



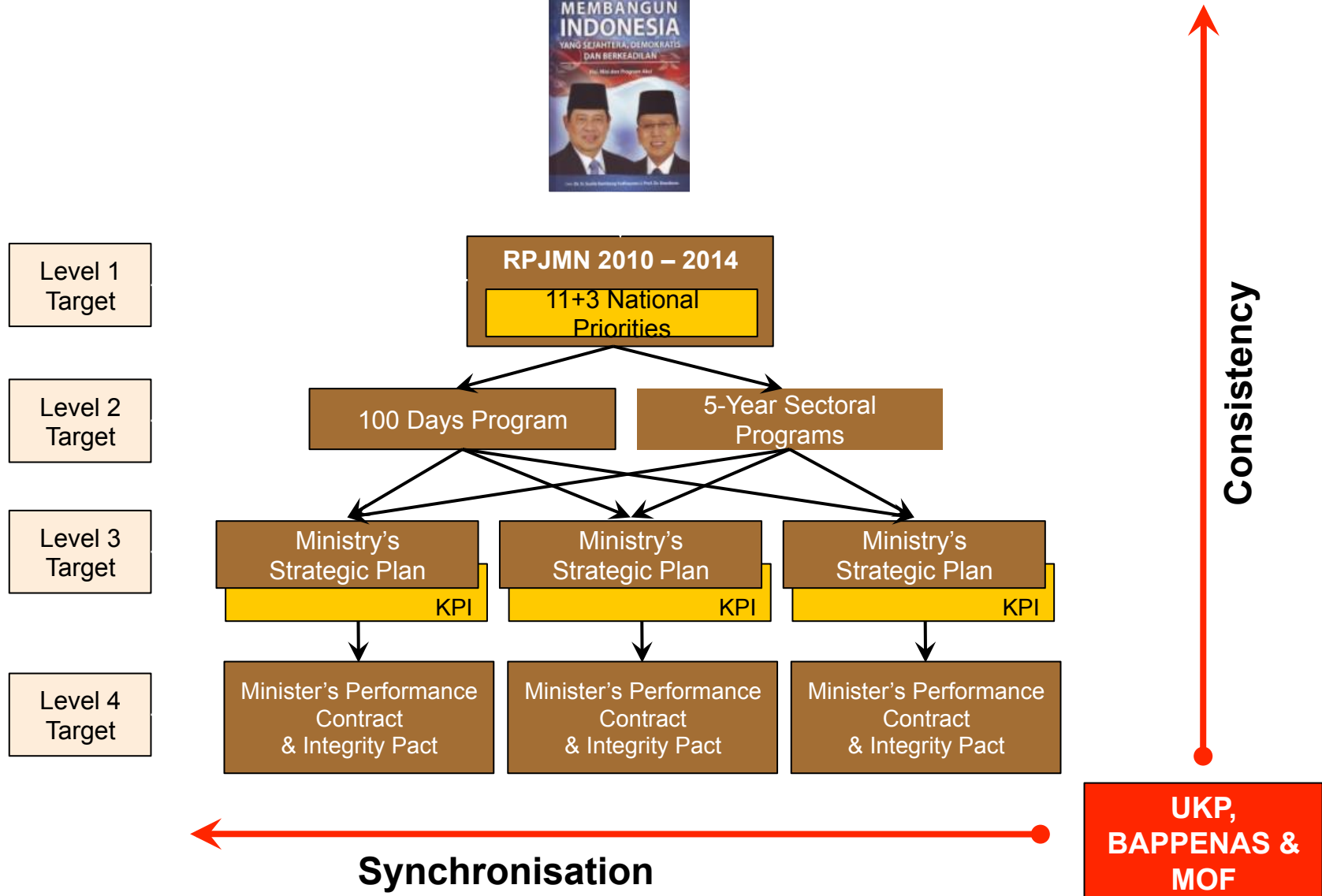
PRESIDENT'S DELIVERY UNIT
FOR DEVELOPMENT MONITORING AND OVERSIGHT
(UKP4)



