

# Funding for IKN Development: Role of Sovereign Wealth Fund and Government Asset Management

Ministry of National Development Planning/  
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# General

# Background, Vision and Purpose of the Capital of the Nusantara According to Law no. 3/2022 Regarding the National Capital

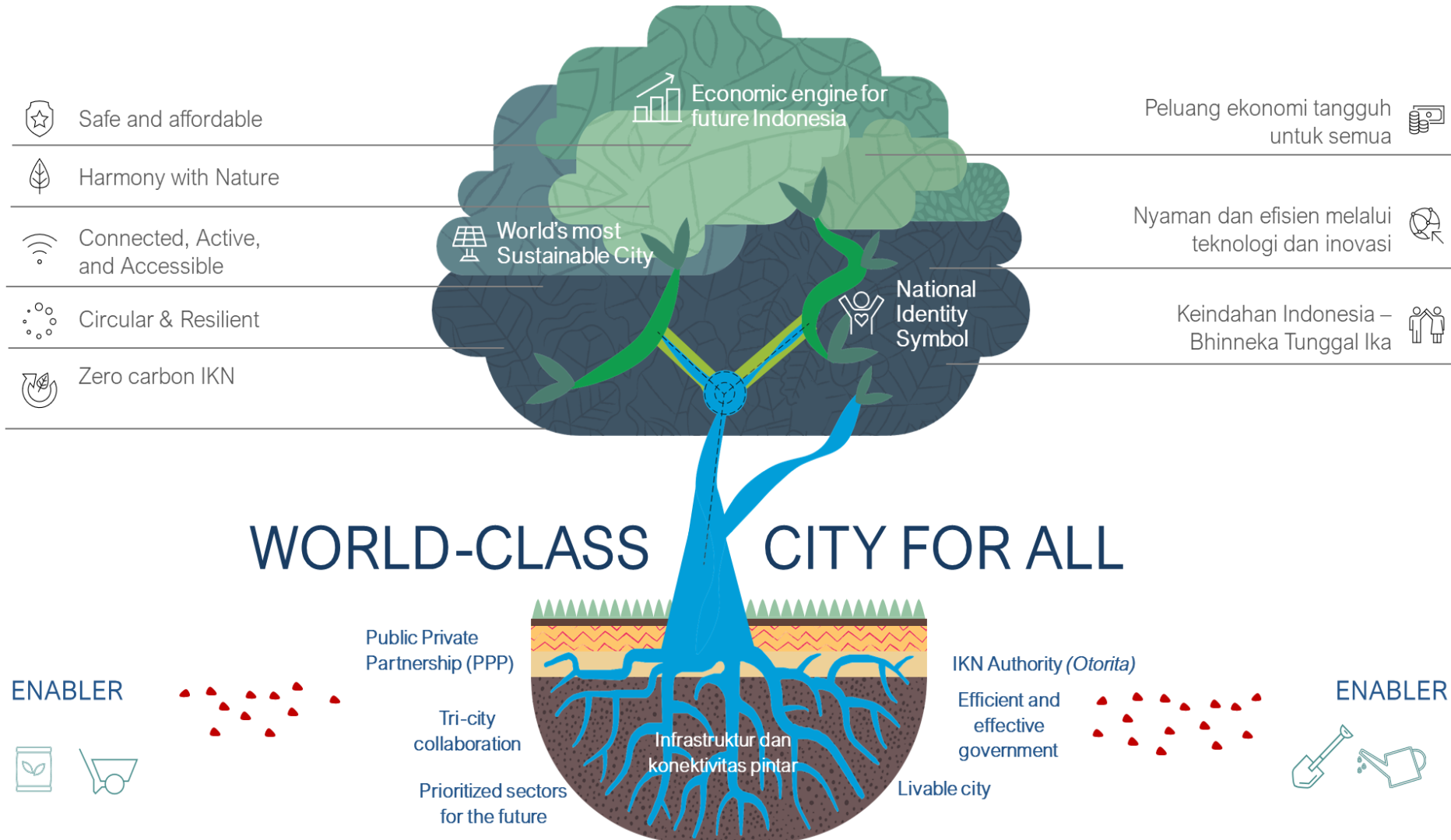
## Vision & Goals of IKN Development

**'World-class City for All'**  
with the aim of building:

- National identity symbol
- Sustainable cities in the world
- Indonesia's future economic driver

