



# Spatial Planning and Land Affair Integration Concept with Land Value Capture (LVC) Approach In The Pursue of National Infrastructure Development Improvement



By:

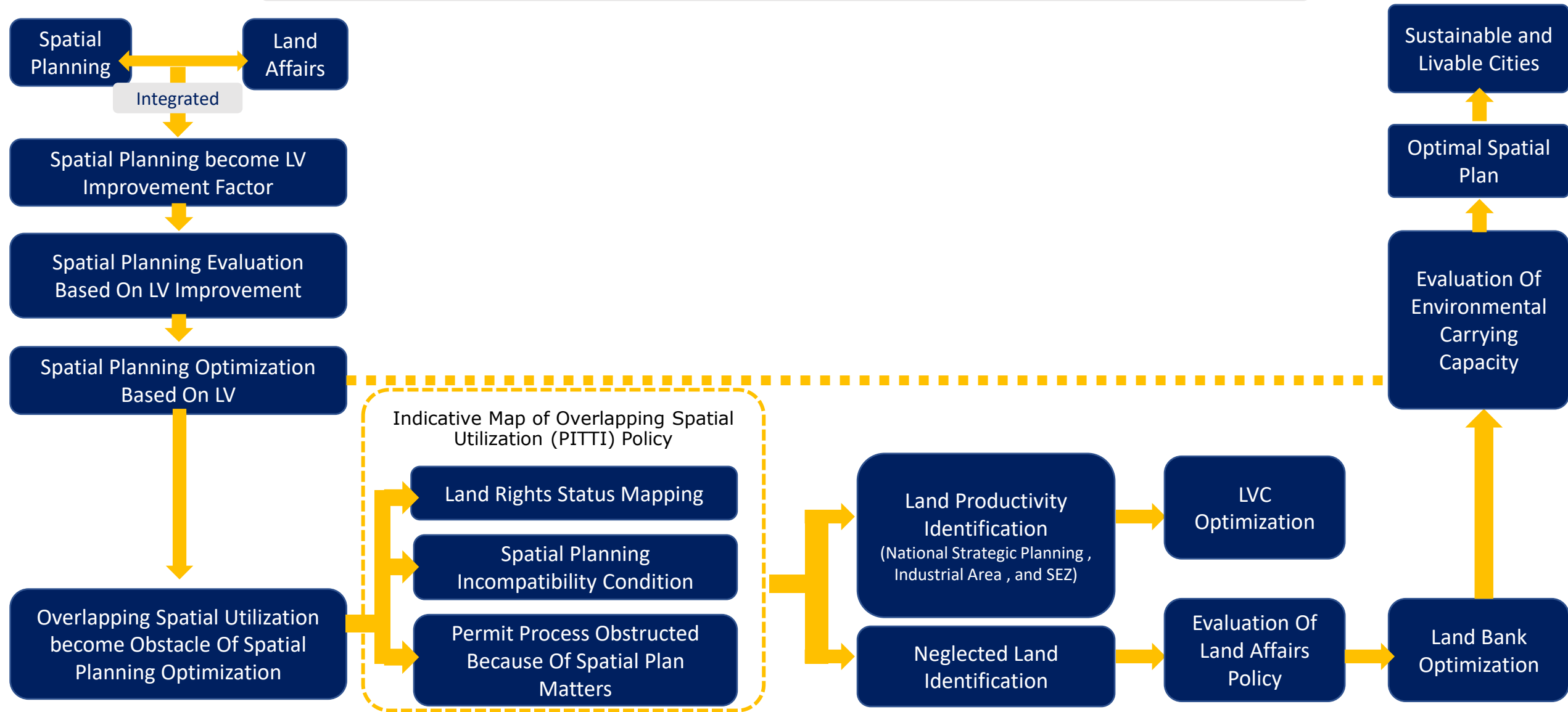
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Balikpapan, 07<sup>th</sup> November 2023**





## FRAMEWORK OF SPATIAL PLANNING AND LAND AFFAIRS INTEGRATION





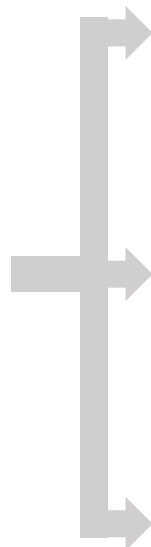
## LAND VALUE CAPTURE BASIC CONCEPT

### 3 ELEMENTS OF LAND VALUE



#### Land Value

Measurement of land value based on economic capacity in terms of productivity and economic strategies



Infrastructure development that serves private property, which is financed from user fees, e.g.: water distribution, electrical, waste disposal, etc.



Social infrastructure financed by the government through tax collection, e.g.: schools, hospitals, public transportation network



Urban externalities, e.g.: markets, access to services, suppliers, etc.



