



THE REPUBLIC OF INDONESIA

MINISTRY OF FINANCE



INDONESIAN PPP

Country Report

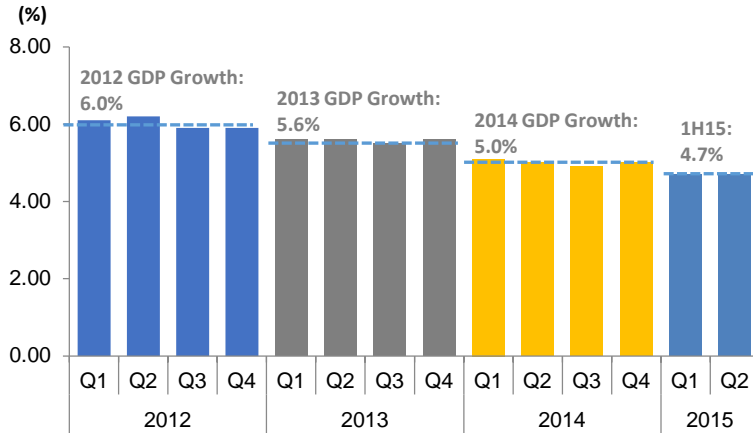
Subregional Expert Group Meeting (EGM) for South-East Asian Countries
24-25 November, 2015



The Economy on Stable and Promising Growth Path

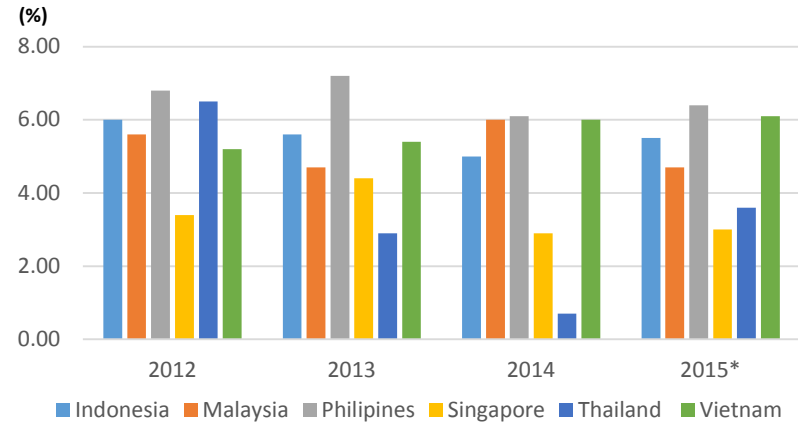


Consistent GDP Growth Rate...



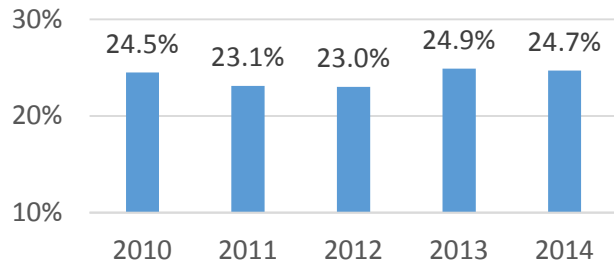
Source: Bank Indonesia

Competitive GDP Growth Rate...



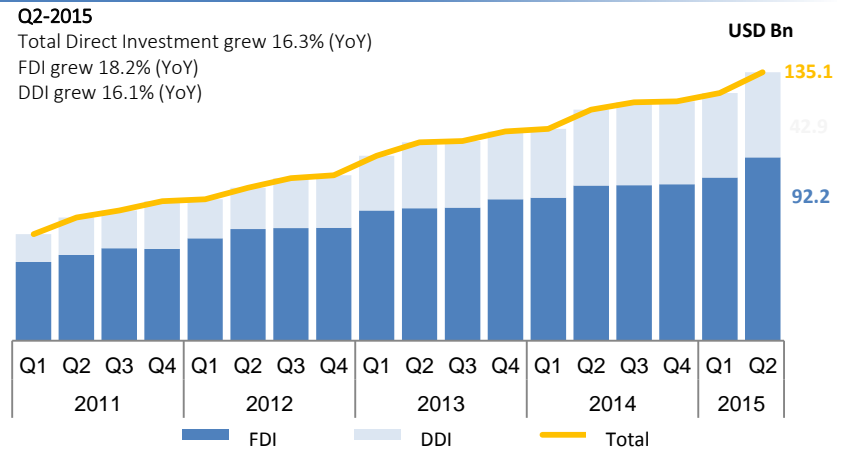
Source: ADB, 2015

Stable Debt to GDP Ratio...



