



*KADIN - Komite Inggris & Eropa Barat
Bidang Infrastruktur*



INDONESIAN INFRASTRUCTURE

30 November 2010

Presented by Bobby Gafur Umar

President Director / CEO

PT Bakrie & Brothers Tbk.



BACKGROUND OF INDONESIAN INFRASTRUCTURE

❑ Impact of Indonesia's Economic Crisis in 1998:

- ❑ The economic crisis forced the suspension of many planned private and public infrastructure projects,
- ❑ The financial viability of private projects under construction was eroded by Rupiah's plunge
- ❑ Unclear supporting regulatory framework

Toll Road

- Growing mismatch between vehicle population and availability of road
- Toll road would be the solution for reducing transportation cost.

Power Plant

- Electricity Shortage
- Reliability of the Electricity supply

Airport & Sea port

- Under capacity and low quality due to limited expansion in airport & sea port

Other Infrastructures

- Oil & gas infrastructure, water supply, etc. . Lack of Development



KEY ISSUES IN DEVELOPING INFRASTRUCTURE PROJECTS

Legal

- A more investor friendly regulatory framework is required
- Certain and clear government policies and procedures
- Major issues: land clearing, cost escalation, tariff adjustment, etc.

Commercial / Operational

- An attractive return on investment
- A clear PPP framework / Partnership Model

Financial

- The availability of low cost and long term financing scheme
- Tax / fiscal incentives
- Government guarantee

Risk

- Risk mitigation
- Risk can not be taken up by the investors should be absorbed by the government

Coordination

- Lack of coordination between various authorities as well as central and local gov't



PROVIDING MUCH NEEDED SOLUTIONS

BREAKTHROUGH GOVERNMENT POLICIES and REGULATIONS

1. Government of Indonesia offers many opportunities to invest in infrastructure development program.
2. To establish a constructive and continuous dialogue between investors and the government.
3. Government adaptability to change to ever changing condition in the market and economy.
4. Government Special Body with clear and powerful authority to speed up the infrastructure development should be enforced.



PROVIDING MUCH NEEDED SOLUTIONS (Cont.)

BREAKTHROUGH GOVERNMENT POLICIES and REGULATIONS

5. Government need to attract investors to participate in infrastructure projects through supporting government policies such as:
 - A more investor friendly regulatory framework as well as certain and clear government policies and procedures
 - A more attractive return on investment as well a clear PPP framework / Partnership Model
 - The availability of structured infrastructure funds, tax / fiscal incentives and government guarantee as required
 - Risk mitigation incentives
6. To set grand infrastructure development strategy for short-term, medium-term, and long-term

THANK YOU

