



INDONESIA
DEVELOPMENT
FORUM 2018
INSPIRE · IMAGINE · INNOVATE · INITIATE



KNOWLEDGE
SECTOR INITIATIVE



Growth Center Development : Challenges and Best Practices
The Long-Term Economic Development in Indonesia

Henry Toruan

Director for Water and Sanitation Sector

Committee for Acceleration of Priority Infrastructure Delivery (KPPIP)



1

Economic Development Through Area Development

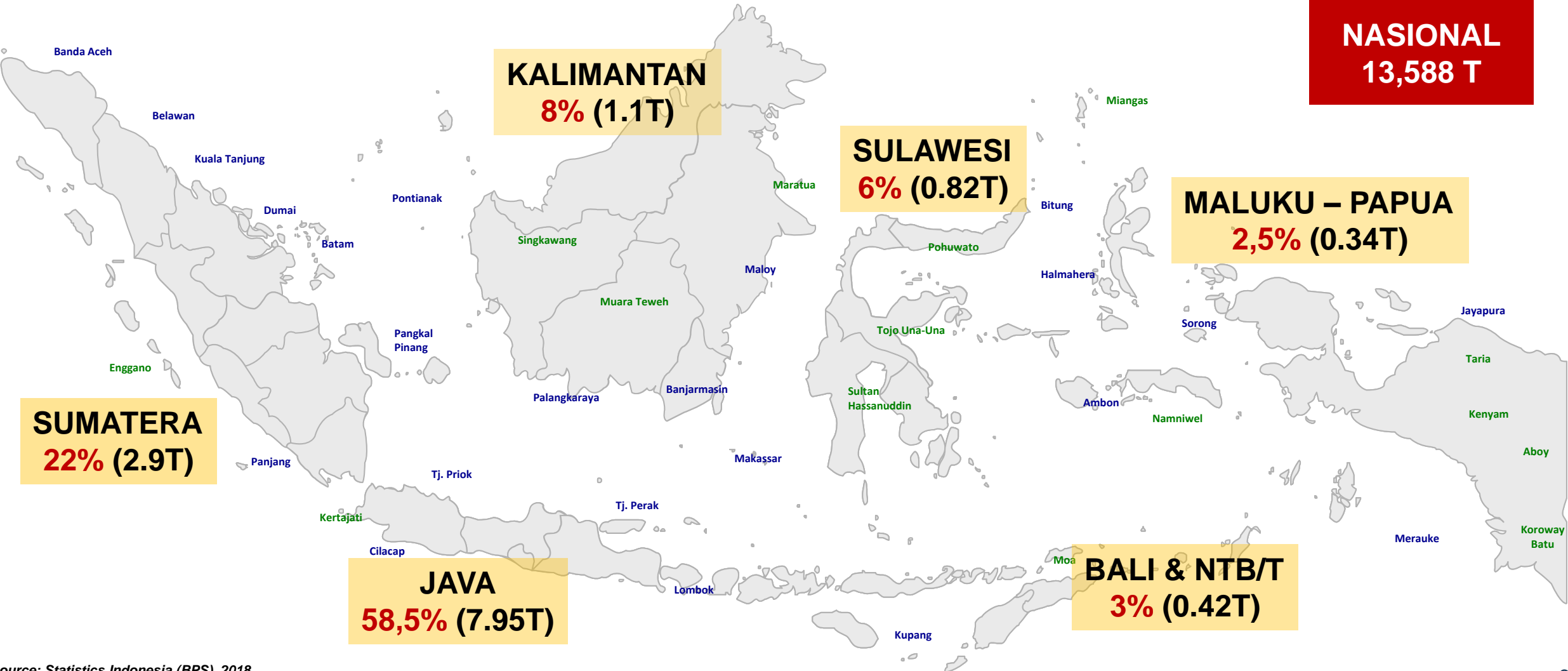
2

Supporting Infrastructure to Support the Area Development

3

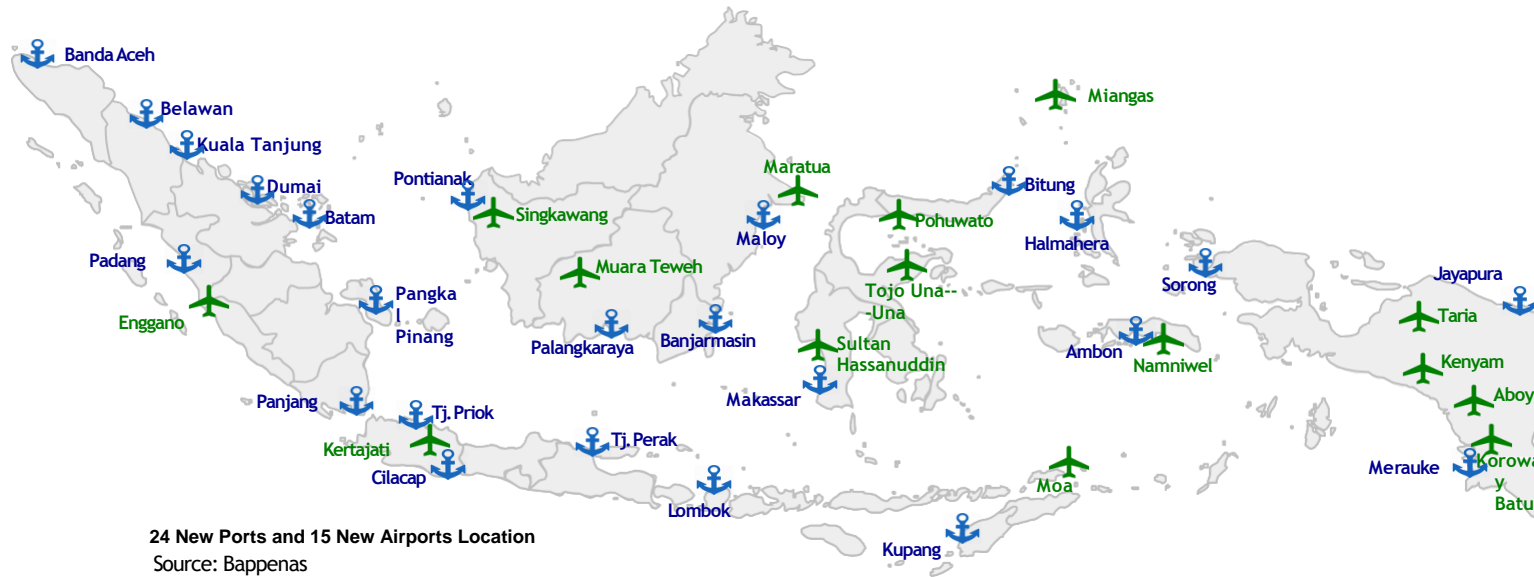
Government's Supports to Accelerate Area Development and Supporting Infrastructure

The spread of economic growth in Indonesia is still centralized in Java island



Source: Statistics Indonesia (BPS), 2018
 *Number has been rounded up

The Government has launched a program to increase infrastructure development in the Mid-Term National Development Plan 2015-2019 throughout Indonesia



