



# Investing in Indonesia 2021

1 November 2021

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# 1 Introduction

The passing of Law No 11 Year 2020 on Job Creation (popularly known as the “Omnibus Law”) marks an important milestone in Indonesia’s effort to attract foreign investment to sustain future economic growth. The Omnibus Law revised 78 existing cross-sectoral laws to establish a coordinated framework in order to create more job opportunities across Indonesia. As of the publication of this report, 51 implementing regulations to the Omnibus Law have been issued. The impact of the Omnibus Law and its implementing regulations is discussed in various chapters of this publication. In our experience, it will likely take at least two years to see the positive impact of the Law.

While Indonesia is attractive to foreign investors because of its young workforce and large domestic market, its weak basic infrastructure relative to other comparable countries remains a major obstacle. During the period between 2014-2019, we have seen an unprecedented focus on infrastructure investments. Chapter 4 of this publication highlights the major infrastructure developments from 2014 to now.

In the last two years, like many countries, the Indonesian government was forced to reallocate significant resources to health care and the social safety net to tackle the negative impacts arising from the COVID-19 pandemic. Prior to COVID-19, the government was widely praised for its discipline in maintaining the fiscal deficit within the required limit of 3 percent. Since then, the deficit limit has been temporarily expanded to 5.82 percent in 2021 and 4.85 percent in 2022. The government’s ability to rebalance the fiscal deficit is a key indicator to watch, as Indonesia expects to return to the 3 percent limit by 2023.

This publication is intended as a general guide to investing and doing business in Indonesia, primarily for new foreign investors looking to enter the Indonesian market. It also serves as a useful reference document for established foreign and domestic investors. Practical insights and other intelligence from KPMG’s experience at the transaction “coalface” and from providing transaction, M&A and tax advisory services to foreign and local investors and lenders can also be found at appropriate junctures in this publication.

**Note :**

*This publication is not intended to be a substitute for formal legal, tax or other professional advice. To the best of our knowledge, laws and regulations referred to throughout the document reflect the position as of 1 November 2021, or later where specifically referenced.*



# 4 | Infrastructure

## Historical overview

Over 2014-2019, the GOI ramped up its focus on infrastructure development as the central plank in its economic development program to achieve an ambitious gross domestic product (“GDP”) growth target of 5-7 percent per annum.

Despite significant progress made over the last 10 years, Indonesia still has poor basic infrastructure relative to other comparable countries and continues to remain underinvested, holding back not only the country’s growth potential but also progress in poverty reduction. The symptoms of close to two decades of limited infrastructure investment from the late 1990’s include increasing road congestion, airports operating at over capacity, weak rail connectivity, an undeveloped port sector, high inter-island cargo costs, electricity blackouts and poor access to clean sanitation and healthcare. Population pressures and the importance of attracting much-needed foreign investment to drive economic growth gave rise to an urgent need for infrastructure development. Unless progress is made, this will be a major barrier to sustaining longer term economic growth and development across many industries. Indonesia’s low infrastructure ranking is consistently identified by foreign and local companies as a constraint on their operations, investment and capacity to achieve growth.

In recognition of this, the government has introduced a number of new infrastructure

policies and initiatives and in parallel, accelerated delivery of infrastructure projects listed either under the national medium-term plan (“RPJMN”), national strategic projects (“PSN”) or priority infrastructure projects (“PIP”).

## Focus of Indonesia Infrastructure Development 2014-2019

### Logistics Infrastructure

- Development of ports and ferry terminals to strengthen sea connectivity
- Development or expansion of airports to strengthen air transport connectivity
- Improvement of land transport efficiency through development of road infrastructure
- Improvement of railway infrastructure, including enhancing urban transit networks in urban centers.

### Energy Infrastructure

- Developing the 35 gigawatt (“GW”) Electricity Program to improve the reach of electrification
- Ensuring efficiency of fuel production by optimizing domestic refineries
- Improving irrigation systems to achieve food sovereignty.

The Global Competitiveness Report released by the World Economic Forum positioned Indonesia's infrastructure as 72<sup>nd</sup> out of 141 countries in 2019, a decline from its previous rank of 71<sup>st</sup> in 2018.

Infrastructure	Rank (ASEAN Countries)					
	 Singapore	 Malaysia	 Thailand	 Indonesia	 Philippines	 Vietnam
Road	1 <sup>st</sup>	19 <sup>th</sup>	55 <sup>th</sup>	60 <sup>th</sup>	88 <sup>th</sup>	103 <sup>rd</sup>
Railway	5 <sup>th</sup>	13 <sup>th</sup>	75 <sup>th</sup>	19 <sup>st</sup>	88 <sup>th</sup>	54 <sup>th</sup>
Port	1 <sup>st</sup>	19 <sup>th</sup>	73 <sup>rd</sup>	61 <sup>st</sup>	88 <sup>th</sup>	83 <sup>rd</sup>
Airport	1 <sup>st</sup>	25 <sup>th</sup>	48 <sup>th</sup>	56 <sup>th</sup>	96 <sup>th</sup>	103 <sup>rd</sup>
Power	2 <sup>nd</sup>	38 <sup>th</sup>	31 <sup>st</sup>	54 <sup>th</sup>	53 <sup>rd</sup>	62 <sup>nd</sup>

Source: The Global Competitiveness Report 2019

According to a recent World Bank study, Indonesia has climbed up the Logistics Performance Index ("LPI") from 2.76 (rank 75<sup>th</sup>) in 2010 to 3.15 (rank 46<sup>th</sup>) in 2018.

Logistics Performance Index Rank										
Country	Year	LPI rank	LPI score	Customs	Infra-structure	International shipments	Logistics competence	Tracking & tracing	Time-lines	
 Germany	2018	1	4.20	4.09	4.37	3.86	4.31	4.24	4.39	
 Sweden	2018	2	4.05	4.05	4.24	3.92	3.98	3.88	4.28	
 Belgium	2018	3	4.04	3.66	3.98	3.99	4.13	4.05	4.41	
 Austria	2018	4	4.03	3.71	4.18	3.88	4.08	4.09	4.25	
 Japan	2018	5	4.03	3.99	4.25	3.59	4.09	4.05	4.25	
 Netherlands	2018	6	4.02	3.92	4.21	3.68	4.09	4.02	4.25	
 Singapore	2018	7	4.00	3.89	4.06	3.58	4.10	4.08	4.32	
 Denmark	2018	8	3.99	3.92	3.96	3.53	4.01	4.18	4.41	
 UK	2018	9	3.99	3.77	4.03	3.67	4.05	4.11	4.33	
 Finland	2018	10	3.97	3.82	4.00	3.56	3.89	4.32	4.28	
 Indonesia	2018	46	3.15	2.67	2.89	3.23	3.10	3.30	3.67	



### Indonesia Logistic Performance Index



Indonesian ports are among the least efficient in Southeast Asia in terms of lead times, which are three days compared to only one day for most other ASEAN countries. As a result, Indonesia's logistics costs are significantly higher than most other countries in the region.



## Indonesia Infrastructure Progress (2015 - 2019)

Road network	<ul style="list-style-type: none"> <li>• 3,387 km new roads</li> <li>• 92% in good operating conditions</li> </ul>
Toll roads	<ul style="list-style-type: none"> <li>• 947 km new roads</li> </ul>
Railway network	<ul style="list-style-type: none"> <li>• 1,147 km new railway</li> <li>• 1 new urban railway systems</li> </ul>
Air transport	<ul style="list-style-type: none"> <li>• 14 new airports</li> </ul>
Maritime and land transport	<ul style="list-style-type: none"> <li>• 18 new maritime shipping routes</li> <li>• New Bus Rapid Transit ("BRT") lines in 38 cities</li> </ul>
Water resources	<ul style="list-style-type: none"> <li>• 16 new dams</li> <li>• Additional 30 m<sup>3</sup> per second raw water supply</li> </ul>
Power	<ul style="list-style-type: none"> <li>• 98.86% electrification ratio</li> <li>• 66.13 GW capacity</li> <li>• 12.24% renewable energy</li> <li>• 1.077 kWh/capita electricity consumption</li> </ul>
Telecommunication	<ul style="list-style-type: none"> <li>• 90.8% 4G coverage</li> <li>• 64.8% internet user penetration</li> </ul>

## 2020 – 2024 Infrastructure development agenda

Strong infrastructure development over the last five years has set the platform for an ambitious outlook for the government's 2020 – 2024 infrastructure agenda.

