

PINA set to lure foreign investment

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The government is preparing to welcome foreign private investment for infrastructure projects, including from its current close ally China, as an option to fill a financing gap amid a cash-strapped state budget.

The investment will be allocated in the non-state budget infrastructure funding (PINA) scheme under the National Development Planning Board (Bappenas).

The board aims to help secure funding for 34 infrastructure projects worth Rp 348.2 trillion (US\$25.79 billion) this year alone.

Most of the investments are running on a business-to-business (B2B) basis, while the projects are curated by the PINA committee based on their financial feasibility and bankability, with an internal rate of return (IRR) of 13 percent.

PINA CEO Ekoputro Adijayanto, who is also a special staff member for Bappenas head Bambang S. Brodjonegoro, revealed that in the first quarter of this year, the board was ready to receive \$825 million from Chinese-based company Huatsing Housing Holding Co, Ltd. for two major projects.

"In the first quarter, we are aiming to [disburse funds for] toll road projects and the PLTU [steam power plant] in Meulaboh [Aceh]," he said on Thursday.

He was referring to the Trans Java and non-Trans Java highway projects worth \$10 billion, which are managed by state toll road operator Waskita Toll Road, and the \$540-million steam power plant project with a capacity of 2x200 megawatts (MW), devel-



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Private investment: National Development Planning Minister Bambang Brodjonegoro (*center*), Financial Services Authority chairman Wimboh Santoso (*left*) and Center for Private Investment (PINA) CEO Ekoputro Adiyanto at a PINA Day 2018 event in Jakarta on Thursday. The ministry has prepared 34 projects to be offered to private investors.

oped under state energy firm PP Energi.

The PINA committee, Huatsing Housing Holding and underwriter Bahana Sekuritas signed the investment agreement on Jan. 12. According to Bappenas, funds for the Waskita Toll Road and PP Energi's projects will be disbursed in February.

The investment will complement the Rp 3.5 trillion in equity Waskita Toll Road received last year from state-owned infrastructure financing company PT Sarana Multi Infrastruktur (SMI) and state-owned pension insurance firm PT Taspen through the PINA scheme.

Huatsing Housing Holding is

committed to investing a total of \$1.82 billion in Indonesia's infrastructure projects this year, including the second phase development of the strategic Kertajati Airport in Majalengka, West Java, through the provincially-owned PT Bandarudara Internasional Jawa Barat (BIJB).

Once completed, the airport is expected to serve 5 to 11 million passengers annually. It is slated to open its doors in the first half the year with the aim of becoming Indonesia's center for haj flights.

For the \$2.2 billion Kertajati Airport, Huatsing Housing Holding is expected to hand over \$500 million in March. The company

will also invest up to \$500 million in a housing project in September.

Eko said foreign investors were showing a larger appetite for Indonesia's infrastructure projects than their domestic counterparts.

Infrastructure development is one of President Joko "Jokowi" Widodo's main priorities. The ongoing projects are expected to boost economic growth, even though many have been marred with various problems related to land procurement and financing.

Indonesia's overall infrastructure development is estimated to require Rp 4.7 quadrillion through 2019, but the govern-

ment might only be able to cover around 40 percent of the cost at most; the rest will come from state enterprises and the private sector.

Other financial instruments for indirect participation in infrastructure investment are also available, such as limited participation mutual funds (RDPT) and perpetual notes.

Meanwhile, Salyadi Saputra, president director of state-owned survey company PT Superintending Company of Indonesia (Sucofindo), said that attracting foreign investors to infrastructure projects was important as the country lacked the necessary funds.