24 New Ports and 15 New Airports Location
Source: Bappenas

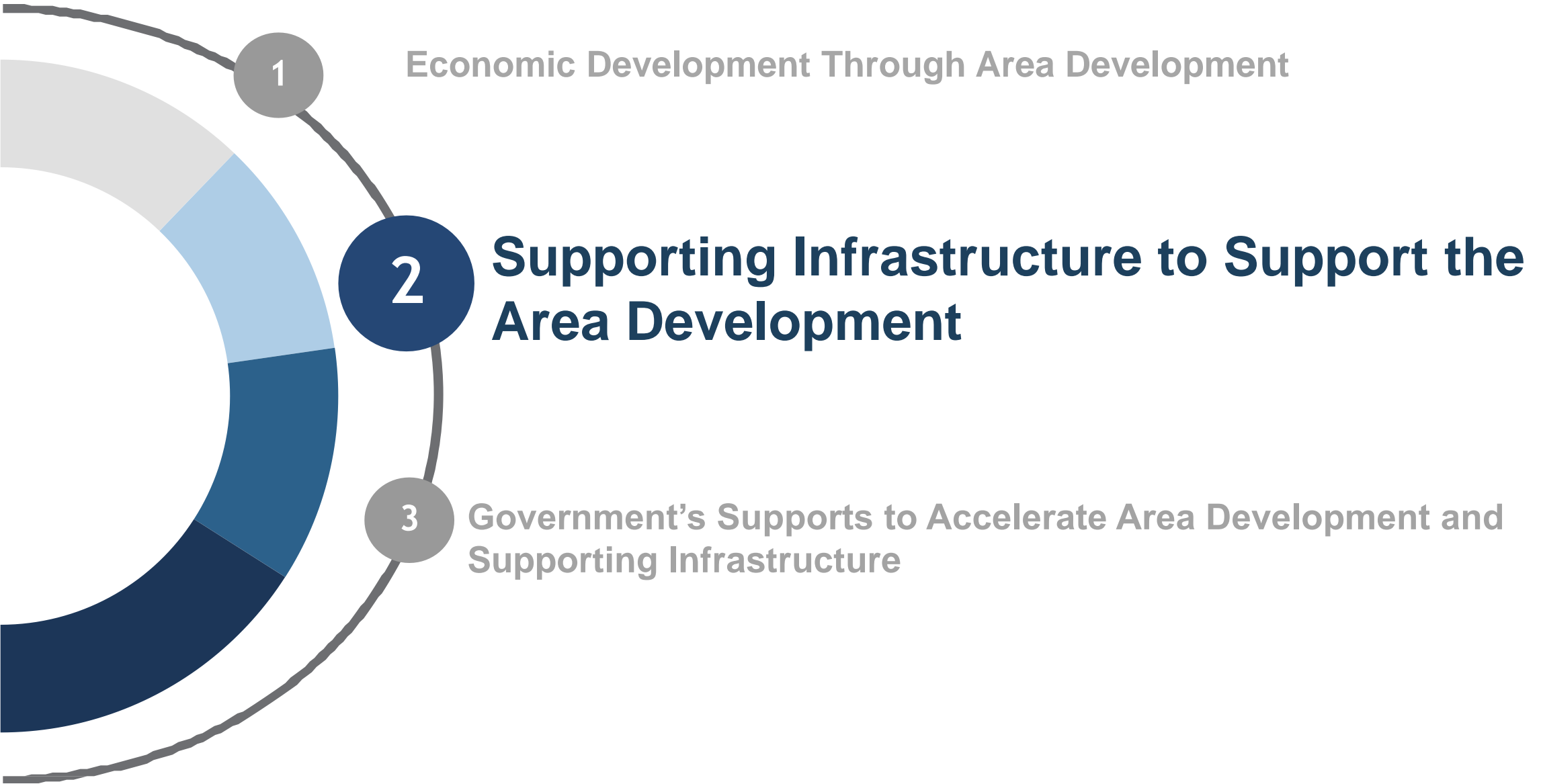
LOGISTIC

- Build 24 new ports
- Build 60 crossing ports
- Increase the amount of ship carrier
- Construction of 15 new airports
- Increase the number of pioneer flights to increase inter regional connectivity
- Build Bus Rapid Transit in 29 cities
- Build MRT in 6 metropolitan and 17 major cities

- Build 2,650 km of new roads
Build 1,000 km of new toll roads
- Build 2,159 km of urban trains
Build 1,099 km of intercity railway

Energy

- Achieve electrification ratio target of 97.2% in 2019
- Build a power plant with a total capacity of 35,000 MW
- Build 33 new dams and 30 hydropower plants
- Improve the irrigation system of 1 million ha
- Rehabilitate the extraction irrigation system
- Build a new oil refinery with a capacity of 2x300,000 barrels
- Increase capacity
- existing refineries in Cilacap and Balongan

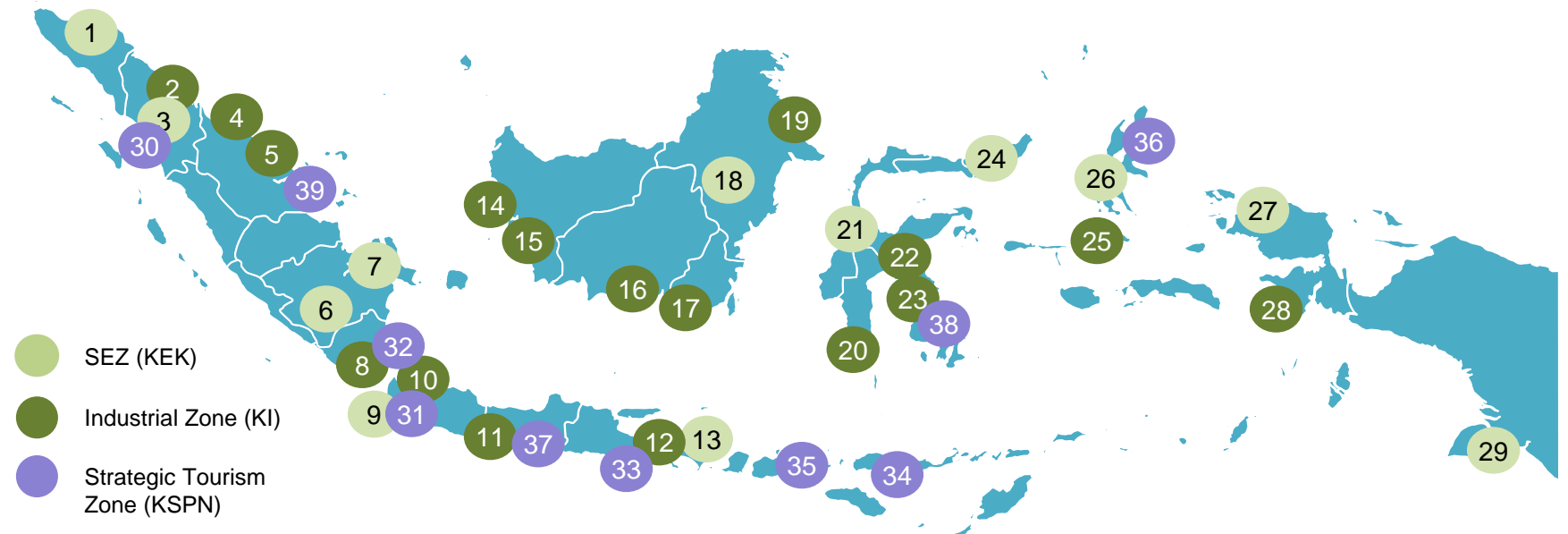


To encourage regional equality, the Government of Indonesia's plans focuses on regional-based development

