Jakarta, February 22, 2016 – The key to increase Indonesia’s investment competitiveness is the shared-notion between central and regional governments to synergistically accelerate the investment license services and to facilitate ongoing investment projects. To achieve that very purpose why is the Consolidation of National Investment Planning and Implementation (KP3MN) 2016 being held today (2/22), which is inaugurated by President Jokowi at State Palace. The event will take place for 2 days from February 22-23 and will be attended by 500 participants consisting of Regional Investment Coordinating Board and One-Stop Service (BPMPTSP) and BKPM overseas representatives (IIPC).

Chairman of BKPM, Franky Sibarani stated that the synergy between central and regional governments are essential in achieving 2015-2019 investment realization target worth IDR 3,500 trillion. That target is more than double its previous five-year period. The Government has also aimed to boost investment realization in the outside of Java Island from 43% in 2015 to 62% in 2019, therefore regional government’s readiness becomes fundamental.

According to Franky, regional governments play a significant role in national investment performance. There are frequent cases that show us behind every successful investment project there is a pro-investment regional government. “From my experience visiting 80 under-construction investment projects last year, there is a conclusion can be drawn in which none of them will succeed without the support from regional governments,” he said in his report during the inauguration.

Franky added that the acceleration of investment license service and ease of doing business in regional level will be the core issue to be discussed in KP3MN, specifically on how to maximize the existence of Regional One-Stop Integrated Services (PTSP). BKPM data shows that recently there have been 551 regional PTSP established already out of a total 561 regions in Indonesia. Out of that number, 341 regional PTSP have implemented the online investment license service called Electronic System for Information Service and Investment Licensing (SPIPISE). The details of regional PTSP establishment in Indonesia so far according to BKPM data shows: (1) on the provincial level, all of 34 provinces have already acquired PTSP services; (2) on the regency/city level, 372 regencies and 98 cities have already established PTSP while the remaining 44 regencies and 1 city are still in the process to establish one; (3) out of 5 Free Trade and Free Port Zone (KPBPB), 4 have already owned PTSP service while
one remaining has not; and (4) out of 8 Special Economic Zone (KEK), 3 have provided PTSP service while the remaining 5 have not.

“The data show that 91% of regional governments in Indonesia have established PTSP in each of their area. We hope that the existence of regional PTSP can be maximized to their full extent so that it can boost the acceleration of licensing service in the regional level. In regard to the performance quality, we will carry out a ranking system to rate the quality of investment licensing services performed by the regional governments,” he explained.

According to BKPM data, the 2015 investment realization reached IDR 545.4 trillion or increased by 17.8% from the previous year. Investment realization by area also showed a tremendous growth. BKPM noted that investment realization in Sumatra in 2015 consisted of 2,823 projects with investment value worth IDR 84 trillion, increase by 19% compared to the previous year. Investment realization in Jawa reached IDR 296.8 trillion with 15,331 projects or increase by 13% from last year’s realization. Investment realization in Sulawesi indicated a 14% increase with 1,533 projects worth IDR 33 trillion. While investment realization in Kalimantan in 2015 consisted of 1,628 projects with value worth IDR 93 trillion, increase by 30% from last year’s performance. Meanwhile Bali and Nusa Tenggara remarked a 68% increase of investment realization from the previous year with 1,394 projects worth IDR 19 trillion. Last but not least, investment realization in Maluku and Papua in 2015 showed a 19% increase with 406 projects worth IDR 19 trillion.

14 Industrial Estates to Implement “Investment Simplification through Direct Construction Permission” (KLIK)

On KP3MN inauguration ceremony, the Government also officially announced a new facility scheme named Investment Simplification through Direct Construction Permission (KLIK). It is a facility offered by government to investors/companies who are about to make an investment with a location in certain industrial estate. There are 14 industrial estates in 6 provinces and 9 regencies/cities which have been assigned to implement the said service, with 10,022 hectare effective land out of total 17,154 hectare.

The launching of KLIK was being marked by the Memorandum of Understanding (MoU) signing between BKPM and 17 institutions/body in central and regional level, consists of Attorney General’s Office, Indonesian National Police and regional governments of which industrial estates that are objected to KLIK implementation are located. The MoU was signed between Chairman of BKPM and Attorney General, Chief of Indonesian National Police, Governor and Head of Provincial Police of Banten, Governor and Head of Provincial Police of Central Java, Governor and Head of Provincial Police of East Java, Governor and Head of Provincial Police of South Sulawesi, Governor and Head of Provincial Police of North Sumatera, Governor and Head of Provincial Police of West Java and Head of Provincial Police of Metro Jaya. In regency level, the MoU was signed between Chairman of BKPM and Regent of Kendal, Mayor of Semarang, Regent of Gresik, Regent of Bantaeng, Regent of Serang, Mayor of Cilegon, Regent of Bekasi, Regent of Karawang and Regent of Deli Serdang.
Chairman Franky explained that with the implementation of KLIK facility, investors can start the construction process of their project right after they obtain the Investment License/Principle License, either from One-Stop Integrated Service Center at BKPM or regional PTSP. “Companies can process the issuance of the Building Permit (IMB), Environmental Permit (UKL/UPL and AMDAL) and also other implementation licenses in parallel. Those licenses are needed to be accomplished before the company can begin production commercially.” he pointed out.

