



Reflecting on 2008 and moving forward



WHEN 2008 DREW TO A TUMULTUOUS CLOSE AND amid contemplation of political changes with Obama Barack taking office in the US and a big year for elections in Indonesia, a review of what happened in infrastructure in Indonesia, or not as the case may be, and a look at the agenda for 2009 is appropriate.

On water

UNLESS YOU HAPPENED TO BE A FLOOD VICTIM, NOTHING MAJOR occurred in the water sector. Work continued on the East Jakarta Flood Relief Canal but this remains to be finished. A plan to build much-needed storage reservoirs in the upper Citarum basin was unveiled to a mixed reception but must be seen as an essential element of the multi-faceted activities and projects for this crucial

water basin. An Asian Development Bank loan to facilitate a holistic range of projects was signed in early December, despite vocal opposition from NGOs (it would be interesting to see their alternatives, since 'do nothing' is certainly not an option).

Some progress was made towards defining where the private sector may best play its most appropriate investment role in the sector - water conveyance - and a private sector concession for water supply and distribution operations for Tangerang was awarded.

Rice production, to some surprise, was healthily in surplus, despite loss of land to urban expansion, which would indicate significant improvement in production. This must continue, with more efficient use of irrigation water supply.

Peter Brabeck-Letmathe, chairman of Nestlé, quoted in the Economist, warns that water shortage, in global terms, is an even



more urgent problem than climate change, although the latter could well have an important influence on future water distribution. So far and for the foreseeable future, Indonesia has been well blessed with water supply, although significant imbalances occur.

Regular rainfall has allowed centuries of successful rice-farming, but now the population has to urgently address the way water is used, especially in Java and a few other water-stressed locations, where the supply is well below demand for several months of the year. Life, water and climate change, to which I shall refer later, are all inextricably linked.

On transportation

IN THE TRANSPORT SECTOR, A LONG-AWAITED LAW WAS promulgated in May 2008 for ports and shipping. This needs to be followed up with implementing regulations. Considerable attention needs to be paid to upgrading and expanding key ports, while significant investment is needed to replace 600 aging ships in the domestic fleet. The state-owned port authority, Pelindo, like its railway counterpart, has a three-year moratorium under the new law to improve its operations and secure attractive opportunities, prior to competitors being allowed to invest in opportunities without the need for partnership with the state-owned company.

Following passage of the new railway law of 2007, attempts were made in 2008 to push ahead with a plan to build a city center-to-airport rail link for Jakarta. The issue became complicated when the PT KAI/Angkasa Pura jv, Railink, tried to attract finance and private sector involvement. The matter is now back in the hands of the ministry of transportation and any solution is becoming - not

unnaturally - linked in with other necessary and overdue rail improvements for west Greater Jakarta.

The long saga of the monorail continued, but late in the year it was decided that the local government, DKI Jakarta, would take over the reins and responsibility for the financing of the project. It is a moot point as to when the first trains will run. The offer of funding from Dubai was turned down for reasons which stand up to scrutiny, but again raise doubt as to whether the government is really going to try to accommodate offers to invest in infrastructure from overseas private investors, especially the recent interest that has emanated from the Middle East.

In a year which saw few projects in the sector completed it was pleasing to have a toll road link and new airport for Makassar opened by the president in late September. The airport, which handles some 160 flights a day, is a good modern structure and offers an attractive gateway to east Indonesia. It was also a good year for Bali tourism, but the facilities at the airport are being stretched, recognized by the intention to upgrade the airport with an investment of Rp1.3 trillion, as announced recently by the vice president.

One hopes that this may lead to a significant improvement in the way that overseas visitors can be processed through immigration, an issue which brings in much frustrated correspondence to the press.

However, it will not be long before the plan for a new airport will have to be implemented along with improvements to the south Bali road network, which experienced traffic jams at the end of the year almost rivaling some of the worst of Jakarta's!



It will be a further five years before a new airport for Bali, the second busiest in Indonesia, would be functioning.

A recently announced budget increase to Rp58 trillion for the roads sector for 2009 is expected to start addressing the large requirement across the country for massive improvements and a start to increasing the network. The budget excludes expenditure on toll roads for which the government is expecting to secure support from private sector investment.

The work that will emanate through the Ministry of Public Works will have the added benefit of providing significant work to the construction industry, with beneficial impact on employment, and help counter any negative economic downturn from global financial difficulties.

On climate

THERE IS INCREASING REPORTING, LOCALLY AS WELL AS GLOBALLY, on the potential serious effects on economies and livelihoods of global warming. While some presenters of doom are unquestionably alarmist, there seems little doubt that adverse changes to the world climate are taking place to which human activities are significantly contributing.

Besides, we do need to address the horrific pollution issues that abound in many countries along with the backlog of the many things that have to be done in water and sanitation as well as dealing with traffic management issues. Improvements in all of this can be effective in the demand side of the climate change equation. Towns and cities are major hot spots and with the ongoing rapid urbanization that is taking place around the world, and

significantly in Indonesia, these are focal points for a majority of excessive CO₂ emissions. Improving the energy efficiency of major conurbations will make a considerable impact towards curbing carbon emissions.

How about Jakarta leading the way for Indonesia, by setting an initial cap of a 10% reduction in current level carbon emissions within the next five years? This would be easily achievable and may not be aggressive enough, but could entail reducing energy consumption of government buildings, a matching by privately managed hotels and major commercial outlets. Even private citizens could start using energy efficient light bulbs.

All new buildings would have to show a 'green' plan, much as the governor is expecting for the new Australian embassy. Indonesia ranks as the fourth worst emitter of greenhouse gases, much of this relating to the deforestation issue. Nonetheless, the country can also make a significant contribution to minimizing carbon

flooding problems within the city are only going to get worse unless groundwater abstraction is controlled

emissions within its program of fulfilling the rapidly growing requirement to supply electric power. While it is sensible that much of the base load for Java be coal, how well will the new power stations be designed to reduce carbon emissions as well as the other sulfur and nitrous gases, which are nowadays normally taken care of?

The country has plentiful reserves of clean renewable energy – geothermal, hydro and wind, as a key part of the required new power developments – and can do much with using biomass and from the cleaning up of polluting landfills. Gradually attention is being paid to generation from these reduced or neutral carbon approaches to power supply.

As Chris Patten, former Governor of Hong Kong and EU Commissioner argues in his seminal work, *What next? Surviving the 21st century*, no individual nation should wait for world consensus before acting on its clearly defined role towards reducing carbon emissions.

I am writing this as I watch nature in the form of ducks in a lily pond, squirrels in trees, house birds and pigeons in an idyllic setting in the Island of the Gods, unafraid of humans, going about their daily routines. It is hard to imagine living in a world with an increasingly unfriendly and dangerous climate.

It is our charge that our children may be similarly charmed with the beneficence of nature as we find it. Will we make progress in 2009, a crucial year on many fronts? GA

■ *Scott Younger is the president commissioner of Glendale Partners and Nusantara Infrastructure.*