12 Special Economic Zones

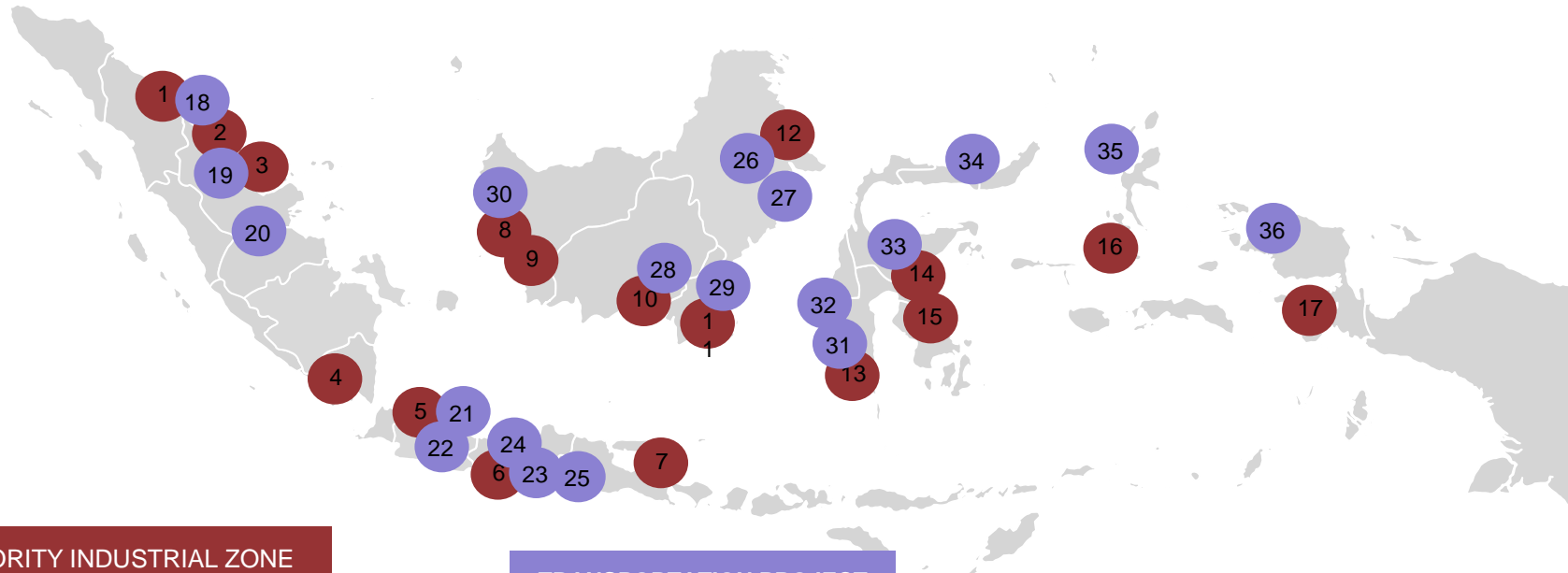
17 Industrial Zones

10 Priority Tourism Zones



1	KEK Lhokseumawe	12	KI Java Integrated Industrial Port Estate (JIPE), Gresik	24	KEK Bitung
2	KI Kuala Tanjung	13	KEK Mandalika	25	KI Buli, Halmahera Timur
3	KEK Sei Mangkei	14	KI Landak	26	KEK Morotai
4	KI Dumai	15	KI Ketapang	27	KEK Sorong
5	KI Tanjung Buton	16	KI Batulicin	28	KI Teluk Bintuni
6	KEK Tanjung Api-Api	17	KI Jorong	29	KEK Merauke
7	KEK Tanjung Kelayang	18	KEK Maloy Batuta Trans	30	KSPN North Sumatera
8	KI Tanggamus	19	KI Tanah Kuning	31	KSPN DKI Jakarta
9	KEK Tanjung Lesung	20	KI Bantaeng	32	KSPN Banten
10	KI Wilmar Serang	21	KEK Palu	33	KSPN East Java
11	KI Kendal	22	KI Morowali	34	KSPN West Nusa Tenggara
		23	KI Konawe	35	KSPN East Nusa Tenggara
				36	KSPN North Maluku
				37	KSPN Yogyakarta-Jawa Tengah
				38	KSPN South East Sulawesi
				39	KSPN Bangka Belitung

Regional development is supported by the synchronized development of surrounding transportation infrastructure to optimize logistic flow (1/2)*

