

INFRASTRUCTURE PROVISION POLICY WITH PUBLIC PRIVATE PARTNERSHIP (PPP) SCHEME

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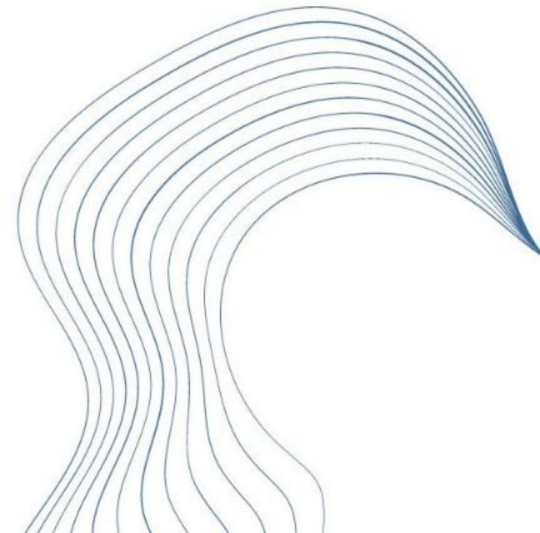
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Presented in Market Sounding of PPP Project Sitinjau Lauik Flyover

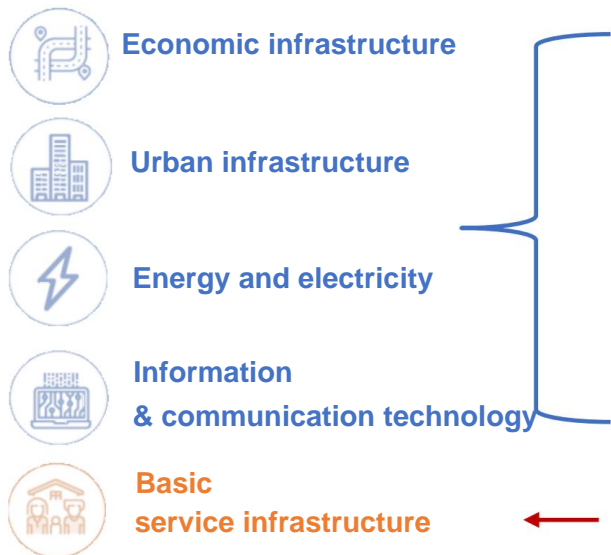
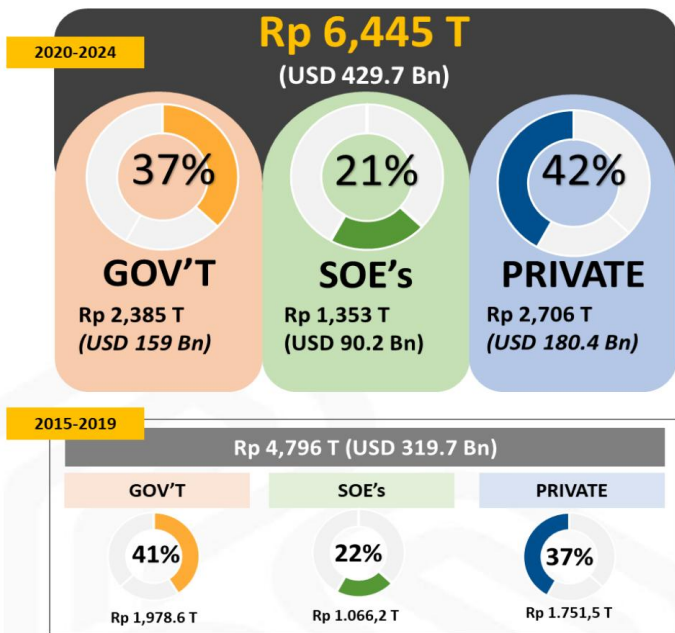


BAPPENAS

Kementerian Perencanaan Pembangunan Nasional/
Badan Perencanaan Pembangunan Nasional



INFRASTRUCTURE FUNDING FRAMEWORK 2020-2024



• In order to increase infrastructure stock from 43% GDP (in 2017) to 50% GDP (in 2024), Indonesia requires infrastructure investment Rp. 6,445 T.

• The investment value increased by 34.3% from IDR 4,796 T (USD 319.7 Bn) in 2015-2019.