MP3EI: An 'NKRI' Economic Masterplan

Workshop on Green Economic Corridors
Jakarta, 12th August 2011

UKP maintains consistency and synchronisation



- **MP3EI: The Kalimantan Corridor**

- **Debottlenecking or Relaxing?**

- **‘Downstreamization’: a potential?**

MP3EI Framework

- Promotion of large scale investments in 22 main economic activities
 - Synchronisation of national action plans to revitalize real sector performance
- Development of Center of Excellence in every economic corridor

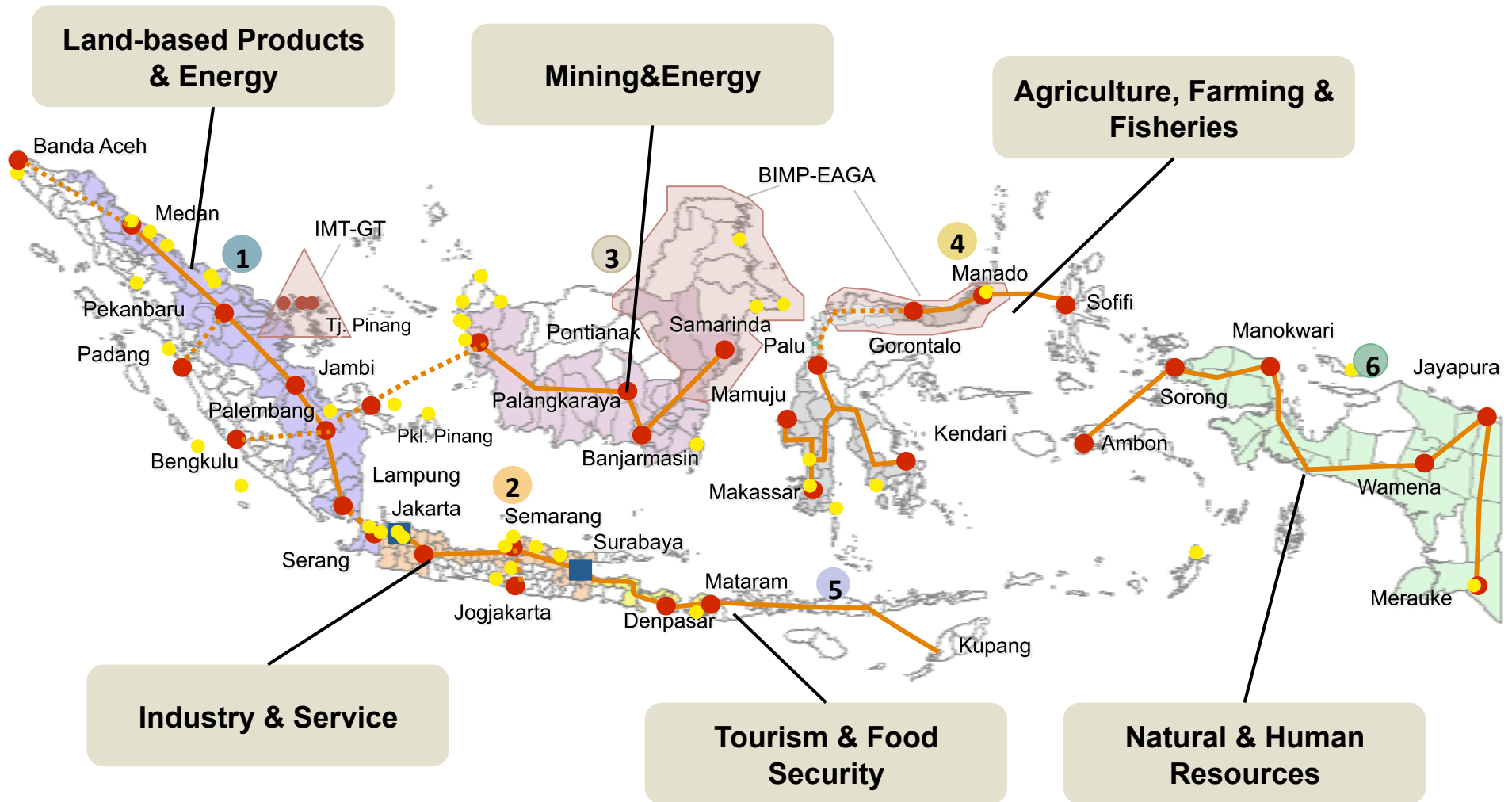
Development
**economic
potential**
through
economic
corridors