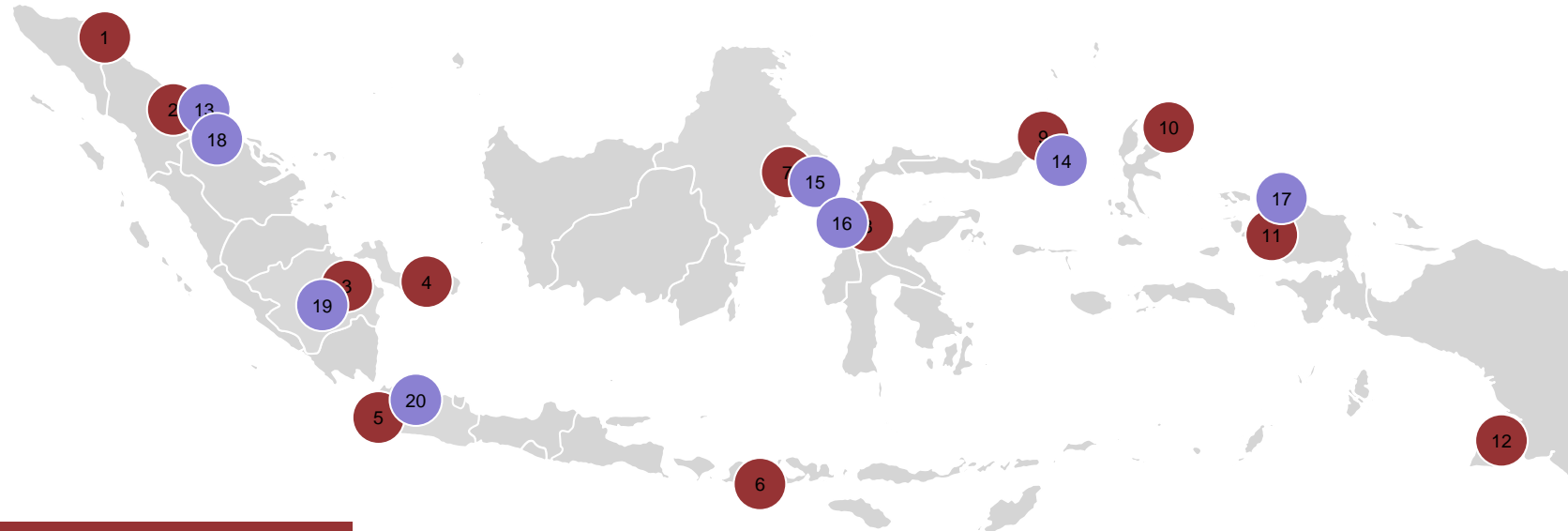


PRIORITY INDUSTRIAL ZONE DEVELOPMENT (KI)	
1. KI Kuala Tanjung	10. KI Batulicin
2. KI Dumai	11. KI Jorong
3. KI Tanjung Buton	12. KI Tanah Kuning
4. KI Tanggamus	13. KI Bantaeng
5. KI Wilmar Serang	14. KI Morowali
6. KI Kendal	15. KI Konawe
7. Java Integrated Industrial Port (JIPE), Gresik	16. KI Buli, Halmahera Timur
8. KI Landak	17. KI Teluk Bintuni
9. KI Ketapang	

TRANSPORTATION PROJECT			
18. PHI Kuala Tanjung	25. Jawa Selatan Double Track Railway	34. PHI Bitung	
19. Tebing Tinggi – KualaTanjung Train	26. Kalimantan Timur Train	35. Sultan Babullah, Ternate Airport	
20. Rantau Prapat - Duri – Pekanbaru Train	27. KEK Maloy Port	36. Sorong Seget Port	
21. Patimban Port	28. Tjilik Riwut Airport , Palangkaraya		
22. Kertajati Airport	29. Syamsuddin Noor Aiport		
23. Yogyakarta International Airport	30. Kijing Port		
24. Ahmad Yani Semarang Airport	31. Makassar <i>New Port</i>		
	32. Makassar – Parepare Train		
	33. Palu Port		

(* Only based on PSN

Regional development is supported by the synchronized development of surrounding transportation infrastructure to optimize logistic flow (2/2)*