#### Land Value Capture

Approach that utilize the increases land value that comes from investment, activities, government policy in one area. LVC can be used as an alternative infrastructure funding scheme as result of land access increases and development

(Fensham & Gleeson, 2003)





## MAIN PURPOSE OF LAND VALUE CAPTURE SCHEME

1



**Additional Financing**

Government receives additional funds that can be used for infrastructure projects development

2



**Increasing Origin Regional Income**

Enhancement of Origin Regional Income from tax and development based scheme and reduce dependency on government subsidies


3



**Supports The Principles Of Justice**

Beneficiaries contribute based on benefit portion that obtained from infrastructure projects development

4



**Implementing Cost Sharing**

Private sector taking part in developing infrastructure projects

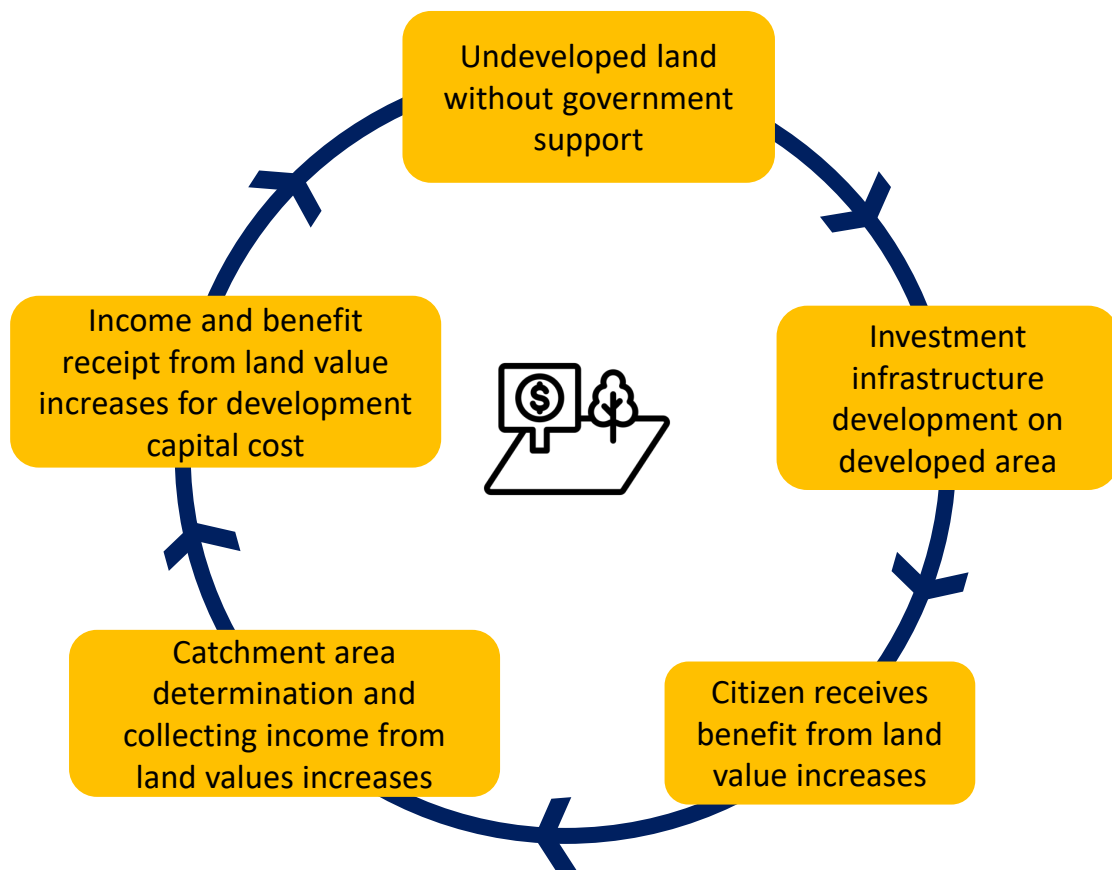
Stakeholders must ensure effective communication between beneficiaries and payer and detail assessment about received benefit to optimize LVC scheme.





## LAND VALUE CAPTURE LIFE CYCLE AND BENEFICIARIES CANDIDATE

### LAND VALUE CAPTURE CYCLE



### BENEFICIARIES CANDIDATE

#### Government

1. Investment on infrastructure development by calculating estimated investment cost budget
2. Identification and allocation income for increased land value catchment area
3. Supervise on LVC implementation

#### Infrastructure Operator

1. Investing and operating on Public Private Partnership asset (free way, bridges, etc.) and
2. Receipt income from user charges

#### Developer / Private Sector

1. Investment on land development (buildings, industrial area, real estate, etc.)
2. Receipt benefit from increased land value and economic value

