

# Airport Development and Financing: the Case of Indonesia <sup>1</sup>

by

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## **Abstract:**

Indonesia air traffic volume has been growing steadily over the last few years, directly affecting airports in Indonesia. The current capacities at many airports in Indonesia are inadequate to meet the demand for commercial airline services. These airports are experiencing over capacity and declining services. Faced with the necessity of financing for the development of new airports, the Government of Indonesia is seeking creative solutions to eliminate the burden of investing and attract the private sector in the airport business. The government encourages public private partnerships (PPP) for the development of airports. The Law No. 1 of 2009 on Aviation has opened up the opportunity for the private sector to participate in the airport business by cooperation with the government. This paper starts with factual and recent developments of airport infrastructure in Indonesia. Then the author will analyze the regulatory framework, the participation of the private sector and restrictions applicable to private investors involved in the development of airports. In terms of financing, the article focuses on various financing means used by the government and the private investors to develop the airport infrastructure.

**Keywords:** Airport, Financing, Public Private Partnership.

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