An outcome of the 2019 presidential and parliamentary elections was the reaffirmation President Joko Widodo's commitment to continue developing infrastructure, with the main focus on supporting infrastructure that connects existing "backbone" infrastructure with local and regional economic areas, including Special Economic Zones ("SEZ") and tourism destinations. The Indonesian National Development Agency ("BAPPENAS"), together with ministerial and local governments, has developed a planning framework which defines general policy and strategy for development of regional economic corridors: Sumatra, Java - Bali, Nusa Tenggara, Kalimantan, Sulawesi, Maluku and Papua. The Indonesian Planning Framework that was issued on 18 July 2019 and updated in January 2020 (according to Presidential Regulation ("PR") No. 18/2020) sets out a development framework comprising three key pillars (basic infrastructure, economic infrastructure and city/urban infrastructure), which will be supplemented by energy and digital infrastructure.

Indonesia Planning Framework Target (2020 – 2024)	
Basic infrastructure	<ul style="list-style-type: none"> <li>• Reliable and safe housing coverage of 70%</li> <li>• Housing with decent access to clean drinking water for 100% of households (including safe access 15%)</li> <li>• Access to piped drinking water coverage for 24.45 million households</li> <li>• Household with access to proper sanitation (wastewater system coverage) of 90% (including safe access 20%)</li> <li>• New irrigation network coverage of 500,000ha</li> <li>• Additional provision of domestic and industrial raw water of 50m<sup>3</sup>/second</li> <li>• 63 new multipurpose dams</li> <li>• Increase water productivity for rice production to 3m<sup>3</sup>/kg</li> <li>• Increase disaster resilience for 20 provinces with high disaster risk.</li> </ul>
Economic infrastructure	<ul style="list-style-type: none"> <li>• Expansion of high-speed railway system (Jakarta – Semarang, Jakarta – Bandung) and Makassar – Parepare freight railway</li> <li>• Integrated operations of seven hub ports (Belawan/Kuala Tanjung, Pontianak/Kijing, Tanjung Priok/Patimban, Tanjung Perak, Makassar, Bitung and Sorong)</li> <li>• Build 2,500km of new long toll road</li> <li>• Build 3,000km of new long national road</li> <li>• Achieve national road reliability ratio of 97%</li> <li>• Develop 43 new skybridges</li> <li>• Decrease travel time on main road (1.9 hours/100km)</li> <li>• Increase efficiency of domestic shipping routes by forming loops regularly to 27%.</li> </ul>
Cities/urban infrastructure	<ul style="list-style-type: none"> <li>• Develop new mass urban transport in six metropolitan cities (Jakarta, Surabaya, Medan, Bandung, Makassar and Semarang)</li> <li>• Households with access to good waste management to achieve a handling target of 80% and a reduction target of 20%.</li> </ul>

## Indonesia Planning Framework Target (2020 – 2024)

Energy and electricity development	<ul style="list-style-type: none"> <li>• Increase national electricity consumption per capita to 1,500 kWh</li> <li>• Achieve an electrification ratio of 100%</li> <li>• Urban gas network coverage of 4 million households</li> <li>• Develop six oil refineries (two grassroots refineries (“GRR”) and four under the refinery development master plan (“RDMP”)).</li> </ul>
Digital transformation	<ul style="list-style-type: none"> <li>• Fiber optic network coverage 60% for each subdistrict</li> <li>• 95% of villages reachable by fiber optic network</li> <li>• Digital network coverage of 80% of the population</li> <li>• Three new unicorn start ups.</li> </ul>

## New national strategic projects

In May 2020, the government approved a total of 89 projects worth IDR1,422 trillion as PSN, out of 245 proposals. The new projects were in addition to 223 existing PSN and are expected to employ around 4 million workers every year from 2020 to 2024.

The 89 new projects comprise 15 road and bridge projects, 13 dams and irrigation systems, 13 border infrastructure projects and 12 energy projects. The remaining projects comprise six railway projects, six clean water projects, five airports, five seaports, five industrial zones, three technology projects, three smelters, one seawall, one waste management project and one land procurement project in Central Kalimantan.

Twenty-five of the projects are located in Java with a total value of IDR462 trillion, while the rest are spread across other regions including seven projects in Sumatra worth IDR117 trillion, 17 projects in Kalimantan worth IDR144 trillion, 8 projects in Sulawesi worth IDR208 trillion, 12 projects in Bali and Nusa Tenggara worth IDR28 trillion and Maluku up to Papua worth IDR111 trillion. There are also 11 nationwide projects worth IDR351 trillion

## Indonesian Infrastructure (as of 2018, or otherwise stated)

Road network	542,310km of which 60.84% is paved
Toll roads	<ul style="list-style-type: none"> <li>• 1,521km (operated)</li> <li>• 1,584km (construction/land acquisition)</li> <li>• 492km (tender preparation/process) – as of 2019</li> </ul>
Railway network	<ul style="list-style-type: none"> <li>• 6,222km - as of 2019</li> </ul>
Air	349 airports, of which 31 are international airports and 7 airports > 3,000m runway
Maritime and land transport	<ul style="list-style-type: none"> <li>• 496 ports (110 ports managed under Pelindo I-IV &amp; 386 non- ports under the Directorate of Sea Transportation and Ministry of Transportation)</li> <li>• Total loading/unloading nationwide: 1,180million ton</li> </ul>
Clean water (as of 2019)	<ul style="list-style-type: none"> <li>• 391 regional water supply companies (“PDAMs”)</li> <li>• 57 non-regional water supply (“non-PDAM”) of which 30 are limited liability companies</li> <li>• National average tariff IDR4.875/m<sup>3</sup></li> </ul>
Power	<ul style="list-style-type: none"> <li>• 98.93 percent electrification ratio (April 2020)</li> <li>• 69.6 GW installed capacity (December 2019)</li> <li>• 53,278kmc transmission lines</li> <li>• 953,460kmc distribution lines</li> </ul>





## Road and toll road

Basic road infrastructure is the platform for development of most other primary and secondary infrastructure.

As of 2018, Indonesia's road network covers 542,310km, of which 329,926km (60.84 percent) are paved or sealed and 1,521km are operational toll roads. From 2017-2018, an additional 2,957km of new roads and 276.65km of toll road have been added to Indonesia's road network. In 2020, 15 toll road sections were inaugurated, spanning 297km.

Indonesia has experienced a rapid increase in the number of vehicles in circulation, with virtually no major investment in toll and other road infrastructure. The rise of the Indonesian economy over the past decade has boosted the number of vehicles on the road with a compound annual growth rate ("CAGR") of 8.57 percent for two-wheeled vehicles and 6.27 percent for four-wheeled vehicles, compared to 1.98 percent annual growth of paved roads. As of 2018, there were a total of 146.9 million units of motor vehicles in Indonesia, the highest among ASEAN countries.

The road network is most developed on the islands and main population centers of Java, Sumatra and Bali, where over 80 percent of Indonesia's population live. Mining and plantation related transport infrastructure (road and rail) is more developed in Kalimantan compared to Sumatra.

Despite being given a high priority in government spending programs, road building in Indonesia is still progressing at a slow/moderate pace, mainly due to land acquisition challenges.