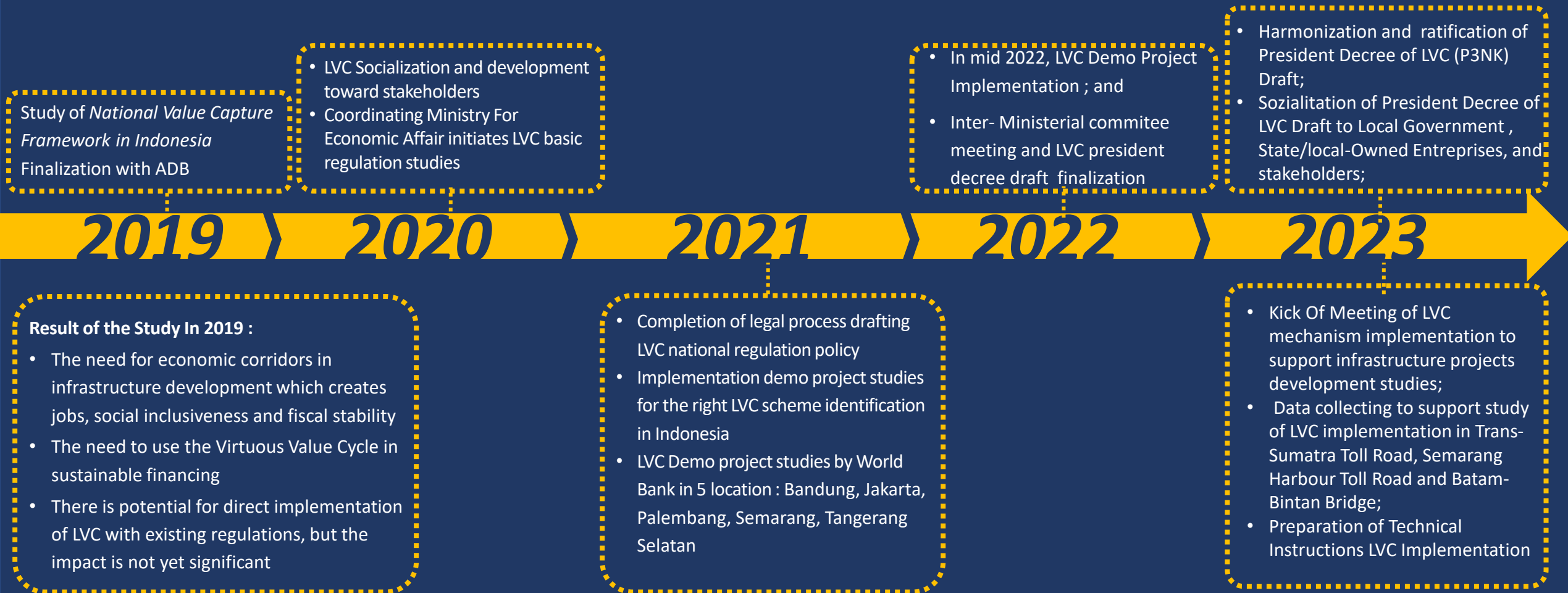
#### Public

1. Receipt economy and social benefit from infrastructure development by government and private sectors

LVC provide an innovative financing mechanism by capturing income from the potential increased land value from infrastructure development



# TIMELINE OF LAND VALUE CAPTURE REGULATION PROGRES IN INDONESIA



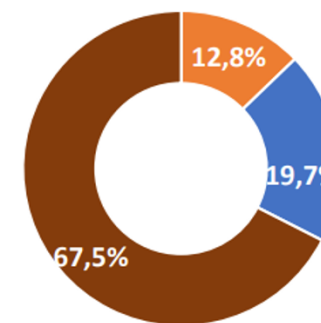
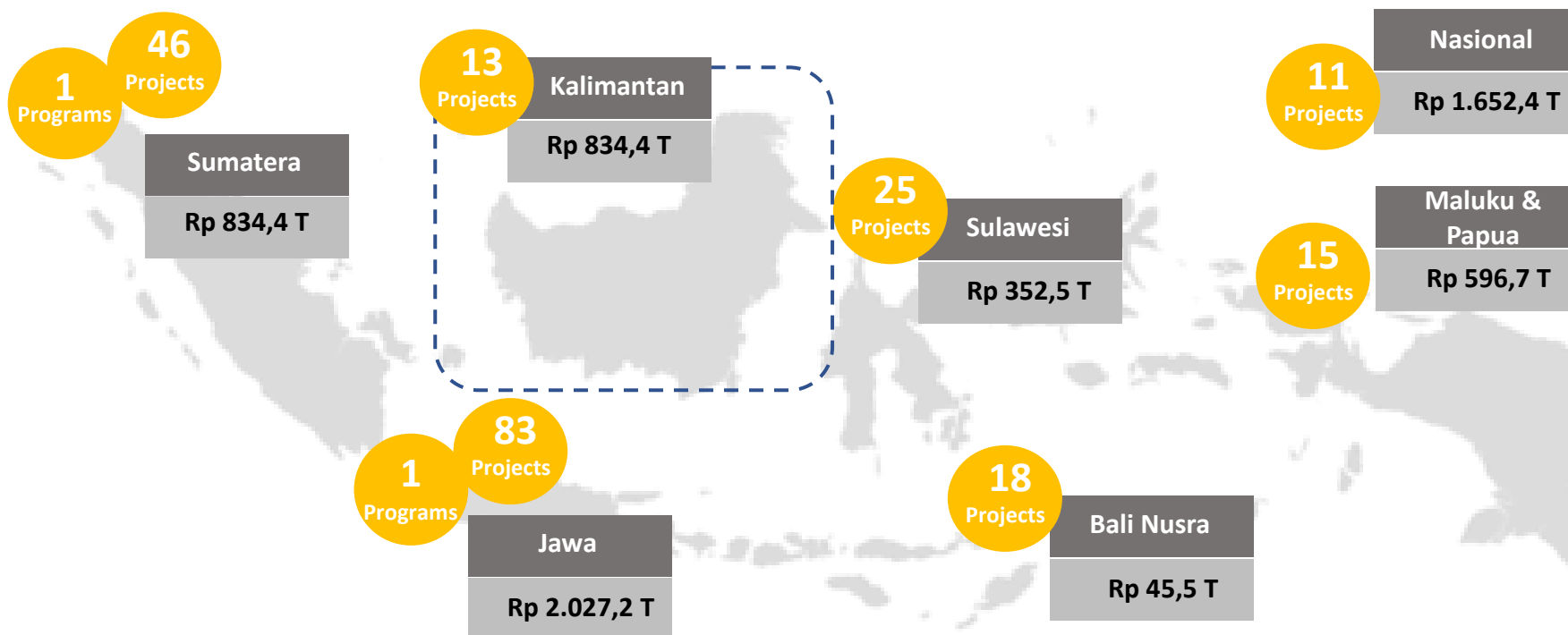
Land Value Capture Regulation= Pengelolaan Perolehan Peningkatan Nilai Kawasan (P3NK)

