

# JAKARTA INVESTMENT

Bulletin



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## **EDITORIAL**

Greetings,

Welcome to Jakarta Investment Bulletin. This is our first and new edition bulletin, the bulletin about investment in Jakarta. Theme of this first edition is 'Rising Trends'. We are very glad to let you know that we have some interesting writings concerning investment in Jakarta as the capital city of Indonesia.

We are also very welcome if there are any advices, supports, or suggestion in order to be more informative and innovative. Hopefully, this bulletin would be very beneficial for any readers interested in any topic and information relate to investment in Jakarta.

Sincerely yours,

Edy Junaedi

Head of The Jakarta Investment and Integrated One-Stop Service Department

Jakarta Capital City Provincial Government

July 2018



**Disclaimer:** The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any agency of the Jakarta Provincial Government or Bank of Indonesia (BI).

# HEADLINE NEWS

## MACROECONOMY

### Jakarta Economic Outlook

By Luqman Abdurrahman



According to Bank Indonesia representative of Jakarta in their recent publication of Jakarta Economic and Financial review, the Jakarta regional economic growth until the end of 2017 indicated the Capital City continuous growth. In 2017, Jakarta reached 6.22% in economic growth, increased from the previous year in 2016 as much as 5.88%.

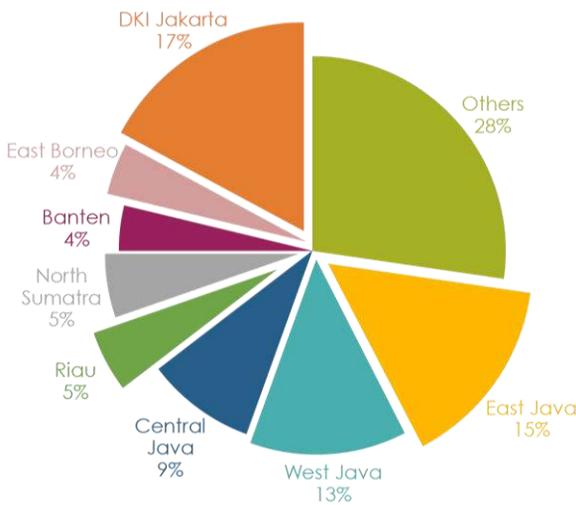
The regional investment on infrastructure and political election expenses provides major boost to the regional economic growth throughout the year in 2017. Even more, the household consumption in 2017 remained stable and positively correlated to the regional growth. The household consumption contributed significantly to trade employment creation and opportunities.

Infrastructure development and construction investment combined had boosted the employment creation, however, majority of business employment grow solely in the infrastructure construction business related sector.

End of year in 2017 shows short decline in growth compared to the first and second term of the year. Despite that, inflation maintained to be under control at 3.72% of inflation rates.

As a matter of importance, compared to other regions, Jakarta contributes to 17% of the total National Gross Domestic Products, with Central Jakarta contributing as large as 27%, followed by South Jakarta at 23% in term of economic activities (See below pie charts).

### Jakarta Contribution



### Jakarta Cities Ratio

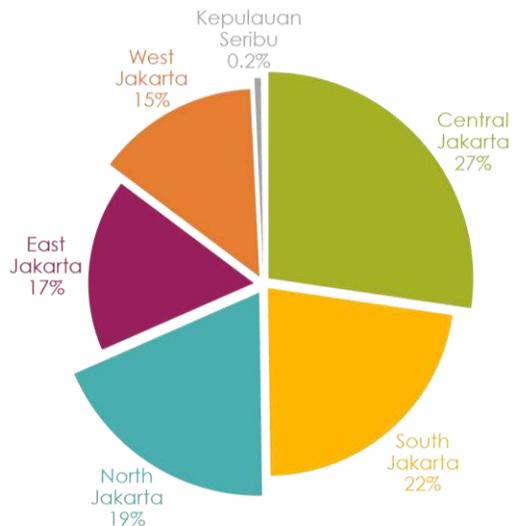


Figure 1. Jakarta Ratio and Contribution to The National Economy

\*) Source: BI book of Regional Economic and Financial review 2018, Adapted from BPS

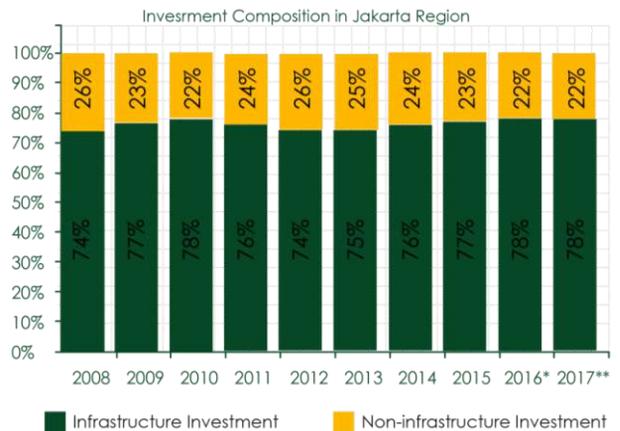
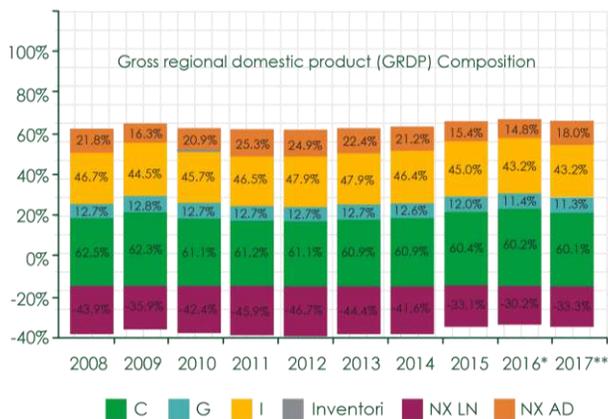


Figure 2. Gross Domestic Regional Product composition and Investment Composition in Jakarta Region.

\*) Source: BI book of Regional Economic and Financial review 2018, Adapted from BPS

The above figure of Jakarta Gross Domestic Regional Product (GDRP) chart illustrates a solid economic recovery and development throughout the year since 2008 to 2017. In terms of GDRP, Jakarta economic drivers primarily accumulated from investment and consumptions ratio.

In addition to that, investment composition remained concentrated on infrastructure development compared to non-infrastructure development throughout the years. This significantly contributed to improve economic ecosystem in the regions.

Bank Indonesia (BI) representative of Jakarta conducted regular research analysis regarding the improvement of regional economics, which recent results that show only small amount of job opportunities increases throughout the year of 2017 and early 2018, while also revealing the decrease of job seekers and employers in Jakarta--due to an increase of employment in informal sectors.