Toll road traffic volumes are increasing. A total of 736km of toll roads are operated by PT Jasa Marga (Persero) and an additional 785km are run privately through toll road concession agreements awarded/supervised by the toll road regulatory agency ("BPJT"). Jakarta is currently ranked as the tenth most congested city in the world with 88 million trips/day, of which 83 percent are made using private vehicles. Chronic traffic congestion in the Jakarta central business district ("CBD") and Greater Jakarta area is currently being alleviated by an "Odd-Even" number plate policy, implemented in August 2018. The "Odd-Even" policy is a precursor to an electronic road pricing ("ERP") system scheduled to be implemented at the end of 2020 under the greater Jakarta transportation plan ("RITJ"). However, due to the COVID-19 pandemic, this plan is temporarily on hold.

Recent regional connectivity developments include connecting the northern part of Java from east to west, and Sumatra and Kalimantan have opened toll roads connecting major cities such as Balikpapan and Samarinda in Kalimantan and Medan and Binjai in North Sumatra. In Kalimantan, investment has focused on mining-related transport infrastructure (road, rail) around the major coastal ports, where the main logistics hubs for commodities mined and produced in the interior of Kalimantan are located. In September 2020, the Minister of Public Works and Public Housing ("PUPR") announced three priority toll road construction projects, namely a Yogyakarta-Solo toll road, a Pekanbaru-Padang toll road and a Palembang-Betung-Jambi toll road.

## Railway network

The railway system covers 6,222km. The majority of the rail network in Java is operated by the state-owned PT Kereta Api Indonesia (Persero). Outside of Java, state-owned rail lines are limited to key commodity regions in Northern Sumatra, Central Sumatra and Southern Sumatra. Kalimantan has a number of privately owned and operated rail lines specifically for coal.

As of 2019, an estimated 453 million people and 47,624 million tons of cargo (over half of it coal) are transported by rail each year in Sumatra and Java. Recognizing the importance of rail transport for continuing economic development throughout Indonesia, the government's plans include improving the quality of rail tracking as well as expanding the rail network across Indonesia.

The Jakarta-Bandung high speed rail project is currently under construction and targeted to be operational by 2023. There are also several inter-city railway projects under the RPJMN 2020-2024, which categorized as priority projects. These include the Soekarno-Hatta International Airport Railway, Makassar – Parepare Railway and East Kalimantan Railway.

Discussion in this section relates to the traditional rail track network in Indonesia. Landmark progress achieved in the development and operation of new urban MRT and LRT projects in Greater Jakarta and Palembang, Sumatra are addressed separately in Chapter 2.

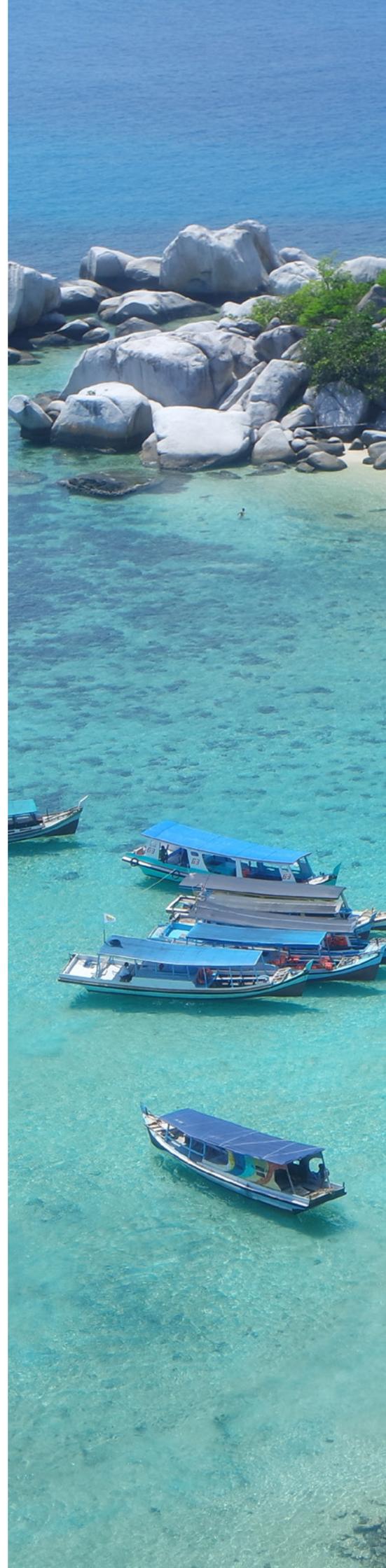
## Air

Given Indonesia's geography and the underdeveloped state of its land and sea transportation, airports represent a key mode of transportation, not only for inter-island flights but also just between cities.

Soekarno-Hatta International Airport reported passenger traffic of 54.2 million in 2019, a decrease from 65.6 million in 2018 mainly due to relatively expensive ticket prices and also as a result of the large number of other transportation infrastructure that has been built, such as the Trans Java toll road and the Trans Sumatra toll road.

Across Indonesia, there are total of 349 airports, of which seven have runways of more than 3,000 meters. These airports are mostly managed and operated by state-owned enterprises ("SOEs" or "BUMN") Angkasa Pura I ("AP I") and Angkasa Pura II ("AP II") with the Directorate General for Aviation managing and operating other airports. Key annual statistics for 2019, both domestic and international, include: 194 million passengers; 1.6 tons of cargo and 2 million arrival and departure of aircraft.

As part of the continuing development of airport infrastructure to meet growing demand, the government has developed plans to build new airports and expand existing airport capacity. Under the PSN, there are four airport construction projects: Kertajati Airport (West Java) - realized in July 2019, Karawang Airport (West Java), New Yogyakarta International Airport/Kulon Prugo (Yogyakarta) and Panumban Airport (Banten). There are also three airport revitalization projects: S. Babullah Airport (Ternate), Tjilik Riwut Airport (Central Kalimantan) and Syamsuddin Noor Airport (South Kalimantan).





Plans for expansion of airport capacity through public private partnerships (“PPPs”) are also in place for Labuhan Bajo Airport (Komodo Island), Singkawang Airport (West Kalimantan) and Hang Nadim Airport in Batam (realized in March 2021).

## Maritime

As an archipelago nation comprising more than 17,000 islands covering an area of over 2 million km<sup>2</sup> straddling the main trade routes between the Indian Ocean and the Pacific Ocean, air and maritime connections are vital to Indonesia and its economy. There are 21,579 km of navigable waterways among the larger islands of Sumatra, Java, Madura, Kalimantan, Sulawesi and Irian Jaya, which represent over 90 percent of Indonesia’s land.

According to 2018 Sea Transportation Statistics issued by BPS, there are 496 ports in Indonesia; 110 commercial ports under responsibility of Pelindo I to IV and 386 non-commercial ports under the Directorate of Sea Transportation and Ministry of Transportation. Over 40 percent of Indonesia’s container port throughput is handled by Pelindo II (7.64 million twenty-foot equivalent units (“TEU”)), including Indonesia’s largest port, Tanjung Priok, Jakarta. Pelindo III (5.34 million TEU) manages Indonesia’s second largest port, Tanjung Perak, Surabaya. Pelindo I (1.29 million TEU) manages the third largest port, Belawan in North Sumatra; and Pelindo IV (2.03 million TEU) manages the fourth largest port in Makassar, South Sulawesi.

