1

42 Months of Implementation Time

Converter/inverter station in Muara Enim Regency (South Sumatra) & Bogor Regency (West Java).

PACKAGE 2

41 Months of Implementation Time

40 km undersea transmission lines of 500 kV DC from Ketapang (Lampung) – Salira (Banten) crossing the Sunda Strait.

PACKAGE 3

41 Months of Implementation Time

Overhead transmission lines of 500 kV DC from Muara Enim (South Sumatra) to Ketapang (Lampung) and from Salira (Banten) to Bogor (West Java).

PACKAGE 4

30 Months of Implementation Time

Overhead transmission lines of 500 kV AC from Muara Enim (South Sumatra) converter station to mine-mouth coal fired power plants and from Bogor (West Java) converter station to the Java-Bali 500 kV Transmission System.

PACKAGE 5

26 Months of Implementation Time

Overhead transmission lines of 500 kV AC from Muara Enim (South Sumatra) converter station to the Sumatra 500 kV Transmission System.

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▶ PROJECT SIGNIFICANCE

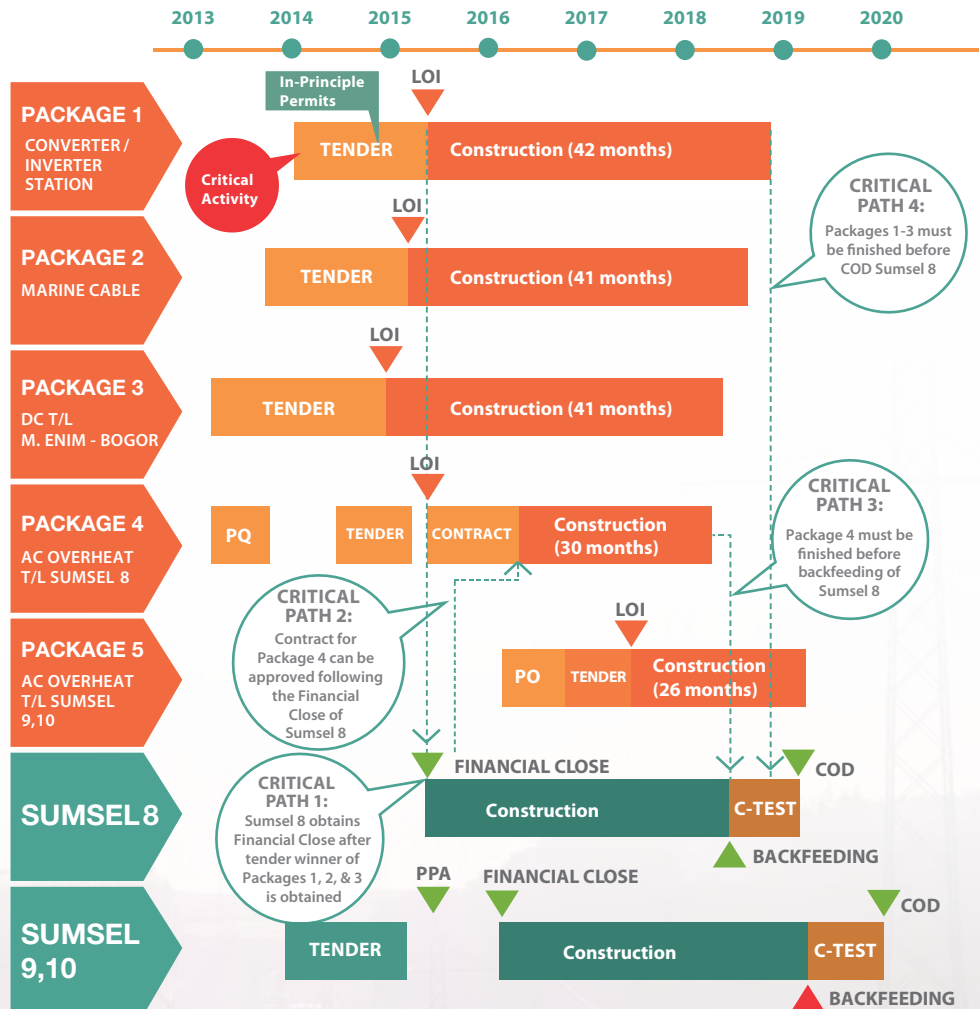
HVDC is a ~742 km transmission project and its implementation needs ~300 ha land. HVDC transmission has the capacity to transmit 3,000 MW power from Sumatra to Java and vice versa. It aims to improve the capacity of electricity supply on Sumatra and Java, and to reduce power generation costs by optimizing the abundant low grade coal on Sumatra Island.

▶ FUNDING SCHEME

HVDC project has been determined to be funded by State Budget with Foreign Loan from JICA in the amount of JPY 181.87 Billion (~IDR 33.4 Trillion).

▶ PROJECT IMPLEMENTATION SCHEDULE

Land procurement for Converter Station is a critical activity for the completion of HVDC Project and PLTU Sumsel 8



▶ LAND ACQUISITION

SOUTH SUMATRA

Location Determination Letter for land in South Sumatra has been renewed and issued in the letter of Regional Secretary of the Provincial Government of South Sumatra No. 393/1068/IV/2015. Most of the land have entered the inventory taking phase, except the area of Ogan Konering Ulu Timur (OKUT) in where 44 out of 111 points have been procured. The land of PTPN 7 that will become converter station site has been completely inventoried and is being appraised prior to the implementation of compensation.

Currently, land procurement is accelerated for the transmission section that was changed from Lahat – Gumawang 275 kV to Lahat – Lumut Balai – Gumawang. Land procurement in the south side needs Location Determination revision and re-dissemination to the affected communities.

WEST JAVA

Location Determination Letter has been revised and is awaiting the Governor's ratification. The revision is needed in order to be able to announce the results of the inventory taking for the converter stations. To date, land procurement for converter station has reached 51 hectares out of 55 hectares needed.

Aside from land acquisition process, PT PLN is applying for Borrow-to-use Permit for Forest Areas (IPPKH) for production forest areas in South Sumatra and Lampung.

BANTEN

Location Determination Letter issued by the Governor of Banten does not need to be revised yet because the previous Land Acquisition Law can still be used and shall still be applicable until 2017. Most of the land is still in inventory taking phase, except Cilegon where 12 locations have been in compensation payment phase.

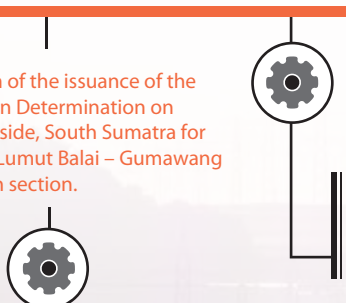
LAMPUNG

Location Determination Letter for land in Lampung has been renewed and issued in the Decree of the Governor of Lampung No. G/268/II.06/HK/2015. Most of the land are still in an inventory taking phase, except South Lampung Regency where 17 points have been acquired.

▶ LATEST STATUS

- Procurement for HVDC Package 1. RFP and proposal submission phase have been conducted in May 2015. Estimated time for the contract signing is October 2015.
- Procurement for HVDC Package 2. Phase 2 RFP has been conducted in April 2015. Currently, Phase 1 (technical) is being evaluated. Estimated time for the signing is August 2015.
- Contract for HVDC Package 3 was signed on October 29, 2014.
- HVDC Package 4. Pre-qualification and publication of RFP documents have been conducted in April 2015. Estimated time for the contract signing would be loaded by November 2015. Prior to the signing of contract, the winner needs to fulfill the requirements for the issuance of Lol for PLTU Mulut Tambang Sumsel 8.
- Pre-qualification for HVDC Package 5 will be conducted in the beginning of 2016.

▶ NEXT STEPS

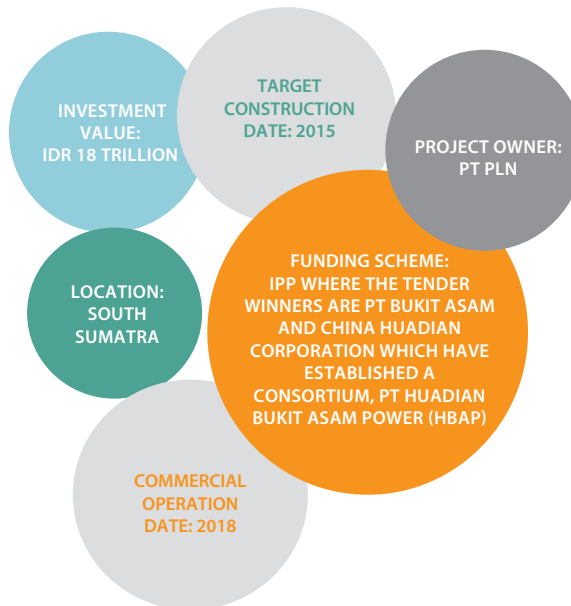


Acceleration of the issuance of the new Location Determination on Gumawang side, South Sumatra for the Lahat – Lumut Balai – Gumawang transmission section.

Acceleration of land procurement in both Java and Sumatra.

C. PROFILE OF 22 PRIORITY PROJECTS

SOUTH SUMATRA MINE-MOUTH COAL-FIRED POWER PLANT 8



► PROJECT DESCRIPTION

South Sumatra Mine-Mouth Coal-Fired Power Plant 8 (PLTU Sumsel 8) is a coal-fired power plant with 'mine-mouth' scheme where the power plant is located adjacent to the coal mine, thus reducing logistic costs. This PLTU will have 1,200 MW capacity and will be connected with HVDC transmission line (Project No. 6).

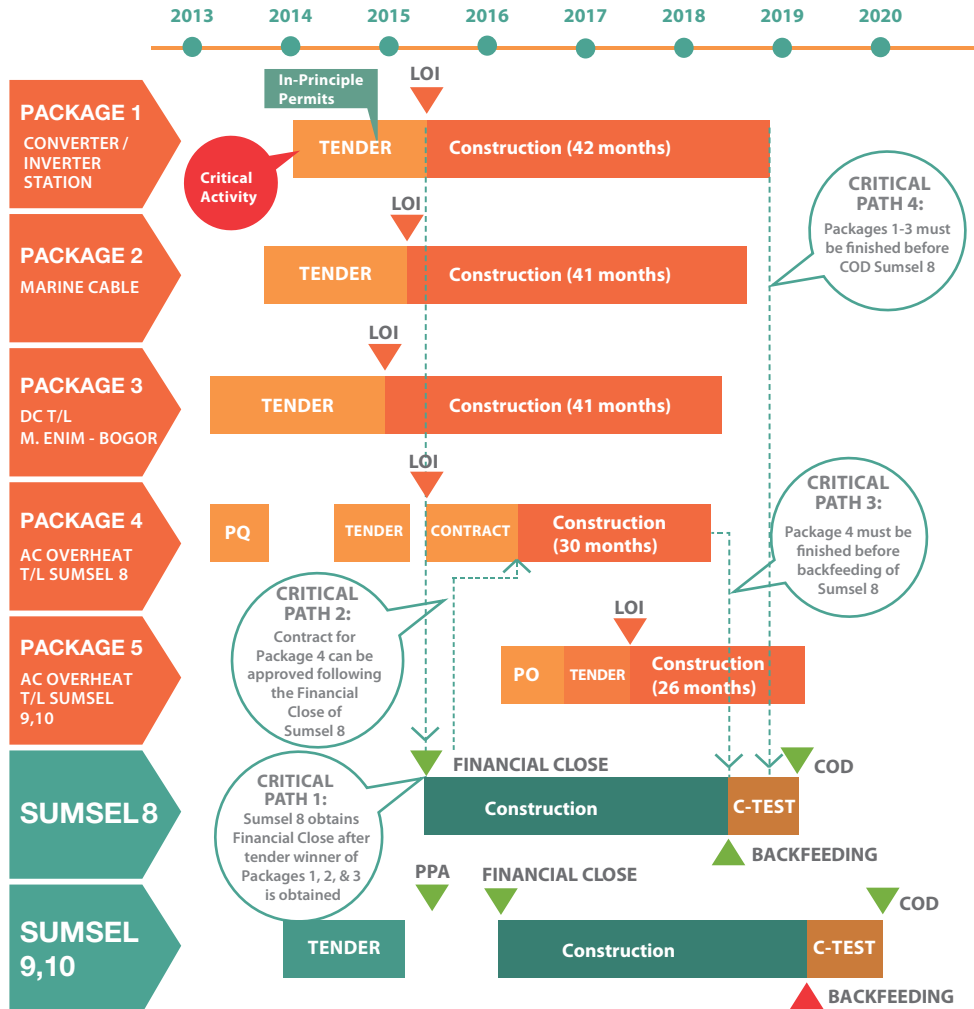
► PROJECT SIGNIFICANCE

The growth of population and industry on Java Island especially the west part of Java has increased the needs for electric power that cannot be fulfilled by power plants in Java Island. Seeing the huge potentials for coal and the construction of coal-fired power plants on Sumatra Island, the Government of Indonesia has prepared a plan to develop power plants and transmissions to create sustainable electricity supply for both Sumatera and Java islands.

7

► PROJECT IMPLEMENTATION SCHEDULE

Land procurement for Converter Station is a critical activity for the completion of HVDC Project and PLTU Sumsel 8



► LATEST STATUS

Power Purchase Agreement (PPA) for Sumsel 8 was signed on September 17, 2012 and allows 3 extensions for the financial close. The schedule of the financial close has been changed to September 2015.

Financing Agreement between HBAP as IPP Developer and CEXIM as lender in China was signed on March 27, 2015. The draw down will await for the issuance of LOI Packages 1 and 2 of HVDC.

The first draw-down was conducted in the mid 2015, considering that Lol for HVDC Package 3 had been issued by PT PLN in October 2014.

KPPIP has made debottlenecking efforts to procure land for the 275 kV Lahat – Gumawang Transmission which has become Lahat – Lumut Balai to ensure that the target of the Financial Close can be accomplished. The transmission is needed for backfeeding test in 2017/2018 and the issue may delay the Financial Close.

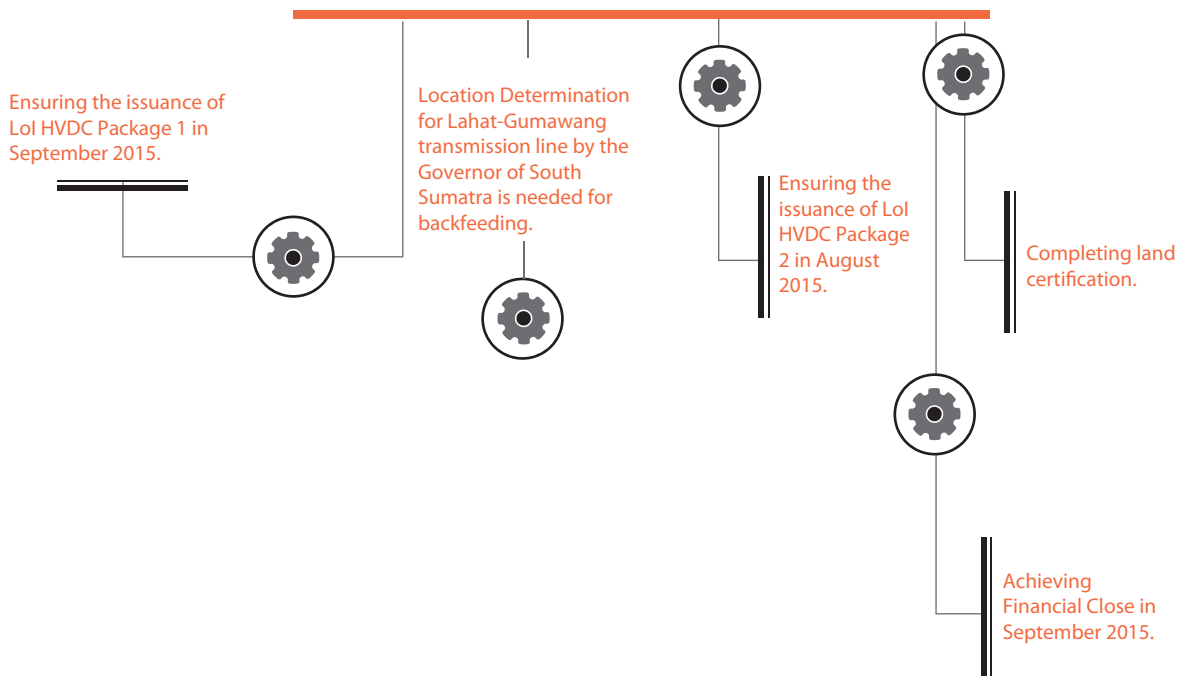
► FUNDING SCHEME

PLTU Sumsel 8 is a project with Independent Power Producer (IPP) scheme where PT PLN conducts a tender for Business Entities that will fund and construct the project. The winning bidder is PT Huadian Bukit Asam Power (HBAP) which is a consortium of PT Bukit Asam and China Huadian Corporation.

