



# FINANCING FOR SUSTAINABLE PUBLIC TRANSPORTATION

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DEPUTY MINISTER FOR DEVELOPMENT FUNDING  
November 13<sup>TH</sup> 2019





# OUTLINE



## National Medium Term Development Plan (RPJMN) 2020-2024 – The Technocratic Draft

- National Medium Term Development Plan (RPJMN) 2020-2024 – The Technocratic Draft Development Agenda
- National Medium Term Development Plan (RPJMN) 2020-2024 – The Technocratic Draft Funding Strategy
- New Approach: Major Project in National Medium Term Development Plan (RPJMN) 2020-2024 – The Technocratic Draft



## Development Funding Scheme

- Development Funding Structure
- Development Funding Instrument



## New Approach in Development Funding

- Development Financing Paradigm in 2020-2024
- Encouraging Public Private Partnerships
- Development Funding Source Integration

# National Medium Term Development Plan (RPJMN ) 2020-2024 – The Technocratic Draft

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# PRESIDENT INSTRUCTION

## Infrastructure Development

Connecting **big infrastructure** with **people's production area**: **small micro industry area, special economic zone, tourism destination**, field area, plantation area, and fisheries pond.

## Human Resource Development

Ensuring the health of pregnant women, infants, toddlers, school-age-children, **reduction of maternal and infant stunting-death**, improving the quality of education, **vocational management**, talent management, and support for high-talented diaspora.

## Encouraging Investment

Simplifying **licence**, extortion and other investment barriers

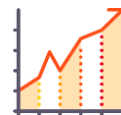
## Bureaucratic Reformation

**Structural reform** for simple, agile, mindset changes, faster service, faster granting permits, and efficient institution.

## State Budget Utilization

Guarantee the utilization of APBN to be **focused and targeted**.

# 7 DEVELOPMENT AGENDA RPJMN 2020-2024



Strengthening Economic Resilience for Quality Growth



**Regional Development** for reducing inequality



**Upgrading Human Resource** qualification and competitiveness



**Mental Revolution** and Cultural Development



**Strengthening The Infrastructure** for supporting Economic Development and **Basic Needs**



Building **Living Environment**, Increasing **Disaster Resilience** and Climate Change



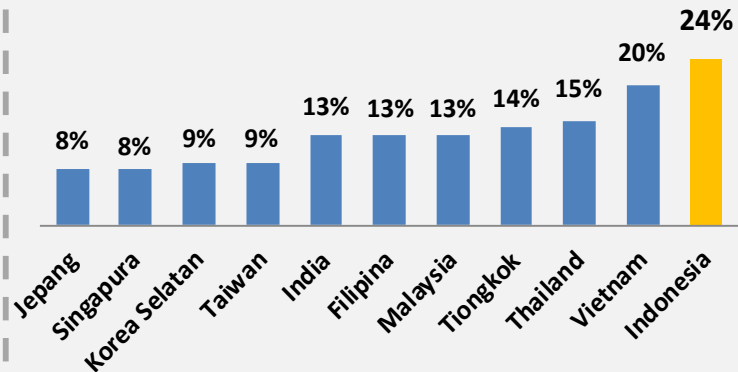
Strengthening Politics, Law, Defence and Security **Stabilization** and Public Service **Transformation**

\*) Delivered at Visi Indonesia Speech in Sentul, West Java

# STRATEGIC ISSUES FOR TRANSPORTATION DEVELOPMENT 2020-2024 (1/2)

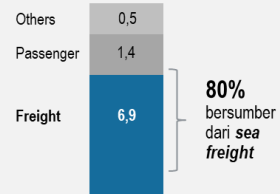
## MARITIME CONNECTIVITY ISSUES

### High Logistics Cost



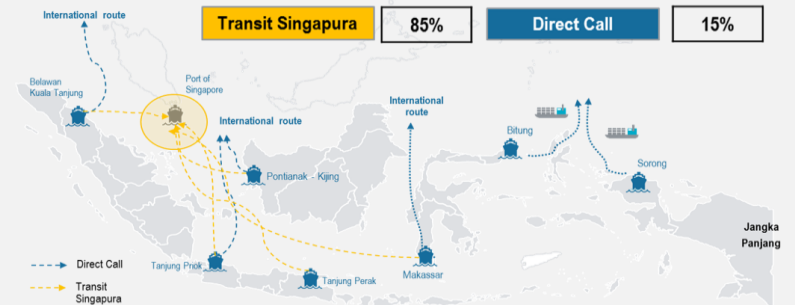
80% deficit of transportation balance comes from sea-freight