• In order to increase stock infrastructure from 43% of GDP (in 2017) to 50% of GDP (in 2024), Indonesia needs infrastructure investment IDR 6,445 T.

• The investment value increased by 34.3% IDR 4,796 T (USD 319.7 Bn) in 2015-2019.

PROJECT ALIGNMENT WITH THE GOVERNMENT'S PRIORITIES

Sitinjau Lauik Flyover (Unsolicited Project)

• The Sitinjau Lauik *Flyover* construction plan supports **the 2024 economic infrastructure development target "3,000 km of New National Road"** stated in

RPJMN 2020-2024.

• The Sitinjau Lauik *Flyover* development plan is **in line with the National RTRW (PP 13/2017)**, namely as a form of **development of primary arterial roads** (located on the Lubuk Selasih-Batas Padang City road).

• The construction of the Sitinjau Lauik *Flyover* is included in **infrastructure that can be collaborated with the PPP** scheme in the **road infrastructure sector** category based on PPN Ministerial Regulation No. 7 of 2023.

• Sitinjau Lauik Flyover is in line with **economic infrastructure development targets for 2024 "3,000 km New National Roads"** which stated in **The National**

Medium-Term Development Plan For 2020-2024.

• Sitinjau Lauik Flyover is in line with **the National Regional Spatial Planning Plan (PP 13/2017)**, as a form of **primary arterial roads development** (located on Lubuk Selasih-Batas Kota Padang road).

• The construction of Sitinjau Lauik Flyover is infrastructures that **can be collaborated with PPP scheme** in the category of **road infrastructure sector** based on Minister of National Development Planning Regulation Number 7 Year 2023.

PUBLIC PRIVATE PARTNERSHIP



Definition

Cooperation between the government and Business Entities in providing infrastructure for the public interest which partially or fully uses the Business Entity's resources with risk sharing between the parties.



Profit

- Reducing dependence on APBN/APBD
- *Whole-life cycle approach*, ensuring the availability of services during the collaboration period through quality infrastructure
- Allows for intermediate risk allocation government and business entities
- As an entry point for private investment provision of public services
- There is a guarantee from the government for the Agency Business in the comfort of investing



Definitions

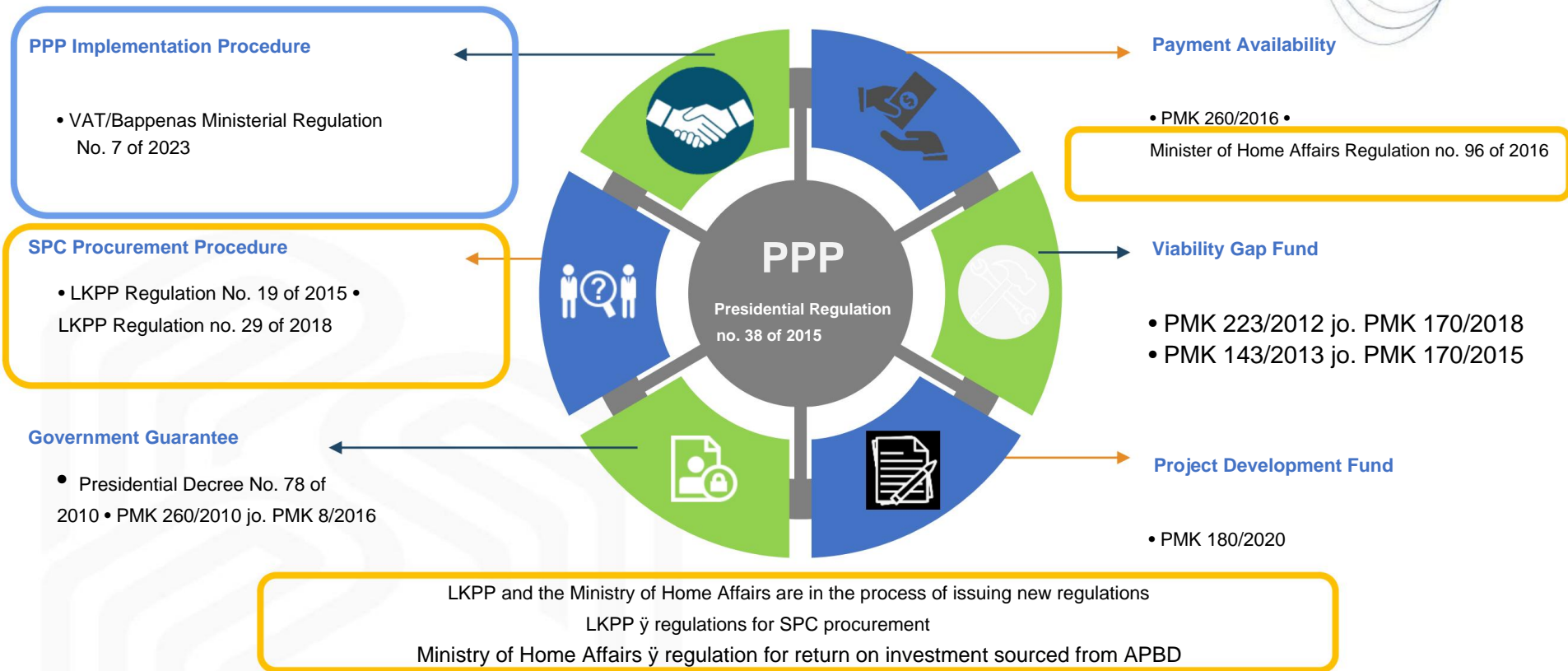
The cooperation between government and business entity in infrastructure provision for the public interest in, which partially or fully uses Business Entity's resources, with particular regard to the allocation of risk between the parties.