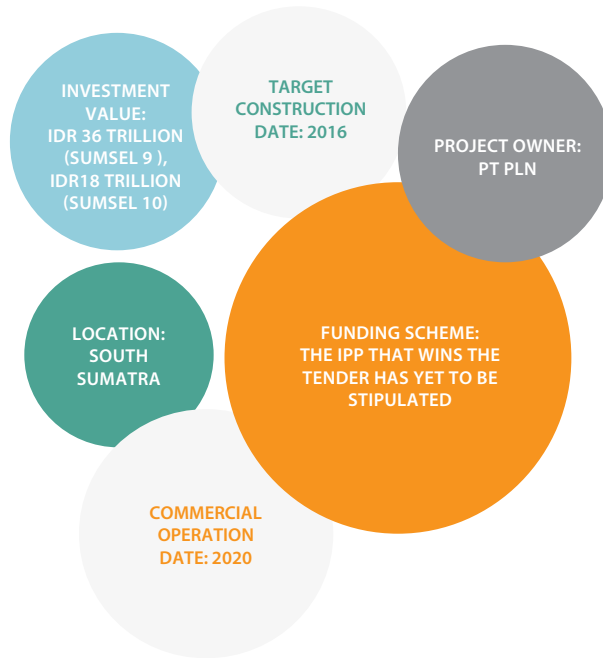
► LAND ACQUISITION

Environmental Impact Assessment (EIA) for the project has been issued and land acquisition is ongoing. Currently, issuance of land certificate for the procured land is being processed.

► NEXT STEPS



SOUTH SUMATRA MINE-MOUTH COAL-FIRED POWER PLAN 9 & 10



▶ PROJECT DESCRIPTION

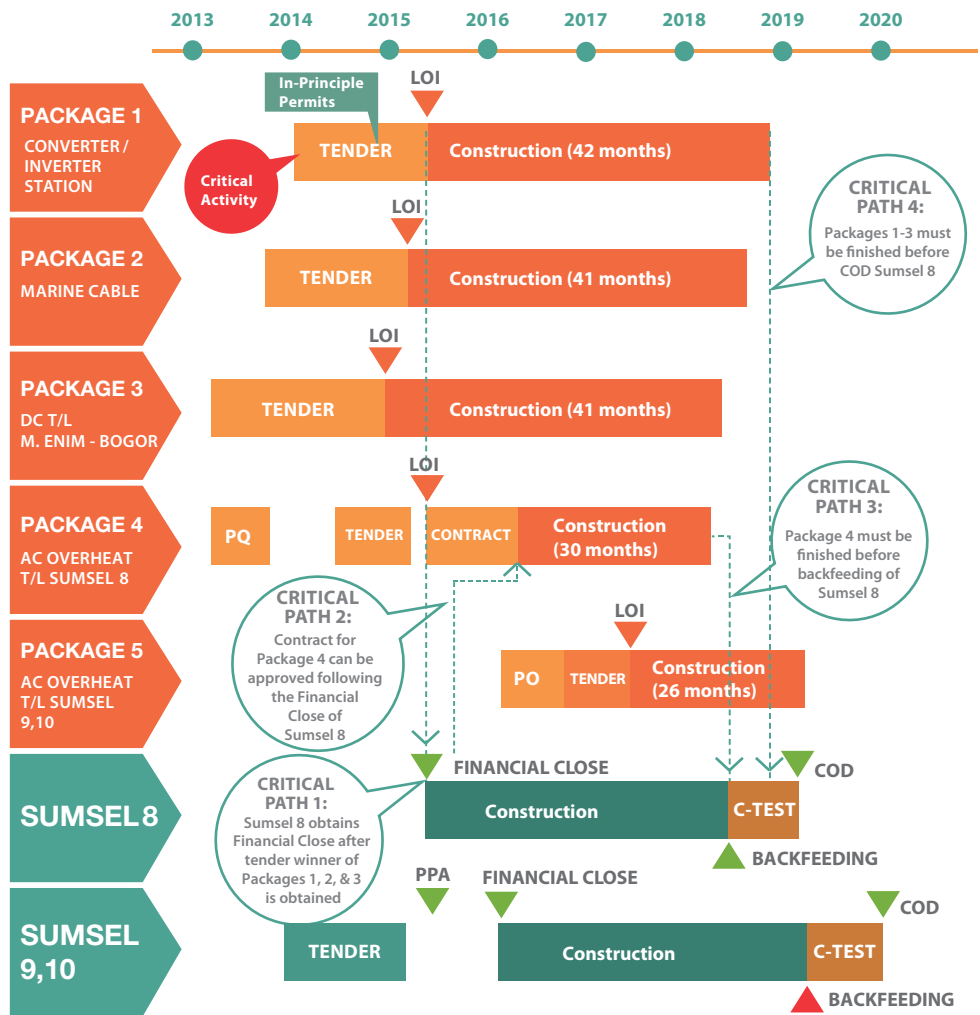
South Sumatra Mine-Mouth Coal-Fired Power Plant 9 & 10 (PLTU Sumsel 9 & 10) are coal-fired power plants with a 'mine-mouth' scheme where the power plant is located adjacent to the coal mine, thus reducing logistic costs. These PLTUs will have 1,200 MW and 600 MW capacities and will be connected to HVDC transmission line (Project No. 6).

▶ PROJECT SIGNIFICANCE

The growth of population and industry on Java Island especially the west part of Java has increased the needs for electric power that cannot be fulfilled by power plants in Java Island. Seeing the huge potentials for coal and the construction of coal-fired power plants on Sumatra Island, the Government of Indonesia has prepared a plan to develop power plants and transmissions to create sustainable electricity supply for both Sumatera and Java islands.

► PROJECT IMPLEMENTATION SCHEDULE

Land procurement for Converter Station is a critical activity for the completion of HVDC Project and PLTU Sumsel 8



► LATEST STATUS

The result of PQ was announced on March 28, 2013. 8 participants passed the qualification:

- 5 bidders passed the qualification for projects of up to 1,800 MW
- 3 bidders passed the qualification for projects of up to 600 MW

Request for Proposals (RFP) for Sumsel 9 and Sumsel 10 was issued on August 1, 2013 and the final revision was issued on December 18, 2014. For the tender to obtain good quality proposals with a competitive value, the bid submission date has been extended to August 18, 2015 from the initial May 18, 2015.

In-principle guarantee approval was issued by Indonesia Infrastructure Guarantee Fund (IIGF) on December 18, 2014.

▶ FUNDING SCHEME

PLTU Sumsel 9 & 10 use Independent Power Producer (IPP) scheme where PT PLN conducts a tender for Business Entities that will fund and construct the project. Tender process is underway with an announcement schedule of the winner in December 2015.

▶ LAND ACQUISITION

The projects have yet to reach land procurement phase. Land procurement for Mine-Mouth Coal-Fired Power Plant will be conducted following the determination of bid winners.

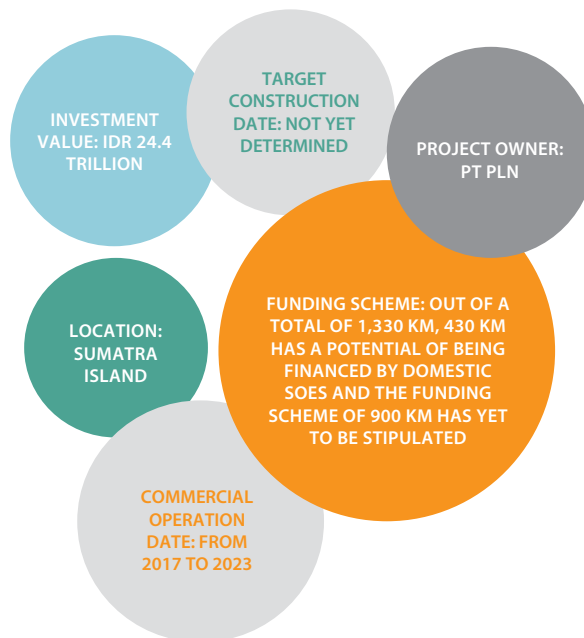
▶ NEXT STEPS

Ensuring that the Stipulation of Tender Winner is achieved in December 2015.



C. PROFILE OF 22 PRIORITY PROJECTS

THE 500 KV SUMATRA TRANSMISSION



► PROJECT DESCRIPTION

The construction of the 500 kV 1,330 km Transmission to transmit the electricity generated in the south part to the north part of Sumatra, that is from Muara Enim, South Sumatra up to Langsa, Aceh.

► PROJECT SIGNIFICANCE

The Sumatra Transmission is needed to transmit electricity from Coal-Fired Power Plant (PLTU) in South Sumatra to the north region of Sumatra to improve electricity access of the communities. The schedule for the construction of this project will be synchronized with the completion of the construction of PLTU Sumsel 8, 9, 10 and the construction of HVDC so as to avoid uneven distribution of electricity on Sumatra Island and Java Island.

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PLANNED IMPLEMENTATION SCHEDULE

MUARA ENIM-AUR DURI

PROGRESS	PLANNING
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	120
OPERATIONAL PLAN	2019

RANTAU PRAPAT-PERDAGANGAN

PROGRESS	PLANNING
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	270
OPERATIONAL PLAN	2020

MUARA DURI-PERANAP

PROGRESS	PROCUREMENT
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	210
OPERATIONAL PLAN	2017

PERDAGANGAN-GALANG

PROGRESS	PLANNING
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	80
OPERATIONAL PLAN	2020

PERANAP-PERAWANG

PROGRESS	PROCUREMENT
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	220
OPERATIONAL PLAN	2017

GALANG-PANGKALAN SUSU

PROGRESS	PLANNING
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	70
OPERATIONAL PLAN	2023

PERAWANG-RANTAU PRAPAT

PROGRESS	PLANNING
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	280
OPERATIONAL PLAN	2020

PANGKALAN SUSU-LARGA

PROGRESS	PLANNING
NO. OF CIRCUITS	2
CONDUCTOR	ACSR 4X 430 MM2
LENGTH	80
OPERATIONAL PLAN	2023

▶ LATEST STATUS

The Sumatra Transmission Project initially was to be assigned to 5 SOEs (Hutama Karya, Adhi Karya, Waskita Karya, Wijaya Karya, and Pembangunan Perumahan) for the construction of 430 km line (New Aur Duri-Peranap-Perawang). However due to the absence of legal basis for direct appointment scheme, PT PLN conducts a tender.

PT PLN is now conducting a tender for the New Aur Duri – Peranap (210 km) section and the Peranap – Perawang (220 km) section where the stipulation of the winners is scheduled to be in September 2015.

The remaining 900 km line is still in a funding scheme analysis phase. Several options are being assessed, among other things: (1) Direct appointment to a Chinese State-Owned Enterprise (State Grid Corporation of China). For that purpose, PT PLN needs a legal opinion from the Attorney General's Office as a basis for the Direct Appointment of State Grid Corporation of China (SGCC) as the contractor under a Build – Operate – Transfer (BOT) scheme; (2) A beauty contest towards shortlisted bidders.

▶ FUNDING SCHEME

For the 430 km section of New Aur Duri – Peranap – Perawang, PT PLN is conducting a tender among State Owned Enterprises, to divide it into sections that can be constructed first. The winning bidder stipulation is targeted in August 2015 and the winning SOE will finance the construction of the section.

For the other ~900 km Sumatran Transmission portion, the Government of Indonesia is still assessing several funding scheme options.

▶ LAND ACQUISITION

The project has yet to reach land acquisition phase.

▶ NEXT STEPS

Winning bidder stipulation for the New Aur Duri – Peranap – Perawang (430 km) section.

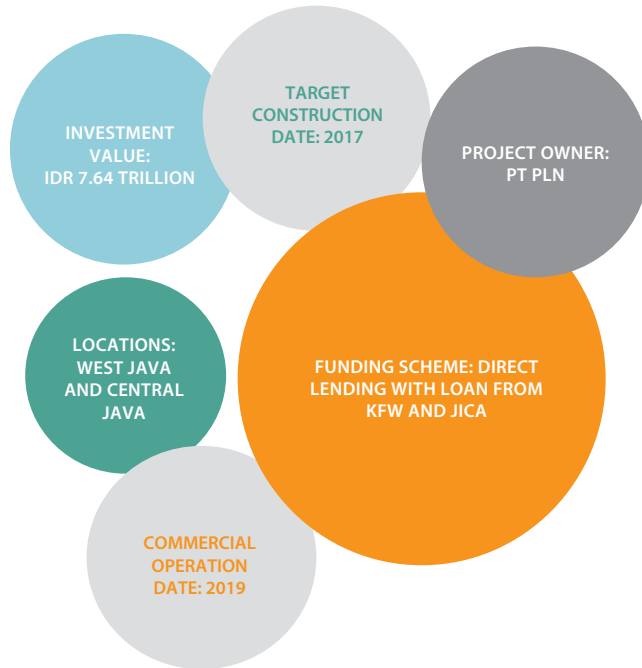


Funding scheme stipulation for the remaining 900 km transmission section.



C. PROFILE OF 22 PRIORITY PROJECTS

CENTRAL – WEST JAVA 500 KV TRANSMISSION LINE



► PROJECT DESCRIPTION

The 500 kV transmission construction to transmit electricity generated in Central Java to load center Jakarta which is located in the western region of Java Island.

The transmission project is divided into the following sections:

1. Ungaran (Pedan) – Pernalang (86 km)
2. Pernalang – Mandirancan (167 km)
3. Pernalang – Incomer 2 pi (110 km)
4. Pernalang – Incomer 2 pi (Batang – Weleri) 2 km
5. Mandirancan – Indramayu (90 km)
6. Indramayu – Cibatuu (110 km)

► PROJECT SIGNIFICANCE

The transmission line from West Java to Central Java is highly needed to transmit the electricity generated by PLTU Indramayu (1,000 MW), PLTU Jawa 1 (1,000 MW), PLTU Pernalang (2x1,000 MW), PLTU Jawa 3 (2 x 660 MW), PLTU Jawa 4 (2x1,000 MW) and PLTU Batang (2,000 MW). Consequently, it is necessary to synchronize the development schedules and completion of all projects.

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▶ **CENTRAL-WEST JAVA 500 KV TRANSMISSION PROJECT IMPLEMENTATION SCHEDULE**

Pre-feasibility Study	Feasibility Study	Detailed Engineering Design (DED)
Ongoing	Targeted for 2016	Waiting for funding scheme approval

▶ **LATEST STATUS**

Currently, the project is still in the process for licensing, land acquisition, and tender documents preparation.

▶ **FUNDING SCHEME**

This project will be funded with direct lending to PT PLN from KfW and JICA.

▶ **LAND ACQUISITION**

There is an indication that the project will need 77.5 ha land and it is still in the phase of Land Acquisition Planning Document preparation. PT PLN is revising the Environmental Impact Assessment (EIA) for the Indramayu – Cibatuh section as a part of the Land Acquisition Planning Document.

Land acquisition for the transmission tower bases will use Law No. 2 of 2012 regarding Land Acquisition for Public Interest. The payment of compensations for buildings affected and Right of Way will be conducted in accordance with Regulation of the Minister of Energy and Mineral Resources No. 38 of 2013 regarding Compensations for Land, Buildings, and Vegetation located Below High Voltage Overhead Line and Extra High Voltage Overhead-Free Spaces.

Permits for production forest areas in the Ungaran (Pedan) – Mandirancan (38 km) section and the Indramayu – Cibatuh section will be conducted in accordance with regulations from the Ministry of Environment and Forestry with acceleration efforts made by KPPIP.



