



THE ROLE OF **PT PENJAMINAN INFRASTRUCTURE INDONESIA (PERSERO)/PT PII** AS *SMV*MINISTRY OF FINANCE IN SUPPORTING THE PROJECT

Jakarta, 11 September 2023

PT Indonesian Infrastructure Guarantee (Persero)

TOLL ROAD PPPS IN INDONESIA





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- THE ROLE OF PT PII (PERSERO) IN PROMOTING THE TOLL ROAD PPP PROJECT
- POTENTIAL SCOPE OF PPP PROJECT GUARANTEES





AT A GLANCE ABOUT PT PII (PERSERO)



PROFILE OF PT PENJAMINAN INFRASTRUCTURE INDONESIA (PERSERO) / PT PII



Mandate and Business Pillars to Support Sustainable Infrastructure Provision







Change in Government focus from provision to service to Public

Fair risk allocation for increase private participation





Sustainable Infrastructure Project Development



KANTOR BERSAMA KPBU

Special Missions
Vehicle (SMV)
is managed directly
Ministry of Finance

Supports Acceleration
Development
Sustainable
infrastructure

Mandate and
Business Pillars



PPP Infrastructure Guarantee Conventional, IKN & Sharia Guarantee



BUMN Direct Loan Guarantee



Corporate Guarantee for the PEN Program 2020 - 2022



National Strategic Project Guarantee (PSN)



Capacity Building Financing Infrastructure/PPP



Project Preparation and Assistance

Legal basis:

- Presidential Decree 78/2010 concerning
 Project Infrastructure Guarantee
 PPP
- PMK 260/2010 in conjunction with PMK 8/2016 regarding Implementation Guidelines Infrastructure Guarantee in PPP Project





Office Member
Together with PPP
Republic of Indonesia



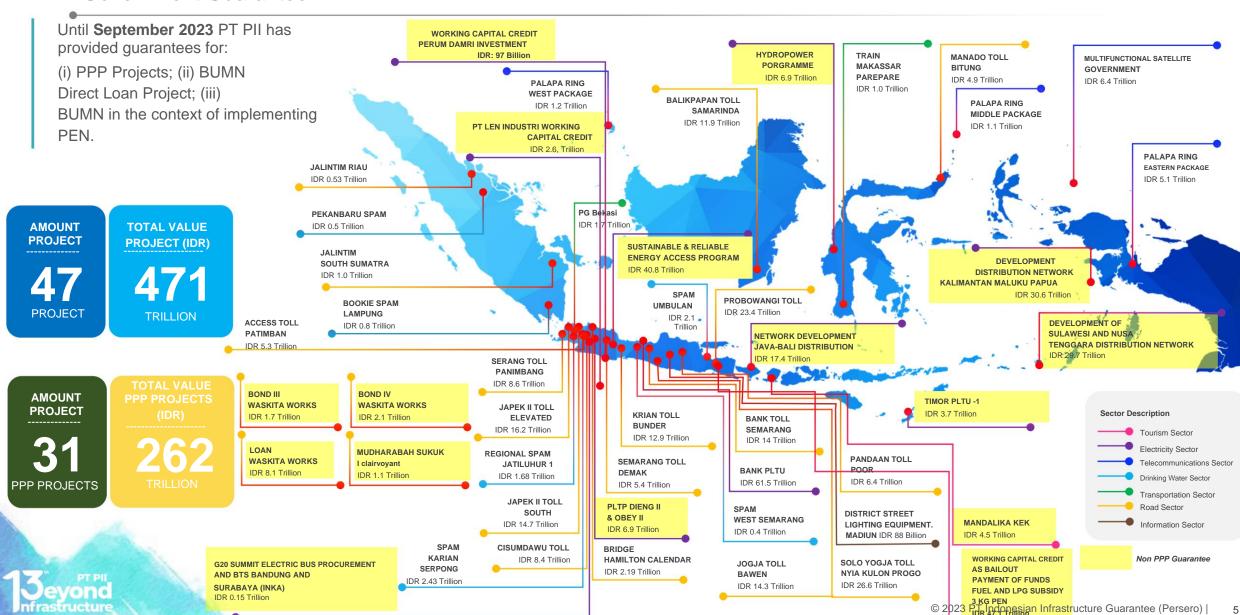




PORTFOLIO OF PT PENJAMINAN INFRASTRUCTURE INDONESIA (PERSERO)