Defisit Neraca Jasa Transportasi  
USD 8,8 Billion



Source: BPS (2018)

85% Indonesia's export are through Singapore, and only 15% are direct call



## TRAIN CONNECTIVITY ISSUES

**High-speed train connectivity** is still unable to serve passenger mobility in **inter-city metropolitan** (conurbation) corridors.



Limited construction of new regional railway lines for passenger or freight transportation

- railway lines operating are still limited in Java and Sumatra

**Backlog of Railway Facilities and Infrastructure Maintenance and Rejuvenation**

- Old train facilities (> 20 years)
- Limited maintenance and rejuvenation of railway infrastructure



# STRATEGIC ISSUES FOR TRANSPORTATION DEVELOPMENT 2020-2024 (2/2)

## ROAD CONNECTIVITY ISSUES

Low quality of Regional Roads



**Steady road** condition:

- national **94%**
- district **57%**
- province **68%**

Main road connectivity is not optimal



**Travel time** main island crossing mode reaches **1,9 Hours/100 Km**

Some priority transportation nodes are not connected to the access roads

*Highlight*

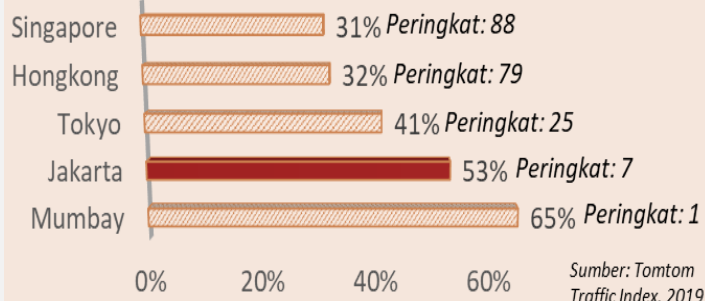


4 Type A Terminals, 8 main ports, and 8 new airports have not been connected to the access roads as standards

## URBAN TRANSPORTATION ISSUES

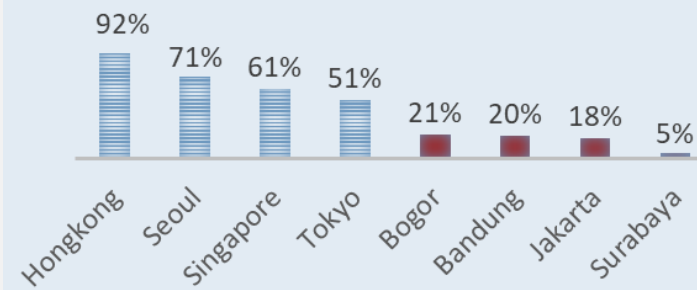
Traffic congestion

**Indeks kemacetan Jakarta sebesar 53%, peringkat ke-7 termacet di dunia**



Limited urban mass public transportation development

**Pangsa angkutan umum di Jakarta, Bandung, dan Surabaya masih di bawah 20%**



**Jaringan MRT Jakarta hanya 15 km**



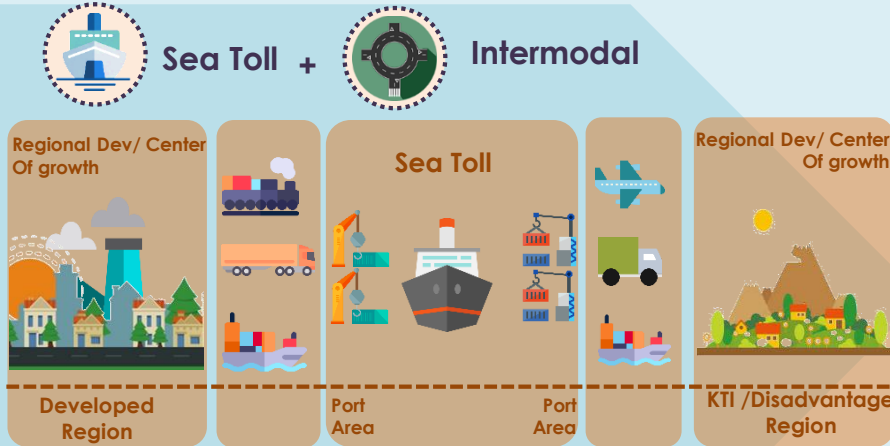
# INFRASTRUCTURE DEVELOPMENT FRAMEWORK 2020-2024