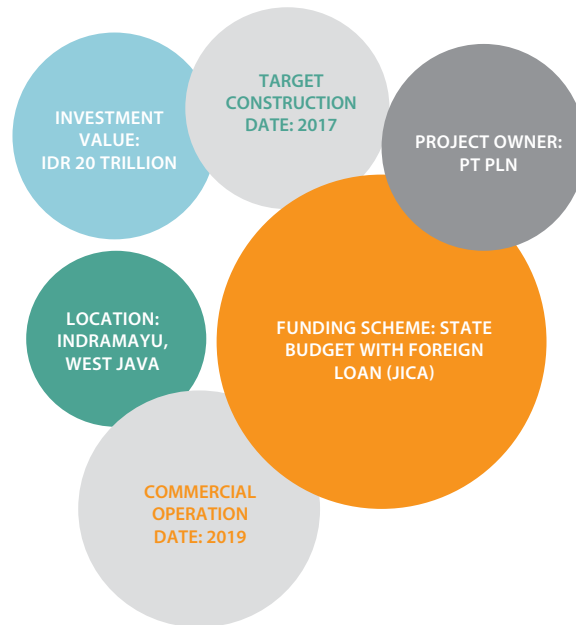
▶ NEXT STEPS

Completion of EIA revision for the Indramayu – Cibatuh section in August 2015.

Land acquisition acceleration which at the moment is in the phase of the drafting of Planning Documents.

C. PROFILE OF 22 PRIORITY PROJECTS

PLTU INDRAMAYU



▶ PROJECT DESCRIPTION

The construction of coal-fired power plant with a capacity of 1,000 MW to generate electricity required for Java and Bali Islands.

▶ PROJECT SIGNIFICANCE

The purpose of this PLTU is to support the electricity supply system and reduce the electricity crisis in the Java and Bali regions. In addition to the above, this project aims to create an economic growth and create positive impacts on the communities by supporting the industrial estates growth in the Eastern region of Jakarta and West Java.

▶ LATEST STATUS

KPIIP provided supports through stakeholders coordination and other acceleration effort assessments when the issuance of Environmental Permit was hampered. KPIIP escalated this issue to Presidential Staff Office and the Vice President for coordination at central government level. As a result, Environmental Permit has been issued by the Regent of Indramayu for the PLTU Indramayu 2 x 1,000 MW Construction Activity as proposed by the Master Unit of Development VIII of PT PLN in Indramayu Regency, West Java No. 660/Kep, 51.A-BLH/2015 dated May 26, 2015.

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PT PLN is now preparing a minor revision on the Environmental Impact Assessment (EIA), but this will not affect the issued Environmental Permit. Revision to EIA Document will be included in the Planning Document for land procurement. With the issuance of the Environmental Permit, PT PLN may start project initiation activity including the permits processing.

The Board of Directors of PT PLN will make a decision with regard to the continuity of procurement of Detailed Engineering Design (DED) consultants and EPC contractors that was halted because Environmental Permit had not been issued.

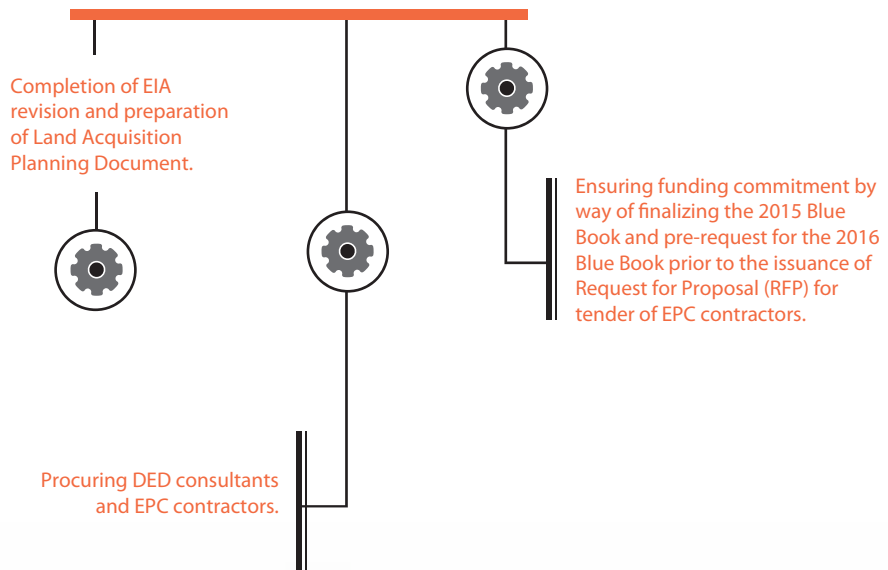
▶ FUNDING SCHEME

PLTU Indramayu has been stipulated to use funding from State Budget with Foreign Loan from JICA in the amount of USD 2 Billion.

▶ LAND ACQUISITION

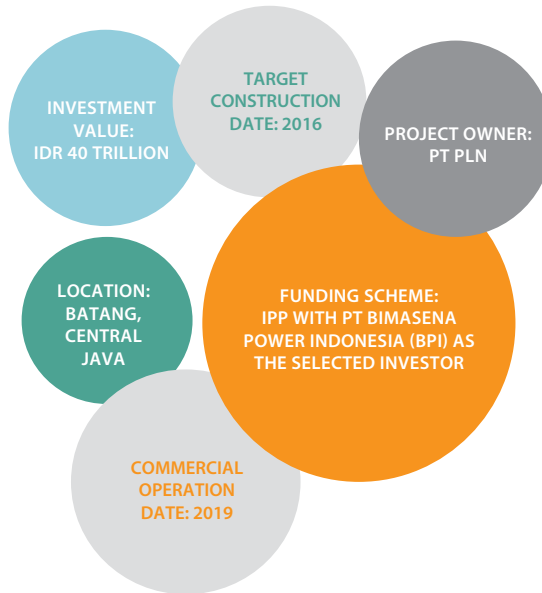
Following the Environmental Permit issuance on May 26, 2015, PLTU Indramayu is now in the process of preparing Land Acquisition Planning Documents to procure land. The location determination is targeted to be in December 2015 so that land procurement can be completed in May 2016.

▶ NEXT STEPS



C. PROFILE OF 22 PRIORITY PROJECTS

PLTU BATANG/CENTRAL JAVA POWER PLANT



► 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

The power plant with a capacity of 2,000 MW is aimed to supply electricity for the population of Java Island. This project also becomes a pilot project with PPP scheme with the largest value in Indonesia.

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▶ PROJECT IMPLEMENTATION SCHEDULE WITH PPP SCHEME

Land Acquisition	Financial Close	Construction	COD
Ongoing process for land acquisition for 18.87 ha using Law No. 2 of 2012	Targeted for October 2015	Not started yet	2019

▶ LATEST STATUS

The Power Purchase Agreement (PPA) signing between PT PLN and PT BPI was conducted on October 6, 2011. The schedule of Financial Close has been delayed from October 6, 2012 to October 6, 2013, to October 6, 2014 and eventually to October 6, 2015.

The project faces land acquisition issues. To solve this, PT PLN is conducting a tender for appraisal service to be recommended to the Regional Land Agency of Central Java for its stipulation.

With an estimated land acquisition settlement on September 28, 2015, it is expected that there will be enough time to achieve the financial close.

▶ FUNDING SCHEME

Funding scheme has been determined as an IPP where the winning bidder is PT Bhimasena Power Indonesia established by J-Power (34%), Adaro (34%), and Itochu (32%).

▶ LAND ACQUISITION

Project is delayed due to the rejection from the community at several points in the power block area, hence delaying the financial close schedule. To address the issue, PT PLN is assigned to conduct land acquisition for the remaining land using Law No. 2 of 2012 that gives a maximum deadline for land acquisition completion.

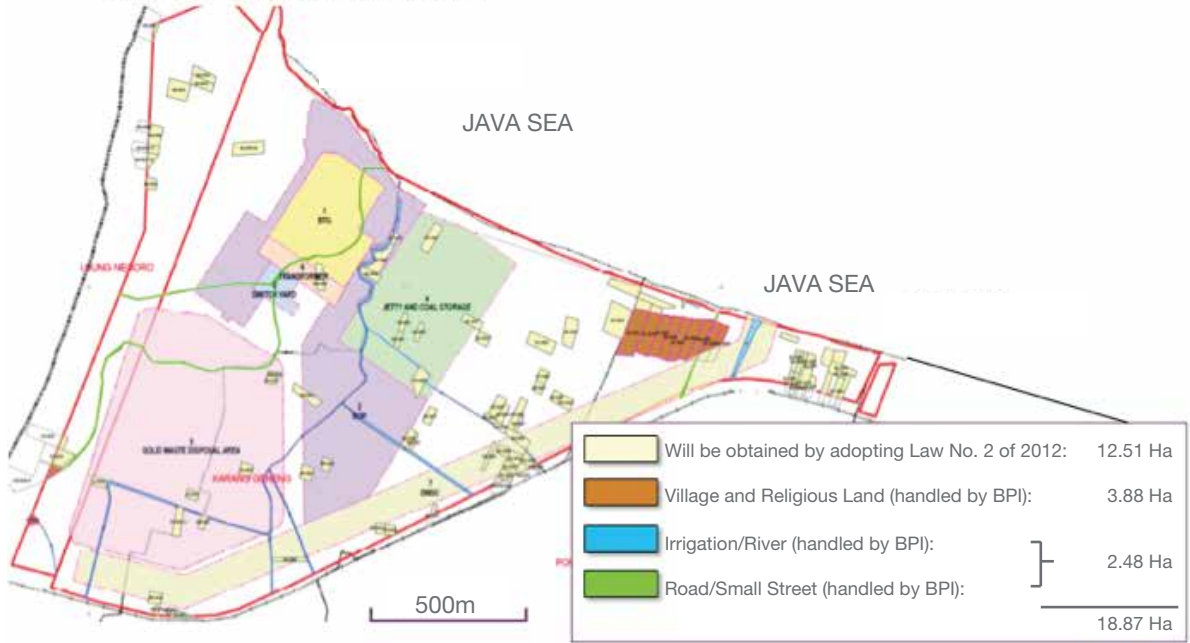
With the facilitation provided by KPPIP, the land acquisition issue has been discussed in a meeting chaired by the Vice President to decide on acceleration efforts. The location determination for the remaining land has been issued by the Governor of Central Java on June 30, 2015. Based on the schedule arranged by the Regional Land Agency of Central Java, land acquisition is estimated to be completed on September 28, 2015. Hence, it is expected that the target of the financial close on October 6, 2015 can be accomplished.

The land procurement status in the power block area can be seen in the following table. Out of the 18.87 hectares to be procured, 12.51 hectares of the land owned by the community will be procured by PT PLN with Law No. 2 of 2012 land. PT BPI is responsible for the procurement of 3.88 hectares which constitute village and religious and the remaining 2.48 hectares which constitute irrigation/river/small street.



	Method	Size (m ²)	Plot	Land Owner
1. Individual land	Law No. 2 of 2012	105,704m ²	76	49
2. Free State land	Law No. 2 of 2012	17,484 m ²	13	11
3-1. Village land 1	Law No. 2 of 2012	1,959 m ²	3	-
3-2. Village land 2	Without Law No. 2 of 2012	37,305m ²	6(+3)	-
4. Religious land (Tanah Wakaf)	Without Law No. 2 of 2012	1,503 m ²	2	-
Sub Total		163,955 m ²	100	60
5. Irrigation and dike	Without Law No. 2 of 2012	24,780 m ²	-	-
Grand Total		188,735 m²	100	60

MAP OF THE REMAINING POWER BLOCK LAND



In addition to the above, the power block area also contains State General Reserve Land (TCUN) with an area of 16 ha that needs to be clarified with regard to its transfer mechanism to PT BPI. There are two options: in Option 1, the TCUN will be transferred to PT BPI directly as a Right to Build (HGB); in Option 2, HGB will be granted to PT PBI over the Right of Other Uses (HPL), which is prioritized to be granted to SOEs by the Government. In this regard, it is granted to PT PLN.

▶ NEXT STEPS

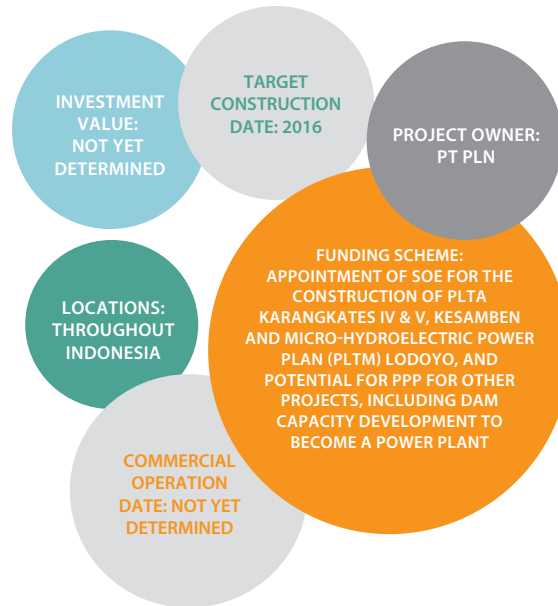
Completion of land procurement as scheduled on September 28, 2015.

Acceleration of the power block land certification process for an area of 5.06 ha at the Regional Land Agency of Central Java and 49.98 ha that is still being processed by PT BPI at a notary.

Stipulation of the handling of TCUN between Option 1: HGB directly to BPI or Option 2: HGB BPI over HPL PT PLN.

C. PROFILE OF 22 PRIORITY PROJECTS

WATER TO ENERGY (CONSTRUCTION OF 4 NEW PLTA KARANGKATES IV & V, KESAMBEN, AND PLTM LODOYO)



► PROJECT DESCRIPTION

“Water to Energy” Program is divided into 4 acceleration programs, where one of them is a breakthrough for Karangkates IV & V, Kesamben, and Lodoyo Hydro Power Plants (PLTA) and Micro-Hydro Power Plant (PLTM) construction acceleration, with a total capacity of 147 MW. PLTA Karangkates IV & V and Kesamben are located in Brantas River, East Java, while PLTM Lodoyo will utilize a weir. Total capacity of the three PLTUs and one PLTM reaches 147 MW.

One of the main focus for KPPIP is the Matenggeng Dam, which has the potential to generate 900 MW. The project is currently in the study process and the funding scheme is not yet determined.

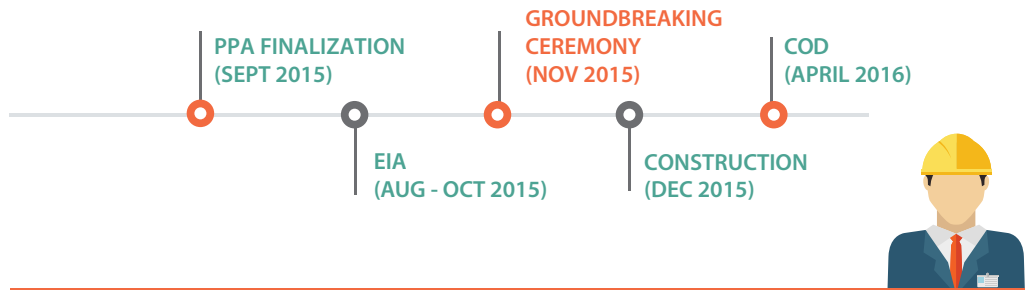
► PROJECT SIGNIFICANCE

PLTA Karangkates IV & V can generate 100 MW of electricity. PLTA Kesamben has a capacity to generate 37 MW and PLTA Lodoyo can generate 10 MW. With a total of 147 MW, the four power plants are selected as they can potentially be constructed the fastest.

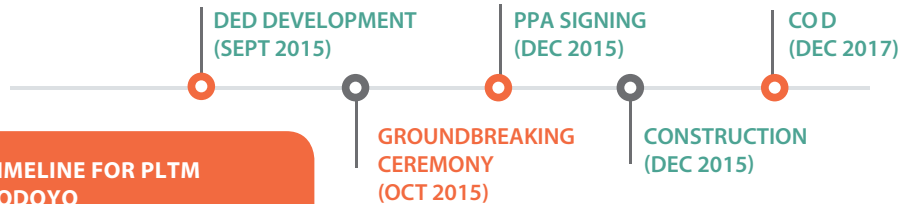
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▶ PROJECT IMPLEMENTATION SCHEDULE

TIMELINE FOR PLTA KARANGKATES IV & V AND PLTA KESAMBEN



TIMELINE FOR PLTM LODOYO



▶ LATEST STATUS

The feasibility studies for the construction of PLTA Karangates IV & V, PLTA Kesamben and PLTA Lodayo have been completed by the consultants and are now in a permit process and a basic design preparation.