Strengthen
**national
connectivity**

Improve
**capacity of
human
resources,
science and
technology**

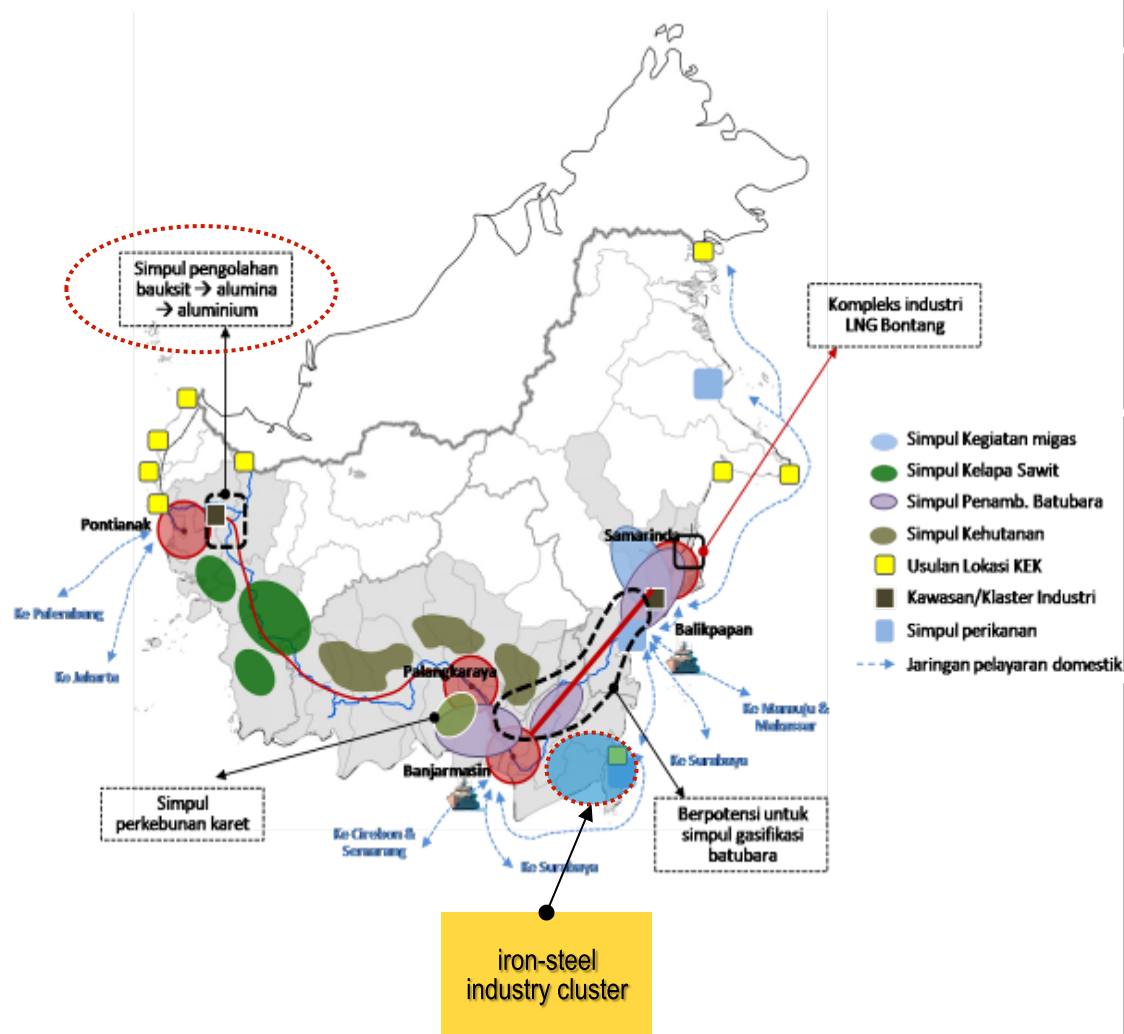
Basic Principles for economic development acceleration and expansion

Development Themes in Six Economic Corridors



The Kalimantan Economic Corridor

“Center of Production and Processing of Mining Products and National Energy Reserve”