Shipping and loading activities are conducted at 25 strategic ports located in 21 provinces. Those strategic ports are Port of Lhokseumawe, Belawan, Teluk Bayur, Dumai, Pekanbaru, Palembang, Panjang, Tanjung Pinang, Batam, Tanjung Priok, Tanjung Emas, Tanjung Perak, Banten, Benoa, Tenau, Pontianak, Banjarmasin, Balikpapan, Samarinda, Bitung, Makassar, Ambon, Sorong, Jayapura and Biak. Of the 25 ports, four are classified as “Prime” ports, namely Port of Belawan (Medan), Tanjung Priok (Jakarta), Tanjung Perak (Surabaya) and Makassar. Fourteen ports are classified as “Class 1”, including Tanjung Emas port (Semarang) and Banjarmasin Port. Prime and Class 1 ports are defined as deep water ports suitable for international shipping. It is generally accepted that Indonesia lacks a sufficient number of deep water ports relative to its needs.

According to a Review of Maritime Transport released by the United Nations Conference on Trade and Development (UNCTAD), the total marine fleet size operating in Indonesian waters as of 2019 was 2,145 vessels, consisting of 2,063 national vessels and 82 foreign vessels. More than half of the national fleet is dominated by small-sized vessels with specifications below 500 deadweight tons (“DWT”) and 5,000 gross tons (“GT”). Total tonnage through Indonesian ports was 22,294,926 DWT in 2019, 93 percent of it Indonesian vessels.

The vision of the current Indonesian Sea Toll Program is to develop five hub ports – Jakarta, Surabaya, Makassar (which are already operational as international ports), Kuala Tanjung port (North Sumatra) and Bitung Port (North Sulawesi). The Sea Toll Road program is expected to lower the price gap between the more developed western part of Indonesia and the eastern islands by 30 percent. Expansion of Kuala Tanjung International port and Bitung Port is included in the list of national priority projects.



The governments of Indonesia and Japan are presently developing the Port of Patimban, West Java at an estimated cost of USD3 billion. The first development phase of the port was opened for partial operation in December 2020. The port is expected to be Indonesia's primary export port and ease the burden on Tanjung Priok Port and traffic congestion in Jakarta from the transport of cargo. In the first development phase, Patimban Port is planned to serve 3.75 million TEUs and accommodate 600,000 completely built-up ("CBU") vehicles. In the second phase, Patimban's capacity will increase to 5.5 million TEUs and it is expected to reach its final capacity of 7.5 million TEUs in phase 3.

## Clean water

In 2011 only 64 percent of households in Indonesia had direct access to clean water. While this percentage has improved to reach 73.7 percent in 2015 and 75 percent in 2018, Indonesia still faces major challenges to achieve its target of 100 percent clean water access.

PDAMs operate with a primary function of providing and distributing clean water to their region. A PDAM operates under local or regional government regulations, with each region or district usually having its own dedicated PDAM.

As of 2019, the installed capacity of Indonesia's 391 PDAMs (with IDR 32.2 trillion of total assets) is 205,930 liters per second ("l/s"), effectively providing 153,881 l/s for 55.2 million of the estimated 157 million people in their service areas. The national average cost of water production is estimated at IDR 4,875/m<sup>3</sup> with the national average selling price estimated at IDR 5,174/m<sup>3</sup>.



In early 2015, the Constitutional Court revoked Law No. 7/2004 on Water Resource Utilization, temporarily reviving the previous Law No. 11/1974 on Water Resource Development for a transition period while a new replacement law was formulated. This decision had a significant adverse impact on private sector participation in the water industry in Indonesia due to the limits on private sector direct utilization under Law No. 11/1974. In late 2015, a new GR No. 121/2015 regarding Exploitation of Water Resources for Business Purposes was issued.

In September 2019, the DPR passed a new Water Law as Law No. 17/2019. The Water Law came into force on 16 October 2019, and provides for:

- Government administration and control over all water resources

- Prioritization of water resource utilization for public clean drinking water needs, with commercial use by private business given a low priority. Businesses will need to obtain a water license to utilize state water, which requires payment of a water conservation fee.

Notwithstanding the challenges, the government has successfully launched four PPP water projects, in Lampung, West Semarang, Dumai and Umbulan. These projects are currently in the construction stage. As of July 2020, construction of the Umbulan water project has reached 98 percent.

Certain provisions under the new Water Law was further amended in the Omnibus Law on Job Creation (Law No 11 Year 2020).

## Power

Recognizing that power represents one of the most important factors in supporting economic development, in 2016 the Indonesian government through the state-owned power company (“PLN”), launched a 35 GW electricity program to attract private sector investment in the power sector to meet the growing demand for electricity and to achieve a 99.9 percent electrification ratio across Indonesia by 2020. As of April 2020, Indonesia’s electrification ratio was reported at 98.93 percent, above the Philippines (94.86 percent) and Vietnam (98 percent), but below Malaysia (100 percent) and Thailand (100 percent).

The capacity of Indonesia’s power plants grew by almost 15 GW in 2019, to 69.6 GW from previously 54.7 GW, in the last five years. The growth in capacity was supported by the increase of new renewable energy (“NRE”) based power plants, which have capacity of around 10.3 GW or 14.8 percent. Currently, PLN has a capacity of 42.35 GW (60.9 percent), followed by independent power producers (“IPP”) at 18.12 (26 percent). Operation license (“IO”) holders rank third with capacity of 5.46 GW (7.8 percent), private power utilities (“PPU”) at 3.58 GW (5.1 percent), and finally the government at 0.05 GW (0.1 percent).

To boost electricity infrastructure, the government has set a target to increase capacity by 27.28 GW in the next five years, made up of fossil fuel power plants with 18.28 GW (67 percent) and NRE-based power plants with 9.05 GW (33 percent). This means Indonesia’s total capacity in 2024 will reach 96.98 GW.

PLN is slated to receive IDR 9.6 trillion (IDR 5 trillion from the 2020 state budget and IDR 4.6 trillion diverted from the Ministry of Energy and Mineral Resources (“MEMR”) budget (equivalent to USD 695 million) to develop power infrastructure in Indonesia and increase the country’s electrification ratio. The funds allocation is stipulated in GR No. 37/2020 and No. 36/2020.

In addition to solar and geothermal power plants, Indonesia has strong potential for other types of renewable energy, such as biomass, hydro, wind and tidal energy. The MEMR has come up with a strategy to meet the 23 percent renewable energy mix target *Rencana Umum Energi Nasional* (“RUEN”) by 2025 by developing roadmaps for each technology. Until the end of 2019, total renewable installed capacity was 10.17 GW. Hydropower still dominates with 5.4 GW, followed by geothermal at 2.13 GW, bioenergy at 1.9 GW, mini/micro hydro at 464.7 MW, wind at 148.5 MW, solar PV at 152.4 MW and waste power plants at 15.7 MW.

Out of 83 renewables power purchase agreements (“PPAs”) signed between 2017 and 2020, 24 have started commercial operation, 28 PPAs are currently under construction and 24 PPAs are still looking for financial close and 8 of the proposed PPAs have been terminated. The latest commissioned solar IPP project, PLTS Likupang (15 MW), is now the biggest solar power plant in Indonesia. The project secured a price of 10 USD ct/kWh on signing the PPA 2017 and started to operate in September 2019.





The MEMR has released several energy sales price regulations to accelerate the progress of development of renewable energy to meet PLN's 2025 internal targets. Renewable energy is regulated under MEMR Regulation No. 12/2017 on the Utilization of Renewable Energy Resources for Electricity Supply. This regulation has undergone several amendments, with the most recent update under MEMR Regulation No. 4/2020. Under MEMR Regulation No. 12/2017, PLN is obliged to purchase electricity generated by IPPs which generate electricity from renewable energy sources. This regulation sets out the different bases, systems and price caps for the purchase of electricity. In the event that the local basic production price (*Biaya Pokok Penyediaan Pembangunan* or "BPP") is higher than the average national BPP, then the maximum electrical power purchase price is subject to a ceiling of 85 percent of the local BPP. This was later amended by MEMR Regulation No. 50/2017, under which if the local BPP is higher than the average national BPP, the purchase price will be at a maximum of 100 percent for geothermal, hydro and municipal waste power plants, while for the other renewables will be capped at 85 percent. If the local BPP is equal to or lower than the average national BPP, then the purchase price will be determined by mutual agreement between the project owners and PLN (business-to-business agreement). The price for electricity purchases from any renewable energy sources must be approved by the MEMR. MEMR Regulation No. 50/2017 also introduces ocean energy (wave and tidal) as a new type of renewable energy source.