## Infrastruktur Pelayanan Dasar

-  Provision of Access to Housing and Settlements that are Decent, Safe and Affordable
-  Sustainable Groundwater and Raw Water Management
-  Provision of Access to Drinking Water and Sanitation (Wastewater and Waste) Decent and Safe
-  Safe and Secure Transportation
-  Infrastructure Disaster Resilience

## Economic Infrastructure

### Connectivity



Accessibility of Disadvantage Region

Multipurpose Reservoir and Irrigation Modernization

### Economic Sector

-  Manufacturing Industry
-  Tourism and Services
-  Agriculture-Plantation-Fisheries

## Urban Infrastructure

-  Urban Transportation Development
-  Sustainable Energy for Cities
-  Urban ICT Infrastructure and Ecosystems
-  Access to Municipal Water and Sanitation (Wastewater and Waste)
-  Access to decent and safe housing and settlements in cities



## Energy and Electricity Development



## ICT for Digital Transformation

## Mainstreaming



Gender Equality



Good Governance



Sustainable Development



Capital and Social Culture



Digital Transformation



Disaster Resilience

# 2020-2024 INFRASTRUCTURE DEVELOPMENT GOALS



## BASIC SERVICE INFRASTRUCTURE

70% HOUSEHOLD WITH ADEQUATE HOUSING

HOUSEHOLD WITH ACCESS TO CLEAN DRINKING WATER → **100 %**, INCLUDING **SAFE ACCESS 15%**

HOUSEHOLD WITH ACCESS TO PROPER SANITATION → **90 %**, INCLUDING **SAFE ACCESS 20 %**

HOUSEHOLD WITH ACCESS TO PIPED DRINKING WATER COVERAGE → **24,45 million**

NEW IRRIGATION SYSTEM → **550 Thousand HA**

ADDITIONAL WATER INDUSTRY & DOMESTIC → **50 m<sup>3</sup>/second**

NEW MULTI PURPOSES DAM → **58 UNIT**

INCREASING WATER PRODUCTIVITY → **3 m<sup>3</sup>/Kg**

DECREASING OF DISASTER RISK AREA → **20 PROVINCE OF HIGH RISK DISASTER**

ROAD ACCIDENT FATALITY RATE PER 10.000 VEHICLE → **65% against the 2010 baseline**



## ECONOMIC INFRASTRUCTURE



HIGH SPEED TRAIN → **JAKARTA-SEMARANG AND JAKARTA-BANDUNG**  
CARGO TRAIN → **MAKASSAR - PAREPARE**



- ❖ **ON TIME PERFORMANCE (OTP): 95%**
- ❖ **NEW AIRPORT → 25 AIRPORT**
- ❖ **DEVELOPMENT OF "JEMBATAN UDARA" ROUTE → 115 RUTE**