Overview

Consists of 4 hubs: Pontianak, Palangka Raya, Balikpapan dan Samarinda

This corridor is estimated to increase Domestic Regional Income (PRDB) as much as 2.6x; from \$59 billion PRDB in 2008 to \$152 billion in 2030 with estimation of 3.6% growth compared to baseline estimation of 5.8%

Current Focus

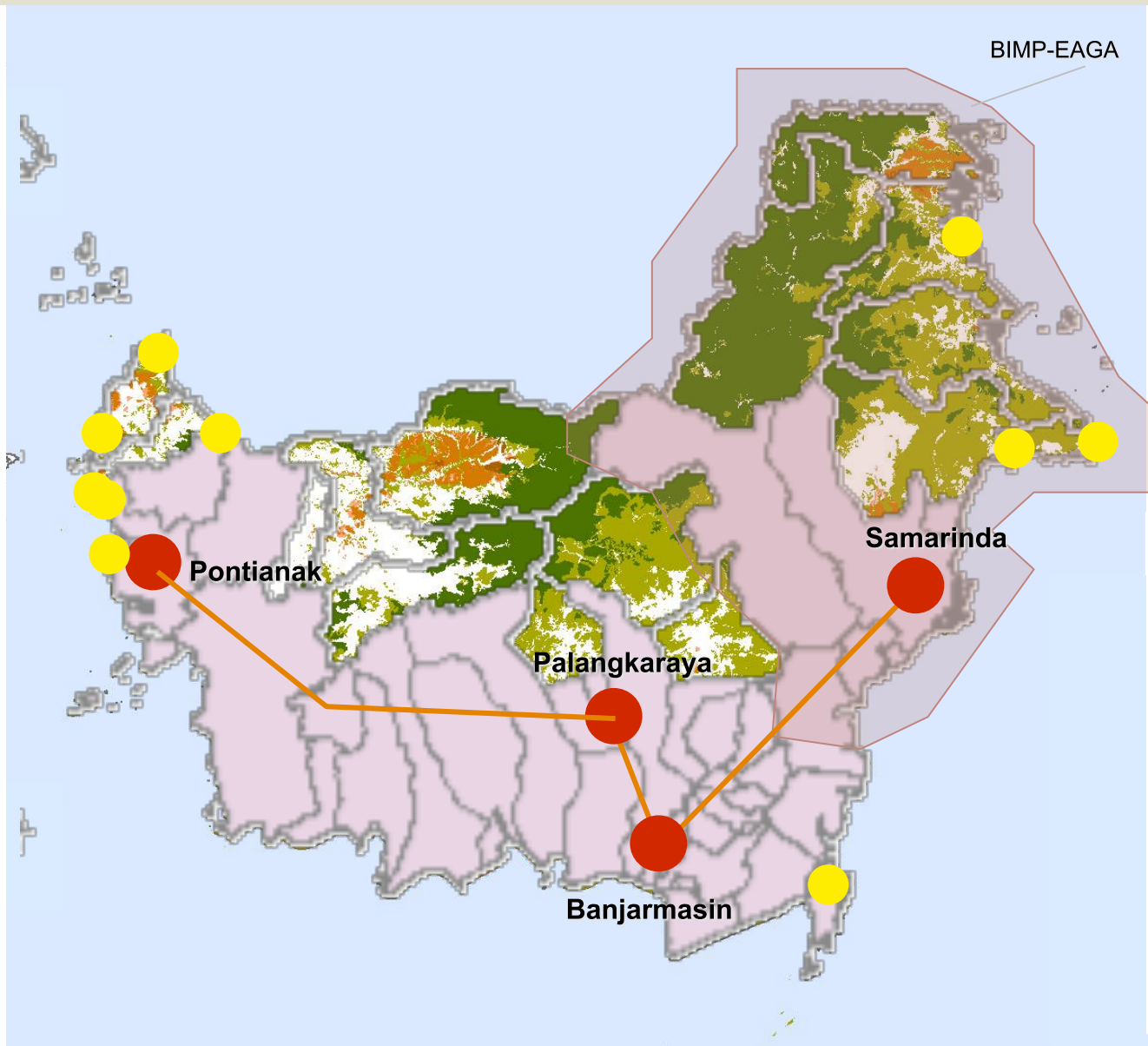
1. **Oil and Gas** → More exploration to ensure stabilized growth of production
2. **Palm Oil** → Increasing production during harvesting, substituting to products with high added value and downstream products.
3. **Coal Mining** → Increasing production and building infrastructures which can reach hinterland mines