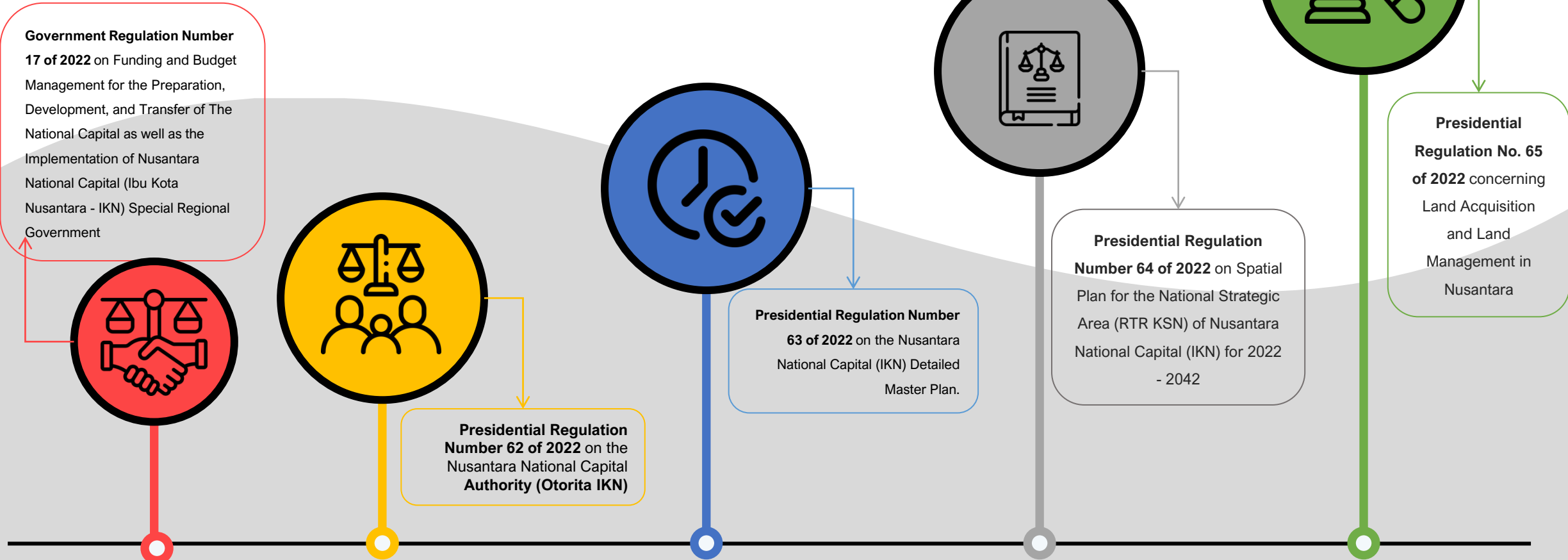
## Global & national agenda as consideration of IKN Vision

- Indonesia's Vision 2045;
- Sustainable Development Goals;
- New City Agenda;
- National Urban Policy 2045.





- ✓ New Capital Law has officially been enacted as Law No. 3 of 2022
- ✓ 5 priority implementing regulations have also been enacted



# Funding/Financing Strategy for the Development of the Capital of the Nusantara in 2022, According to Law 3/2022

## Financing Needs Planning

financing needs for preparation, development, and relocation of the nation's capital city are based on two main major assumptions, namely:

### 1. financing needs (CAPEX)

for the development of the whole or region of the Nusantara Capital area along with the necessary inter-city connectivity.

### 2. Population projection

in accordance with the stages of development of the state Civil Apparatus/Indonesian National Army/Police Of The Republic Of Indonesia/State Intelligence Agency from Jakarta to the Capital of the Nusantara and the number of residents who will be awakened by the growing economic activities in the Capital of the Nusantara.

#### State Budget

#### Public Private Partnership

PPP tariff(*user payment*)

PPP *availability payment*

Other forms of PPP in accordance with the provisions of the legislation

#### Investment Cooperation With Business/Institutional

State-owned investment in collaboration with the private sector

Investment of SOE's through assignments from the Government in accordance with the provisions of the legislation

Private investment that obtains special incentives or facilities in accordance with the provisions of the legislation

Strategic cooperation based on an agreement between the SOE's Special Capital Authority of the Nusantara and other related investment partners.