▶ FUNDING SCHEME

PLTA Karangates IV & V and PLTA Kesamben are funded by a consortium of SOEs comprising of PT Pembangkit Jawa Bali (PJB), PT Wijaya Karya, PT Waskita Karya, PT Utama Karya, PT Brantas Energi, and Perum Jasa Tirta I.

PLTM Lodayo is funded by a consortium of SOEs consisting of PT Pembangkit Jawa Bali (PJB), Perum Jasa Tirta I, and PT Brantas Energi.

▶ LAND ACQUISITION



PLTA Karangates IV & V will use land owned by Perum Jasa Tirta I.

Land procurement for PLTA Kesamben still awaits for the Power Purchase Agreement (PPA) signing process.

PLTA Lodayo does not need land procurement.

C. PROFILE OF 22 PRIORITY PROJECTS

SERANG – PANIMBANG TOLL ROAD



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► PROJECT DESCRIPTION

The toll road development for the length of 83.6 km to provide access to the Tanjung Lesung Special Economic Zone (SEZ) and Ujung Kulon National Park.

► PROJECT SIGNIFICANCE

This toll road is expected to reduce logistic costs for goods delivery from the industrial estate in Pandeglang to the port in Jakarta and vice versa.

▶ PROJECT TIMELINE

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
April – December 2015	Targeted to be completed in December 2015	Targeted to be completed in 2016	September – December 2015
Funding Scheme Determination	Investment Procurement	Fiscal Support/ VGF	Guarantee
Will be determined after the completion of VfM assessment	Waiting for VfM assessment	Waiting for VfM assessment	Waiting for VfM assessment
Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
Listed	Not issued yet	N/A	2018
Land Acquisition	Financial Closure	Construction	
Not started yet	Targeted in July 2017	Targeted to start in July 2017	

▶ LATEST STATUS

KPPIP has coordinated with the Indonesia Toll Road Authority (BPJT) and the Highway Construction and Maintenance (Bina Marga) to procure consultants for the preparation of EIA and VfM assessments in line with the standards of feasibility study of KPPIP. VfM assessment will be integrated into the existing feasibility study that was proposed by Banten Provincial Government to the Ministry of Public Works and Public Housing. This feasibility study will be used as a basis to stipulate the route alignment by the Ministry of Public Works and Public Housing. Currently KPPIP is conducting tender to procure consultants for EIA and VfM analysis.

The Location Determination from the Governor of Banten will be issued in 1-2 months following the submission of the 2 studies.

► FUNDING SCHEME

This project has a potential to adopt Public-Private Partnership (PPP) scheme. Decision on the funding scheme determination can only be made following the completion of Value for Money (VfM) assessment. KPPIP is currently procuring an independent consultant for the preparation of VfM assessment, and this assessment is targeted to be completed in December 2015. This VfM assessment will show the funding scheme with the lowest total cost and project risks for the Government of Indonesia among funding options that include the State Budget, SOE assignment or PPP.

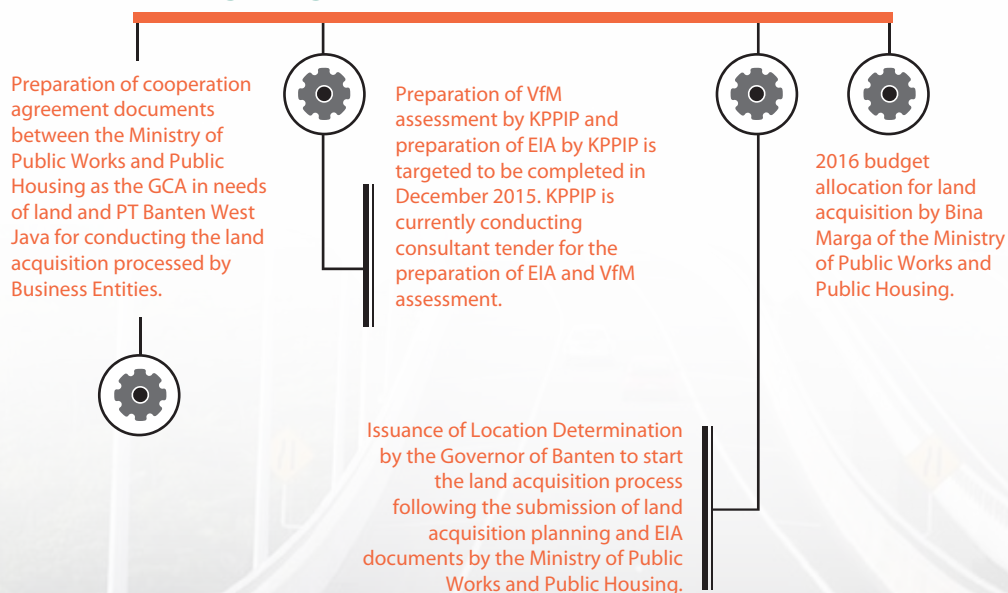
► LAND ACQUISITION

Land acquisition process will use Law No. 2 of 2012 regarding Land Acquisition for Public Interest as agreed in a coordination meeting on the Serang – Panimbang Toll Road on July 14, 2015. Estimated land required for Serang – Panimbang Toll Road is 700 ha - 800 ha. The Ministry of Public Works and Public Housing has yet to stipulate the amount of budget needed for land acquisition. The Location Determination by the Governor of Banten is targeted to be issued in the beginning of 2016.

Based on preliminary analysis, most of the routes are located in plantation and paddy field areas owned by the State and not occupied by the communities. Community owned residential area that is likely to be affected by the toll road plan is less than 10% of the total land needed.

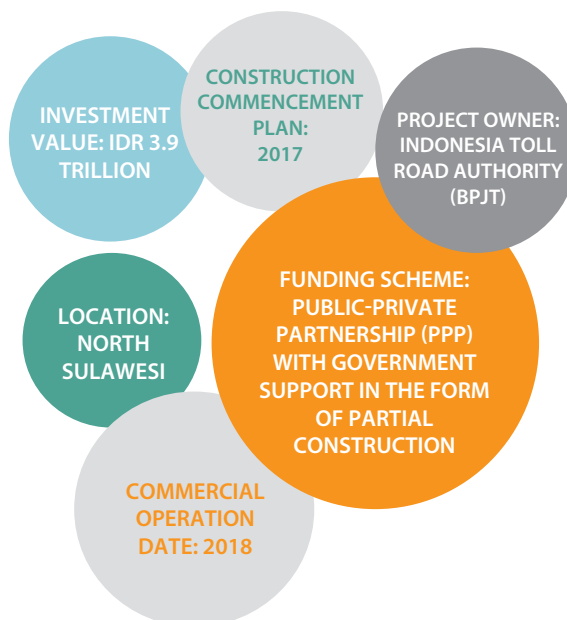
PT Banten West Java, as the developer of Tanjung Lesung Special Economic Zone, has expressed its willingness to acquire land for the first 25 km following the issuance of Land Determination and the signing of cooperation agreement between the Ministry of Public Works and Public Housing and PT Banten West Java that guarantees that the cost of land acquisition for the first 25 km from PT Banten West Java will be reimbursed by State Budget.

► NEXT STEPS



C. PROFILE OF 22 PRIORITY PROJECTS

MANADO – BITUNG TOLL ROAD



► 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) Section 2: Airmadidi – Bitung.

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► PROJECT SIGNIFICANCE

This project aims to support the increased traffic in the 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, which will be developed.

► PROJECT TIMELINE

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Service (DED)	EIA Document
Completed in 2012	Completed in 2012	Completed in December 2013	Completed in 2013
Funding Scheme Determination	Investment Procurement	Fiscal Support/VGF	Guarantee
Determined	Pre-qualification in August 2015	Partial construction by the Gol	Not processed yet
Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
Listed	Issued	N/A	2018
Land Acquisition	Financial Closure	Construction	
Location Determination revision was issued in April 2015 Land acquisition has reached 31.55% as per July 2015	Targeted in December 2016	Targeted in February 2017	

► LATEST STATUS

Indonesia Toll Road Authority (BPJT) has recalculated project feasibility and decided that the North Sulawesi Provincial Government's support in the form of land acquisition fund will be deemed as a sunk cost. The toll road concession tender (pre-qualification) for all sections started between July 31, 2015 and August 31, 2015.

► FUNDING SCHEME

The funding scheme of this project is Supported-Build-Operate-Transfer (SBOT). The Government will provide support in the form of partial construction for Section 1, the Manado – Airmadidi route for the length of 14 km. The fund used for the construction of section 1 comes from State Budget through loan from the Government of the People's Republic of China (PRC). The construction of Section 2, the Airmadidi – Bitung route for the length of 25 km will be implemented by private sector investment is estimated at IDR 3 Trillion. This fund from the private sector will be allocated to finance construction, operations, and maintenance during concession period.

Financing for land acquisition comes from the 2015 State Budget amounting to IDR 19 Billion for section 1 and approximately IDR 440 Billion for section 2. The Provincial Government of North Sulawesi also provides funding support through the 2016 Regional Budget amounting to IDR 6.72 Billion for land acquisition for section 1 and IDR 100 Billion for section 2.

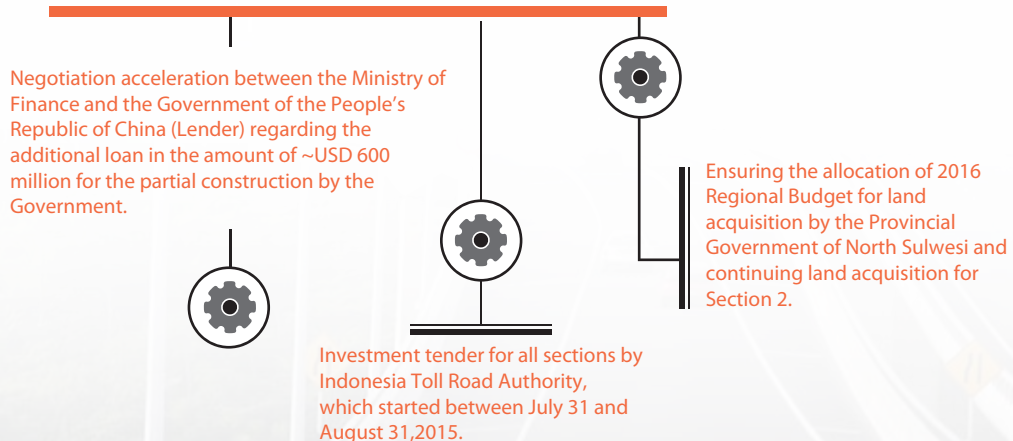
► LAND ACQUISITION

Land acquisition process for Manado – Bitung Toll Road has started since June 2015 where land acquisition process for Section 1 (Manado – Airmadidi) has reached 90.16% using IDR 6.72 Billion from the Regional Budget of South Sulawesi. The land acquisition fund has been allocated in the 2016 Regional Budget. Subsequently, public consultation, land verification and land payment process will be conducted throughout August 2015. The entire land for Section 1 is expected to be ready by the end of August 2015.

Following the Location Determination by the Governor of North Sulawesi on March 22, 2012 and its amendment on April 7, 2015, land acquisition for Section 2 (Airmadidi – Bitung) is targeted to start in August 2015.

With the coordination support from KPPIP, the preparation for land acquisition process which was delayed due to the unavailability of a land measuring device (GPS Geodetic) has now been resolved, and the Regional Land Agency of North Sulawesi Province has established coordination with the local Public Works Office with regard to the provision of the device. Land acquisition for Section 2 is targeted to be completed in December 2015.

► NEXT STEPS



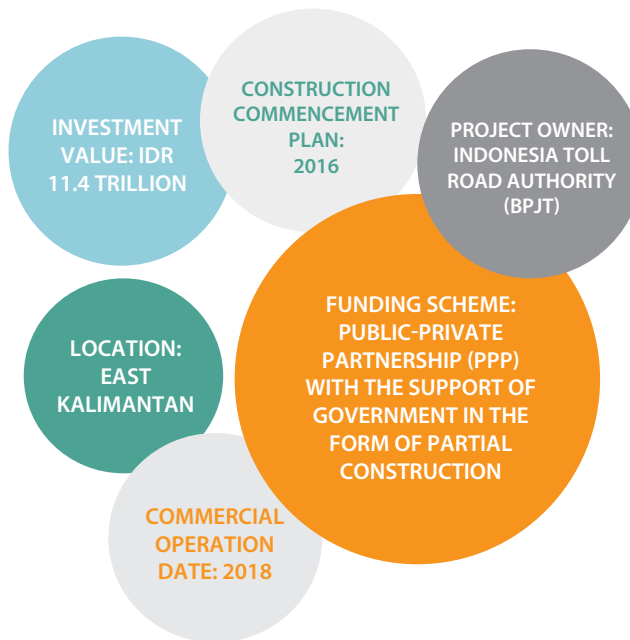
Negotiation acceleration between the Ministry of Finance and the Government of the People's Republic of China (Lender) regarding the additional loan in the amount of ~USD 600 million for the partial construction by the Government.

Investment tender for all sections by Indonesia Toll Road Authority, which started between July 31 and August 31, 2015.

Ensuring the allocation of 2016 Regional Budget for land acquisition by the Provincial Government of North Sulawesi and continuing land acquisition for Section 2.

C. PROFILE OF 22 PRIORITY PROJECTS

Balikpapan – Samarinda Toll Road



► PROJECT DESCRIPTION

This 99 km toll road will connect two largest cities in East Kalimantan, namely Balikpapan and Samarinda. This project is divided into two sections, Section 1 consists of Package 1 (25.07 km) and Package 5 (11.09 km) and Section 2 consists of Package 2 (23.26 km), Package 3 (21.9 km) and Package 4 (17.7 km).

► 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 increase of passengers and goods traffic as well as reduce logistic costs and travel time between Samarinda and Balikpapan.

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▶ PROJECT TIMELINE

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
Completed	Completed in 2014	Completed	Completed in 2014

Funding Scheme Determination	Investment Procurement	Fiscal Support/ VGF	Guarantee
Determined	Pre-qualification in August 2015	Partial construction by the Government	Not processed yet

Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
Listed	Issued	Issued	August 2018

Land Acquisition	Financial Closure	Construction
Location Determination issued in 2009 Land acquisition has reached 86% as per July 2015	Targeted in October 2016	Targeted in November 2016

▶ LATEST STATUS

BPJT conducted an investment tender which started between July 31 and August 31, 2015.

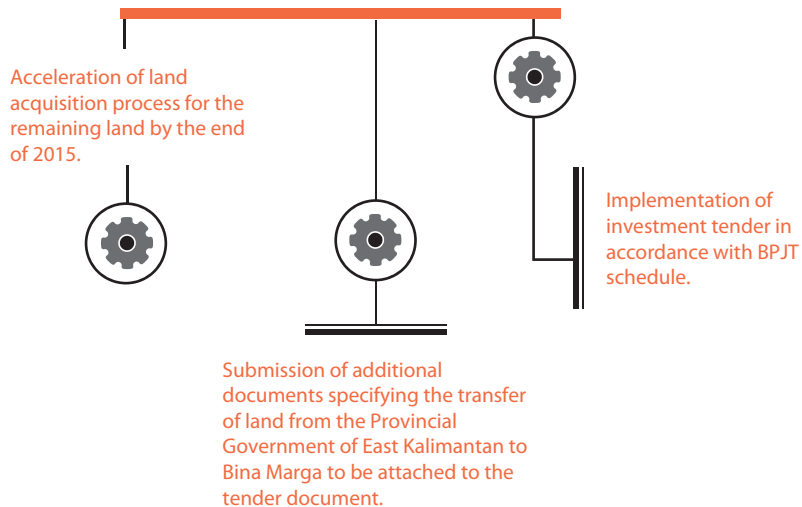
► FUNDING SCHEME

Funding scheme for this project is Supported Build-Operate-Transfer (SBOT). This project will use a PPP scheme with a partial construction support for Packages 1 and 5 from the Central Government and the Provincial Government of East Kalimantan. The private sector will play a role as a partner for the construction of Packages 2-4 and the operations of the toll road for all packages.