DECREASING THE TIME SPENDING OF THE MAIN ISLAND ROAD → **1,9 Hour/100 km**

- ❖ **NEW TOLL ROAD: 2.500 km**
- ❖ **NEW NATIONAL ROAD: 3.000 km**
- ❖ **WELL-MAINTAINED NATIONAL ROAD: 98%**



LOOPING SHIPPING ROUTES → **27%**

- ❖ **PERFORMANCE STANDARDIZATION AND INTEGRATED PORT MANAGEMENT → 7 PORT HUB**



SEARCH AND RESPONSE TIME → **25 MINUTES**



## URBAN INFRASTRUCTURE



MASS PUBLIC TRANSPORTATION **6 METROPOLITAN CITY**



HOUSEHOLD WITH ACCESS TO GOOD MANAGED WASTE **80 % HANDLING**  
**20 % REDUCTION**



## ENERGY AND ELECTRICITY



CO2 EMISSION OF POWER PLANT → **323,9 MILLION TONS**



NATIONAL ELECTRICITY CONSUMPTION PER CAPITA → **1.500 kWh**



URBAN GAS NETWORK → **4 MILLION NEW HOUSEHOLD COVERAGE**



## DIGITAL TRANSFORMATION



ICT DEVELOPMENT INDEX → **5,0 - 5,3**



INTERNET CONNECTION SPEED  
FIXED → **25 Mbps**  
MOBILE → **20 Mbps**



FIBER OPTIC NETWORK COVERAGE → **75% SUB DISTRICT (KECAMATAN)**



ANALOG SWITCH OFF → **100% DIGITAL BROADCAST**



**3 NEW START UP UNICORN**

Increased Palapa Ring Capacity Utilization **50% of Total Capacity**





# STRATEGY FOR IMPLEMENTATION OF DEVELOPMENT FUNDING IN RPJMN 2020-2024 – THE TECHNOCRATIC DRAFT



Improving the Quality of Allocation to Priorities through Priority Projects and Funding Integration



Identifying projects that can be carried out by the central and regional governments, SOE's, private and community



Adjust funding modalities with development goals and ensure readiness for project implementation



Optimization and expansion of the use of existing funding sources



Encouraging development funding innovation



# NEW APPROACH: MAJOR PROJECT RPJMN 2020-2024 – THE TECHNOCRATIC DRAFT

- The Major Project Approach in RPJMN 2020-2024 – The Technocratic Draft is aimed for strengthening the focus and control of the program (*delivery mechanism*)
- *The Major Project* contains integrated strategic projects that involved Central Government (K/L), Local Government, SOE’s, Private, and community.

## MAJOR PROJECT



**National Capital Movement**



**Finishing The Development of Tourism Destination**

(Danau Toba, Borobudur, Mandalika, Labuan Bajo, Bromo, dan Wakatobi)



**Education and Vocational Training for Industry 4.0**



**Trans Sumatera & Trans Papua Toll Road Development**



**Acceleration of Maternal Mortality and Stunting**

**38 Major Project** must have **Strategic Value** and **Leverage**.  
Estimated total investment reached

**Rp 12.673,4 Trillion**





# FOCUS OF FUNDING IN 2020-2024

A

## ENCOURAGE GROWTH



- Infrastructure development supports **Tourism and Leading Sectors**
- **Modernization of national industry**
- Strengthening **Creative** and digital **Economy**
- **Vocational** education and training

B

## HUMAN RESOURCE DEVELOPMENT



- Strengthening **Social Assistance** and targeted subsidies
- Improving the quality of **Education and Health**
- Accessibility and quality of **drinking water** and good **Sanitation**

C

## STRENGTHENING DISASTER MITIGATION



- Strengthening **Defense** and **Security**
- Improvement of **Environmental** and **Disaster** management



# A. ENCOURAGE GROWTH

## TOURISM, INDUSTRY & CREATIVE ECONOMY

Development of “10” New Bali and industrial estate through:



**Improvement Connectivity** for road network in KemPUPR and intermodal transportation (Laut, KA, Udara) in Kemenhub



Continue to support **promotion and destination preparation**



Development of **Industrial Estate, Applying Industry 4.0** in KemPerin and support **Creative Economy** development



Service and licensing reformation

## HR SUPPORT: VOCATION



Continue **Vocational Program** funding through:

- Continuing vocational programs at the BLK, Polytechnic and Vocational School
- Domestic and international student apprenticeship



**Infrastructure funding especially connectivity is planned to increase by more than 50% compared to the 2015-2019 APBN.**

\*) Is an estimated number taking into other funding sources







# B. HUMAN RESOURCE DEVELOPMENT


## STRENGTHENING SOCIAL ASSISTANCE

- 1 Continuing 2015 - 2019 policies such as PKH in the Ministry of Social Affairs, JKN / KIS in Ministry of Health & KIP Schools / Madrasah in Ministry of Education and Culture and Min
- 2 New policies such as **Kartu Prakerja**, **Kartu Sembako Murah**, **KIP-Kuliah**

 *Social Assistance Program is estimated to increase **100%** to continue 2015-2019 policy and new policies*

## BASIC SERVICE

-  Improvement of access and quality of **Drinking Water** and **Sanitation** in KemPUPR
-  Strengthen through synergy with the housing supply program
-  Increased DAK funding of Drinking Water, Sanitation, and House and Settlement also municipal grant.
-  It is necessary to prepare the implementation capacity and local government support.

