



KEMENTERIAN INVESTASI/BKPM

Policy and Strategy Investment in Projects Government Cooperation with Business Entities (PPP)

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Investment is the main driving force Economic growth

$$Y = C + I + G + (Ex - Im)$$

79% of state
income comes
from tax revenues.

Increasing investment
will have a positive
impact on increasing
tax revenue.



For example, investment
in the manufacturing
sector, where this
opens up **jobs** ,
increases **exports**, and
provides **added value** to
goods.



Investment
encourages **job** creation



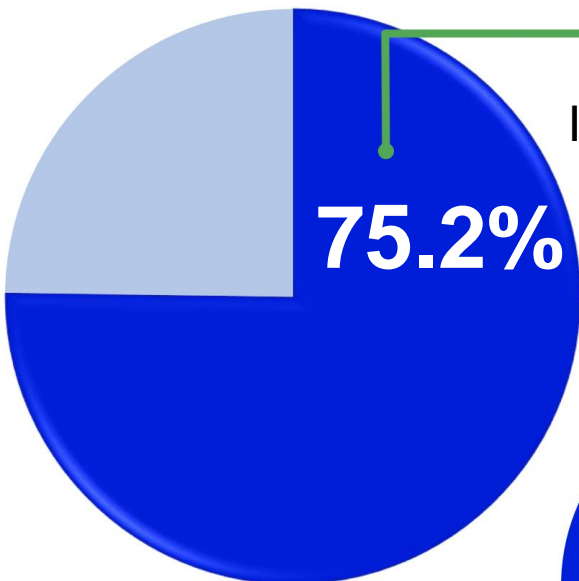
More employment
opportunities will
increase **people's income**



People's income will encourage
people's **purchasing
power (consumption)**.

INVESTMENT REALIZATION ACHIEVEMENTS JANUARY – SEPTEMBER 2023

(Excluding Upstream Oil and Gas and Financial Services Sectors)



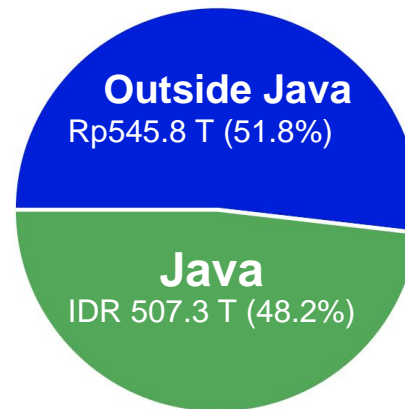
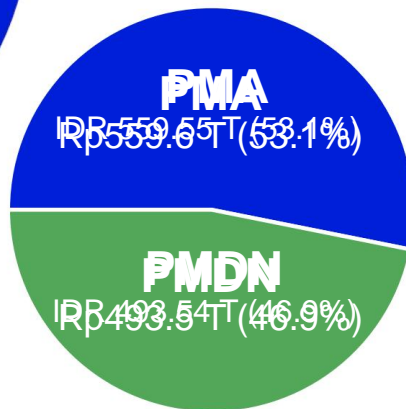
**Investment Realization
Jan – Sep 2023**

IDR 1,053.1 T

	YoY
PMA	16.7%
PMDN	19.5%
Total	18.0%

Achievement: 95.7% of **Strategic Plan target: IDR 1,099.8 T**

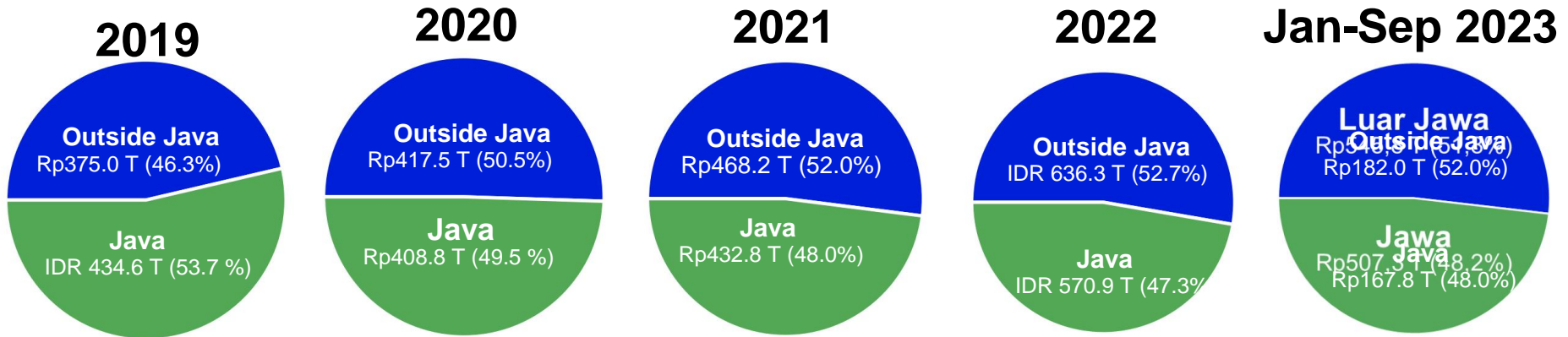
Achievement: 75.2% of **President's target: IDR 1,400 T**



Throughout Jan-Sep 2023
Absorbing Investment (TKI)

1,365,648

Trends in Investment Realization in Java and Outside Java 2019 to Quarter III 2023



Since **the third quarter of 2020**, investment realization outside Java has always been greater than on Java. This matter is the result of massive infrastructure development outside Java in the first period of government President Joko Widodo.