However, this sector has low or no labor security, with low salary below the minimum regional salary rate, which demands further attention from the government.

Add to that the current trends where job creators in private sectors (the entrepreneurs) prefer to develop and use technological means (financial technology, e-commerce) to support their business--therefore reducing their dependency on hiring employees, in particular highly educated workforce.

Its impact is also felt in the low employment rate for highly educated workforce, despite the increase in Human Development Index which reaches the highest level of 80.06. Appropriate attention by government is needed in order to anticipate this phenomenon.

\*) Source: Adapted and translated from Bank Indonesia Regional Economic and Finance Review, February and Mei 2018



Picture 1. Jakarta International Stadium visualization plan and public consultation

## INFRASTRUCTURE DEVELOPMENT

The New PIP-KI unit to foster Public Private Partnership development in Jakarta

By Luqman Abdurrahman

Through Jakarta Governor Regulation number 32 published in 2018, PIP-KI (Pusat Informasi Promosi & Kerja Sama Investasi) was set up to meet the demand of public infrastructure through public-private partnerships scheme, regulation, and procurement of Jakarta.

The unit will enhance the cooperation with multi-stakeholders from national institutions, local governments, and private sectors of various interest. PIP-KI was officially added to Jakarta Investment Centre (JIC) by Governor Decree number 1706 of 2017.

The PIP-KI office at the Jakarta Investment Centre room is located at the Mal Pelayanan Publik (MPP). MPP is a new building in Setiabudi region, one of the most strategic business and diplomatic areas in the south of Jakarta, the capital city of Indonesia.

PIP-KI was established to push forward the progress of infrastructure development--as promised by the government of DKI Jakarta to satisfy people demand for advanced city development.



For instance, Jakarta citizens expect to have international standards Stadium, which is currently being prepared under direct supervision by the leadership of Sandiaga Uno as the Vice Governor. It will be constructed next to Sunter Lake in North Jakarta.

The land will be transformed into modern football entertaining area equipped with hotels, amenities, lake resort, Medium Small Micro Enterprise (MSME) Centre OKE OCE, and apartments as well as a mosque which can also serves for wedding ceremony.





Picture 2. Office scenes of Jakarta Investment Centre at Mal Pelayanan Publik Building (Public Service Mall).



The Regional Investor Relation Units (RIRU) is to be represented and materialized during the launch of Jakarta Investment Centre (JIC) on 31<sup>st</sup> July 2018. JIC has appointed a special team to liaise investors through end to end licenses and business permit services.

Its impressive first look consists a cozy looking co-working space and investor's exclusive lounge (see below picture).

Developed to promote business discussion and talks, JIC is also equipped with Command and Data Investment Information panel devices, with a digital Jakarta map to provide investors and business developers with up-to-date real time data.



Other unique features in the JIC room include the amphitheater and teleconference room. Both rooms provide unique support to an enjoyable business presentation and business prototyping discussion as well as effective distance communication.

All of this is developed to prove Jakarta government's high commitment towards improving the business and investment climate.





Picture 3. Finding the best solution to invest.

## RISING TRENDS

### **BEFORE YOU INVEST**

3 important factors that should be considered before investing

*By Nourma Irya Saputri*

Over the centuries people have done progressive development to gain and build closer relationship with each other through modern way of technology, networks, infrastructure, businesses activities, and etc.

Human's production and creativity in facing globalization has spawned myriad of innovations such as superfast aircraft, affordable low-cost phone service, email & internet, intercontinental luxury cruise ships, and instant business funding.

In this writing I would like to describe 3 important factors which should be considered before doing investment.

**First**, set our objectives before investing in approximate length of time.

Some people may invest for long-term purposes such as preparing for pensioner's fund or school tuition, or short-term purposes such as doing house repairs, buying a dream luxury car, and so on.

By mapping your investment objectives and period of time, it would be easier for you to determine what investment instruments to choose. If you choose a short-term investment (1-2 years), you could pick the model of investments which are relatively stable and not as risky such as deposit or mutual funds.



On the contrary, if you would choose a long-term investment (more than 5 years), you could consider investing for some prospective things such as property (land and building), stock mutual funds, and mixed mutual funds.

**Second**, understanding the risk in investment strategy is necessary, so consult your investment risk management strategist before making any decisions.

**Third**, consider your own knowledge, experience and ability in financial management.

Having considerable financial management knowledge and experience would help you you to remain focused on your initial purpose in investing. Be very careful in choosing investment instruments.

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## INVEST IN INDONESIA

### Investment Opportunities in Indonesia

By Maria Magdalena Napitupulu

Indonesia as one of the world's most populated countries is living a dynamic life in many aspects. Trends are frequently changing.

The huge population and changing trends are contributive factors to the large numbers of consumers, dynamic markets, and products. As a large archipelago with thousands of islands spread over its ocean, Indonesia has the opportunity to become a big economy.

Promising investment sectors can be found from its most modern spots to its remote areas. Therefore, to equally develop the life among areas, great numbers and specialization of sectors need to be improved.

This is a natural call for capital owners around the globe to invest in the country. Investment in Indonesia 2018 is more promising than ever.



### The Urge of Infrastructure

Available infrastructure in Indonesia is unfortunately still insufficient to support ideal modernization. This, however, is also the opportunity for investors to invest their fund.

The government is highly committed to improve basic yet modern facilities around the country, especially in the eastern part where inequality are still prevalent. Toll roads, bridges, airports, ports, and electricity are among the main priorities under construction.

Simpler regulation in conducting business allows domestic and foreign investors to engage more in business. Infrastructure can be said as the best option since it is necessary to develop in many ways over great areas of Indonesia.

Improvement in infrastructure will also attract more investors and open more opportunities in the country.

## Opportunities in Maritime

Maritime is Indonesia's nature potential since long time ago with not only a great ocean but also the islands surrounding it, which are abundant of natural resources.

In order to improve the country's economy through maritime potential, the government intends to develop shipping industry. The related parties are targeting an increase of national shipbuilding in the construction process with larger capacity.

