

Infrastructure

by Scott Younger



Back to the future

The capital's monorail system is a good solution to Jakarta's traffic problems and with expansion it could carry one and a half million passengers a day. But while there are some signs cash may be forthcoming, there are still no easy answers.

SCI-FI WRITER H G WELLS PREDICTED THE MONORAIL would emerge as a main transport system of the future. His good friend and fellow author, Sir Arthur Conan Doyle, built one around his rambling estate.

When he was having difficulty writing one of his Sherlock Holmes detective stories, he would put down his pen, climb aboard his personal monorail and travel around to clear his thoughts.

It was several decades before monorails were built commercially, unlike normal railway systems that have spread across the world since the 18th century. Today, the monorail has become an increasingly popular form of commuter transport in cities.

With limited space to cope with expanding capacity, administrations have had to build above as well as below ground, and elevated rail systems have been widely used in several countries for most of last century.

Clean and sleek

AS I WROTE IN *GLOBEASIA'S* JANUARY EDITION, JAKARTA NEEDS to improve the capacity of its transport network. Completion of the twice-started monorail is one option. A project which has been around for the past five years, it still represents a daring attempt by the private sector to contribute towards solutions for the gridlock on Jakarta streets.

The monorail offers a clean, sleek and efficient means of commuting about key points in the city. An early point of reference was the system erected in Kuala Lumpur, but this was quickly and correctly assessed as inadequate for Jakarta's needs.

Enter a self-confident businessman whose initial promising effort to fund the project and bring in experienced professional partners unfortunately hit the buffers because of an abrasive style and complete inability to coordinate the various interests of the monorail consortium.

This left proponents of the project, PT Jakarta Monorail, having to go back to the drawing board to reconstitute the team and source of funding. By 2005/6 Gulf states were beginning to show interest in investing in an increasingly stabilizing Indonesia after the difficult post-1998 years of political transition.

Funding was established from Dubai on a shariah basis, but unfortunately Indonesia, which has the largest Muslim population of any country in the world, did not have the laws in place to deal with the syariah approach to financing. Although resolution is approaching, it has taken too long and is too late for the monorail.

Up until last year, it had been difficult to raise interest at local banks to support infrastructure projects. Now some progress has been made, a few successes have been chalked up in the toll road sector, and the solutions are being finally explored, for the monorail will involve the support of local banking.

As of today, there are two scenarios for the financing of this \$500 million project. The front runner involves a consortium of private sector parties holding 79%, which includes the monorail company, Indonesia Transit Central. This is led by one of Indonesia's most active and successful entrepreneurs and 21% of the consortium is held by Indonesia's leading contractor, PT Adhi Karya Tbk, whose involvement since the beginning has been key. They have already invested significantly in the project. Another 10% of shares are to be held by the city government (DKI). This group would invest \$145m of equity, with the balance in debt funding provided by a syndication of local and foreign banks.

The monorail could handle 600,000 passengers per day and it is fully designed and ready to be completed. With subsequent construction of marked-out extensions to Bekasi in the east and Tangerang and Lippo Karawaci in the west, passengers could increase to 1,500,000 per day.

I look forward to riding in the monorail, hopefully in the fairly near future, with the spirit of Conan Doyle. "Elementary, my dear Watson. Elementary!" If only it was that simple. **GA**

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