Government Guarantee

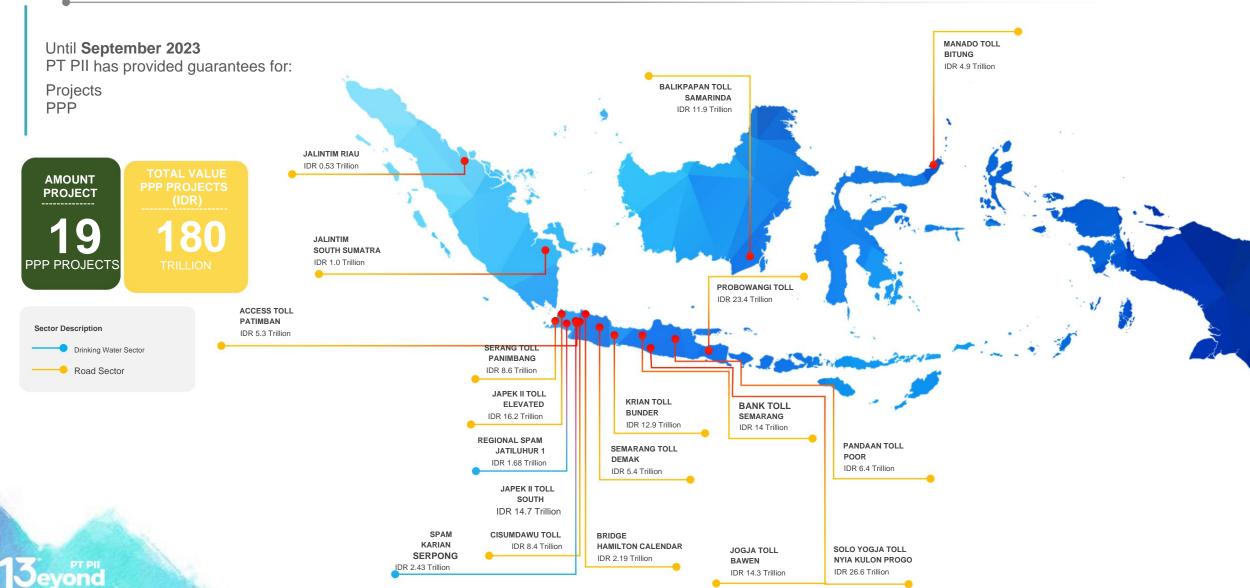




PORTFOLIO OF PT PENJAMINAN INFRASTRUCTURE INDONESIA (PERSERO)



For PPP Projects at the PUPR Ministry







THE ROLE OF PT PII (PERSERO) IN ENCOURAGE PPP PROJECTS



INFRASTRUCTURE SECTOR FOR PPP SCHEMES



- Presidential Decree 38/2015 concerning Government and Business Entity Cooperation
- Bappenas Ministerial Regulation 2 of 2020 concerning Procedures for Implementing PPPs in Providing Infrastructure

PTPII's support for the acceleration of national priority and strategic infrastructure:

Sectors: Transportation, Roads, Energy, Drinking Water, ICT, Health, Education, Public Housing, Tourism, etc.





PRINCIPLES AND BENEFITS OF PPP SCHEMES

PPP Projects and Sustainability in Infrastructure Provision



Not only for GCA and investors, but for public users at large and with long-term orientation

BUSINESS ENTITY GOVERNMENT INFRASTRUCTURE PROJECTS Vision Realization - Mission and Planning Risk management Worthy (Experience, Efficiency, Ability) Investment Set Output Specifications Asset Economic Life Approach **Impact Economy** (3) Ensuring Regulations, Policies Social Innovation, Technology and Creativity Value for Money Commitment and Risk Sharing **Design Optimization and Integration Effective & Efficient** (Fiscal and/or Non-Fiscal Support Financial Capabilities Quality Land Provision (Term Concession Service Revenue and Operations Management **Risk Allocation** Long) (Fairness) (< **Ensure Project Feasibility Providing Services**

"Optimal risk allocation in the Cooperation Agreement will determine the an sustainability of infrastructure projects.a" i proyek infrastruktur..."



Marques & Berg: 2011. Excerpted.



WHY NEED A GOVERNMENT GUARANTEE





SOURCE OF FUND

20%-40% Range Investor Capital 60%-80% Range

Banks/Lenders



Risk Review by

Bank review of project risks based on head replacement Minister / Head of Institution / Regional Heads, policy changes, and certainty regarding political policies



Bank Risk based

Length of service

Infrastructure returns on capital
above > 5 years (above the regional head's term of office) that is so there is a risk for will be banks to finance projects
beyond the regional head's term of office



Guarantee to Investors

There needs to be a guarantee that investor and bank money will be returned over time