#### International Funding/Financing Support

Grant

Bailout

#### Creative Funding/Financing

Crowd funding

Philanthropy Fund

CSR

Carbon Trade

#### State-owned Enterprise/Private Participation

lease

Utilization Cooperation (KSP)

Build Handover (BGS) /  
Build Handover (BSG)



# Role of Government Asset Management and Sovereign Wealth Fund



- **Case Study** for Utilization of Korean Government assets - **Transformation into IT town and residential complex**

## Government Asset Development Plan in Seoul City



### Remaining As-IS

Leave some portion of B/D as government

### Sales and IT Town

Sales to private sector & development of IT town

### Residential

Development of comprehensive residential facilities & community

### Development Plans

#### Business Cluster

- KT&G
- GS Construction
- Suwon University
- Kwang Dong Pharmaceutical
- Pearl Abyss
- VISANG Edu

#### Residential facilities

8228 Housing Units  
Per **USD \$ 1.5 M**  
**Over 90% of housing units are already sold**



# Utilization of State Assets in Jakarta as a Source of Funding for New Capital City Development and Supporting the Jakarta Economy

## Utilization of Assets in the Capital City of Jakarta and IKN Regulated in Law 3/2022 concerning New Capital City

For the purpose of moving the capital, assets previously used by K/L in Jakarta were handed over to the Minister of Finance

Assets Will Be Utilized To Generate Income Through:

1. Sale/Exchange (Except Historical and Cultural Objects)
2. Utilization

The Government will choose a company that will own/exchange assets or utilize assets, through the following schemes:

1. Direct Appointment for SOEs
2. Open Auction

Sale/Exchange of Assets Requires Approval:

1. Minister of Finance for Asset Value Up to IDR 100 Billion
2. President for Asset Values Above IDR 100 Billion

Land in the New State Capital is Classified:

1. State-Owned Goods (BMN), Used Directly For Government Activities
2. Assets Under Control (ADP), for Assets Used Outside Government Activities

Ministry of Finance Establishes Asset Utilization Plan



# Coordination Government related Relocation Asset to New Capital

## Ministry of Finance

Formulate policies regarding the optimization and management of state property (BMN).  
Mapping of Ministry/Agency Assets in Jabodetabek.

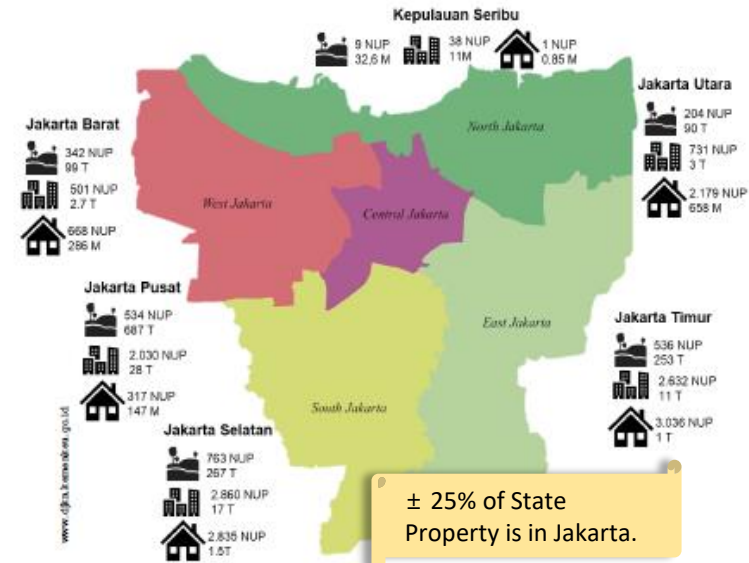
## State Asset Management Agency (LMAN)

Support IKN development in terms of optimizing asset utilization in Jabodetabek if it is empty and not used.  
Optimizing asset management utilization by clarifying the highest and best asset usage

## DKI Jakarta Provincial Government

Adjustment of asset utilization with Jakarta spatial planning.

A mapping of  
Ministry/Agency  
Asset  
Optimization will  
be carried out.



Utilization of BMN includes **leasing, borrowing, utilization cooperation, build-to-handover/build-handover, cooperation in infrastructure provision or limited cooperation** for infrastructure financing.

For procedures for **borrowing and using, building for handover/building for handover, cooperation in infrastructure provision or limited cooperation** for infrastructure financing, are carried out in accordance with the provisions of laws and regulations in the field of state property management (BMN).

# Role of SWF and Government Asset Management in Funding for IKN Development



## Contribution to elaborate IKN funding strategy

Utilization plans of the government assets in Jabodetabek Area

Strategies to mobilize private investment to SWF

Indonesia-Korea public-private financial cooperation model

01

### Government Fiscal Capability Analysis

Comparison and lesson learned with fiscal status of neighboring countries . Especially for infrastructure budget and fiscal status

02

### Strategic Choice for Financing

Financing funds for capital relocation projects should reflect the characteristics of the projects and depending type of funding source according to the business.

## Gov Strategic Analysis

03

### INA

INA creates value through investment , INA provides investors with flexibility to invest directly in assets and focusing areas.

04

### Attracting Private Investment for High Added-Value Industries

Fostering High Value-Added Industry in Indonesia need to take lessons from neighboring countries.





**TERIMA KASIH**  
**THANK YOU**  
**감사합니다**