► LAND ACQUISITION

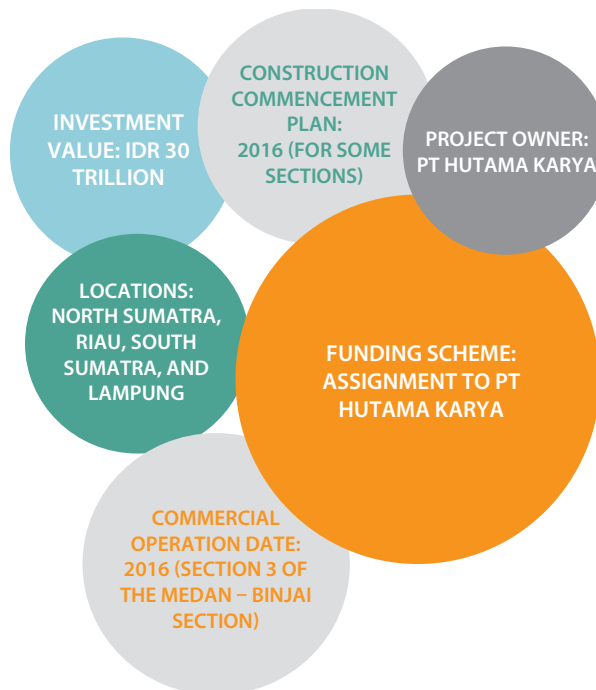
The Provincial Government of East Kalimantan has allocated IDR 1.2 Trillion for land acquisition, which will be deemed as a sunk cost and IDR 1.5 Trillion for construction. The Provincial Government of East Kalimantan has expressed its commitment to increase the fund from Regional Budget if necessary. The Provincial Government of East Kalimantan has sent a letter to BPJT stating that land acquisition has exceeded 75%, thus, BPJT may conduct tender. Land acquisition has reached 86% as of July 2015.

► NEXT STEPS



C. PROFILE OF 22 PRIORITY PROJECTS

FOUR SECTIONS OF THE TRANS SUMATRA TOLL ROAD



► PROJECT DESCRIPTION

The 304 km Trans Sumatra Toll Road will connect Sumatra Island from Aceh to Bakauheni. Phase 1 consists of 8 sections, which are divided into four initial sections: (1) Medan - Binjai, (2) Palembang - Indralaya, (3) Pekanbaru - Dumai, (4) Bakauheni - Terbanggi Besar; and four additional sections: (5) Terbanggi Besar - Pematang Panggang, (6) Pematang Panggang - Kayu Agung, (7) Palembang – Tanjung Api-Api and (8) Kisaran – Tebing Tinggi.

► PROJECT SIGNIFICANCE

The purpose of this project is to improve connectivity, reduce logistic costs, and stimulate industrial growth on Sumatra Island.

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▶ PROJECT TIMELINE

Medan – Binjai Segment

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
Completed	Completed	Finalization after the completion of land acquisition	Completed in December 2013
Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
Listed	Issued	Issued	August 2018
Land Acquisition	Financial Closure	Construction	
<p>Location Determination has been issued</p> <p>Land acquisition has reached 70% for Section 1</p>	<p>Funding scheme determination in December 2014 (70% State Capital Injection, 30% loan)</p> <p>Targeted in August 2015 (loan from PT SMI)</p>	Not started yet	

Palembang – Indralaya Segment

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
Completed	Completed	Finalization after the completion of land acquisition	Completed
Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
Listed	Issued	N/A	August 2018
Land Acquisition	Financial Closure	Construction	
Location Determination has been issued Land acquisition completion is targeted in December 2015	Funding scheme determination in December 2014 (70% State Capital Injection, 30% loan) Targeted in August 2015 (loan from PT SMI)	Not started yet	

Bakauheni – Terbanggi Besar Segment

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
Completed	Completed	Finalization after the completion of land acquisition	Completed
Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
Listed	Issued	N/A	August 2018
Land Acquisition	Financial Closure	Construction	
Location Determination for 80 km has been issued, but there is a proposal to expand the alignment to 120 km	Funding scheme determination in June 2015 (45% State Capital Injection, 55% loan)	Not started yet	



Pekanbaru – Dumai Segment

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
Completed	Completed	Finalization after the completion of land acquisition	Completed
Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
Listed except for a regency that is still waiting for forest area stipulation as other purpose area/APL	Issued	Coordination required by Ministry of Environment and Forestry to stipulate forest area as other purpose area/APL	July 2019
Land Acquisition	Financial Closure	Construction	
Alignment finalization for all sections	Funding scheme determination in June 2015 (45% State Capital Injection, 55% loan)	Not started yet	

► LATEST STATUS

Currently, a harmonization is being conducted to amend the Presidential Regulation No. 100 of 2014 regarding the Acceleration of Toll Road Development in Sumatra to accommodate four additional sections, namely Pematang Panggang – Terbanggi Besar Segment, Kayuagung – Pematang Panggang Segment, Palembang – Tanjung Api-Api Segment, and Tebing Tinggi – Kisaran Segment assigned to PT Hutama Karya. Presently, the Presidential Regulation No. 100 of 2014 only stipulates the first four segments.

Circulation of the Service Level Agreement (SLA) for signing regarding the Acceleration of Toll Road Development in Sumatra at ministerial and gubernatorial level is in progress. The purpose of this SLA is to obtain a joint agreement and commitment to accelerate the development of the toll road in Sumatra through acceleration of permit process, synchronization, and harmonization of policies as well as integrated actions of the stakeholders, including Minister of Public Works and Public Housing, Minister of Finance, Minister of State-Owned Enterprises, Minister of Home Affairs, Minister of Agrarian and Spatial Planning, Minister of Environment and Forestry, Governor of the Province of Riau, Governor of the Province of South Sumatra, Governor of the Province of Lampung, Governor of the Province of North Sumatra, and President Director of PT Hutama Karya.

► FUNDING SCHEME

This project uses a funding scheme through the assignment to PT Hutama Karya where the Government grants a State Capital Injection for the equity portion, while the loan portion will come from a domestic funding and a direct lending scheme. Land acquisition fund will be fully covered by the Central Government through the Ministry of Public Works and Public Housing.

► LAND ACQUISITION

The total budget needed to acquire land for the first four sections of 304 km is IDR 3.178 Trillion. Currently, land acquisition process is underway, and there are several obstacles with regard to right relinquishment process of the land owned by the community for Medan-Binjai section and Palembang-Indralaya section. Furthermore, Location Determination for Development Approval Letter (SP2LP) for Bakauheni-Terbanggi Besar section has only been partially issued. These obstacles in land acquisition have been coordinated properly at regional level.

Medan – Binjai Segment

The Location Determination of land owned by the community was signed by the Governor of North Sumatra on June 12, 2015. Currently, the account for land compensation payment is not yet active at the PPK Bina Marga thus compensation payment completion may be delayed.

The establishment of Land Acquisition Implementing Team is targeted to be completed in early August 2015 so that land acquisition may start immediately. The Location Determination for land owned by the local community has so far been signed by the Regional Secretary of North Sumatra and is being processed by the Legal Bureau of the Province of North Sumatra. Meanwhile, the land owned by PT Perkebunan Nusantara II has been acquired through a Statement of Relinquishment of Right by Receiving Compensations letter.

Palembang – Indralaya Segment

For Section 1, 202 out of 210 plots of land have been acquired and paid for. For Sections 2 and 3, 277 out of 564 plots of land are in court hearing process to resolve disputes of land ownerships. Land acquisition process for non-disputed land, namely 287 plots of land is now underway.

Minutes of Meeting report containing agreement between the landowners and land acquisition committee was issued in April 2015. However, the Ministry of Agrarian and Spatial Planning has not issued a validation letter as a next step to the agreement and deliberation, considering that soft approach is still possible to solve the disputed land.

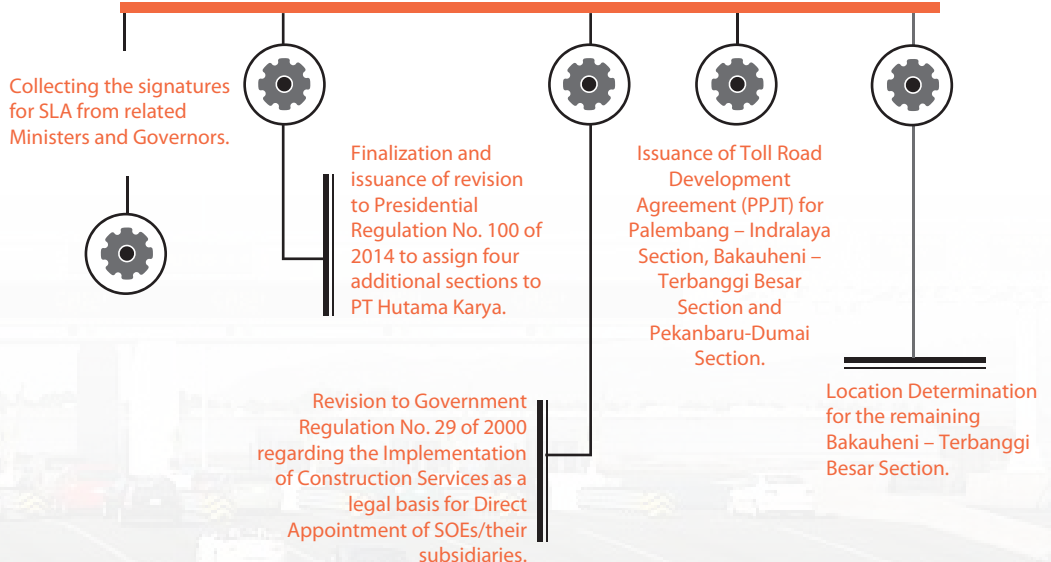
Bakauheni – Terbanggi Besar Segment

Currently, the Governor of Lampung has issued the Location Determination for 79.6 km of the road. Location Determination for the remaining sections is needed so that land acquisition process can be conducted. The SP2LP for the Location Determination has been issued for Port – Bakauheni, Lematang – Kota Baru, and Tegineneng.

Pekanbaru – Dumai Segment

Land acquisition at the moment has reached 7.7 km for Minas – Petapahan Section out of a total of 126 km and regional spatial planning assessment is being conducted for the remaining land not yet acquired.

▶ NEXT STEPS



C. PROFILE OF 22 PRIORITY PROJECTS

MRT JAKARTA (NORTH-SOUTH CORRIDOR)

INVESTMENT
VALUE: IDR 25
TRILLION

CONSTRUCTION
COMMENCEMENT
PLAN: 2013

PROJECT OWNER:
PT MASS RAPID
TRANSIT JAKARTA

LOCATION: DKI
JAKARTA

FUNDING SCHEME:
STATE BUDGET AND
DKI JAKARTA
REGIONAL BUDGET
WITH FOREIGN LOAN

COMMERCIAL
OPERATION
DATE: 2018

17

► PROJECT DESCRIPTION

The development of Mass Rapid Transit (MRT) in the capital city is aimed to improve public transportation facilities and reduce traffic congestion in Jakarta. The first stage of this project consists of 2 phases: (1) Lebak Bulus - Bundaran HI and (2) Bundaran HI - Kampung Bandan.

► PROJECT SIGNIFICANCE

MRT Jakarta is a public transportation that will help to resolve traffic congestion, improve mobility of the people, reduce carbon emission and create new job opportunities in DKI Jakarta.

▶ PROJECT TIMELINE

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Design (DED)	EIA Document
April – December 2015	April – December 2015	July 2016 – June 2017	Completed
Regional Spatial Plan	Environmental Permit	IPPKH	Other Permits
Listed	Issued	N/A	Recommendation from Minister of Youth and Sports for Lebak Bulus Stadium relocation (December 2014), Minister of Finance approval for National Police land as grant (March 2015)
Land Acquisition	Financial Closure	Construction	Operation Target
Location Determination has been issued	December 2015	July 2017 – July 2019	August 2018



The background of the page is a faded image of a train, likely a Jakarta MRT train, with a teal and grey color scheme. The train is moving from left to right across the frame.

▶ LATEST STATUS

The issuance of the Coordinating Minister of Economic Affairs Regulation No. 3 of 2015 regarding the Composition of Encumbrance of MRT Development Loan in DKI Jakarta Province for North-South Corridor on 18 March 2015 serves as an amendment to the Coordinating Minister of Economic Affairs Regulation No. 5 of 2014 in accordance to the KPPIP coordination meeting result on 4 March 2015. The amendment concerns the division of loan composition between the Central Government in the amount of JPY 61.4 Billion as a grant forwarding from the Central Government to DKI Jakarta Provincial Government, and DKI Jakarta Provincial Government in the amount of JPY 63.9 Billion as a loan from the Central Government to DKI Jakarta Provincial Government.

Moreover, there is a potential risk of cost overrun that has not been settled. It may be charged to the Central Government or the Provincial Government DKI Jakarta. The Finance and Development Supervisory Board (BPKP) of DKI Jakarta Province is presently conducting an audit. Following the completion of the audit, the Provincial Government of DKI Jakarta will ask for financial inputs from the BPKP of DKI Jakarta Province.

▶ FUNDING SCHEME

MRT Jakarta project uses the State Budget funding with foreign loan from Official Development Assistance (ODA) of the Government of Japan amounting to IDR 14.3 Trillion. This loan is divided into three loan packages: Package 536 in the amount of JPY 1.869 Billion, Package 554 in the amount of JPY 48.15 Billion and Package 571 in the amount of JPY 75.218 Billion.

▶ LAND ACQUISITION

Based on the data from Public Works Office of DKI Jakarta and Regional Budget of DKI Jakarta, the total fund needed for the MRT Jakarta land acquisition is IDR 2.148 Trillion. The current construction milestone, which was set in order to reach operation in early 2018, has not been achieved due to constraints in land acquisition process. The construction has only reached 17% compared to the targeted 31% as of March 2015. There are a number of land acquisition issues with the following details:

DEPOT

Tender is underway for Lebak Bulus Stadium demolition, PDAM pipelines relocation, and MRT column construction which still awaits the demolition of the National Police Force residential area.

CORRIDOR

Land acquisition in the area of Special Bridge above Jakarta Outer Ring Road has reached 823 m² out of a total of 2,350 m². Most of the land required for the expansion of T.B. Simatupang road, including the state land (land owned by the Ministry of Education and Culture, Ministry of Religious Affairs, and Ministry of Finance) and the private sector land, has not been acquired.

STATION

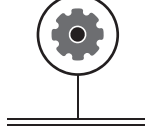
Currently, deliberation and negotiation are being conducted with community members using the appraisal price in order to acquire land for Cipete Raya Station and Haji Nawi Station. If a consensus is not reached, then the issue will be deferred to the Governor of DKI Jakarta for further direction. Delayed land acquisition for the two stations will potentially delay the North-South Corridor's target operation date in 2018. Land acquisition for Blok A Station has presently reached 900 m² out of the required 2,500 m². A 411 m² land is also needed for the development of Sisingamangaraja Station.

▶ NEXT STEPS

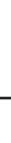
Accelerating the audit of investment costs that have been expended and determining the amount of additional investment need by the Provincial Government of DKI Jakarta.



A top-down decision with regard to the party that is more suitable to bear such additional investment cost.

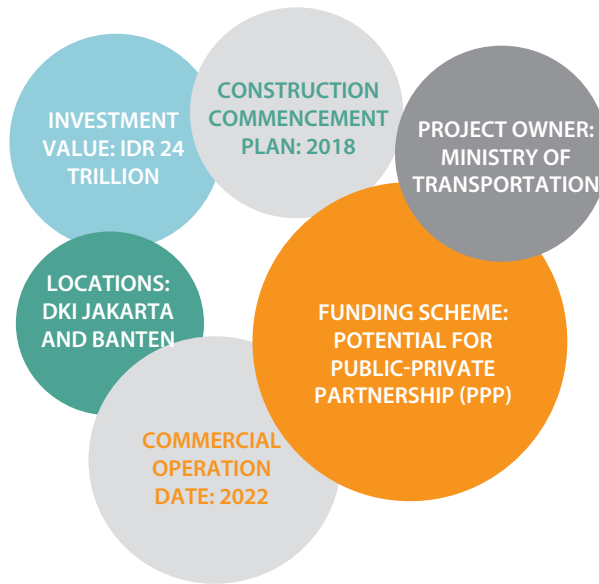


Accelerating the implementation of land acquisition so that the initial operational target can be reached in 2018.