**Currently, President Decree of Land Value Capture Draft Regulation for verification process.**





## LAND PRODUCTIVITY IDENTIFICATION (NATIONAL STRATEGIC PROJECTS)



Estimation of Investment Value (Construction)

- State Budget
- State-Owned
- Private

Based on Coordinating Ministerial Decree Number 7 of 2023, there are 211 Projects and 13 Programs as NSP with an estimated total investment value of IDR 5,746.9 Trillion

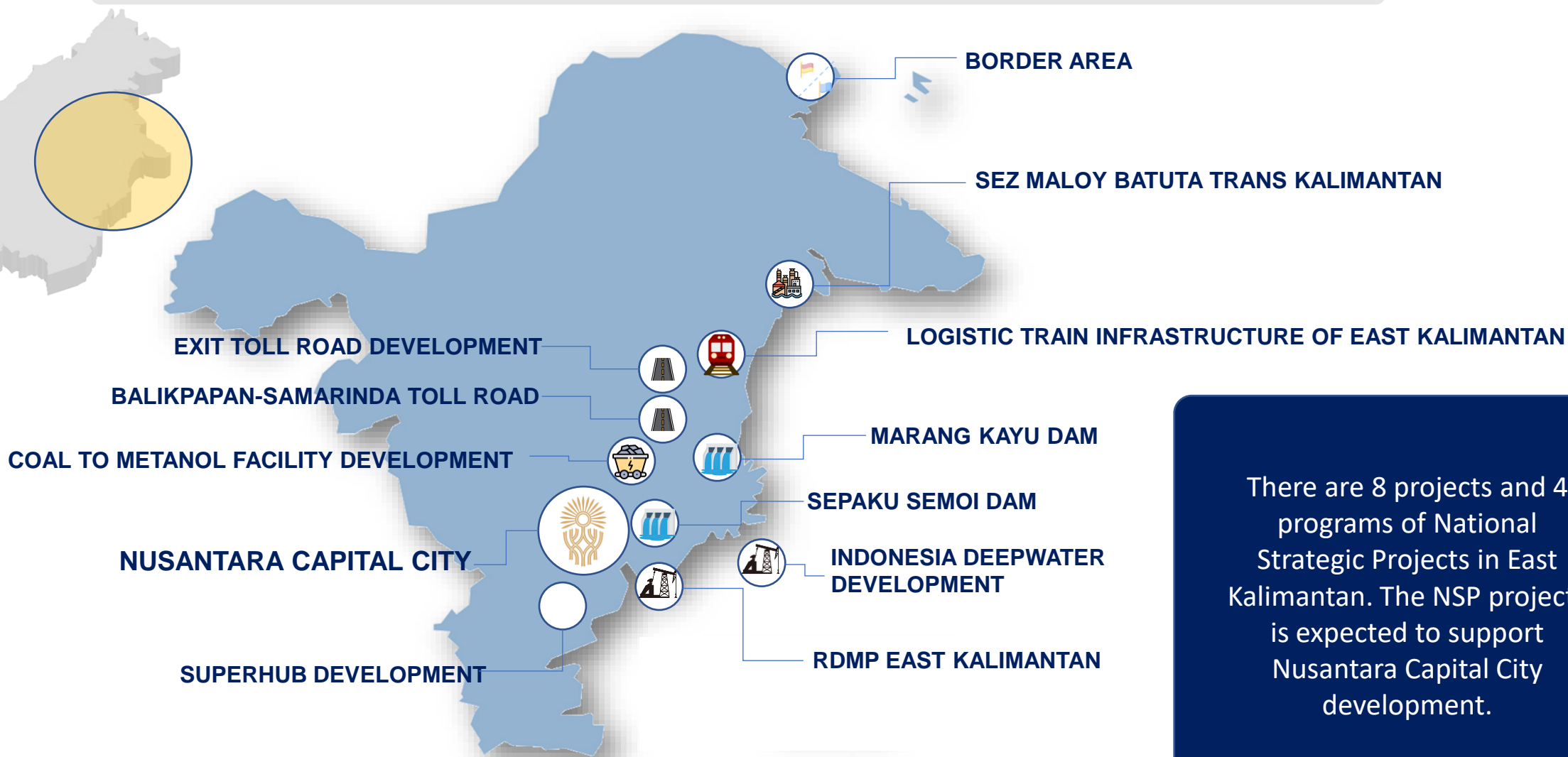
National Strategic Projects (NSP) have increased the value of land. Optimizing the implementation of PSN will increase investment in Indonesia

### National Strategic Project covers 14 Project Sectors and 13 Program Sectors





## NATIONAL STRATEGIC PROJECTS IN EAST KALIMANTAN



There are 8 projects and 4 programs of National Strategic Projects in East Kalimantan. The NSP projects is expected to support Nusantara Capital City development.