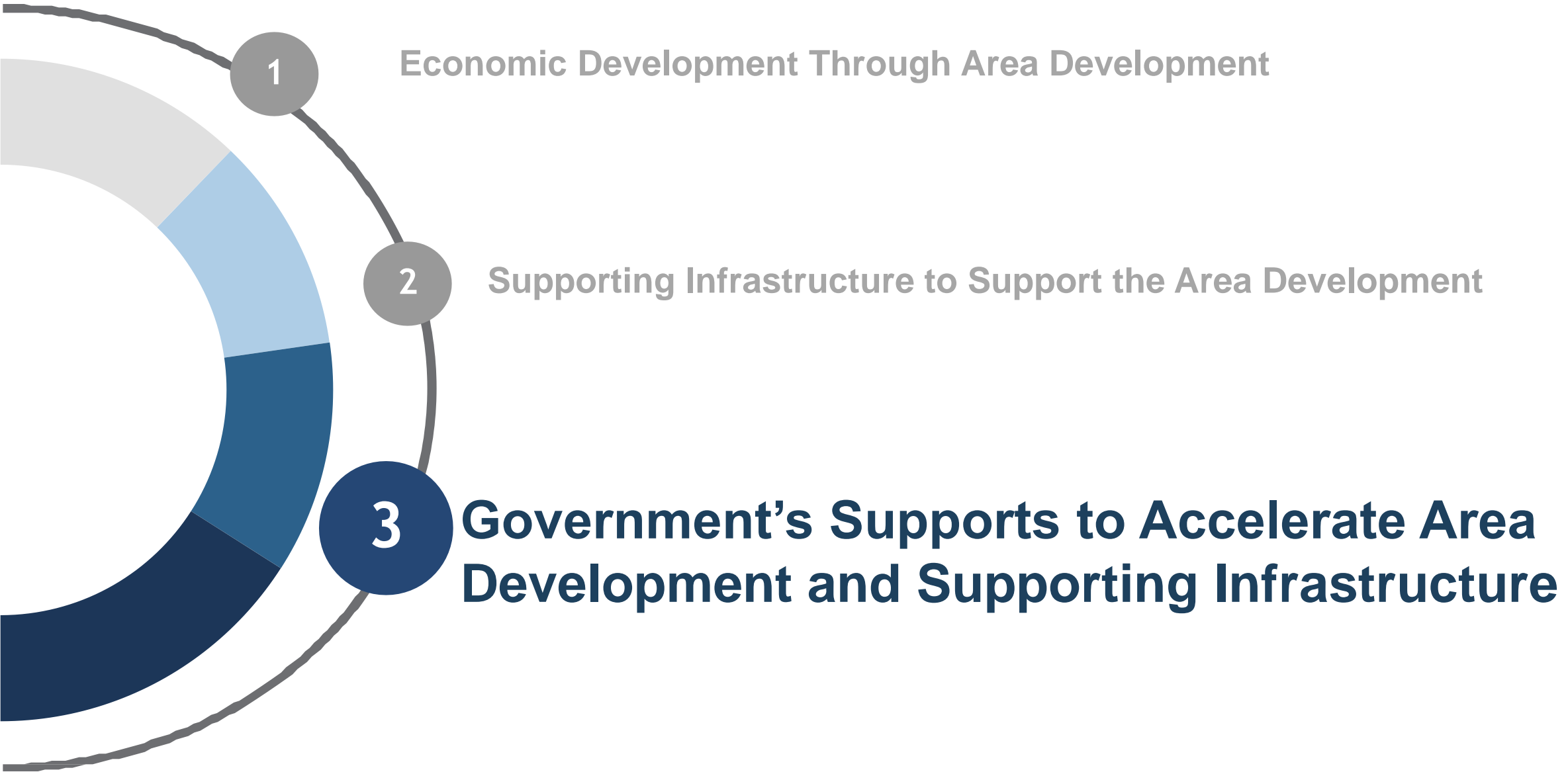


SPECIAL ECONOMIC ZONE (KEK)

1. Arun Lhokseumawe
2. Sei Mangkei
3. Tanjung Api-Api
4. Tanjung Kelayang (Belitung)
5. Tanjung Lesung
6. Mandalika
7. Maloy Batuta Trans Kalimantan
8. Palu
9. Bitung
10. Morotai
11. Sorong
12. Merauke

TRANSPORTATION PROJECT

13. PHI Kuala Tanjung
14. PHI Bitung
15. KEK Maloy Port
16. Palu (Pantoloan) Port
17. Sorong Seget Port
18. Tebing Tinggi – Kuala Tanjung Train
19. Tanjung Enim – Tanjung Api-Api Train
20. Serang – Panimbang Highway



The government has established State Asset Management Unit (LMAN) as a solution to accelerate the land acquisition through the provision of land acquisition fund



LMAN was established in Dec 2015 through the issuance of **MoF Reg. 219/2015** concerning State Assets Management

- In 2016, BLU LMAN was mandated to provide land acquisition fund for all **National Strategic Projects** through the issuance of **MoF Reg. 21/2017** concerning land acquisition financing guideline for PSN