MEMR Regulation No. 53/2018, which amends MEMR Regulation No. 50/2017, introduces liquid biofuels as a new type of renewable energy that may be purchased by PLN. Under this regulation, PLN may only purchase electricity from a liquid biofuel IPP if the developer of the power plant has sufficient supply of biofuel for sustained operation over the period of the PPA. The purchase shall be made through the mechanism of direct selection at a price that is set based on agreement between the parties.

MEMR Regulation No. 50/2017 was amended again by MEMR Regulation No. 4/2020, which was issued in February 2020 and introduced a new option to purchase electricity through direct appointment by PLN. Such purchases can be made in the following circumstances: 1) electricity supply emergencies; 2) purchases of excess power; 3) in order to increase the capacity of generators in existing power plants, provided that they continue to be operated in the same location; or 4) purchase of electricity if there is only one prospective electricity provider.

MEMR Regulation No. 4/2020 revokes the requirement for build, own, operate and transfer ("BOOT") schemes for renewable power plants previously required. Any IPP that has already signed a PPA with PLN may adjust the cooperation scheme to become a build, own and operate ("BOO") project, subject to the prevailing regulations related to land and private law.

MEMR Regulation No. 4/2020 allows the MEMR to assign PLN to purchase electricity from waste-to-energy ("WtE") power projects of IPPs that are appointed by the regional government. The assignment from the MEMR to PLN serves as a direct appointment for the purchase of electricity from the IPP and the MEMR's approval for the proposed electricity tariff.

Fuel Source	Applied regulation	Notes
Coal, Mine Mouth	MEMR 43/2018	Reference price
Coal, Non-Mine Mouth	MEMR 10/2020	Reference price
Gas	MEMR 45/2017	For wellhead: direct selection/general auction
Hydro	MEMR 4/2020	Direct selection/direct appointment (under certain circumstances)
Geothermal	MEMR 4/2020	General auction in accordance to the provisions of the legislation
Solar PV	MEMR 4/2020	Direct selection based on capacity quota
Wind	MEMR 4/2020	Direct selection based on capacity quota
Biomass	MEMR 4/2020	Direct selection
Biogas	MEMR 4/2020	Direct selection
Municipal Waste (WtE)	MEMR 4/2020	Direct purchase by PLN from the IPPs appointed by the regional government
Ocean Energy (wave and tidal)	MEMR 4/2020	Direct selection
Liquid Biofuel	MEMR 53/2018	Direct selection

To accelerate development of the power sector and in recognition of its importance to basic infrastructure development, PR No. 4/2016 on Acceleration of Electricity Infrastructure Development was issued in early 2016 to support the acceleration of the 35 GW electricity program. PR No 4/2016 was amended by PR No. 14/2017 on the same topic.

## Accelerating infrastructure development through public-private partnership

In 2015 the government issued PR No. 38/2015 on Cooperation Between Government and Business Entities in Procurement of Infrastructure, which provides the regulatory basis for infrastructure development through PPPs. The regulation introduced the types of infrastructure that can be procured as a PPP and the availability payments (also known as performance based annuity schemes or “PBAS”).

The new PPP regulation incorporated a number of key changes, in particular the expansion of the types of infrastructure that can be procured as a PPP, which now includes social infrastructure, and the introduction of availability payments as well as various other enhancements. The introduction of availability payments represents a significant step forward in Indonesia’s development of a risk-sharing-based landscape more in line with international standards.

In the “Public-Private Partnership Book 2019 - Infrastructure Projects Plan in Indonesia”, BAPPENAS announced the latest information on infrastructure PPP project plans.

The following projects are currently in the final business case stage in preparation for the tendering process:

- Riau Non-Toll Road Preservation
- Proving Ground BPLJSKB Bekasi
- Motor Vehicle Weighing Implementation Unit (“UPPKB”) in Java and Sumatera
- Medan Municipal Transport (LRT)
- Baubau Port Proving Ground BPLJSKB
- Legok Nangka Regional Waste Treatment
- University of Sam Ratulangi Teaching Hospital
- Pirngadi Hospital
- Pekanbaru Water Supply
- Indonesia National Cancer Center Dharmais Hospital
- Surakarta Street Lighting
- Yogyakarta - Bawen Toll Road
- LRT Semarang
- Zainoel Abidin Hospital Aceh
- Relocation of Salemba Correctional Facility
- Nusakambangan Industrial Correctional Facility
- Institut Teknologi Bandung’s Cirebon Campus Development
- Ciputat Market
- Bintuni Industrial Zone

BAPPENAS also lists nine tendered projects, 14 PPP infrastructure projects under construction and four PPP projects under operation.

Tendered projects are:

- Probolinggo–Banyuwangi Toll Road
- Makassar-Parepare Railway
- Multifunction Satellite
- Semarang-Demak Toll Road
- South Sumatera Non-Toll Road Preservation
- Airport of Komodo, Labuan Bajo
- Gorontalo Hospital
- Sidoarjo General Hospital
- Jatiluhur Regional Water Supply I (Unsolicited Project)

4 PPP projects under operation are: Batang-Semarang Toll Road; Pandaan-Malang Toll Road; Palapa Ring West Package and Palapa Ring Central Package.

14 PPP projects under construction are:

- Palapa Ring East Package
- Balikpapan–Samarinda Toll Road
- Manado-Bitung Toll Road
- Jakarta–Cikampek Elevated II Toll Road
- Krian-Legundi-Bunder-Manyar Toll Road
- Serpong-Balaraja Toll Road
- Jakarta–Cikampek II South Toll Road
- Serang–Panimbang Toll Road
- Cileunyi–Sumedang–Dawuan Toll Road
- Central Java Power Plant 2 X 1000 MW
- Umbulan Water Supply
- Bandar Lampung Water Supply
- West Semarang Water Supply
- Nambo Regional Waste Management

## Land acquisition still the key challenge underpinning progress

Historically, the lack of clear regulations on land acquisition for public use and the provision of land compensation to owners has caused substantial delays in the development of infrastructure projects in Indonesia. There is a long history of informal land ownership in Indonesia that gives rise to

any number of individuals claiming the rights to land during a land acquisition process. The implication of this is the need for an administrative process involving a number of government institutions to resolve land ownership issues.

Another issue frequently encountered is landowners holding onto their land as long as possible to benefit from appreciation in value while a project progresses, which has led to substantial land cost escalation, especially in Java and Jakarta where property prices have seen significant increases.

In recognition of the obstacles presented by land acquisition issues for infrastructure project development in Indonesia, PR No.36/2005 concerning Land Acquisition for Infrastructure Development was issued to outline the rules and procedures for land acquisition for infrastructure projects serving public purposes. However, the regulation was not very effective due to the vagueness in the rules.

The government then issued Law No.2/2012 concerning Land Procurement for Development Purposes in Public Interest to improve and clarify the land acquisition framework. However, for the law to be practical, supporting regulations elaborating on the law were required. PR No. 71/2012 concerning Administration of Land Procurement for Development Purposes in Public Interest was issued in August 2012 and subsequently in November 2012, national land agency (“BPN”) Regulation No. 5/2012 was issued, which sets out technical implementation guidelines and rules.