### WHY INVEST IN INDONESIA?

Indonesia Ease of Doing Business is Improving. The Government is on track for Structural Reform

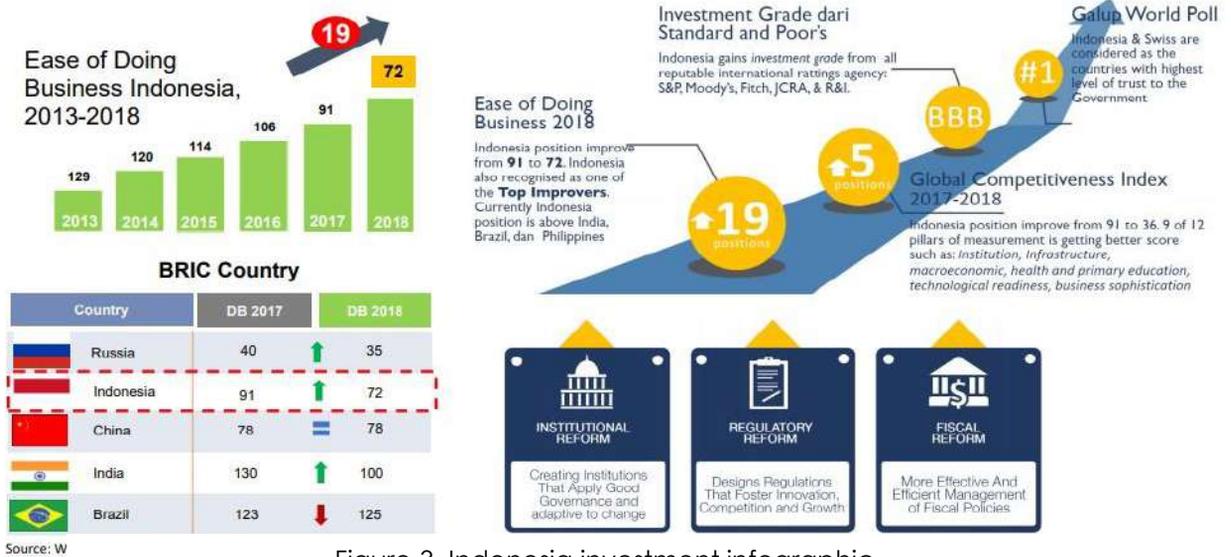


Figure 3. Indonesia investment infographic.

## Opportunities in Leisure Industry

Among viable sectors in investment in Indonesia 2018 is tourism industry. More and more people seek for leisure activities. Entertainment, culinary tourism, and resort construct major part in this industry.

Potential tourism spots in Indonesia spread over the western most part to the eastern most part of the country line. The exotic cultures and beautiful landscape attract international tourists to visit. This means that hotel demands are high. Not to mention the potential of Jakarta Kepulauan Seribu, where it has become one of the Bali Nine.

Major cities in Indonesia have been promising places for foreign investors to open international hotel chains. It is a big opportunity for investors to involve in this sector.

However, since most of the international tourists arrival in Indonesia transited through Jakarta, Bali, and Batam, these three islands become the hottest spot for tourism industry and transit hub.

Interested investors surely face a tight competition that they have to appear with distinct concept and creativity to establish their business here.

In order to overcome this and ease their business, Government highly supports the tourism potential in order to improve the country's economy. Therefore, the infrastructure improvement is in the main priority list. The construction of infrastructure improve the beautification around the country and develop easier to access, also more enjoyable.



More hotels are easily found, more toll roads to reach numbers of destinations, more electricity installation, clean water, more convenient ports and airports, and also bridges, these all contribute to the whole improvement.

To even increase more attraction, the government has issued a visa-free regulation more than one hundred countries.

This is meant to answer the high interest of international arrival which is believed to increase steadily every year. Domestic tourists are also gunning for investors to set up or develop their already existing business.

Great numbers of local travelers enjoy leisure industry in their home country, mainly for holiday or business purpose. Leisure industry and all its supporting facilities are undoubtedly promising for international investment.

### Foreign Investment

Indonesia welcomes foreign investment on its own terms. Government policies aim to ensure that foreigners work with Indonesians to assist in development of the country's economy and skill-base.

There is a general recognition that Indonesia needs the development capital, with the technical and management skills of foreigners.

Government regulation of foreign investment in Indonesia is manifested in a variety of ways, for example:

1. Approved and monitored through governmental bodies
2. Companies can employ only a limited number of expatriates
3. Expatriates by Indonesians (with the exception of expatriate directors and commissioners)
4. Certain fields of business are closed to investment by foreigners

5. Foreign individuals are permitted to acquire land or land rights with a number of restrictions.
6. A "Foreign investor" is usually a foreign company incorporated under the laws of its host nation; However foreign individuals are also acceptable.

### What about Jakarta?

The Jakarta Investment and One-Stop Integrated Service (DPMPTSP) noted that investment realization in the capital from January to September 2017 reached Rp 74.8 trillion (US\$5.5 billion), the highest in the last five years. The figure was obtained from domestic investment (PMDN) and foreign direct investment (PMA) official data of The Investment Coordinating Board of the Republic of Indonesia.

According to the data, PMDN realization stood at Rp 32.7 trillion with transportation, warehouse, and telecommunication as the most attractive sectors. Meanwhile, PMA was at Rp 42.1 trillion, with housing, industry and office areas as the most attractive sectors. This figure shows that business climate in Jakarta is improving.

The vice governor of Jakarta, Sandiaga Salahuddin Uno expects investment in Jakarta in this year of 2018 to increase to up to Rp100 trillions. He also highlighted development in Jakarta that includes the development of tourism on Thousand Islands, public transportation, and property sector based on transit-oriented development.

Here are the investment opportunities in DKI Jakarta Provincial Government which are currently focused on the following sectors:

- Waste Water Sector
- Water Sector
- Property Sector
- Food Security Sector
- Transportation Sector
- Recreation & Tourism Sector
- Utility Sector



### Should We (Still) Worry about the Regulations and Bureaucracy?

In terms of regulations and bureaucracy, Indonesia is now becoming friendlier than ever toward investors.





The World Bank has upgraded Indonesia's standing in its 2018 ease of doing business report by 19 points compared to last year, which ranks the country at the 72<sup>nd</sup> position.

Furthermore, the Gallup World Poll has also ranked Indonesia first for its trust and confidence in national government report. Trust level to the Indonesian government has amounted to 80 percent, increasing by 28 percent compared to 2007, when the trust level amounted to 52 percent.

A report issued by the United Nations Conference on Trade and Development (UNCTAD) called the Global Investment Prospects Assessment 2016-2018, has ranked Indonesia in the ninth position in its list of the most attractive global foreign direct investment locations.

All the macroeconomic indicators, along with the international recognition, send an important and positive message that Indonesia's economy will continue to soar. There is no reason for you to not invest in Indonesia. Things are moving fast in Indonesia, especially in Jakarta, so come and grab your early start!

Source: Multiple articles and publication.

## MICROBUSINESS

Rise of Creative Industries and The Needs of Science and Technology Park (STP)



*By Kiki Rizky Yunita and Luqman Abdurrahman*

The Creative Economy, especially the innovative creative industry, has been on the rise worldwide according to UNCTAD (United Nation Conference on Trade and Development).

