

Press Release

Bappenas Discusses Results of East Kalimantan Feasibility Study at National Dialogue Event

BALIKPAPAN – The Ministry of National Development Planning/Bappenas held the "Towards a Future Capital: Smart, Green, Beautiful and Sustainable" National Dialogue on the Relocation of the State Capital (IKN) from Jakarta to Kalimantan in Balikpapan, East Kalimantan on Wednesday (21/8).

The dialogue was held to collect input on the readiness of East Kalimantan in becoming one of the candidate locations for the new State Capital, compared to South Kalimantan and Central Kalimantan from both the environmental and the sociocultural perspectives. Present at the dialogue were the Ministry of National Development Planning/Bappenas' Deputy of Regional Development Rudy S. Prawiradinata and East Kalimantan Governor Isran Noor. The event was also attended by several experts including Mulawarman University Lecturers Rustam Fahmy, Martinus Nanang and Aji Sofyan Effendi, and was moderated by Zairin Zain.

"We have conducted several studies since 2017 on the feasibility of East Kalimantan as a candidate for the new State Capital, which were assigned directly by President Joko Widodo. We are involving almost all the relevant ministries and agencies such as the Ministry of Energy and Mineral Resources and the Ministry of Environment and Forestry, because if the land was not being used for mining beforehand, it must be part of the forest. From the results of the study, we see that Kalimantan will receive the biggest positive impact from relocating the Capital," Deputy Rudy said.

Adding to that, a further study by the Ministry of National Development Planning/Bappenas stated that if the IKN were to be moved outside of Java, more than 50% of Indonesia's territories will experience increased trade flows. The relocation of the State Capital will encourage broader investment, and will help increase the country's gross domestic product (GDP) by around 0.1 to 0.2%, as the economy becomes more diversified. The increase in the price of capital is projected to be at 0.23% while the price of labor will increase by 1.37%.

The main criteria for determining the final location of the new State Capital are as follows:

- 1) The location being strategic and geographically located in the middle of Indonesia
- 2) The availability of large amounts of land owned by the government or state-owned enterprises to reduce investment costs
- 3) The land must be free from earthquakes, volcanoes, tsunamis, floods, erosion and forest and peatland fires
- 4) Abundant supply of water and free from environmental pollution
- 5) Be close to existing cities that have developed for the efficiency of initial infrastructure investment, with good access to logistical hubs such as airports, ports and roads and adequate levels of drinking water, electricity and communication networks that can be developed further
- 6) The potential for social conflict is low and has an open culture to newcomers
- 7) Meet the defense and security perimeter.

Deputy Rudy further explained the results of the East Kalimantan feasibility study as positive.

"The area of delineation is around 180,965 hectares and 85,885.3 hectares have potential for use. The quality of water in this area is ensured through three watersheds, namely the Sanggai/Sepaku, the Samboja and the Dondang. Most of the groundwater carrying capacity at the delineation location belongs to the lower class residents and has no history of forest fires. Most of the land is forest, but only a few hotspots are considered prone to fires. These locations are the South sides of Samboja and Sepaku, as well as in the Tahura area. The surveyed area is also in close proximity to major cities such as Balikpapan and Samarinda and are served by the Balikpapan-Samarinda toll road, Sepinggan's Sultan Aji Muhammad Sulaiman International Airport, the Aji Pangeran Tumenggung Pranoto International Airport, and the Kariangau Container Terminal Port. Up to 30% of East Kalimantan's demographic is dominated by ethnic Javanese, 21% Bugis, and 12% Banjar. From the defense and security aspects, East Kalimantan is easily connected by land, sea and air," he said.

Meanwhile, East Kalimantan Governor Isran Noor said that the province supports the government's plan to move the capital to the island.

"In my opinion, East Kalimantan is the perfect place for the seat of the Indonesian government. Regardless of where they choose to relocate the Capital, we wholeheartedly support the government's decision. Also, the people of East Kalimantan are very open to immigrants, so there will be no resistance to outside cultures," the governor added.

Mulawarman University lecturers Rustam Fahmy, Aji Sofyan Effendi and Martinus Nanang all voiced their agreement on East Kalimantan's suitability as the location of the new State Capital because the province itself is known for its commitment to maintain environmental balance and for its cultural diversity. Relocating the State Capital, they say, will bring increased economic activity to all areas within the province.

Deputy Rudy added that further studies conducted by his ministry will help provide a more in-depth review of the selected IKN areas after President Joko Widodo determines the final location.

"When the President has made his final choice, we will conduct a further study to help prepare the masterplan and the urban design. In the masterplan, all infrastructure systems, including communication and electricity, will begin preparations. Plans to formulate the transportation infrastructure will be done using a better detailed spatial plan to facilitate community mobility. We will also explore various funding schemes by not including the area's debt responsibilities and make sure that we can minimize fund allocation from the State Budget," he said.



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