Future Sustainable Industry

1. **Fishery** → Expanding shrimp aquaculture industries
2. **Logging** → Building sustainable forestry industries and expanding to products with high added value (paper)
3. **Rubber** → Increasing rubber industry

Necessary Key Infrastructures:

River Port → Barge Loading Facilities connecting the rail way to carry coal through the Barito and Mahakam river
 Railway → Necessary to make the hinterland coal mining economically viable; Central Kalimantan
 Toll Road → Better connectivity between palm oil plantations and mining areas to increase CPO production (Central and West Kalimantan)



- Peat Land
- Primary Forest
- Secondary Forest

**Could we tap into the economic potential
of Kalimantan corridor, hand in-hand with
protection of the Heart of Borneo?**

•MP3EI: The Kalimantan Corridor

•Debottlenecking or Relaxation?

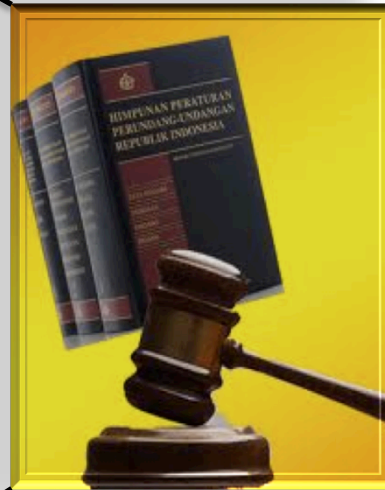
•‘Downstreamization’: a potential?

The Bottlenecks: REGULATIONS

Legal matters at times disable decision making...

**Disharmonized
laws**

**Multi-
interpretation
of law**



**Pending
permits,
unwillingness
to issue
permits**

**No existing
legal
framework**

Stages of MP3EI: Regulatory Reform is a Key Prerequisite

2011

2015

2020

2025

Phase 1:
Implementation of Quick Wins

- Establish and operationalize implementing institution of MP3EI
- Develop action plan for debottlenecking regulations, incentive, and supporting infrastructure
- Set international hubs for seaports and airports
- Strengthen R&D in each economic corridor
- Develop human resources competence according main economic corridor activities

Phase 2:
Strengthening of Investment & Economic Foundation

- Accelerate long-term infrastructure projects
- Strengthen innovation capability to increase competitiveness
- Increase economic governance in all sectors
- Expand development of value-adding industries

Phase 3:
Sustainable growth

- Sustain industry competitiveness to win global competition
- Apply technology for sustainable growth