Advantages

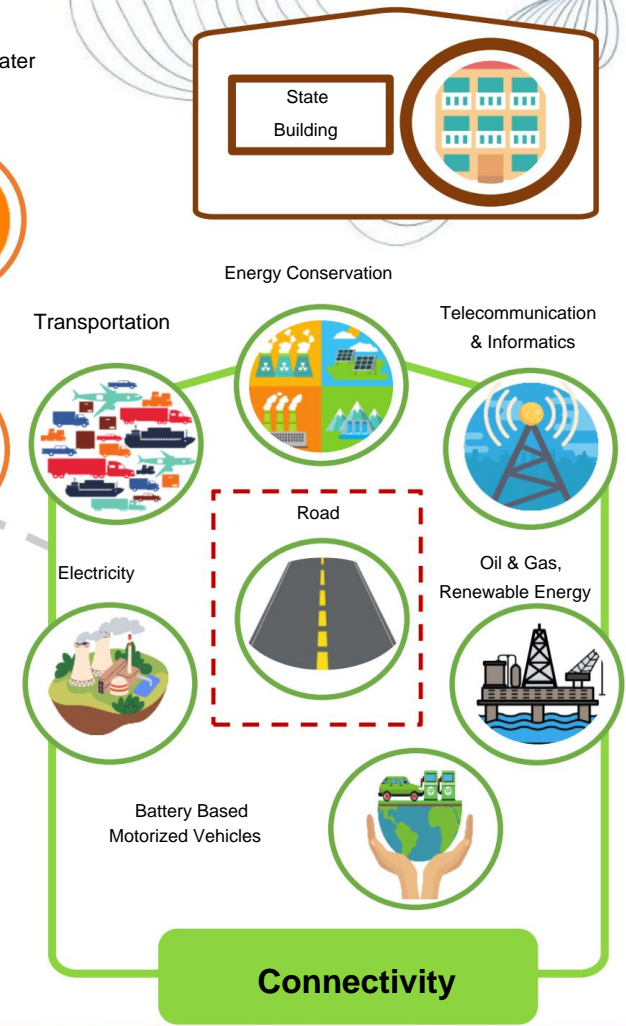
- Reduce dependence on the state/regional budget
- Whole-life cycle approach, ensure availability of services level during the cooperation period
- Allow for allocation of risk between government and business entities
- As entrance of private investment in provision of public service
- The guarantee from government for business entities