Encouraging Investment Realization through Priority Sectors that Have Added Value



Industry

Export Oriented:



Pharmaceutical Industry and
Medical devices



Automotive Industry



Electronics Industry



Energy, especially new and
renewable



Infrastructure



Mining that creates
added value (Nickel,
Bauxite, Coal and other
Natural Resources)

Role and Support of the Ministry of Investment/ BKPM in Improving the Investment Ecosystem

Improving the investment ecosystem and business activities includes:

- a. implementation of **risk-based business licensing**;
- b. simplification of **basic business licensing requirements**;
- c. simplification of **sector business licensing**; And
- d. simplification of **investment requirements**.





RISK BASED BUSINESS LICENSING AND THE REQUIREMENTS

Risk-Based Business Licensing

The licensing process for business activities has shifted from being permit-based to being risk-based



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including toll roads

Business Licensing Requirements

Integrate and simplify regulations related to basic licensing



Integrated Business Licensing System through Risk Based OSS



Coverage of 16 Business Licensing Sectors and 18 Ministries/Institutions:



Authority to issue business permits in all sectors and planting facilities capital (*tax holiday, tax allowance* and import duty exemption) **is delegated** to Ministry of Investment/BKPM and **its publication through the OSS System.**

Capital Investment Facilities



Tax Holidays and Mini Tax Holidays

PMK No. 130/PMK.010/2020 and BKPM Regulation no. 7 of 2020

- 50-100% corporate income tax exemption for 5-20 years. There are 18 Pioneer Industries that can obtain this incentive.



Tax Allowance

PP No. 78/2019 and PMK No. 11/PMK.010/2020 jo. No. 96/PMK.010/2020

- Reduction of company net income by 30% of the total investment made over a 6 year period (equivalent with a reduction of 5% per year).
- There are 183 business fields that can obtain this facility.



Customs Facilities

- Import duty exemption facility for imports of machinery/goods and materials: PMK No. 176/PMK.011/2009 jo. PMK No. 188/PMK.010/2015
- Import duty exemption facility for imports of capital goods: PMK No. 66/PMK.010/2015
- Import duty exemption facility for imported goods: PMK No. 116/PMK.04/2019



Tax Facilities in Special Economic Zones

PP No. 12 of 2020 and PMK no. 237/PMK.010/2020 jo. PMK No. 33/PMK.10/2021

Business entities and business actors in KEK are provided with facilities in the form of: *Tax Holiday*, *Tax Allowance*, Exemption from Import Duty and Domestic Tax Import framework, and/or excise.



Super Deduction Facility

- *Investment allowance* facility for labor-intensive industries in certain business fields: PMK No. 16/PMK.010/2020
- Certain research and development facilities: PMK No. 153/PMK.010/2020
- Facilities for vocational administration: PMK No. 128/PMK.010/2019

Provisions for the Investment Business Sector

Road and Bridge Construction and Maintenance Sector



Standard Classification of Indonesian Business Fields (KBLI)

BPS Regulation Number 2/2020

42101

Road Civil Building Construction

42102

Construction of Civil Buildings for Bridges, Flyovers, Flyovers and Underpasses



Provisions for the Investment Business Sector

- The Road Civil Building Construction Business Sector (42101) which uses simple and intermediate technology is included in the business sector allocated to cooperatives and MSMEs, while the Bridge, Flyover, Fly Over and Underpass Civil Building Construction Business Sector (42102) which uses simple technology and intermediate are included in the business fields that are required to partner with cooperatives and MSMEs - Presidential Regulation Number 10/2021 jo. Number 49/2021. Can be excluded for the PPP scheme.
- Requirements for PMA who will invest: BUJK
Foreign investment with the obligation to fulfill the capital structure of non-ASEAN foreign BUJKs at a maximum of 67%, or ASEAN foreign BUJKs at most 70% - Government Regulation Number 5/2021

The role of the Ministry of Investment/BKPM in PPP Joint Office

Memorandum of Understanding between 7 Ministries/ Institutions related to PPP (BKPM No. 13/P/A.1/2020) concerning Synergy of Ministries/ Agencies in the Context of Implementation Provision of Infrastructure with the Government/ Regional Government Collaboration Scheme with Business Entities through Joint Offices



Ministry Duties
Investment/BKPM:

- | | |
|---------------------------------|--|
| a. packaging information | c. promote the project |
| b. identify potential investors | d. oversee the implementation of investment projects |



KEMENTERIAN INVESTASI/BKPM

T E R I M A K A S I H



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