In addition to that, the international trade in creative industries had showed sustained growth in the last decade. Moreover, the global market for traded creative goods and services totaled a record \$547billion in 2012, as compared to \$302 billion in 2003.

Meanwhile, exports from developing countries, led by Asian countries, were growing faster than exports from developed countries. Among developing countries, China is the largest exporter of creative goods.

In 2012, the top 5 exporters were China, Hong Kong, China, India, Turkey and South Korea. So how about a developing country like Indonesia?



Picture 4. Bandung Technopark.





Developing countries are playing an increasingly important role in international trade in creative industries. Creative industries are vibrant sectors of the global economy. With increasing demographics, better access to ICTs, and dynamic shifts to new lifestyles associated with creative products and services, making trade in these sectors is a promising avenue for future growth.

In terms of contribution, as for example in Indonesia, there has been rising global trends of social entrepreneurship and investment in the agriculture sector of creative economy, an example of successful Indonesian creative industry social entrepreneurs is Helianti Hilman with her "JAVARA". Inspired by Indonesia's food biodiversity, indigenous wisdom and spiritualism, JAVARA was founded by Helianti Hilman in 2008.

Indonesia government should put more attention into the cultivation of this kind of pioneer because besides making profit and socially beneficial by empowering local and develop international business competencies through innovative exports.

JAVARA successfully attracted investors in funding her business in Indonesia traditional food heritage sector which was not very popular at this time, as well as setting new trends.

Offering an innovative, healthy, delicious taste of traditional foods with modern way of cause-related marketing to not only domestic consumers, but also international consumers like the European.

In terms of maritime industry potential, Dr Didit Herdiawan, a lecturer from Indonesia Defense University (Universitas Pertahanan Indonesia), in his book titled "Maritime Food Sovereignty" stated that the government should favor national industry and pay more attention on supportive regulation and ease doing business that support Indonesia to become maritime industry country.

Government support, without a doubt, is critical to ensure a healthy ecosystem is set up and supports for creative industry social entrepreneurs are well conditioned. While STP are still rare in Jakarta, STP development in Jakarta would boost the innovativeness of creative industries, thus would help solve variety of society problems especially in employment.

Source: LIPI, WCCE, Kemenristekdikti-PUI and STP, Bekraf



Picture 5. South Sulawesi Technopark.



# RISE OF IMPACT INVESTMENT



Impact Investment through Halal Investment

By Arsh Starfy and Luqman Abdurrahman

Istanbul International Center for Private Sector in Development of The United Nations Development Program (UNDP), stated in their report titled 'The Global Islamic Finance and Impact Investing', that there has been an evolution of the more mature market for Social Responsible Investing (SRI).

Called "impact investing", this type of investment has been around for 25 years--a new frontier that intended to actively seek out investments for which there are both social benefit and financial returns. JP Morgan Chase takes a broader definition: Impact investments are investments intended to create positive impact beyond financial return. As such, they require the management of social and environmental performance in addition to financial risk and return.

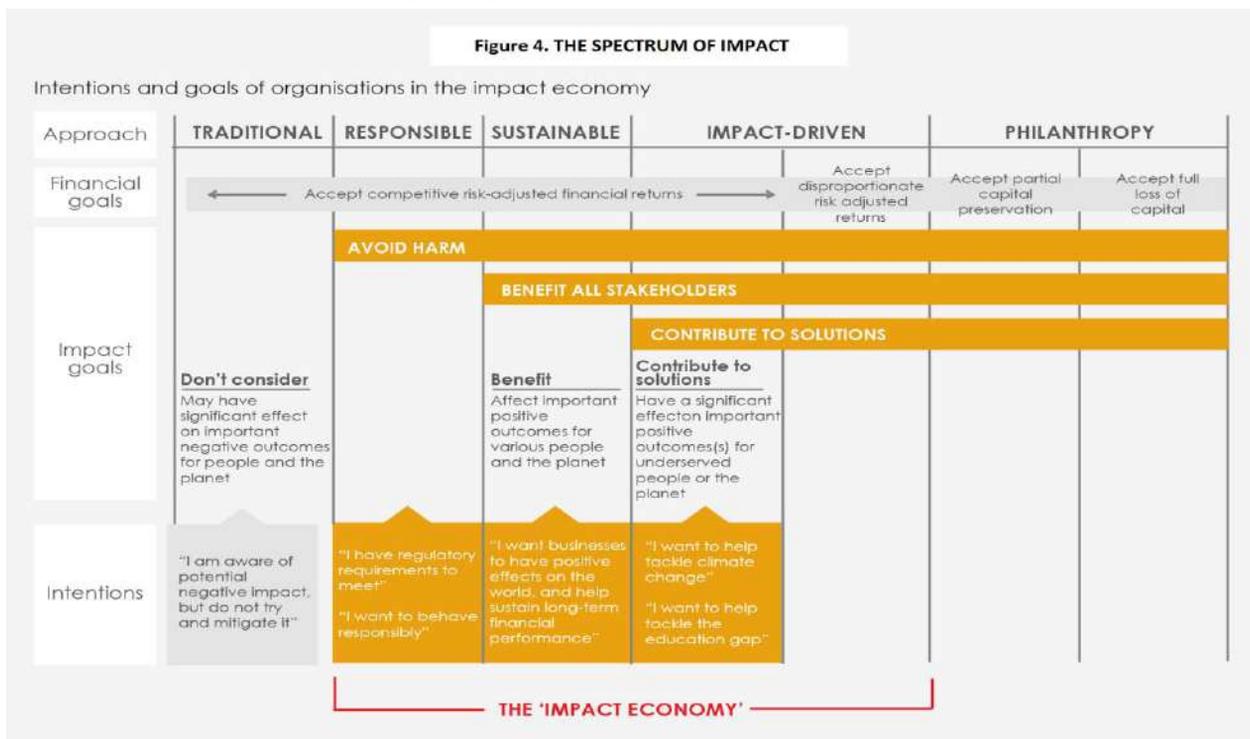
According to the Global Impact Investing Network (GIIN) website ([www.thegiin.org](http://www.thegiin.org)),-

Impact investments are investments that go into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. The report also stated that Millennials, the current young generation of the 21<sup>st</sup> century, are potentially set to inherit \$ 30 Trillion in the next 15 years. Like no generation before, Millennials are aware of the environment and sustainability issues and are driving much of the awareness and demand for conventional impact funds.

Similarly, as Muslim Millennials come of age as investors, they represent a great opportunity to encourage an entire generation to invest and use both Islamic and Impact investments way.

Many Muslim countries and Muslim populated countries have significant Millennial populations, proportionally greater than those in non- Muslim countries. As Millennials inherit generational wealth and create their own, it is most likely that impact investing will continue to be attractive to them. Figure 4 below provides the spectrum of impact by different type of approaches which can be used to analyze different type of companies and its different categories of approaches.