Cooperation/concessions





PII was formed by

Ministry of Finance to provide guarantees and comfort to

BUP, investors, banks/lenders, and PJPK

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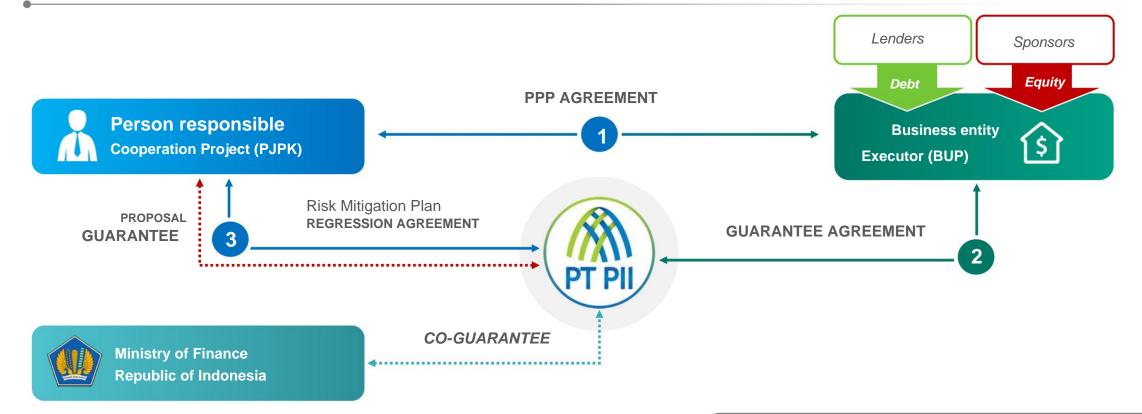




PPP PROJECT STRUCTURE WITH PII GUARANTEE



General Scheme for PPP Projects with PT PII Guarantee



GUARANTEED RISKS

ÿ Actions and/or inaction by the GCA ÿ Discriminatory government policies ÿ Unilateral decisions from the PJPK ÿ *Breach of Contract* or breach of contract by the PJPK

INFRASTRUCTURE GUARANTEE THROUGH PT PII:

- ÿ To ensure that PJPK obligations are paid, but not yet transfer the responsibility of the GCA
- ÿ Provided for PJPK Financial Obligations originating from Infrastructure Risk





PT PII ENSURES PPP PROJECT RISK MANAGEMENT



Example of PT PII Risk and Risk Allocation Principles

PRE CONSTRUCTION

CONSTRUCTION

OPERATION



Change

specific)

The law that Discriminatory (*Project*



Lateness

Consent That Matters



Termination

Early consequences

Action

Government

Lateness

Provision

Project Land

Risk

Payment Service Agreement
Tariff Adjustment



Have a better ability to assess risks



Have the ability to control the possibility of risk occurring

PRINCIPLE
ALLOCATION
RISK

Have the ability to bear the risk with lowest risk costs



Has more capacity in managing impacts risk occurs











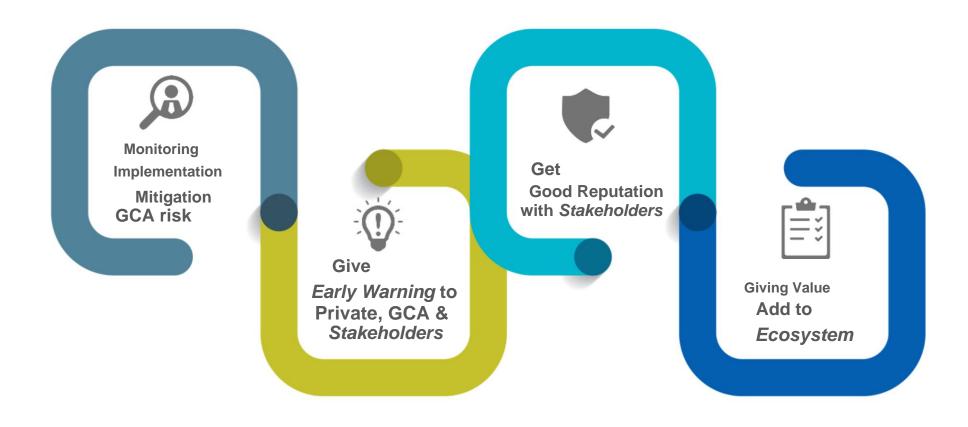
Facilitation/Support Identification and Assessment PT PII's **Projects** required Fin. Potential Project Start Bid PQ RfP Development Signing by the Insurer Close Awards Facility (MoF) assistance to **Answer Project** Preliminary studies PJPK in **Cooperation (PJPK)** Final Business **Bid** Preparation Case (FBC) Implementation Lenders Capacity Building Coordination Allocation & Mitigation Plan Negotiation Plan Risk **Risk Mitigation** Outline Business Case (OBC) Capacity Building for Stages **Setup and Transactions OPERATION SETUP PLANNING TRANSACTION** Guarantee Scanning and Screening Underwriting Agreement Guarantee **Potential Projects** Monitoring PT PII (Persero) Guarantee Risk Mitigation **Appraisal Guarantee Consultation** 3. UP/ PII output prior to Guarantee Agreement 2. CTP 1. Screening Form GAP



