FINANCING FOR SUSTAINABLE PUBLIC TRANSPORTATION

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DEPUTY MINISTER FOR DEVELOPMENT FUNDING
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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
**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.

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**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

KEDEPUTIAN BIDANG PENDANAAN PEMBANGUNAN
STRATEGIC ISSUES FOR TRANSPORTATION DEVELOPMENT 2020-2024 (1/2)

MARITIME CONNECTIVITY ISSUES

High Logistics Cost

80% deficit of transportation balance comes from sea-freight

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>8%</td>
</tr>
<tr>
<td>Singapore</td>
<td>8%</td>
</tr>
<tr>
<td>Korea</td>
<td>9%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>9%</td>
</tr>
<tr>
<td>India</td>
<td>13%</td>
</tr>
<tr>
<td>Philippines</td>
<td>13%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>14%</td>
</tr>
<tr>
<td>Thailand</td>
<td>20%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>24%</td>
</tr>
</tbody>
</table>

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

80% deficit in Jasa Transportasi USD 8.8 Billion

<table>
<thead>
<tr>
<th>Mode</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Others</td>
<td>65%</td>
</tr>
<tr>
<td>Passenger</td>
<td>14%</td>
</tr>
<tr>
<td>Freight</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: BPS (2018)

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
- Main road connectivity is not optimal
- Some priority transportation nodes are not connected to the access roads

Steady road condition:
- national 94%
- district 57%
- province 68%

Travel time main island crossing mode reaches 1.9 Hours/100 Km

URBAN TRANSPORTATION ISSUES

- Traffic congestion
- Limited urban mass public transportation development

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

Singapore: 31% Peringkat: 88
Hongkong: 32% Peringkat: 79
Tokyo: 41% Peringkat: 25
Jakarta: 53% Peringkat: 7
Mumbai: 65% Peringkat: 1

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

Jaringan MRT Jakarta hanya 15 km

4 Type A Terminals, 8 main ports, and 8 new airports have not been connected to the access roads as standards
INFRASTRUCTURE DEVELOPMENT FRAMEWORK 2020-2024

**Economic Infrastructure**
- Connectivity
  - Sea Toll + Intermodal
  - Connectivity
    - Regional Dev/ Center Of growth
    - Sea Toll
    - Regional Dev/ Center Of growth

**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

**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

**Energy and Electricity Development**
- 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 m³/second
- New multi purposes dam → 58 unit
- Increasing water productivity → 3 m³/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 route
- 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
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.
<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Definition</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rp</strong> Rupiah Murni</td>
<td>Funding instruments derived from state revenue in the form of tax and non-tax</td>
<td>• Government’s operational and investment activities</td>
</tr>
<tr>
<td><strong>Grants</strong></td>
<td>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</td>
<td>• National development program • Disaster management • Humanitarian assistance</td>
</tr>
<tr>
<td><strong>Foreign Loans</strong></td>
<td>Loans received (in the form of money) from bilateral development partners or multilateral financial institutions. In the form of a program loan or Project Loan</td>
<td>• Funding the government deficit • Economic and social infrastructure with technology transfer • International best practice and knowledge sharing • Pilot project which can be replicated by Rupiah Funding • High leverage project</td>
</tr>
<tr>
<td><strong>Domestic Loans</strong></td>
<td>Loans received (in the form of money) from State Owned Enterprises (SOEs)/ Local Government Enterprises in the banking sector</td>
<td>• Development of domestic industries (while focusing on the defense and security sector) • Support the achievement of national development goals</td>
</tr>
<tr>
<td><strong>Bonds</strong></td>
<td>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.</td>
<td>• Funding the Government’s operational and investment activities • For SBSN-PBS, priority is given to infrastructure development and the provision of public service facilities.</td>
</tr>
</tbody>
</table>
# Other Funding Sources

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>Definition</th>
<th>Usage</th>
</tr>
</thead>
</table>
| **Private Sector**    | Investment made by Foreign or domestic the private sector from . The investment can be made through direct investment (real sector) or capital market. | • National development program  
• Disaster management  
• Humanitarian assistance |
| **Public Private Partnership (PPP)** | Provision of public goods / services by business entities through long-term cooperation. Return on investment can be made through:  
• Payment by service users (User Pay)  
• Regular payments by the Government based on service availability (Availability Payment) | • Provision of public service facilities and infrastructure |
| **PINA**  
Non-Government Budget Equity Financing (PINA) | A Facilitation by the government to obtain funding for large-scale investment projects by utilizing long-term funds sourced from non-government budgets | • Priority project development |
| **Corporate Social Responsibility (CSR)** | 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. | • Development of environmental and social facilities/infrastructure  
• Survival Aid  
• Community Development |
| **Community Funding** | 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. | • Development of environmental and social facilities/infrastructure  
• Survival Aid  
• Community Development  
• Advocacy |
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
- UNDP
- BAZNAS
- BANK Jambi
NEW APPROACH IN DEVELOPMENT FUNDING
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:

- CONNECTIVITY
  - Transportation
  - Road
  - Electricity
  - Oil and Gas and EBT
  - Energy Conservation
  - Telecommunication and information

- URBAN FACILITIES
  - Drinking water
  - Local Waste Management
  - Centralized Waste Management
  - Waste management
  - Water & Irrigation
  - Urban Facilities
  - Public Housing

- SOCIAL FACILITIES
  - Tourism
  - Educational Facilities
  - Correctional Institution
  - Sports, Arts and Culture Facilities
  - Region
  - Health

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