

Table of Contents

	Foreword by the President of Indonesia, Joko Widodo	III
	Foreword by the Coordinating Minister for Economic Affairs, Airlangga Hartanto	VI
	Foreword by the Minister of Public Works and Public Housing, Basuki Hadimuljono	X
	Foreword by the President of ERIA, Tetsuya Watanabe	XIII
	List of Figures	XVI
	List of Tables	XVIII
	List of Diagrams, Boxes, and Appendixes	XIX
	Acknowledgments	XX
	Abbreviations	XXI
	Contributors	XXIV
	Facts of National Strategic Projects	XXVIII
Chapter 1	Mobilizing All Forces: Accelerating Infrastructure Development in Indonesia Sri Mulyani Indrawati	2
Chapter 2	Indonesia's Infrastructure and Inclusive Economic Growth Kiki Verico and Riatu M. Qibthiyah	18
Chapter 3	The Challenges of Infrastructure Development in Indonesia Darwin Trisna Djajawinata, Andre Permana, and M. Yudhistira Halley	52
Chapter 4	Innovative Financing for Strategic Infrastructure Development Venkatachalam Anbumozhi, Teuku Riefky, Eri Hariyanto, and Halim Alamsyah	80
Chapter 5	Massive Infrastructure Development and Its Impact on Indonesia's Economy Khoirunurrofik and Titik Anas	108
Chapter 6	The Socio-Economic Impact of Massive Infrastructure Development in Indonesia Rullan Rinaldi, Della Temenggung, and Gema Satria Mayang Sedyadi	132
Chapter 7	Regional Dimensions of Infrastructure Development in Indonesia Candra Fajri Ananda, I Kadek Dian Sutrisna Artha, and Wilmar Salim	172
Chapter 8	Enhancing Climate-Resilient Infrastructure in Indonesia Fauziah Zen and Wempi Saputra	192
Chapter 9	Lessons Learnt Regarding Infrastructure Development in Indonesia Sri Mulyani Indrawati, Titik Anas, Candra Fajri Ananda, and Fauziah Zen	216
	Reviewer Comments	226

List of Figures

Figure 1.1	Indonesia GDP Growth, Inflation and Poverty Rates (1967-2022)	5
Figure 1.2	GDP per Capita in Indonesia and Peer Countries, 1967-2022	6
Figure 1.3	Indonesia Growth Trajectory, 2018-2045	13
Figure 2.1	Triangle of Economic Growth, Open Unemployment, and Inflation Rate	23
Figure 2.2	Indonesia's ICOR, 2000-2019	27
Figure 2.3	Indonesia's Poverty Rate, 1993-2019	28
Figure 2.4	Indonesia's Gini Coefficient, 2002-2019	28
Figure 2.5	Okun's Law on Indonesia's Open Unemployment, 1996-2019	29
Figure 2.6	Phillips Curve on Indonesia's Inflation Rate, 1996-2019	29
Figure 2.7	Indonesia's Output Gap per Year, 1996-2019	30
Figure 2.8	Logistics Performance Index, 2023	33
Figure 2.9	Indonesia's Logistics Performance Index, 2008-2019	34
Figure 2.10	Net Foreign Direct Investment Inflows of Indonesia with the Hodrick-Prescott Filter, 1970-2021	35
Figure 2.11	Air Transport, Passengers, Selected ASEAN Member States, 2018	36
Figure 2.12	Air Transport, Freight, Selected ASEAN Member States, 2010-2019	37
Figure 2.13	Vehicles Sold in Selected ASEAN Member States, 2011-2022	38
Figure 2.14	Asphalt Roads, 2021 and Rural Population, 2020, Selected ASEAN Member States	38
Figure 2.15	Individuals Using the Internet, Selected Countries, 2011-2020	39
Figure 2.16	Fixed Broadband Subscriptions, Selected ASEAN Member States, 2010-2021	40
Figure 2.17	Digital Intelligence Index	41
Figure 3.1	Progress of Selected Infrastructure In Indonesia	55
Figure 3.2	Regional Variation in Decent Sanitation Access, 2010 and 2020	57
Figure 3.3	Urban Population Increase in Indonesia by Decade	58
Figure 3.4	Infrastructure Investment in Asia, Various Years	59