Figure 4. THE SPECTRUM OF IMPACT



## Universality of Halal Investment

The universe of Islamic investing is emerging in many respects, all of which are growing and changing rapidly. Many global banks are developing subsidiaries for Islamic financing.

What were once mainly retail banking services are now evolving into commercial banking, retail banking, investment banking and investment services for both debt and equity, insurance companies and other types of financial service intermediaries and service providers.

In addition to equities, markets also trade Sukuks and an increasing number of Exchange Traded Funds (ETF), and Real Estate Investment Trusts (REIT). As of 2013 and the first part of 2014, global Islamic investing had total assets over \$ 2 trillion, many of them are kept in Islamic banks or Islamic subsidiaries of conventional banks.

Sukuks comprise approximately 15% of the market by volume, with Sharia-compliant investment funds at 4% and *Takafuls* at 1%. Geographically, in 2012, Iran accounted for 43% of the world's Islamic banking assets, with Saudi Arabia (12%) and Malaysia (10%) ranking second and third, respectively. There are hundreds of Islamic investment funds that follow Sharia principles, the vast majority of which are also profitable

There are hundreds of Islamic investment funds that follow Sharia principles, the vast majority of which are also profitable. In terms of Islamic market, there is terminology of 'Halal and Haram' to define something lawful or permissible in Islamic law (sharia).

This term was elaborated into a more complex classification known as five categories in Islamic law: Obligatory (Wajib/Fard), Recommended (Sunnah), Netral (Mubah), and disapproved (Makruh). Anything not included is therefore forbidden (Haram).

Halal is very important in Islamic World because Islam is meant to be a way of life, not just a series of practices and traditions. The governing rules permeate every moment of a Muslim's day, from food to cosmetics, investments and business activities to tourism.

While there is global variability in implementing these systems, there are many demands to ensure that the consumers only buy what is considered halal (permissible) and not haram (forbidden). The need of halal certification is frequently not only applied to food and drinks, but also includes on other industries such as banking, finance, investment, tourism, pharmaceuticals, cosmetics, and other industry which consumed by the Muslim market.

The actual captive market of halal industry is very big. As of 2015, there were an estimated 1.8 billion Muslims around the world. As Islam is the world's second-largest religious traditions after Christianity, the portion of Muslims is about 24% of the world population (World population is 7.8 billion).

Euromonitor projected that this amount will reach up more than a quarter of the world's population by 2030. Hence, around 68% of Muslims will live in Asia-Pacific region (from Turkey to Indonesia), with over 1 billion adherents.

According to The Economist, the global Islamic market was worth over \$3.6 trillion in 2013, and the market is projected to be worth over \$5 trillion by 2020.





According to The Dubai Chamber of Commerce Report in 2013, Global Halal Food itself is approximately valued at \$1.1 trillion consumer purchase, accounting for 16.6 percent of the global food and beverages market with an annual growth of 6.9 percent.

It is interesting to note that Halal certification is not only for Muslims, since Halal values does not undermine the other religious value. Halal way has proven to maintain the quality of food for everyone.

The perfect example is the Madani Halal Meat Store in New York. Although there are several other stores which sell meat in the block, their sales is now growing and most of the customers are non-Muslim citizens. The other one is the famous Halal Guys Food Truck in the corner of the street in New York that cause long line of customers for breakfast, brunch, and lunch. It proves that Halal is not exclusively for Muslims consumption but generally maintain the quality product for all citizens around the world.

The potentials of Halal market customers is also supported by a research from Pew Research Center (a nonpartisan American fact tank based in Washington, D.C.). The report says that Islam is growing rapidly than any other religion in the world, and the religion itself is projected to be nearly equal to Christianity in 2050.

"The main reason Muslims are growing not only in number but in share worldwide... this is because of where they live," Alan Cooperman, PEW's director of religion research, tells NPR's Tom Gjelten (NPR.com, 2015). In addition to that, Muslim populations are "concentrated in some of the fastest-growing parts of the world."

Besides thinking about big market and business, Halal value also comprises the universal value of humanity. Since the Islamic law also encompasses life's aspect of human, it also covered the value of to be kind to other creature of God.

The good example is in animal slaughtering and food process methods. Halal value obliges the animal slaughter to comply on several requirements such as minimize animal suffering, sanitary, maintain less-stressful condition of animal before slaughtering. In addition of that the blessing is also compulsory to be read over it as it is slaughtered.

The Halal rules extend back to how animals were treated in their life. Was it fed and given adequate water? Was it well rested? Was it properly handled? And other humane treatment towards the animal where known as universally good value regardless of your religion.



### Indonesia Halal Market

Indonesia is the biggest Halal market in the world. With population around 260 million people, Indonesia is one of the most populated country in the world with around 87% of its inhabitants are Muslims, making Indonesia as the number one country in the world in terms of Islam followers. This condition also makes Asia is the most populous Muslim region in the world.

The recent issues regarding halal certification in Indonesia is the transition of implementation of halal certification from 'voluntary' to 'obligatory', especially for the product and services according to government law number 33/2014, this law will take effect in October 2019. This effort is part of government aims to provide quality of consumers goods in Indonesia.

Talking about the development of Halal Industry, the neighbor country of Indonesia, Malaysia is moving faster by establishing the Halal Industry Development Corporation (HDC) responsible to develop Halal Industry and Promotion in various sector Halal business in the country.

Through HDC, Malaysia also built Global Halal Support Centre (GHSC) in 2016, aiming to be the leading country in developing Halal Industry.