C. PROFILE OF 22 PRIORITY PROJECTS

SOEKARNO-HATTA INTERNATIONAL AIRPORT (SHIA) EXPRESS RAILWAY



► PROJECT DESCRIPTION

SHIA Express Railway project serves as an alternative transportation to SHIA with a 30-minute estimated maximum travel time from the city center to the airport. The SHIA Express Railway, with a 37 km track from Soekarno-Hatta Airport to Halim Perdanakusuma Airport, will have stations within the city that can be easily accessed via road and other transportation modes, and that are located close to centers of commercial activities as well as densely populated residential areas that are connected to the MRT Jakarta transportation system and other railway lines.

The stations located at the Airport will be located near passenger terminals and at a walking distance from the departure terminal, or from the baggage collection place and the arrival terminal.

Moreover, the SHIA Express Railway will prioritize user experience by providing passenger baggage storage, shortening travel time and providing reliability compared to other transportation modes. This railway will also have faster speed compared to the Commuter Line Train and will have fewer stops.

► 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. The economic benefit of this project will help the improvement of commercial and industrial activities in the surrounding area as well as create job opportunities for local people.

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▶ PROJECT TIMELINE

Pre-Feasibility Study	Feasibility Study	Detailed Engineering Service (DED)	EIA Document
September 2015 – January 2016	April – December 2015	July 2016 – June 2017	July – October 2015
Funding Scheme Determination	Investment Procurement	Fiscal Support/ VGF	Guarantee
Not issued yet	Not issued yet	In-principle will be processed in January – February 2016	Not processed yet
Regional Spatial Plan	Environmental Permit	IPPKH	Operation Target
DKI Jakarta Regional Reg. No. 1 of 2014 (Halim – Palmerah – SHIA corridor); DKI Jakarta Regional Reg. No. 1 of 2012 (SHIA – Manggarai route)	Not issued yet	N/A	March 2022
Land Acquisition	Financial Closure	Construction	
Not issued yet	April 2018	May 2018	

▶ LATEST STATUS

In the context of acceleration of project preparation, during the coordination meeting held on June 24, 2015 the Head of Presidential Staff Office instructed the acceleration of the issuance of environmental permits after obtaining approval from the Minister of Environment and Forestry. Currently, PT SMI is conducting further assessment on the change of technical specifications, routes, and potential PPP funding scheme (with potential engagement of the existing SOE to support the development and operation of the project).

► FUNDING SCHEME

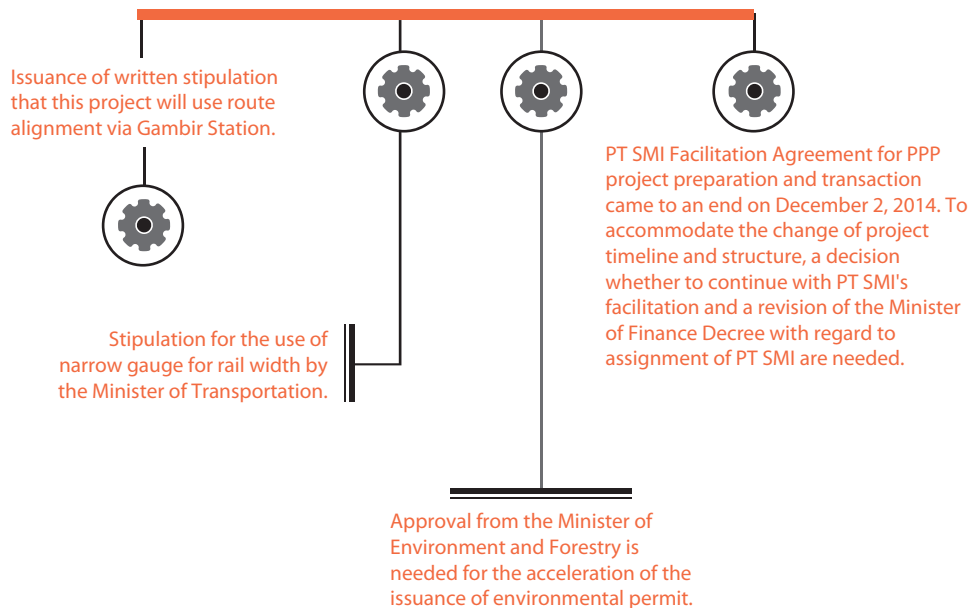
Funding scheme is not yet determined and still waiting for further assessment by PT SMI due to the change of the gauge used from standard to narrow as well as the change of routes. The assessment is targeted for completion in the first quarter of 2016.

► LAND ACQUISITION

The SHIA Express Railway will need 84.68 ha land, where most of the land is owned by the Government of Indonesia. The land owned by the private sector registered with the Ministry of Agrarian and Spatial Planning is estimated to be 5.2 km, or 13.09 ha.

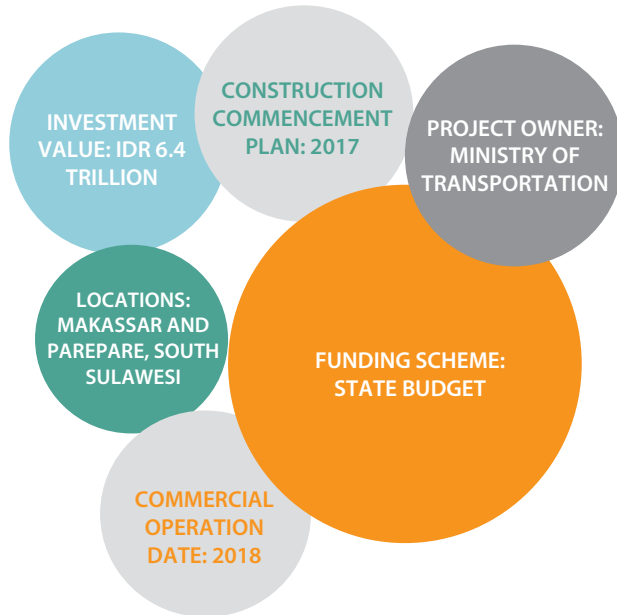
The land required for Dukuh Atas Station and Manggarai Station is not owned by the private sector. Meanwhile, the land required for three stations (Pluit, Tanah Abang and Halim) is estimated to be 16.86 ha. It is necessary to take into account that Halim Station requires 7.2 ha residential land while Tanah Abang Station requires 0.3 ha residential land, which is not registered with the Ministry of Agrarian and Spatial Planning. The required unregistered land is not yet included in the calculations of the total land requirement. Total estimated needs for non-government land as well as residential area owned by the private sector are ~IDR 2.3 Trillion. The land acquisition and resettlement processes will refer to Law No. 2 of 2012 and Presidential Regulation No. 71 of 2012.

► NEXT STEPS



C. PROFILE OF 22 PRIORITY PROJECTS

MAKASSAR – PAREPARE RAILWAY



► PROJECT DESCRIPTION

The Makassar – Parepare 144 km railway project constitutes part of the Trans Sulawesi railway network that will connect the entire Sulawesi Island.

► PROJECT SIGNIFICANCE

This railway in the western part of South Sulawesi will serve the demand for passengers and goods transportation as well as connect ports in Parepare and in Makassar.

► PROJECT TIMELINE

NO	ACTIVITY	JUL-15	AUG-15	2016	2017	2018
1	Pre-qualification MINISTRY OF TRANSPORTATION	■				
2	Winner Announcement MINISTRY OF TRANSPORTATION		■			
3	Land Acquisition MINISTRY OF AGRARIAN AND SPATIAL PLANNING		■	■		
4	Construction BID WINNER				■	
5	Operation BID WINNER					■

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▶ LATEST STATUS

Tender process for the railway track land dredging and land acquisition process are currently underway for the first 30 km. The announcement of tender will be conducted in the beginning of August 2015 and the contract signing is targeted to be in the mid of August 2015.

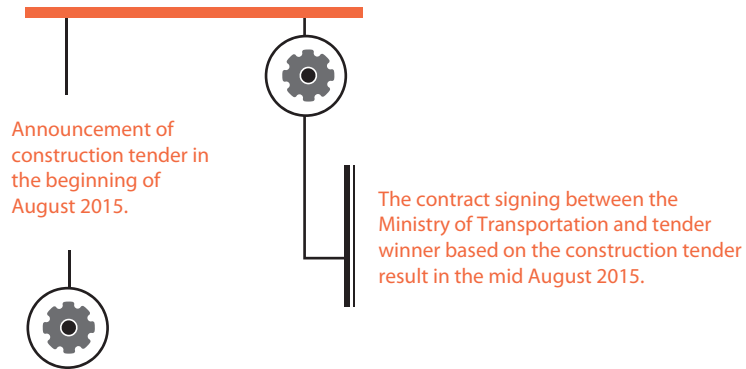
▶ FUNDING SCHEME

This project will use a State Budget through the Ministry of Transportation.

▶ LAND ACQUISITION

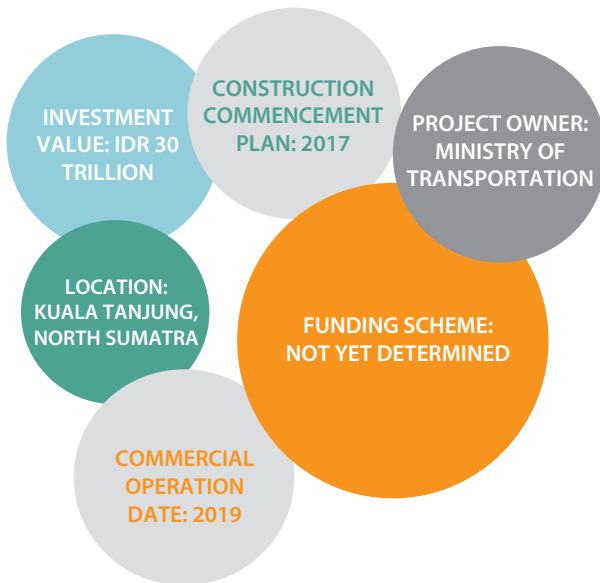
The Central Government has allocated IDR 350 Billion for the land acquisition compensation for the length of 70 km.

▶ NEXT STEPS



C. PROFILE OF 22 PRIORITY PROJECTS

KUALA TANJUNG INTERNATIONAL HUB SEAPORT



► PROJECT DESCRIPTION

The Kuala Tanjung international hub port aims to create an entrance for logistic flow to the western region 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 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 cargoes to support the development of the Sei Mangkei SEZ and the Port of Belawan.

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▶ PROJECT TIMELINE

Pre-Feasibility Study	Feasibility Study
December 2013	2016

▶ LATEST STATUS

The Ministry of Transportation has conducted a feasibility study for the construction of Kuala Tanjung International Hub Port with a Public-Private Partnership (PPP) funding scheme. However, the feasibility study still needs improvement to find the best and fastest funding scheme among the following options: State Budget, assignment of SOE (PT Pelindo I) or a PPP scheme. KPPIP will allocate budget to the feasibility study improvement.

▶ FUNDING SCHEME

The funding scheme has not been determined. This project has a potential of adopting a PPP scheme. The role of the government and that of the private sector will be determined later following the completion of the study.

▶ LAND ACQUISITION

Currently, land acquisition process has yet to be determined and is still waiting for to the completion of the study.

▶ NEXT STEPS

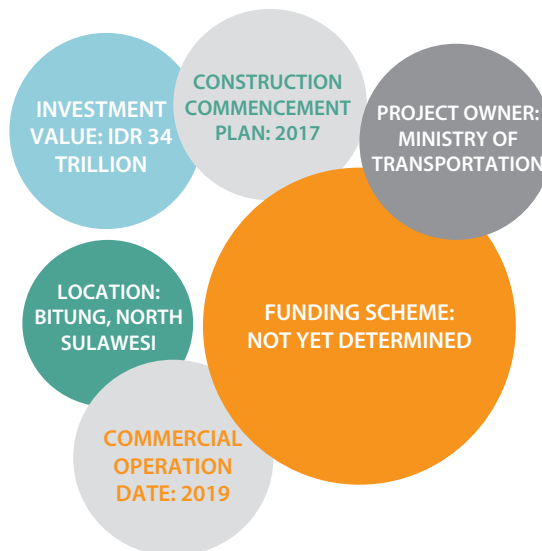


Encourage the Ministry of Transportation to accelerate the preparation of the Kuala Tanjung International Hub Port project through coordination with KPPIP.

Revision to the policy in the port sector with regard to the synchronization of the Port of Belawan, the Port of Tanjung Sauh (Batam) as well as the effective implementation of the cabotage system.

C. PROFILE OF 22 PRIORITY PROJECTS

BITUNG INTERNATIONAL HUB SEAPORT



▶ PROJECT DESCRIPTION

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

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

▶ PROJECT SIGNIFICANCE

This seaport will support the development of Bitung Special Economic Zone (SEZ), which is 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 region of Indonesia, including Ambon and Ternate (agriculture, industry and mining) as well as Samarinda, Balikpapan, Tarakan and Nunukan (coal, petroleum and plywood).

21

▶ PROJECT TIMELINE

Pre-Feasibility Study	Feasibility Study
December 2013	2016

▶ LATEST STATUS

Location has been determined in the existing port location. If capacity expansion is necessary, then it will be expanded to the location of Bitung SEZ.

The government of the People's Republic of China is interested in establishing cooperation with the Government of Indonesia to develop Bitung International Hub Port and the surrounding SEZ. On the other hand, the Government of South Korea also conducts a study with regard to the development of Bitung SEZ.

▶ FUNDING SCHEME

This project has a potential of adopting a PPP scheme. The role of the government and that of the private sector will be determined later following the completion of the study.

▶ LAND ACQUISITION

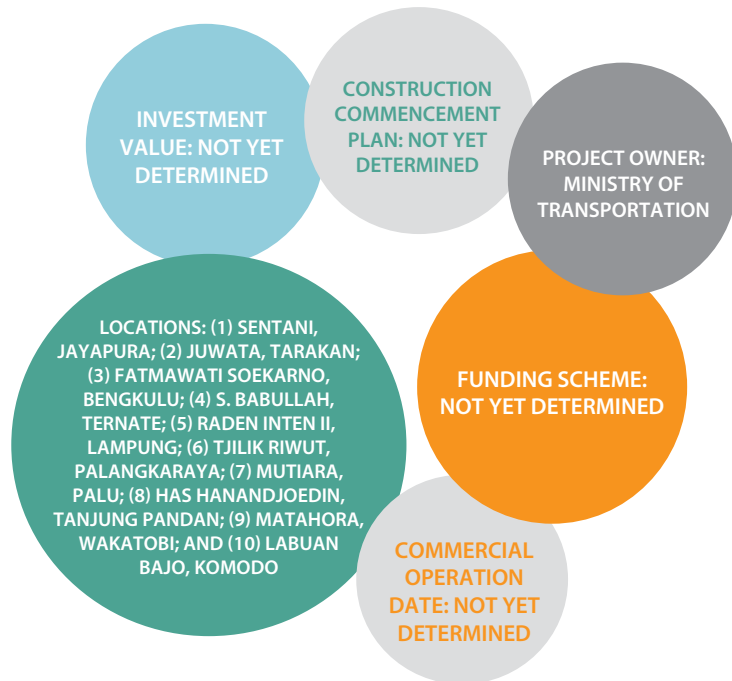
Currently, land acquisition process has yet to be determined and is still waiting for the completion of the study.

▶ NEXT STEPS

Following the studies by the Government of the People's Republic of China and the Government of South Korea, it is necessary to give top down instructions with regard to the development scheme of Bitung International Hub Port and Bitung SEZ in the future to provide a clear deadline for the implementation of the Bitung International Hub Port project.

C. PROFILE OF 22 PRIORITY PROJECTS

REVITALIZATION OF 10 AIRPORTS



► PROJECT DESCRIPTION

The revitalization of 10 small-medium airports throughout Indonesia is expected to enhance the operational standards of these airport, and subsequently to increase tourist visits, improve regional economy and provide better services for the communities.

► PROJECT SIGNIFICANCE

The revitalization of 10 small and medium airports throughout Indonesia under PPP scheme is aimed at improving the connectivity between regions in Indonesia and supporting economic growth. These projects are expected to adopt PPP schemes. Other than funding constraints, Business Entities will be invited to improve the quality of services, to improve efficiency, to evaluate management based on performance standards, and to share risks and resources. Under PPP scheme, future airport maintenance and operation can be more efficient and can be conducted with high quality.