 *Drinking Water and Sanitation Program is estimated to increase **50%***

\*) Is an estimated number taking into other funding sources



# C. STRENGTHENING DISASTER STABILITY AND MITIGATION

## STRENGTHENING AND DEVELOPMENT OF DEFENSE AND SECURITY



- 1 Increasing the defense and security budget for related ministries and in particular increasing MEF fulfillment through non-Rupiah funding sources.
- 2 Strengthening Cyber Security

## DISASTER MITIGATION AND ENVIRONMENTAL QUALITY IMPROVEMENT

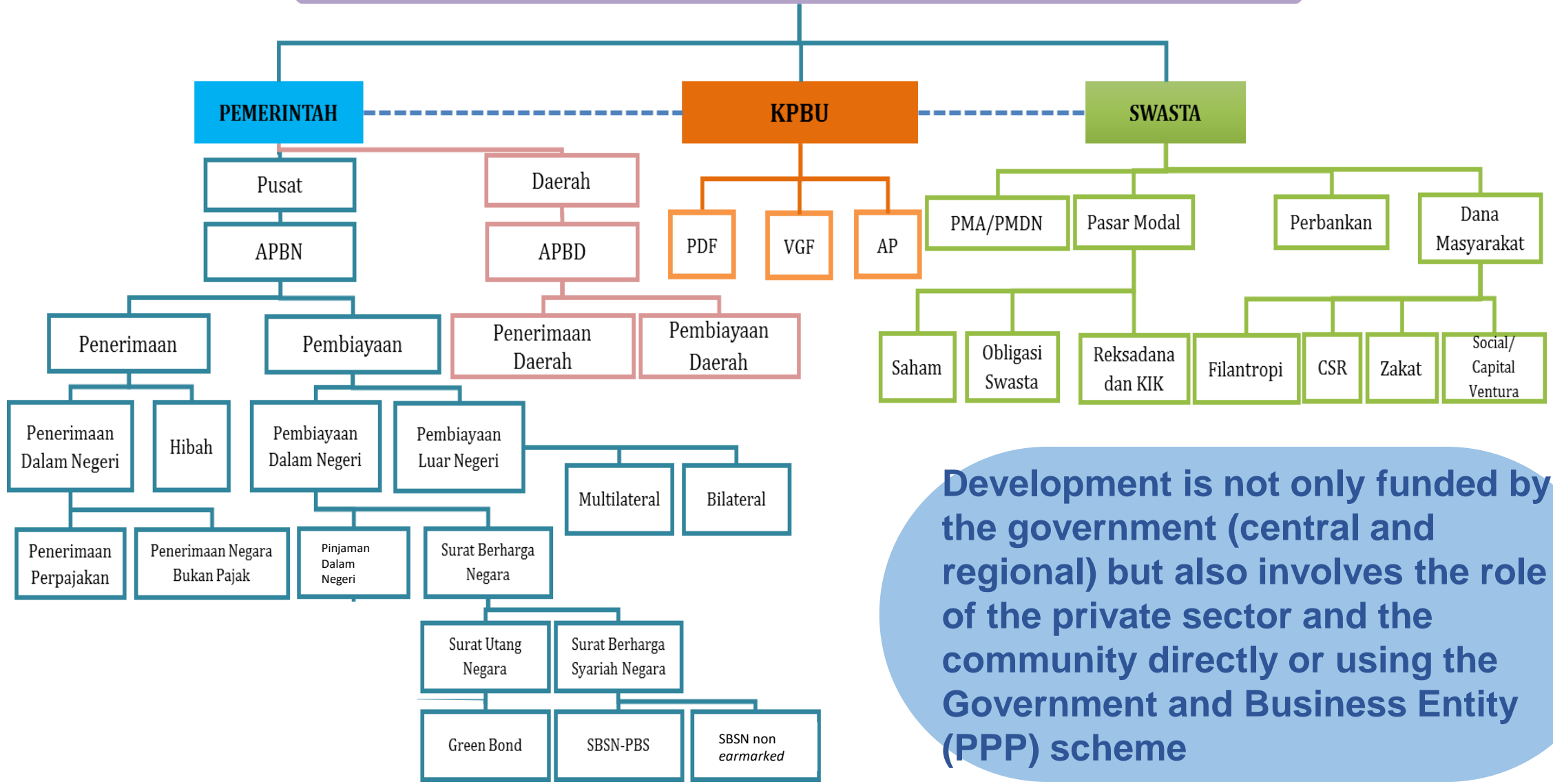


- 1 Improving the quality of the environment through forest and land rehabilitation.
- 2 strengthening funding for disaster management and mitigation and in KLHK, BMKG, BNPB.
- 3 Supporting technological development related to environmental and disaster in BPPT, LAPAN, LIPI.

# DEVELOPMENT FUNDING SCHEME

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# STRUKTUR PENDANAAN PEMBANGUNAN NASIONAL



Development is not only funded by the government (central and regional) but also involves the role of the private sector and the community directly or using the Government and Business Entity (PPP) scheme








# Government Funding Sources

Source of Funds	Definition	Usage
 <p><b>Rupiah Murni</b></p>	<p>Funding instruments derived from state revenue in the form of tax and non-tax</p>	<ul style="list-style-type: none"> <li>• Government's operational and investment activities</li> </ul>
 <p><b>Grants</b></p>	<p>Grants received by the Government from individuals to formal organizations (Domestic/Foreign) Can be in the form of money, goods / services, or securities registered as Direct Grants or Planned Grants</p>	<ul style="list-style-type: none"> <li>• National development program</li> <li>• Disaster management</li> <li>• Humanitarian assistance</li> </ul>
 <p><b>Foreign Loans</b></p>	<p>Loans received (<i>in the form of money</i>) from bilateral development partners or multilateral financial institutions. In the form of a program loan or Project Loan</p>	<ul style="list-style-type: none"> <li>• Funding the government deficit</li> <li>• Economic and social infrastructure with technology transfer</li> <li>• International best practice and knowledge sharing</li> <li>• Pilot project which can be replicated by Rupiah Funding</li> <li>• High leverage project</li> </ul>
 <p><b>Domestic Loans</b></p>	<p>Loans received (<i>in the form of money</i>) from State Owned Enterprises (SOEs)/ Local Government Enterprises in the banking sector</p>	<ul style="list-style-type: none"> <li>• Development of domestic industries (while focusing on the defense and security sector)</li> <li>• Support the achievement of national development goals</li> </ul>