Since 2012, PR No. 71/2012 has been amended several times in order to improve the legal structure and accelerate infrastructure projects through the issuance of PR No. 30/2015 and PR No.148/2015. Through PR No. 30/2015 and PR No. 148/2015, the government expanded the opportunity for private parties to participate in and accelerate the land acquisition process. In this regard, private parties are provided the opportunity to carry out the acquisition of land for public interest purposes by way of sale and purchase, exchange or mutually agreed methods between a landowner and the private party.

To support the funding of land acquisition, the government is expanding the mandate of the national asset management agency (“LMAN”). The mandate is regulated under PR No. 66/2020 on Land Acquisition Funding of Infrastructure for Public Interest for the Implementation of National Strategic Projects. PR No. 66/2020 laid down two funding mechanisms for land acquisition for PSN: funding implemented by the MOF with a mechanism for direct compensation payments to entitled parties; and payments to business entities that have already carried out compensation payments.

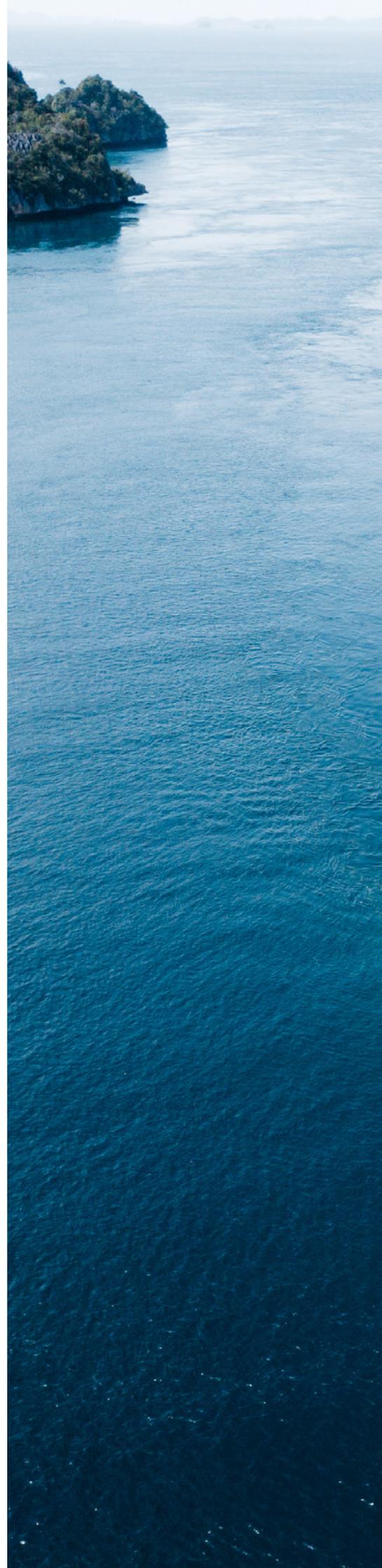
Another regulation related to funding for land acquisition is MOF Regulation No. 21/PMK.06//2017, which was later amended by MOF Regulation No. 100/PMK.06/2019 on Procedures for the Funding of Land Acquisition for National Strategic Projects and the Management of Assets Resulting from Land Acquisition by LMAN. The regulation allows for state funding to be allocated for land acquisition on PSN.

The Omnibus Law, which was issued in November 2020, further promotes the responsibility of the central government and regional governments for providing land and business licenses for PSN of the central/regional governments, BUMN/regional-owned business entities (“BUMD”).

## Harmonization and relaxation of land related provisions

The Omnibus Law addresses several land-related provisions, including:

- Qualified foreign individuals or offshore companies having representative offices in Indonesia are now permitted to own strata-title properties on either right to use (*Hak Pakai* or “HP”) titled land or right to build (*Hak Guna Bangunan* or “HGB”) titled land.
- The central government is required to establish a Land Bank Board (*Badan Bank Tanah*), which carries out planning, acquisition, procurement, management, utilization and distribution of land
- Recognition of land titles for space below the land surface.
- Introduction of a new electronic system for land registration.
- Procurement of land for public interest with an area of less than five hectares is now allowed to be negotiated directly with the original landowner. The time frame for the land procurement process is extended, from two years to three years with a possibility of a further one-year extension.
- PMA companies will be required to secure approval on the conformity of the business location with the relevant detailed spatial plan (*Rencana Detail Tata Ruang* or “RDTR”) through the OSS before acquiring the targeted land.
- Stakeholders (government and businesses) will only be required to fulfill the suitability of spatial utilization activities (*kesesuaian kegiatan pemanfaatan ruang*), and are no longer required to obtain a location permit.





## Key government institutions

The Indonesian government has implemented a number of initiatives to support infrastructure development, including viability gap funding, availability payments, government guarantees streamlining permits and licensing.

To this end, the government has established a number of key infrastructure institutions to improve the coordination and implementation of the country's infrastructure program.

**PT Sarana Multi Infrastruktur ("SMI")** is an infrastructure financing company established as an SOE under the MOF in 2009. SMI plays a key role in enabling infrastructure development in Indonesia by acting as both project sponsor and financier/investor. In its role as project sponsor, SMI provides a range of advisory services, including project development and preparation, structuring and transaction advisory. SMI finances infrastructure projects across a range of sectors, including power, water and toll roads. SMI is a key pillar of plans to establish an Indonesian infrastructure development bank.

**PT Penjaminan Infrastruktur Indonesia**, otherwise known as the Indonesian Infrastructure Guarantee Fund ("IIGF"), was also established in 2009 as an SOE under the MOF. IIGF plays a key role in enhancing the bankability of infrastructure projects by acting as the single window for the provision of guarantees on obligations of government agencies under contractual arrangements for PPP projects. IIGF has also been assigned by the MOF to facilitate PPP project preparation.

**Indonesia Infrastructure Finance ("IIF")** is a private non-bank financial institution established in 2010 via cooperation between the government (via the MOF), the World Bank, the Asian Development Bank ("ADB") and other international multilateral agencies. IIF provides both advisory services and project financing for infrastructure projects in Indonesia, which to date have been provided across a range of sectors including water supply, toll roads, power plants and telecommunications.

## Committee for Acceleration of Priority Infrastructure Delivery or *Komite Percepatan Penyediaan Infrastruktur Prioritas ("KPPIP")*

was established in 2014 under PR No. 75/2014 on Acceleration of Priority Infrastructure to coordinate the preparation and delivery of strategic infrastructure projects. KPPIP's scope of work includes:

- Establishing strategies and policies to accelerate infrastructure priority development
- Monitoring and controlling the implementation of the strategies and policies in order to accelerate priority infrastructure development
- Facilitating capacity improvements for apparatuses and institutions related to infrastructure priority development.

## PPP Joint Office (*Kantor Bersama KPBU Republik Indonesia*)

given that cross-sector and cross-agency coordination is crucial to the implementation of PPP projects, a PPP Joint Office was established in 2016. The role of the PPP Joint Office is to assist government agencies and investors to answer queries relating to PPP implementation. Effectively, the PPP Joint Office works as a coordinating body to provide a 'one stop service' to support the acceleration of PPP implementation.

The members of the PPP Joint Office are BAPPENAS, the MOF, the Coordinating Ministry of Economic Affairs (*Kementerian Koordinator Bidang Perekonomian*), the Ministry of Home Affairs (*Kementerian Dalam Negeri*), BKPM, the National Public Procurement Agency (*Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah* or "LKPP") as well as IIGF.

## Nusantara Investment Authority ("NIA") or Indonesia Investment Authority ("INA")

is the Indonesian sovereign wealth fund, established in November 2020 under the framework of the Omnibus Law. INA is wholly owned by GOI and will focus on four short-term infrastructure sectors: healthcare, renewable energy, digital services and platform.