Figure 3.5	Indonesia's Infrastructure Budget, 2005–2021	60
Figure 3.6	Private Participation in Infrastructure	61
Figure 4.1	Infrastructure Allocation in the State Budget, 2005–2023	85
Figure 4.2	Region Transfer and Village Funds for Infrastructure Purposes	87
Figure 5.1	PSN Investment Value	116
Figure 5.2	PSN Investment Values by Province	117
Figure 6.1	Quasi-Experimental Setting: The Bakauheni–Terbanggi Besar Toll Road	137
Figure 6.2	Before and After Differences in Socio-Economic Outcomes for Core and Adjacent Regions of the Bakauheni–Terbanggi Besar Toll Road	138
Figure 6.3	Before and After Differences in Socio-Economic Outcomes for Sampled PSN Toll Road Core and Adjacent Regions in the Difference-in-Differences Analysis	139
Figure 6.4	Access to Clean Water at the Household Level in Indonesia	142
Figure 6.5	Access to Improved Water at the Village Level by Source	143
Figure 6.6	Potential Savings Generated by Drinking Water Supply System Projects	146
Figure 6.7	Monthly Water Volume at Pujorahayu Way Sekampung Monitoring Station in Lampung Province	148
Figure 6.8	Water Access across Income Groups: SPAM Umbulan Service Area	150
Figure 6.9	Water Access across Income Groups: SPAM Bandar Lampung Service Areas	151
Figure 6.10	Stylised Infrastructure Financing Prioritisation Framework for 186 PSN Projects	154
Figure 6.11	Projects in Each Infrastructure Financing Prioritisation Framework's Quadrant by Financing Scheme	155
Figure 7.1	Contribution of Regions in Each Island to the Economy	176
Figure 7.2	Distribution of PSN Projects Based on Permenko No. 9 of 2022	177
Figure 8.1	Economic Losses and Deaths due to Earthquakes in Indonesia, 2006–2018	195
Figure 8.2	Interaction between Infrastructure and Climatic Change	201
Figure 8.3	Regulatory Milestones for Climate-Resilient Infrastructure in Indonesia	202
Figure 8.4	Sovereign Green <i>Sukuk</i> Issued by the Government of Indonesia, 2018–2022	205
Figure 8.5	Annual Issuance of Sustainable Bonds in Indonesia, 2017–2021	206
Figure 9.1	Infrastructure Ecosystem	223

List of Tables

Table 2.1	ASEAN Member State Savings Rates, 2019	26
Table 2.2	Indonesia's ICOR by 5-Year Period, 1979–2019	26
Table 2.3	Indonesia's Periods of Productivity, 1960–2022	31
Table 3.1	PSN Public–Private Partnership Projects	68
Table 4.1	Green Bond Issuance in Indonesia	93
Table 5.1	Output Multiplier – Input–Output 2016 and Input–Output 2019 RAS	113
Table 5.2	Total Estimation of the PSN Investment Impact	119
Table 5.3	Estimation of the PSN Investment Impact at the National Level from Each Province	120
Table 5.4	Estimation of the Net PSN Investment Impact at the Provincial Level with Spill-Over Effects from Other Provinces	121
Table 5.5	Estimation of PSN Investment Impact by Cluster	123
Table 6.1	Difference-in-Differences Estimation of the Socio-Economic Impact the PSN Toll Road	140
Table 6.2	PSN Projects Based on State Budget Contribution	156
Table 7.1	Role of Regional Governments in PSN Projects	182
Table 7.2	SPAM Semarang Barat Project	183
Table 8.1	Selected Country Risk Profiles towards Climate Change	196
Table 8.2	Economic Losses due to Disasters in Indonesia, 2020–2024	197
Table 8.3	Mitigation Technology Needs of Indonesia's Energy Sector	198
Table 8.4	Climate-Resilience Considerations in Selected Infrastructure Projects	199
Table 8.5	Estimated Financing to Achieve the Nationally Determined Contribution Target in 2030	203
Table 8.6	Financial Support Received for Climate Mitigation Actions, 2017–2019	204

List of Diagrams, Boxes, and Appendixes

Box 3.1	Complexity in Delivering High Social Impact Project but Financially not feasible: Case Study of the Umbulan Water Supply Distribution System	72
Appendix 2.1	Okun's Law, Phillips Curve, Unemployment Gap, and Long-Run Aggregate Supply and Inflation Rate	49
Appendix 2.2	Understanding the Role of Infrastructure as a Necessary Exogenous Factor	50
Appendix 2.3	Determining Quality of Economic Growth	50
Appendix 3.1	Government Supports for PSN PPP Projects (Data as per September, 2022)	77
Appendix 5.1	Framework of the Input–Output Table	128
Appendix 6.1	Projects by Stylised Infrastructure Financing Prioritisation Framework Quadrant	164