PT PII ENSURES PROJECT RISK MITIGATION



Joint Monitoring Committee



In accordance with the Ministry of Finance Regulation (No. 260/2016), PPP Agreement and Regress Agreement, *Project Sustainability* of PPP Projects that are provided with Government Guarantee must be *monitored* by forming a Joint Monitoring *Team* (JMC)





THE ROLE OF PT PII IN NATIONAL INFRASTRUCTURE DEVELOPMENT



PT PII initiative to support sustainable and beneficial infrastructure development for the community

Strengthening Ecosystems and Deep *Networks*Infrastructure Provision







- ÿ Implementation of Capacity Building, Policy research and Publications;
- ÿ Synergy in the Development of Policy Advocacy and Strengthening Regulations;
- ÿ Initiator and Members of the Republic of Indonesia PPP Joint Office;
- ÿ Synergy between SMV and the Indonesian Ministry of Finance through PPP Corner Development
- ÿ Community of Practice for Innovative Infrastructure Financing (INFINITY)

Infrastructure Guarantee as Project Enabler and Financing Enabler











- ÿ Confirmation of Project Feasibility;
- ÿ Project Structure with Allocations
 - and Optimal Risk Mitigation;
- ÿ Joint Monitoring Committee;
- ÿ Synergy between Ministry of Finance SMVs;

- ÿ Synchronization with Financing
- Project to achieve *Financial Close;*ÿ Development of *Guarantee* schemes
 - Sharia PPP, support platform
 - for Small Scale PPP/KPBU

Collaboration with Academics via IIGF Institute









- ÿ As an *Accredited Training Organization*/ ATO for Certification Global Standard PPP Professional (CP3P) through APMG; ÿ
- Collaboration with 36 universities through the University Network for Indonesia Infrastructure Development (UNIID);
- ÿ Knowledge partner Think20 Indonesia 2022 (T20) with FEB UGM & ERIA

Collaboration with Institutions International









- ÿ Synergy with Multilateral Agencies (MIGA, ICIEC) regarding potential cooperation in guaranteeing Infrastructure Projects for international investors
- ÿ Collaboration with Bilateral Agencies (KIAT, JICA), etc. regarding potential development of sectors such as waste, housing, etc

Intrastructure





EXAMPLE OF PROJECT RISK ALLOCATION



In Implementing the User Charge Scheme

Types of Risk	Exposure to Risk Occurrence					Risk Allocation	
	Signing	Financial Close	Construction	COD1	Operation	PJPK2	BU3
Location/Land							
Licensing						•	•
Technical Design							•
Project Financing							•
Construction							•
Operations and Maintenance							•
Action/ No Government Action						•	
Traffic volume						1 1	•
Tariff Adjustment						•	
Force Majeure						• [•
Early Termination						(<u>•</u> j	•

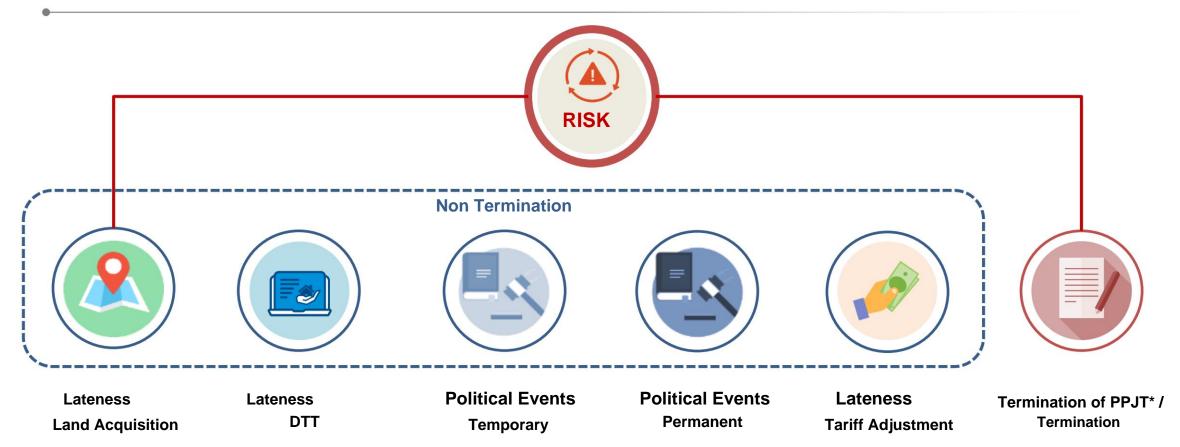
Can given Guarantee Government (started since effective guarantee)



POTENTIAL WARRANTY COVERAGE



Toll Road Project



*) Termination of PPJT is not included in the scope of guarantee in several projects, so the guarantee scope is adjusted based on the results of the guarantee structuring







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