- There two scheme of Land Funding: Direct Payment and Bridging Fund scheme

Key Advantages



Unutilized fund can be allocated for the following year

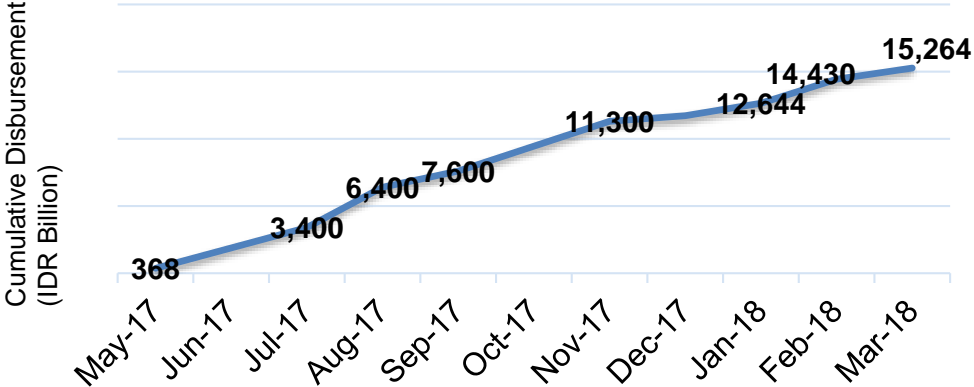


Non-project-specific land acquisition fund allocation. Unused allocated fund can flexibly be made available for the other project



Land acquisition fund for PSN projects is **managed under one agency**

Implementation Progress

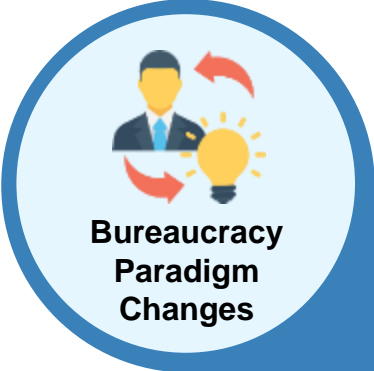


Batch	Bridging Fund		Reimbursement	
	IDR	IDR	IDR	%
Batch 1 (2016)	12,4 T	12,1 T		97,7%
Batch 2 (2016)	978,9 B	666,7 B		68,1%
Batch 1 (2017)	10,52 T	8,04 T		76.42%

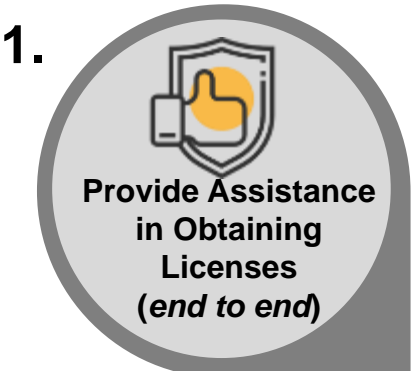
Bridging Fund scheme is not registered as government debt since LMAN will be reimburse the bridging fund as soon as the state budget spending allocation ready to be disbursed and the reimbursement documents are completed

A policy to accelerate business permit procedures at central and regional level has been established through Presidential Reg. No. 91/2017