 <p><b>Bonds</b></p>	<p>Loans received to the public by issuing bonds in the form of SUN (Government Securities) or SBSN (Government SUKUK), denominated in rupiah or foreign currency.</p>	<ul style="list-style-type: none"> <li>• Funding the Government's operational and investment activities</li> <li>• For SBSN-PBS, priority is given to infrastructure development and the provision of public service facilities.</li> </ul>



# Other Funding Sources

Financial Instruments	Definition	Usage
 <p><b>Private Sector</b></p>	<p>Investment made by Foreign or domestic the private sector from . The investment can be made through direct investment (real sector) or capital market.</p>	<ul style="list-style-type: none"> <li>• National development program</li> <li>• Disaster management</li> <li>• Humanitarian assistance</li> </ul>
 <p><b>Public Private Partnership (PPP)</b></p>	<p>Provision of public goods / services by business entities through long-term cooperation. Return on investment can be made through:</p> <ul style="list-style-type: none"> <li>• Payment by service users (User Pay)</li> <li>• Regular payments by the Government based on service availability (Availability Payment)</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of public service facilities and infrastructure</li> </ul>
 <p><b>Non-Government Budget Equity Financing (PINA)</b></p>	<p>A Facilitation by the government to obtain funding for large-scale investment projects by utilizing long-term funds sourced from non-government budgets</p>	<ul style="list-style-type: none"> <li>• Priority project development</li> </ul>
 <p><b>Corporate Social Responsibility (CSR)</b></p>	<p>private sector contribution to development through improving the quality of life of the local community (Community development), in the shape of financial assistance and programs / activities.</p>	<ul style="list-style-type: none"> <li>• Development of environmental and social facilities/infrastructure</li> <li>• Survival Aid</li> <li>• Community Development</li> </ul>
 <p><b>Community Funding</b></p>	<p>Funds are raised for the benefit of the public or the community with the spirit of the common good. This funding is made by philanthropists or through the collection of religious funds.</p>	<ul style="list-style-type: none"> <li>• Development of environmental and social facilities/infrastructure</li> <li>• Survival Aid</li> <li>• Community Development</li> <li>• Advocacy</li> </ul>