SUPPORTING REGULATION



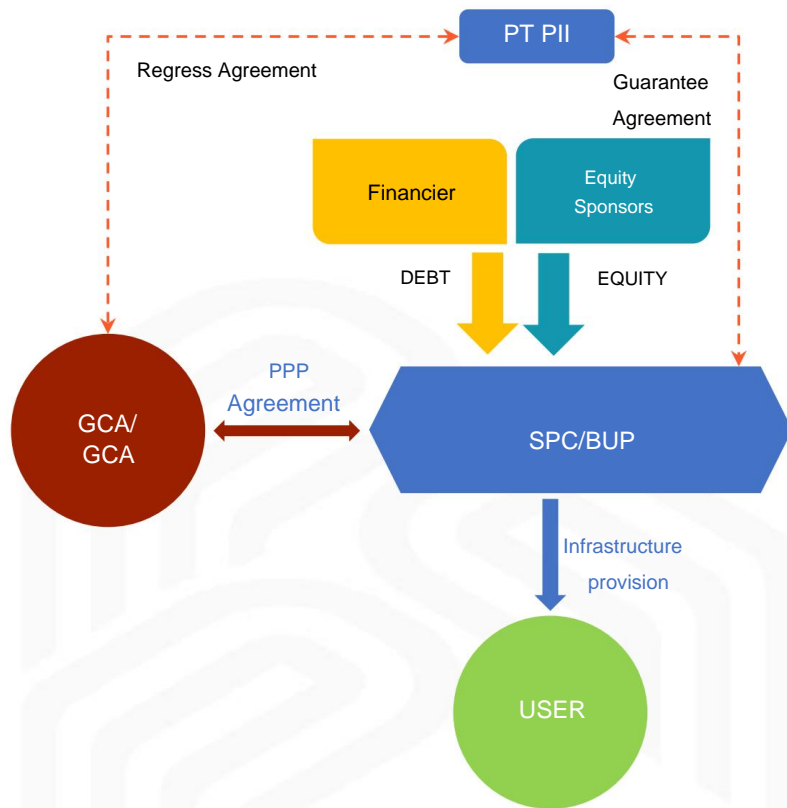


22 INFRASTRUCTURE SECTORS



Source: VAT Ministerial Decree 7/2023

PPP STRUCTURE



SUPPORTING ACTIVITIES	GOVERNMENT SUPPORT
<ul style="list-style-type: none"> • planning and implementation land acquisition; • obtaining Environmental Approvals; • application for approval for utilization of BMN/D; • request for grant Government Support; • request for grant Government Guarantee; • submission of confirmation issuance Service Availability Payments (Availability Payment) which is final for ministries/agencies; • submission of PPP considerations for Local government; and/or • other activities and earnings <p>permits required for the implementation of PPP projects which must be fulfilled by the GCA in accordance with the provisions of sector laws and regulations.</p>	<ul style="list-style-type: none"> • Viability Gap Fund • Tax Incentives • Government support in others forms based on laws and regulations
	GOVERNMENT GUARANTEE
	<p>Government guarantee by PT PII (Persero)</p>
	RETURN ON INVESTMENT SCHEME
	<ul style="list-style-type: none"> • User fees/charges • Payment Availability • Other forms

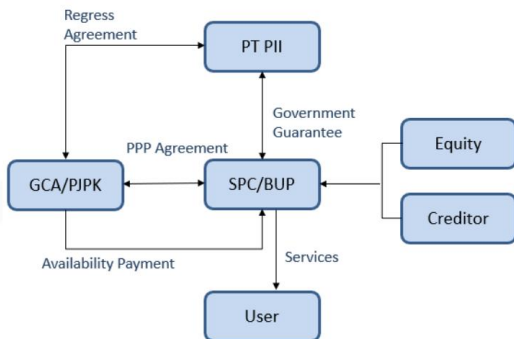
RETURN ON INVESTMENT SCHEME

Payment Availability

Regular payments

Minister/Head of Institution/Head of Region to the Implementing Business Entity above availability of appropriate infrastructure services with quality and/or criteria as follows determined in the PPP agreement.

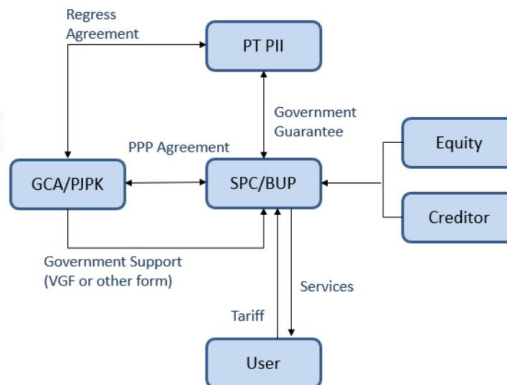
A **periodic payment** by the Minister/Head of Institution/Head of Region to the Special Purpose Company for the availability of the infrastructure service in accordance with the quality and/or other criteria specified in the PPP agreement.