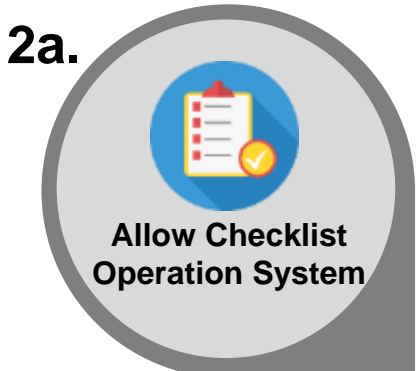
Components in the policy of accelerating the implementation of business



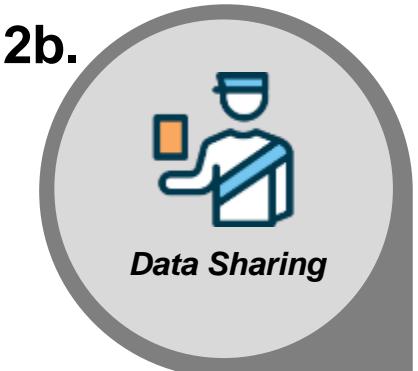
From “provide” to “serve”
(civil servant)



Performed at all levels of government (central, provincial, and local)



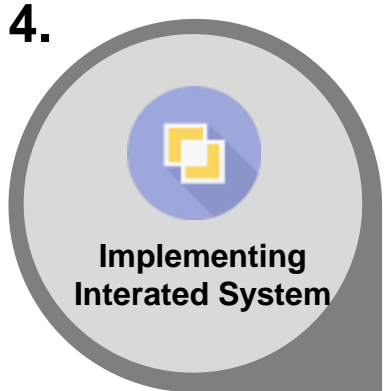
In SEZ¹, FTZ², IZ³, and SEZ of Tourism without having to wait for the completion of the whole process.



Reduced repeated permissions



Simpler, faster, and cheaper.



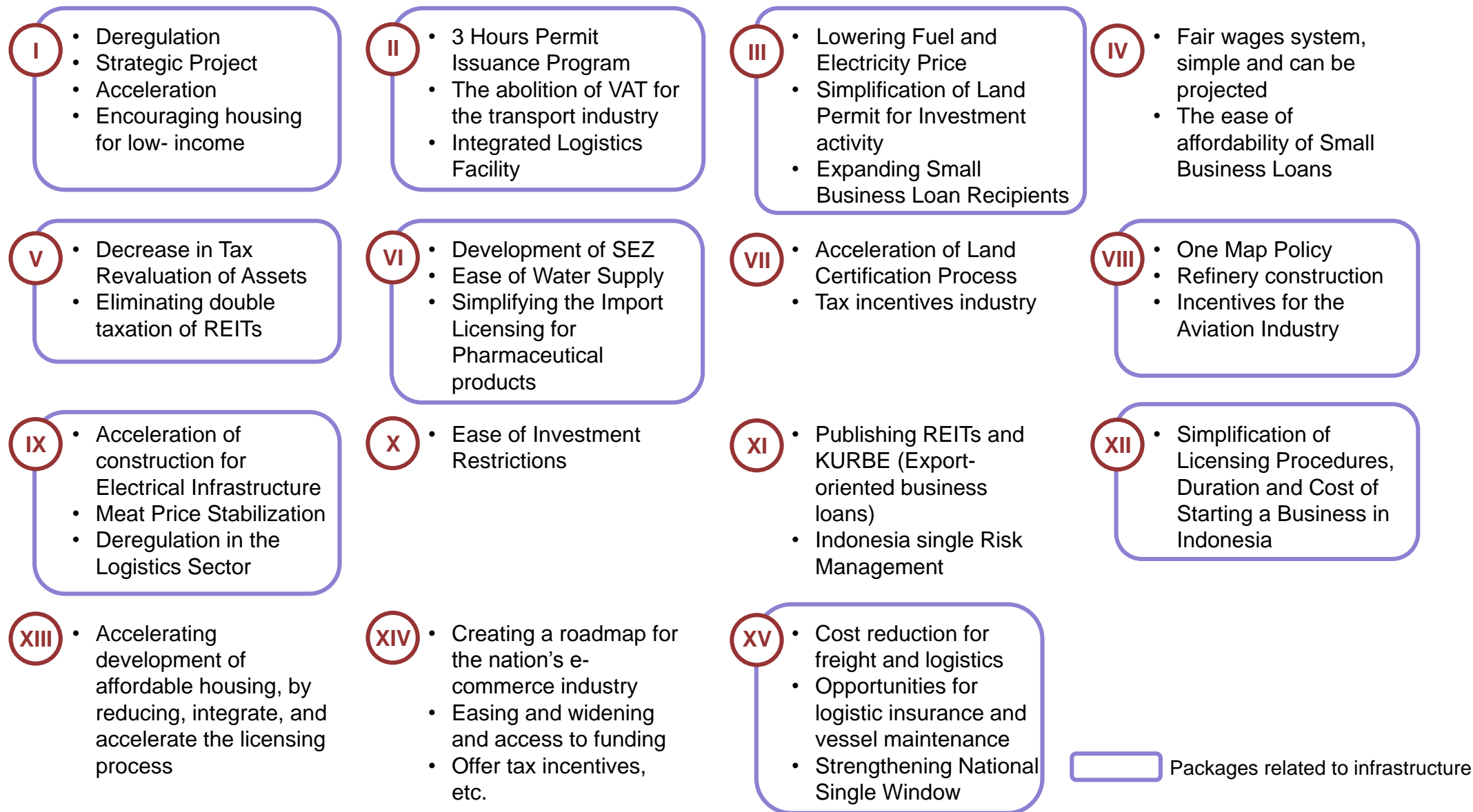
Online Integrated Business Licensing System (single submission)