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# Glossary

2016 Negative List	PR No. 44 of 2016
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AEO	Authorized Economic Operator
AHU	<i>Administrasi Hukum Umum</i> or administration of general laws
AML	Anti-Money Laundering
AoA	Articles of Association
AP I	Angkasa Pura I
AP II	Angkasa Pura II
APA	Advance Pricing Agreement
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i> or state budget
API	<i>Angka Pengenal Impor</i> or import identification number
API-P	<i>Angka Pengenal Importir Produsen</i> or producer importer identification number
API-U	<i>Angka Pengenal Importir Umum</i> or general importer identification number
ASEAN	Association of Southeast Asian Nations
B2B	Business-to-business
B2C	Business-to-customer
BAPEPAM-LK	<i>Badan Pengawas Pasar Modal dan Lembaga Keuangan</i> or capital market and financial institution supervisory board
BAPPEBTI	<i>Badan Pengawas Perdagangan Berjangka Komoditi</i> or commodity futures trading regulatory agency
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> or Indonesian national development agency
BCBS	Basel Committee on Banking Supervision
BEPS	Base Erosion and Profit Shifting
BHI bank	<i>Bank Berbadan Hukum Indonesia</i> or legal entity bank
BI	Bank Indonesia or Indonesian central bank
BI Regulation 18	BI Regulation No. 18/40/PBI/2016
BKPM	<i>Badan Koordinasi Penanaman Modal</i> or Indonesian investment coordinating board
BOC	Board of Commissioners
BOD	Board of Directors
BOO	Build, Own and Operate
BOOT	Build, Own, Operate and Transfer
BP Migas	<i>Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi</i> or executive agency for upstream oil and gas business activities
BPH Migas	<i>Badan Pengatur Hilir Minyak dan Gas Bumi</i> or regulatory agency for downstream oil and gas
BPHTB	<i>Bea Perolehan Hak atas Tanah dan Bangunan</i> or levy/transfer title tax on tax and building
BPJS	<i>Badan Penyelenggara Jaminan Sosial</i> or social security administrative bodies
BPJS Kesehatan	Health social security agency
BPJS Ketenagakerjaan	Workers social security agency
BPJS Pensiun	Social security pension plan
BPJT	<i>Badan Pengatur Jalan Tol</i> or toll road regulatory agency
BPLJSKPB	<i>Balai Pengujian Laik Jalan dan Sertifikasi Kendaraan Bermotor</i> or vehicle test and certification
BPM	<i>Badan Pemberdayaan Masyarakat</i> or investment board
BPN	<i>Badan Pertahanan Nasional</i> or national land agency
BPOM	<i>Badan Pengawas Obat dan Makanan</i> or food and drug administration
BPP	<i>Biaya Pokok Penyediaan Pembangunan</i> or basic production price
BPS	<i>Badan Pusat Statistik</i> or central statistic agency
BRT	Bus Rapid Transit
BUMD	<i>Badan Usaha Milik Daerah</i> or regional-owned business entities
CAGR	Compound Annual Growth Rate

CBCR	Country-by-Country Reporting
CBD	Central Business District
CBU	Completely Built-Up
CCOW	Coal Contract of Work
CEP	Comprehensive Economic Partnership
CFC	Controlled Foreign Company
CFT	Counter Terrorism Financing
CIF	Cost, Insurance and Freight
Circular 31	OJK Circular Letter No. 31/SEOJK.05/2015
Circular Letter 31	Ministry of Manpower Circular Letter No. B.31/PHIJSK/I/2012
Circular Letter 17	Circular Letter 17/11/DKSP
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CITR	Corporate Income Tax Return
CLA	Collective Labor Agreement
Company Law	Law No.40/2007
COW	Contract of Work
Currency Law	Law No.7/2011
Customs Office	The Indonesian Directorate General of Customs and Excise
CV	<i>Commanditaire Venootschap</i> or limited partnership
DDI	Domestic Direct Investment
Decision 27	Constitutional Court Decision No. 27/PUU-IX/2011
Declaration Letter	Assets declaration letter for the application of Tax Amnesty
Decree 228	Ministry of Manpower Decree No. No. 228/2019
DER	Debt-to-Equity Ratio
DGCE	Director General of Customs and Excise
DGT	Directorate General of Taxes
DKP-TKA	<i>Dana Kompensasi Penggunaan Tenaga Kerja Asing</i> or compensation for the use of foreign manpower
DPD	<i>Dewan Perwakilan Daerah</i> or Council of Regional Representatives
DPR	<i>Dewan Perwakilan Rakyat</i> or House of Representatives
DTA	Double Tax Agreement
DWT	Deadweight Tonnage
EDI	Electronic Data Interchange
EPI	English Proficiency Index
ERP	Electronic Road Pricing
ETT	Electronic Transaction Tax
FA	Firma or general partnership
FCPA	Foreign Corrupt Practices Act
FDI	Foreign Direct Investment
Forex	Foreign Exchange
FPA	Free Port Area
FTA	Free Trade Area
FTZ	Free Trade Zone
G20	Group of twenty, a strategic multilateral platform connecting the world's major developed and emerging economies
GATT	General Agreement on Tariffs and Trade
GCG	Good Corporate Governance
GDP	Gross Domestic Product
GESF	General Expenditure Support Fund
GFC	Global Financial Crisis
GMS	General Meeting of Shareholders
GOI	Government of Indonesia

GR	Government Regulation
GR 1/2019	Government Regulation No. 1 of 2019
GRR	Grass Root Refinery
GT	Gross Tonnage
GW	Giga Watt
HGB	<i>Hak Guna Bangunan</i> or right to build
HP	<i>Hak Pakai</i> or right to use
HR	Human Resources
IBC	Insurance Business Company
ICAAP	Internal Capital Adequacy Assessment Process
IDR	Indonesian Rupiah
IDX	Indonesia Stock Exchange
IFRS	International Financial Reporting Standards
IIF	Indonesia Infrastructure Finance
IIGF	PT Penjaminan Infrastruktur Indonesia or Indonesian Infrastructure Guarantee Fund
IMB	<i>Izin Mendirikan Bangunan</i> or building permit
IMD	International Institute of Management Development
IMF	International Monetary Fund
IMTA	<i>Izin Mempekerjakan Tenaga Kerja Asing</i> or working permit
INSW	Indonesian National Single Window
Investment Law	Law No.25/2007
IO	<i>Izin Operasional</i> or operational license
IPO	Initial Public Offering
IPP	Independent Power Producers
ISCO	International Standard Classification of Occupation
ISRM	Indonesian Single Risk Management
ITAS	<i>Izin Tinggal Terbatas</i> or limited stay permit
ITO	Indonesian Tax Office
IUP	<i>Izin Usaha Pertambangan</i> or mining business license
IUPK	<i>Izin Usaha Pertambangan Khusus</i> or special mining business license
JAMSOSTEK	<i>Jaminan Sosial Tenaga Kerja</i> or workers social security
JKN	<i>Jaminan Kesehatan Nasional</i> or national healthcare benefits program
JO	Joint Operation
JV	Joint Venture
KAPET	<i>Kawasan Pengembangan Ekonomi Terpadu</i> or economic development zones
KBJI	<i>Klasifikasi Baku Jabatan Indonesia</i> or Indonesian standard classification of positions
KBLI	<i>Klasifikasi Baku Lapangan Usaha Indonesia</i> or Indonesian standard industrial classifications
KBMI	<i>Kelompok Bank berdasarkan Modal Inti</i> or bank based on core capital
KITAS	<i>Kartu Ijin Tinggal Terbatas</i> or limited stay permit card
KPBU	<i>Kerjasama Pemerintah dengan Badan Usaha</i> or PPP joint office
KPPIP	<i>Komite Percepatan Penyediaan Infrastruktur Prioritas</i> or committee for acceleration of priority infrastructure delivery
KSBSI	<i>Konfederasi Serikat Buruh Sejahtera Indonesia</i> or confederation of Indonesian prosperous labor unions
KSPI	<i>Konfederasi Serikat Pekerja Indonesia</i> or confederation of Indonesian labor unions
KSPSI	<i>Konfederasi Serikat Pekerja Seluruh Indonesia</i> or all-Indonesian workers union confederation
l/s	Liters per second
Labor Law	Law No.13/2003
Lao PDR	Lao People's Democratic Republic
LF	Local File
LKPP	<i>Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah</i> or national public procurement agency
LLL	Legal Lending Limits