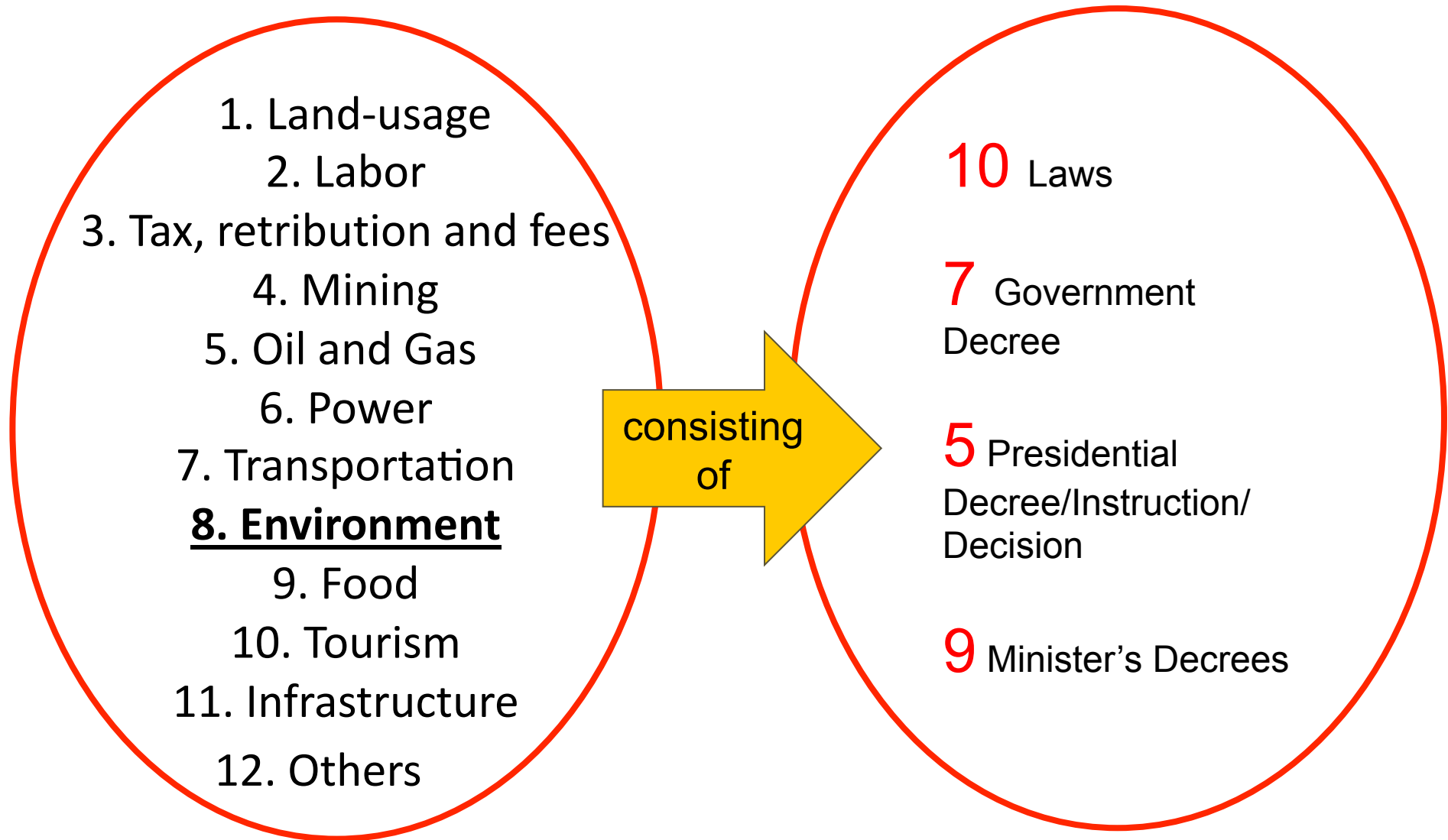
Deadline: 2011

**Regulatory reform/
changes is a key
'debottlenecking' driver...**

Goals of regulatory reform to debottleneck MP3EI potentials

- Accelerating **finalization** of implementing regulations;
- **Eliminate overlapping** regulation, both at the central government as well as between central and local government;
- **Revise or issue** regulation required to support MP3EI strategy (such as export fee for some commodities);
- Provide **incentives** to main economic activities according to MP3EI strategy;
- Accelerate and simplify process and provide **permit certainty**.

Without these regulatory changes, MP3EI would not happen....



Revising regulations on the environment for MP3EI: relaxation of environmental standard..???

Sector	Type	New/ Revision	Name	Issues	PIC	Deadline
Environment	Gov Decree	Revision	Revision of GDNo. 18/1999 Jo. No. 85/1999 on Hazardous Waste	Differentiating hazardous waste and 'special waste' that can be processed by industry to add economic value and enhance domestic competitiveness	MOE	Jul-11
Food	Min. Decree	New	Technical regulation to develop seeds for food crops and plantation	Detailing GDNo. 21 /2005 on Biodiversity and Genetically Modified Organism (GMO)	Min of Agriculu re and MOE	Oct-11