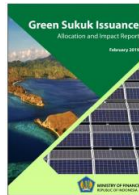


# Recent Funding Innovation

## Developing Green Financing



Utilizing Green Financing Instrument for Climate Change Adaptation and Mitigation projects and SDGs



### Green Bond

In 2018, PT SMI issued SMI's Sustainable Green Bond I (PUB facilities total value worth Rp3 trillion.)

### Green Sukuk

In 2018, Indonesia issued World's first *Sovereign Green Sukuk* for Rp. 16.75 trillion (5-year tenor and yield of 3.75% p.a.)

### Sector which funded by Green Instrument



Sustainable Transport



Renewable Energy



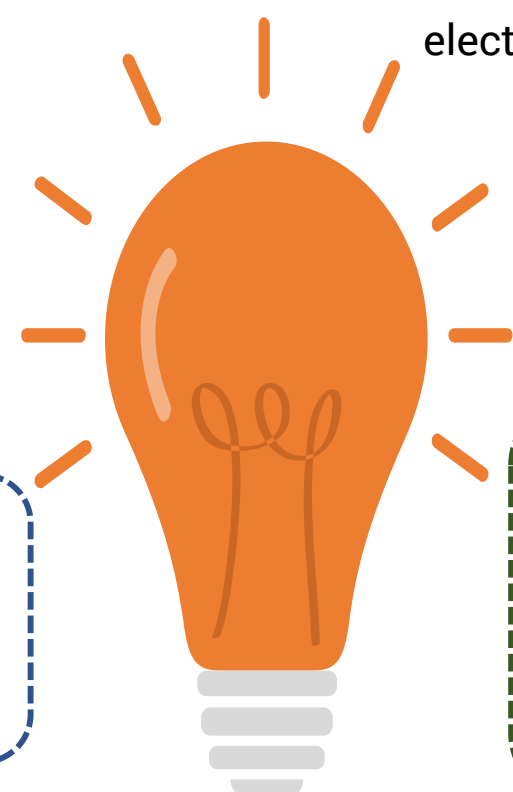
Waste Management

## Blended Financing

*strategic use of development finance to mobilize additional financing resources for sustainable development projects*



Micro Hydro Power Plant (MHPP) in Jambi provides electricity to 4 underdeveloped villages for 803 families & 4,448 people