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Infrastructure for Inclusive Economic Development Volume 1 Lessons Learnt from Indonesia

documents and disseminates knowledge on the *Proyek Strategis Nasional* (PSN), a part of Indonesia's strategy to achieve inclusive development. It explains the importance of infrastructure in Indonesia; Indonesia's ability to overcome challenges to significantly improve infrastructure across the country; and infrastructure's impact on the economic, social, and long-term vision to achieve high-income, inclusive, and sustainable economic growth in the country by 2045. Additionally, this book covers obstacles to the massive push for infrastructure development in the country, in terms of land acquisition, alignment and coordination between amongst levels of government, as well as utilisation of alternative sources of financing. This book is written by policymakers in collaboration with non-governmental experts. The highest appreciation is extended to the contributors.

The book also benefits from extensive reviews provided by a distinguished panel of experts: Hal Hill, professor emeritus, Southeast Asian Economies, Crawford School of Public Policy, Australian National University; Jon D. Lindborg, advisor, Indonesia–Australia Partnership for Infrastructure, Korea Institute for Advancement of Technology (KIAT); Andin Hadiyanto, head, Financial Education and Training Agency, Ministry of Finance, Indonesia; and Halim Alamsyah, senior advisor to Minister of Finance for Finance and Islamic Finance, Ministry of Finance, Indonesia.

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Abbreviations

ADB	Asian Development Bank
AFC	Asian financial crisis
AMS	ASEAN Member State
APBD	<i>anggaran pendapatan dan belanja daerah</i> (local government budget)
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i> (State Budget)
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BAU	business as usual
BJPSDA	<i>biaya jasa pengelolaan sumber daya air</i> (water resources management service fee)
BKF	<i>Badan Kebijakan Fiskal</i> (Fiscal Policy Agency)
BPKH	<i>Badan Pengelola Keuangan Haji</i> (Hajj Management Fund Agency)
BRI	Belt and Road Initiative
BRIN	<i>Badan Riset dan Inovasi Nasional</i> (National Research and Innovation Agency)
DAK	<i>dana alokasi khusus</i> (special allocation funds)
ERIA	Economic Research Institute for ASEAN and East Asia
FCR	full cost recovery
FDI	foreign direct investment
GCA	government contracting agency
GCF	Green Climate Fund
GDP	gross domestic product
GHG	greenhouse gas
GRDP	gross regional domestic product
ICCTF	Indonesia Climate Change Trust Fund
ICOR	incremental capital–output ratio

INA	Indonesia Investment Authority
IO	input–output
IPF	Infrastructure Financing Prioritisation Framework
IRR	internal rate of return
JAKSTRA PB	<i>Kebijakan dan Strategi Penanggulangan Bencana</i> (Policy and Strategy for Disaster Management)
KPPIP	<i>Komite Percepatan Penyediaan Infrastruktur Prioritas</i> (Infrastructure Development Acceleration Committee)
LKPP	<i>Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah</i> (National Public Procurement Agency)
LMAN	<i>Lembaga Manajemen Aset Negara</i> (State Asset Management Agency)
LPI	Logistic Performance Index
LUCF	land-use change and forestry
LVC	land value capture
MOF	Ministry of Finance
MOHA	Ministry of Home Affairs
NAIRU	non-accelerating inflation rate of unemployment
NDC	nationally determined contribution
OECD	Organisation for Economic Co-operation and Development
OJK	<i>Otoritas Jasa Keuangan</i> (Financial Services Authority)
PDAM	<i>Perusahaan Daerah Air Minum</i> (local water utility)
PDF	Project Development Facility
PMN	<i>penyertaan modal negara</i> (state equity participation)
PP	Peraturan Pemerintah (government regulation)
PPP	public–private partnership
PSN	Proyek Strategis Nasional (National Strategic Projects)
PT PII	PT Penjaminan Infrastruktur Indonesia
PT SMI	PT Sarana Multi Infrastruktur

RAN-API	<i>Rencana Aksi Nasional Adaptasi Perubahan Iklim</i> (National Action Plan for Climate Change Adaption)
RAN-GRK	<i>Rencana Aksi Nasional untuk Penurunan Emisi Gas Rumah Kaca</i> (National Action Plan for Greenhouse Gas Emission Reduction)
RAN-MAPI	<i>Rencana Aksi Nasional Mitigasi dan Adaptasi Perubahan Iklim</i> (National Action Plan for Climate Change Mitigation and Adaption)
RAS	Balancing Input-Output Tables Method
REDD+	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
RENAS PB	<i>Rencana Nasional Penanggulangan Bencana</i> (National Action Plan for Disaster Management)
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional</i> (National Mid-Term Development Plan)
SDG	Sustainable Development Goal
SEZ	special economic zone
SOE	state-owned enterprise
SPAM	<i>sistem penyediaan air minum</i> (drinking water supply system)
TEU	20-foot equivalent unit
TFP	total factor productivity
VGf	viability gap funding