## GLOBAL/WORLD SECTOR ALLOCATIONS

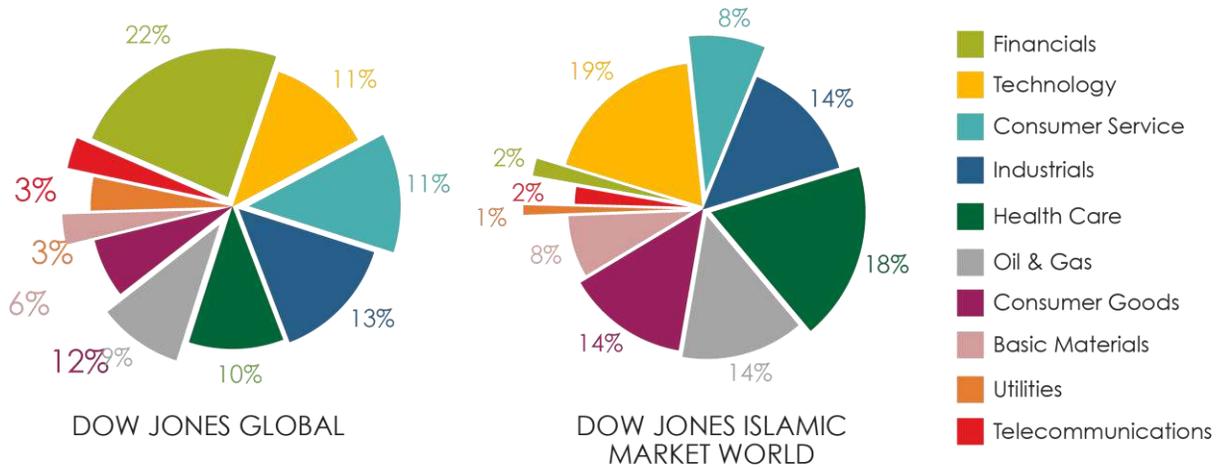


Figure 5. Global sector allocation comparison  
Source: Azzadfund

Turkey is even moving faster by developing the standardization of Halal to the global world with the hope of being first global leader in Halal standardization agency. This country plans to take the lead in setting role for pushing harmonization of one single Halal standard, under the umbrella of OIC (Organization of Islamic Country).

Following the trend, Jakarta as the capital city of Indonesia is also planned to develop Halal sector in the city. Vice Governor of Jakarta Sandiaga Salahuddin Uno has expressed interest in developing a "Sharia Tourism Zone" in the nation's capital. He recently announce that the city would build "sharia-based" hotels. Approximately 1.6 billion potential customers are already waiting for it. All industries should be prepared well.

The pie chart depicts measurement of more than 12,000 equity securities from 77 countries (data as of December 31, 2015). The Dow Jones Islamic Market World Total Return Index tracks equity securities traded in 70 countries which are compliant with Islamic investment guidelines.

The most glaring difference between these pie charts is the relatively small exposure to financial services in the Islamic index compared to the traditional index. This is to be expected, due to the Islamic prohibition against *riba*, or interest.

The significant financial observations show the top asset class in the traditional global index, with a 22% allocation. Due to the lack of broad representation of financial services in the Islamic index, other industries are more heavily weighted.

Based on this, people would expect the Islamic index to be negatively correlated with the performance of financial services. The Islamic index should outperform the conventional index where financial services underperform relative to other sectors, and vice versa.

Khaled Sultan, an Investment Advisor from CIBC, London, stated that Halal Investing is a subset of Socially Responsible and Ethical Investing based on investments that adhere to Islamic principles.



Both of Halal Investing and Socially Responsible Investing (SRI) monitor deep into the companies held in a portfolio or a fund, to evaluate their social, political or environmental impact.

While most people associate this type of discipline with environmental concerns, a responsible investor may avoid companies which doing business in countries with questionable human rights records, or have corporate governance policies that are not in line with the investor's morals. Companies that produce certain products may also be rejected. Addictive products and services, such as tobacco, alcohol, or gambling are eliminated.

Halal Investing is socially responsible in its avoidance of particular products and industries, but its adherence to Islamic principles extends to avoiding interest-bearing or highly-leveraged vehicles / companies.

In other words, Highly-leveraged Company is a company or other institution with a high level of debt.

A highly leveraged company carries a great deal of risk and may increase the likelihood of default or bankruptcy. The complexities of many investment vehicles that combined with the vast scope of many large companies make them difficult to ascertain whether an investment is compliant without the help of a qualified advisor.

Halal investment could be the alternative way of sustainable impact investment and more socially responsible compare to the conventional investment approaches.

Source: Multiple sources of articles, news, and books.

## MARITIME INDUSTRY

Maritime food industry

By Luqman Abdurrahman



### Food security urgency

Food is the basic necessity for the survivability of mankind. Ensuring food availability for the people is a crucial and strategic issue for every government entity.

The national government has a concept in dealing with food security issue according to the Article 3 of Law Number 18 published in 2012 dated 16 November 2012 on Food.

According to Didit Herdiawan, a Maritime Security lecturer in Indonesia Defense University, food security is a condition where food is available and accessible for all people at all time, reflected in availability and quality of food, as well as its safety, variety, nutrition, and affordability, while at -



the same time remains true to religion, faith, and culture of the people, and is thus safe enough to be consumed.

FAO in 2015 estimates that there are 795 million people undernourished globally, and just over one in nine were undernourished in 2014-2016. As the FAO data revealed that 780 million people were living in developing countries, including Indonesia.

An alarming situation, as BPS (Indonesia Statistical Centre) in 2016 showed that as many as 28.01 million population of Indonesia (10.86 percent) still lived below the poverty line. This data is quite surprising, considering Indonesia is the second richest in terms of biological diversity, after Brazil.



Various problems related to food policy have become a very serious concern of the citizens of the world. According to United Nations, Sustainable Development Goals (SDGs) has put the issue of poverty and hunger as the main issue for every government to pay attention to.

Furthermore, recent study indicates that the issue of sustainability of food from the G-20 countries consists of three pillars; food loss and waste, sustainable agriculture, and nutritional challenges. Based on the FSI (Fragile State Index), Indonesia ranked 21 out of 25 countries. Thus, Indonesia still has a lot of things to improve the system and governance in managing national food policy.

### **The importance of food industry**

In relation with managing food policy, rice has become one among the strategic commodities that many populations depend on it, including Indonesia. The demand for rice in Indonesia showed an increasing trend. The trend can be seen from the changes in food consumption patterns of national staple food.

In 1954, the fulfillment of the staple food rice reached 53.5% and non-rice food amounted to 46.5%. The massive program of rice self-sufficiency and modernization has changed the lifestyle of non-rice food consumption into rice and wheat.

In 2010, a research conducted has the result in the information that consumption of rice rose to 78.04%, and non-rice food consumption almost disappeared and been replaced by flour as a carbohydrate source after rice by 14.73%.

The rise of land-based food consumption lifestyle in Indonesia is incongruent with Indonesia potential of the sea-water area which potentially to produce vast sea-food products. For instance, Kepulauan Seribu literary means 'thousand islands' under Kepulauan Seribu Administrative Regency of Jakarta Provincial Government, it has sea-water based area 11 times of its land-based islands area. Moreover, the 70% of Indonesia surface area is water-based.

Picture 5 . Aquapod Fish Farm Industry.



In addition to that, maritime tourism industry contributes to only 11% of Indonesia economy. If we compare to Malaysia with 40% of its maritime tourism industry contribution to Malaysia's economy, it looks far from expected.

Jusuf Kalla, the vice president of Indonesia expected Indonesia's fishery and maritime tourism industry could reach of up to 25% national GDP contribution by the next decades.