Source: MoF Indonesia

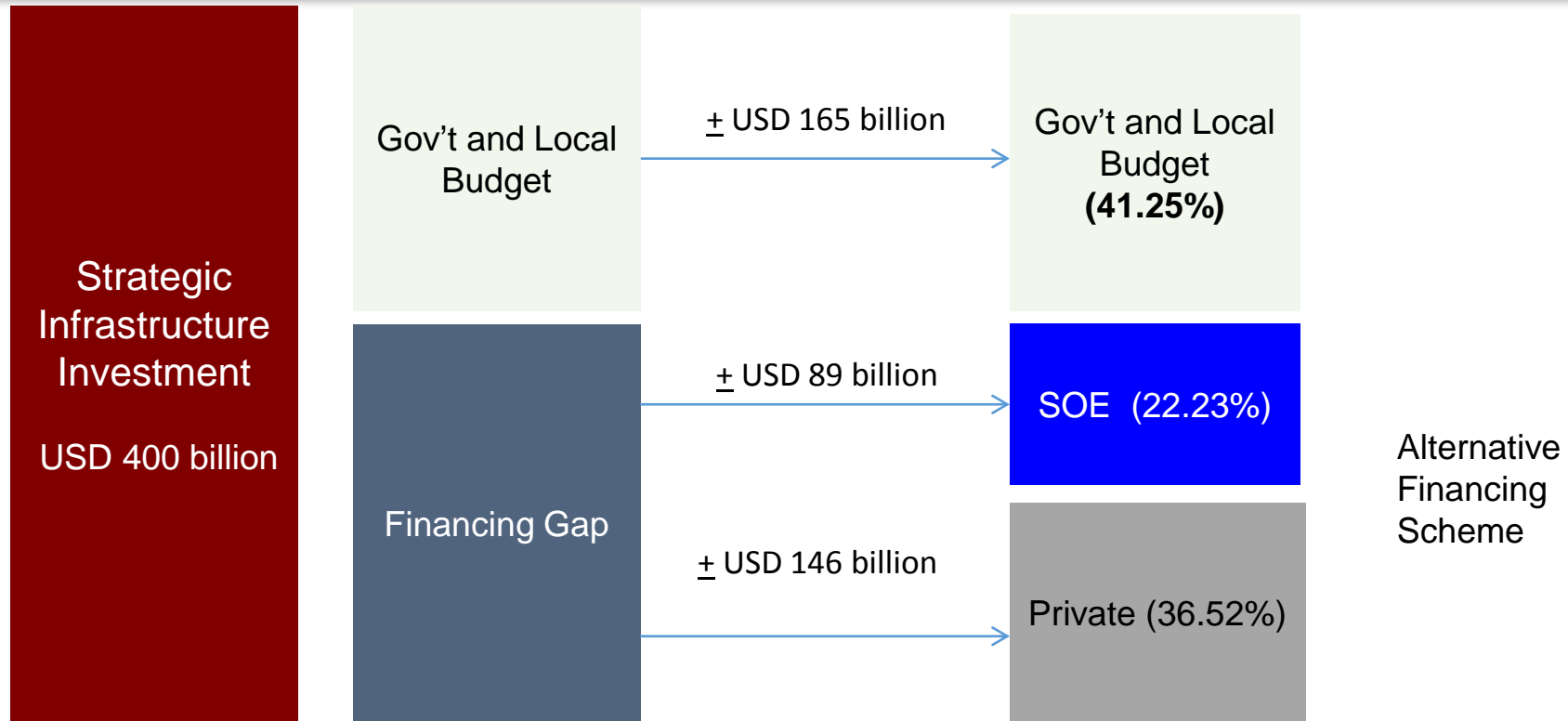
Rising Direct Investments...



