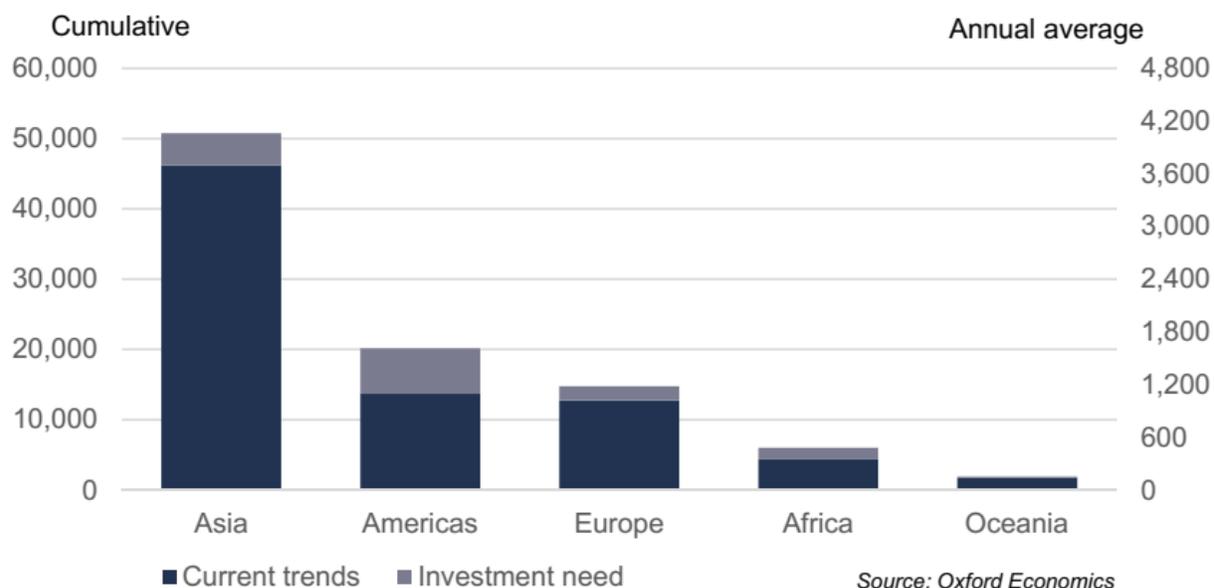


**Concept Paper**  
**“Indonesia – Africa Infrastructure Dialogue”**  
 Bali, 20-21 August 2019

Indonesia and Africa reached a new milestone of cooperation by the successful convening of the first ever Indonesia-Africa Forum (IAF) held on 10 – 11 April 2018 in Bali, Indonesia. The forum not only reinforced the existing strong relations between Indonesia and Africa forged since the 1955 Asia-Africa Conference, it paved new avenues for economic cooperation. IAF resulted in concrete economic cooperation amounting to USD 586,56 million of business deals in sectors of strategic industries, infrastructure, financing, mining, textile, aircraft maintenance and trade in commodities.

Infrastructure was one of the most highlighted issues in the forum, as both Indonesia and Africa regards this sector as a high priority for future development. According to the Global Infrastructure Outlook from Global Infrastructure Hub, the investment needs for various infrastructure projects in Africa from 2016 to 2040 amounts to USD 6 trillion, equaling to 5.9% of GDP dedicated to infrastructure within this period. Meanwhile, Indonesia forecasted the need of USD 1.7 trillion in the same period<sup>1</sup>.