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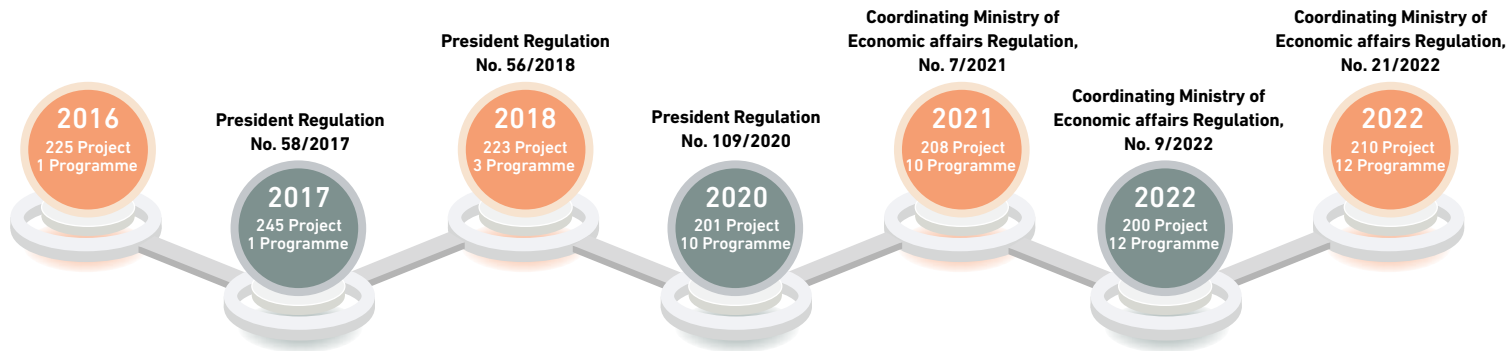
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Facts of National Strategic Projects

The PSN was created in 2016 and underwent six changes before being enacted under **Coordinating Ministry of Economic Affairs Regulation No. 21 of 2022**



Projects include in The PSN

Proposed project are evaluated by KPPIP and approved in a closed meeting



Project from the previous list which are in process are driven by the government



Completed projects and there are no pending issues

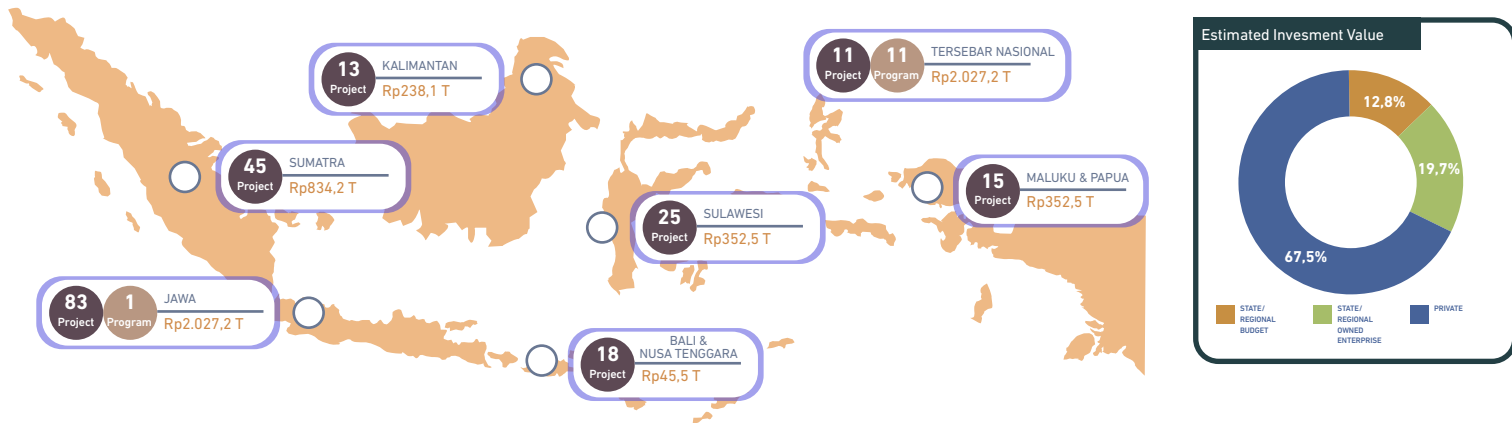


The project no longer requires The PSN support

Projects removed from The PSN

The PSN Distributon

According to Coordinating Ministry of Economic Affairs Regulation No. 21/2022 there are 210 Projects and 12 Programmes classified as the PSN with an estimated total investment value of Rp5.746,4 trillion*

