

## **BAPPENAS CONVEYS PRESIDENT'S FINAL THOUGHTS ON THE STATE CAPITAL PROJECT DEVELOPMENT**

**JAKARTA** – The Minister of National Development Planning/Head of Bappenas Suharso Monoarfa conveyed President Joko Widodo's final thoughts on the State Capital Draft Law (RUU IKN) during the House of Representatives' (DPR) Plenary Meeting on Tuesday (18/1).

In a series of discussions, the ongoing IKN bill drafting was done to answer the long-term visions of Indonesia as a nation. "Since the preparation and discussion of this bill, consultation processes and public hearings with universities, local governments and community leaders have been carried out to strengthen the bill and accommodate the aspirations of the region," Minister Suharso said.

The State Capital (IKN) government structure is agreed to be in the form of a Special Regional Government (Pemdasus), which is implemented through the IKN Authority. Regarding the name of the State Capital, Nusantara was chosen because it describes the conceptualization of Indonesia's geographical area, with its constituent islands united by the ocean. The archipelago is also an acknowledgement of Indonesia's geographical diversity and cultural pluralism.

"The name 'Nusantara' embodies a unified concept which accommodates Indonesia's rich diversity and plurality. With such a name, the State Capital represents the wealth of Indonesia's culture, becoming the centrepiece that can advance the welfare of the people towards an advanced, resilient, fair and sustainable future," the Minister said.

The IKN Masterplan carries eight key principles.

The first is accommodating a design that is in line with natural conditions. The second is the state motto *Bhinneka Tunggal Ika*, or Unity in Diversity. Third is that the city should be easily accessible, active and well-connected. Fourth, low carbon emissions. Five, having a tough, circular economy. Sixth, being safe and affordable. Seventh, convenient and efficient through technology and eighth, providing an economic opportunity for all.

The implementation of the development and relocation of the State Capital will be carried out in stages and will pay attention to the synergy of funding schemes and fiscal sustainability in accordance with the provisions of laws and regulations.

"The IKN will become the engine of the economy for the island of Kalimantan and will help strengthen domestic value chains throughout Eastern Indonesia. The development of the IKN places Indonesia in a more strategic position in world trade routes, investment flows and technological innovation. In addition, the IKN will also become a model for sustainable city development that is driven by the application of the latest technologies," Minister Suharso elaborated.

The IKN's development will be one of the country's key strategies to realize its Indonesia 2045 Vision, including its goal to become one of the top five strongest economies in the world and escape the middle income trap. This target is part of the four main pillars of the 2045 vision, which includes human development and mastery of science and technology, sustainable economic development, equitable development and strengthening national resilience and

governance.

"Previously, there were only five development stages. Perhaps the most critical stage after the law is enacted is the first stage, which will run between 2022 and 2024, which will then be followed by the next 4 stages which will run from 2025 to 2045. However, now, the first very critical stage will consider the funding aspect. Whatever happens during this phase will generate momentum for further development and to create an anchor for the development of the IKN and its relocation. After [the plenary session], a detailed masterplan will be formulated which will later be included in the Presidential Regulation," Finance Minister Sri Mulyani Indrawati said in a press conference after the DPR's plenary session.

The IKN's vision is described in the form of three main objectives. First, as a symbol of national identity, being a city that embodies identity, social character, unity and the greatness of the nation. Second is being a sustainable world city by managing resources efficiently and providing effective services by utilizing water and energy resources efficiently, integrating transportation modes, fostering a livable and healthy environment, synergies, between the natural environment and the constructed environment. The third is to become the driver of the Indonesian economy in the future.

"The vision of Nusantara as a 'world city for all' does not only describe the people who will live there in the future, but also the environmental conditions that will be restored and maintained," explained Minister Suharso.

In 2021, the IKN Bill is planned to be discussed further by the House of Representatives and the government of Indonesia as a whole, following up on a letter submitted by President Joko Widodo to the DPR on September 29, 2021. The IKN Bill aims to be comprehensively drafted, not only regulating the specifics, authorities, and positions of organizational units that carry out preparation, but also on the development progress and the relocation process itself.

"In the implementation of the new State Capital's development, especially for the initial momentum, it can be categorized as a process for economic recovery as well. So, this is what we will aim for, while also considering the fact that the government's 2022 Economic Recovery Packet will consist of up to Rp 450 trillion, although this figure is not final yet. Therefore, the IKN development can later be included as part of the state economic recovery plan," said Minister Sri Mulyani.

Relocating the capital city to Kalimantan was based on several considerations of regional advantages and is in line with the vision of creating a new economic "center of gravity" in the middle of the Indonesian archipelago. Its location is strategic because it is geographically located towards the center of the archipelago itself, which is also passed by the important Indonesian Archipelagic Sea Route II (ALKI II) in the Makassar Strait which also acts as the main national and regional sea route. Also, the IKN's location has a relatively complete infrastructure, namely good airports, ports and toll roads, as well as the availability of other infrastructure in place such as adequate energy and drinking water supply.

Another factor is that the location of Nusantara is close to two developed cities, namely Balikpapan and Samarinda and also the fact that the availability of land controlled by the government is very adequate for developing a project of this magnitude. The location is also assessed to be at minimal risk of natural disasters.

"Developing Nusantara is Indonesia's way of responding to future challenges in building a

'World City for All' as a new environment that is sustainable, transformative, reflective of the nation's personality, and able to compete globally," concluded Minister Suharso.

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