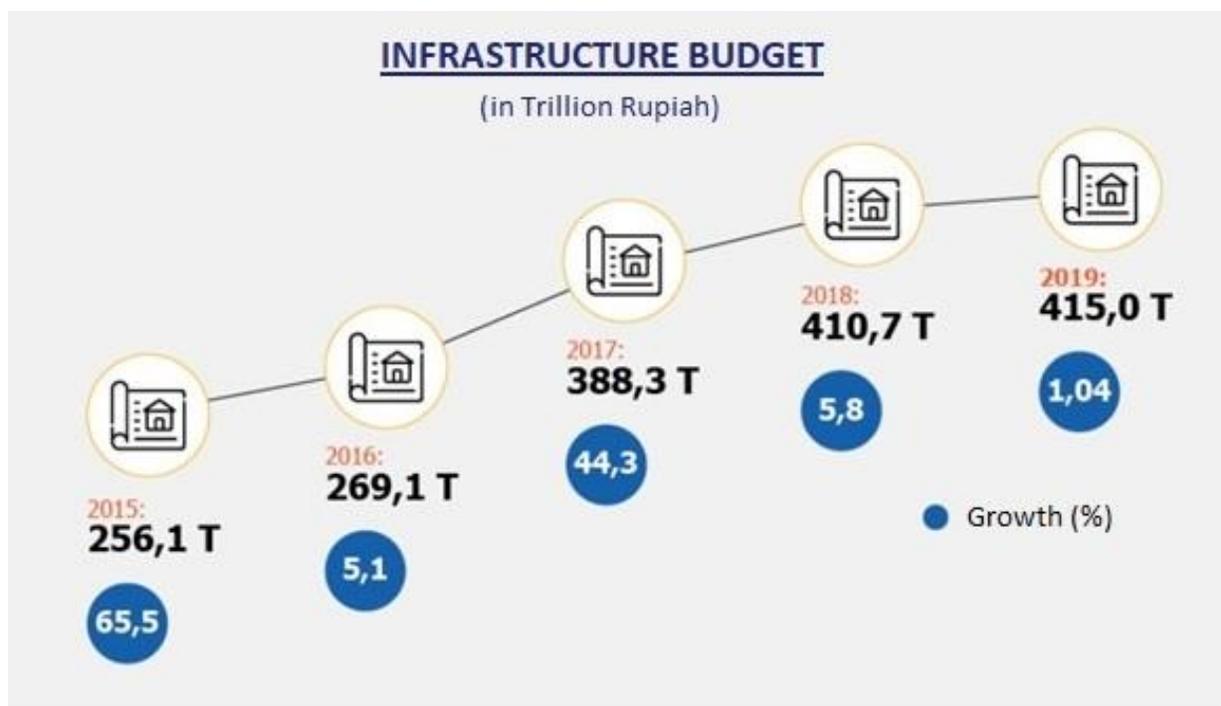
Billion US\$, 2015 prices and exchange rates



The Indonesian Government is committed on the infrastructure development of the country by allocating its national expenditure up to Rp. 415 trillion or USD 28 billion for infrastructure in 2019. Compared to 2015, the budget in 2019 receives an increase of 61.6%<sup>2</sup>.

<sup>1</sup> Global Infrastructure Outlook 2017

<sup>2</sup> <https://www.kemenkeu.go.id/apbn2019>



Reflecting on those needs and potential for cooperation, Indonesia believes that this will be the right momentum to bolster the collaboration in infrastructure development between Indonesia and Africa. Indonesia believes that the infrastructure sector will not only boost mobility of goods and services trade, but also encourage investments and support wide economic growth in the middle and long term. The importance of this sector can be reflected through the significant development of African infrastructure.

In seizing this momentum, Indonesia will organize the “**Indonesia-Africa Infrastructure Dialogue**” (IAID) on 20-21 August 2018 at the Bali Nusa Dua Convention Center, Nusa Dua, Bali, Indonesia, to ensure collaboration in such sector can be further strengthened and produce mutually beneficial results.

### Program description

The infrastructure dialogue will serve as a platform for the business community, government officials and other stakeholders from Indonesia and Africa to exchange ideas, explore possibilities of collaboration and further engage in cooperation in the sector of infrastructure and related sectors.

The dialogue shall be attended by 700 participants from Indonesia and all African countries in the two-day event. The Dialogue will highlight progress of cooperation and business deals signed at the IAF, April 2018 and feature the signing of business deals in infrastructure cooperation and other strategic industries between Indonesia and African countries. This dialogue will be a modest beginning for future events of its kind and it is hoped to catalyze and propel further cooperation in these related sectors.

During the two days, panel discussions will convene featuring prominent Indonesian, African and international policy makers as well as business people, covering issues related to infrastructure, including:

i. Financing scheme

Indonesia understands that financing scheme is one of the most important elements in the implementation of infrastructure programs. Hence, Indonesia continues to innovate its financing scheme, by enhancing national laws and procedures as well as strengthening cooperation with various international and multilateral Financing Institutions and Export Credit Agencies.