User Charges

Sourced return on investment from **payments by top users service fees** are determined by the Government.

Return on investment from **user charges in the form of tariffs** which is determined by the government.

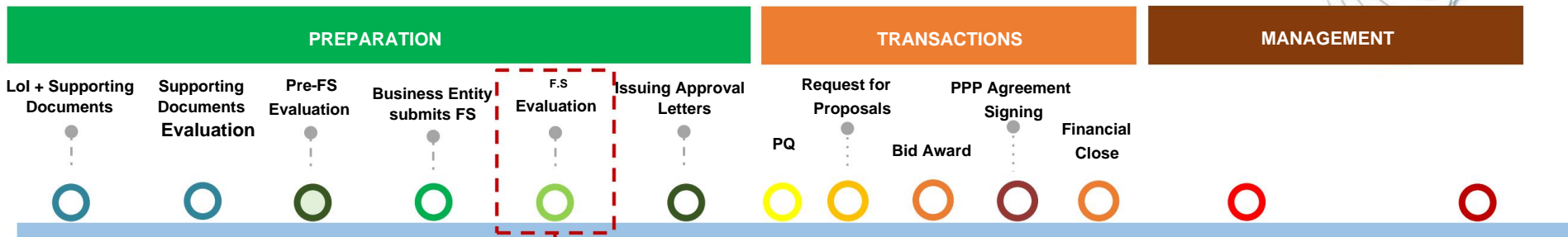


Other Forms

Return on investment with other forms in accordance with applicable laws and regulations .

Return on investment in other forms in accordance with laws and regulations.

PPP STAGES (UNSOLICITED)



View the Lauik Flyover

Evaluation Criteria:

- Technically integrated with the sector's master plan
- Economically and financially viable
- The business entity that proposes the initiative has adequate financial capability to finance the project.

Stages	Duration (Normative)
FS Submit	2-6 months
FS Evaluation (including public consultation & market sounding)	1-2 months
Issuing Approval Letter	4-6 months
Pre-qualification	2 months
Request for Proposals	2 months
Bid Award	1 month
Signing PPP Agreement	1 month
Financial Close	6 months
Construction	24 months

MARKET SOUNDING



• **Market interest assessment** is an interaction process to find out input and interest from potential investors, banks and insurance regarding PPPs that will be collaborated at the preparation stage PPP.

• GCA can assess market interest, including through two-party meetings **and PPP promotions** with potential investors, national and international financial institutions, as well as other parties who have an interest in PPP implementation.

• Market interest assessment **can be carried out more than 1 (one) time.**

Support expected from activity participants:

• **Provide input** on project structure or feasibility, for example regarding the investment value and/or scope of commercial services.

• **Sharing knowledge** from meeting participants according to their respective experiences, for example financial institutions in financing infrastructure projects or potential investors in investing in companies operating in the road and bridge infrastructure sector.

• **Market Sounding** is the interaction process to find out the inputs and interests of potential investors, banks, and insurance for PPP projects during the PPP preparation stage.

• GCA/GJPK can conduct Market Sounding through **one-on-one meetings** and **PPP promotions** with potential investors, national and international financial institutions, and other parties who have an interest in PPP implementation.

• Market Sounding **can be conducted more than 1 (one) time.**

The expected support from Market Sounding participants:

• **Provide input** regarding the structure or feasibility of the project for example the investment value or scope of commercial services.

• **Sharing knowledge** from participants according to their respective experiences.

PPP JOINT OFFICE SUPPORT



KANTOR BERSAMA KPBU REPUBLIK INDONESIA

PPP Joint Office Government of Indonesia



Coordination



Facilitation



Capacity Building



**PPP Implementation
Acceleration in Indonesia**



PPP Joint Office Republic of Indonesia
PT Indonesian Infrastructure Guarantee (Persero)
Capital Place, 7th & 8th Floor
Jl. General Gatot Subroto Kav. 18,
Jakarta 12710



THANK YOU