As stated by Franky, all investors can benefit from this facility as there is no minimum requirement for investment value nor amount of workforce, as long as the project is located in the certain industrial estate that has been assigned by government to implement KLIK service. Those said 14 locations are: 3 Industrial Estates in Central Java Province consist of Kendal Industrial Estate/KIK (Kendal Regent, Foreign Investment, 700 hectare), Bukit Semarang Baru Industrial Estate/BSB (Semarang, Domestic Investment, 40 hectare), Wijayakusuma Industrial Estate/KIW (Semarang, Domestic Investment, 100 hectare). In East Java Province there is Java Integrated Industrial and Port Estate/JIIPE (Gresik, Domestic Investment, 1,761 hectare). In South Sulawesi there is Bantaeng Industrial Estate (Bantaeng, Regional-Owned Enterprise, 3,000 hectare). In Banten Province there are 3 Industrial Estates: Modern cikande Industrial Estate (Serang, Domestic Investment, 1,800 hectare), Wilmar Interated Industrial Estate (Serang, Foreign Investment, 800 hectare), Krakatau Industrial Estate Cilegon/KIEC (Cilegon, Domestic Investment, 570 hectare). While in West Java Province there are 5 Industrial Estates: Bekasi Fajar Industrial Estate (Bekasi, Domestic Investment, 300 hectare), Delta Silicon 8 Industrial Estate (Bekasi, Foreign Investment, 158 hectare), Karawang International Industrial City/KIIC (Karawang, Foreign Investment, 293 hectare), Suryacipta City of Industry (Karawang, Domestic Investment, 300 hectare) and GT Tech Park Industrial Estate (Karawang, Domestic Investment, 100 hectare). Last but not least, in North Sumatera Province there is Medan Industrial Estate/KIM (Deli Serdang, Domestic Investment/Regional-Owned Enterprise, 100 hectare).

**Speeding Up Infrastructure Projects through 3 Hours Investment Licensing Service**

The government also took the moment of inauguration of KP3MN to launch another facility in the form of 3-hours investment licensing service for infrastructure sector. It was marked by the MoU signing between Chairman of BKPM Franky Sibarani and Minister of Transportation Ignasius Jonan, Minister of Energy and Mineral Resources Sudirman Said, Minister of Public Works and Public Housing Basuki Hadimuljono and Minister of Communion and Information Technology Rudiantara.

Chairman of BKPM Franky Sibarani pointed out that through the said service, BKPM is offering a simplification in obtaining 8 plus 1 license and nonlicense products in the 3-hours time frame. Now it is being applied to investments in the infrastructure sector with the following 4 main areas: transportation, energy and mineral resources, public works and public housing, and communication and information technology. The implementation of 3-hours service in the said sector is expected to significantly accelerate the construction of infrastructure projects.
“We are performing such effort in order to optimize the previously-launched 3 hours service so that it can now being applied to investments in infrastructure sector. And as a part of Government initiative to accelerate infrastructure development.” he stated.

According to Franky, now after a MoU has been signed, BKPM is no longer specify the IDR 100 billion minimum capital and/or workforce absorption as sole requirement for issuance of 3-hours investment licensing service. It will also refer to the 4 main areas in the infrastructure sector. “Investors who invest their capital in the said areas can directly go to BKPM office and are eligible to apply the 3-hours service.” he explained.

Franky added, for infrastructure projects in energy and mineral resources area, there are 6 business fields and 1 business license that can be processed through the 3-hours service. Those 6 business fields include: geothermal energy, power plant, electricity power transmission, electricity power distribution (including location allocation drawings), electricity power sales (including location allocation drawings), and electricity power support; also 1 business license that is Oil and Gas Downstream Temporary Business License. In the transportation area, 3-hours service can be issued for 3 business fields: train, sea port and airport.

For infrastructure projects in public works area, these following business fields can be processed through the 3-hours service: toll road, water resources and irrigation, drinking water, waste management (including non-hazardous wastewater collecting and non-hazardous waste management and disposal) and also trash management system (including non-hazardous trash collecting and non-hazardous trash management and disposal). Meanwhile in communication and technology information area, 3-hours service can be applied to these business field: telecommunication network management and telecommunication network which is integrated with telecommunication services.

BKPM data shows that up until February 18, 2016 there are 20 companies who has utilized the 3-hours investment licensing service, with a total investment value worth IDR 54 trillion and total workforce absorption planning worth 15.939 manpower.

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