At the moment, Indonesia implements a semi-concessional loan scheme called the National Interest Account with Africa as one of its focus. The government is also exploring other viable financing schemes, such as through Build, Operate and Transfer mechanism and counter-purchase, as these mechanisms may be more suitable for partners in Africa.

ii. Trade and connectivity

Bilateral trade between Africa and Asian countries, including Indonesia is growing. The growth can be reflected through the increase of trade in 2018 that reached USD 11,25 billion, compared to USD 4,77 billion in 2009. In a period of only 10 years, the trade increased up to 236%<sup>3</sup>. Such advancement can only be achieved by rapid development of infrastructure, both in Africa and Indonesia, as well as establishment of trade agreements and tariff reduction mechanisms.

Trading activities also rely heavily on the quality of connectivity and its supporting infrastructure. The existence of suitable ports and airports as well as cooperation among them will narrow the gap between Africa and Indonesia, and to reduce challenges in terms of geographic proximity. The establishment of various roads and railways networks will also contribute in the strengthening of distribution, intra and inter-regions.

iii. Strategic industries

There is increasing trend of collaboration between Indonesia and Africa in strategic industries. This collaboration, which spans beyond military cooperation, has a critical role to improve economic expansion, for example through products and services, such as locomotives, rolling stocks, signaling systems, construction as well as civil aircrafts and vessels. There is increasing interest from Indonesia's state-owned enterprises to enhance collaboration with partners in African countries, through various schemes and forms of cooperation.

iv. Social infrastructure and tourism

The development of infrastructure should not only be limited to hard infrastructure, but also the advancement of its soft infrastructure, such as systems and services. This can be clearly observed through the necessity of developing potential cooperation in social infrastructure (education and health-related sectors) and in tourism.

In the field of tourism, both Africa and Indonesia are establishing new tourism destinations and features, that optimize existing points of interest. The cooperation can include, but not

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<sup>3</sup> [www.trademap.org](http://www.trademap.org)

limited to, joint promotional activities, exchange of experts and best practices as well as capacity building for the development of tourism complex.

v. Energy and mining

Energy is a vital sector for both Africa and Indonesia. Both sides show continuing efforts to meet the demands of its national energy needs, as it is imperative for supporting various key development as well as an integral part of daily society. Africa and Indonesia have been renowned for their large reserve of natural resources crucial for the energy sector. Therefore, cooperation to optimize the existing resources for energy production will reap benefits for their peoples. It applies for both conventional and renewable energies. Hence, the two sides can explore collaboration, not only in extracting the resources but also in advancing technology for effective energy usage and alternative energy sources.

vi. Triangular and technical cooperation

Indonesia's engagement with Africa does not merely focus on the economic benefit, but also on the intentions to establish a true partnership for mutual progress and development. Since the 1980s, Indonesia indeed has delivered technical cooperation to Africa through South-South and Triangular schemes. In line with growingly robust technical cooperation activities, Indonesia supports various international and multilateral development mechanism and is establishing its own single agency for capacity building and technical cooperation called Indonesian Aid. The aims for such establishment is to further optimize and strengthen Indonesia's commitment in supporting development of African countries and other partners.

In these panels, invited participants are encouraged to interact with the panelists and discuss the opportunities and challenges, as well as exchange experiences, success stories, and ideas for new policies in developing cooperation between Indonesia and Africa.

Parallel with the panel discussions, a number of sideline programs will also be held:

1. Business exhibition

The exhibition will feature a number of Indonesian businesses that will showcase products and services in infrastructure and related sectors. These include companies that have already ventured into Africa and many more that are seeking to collaborate with African counterparts.

2. Thematic business matching

This event aims to bring together entrepreneurs and business people from Africa to meet with Indonesian counterparts. It is hoped that business models and solutions will be developed and sustainable business ties will be established among the parties.

3. Preferential Trade Agreement preliminary discussions and negotiations

Indonesia and several African countries will hold preliminary discussions and also start negotiations on the establishment of bilateral Preferential Trade Agreements (PTA). These discussions and negotiations will be officially launched during the opening of the IAID.

## **Outcome of the Forum**

The two-day event will be concluded with a press statement by the Minister of Foreign Affairs, Coordinating Minister for Maritime Affairs and Minister of Public Works and Housing of the Republic of Indonesia.

Jakarta, May 2019

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