

Press Release

Bappenas Holds Further In-Depth Study on State Capital Relocation

JAKARTA – The Ministry of National Development Planning/Bappenas has chosen McKinsey Indonesia to be the main consulting body to assist in the relocation of the State Capital (IKN) to the Penajem Paser Utara area of East Kalimantan. McKinsey was chosen in order to conduct a further study using the results of the initial government study on the State Capital relocation and help form a pre-masterplan.

There are also plans to formulate a proper masterplan, to be completed by 2020.

McKinsey Indonesia is an Indonesian legal entity that was selected through an open auction mechanism which was carried out in 58 working days. This internationally reputable consultant was selected because it has met a number of important requirements including the requirement to prioritize the use of local experts. They were chosen also due to their experience in working with central and regional governments, financial institutions, and state-owned companies (BUMN).

"We should be proud because a lot of Indonesian experts and figures are directly involved in the consultation team, with most of them being under 40 years old. They are the right generation to bring this project's visions forward," the Minister of National Development Planning/Head of Bappenas Bambang Brodjonegoro said.

The scope of work that will be undertaken by the In-Depth Study Team, among others, will include location analysis and several other related aspects such as population projection, relocation stage analysis, finance risk analysis, socio-economic analysis, masterplan concept preparation, zoning and buffer zone analysis. They will also be involved in drafting investment mobilization concepts, relocation incentives, as well as identifying the necessary institutions and regulations to carry it out.

The Ministry of National Development Planning/Bappenas itself has formed its own Strategic Coordination Team for the Preparation of the State Capital Relocation, which consists of nine working groups consisting of representatives from relevant ministries and institutions. These representatives will help provide direction, guidance and supervision to the Consultation Team. Under the control of the Coordination Team, the In-Depth Study Team is expected to be able to work in accordance with the terms of reference for activities drawn up by the government and produce quality output. It is also hoped that there will be a transfer of knowledge and expertise from international consultants to local Indonesian experts.

In accordance with the State Capital relocation's timeline, the necessary regulations will be prepared and the relevant institutions, the city plan and regional technical plans will likely be done by 2020. By 2021, land provision processes will be carried out, as well as preparation of a detailed engineering design (DED) for the area, and the groundbreaking for the construction of the IKN itself.

Between 2022 and 2024, the core government center and part of the IKN area is anticipated to begin construction. It is hoped that by early 2024, the government will begin the process of moving the center of government from Jakarta to the IKN location.

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