



MINISTER OF PUBLIC WORKS AND PUBLIC HOUSING
REPUBLIC OF INDONESIA

Foreword

Minister of Public Works and Public Housing

Indonesia, an archipelagic country with the world's fourth-largest population, faces a unique challenge due to its geography when it comes to achieving equitable development and infrastructure development. When President Joko Widodo began his term, Indonesia's infrastructure lagged behind its neighbouring countries such as Singapore, Malaysia, and Thailand. Inadequate infrastructure, amongst other factors, contributed to high logistics costs that hindered Indonesia's competitiveness on the global stage. Recognising this critical issue, President Joko Widodo significantly increased investment in infrastructure, a pivotal factor in improving Indonesia's competitiveness and reducing logistic and transportation costs. The investment in sustainable and resilient infrastructure is essential to facilitate mobility and strengthen the economy.

Infrastructure development not only reduces logistics costs and boosts national competitiveness, but it also fosters inclusive development and social equity. This aligns with the President's Nawacita, the nine development priorities, which places a strong emphasis on infrastructure improvement, particularly in peripheral areas. Typically, these periphery areas are the least developed regions, characterised by weak connectivity and insufficient basic infrastructure. By accelerating and expanding infrastructure development to reach all regions, the government aims to enhance connectivity, improve energy efficiency, and ensure water and food security, ultimately bolstering Indonesia's competitiveness.



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Since 2016, the government has been fast-tracking various infrastructure projects throughout the country, encompassing roads, toll roads, ports, airports, dams, irrigation systems, and water supply systems. To further regional development, the government established National Strategic Projects (*Proyek Strategis Nasional* – PSN), comprising selected strategic infrastructure projects and programmes. These projects receive special attention from the government and come with dedicated facilities to expedite their systems, and water supply systems. The combination of effective governance and special facilities attached to PSN projects has increased the certainty of infrastructure development, leading to quicker project completion. These projects are anticipated to have multiplier effects, ultimately boosting economic growth.

The implementation of PSN began with the issuance of Presidential Regulation Number 3 of 2016 No. 3 of 2016 on Accelerating the Implementation of National Strategic Projects (PSN). Since its enactment, the Ministry of Public Works and Housing has successfully completed 87 PSNs. The list of PSNs continues to evolve, and currently, it is governed by Coordinating Minister for Economic Affairs Regulation Number 7 of 2023, covering a total of 210 PSNs. According to this regulation, the Ministry of Public Works and Housing has been tasked with 125 projects, 33 of which have been completed. Currently, the Ministry is diligently working to finish 18 projects by 2023, with 21 more expected to be completed by 2024.

PSN has significantly expedited the development of sustainable infrastructure and disaster-resilient structures, ultimately driving economic growth. Infrastructure such as dams, toll roads, irrigation, drinking water supply systems, and the one million houses programme now stand as tangible evidence of the Ministry of Public Works and Housing's substantial contribution to the nation's infrastructure development.

In the pursuit of raising public awareness about infrastructure development and PSN, I wholeheartedly welcome the publication titled 'Infrastructure for Inclusive Economic Development: Lessons Learnt from Indonesia.' This book, a collaborative effort co-published by the Ministry of Finance of Indonesia (MOF) and Economic Research Institute for ASEAN and East Asia (ERIA), represents an important initiative to document Indonesia's knowledge and experience in infrastructure development. It brings together lessons learned from various dimensions of



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Indonesia's infrastructure development, critically evaluating both the challenges and opportunities that come with advancing infrastructure. The book captures the multi-faceted nature of Indonesia's infrastructure development and offers insights that can be invaluable in addressing infrastructure deficits in nations facing similar challenges to Indonesia's.

I extend my heartfelt congratulations to the Ministry of Finance and ERIA for bringing this book to fruition. I would like to express my sincere appreciation to all the contributors and editors who generously shared their insights in crafting this remarkable volume. May the contents of this book serve as valuable source of information, inspiration, and meaningful discussions, ultimately contributing to the creation of an environmentally friendly, green, inclusive, resilient, and sustainable future.

**Minister of Public Works and Public Housing,
Republic of Indonesia**

A handwritten signature in black ink, appearing to read 'M. Basuki Hadimuljono', with a long horizontal stroke extending to the right.

M. Basuki Hadimuljono