## LAND PRODUCTIVITY IDENTIFICATION (SPECIAL ECONOMIC ZONES)

### 1. KEK Arun Lhokseumawe

Aceh Utara & Lhokseumawe, Aceh  
(PP No. 5/2017 - Februari 2017)  
Beroperasi Desember 2018

Kegiatan Utama:  
- Industri Energi  
- Industri Petrokimia dan Kimia Lainnya  
- Industri Pengolahan Kelapa Sawit  
- Industri Pengolahan Kayu  
- Logistik

### 2. KEK Sei Mangkei

Kab. Simalungun, Sumatera Utara  
(PP No. 29/2012 - Februari 2012)  
Beroperasi Januari 2015

Kegiatan Utama:  
- Industri Pengolahan Kelapa Sawit  
- Industri Pengolahan Karet  
- Pariwisata  
- Logistik

### 3. KEK Batam Aero Technic

Kota Batam, Kepulauan Riau  
(PP No. 67/2021 - Juni 2021)

Kegiatan Utama:  
- Industri MRO (Maintenance, Repair, Overhaul) Pesawat

### 4. KEK Nongsa

Kota Batam, Kepulauan Riau  
(PP No. 68/2021 - Juni 2021)

Kegiatan Utama:  
- IT-digital  
- Pariwisata

### 5. KEK Galang Batang

Kab. Bintan, Kepulauan Riau  
(PP No. 42/2017 - Oktober 2017)  
Beroperasi Desember 2018

Kegiatan Utama:  
- Industri Pengolahan Bauksit  
- Logistik

### 11. KEK Singhasari

Kab. Malang, Jawa Timur  
(PP No. 68/2019 - September 2019)

Kegiatan Utama:  
- Pariwisata  
- Pengembangan Teknologi

### 12. KEK Sanur

Denpasar, Bali  
(PP No. 41/2022 - November 2022)

Kegiatan Utama:  
- Kesehatan  
- Pariwisata

### 13. KEK Kura-Kura Bali

Denpasar, Bali  
(PP No. 23/2023 - April 2023)

Kegiatan Utama:  
- Pariwisata  
- Industri Kreatif

### 14. KEK Mandalika

Kab. Lombok Tengah, NTB  
(PP No. 52/2014 - Juni 2014)  
Beroperasi Oktober 2017

Kegiatan Utama:  
Pariwisata

### 15. KEK MBTK

Kab. Kutai Timur, Kalimantan Timur  
(PP No. 85/2014 - Oktober 2014)  
Beroperasi April 2019

Kegiatan Utama:  
- Industri Pengolahan Kelapa Sawit  
- Industri Energi  
- Logistik

### 16. KEK Palu

Kota Palu, Sulawesi Tengah  
(PP No. 31/2014 - Mei 2014)  
Beroperasi September 2017

Kegiatan Utama:  
- Industri Logam Dasar  
- Logistik

### 17. KEK Likupang

Kab. Minahasa Utara, Sulawesi Utara  
(PP No. 84/2019 - Desember 2019)

Kegiatan Utama:  
Pariwisata

### 18. KEK Bitung

Kota Bitung, Sulawesi Utara  
(PP No. 32/2014 - Mei 2014)  
Beroperasi April 2019

Kegiatan Utama:  
- Industri Pengolahan Kelapa  
- Industri Pengolahan Perikanan  
- Logistik

### 19. KEK Morotai

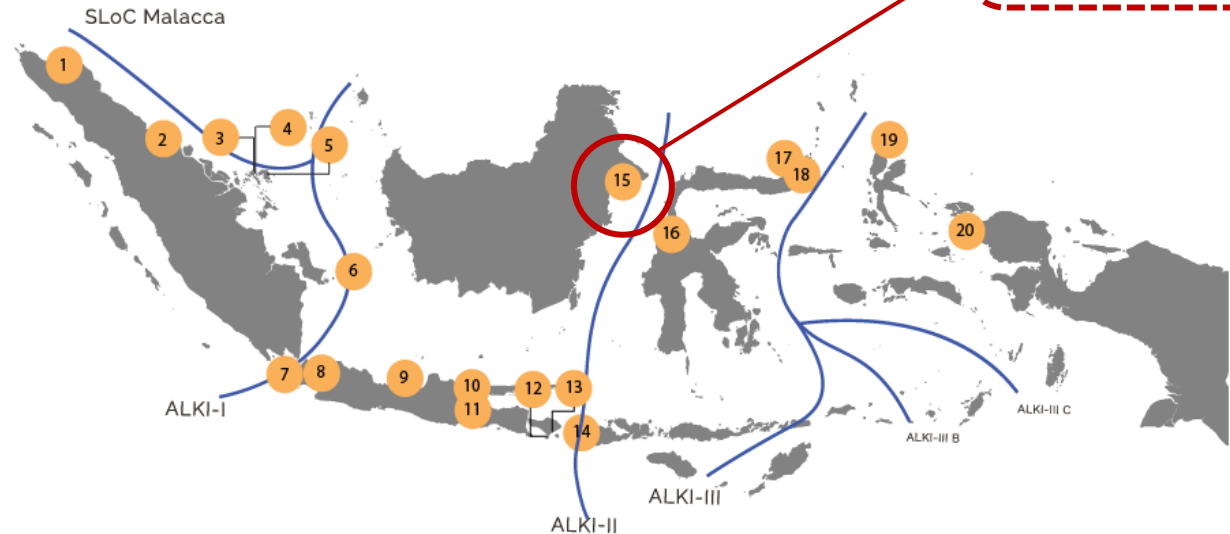
Kab. Pulau Morotai, Maluku Utara  
(PP No. 50/2014 - Juni 2014)  
Beroperasi April 2019