### MHPP Collaboration



State Budget



Grant UNDP



Zakat Infaq Sadaqah



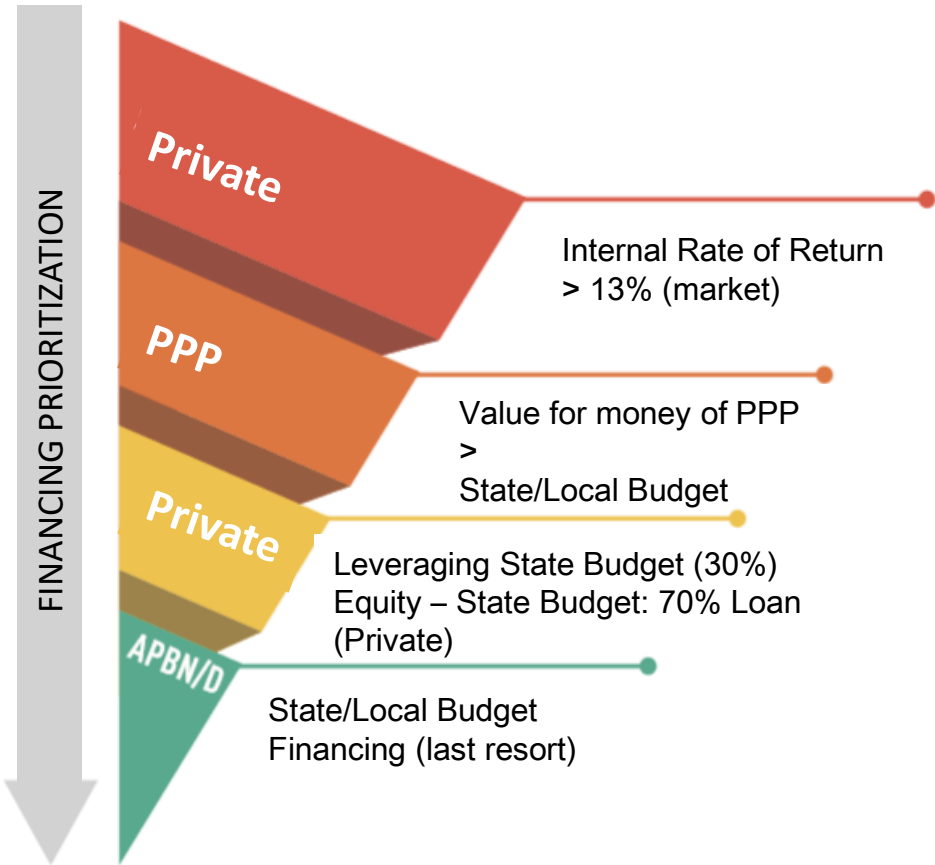
Local Government Budget

# NEW APPROACH IN DEVELOPMENT FUNDING

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# DEVELOPMENT FINANCE PARADIGM 2020-2024



### GOVERNMENT



**Local & State Budget**  
Including :Foreign Grants/Loan, Domestic Loan, and Sukuk

Directed primarily for:

- Government’s absolute function ( Politics, Peace & Security)
- Basic Service(such as education, health, housing) with minimum service standards

### SOEs & PRIVATE



- Assignment to SOEs
- Public Private Partnership
- Non-Government Budget Equity Financing (PINA)
- Encouraging economic growth
- Improving Community Services
- Economic and social infrastructure that has economic viability

### COMMUNITY




**Corporate Social Responsibility (CSR)**

- Humanitarian Funds
- Development of environmental and social facilities/infrastructure
- Social Assistance
- Community Development
- Advocacy

Prioritizing Private Financing and Public Private Partnership (PPP) for the development of the tourism sector.



# ENCOURAGING PUBLIC PRIVATE PARTNERSHIP (PPP)

- Is an Asset Management Through Concessions with Business Entities (Not Privatization).
- Proposed by Ministries / Institutions, Local Governments, and SOEs.
- The PPP process is carried out for an average of 1-3 years. Bappenas Assists the Preparation Process (Joint Office Secretary).
- Form of PPP:
  1. Payment By Users In The Form Of Tariff (User Charge) 
  2. Payment for Service Availability. (*Availability Payment*).
  3. Other forms of PPP in accordance with applicable laws and regulations.

## SCOPE OF PPP PROJECTS

**19 PPP INFRASTRUCTURE SECTOR:**

<u>CONNECTIVITY</u>	<u>URBAN FACILITIES</u>	<u>SOCIAL FACILITIES</u>
<ul style="list-style-type: none"> <li>• Transportation</li> <li>• Road</li> <li>• Electricity</li> <li>• Oil and Gas and EBT</li> <li>• Energy Conservation</li> <li>• Telecommunication and information</li> </ul>	<ul style="list-style-type: none"> <li>• Drinking water</li> <li>• Local Waste Management</li> <li>• Centralized Waste Management</li> <li>• Waste management</li> <li>• Water &amp; Irrigation</li> <li>• Urban Facilities</li> <li>• Public Housing</li> </ul>	<ul style="list-style-type: none"> <li>• Tourism</li> <li>• Educational Facilities</li> <li>• Correctional Institution</li> <li>• Sports, Arts and Culture Facilities</li> <li>• Region</li> <li>• Health</li> </ul>

### Some Examples of PPP Projects in Kalimantan

#### Connectivity

- Singkawang Airport
- Tarakan Airport
- Balikpapan-Samarinda Toll Road
- Balikpapan - Penajam Paser Utara Toll Road
- Samarinda-Bontang Toll Rpad

#### Human Resource

- Central Kalimantan's Hospital

# THANK YOU

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