22

► LATEST STATUS

In the beginning, the projects were bundled into one project and would use PPP scheme for brownfield project.

Market consultation was conducted on December 4, 2013 and was attended by 38 institutions, 25 of which were prospective investors/operators.

International Finance Corporation (IFC) and Indonesia Infrastructure Finance (IIF) have established coordination with the Ministry of Transportation with regard to the support that they may provide with regards to pre-feasibility study and transaction advisory for PPP scheme. The MoU signing between IIF and the Ministry of Transportation was delayed, because the Minister of Transportation proposed to change the project scheme into a Public Service Agency (BLU) project. If the Ministry of Transportation does not change its position with regard to the plan for inviting Business Entities' participation, the alternative is to proceed with at least three PPP airports, namely Raden Inten II Airport, Lampung; Mutiara Airport, Palu; and Labuan Bajo Airport, Komodo.

This option is in line with the directions from the Vice President that several airports use PPP, thus, the three chosen airports may become PPP model projects.

Currently, the Ministry of National Development Planning is conducting a consultant tender to review the study of one of the airports, namely Raden Inten II Airport in Lampung.

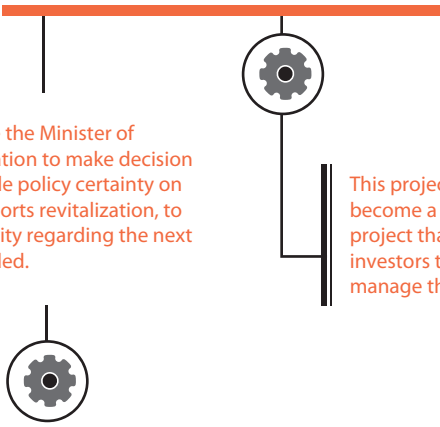
► FUNDING SCHEME

PT Indonesia Infrastructure Finance (IIF) is currently conducting an assessment to identify the airports that are the most ready to be funded through a PPP scheme.

► LAND ACQUISITION

Land acquisition process has not been conducted yet, considering that there is still a need for policy certainty on the implementation of this project.

▶ NEXT STEPS



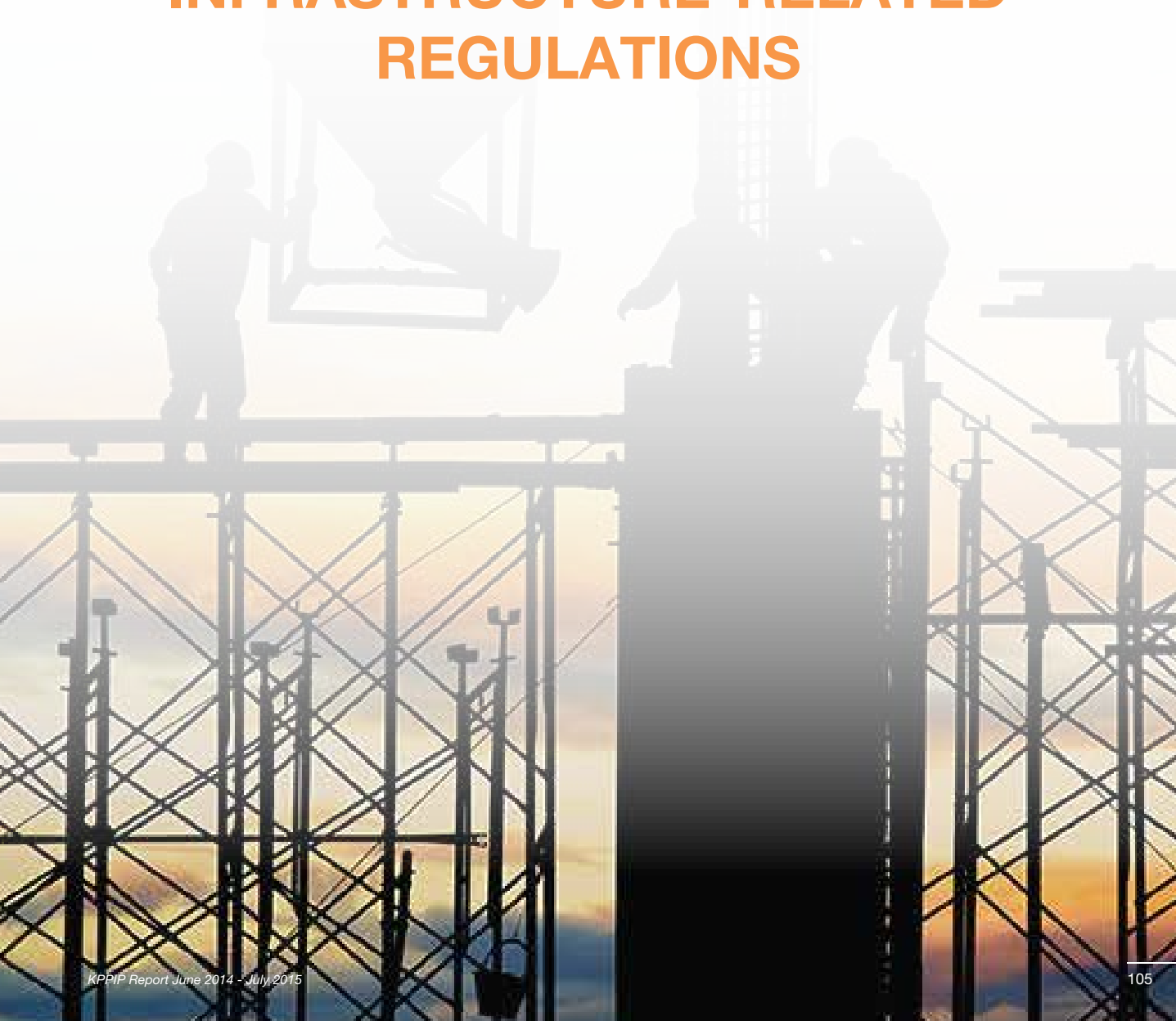
Encourage the Minister of Transportation to make decision and provide policy certainty on the 10 airports revitalization, to obtain clarity regarding the next steps needed.

This project is expected to become a brownfield PPP pilot project that may attract private investors to professionally manage the airports.

▶ PROJECT TIMELINE

Not yet determined.

SYNCHRONIZATION OF INFRASTRUCTURE-RELATED REGULATIONS





Article 10 of the Presidential Regulation No. 75 of 2014 on Acceleration of Priority Infrastructure Delivery administers that KPPIP shall have the following duties:



1. Determine strategic plans and policies to accelerate the priority infrastructure delivery;



2. Monitor and control the implementation of strategies and policies for the acceleration of priority infrastructure delivery;



3. Facilitate capacity building of state apparatuses and institutions in delivering the priority infrastructure projects;



4. Determine the standard of pre-feasibility study quality and its evaluation procedures;



5. Facilitate preparation of the priority infrastructure;



6. Resolve all problems emerging from the implementation of priority infrastructure delivery.

Based on the above duties, KPPIP may assist, facilitate, coordinate, and provide recommendations for the amendment and/or issuance of new laws and regulations in order to accelerate infrastructure provision, including resolving barriers arising in their implementation. Therefore, in synchronizing infrastructure-related regulations, KPPIP has made improvements on the existing laws and regulations as described below in order to accelerate the provision of infrastructure.

A. REGULATIONS THAT BECOME THE FOCUS OF KPPIP

In accordance with the issued mandates, KPPIP will focus on laws and regulations related to infrastructure provision. The regulations may be in the form of regulations that are required by KPPIP internally in performing its duties or sectoral regulations and cross-sector regulations required to accelerate infrastructure provision.

Regulations required by KPPIP internally include regulations that establish organization structure under it, priority infrastructure stipulation and provision procedures, as well as supervision and control procedures. This is in line with the the mandates issued in Articles 12, 15, and 27 of the Presidential Regulation No. 75 of 2014. Up until the publication of this report, the following regulations have been issued:

- a. Coordinating Minister of Economic Affairs Decree as the Head of Committee for Acceleration of Priority Infrastructure Delivery No. 127 of 2015 on the Implementation Team of Committee for Acceleration of Priority Infrastructure Provision;
- b. Coordinating Minister of Economic Affairs Decree as the Head of Committee for Acceleration of Priority Infrastructure Delivery No. 129 of 2015 on the Work Team for Acceleration of Electricity Infrastructure Provision; and
- c. Coordinating Minister of Economic Affairs Decree as the Head of Committee for Acceleration of Priority Infrastructure Delivery No. 159 of 2015 on the Work Team for Acceleration of Bontang Refinery Development.

Furthermore, regulations required to accelerate the infrastructure provision need to be amended due to overlaps among regulations, or revocation and subsequent issuance of new related laws and regulations, as they are no longer in accordance with the development in infrastructure provision.

Since its establishment on July 17, 2014, KPPIP has assisted, facilitated, and coordinated amendments to regulations that have strategic roles in infrastructure provision. Up until the publication of this report, these regulations include:

- a. Presidential Regulation No. 100 of 2014 on the Acceleration of Trans Sumatra Toll Road Development;
- b. Presidential Regulation No. 67 of 2005 on Cooperation Between Government and Business Entities in Infrastructure Provision which was revoked and superseded by Presidential Regulation No. 38 of 2015 on Cooperation Between Government and Business Entities in Infrastructure Provision; and
- c. Presidential Regulation No. 71 of 2012 on the Implementation of Land Acquisition for Public Interest as amended by Presidential Regulation No. 30 of 2015 on Third Amendment to Presidential Regulation No. 71 of 2012 on the Implementation of Land Acquisition for Public Interest.

However, there are regulations that are still in the process of drafting and/or facilitation by KPPIP. These regulations are as follows:

- a. Presidential Regulation Draft on Construction and Development of Refineries in Indonesia;
- b. Amendment of Presidential Regulation No. 75 of 2014 on the Acceleration of Priority Infrastructure Delivery;
- c. Amendment of Presidential Regulation No. 100 of 2014 on the Acceleration of Trans Sumatra Toll Road Development;
- d. Regulation on the Implementation Procedures of the Acceleration of Priority Infrastructure Delivery;
- e. Regulation on Priority Infrastructure List;
- f. Regulation regarding the Work Team for Acceleration of Land Acquisition for Priority Infrastructure;
- g. Regulation on the Implementation Team and the Work Team of the Committee for Acceleration of Priority Infrastructure Delivery;
- h. Regulation on the Implementation Team Secretariat of the Committee for Acceleration of Priority Infrastructure Delivery;
- i. Regulation on Project Management Office (PMO); and
- j. Regulation on Technical Team of The Implementation Team of the Committee for Acceleration of Priority Infrastructure Delivery.

B. REGULATION-RELATED CONSTRAINTS

KPPIP has conducted preliminary identification of several regulations that hamper and/or are required to accelerate infrastructure provision.



CROSS-SECTOR

Issuance of Government Regulation on State Capital Injection

Through Law No. 3 of 2015 on the Revised State Revenues and Expenditures Budget ("Law No. 3 of 2015"), The Government has allocated an increase in the state capital injection to State-Owned Enterprises, such as: PT SMI, PT PII, PT Angkasa Pura II, PT ASDP, PT Pelni, PT PLN, PT Pelindo IV, PT KAI, and Perum Perumnas.

These State-Owned Enterprises have strategic roles in Indonesia's infrastructure development, either in financing, guaranteeing, constructing, and managing infrastructure.

In order to accelerate development and improve infrastructure quality in Indonesia, it is essential to immediately issue a Government Regulation governing the addition of state capital injection in abovementioned State-Owned Enterprises.

Issuance of Presidential Regulation on the assignment of State-Owned Enterprises to provide infrastructure

The Government will appoint some State-Owned Enterprises to deliver infrastructure, such as the development of LRT to PT Adhi Karya and Bontang refinery to PT Pertamina. In addition, a revision is required for the Presidential Regulation that appoints PT Hutama Karya to develop the Trans Sumatra Toll Road.

These Presidential Regulations are as follows:

- (1) Presidential Regulation to assign PT Adhi Karya to develop LRT;
- (2) Presidential Regulation to assign PT Pertamina to develop refinery;
- (3) Presidential Regulation on guidelines to PT Pertamina for refinery development; and
- (4) Revision to Presidential Regulation No. 100 of 2014 to assign PT Hutama Karya to develop the Trans Sumatra Toll Road.

Presidential Regulations on these assignments should be issued immediately to ensure that the infrastructure provision can be implemented straightaway by the respective State-Owned Enterprises.

Amendment to Minister of Finance Regulation No. 154/PMK.03/2010 jo. Minister of Finance Regulation No. 146/PMK.011/2013 on tax incentives on investment

Article 18 paragraph (3) of Law No. 25 of 2007 on Investment states that tax incentives like exemption/relief on Import Duty/VAT/Income Tax of Capital Goods Import can be granted for investment in infrastructure development.

The Minister of Finance Regulation No. 154/PMK.03/2010 j.o. Minister of Finance Regulation No. 146/PMK.011/2013 only regulates Income Tax exemptions for trains and spare parts, as well as imported equipments and facilities for repair and maintenance used by PT KAI.

There has been no specific and extensive regulation on tax incentives for infrastructure investors, hence, stipulation of a Minister of Finance regulation on such tax incentives is necessary.

The availability of tax incentives for investors in infrastructure sector is expected to increase the interest of investors.

Issuance of Presidential Regulation on Direct Lending for State-Owned Enterprises

The Ministry of Finance is drafting a presidential regulation on direct lending, in which the government will also give guarantee to direct lending for assigned State-Owned Enterprises.

This Presidential Regulation needs to be issued immediately considering that there will be some government assignments to State-Owned Enterprises in a near future. Therefore, the State-Owned Enterprises assigned may obtain financing required to develop infrastructure.

Issuance of Minister of Finance Regulation and Minister of Home Affairs Regulation on Availability Payment

Article 13 paragraph (5) of Presidential Regulation No. 38 of 2015 on Cooperation Between Government and Business Entities in Infrastructure Provision ("PR No. 38 of 2015") grants a mandate to the Ministry of Finance and the Ministry of Home Affairs to issue ministerial regulations regarding the availability payment.

To date, the two ministries are still drafting the regulations.

Issuance of Minister of Finance Regulation on Tax Incentives for the Entitled Parties in Land Acquisition for Public Interest

Article 122 of Presidential Regulation No. 71 of 2012 on the Implementation of Land Acquisition for Public Interest (and also its amendments) states that the Parties Entitled to receive Compensations may be given tax incentives in accordance with relevant laws and regulations. Such incentives shall be granted if the Entitled Parties:

- a. Support the implementation of land acquisition;
- b. Do not file legal action against the location determination and/or the verdicts and/or the amount of compensations.

There has been no regulation on procedures in obtaining and gaining such incentives.

Amendment to Presidential Regulation No. 75 of 2014 on Acceleration of Priority Infrastructure Delivery

The Presidential Regulation No. 75 of 2014 has stipulated the chairman and members of KPPIP. In its development, there are other members that need to be included in KPPIP, which are Coordinating Minister for Maritime Affairs and the Minister of Environment and Forestry.

To improve the coordination in accelerating the priority infrastructure delivery, it is necessary to amend the Presidential Regulation No. 75 of 2014.

Issuance of Coordinating Minister of the Economic Affairs Regulation on the Procedure of Priority Infrastructure Delivery

The Presidential Regulation No. 75 of 2014 on Priority Infrastructure grants mandates to the Head of KPPIP to regulate issues from the quality standards of pre-feasibility studies up to the procedures of priority infrastructure provision.

One of the challenges in the infrastructure provision is the low quality on infrastructure studies, resulting in low feasibility of infrastructure provision projects.

Amendment to Law No. 18 of 1999 on Construction Services

Article 17 paragraph (1) of Law No. 18 of 1999 on the Construction Services states that contracts for a construction service shall be conducted based on the principle of fair competition through the selection of service providers by either public or closed tender.

However, direct appointments should also be applicable on the following situations:

- a. Assignment to State-Owned Enterprises in construction sector; and
- b. One of the consortium participants in the PPP procurement is a contractor.

Circumstances that can warrant appointment/direct selection of contractors should be added to laws and regulations on construction services.