Kegiatan Utama:  
- Industri Pengolahan Perikanan  
- Pariwisata  
- Logistik

### 20. KEK Sorong

Sorong, Papua Barat  
(PP No. 31/2016 - Agustus 2016)  
Beroperasi Oktober 2019

Kegiatan Utama:  
- Industri Pengolahan Nikel  
- Industri Pengolahan Kelapa Sawit  
- Industri Hasil Hutan dan Perkebunan (Sagu)  
- Logistik



### 6. KEK Tanjung Kelayang

Kab. Belitung, Bangka Belitung  
(PP No. 6/2016 - Maret 2016)  
Beroperasi Maret 2019

Kegiatan Utama:  
Pariwisata

### 7. KEK Tanjung Lesung

Kab. Pandeglang, Banten  
(PP No. 26/2012 - Februari 2012)  
Beroperasi Februari 2015

Kegiatan Utama:  
Pariwisata

### 8. KEK Lido

Bogor, Jawa Barat  
(PP No. 69/2021 - Juni 2021)

Kegiatan Utama:  
- Pariwisata  
- Industri Kreatif

### 9. KEK Kendal

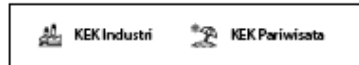
Kab. Kendal, Jawa Tengah  
(PP No. 85/2019 - Desember 2019)  
Beroperasi Mei 2021

Kegiatan Utama:  
- Industri Tekstil dan Busana  
- Industri Furnitur dan Alat Permainan  
- Industri Makanan dan minuman  
- Industri Otomotif  
- Industri Elektronik  
- Logistik

### 10. KEK Gresik

Kab. Gresik, Jawa Timur  
(PP No. 71/2021 - Juni 2021)

Kegiatan Utama:  
- Industri Metal  
- Industri Elektronik  
- Industri Kimia  
- Industri Energi  
- Logistik



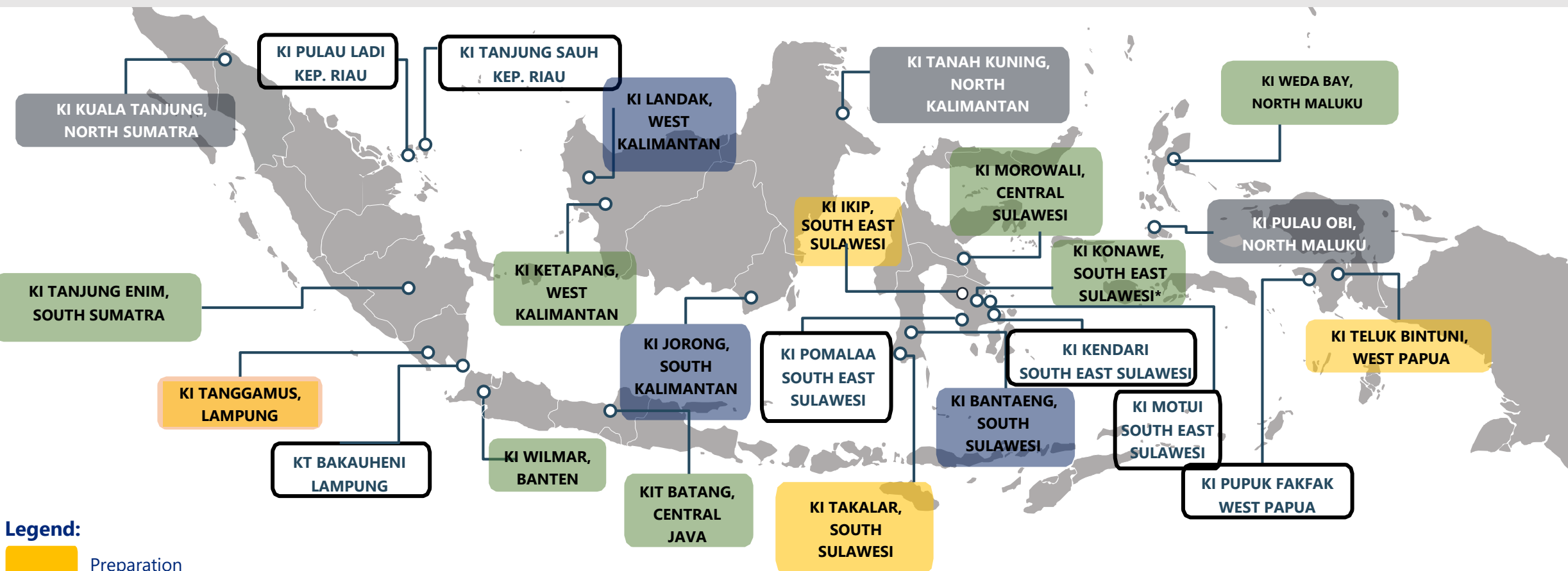
## BENEFITS OF SEZS IN THE REGIONAL ECONOMY:

1. Providing a multiplier effect on economic growth both regionally and nationally
2. Absorption of local human resources (buffer zone) as workers in SEZ;
3. SMEs are starting to emerge around the SEZ, such as homestays, minimarkets, souvenir shops, restaurants and new tourist destinations around the SEZ;
4. Absorption of human resources through SME groups in the SEZ Bufferzone;
5. Development of infrastructure and public facilities around the SEZ

Source : SEZ Council Secretary, 2023



## LAND PRODUCTIVITY IDENTIFICATION (INDUSTRIAL AREA OF NATIONAL STRATEGIC PROJECTS)



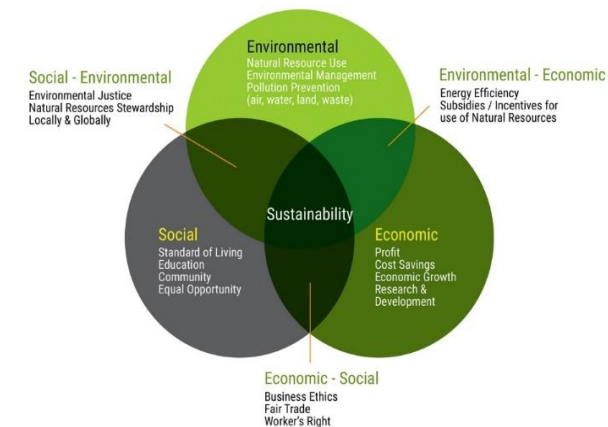
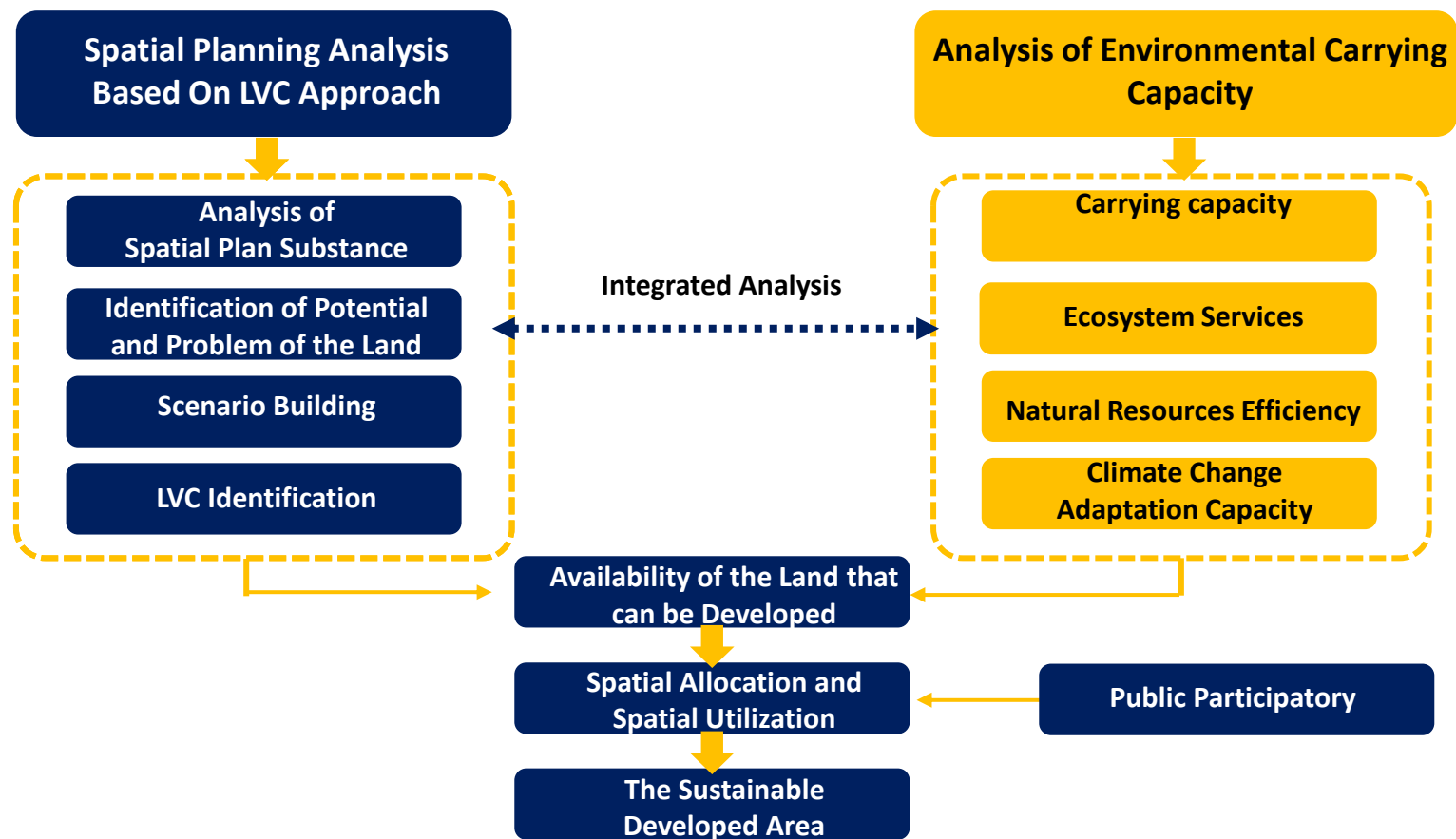
**Legend:**