**How could we revise regulations to
accelerate MP3EI, while maintaining our
commitment to environmental protection?**

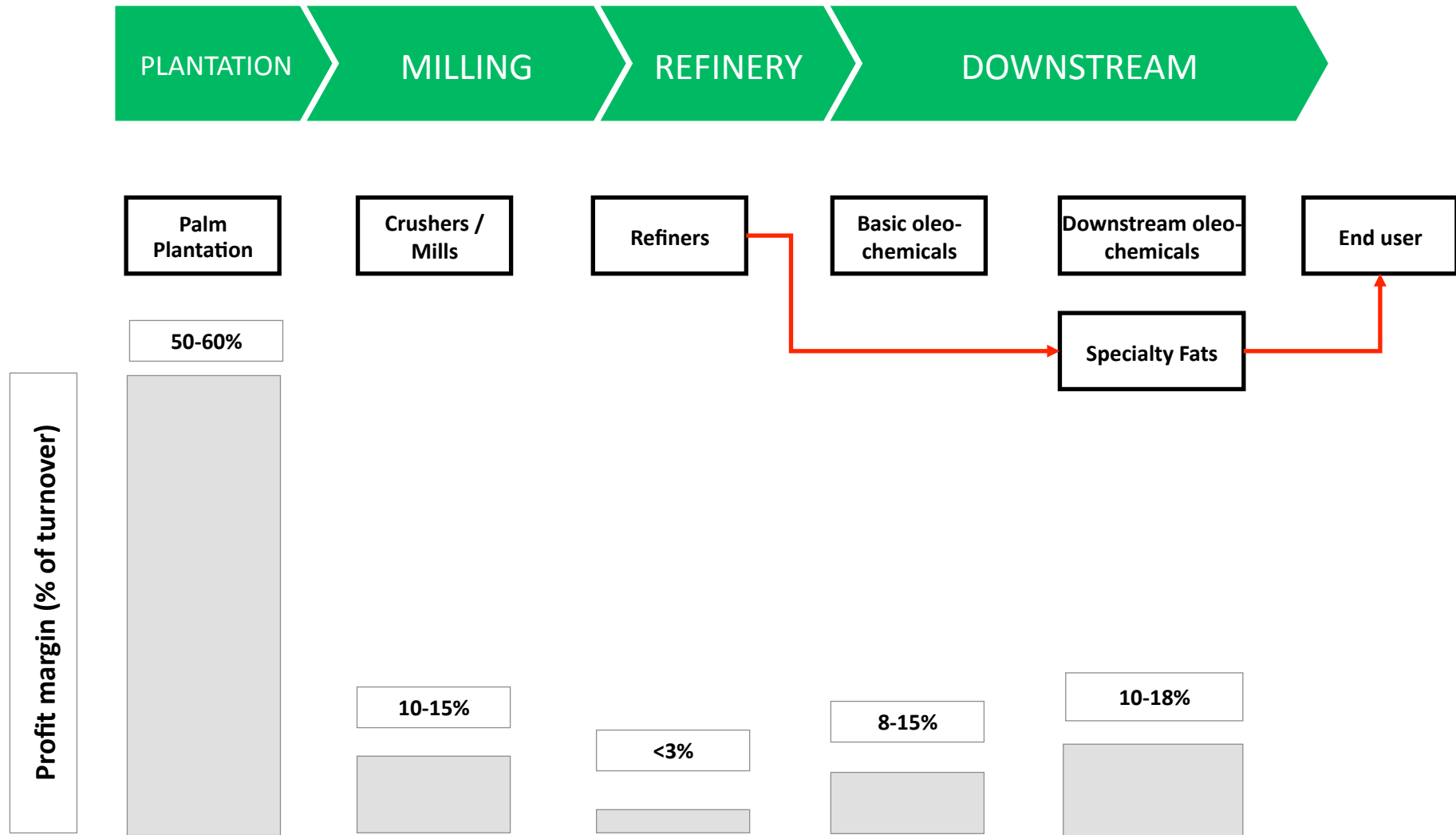


•MP3EI: The Kalimantan Corridor

•Debottlenecking or Relaxation?

•‘Downstreamization’: a potential?

TYPICAL VALUE CHAIN FOR PALM FRUIT BASE INDUSTRIES



**Would developing profitable plan based
downstream industries could both
reduce the potential of deforestation
and
introduce the substitution of non-
renewable material with bio-material in
this country?**

Finding the balance

- Land use for corridors and forest cover/peatland conservation?
- Debottleneck regulations while upholding environmental standards?
- Growth of downstream industries proceed without environmental degradation?





PRESIDENT'S DELIVERY UNIT
FOR DEVELOPMENT MONITORING AND OVERSIGHT
(UKP4)



MP3EI: An 'NKRI' Economic Masterplan

Workshop on Green Economic Corridors
Jakarta, 12th August 2011