The fact that Indonesia government relies on land food resources such as rice as the staple food, while the seas of Indonesia, for example in Jakarta region and north coast of Java, are ripe for the taking, does raise a critical question: will Indonesia and Jakarta ever become a World Class Maritime Industry Country and City through its sea based vast potential?

Source: IDU book of Maritime Food Sovereignty, Maritime food industry, BPS, FAO, various articles

## JAKARTA WASTE CRISIS

### Urgent Need of an Integrated Recycling Centre

By Prastica Astrid and Luqman Abdurrahman

Being the capital city of the nation, Jakarta has developed into government, business, and industrial centre.

However, due to the inability of government to cope with its growth, low priority, and public attention on waste recovery system to manage the waste produced by the citizens, the waste and sanitation pollution has reaches a severe level.

According to KPIIP (Komite Percepatan Penyediaan Infrastruktur Prioritas) or Infrastructure Priority Acceleration Committee, Jakarta is the second most polluted city in terms of poor sanitation among the other capital city in South East Asia .

KPIIP mentioned that Jakarta Sanitation System (JSS) is needed to improve the effectiveness of The National Capital Integrated Coastal Development (NCICD) or Pengembangan Terpadu Pesisir Ibukota Negara (PTPIN).

National government targeted its waste water coverage reaches 75% in 2022.



On the other hands, DKI Jakarta municipal waste production is currently estimated to reach around 7,000 to 8,000 tons per day. This figure is considerably very high, especially if it is compared to the other big cities in Indonesia.

"So, this mountain of waste could bury the Borobudur temple", exclaimed Sandiaga Uno jokingly when giving his speech in the launching of Intermediate Treatment Facility (ITF) in Sunter, North Jakarta, on Sunday (20/5/2018).

Picture 6. ITF visualization plan



If the government of DKI Jakarta does not do anything about this growing waste problem and only relies on what has been done for years by just piling the waste in landfill areas, this waste problem will never be resolved. In fact, it can even create more complicated environment issues caused by overcapacity of those landfill sites.

To solve the problem, the Government of DKI Jakarta has introduced the development of municipal waste management system in the city. This is also often called as Intermediate Treatment Facility (ITF) which functioned to use municipal waste as fuel of a power plant.

One of The ITF facilities has been officially inaugurated by the Vice Governor of DKI Jakarta, Sandiaga Uno, in Sunter. This project is planned to be undertaken by one of the DKI Jakarta state-owned companies, PT. Jakarta Propertindo (Jakpro) through Environmental Public Private Partnership scheme.

The project itself has undergone intensive studies to determine which environment-friendly technology is suitable to be used to reduce the waste.

Sandiaga Uno said that ITF system could convert 25% of DKI Jakarta municipal waste to generate 35MW electricity.

Therefore Jakarta is expected to be cleaner, greener, and at the same time its economy is expected to increase positively. It also creates plenty of jobs and business opportunity.

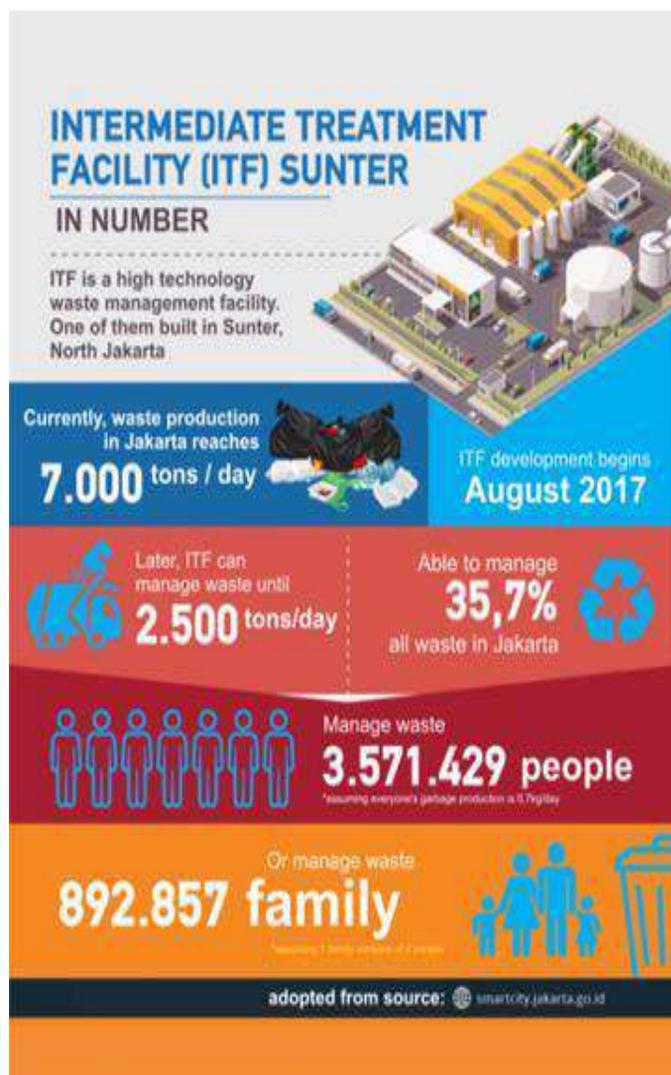
Not least important, besides raising awareness of green living habits, the development of green sustainable business type and approaches should be one of the most important concerns.

To support the above initiative, the Central Government has recently issued a Presidential Regulation (Perpres) No. 35 year 2018 on the Acceleration of Waste-to-Electricity Management Facility Development Based on Environment-Friendly Technology.

According to the regulation, DKI Jakarta is appointed as one of the 12 locations to build the waste management facilities. The other locations include the cities of Tangerang, South Tangerang, Bekasi, Bandung, Semarang, Surakarta, Surabaya, Makasar, Denpasar, Palembang and Manado.

Source: Jakarta Post, Jakarta Environmental Department, Jakarta Smart City

Figure 5. Intermediate Treatment Facility Infographics



## HIGHLIGHTED PROFILES



### **ANIES BASWEDAN**

Through years of experience as academician and researcher, Anies Rasyid Baswedan now serves as the Governor of Jakarta in the period of 2017 - 2022. Anies was previously the Minister of Education and Culture of Indonesia in the cabinet era of President Joko Widodo from October 2014 until July 2016.

Anies Baswedan is an alumnus of Universitas Gadjah Mada Yogyakarta with a master degree from University of Maryland School of Public Policy and Doctor in Political Science from Northern Illinois University in United States. He grew up in Yogyakarta, attended one of the most favorite school in the city and spent one year in an exchange program to The U.S. when he was still in the High School.