- Preparation
- Construction
- Published Industrial Area Permit

- Based on Coordinating Ministry For Economic Affairs Decree 21/2022, 24 Area (23 Industrial Area dan 1 Integrated Area) include in National Strategic Projects
- The development of Industrial Area expected to give multiplier effect on economic growth both regionally and nationally



## EVALUATION OF ENVIRONMENTAL CARRYING CAPACITY AND LVC OPTIMIZATION ON SPATIAL PLANNING



1. Integrated Environmental Carrying Capacity and Capacity expected will improve sustainability value on one area
2. Sustainable development is a dynamic process. Consideration of resources exploitation, investment, technology development orientation, and institutional issues will considerate the current and future needs.

The result of Environmental Carrying Capacity and Capacity must become a constrain for spatial utilization requirement and sustainable development on one area





## THE ISSUES OF INDONESIA FUTURE DEVELOPMENT (1/2)



### URBANIZATION

- The lack of vacant land in urban areas and the significant increase in land prices
- Uncontrolled urbanization causes a lack of land carrying capacity and causes natural disasters e.g. floods
- The damage of urban planning due to uncontrolled development
- The Uneven Development because growth is only concentrated in big cities



### MIDDLE INCOME TRAP

- The pandemic effects cause local industries collapse
- The limited of industry diversification



### DEMOGRAPHY BONUS

- Indonesia's national economic growth (GDP) is largely supported by public consumption activities.
- The population of productive age has not been utilized properly, so that the unemployment rate is still high



### SUSTAINABLE DEVELOPMENT & INVESTMENT

- Currently Research and Survey often does not meet the industry needs
- Limited access and uneven distribution to Education and Health facilities so that the human resources quality still not in maximum level.



## THE ISSUES OF INDONESIA FUTURE DEVELOPMENT (2/2)



### GLOBAL WARMING

Indonesia is an archipelagic country so that vulnerable to global warming impacts



### ECONOMIC DEVELOPMENT ISSUES

- Currently, industries in export sector still rely on raw materials
- Low in economic productivity that utilize high technology
- Low in Downstream Industry and uneven distribution according to advantages its region
- National competitiveness strategies is not supported by implementation efforts



### BLUE & GREEN ECONOMY

- Indonesia's marine potential still not been in optimal utilized, 70% sunlight that Earth receives is under the sea and almost 90% wind energy in this world is on the sea. This become huge potential because 71% Indonesia is sea.
- Green economy needs to be improved, the current inefficient use of resources increasing and there is still a lot of waste that has not been decomposed, especially in Small, Medium and Large Industries





## CONCLUSION



The good spatial planning will contribute to land value. So, Land Value that build up based on a good spatial plan can be optimized the development process and will improve investment climate in Indonesia




LVC will have an impact on optimizing land use utilize on spatial plan so that it will create effectiveness and efficiency on the development process and maximize the economic benefits



The good spatial plan must be considerate social factors and environmental carrying capacity, not only economic value. So that the sustainable development will occur.





I see trees of green, red roses, too  
I see them bloom for me and you  
And I think to myself  
What a wonderful world

[Louis Armstrong\_what a wonderful world]



**Coordinating Ministry For Economic Affair  
Republic Of Indonesia**



**Thank You**



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[Kemenko Perekonomian RI](https://www.youtube.com/KemenkoPerekonomianRI)





## DEVELOPMENT STRATEGY AND TARGET 2045

### Short Term 2021-2024

- National Strategic Projects Completion until 2024, by following :
  - a. Facilities and Convenience of National Strategic Projects (NSP)
  - b. Facilities and Convenience of Special Economic Zones (SEZ)
  - c. Facilities and Convenience of doing business in terms of derivative of Law of Republic of Indonesia No 11 of 2020
- Industrial Area and SEZ development supported to develop in clear and clean area.
- Location-based Industrial Area and SEZ development with considerate the advantages of its location. This approach support strengthen supply chain so that its potential and infrastructure can be integrated and create high competitiveness investment ecosystem.
- Support downstream mining commodity by exporting mining commodities minimum semi-finished products.
- Human resources improvement through vocation development and special training.

### Middle Term 2024-2030

- Continue National Strategic Projects program that have strategic impacts towards national industry development.
- Optimizing Land Bank in terms of SEZ and Industrial Area development.
- Improvement and provision an excellent, high competitiveness and qualified human resources in required sector.
- Supporting export by improve industry competitiveness and interconnection between supply chain and value chain.
- Accelerate 4.0 industry revolution implementation according to each industry characteristics.

### Long Term 2030-2045

- Industries that have international competitiveness
- Create Industrial Area and SEZ with high-tech based with Artificial Intelligence, wearable devices, genetic engineering, , renewable energy and automation.
- Create Industrial Area and SEZ as economic growth generator and become high contribution to GDP and become top 10 ranking EoDB (Ease On Doing Business)