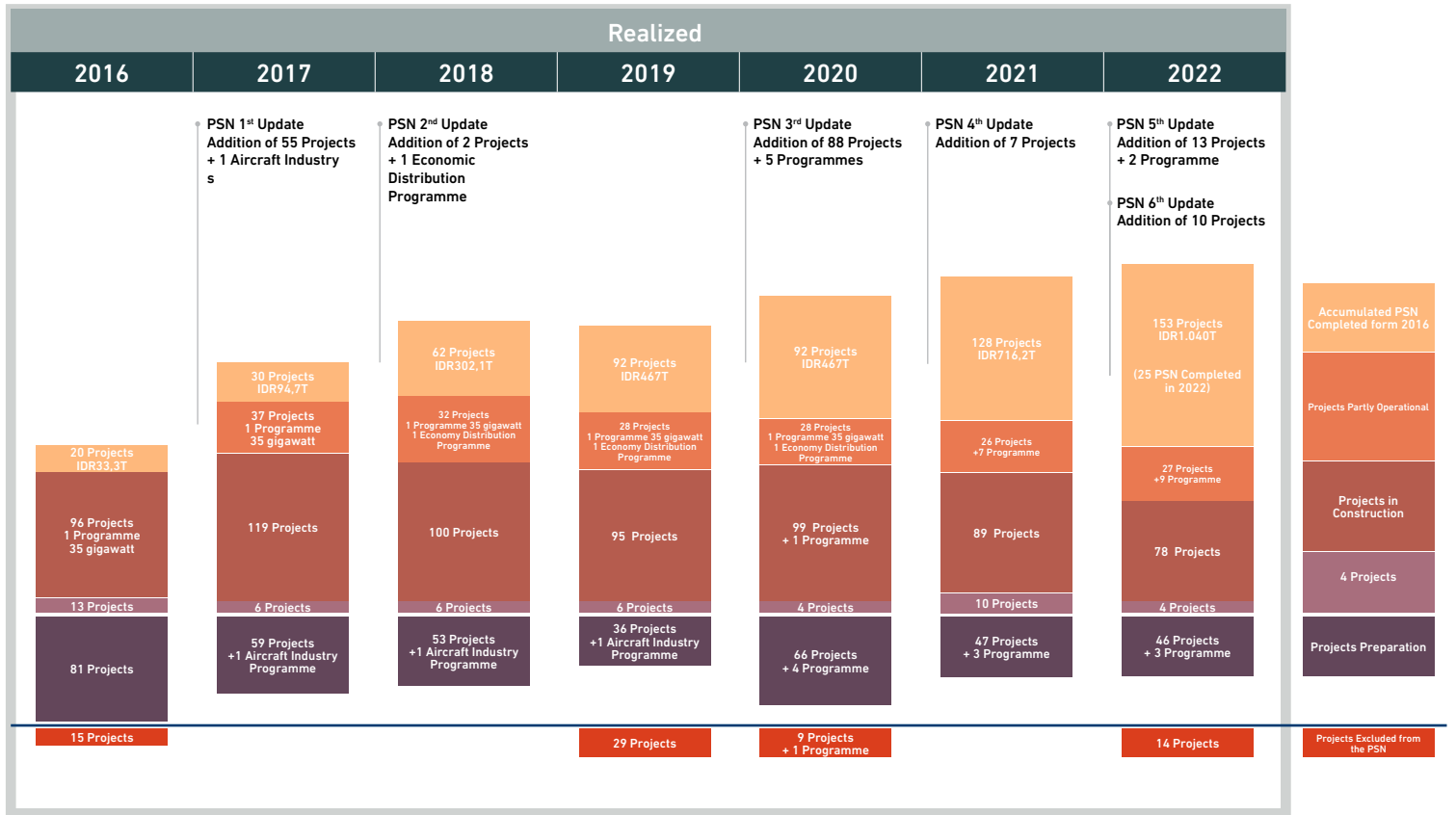


*Includes estimated investment from private sectors in the projects after the projects completed



Accumulated PSN Completion Status

From 2016 to December 2022, the accumulated completion of the PSN status are as follows



Completed PSN Projects

From 2016 to 2022, 153 PSN projects were completed, with a total value of IDR1.040 trillion.