Amendment to Minister of Transport Regulation No. PM 45 of 2015 on Capital Ownership Requirements for Business Entities in Transportation Sector

Article 14 paragraph (2) of Minister of Transport Regulation No. PM 45 of 2015 requires IDR 1 Trillion paid-up capital to acquire license for Airport Business Entities.

If the IDR 1 Trillion capital is paid up, then the airport business entity must have a minimum capital of IDR 4 Trillion.

Issuance of Head of National Public Procurement Agency on Business Entities Procurement for Cooperation between Government and Business Entities in Infrastructure Provision

Article 47 paragraph (3) of Presidential Regulation No. 38 of 2015 states that further requirements on Business Entities procurement procedures will be by LKPP within 30 days since the Presidential Regulation is stipulated (20 March 2015).

Until now, the regulation has not been issued, hence the respective GCAs can not conduct Business Entity procurement for infrastructure projects using PPP scheme.



SECTOR

Amendment to Law No. 1 of 2009 on Aviation

Article 237 paragraph (1) of Law No. 1 of 2009 on Aviation states that with regard to airport business services carried out by airport business entities, a part or the entire capital of such business entities must be owned by Indonesian legal entities or Indonesian citizens.

Considering that airport development needs huge investment costs, such regulation may discourage foreign investors to invest their capital in this sector due to (1) difficulty in seeking investment partners and (2) low return of investment from limited shareholdings.

It is recommended that foreign investors may own the entire shares in airport business entities.

Amendment to Law No. 38 of 2004 on Roads

Article 51 paragraph (1) of Law No. 38 of 2004 on Roads states that the award of toll roads by the government for management by business entities shall be conducted by a transparent and open tender.

Presidential Regulation No. 38 of 2015 on PPP allows the selection of business entities under a direct appointment mechanism.

Direct appointment mechanism for selecting business entities to operate toll roads needs to be taken into account. Thus, the provision of infrastructure in toll road sector may be accelerated.

Issuance of Government Regulation on the Implementation of Drinking Water Provision System

The abrogation of Law No. 7 of 2004 on Water Resources on its entirety by the Constitutional Court causes the Law No. 11 of 1974 on Irrigation to be reinstated

With the reactivation of the Law No. 11 of 1974, businesses in water resources sector may only be conducted by legal entities, social entities or individuals by first obtaining a permit from the government. Therefore, clear procedures to obtain water resources business permit from the government is necessary.

Issuance of Government Regulation on Water Resources Business

A regulation that provides legal certainty in obtaining a permit from the government for water resources business is necessary.

Issuance of Presidential Regulation on the 35,000 MW Electricity Development

The government plans to develop 35,000 MW power plants within the 2015-2019 periods.

Fast track program for the development of the 10,000 MW power plants became a precedent for a presidential regulation and Business Viability Gap Letter or BVGL which was provided by the Minister of Finance.

A regulation that guarantees a business liability on the acceleration of the 35,000 MW power plants development is necessary in order to attract investors to invest in electric power development.

Issuance of Presidential Regulation on the Assignment of Perumnas for 1 Million-House Program

The government has prepared a 1 million-house development program to be assigned to SOE Perumnas (National Housing, an SOE in housing sector).

There has been no regulation to assign Perumnas in implementing the government program.

In addition to that, we also understand that the government is still in a process of drafting a Law on Tapera (Public Housing Savings). This Tapera Law needs to be ratified immediately in order to address public needs in obtaining decent and affordable houses.

Amendment to Minister of Energy and Mineral Resources Regulation No. 27 of 2014

The Minister of Energy and Mineral Resources Regulation No. 27 of 2014 states that electricity rates for power plant with capacity up to 10 MW shall follow the rates stated in Minister of Energy and Mineral Resources Regulation No. 27 of 2014, without any price escalation.

Power purchase by PLN from renewable energy power plants may be conducted up to 20 years.

A revision to the regulations may be considered so that the electricity rate can be escalated during the agreement duration given the long-term nature of the agreement.

C. DEBOTTLENECKING EFFORTS MADE BY KPPIP

To solve the issues from the abovementioned regulations, KPPIP has planned to conduct Focus Group Discussions (FGDs) with related stakeholders. These FGDs will be conducted per sector. Up until the publication of this report, KPPIP has conducted FGDs for seaport and airport sectors. The following are the inputs collected from the FGDs:



1. Seaport Sector

- a. The IDR 50 Billion capital requirements increase the burden of the medium and small-class shipping lines operators. The proposal put forward was to differentiate the capital requirements based on classes. (For example: Class A, Class B, and Class C of shipping lines).

- b. The IDR 1 Trillion paid up capital for commercial ports aims to ensure that the infrastructure projects will be won only by the capable parties.

The general barriers are as follows:

- Minister of Transportation Regulation No. PM 95 of 2015 on Guidelines on Stipulating the Charge for Port Services Managed by Port Business Entities;
 - Coordination with other parties; and
 - Relief in investment to attract investors.
- c. Some regulations that are identified to be barriers for business entities in seaport sector include:
- Government Regulation No. 11 of 2015 on Types and Rates on the Non-Tax State Revenues Applicable to the Ministry of Transportation;

- Presidential Regulation No. 40 of 2015 on Ministry of Transportation;
- Minister of Transportation Regulation No. PM 40 of 2015 on Services Standards for the Management of Land Transport Passenger Terminals; and
- Minister of Transportation Regulation No. PM 95 of 2015 on Guidelines on Stipulating the Charge for Port Services Managed by Port Business Entities.

- d. For port infrastructure development, Public-Private Partnership scheme has significant potential compared to other funding schemes. Thus, PPP scheme needs to be further developed.

2. Airport Sector

PT Sarana Multi Infrastruktur has identified several regulations hampering infrastructure provision in the airport sector, but the identification was only limited to airports with PPP scheme. PT Sarana Multi Infrastruktur will convey the evaluation result and will put forward the following proposals:

- To strengthen sector regulations; and
- To make a Presidential Regulation.



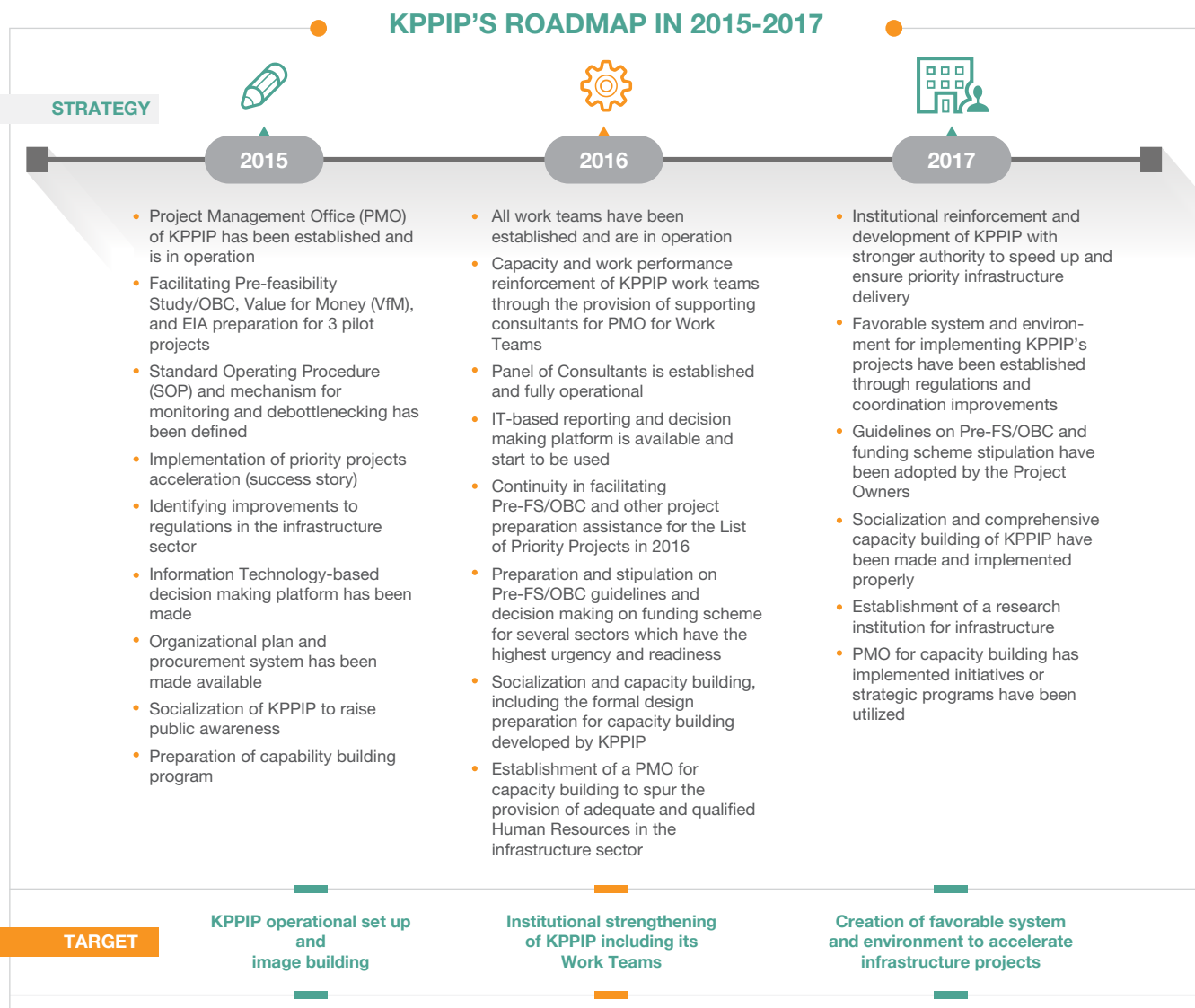
KPPIP'S FUTURE PLANS



2015 is the year of organization establishment and operational reinforcement for KPPIP. Within the first six months of its operation, the focus of KPPIP's mandates execution have been on the following areas:

- ① Providing project preparation facilities, including for Pre-feasibility Study/Outline Business Case preparation, Environmental Impact Assessment review, and other assistance in the preparation phase to develop the Priority Projects, which have been identified in 2015;
- ② Executing actions to debottleneck problems that arise during the implementation of priority infrastructure delivery;
- ③ Identifying regulation improvements in the infrastructure sector;
- ④ Establishing the Project Management Office, which comprises of a number of private sector professionals working as full-time employees in KPPIP;
- ⑤ Building the image of KPPIP, mainly through socialization efforts to the related stakeholders.

Moving forward, KPPIP has prepared a roadmap as a guideline for institutional development within the next three years. A summary of KPPIP's roadmap is presented on the figure below.



For 2016, KPPIP has developed a set of achievement targets which will be revised based on the progress of KPPIP performance towards the end of Semester II in 2015. The final achievement target for 2016 will be set by the KPPIP Implementation Team at the end of Semester II in 2015.

Achievement Targets in 2016



Project Delivery

1. Stipulation of the 2016 Priority Projects;
2. Supporting at least 20% of at most 22 type A* priority projects to achieve Financial Close and ensure that their implementation is on target and timely;
3. Supporting at least 40% of at most 10 type B** priority projects to achieve the next project phase and ensure that their implementation is on target and timely;
4. Solving 70% of the major and minor problems arising from priority infrastructure delivery.



Operationalization of KPPIP

1. Maximum and effective absorption of KPPIP's state budget allocation;
2. Panel of Consultants is established in an effort to accelerate the implementation of consultant procurement for the project preparation (OBC facility);
3. Availability of IT-based decision making platform.



Revision of Regulations

1. Synchronizing various existing regulations to minimize overlapping regulations;
2. Conducting a series of FGDs to draft Infrastructure Law;
3. Drafting regulation on incentives and disincentives scheme to accelerate priority projects.



Socialization & Capacity Building

1. Sending 5 KPPIP staff to attend a short-course at a top university overseas;
2. Publication of a semester report;
3. Socializing KPPIP to 20 provinces and cities;
4. Stipulating a formal capacity building program as part of the incentive scheme.



Strengthening of Work Teams

1. All work teams have been established and are in operation;
2. Empowerment of KPPIP work teams through the provision of supporting consultants to the work teams' PMO;
3. KPPIP socialization and capacity building.

* Type A priority projects include all projects that have been selected and prepared/monitored by KPPIP.

** Type B priority projects include all projects that require minor supports (e.g. 1-2 permits) to ensure that the projects can proceed.

Glossary

ACSR	Aluminum Conductor Steel Reinforced
A/P	Availability Payment
APBD	Regional Budget
APBN	State Budget
Bappeda	Regional Development Planning Agency
BBWS	Large River Basin Organization
BED	Basic Engineering Design
BPJT	Indonesia Toll Road Authority
BLU	Public Service Agency
BOD	Biological Oxygen Demand
BOT	Build-Operate-Transfer
BPKP	Finance and Development Supervisory Board
BPN	Ministry of Agrarian and Spatial Planning
BUMD	Regional Government-Owned Enterprise
BUMN	State-Owned Enterprise
B2B	Business to Business
CJPP	Central Java Power Plant
CMEA	Coordinating Minister of Economic Affairs
COD	Commercial Operation Date
DED	Detailed Engineering Design
EIA	Environmental Impact Assessment
EPC	Engineering Procurement and Construction
FEED	Front End Engineering Design
FID	Final Investment Decision
FGD	Focus Group Discussion
GCA	Government Contracting Agency
GDP	Gross Domestic Product
GRR	Grass Root Refinery
G2G	Government to Government
HoA	Head of Agreement
HSR	High Speed Railway
HVDC	High Voltage Direct Current
IDC	Indefinite Delivery Contract
IDR	Indonesian Rupiah
IFC	International Finance Corporation
IPAL/WWTP	Waste Water Treatment Plant
IPP	Independent Power Producer
IPPKH	Borrow-to-use Permit for Forest Areas
IT	Information Technology
JICA	Japan International Corporation Agency
JPY	Japanese Yen
JSS	Jakarta Sewerage System
JV	Joint Venture
JVA	Joint Venture Agreement
KfW	<i>Kreditanstalt für Wiederaufbau</i> /German Development Bank
KKPPI	National Committee for the Acceleration of Infrastructure Provision
KPPIP	Committee for Acceleration of Priority Infrastructure Delivery
LoI	Letter of Intent
LKPP	National Public Procurement Agency
LRT	Light Rail Transit

Glossary

M/I	Ministries/Institutions
MoPWP	Ministry of Public Works and Public Housing
MoU	Memorandum of Understanding
MRT	Mass Rapid Transit
MP3EI	Masterplan for Acceleration and Expansion of Indonesia's Economic Development
NCICD	National Capital Integrated Coastal Development
OBC	Outline Business Case
ODA	Official Development Assistance
GDP	Gross Domestic Product
GRDP	Gross Regional Domestic Product
PDAM	Regional Drinking Water Company
Perda	Regional Regulation
Perpres	Presidential Regulation
PID	Pre-Investment Decision
PLTA	Hydroelectric Power Plant
PLTM	Micro-hydroelectric Power Plant
PLTU	Coal-Fired Power Plant
PMN	State Capital Injection
PMO	Project Management Office
PMK	Minister of Finance Regulation
PP	Government Regulation
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PR/Perpres	Presidential Regulation
PRC	People's Republic of China
Pre-FS	Pre-feasibility Study
PSO	Public Service Obligation
PT IIF	PT Indonesia Infrastructure Finance
PT PII	PT Penjaminan Infrastruktur Indonesia/Indonesia Infrastructure Guarantee Fund
PT PLN	PT Perusahaan Listrik Negara/State Electricity Company
PT SMI	PT Sarana Multi Infrastruktur
PQ	Pre-qualification
RDMP	Refinery Development Master Plan
RfP	Request for Proposal
RPJMN	National Medium-Term Development Plan
RTRW	Regional Spatial Plan
SBOT	Supported-Build-Operate-Transfer
SEA	Strategic Environmental Assessment
SGCC	State Grid Corporation of China
SHIA	Soekarno-Hatta International Airport
SLA	Service Level Agreement
SOE	State-Owned Enterprise
SOP	Standard Operating Procedure
SPAM	Drinking Water Supply
UP3KN	National Electricity Development Implementation Unit
VfM	Value for Money
VGf	Viability Gap Funding
WEF	World Economic Forum
WTP	Water Treatment Plant
W2E	Water to Energy

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