LMAN	<i>Lembaga Manajemen Aset Negara</i> or national asset management agency
LPI	Logistics Performance Index
LRT	Light Rail Transit
M&A	Merger & Acquisition
MAP	Mutual Agreement Procedure
MDBs	Multilateral Development Banks
MEMR	Ministry of Energy and Mineral Resources
MF	Master File
MINT	Mexico, Indonesia, Nigeria and Turkey
MITA	Mitra Utama or main partner priority
MLI	Multilateral Instrument
MOF	Ministry of Finance
MOH	Ministry of Health
MOLHR	Ministry of Law and Human Right
MOM	Ministry of Manpower (formerly known as Ministry of Manpower and Transmigration or "MOMT" or Manpower Affairs)
MOT	Ministry of Trade
MPBI	<i>Majelis Pekerja Buruh Indonesia</i> or Indonesian labor movement council
MPR	<i>Majelis Permusyawaratan Rakyat</i> or People's Consultative Assembly
MRT	Mass Rapid Transit
MSME	Micro Small and Medium-scale Enterprise
New Insurance Law	UU No. 40/2014
NIA/INA	Nusantara Investment Authority or Indonesia Investment Authority
NIB	<i>Nomor Induk Berusaha</i> or single business number
Non-PDAM	Non-regional water supply companies
NPWP	<i>Nomor Pokok Wajib Pajak</i> or taxpayer identification number
NRE	New Renewable Energy
OECD	Organization for Economic Cooperation and Development
Oil & Gas Law	Law No.22/2001
OJK	Otoritas Jasa Keuangan or Indonesia financial services authority
Omnibus Law	Law No. 11 of 2020
OSS	Online Single Submission
PBAS	Performance Based Annuity Schemes
PBI 17/2015	BI regulation No. 17/3/PBI/2015
PDAM	Perusahaan Daerah Air Minum or regional water supply companies
PE	Permanent Establishment
PEB	<i>Pemberitahuan Ekspor Barang</i> or declaration of goods exported
PERTAMINA	PT Pertamina (Persero) or state-owned oil & gas company
PIB	<i>Pemberitahuan Import Barang</i> or customs import declaration
PIP	Priority Infrastructure Projects
PLN	PT Perusahaan Listrik Negara (Persero) or state-owned power company
PMA	<i>Penanaman Modal Asing</i> or foreign investment
PMDN	<i>Penanaman Modal Dalam Negeri</i> or domestic investment
PMK-213	Minister of Finance regulation No.213/PMK.03/2016
POJK 45	<i>Peraturan Otoritas Jasa Keuangan</i> (POJK) or OJK regulation No. 45/POJK.03/2020
POJK 67	OJK regulation No. 67/POJK.05/2016
PP	<i>Peraturan Perusahaan</i> or company rules
PPA	Power Purchase Agreement
PPP	Public Private Partnerships
PPU	Private Power Utility
PR	Presidential Regulation

PSC	Production-Sharing Contract
PSIP	Payment System Infrastructure Providers
PSN	<i>Proyek Strategis Nasional</i> or national strategic projects
PSP	Payment Service Providers
PSSPs	Payment System Services Providers
PT	<i>Perseroan Terbatas</i> or limited liability company
PUPR	<i>Pekerjaan Umum dan Penataan Ruang</i> or Minister of Public Works and Public Housing
RBC	Risk-Based Capital
RCEP	Regional Comprehensive Economic Partnership
RDTR	<i>Rencana Detail Tata Ruang</i> or detailed spatial plan
Reg 21/2019	BI Regulation No. 21/1/PBI/2019
Reg. No. 16/20	BI Regulation No. 16/20/PBI/2014
Reg. No. 16/21	BI Regulation No. 16/21/PB/2014
Reg No. 16/22	BI Regulation No. 16/22/PBI/2014
Reg. No. 5/2019	Ministerial Regulation No. 5/2019
Regulation 10	Presidential Regulation No. 10 of 2021
Regulation 12	BKPM Regulation No. 12/2013
Regulation 19	Regulation No.19/2012
Regulation 4	Regulation No. PER-04/MEN/1994
Regulation 41	Government Regulation No. 41 of 2021
Regulation 85	Government Regulation No. 85 of 2015
Regulation No. 23/2020	BI Regulation No. 22/23/PBI/2020
RITJ	<i>Rencana Induk Transportasi Jabodetabek</i> or greater Jakarta transportation plan
RMDP	Refinery Development Master Plan
RPJMN	<i>Rencana Pembangunan Jangka Menengah Nasional</i> or national medium-term plan
RPTKA	<i>Rencana Penggunaan Tenaga Kerja Asing</i> or expatriate manpower utilization plan
RUEN	<i>Rencana Umum Energi Nasional</i> or national energy general plan
RWA	Risk-Weighted Assets
SAFE FoS	Safe Framework of Standard to Secure and Facilitate Global Trade
SAK	<i>Standar Akuntansi Keuangan</i> or Indonesia financial accounting standard
SEZ	Special Economic Zones
SIPB	<i>Surat Izin Penambangan Batuan</i> or rock mining license letter
SIPT	<i>Sistem Informasi Perizinan Terpadu</i> or licensing information system
SIUP-MB	<i>Surat Izin Usaha Perdagangan Minuman Beralkohol</i> or business license certificate of liquor business
SJSN	<i>Sistem Jaminan Sosial Nasional</i> or national social security system
SKK Migas	<i>Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi</i> or special task force for upstream oil and gas business activities
SKSP Migas	<i>Satuan Kerja Sementara Pelaksana Kegiatan Hulu Minyak dan Gas Bumi</i> or temporary working unit for upstream oil and gas activities
SME	Small and Medium-scale Enterprise
SMI	PT Sarana Multi Infrastruktur
SOEs	<i>Badan Usaha Milik Negara</i> (BUMN) or State-Owned Enterprises
SREP	Supervisory Review and Evaluation Process
STLG	Sales Tax on Luxury Goods
Supporting Providers	Parties who support PSP and PSIP to organize payment system services
TA Law	Tax Amnesty Law No. 11 of 2016, effective during the period from 1 July 2016 until 31 March 2017
Taxable Entrepreneur	A person or body, in whatever form, which in the course of its operations, produces, imports or exports taxable goods, conducts trading activities or renders taxable services
TDP	<i>Tanda Daftar Perusahaan</i> or company registration certificate
TEU	Twenty-foot Equivalent Units
THR	<i>Tunjangan Hari Raya</i> or religious festivity allowance
UK	The United Kingdom

UKBA	UK Anti-Bribery Act
UMK	<i>Upah Minimum Kabupaten/Kota</i> or regency minimum wage
UMP	<i>Upah Minimum Provinsi</i> or provincial minimum wage
UNCTAD	United Nations Conference on Trade and Development
UPPKB	<i>Unit Pelaksanaan Penimbangan Kendaraan Bermotor</i> or motor vehicle weighing implementation unit
USA/US	The United States of America
USD	United States Dollar
VAT	Value-Added Tax
VITAS	<i>Visa Izin Tinggal Terbatas</i> or limited stay visa
WG4	Working Group Four
WHT	Withholding Tax
WIUP	<i>Wilayah Izin Usaha Pertambangan</i> or mining business license area
WIUPK	<i>Wilayah Ijin Usaha Pertambangan Khusus</i> or or special mining business license area
Work Contract	Working agreement for a specified period
WtE	Waste-to-Energy

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