1) SEZ: Special Economic Zone
2) FTZ: Free Trade Zone
3) IZ: Industrial Zone
4) SMSE: Small-Medium Sized Enterprises

The Government has issued end-to-end regulations and provided supports to attract investors in Public Private Partnership (PPP) projects



The Government has issued Economic Policy Packages 1-15 to ease infrastructure provision





Thank you



Attachments

MoF has issued a new Tax Holiday scheme in MoF Regulation No. 35/2018 on April 2018



Tax Incentives Scheme

- Improving from the previous scheme where the tax holiday is given in a range of 10% - 100%, **the new scheme is giving the tax holiday of 100%** for below criteria:
 - Investment of IDR 0.5 - 1 Trillion get a tax holiday (100%) for 5 (five) years
 - Investment of IDR 1 - 5 Trillion get a tax holiday (100%) for 7 (seven) years
 - Investment of IDR 5 - 15 Trillion get a tax holiday (100%) for 10 (ten) years
 - Investment of IDR 15 - 30 Trillion get a tax holiday (100%) for 15 (fifteen) years
 - Investment of above IDR 30 Trillion get a tax holiday (100%) for 20 (twenty) years
- After the expiration period, there is two year period of transition with 50% reduction of income tax
- **The incentive is also applied for existing investors that will do expansion**

Industries that are eligible for the Tax Holiday

1. Upstream Base Metal
2. Oil and Gas Refinery
3. Petrochemical (Oil, Gas, or Coal Based)
4. Non-organic Base Chemical
5. Organic Base Chemical
6. Pharmaceutical materials
7. Semiconductor and Other Components
8. Communication Devices Components
9. Medical Devices Components
10. Machine Manufacturing for Industry
11. Machine Main Components Manufacturing
12. Robotic Components Manufacturing
13. Ship Components Manufacturing
14. Airplane Components Manufacturing
15. Train Components Manufacturing
16. Power Plants
17. Economic Infrastructure¹

note: in orange: new added industries

¹Including projects in PPP which was excluded in the previous Tax Holiday regulation



Differentiation between the facilities provided for Special Economic Zone (KEK) and Industrial Zone (KI)

KAWASAN EKONOMI KHUSUS*

- Keringanan **Pajak Penghasilan** bagi Badan Usaha
- Keringanan **Pajak Pertambahan Nilai** dan **Pajak Penjualan atas Barang Mewah**
- Keringanan **kepabeanan dan cukai**
- Pengecualian dalam **Daftar Negatif Investasi (Negative List)**
- Pengecualian dan/atau **kemudahan** atas ketentuan **pembatasan impor dan ekspor**
- Fasilitas dan kemudahan **perizinan**, misalnya penerbitan Izin Investasi oleh Administrator KEK
- Pengurangan **pajak daerah dan/atau retribusi daerah** paling sedikit sebesar 50%
- Fasilitas dan kemudahan **ketenagakerjaan**, misalnya percepatan penerbitan Izin Mempekerjakan Tenaga Kerja Asing
- Fasilitas dan kemudahan **keimigrasian**
- Fasilitas dan kemudahan **pertanahan** misalnya kepemilikan **properti oleh orang asing atau badan usaha asing** pada Kawasan Ekonomi Khusus Pariwisata



KAWASAN INDUSTRI**

- Perusahaan Kawasan Industri dan Perusahaan Industri di dalam Kawasan Industri diberikan **insentif perpajakan** misalnya pengurangan pajak penghasilan neto sebesar 30% dari jumlah penanaman modal ▶ **Diatur dalam Permenkeu 105/2016**
- Perusahaan Kawasan Industri dan Perusahaan Industri di dalam Kawasan Industri dapat diberikan insentif daerah, yaitu **keringanan pajak-pajak yang menjadi kewenangan daerah** misalnya Bea Perolehan Hak atas Tanah dan Bangunan, Pajak Penerangan Jalan, Pajak Air Tanah dll ▶ **Diatur lebih lanjut dalam Peraturan Daerah bersangkutan**
- Perusahaan Kawasan Industri diberikan fasilitas kemudahan pembangunan dan pengelolaan tenaga listrik untuk kebutuhan sendiri dan industri di dalam Kawasan Industri***



Apabila Kawasan Ekonomi Khusus termasuk dalam Proyek Strategis Nasional (PSN), maka kawasan juga mendapatkan insentif yang berlaku untuk PSN antara lain dukungan **debottlenecking** dari **KPPIP**, diskresi **tata ruang**, percepatan **penyediaan tanah**, pemberian **jaminan Pemerintah**, dan percepatan **pengadaan barang dan jasa**

PROYEK STRATEGIS NASIONAL

*PP 96/2015 Tentang Fasilitas Dan Kemudahan Di KEK; **Peraturan Pemerintah No. 142 Tahun 2015 tentang Kawasan Industri;

*** Saat ini bentuk-bentuk kemudahan belum diatur lebih lanjut dalam peraturan teknis