The leadership ability of Anies Baswedan has been evident since the beginning of his youth. He was once chairman of National High School Student Organization (OSIS) and Chairman of Gadjah Mada Student Senate Organization while maintaining an outstanding academic performance.

Anies Baswedan was a prominent educational activist who initiated a program to fight unequal quality of education in Indonesia, particularly in the poor and rural parts of the archipelago.

Referred to as "Indonesia Mengajar", this program selects, trains, and assigns university graduates to serve in one-year teaching mission in remote area in Indonesia. He was also one of the youngest university rectors in Indonesia when he was elected as rector of Universitas Paramadina Jakarta in 2007.

During his leadership in Universitas Paramadina he initiated various breakthroughs such as establishing the Paramadina Fellowship and successfully embedding the anti-corruption education as the core curriculum, first of its kind in Indonesia. He was active in educational activism until 2013 when he started to pursue his political career.

Various achievements were also awarded to Anies Baswedan. Being Top 100 Public Intellectual in the world by US magazine Foreign Policy in 2008, as well as The 500 Most Influential Muslim in the World by Royal Islamic Studies Centre in Jordan in 2010. He was awarded as Young Global Leaders by World Economic Forum in 2009. His name is listed in "20 Person 20 Years" by Japanese Magazine Foresight along with names such as Vladimir Putin (Russia), David Miliband (UK), Hugo Chavez (Venezuela), and Rahul Gandhi (India) to be watched over the next 20 years, along with many other achievements.

Through the chant of "Maju Kotanya, Bahagia Warganya" ("Progressive Town, Happy People"), a lot of hope grows on the leadership of Anies Baswedan in Jakarta. We all hope and pray that all good government plans can run successfully and smoothly.

## HIGHLIGHTED PROFILES



### **SANDIAGA UNO**

Sandiaga Salahuddin Uno is an Indonesian businessman, investor, and politician. Currently, he serves as Vice Governor of DKI Jakarta leading the capital city of Indonesia together with Jakarta's Governor Anies Baswedan.

Sandiaga Salahuddin Uno was awarded as one of the richest people in Indonesia by Forbes Magazine in 2009 and 2011. He has built the company PT Saratoga Advisors that escorted himself to the echelon of the nation's wealthiest.

Sandiaga S. Uno is an alumnus of Wichita State University in United States with Summa Cum Laude predicate. Starting his career as Bank Summa Officer, Sandi went on to pursue his master degree in George Washington University and graduated with perfect GPA of 4.00.

After graduating from his master degree, Sandiaga Uno started to work on various international company. He also established a financial advisor company, PT Recapital Advisors, and an investment corporation called PT Saratoga Investama Sedaya. By his network and leadership, PT Saratoga succeeded in the acquisition of various companies.

In 2005-2008, Sandiaga Uno also became the chairman of Indonesia Young Entrepreneurs Association (HIPMI). He was also the chairman of Committee of Small, Micro, Medium, Enterprises (SMEs) in the Indonesian Chamber of Commerce and Industry (KADIN) since 2004. Sandiaga Uno believes that courage and optimism in looking at the future is the key to paving the way to success. For him, success element rests on hard work, trust, and networking. Persistence in trying and courage to try is the key of success.

Besides that, Sandiaga Uno reveals that one of the most important strategies for success is to learn and to find out what has been done by people who have succeed.

The key is learning from their experience to achieve success. According to him, SMEs as the main players in Indonesia's Economy have an important role in maintaining the stability of the country's economy. This sector has been proven to be able to survive in times of crisis and shore up the country economy during the last ten years.

That is why, in his political agenda Sandiaga proceeded to execute plans mentioned during his campaigning. In early October 2017, an entrepreneurship program called OKE OCE (One Kecamatan, One Center for Entrepreneurship), or known as One District One Centre of Entrepreneurship, it is launched with the hope of creating new job opportunity for citizens.

## HIGHLIGHTED PROFILES



**EDY JUNAEDI HARAHAP**

Edy Junaedi Harahap, the Chairman of Integrated One Stop Service Department of Jakarta Provincial Government (DPMPSTP DKI Jakarta), is the main actor behind the recent innovative breakthrough and changes in the license services of Jakarta government. He holds a doctoral degree of University of Padjajaran mastering governmental science and was one of the best graduate student from IPDN, The Domestic Ministry's School of Government.

During his leadership, and under the guidance of Anies and Sandiaga Uno, DPMPSTP DKI Jakarta achieved the highest score compared to 34 other DPMPSTP in Indonesian provinces in the evaluation of public services.

Besides that, he is the mastermind of DPMPSTP Jakarta in accomplishing various achievements such as contributing to the improvement of World Bank's EoDB Indonesia's Index to rank at 72, up by 34 rankings in the last two years.

Edy Junaedi also developed JVC4B or Jakarta Virtual Consultant for Business, along with Jakarta Investment Centre. He envisioned the realization of investment achievement that achieved more than 108.6 trillion from the target of IDR 55 trillion in 2017, and targeted for increase by 100 trillion this year. In his mind, being very beneficial person is what he strives to become, hoping that his job will be beneficial for many people.

Edy initiated major breakthrough in the nascent unit of Jakarta government. He is the youngest head of department in Jakarta Provincial Government, being appointed at age 39. The DPMPSTP DKI Jakarta under his leadership achieved score of 85,43 in Ombudsman ranking score and received an 'excellent' category in the Role Model of Public Service Provider Awards from the Ministry of State Apparatus Empowerment and Bureaucratic Reform.

## HIGHLIGHTED PROFILES



**INDARINI EKANINGTYAS**

With 21 years of experience since 1997 in investment-related department, Indarini Ekaniingtyas or Bu Ririn accumulated abundant knowledge of history as well as comprehension of transforming Jakarta Regional Investment Coordinating Board (Badan Koordinasi Penanaman Modal).

She is also experienced in the institution merger process into the Jakarta Regional owned Enterprise Coordinating Board (Badan Pembinaan Badan Usaha Milik Daerah).

She was also involved in the transfer and development into the Jakarta Integrated One-Stop Service Department (Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu).

Indarini has been working in various units such as the head of investment planning, investment controlling and monitoring unit, and also its experienced in the secretariat that had made her has wide knowledge. Currently, she wishes to see further development of Jakarta Investment Centre.

Indarini has the hope to develop and re-activate the Jakarta investment association where it can work together alongside Jakarta government to develop other regions in Indonesia.

There are many poor underdeveloped areas outside the regions of Jakarta and she has concerns about it. She hopes that the investment development in Jakarta spillover could be beneficial not only for Jakarta citizen but also other people in another part of Indonesia.

In her period of work as being the head of Investment under Dr Edy Junaedi's leadership, she envisions her hopes to be fulfilled through Jakarta Investment Centre.



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