Program Background and Objective:

- **City of Balikpapan has planned to develop a Kariangau Industrial Estate (KIE) with total area of the estate is 2.721 Ha consists of:**
  - 2,587 Ha owned by province government and community
  - 133.8 Ha owned by the city municipality.

- **Objective:** To create an agglomeration industrial park and transportation hub that could also increase the local revenue

- **Strategic location** which aligns with the city master plan. The area is supported by infrastructures such as power plant, reservoir and port specifically for goods.

- The city municipality has established an estate management company, “Perusda” responsible to:
  - Develop the management framework
  - Formulate both the master plan and the detail engineering design

- **Target market:**
  - Agro industry
  - Construction company
  - Oil and gas companies
  - Timber industry
  - Transportation industry
  - Manufacturing industry

Identified Investment:

- **Total budget of phase 1 is 7.5 mil. USD** to be financed by city municipality, PPP and debt mechanism

- Allocated budget from municipality is 1.8 mil. USD and the financing gap is 5.7 mil. USD

- **Phase 1:**
  - Installation basic infrastructure (road network, drainage, electricity, clean water network and flood control system)
  - Social infrastructures (housing, school, etc)

- **Option of investment**

  1. Public Private Partnership
     - One developer to develop the whole area
     - Long term leasing to payback upfront funding the basic infrastructure
     - Possible revenue sharing between developer and municipality

  2. Debt Mechanism
     - Domestic loan (from commercial bank) for basic infrastructure requirements
     - The value of the land will be increase because of the improvements and will attract the developer to come
     - PPP arrangement to build warehouse and other