Source: BKPM



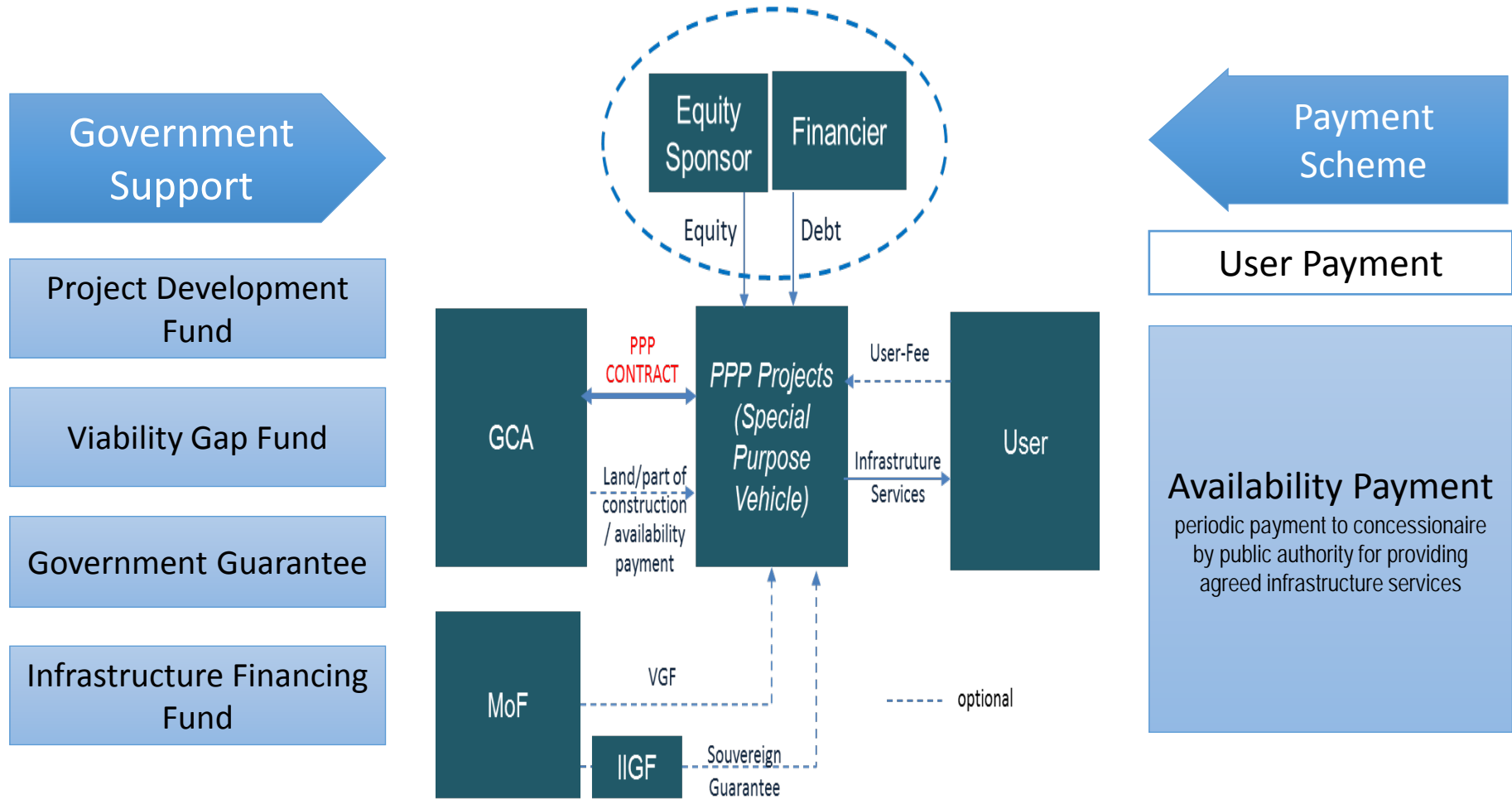
Estimated Funding Source for Infrastructure Development (2015-2019)



- Based on medium term economic development plan 2015-2019, the infrastructure investment needs is estimated **around USD 400 billion**;
- The development focuses on basic infrastructure sectors, such as Connectivity, Power & Electricity, communication, water & housing;
- To fill the gap of infrastructure needs, GOI is welcoming private involvement through PPP scheme as well as SOE participation.



Structure of Support in PPP Financing Scheme





PPP Institutional Arrangement



- Key players in Indonesian PPP:

Institution	Roles
KPIP (Infrastructure Acceleration Committee)	<ul style="list-style-type: none">- Prioritizing projects- Deciding funding project scheme
Ministry of Planning	<ul style="list-style-type: none">- Planning in infrastructure development
Ministry of Finance cq PPP Unit	<ul style="list-style-type: none">- Providing government supports such as Project Development Facility (PDF), Viability Gap Fund, Sovereign Guarantee- Assisting the implementation of Availability Payment Scheme- Assisting development of business package and transaction process until financial close
Indonesia Infrastructure Guarantee Fund (IIGF) - SOE	<ul style="list-style-type: none">- Fiscal tool to provide sovereign guarantee (assessment and administration process for the guarantee are carried out through IIGF)
PT Sarana Multi Infrastruktur - SOE	<ul style="list-style-type: none">- Facilitator in Project Development Facility- Providing competitive infrastructure financing



PPP Challenges



- Land acquisition issue often times causes project delay;
 - In some cases, PPP Co is unable to achieve financial close;
- The absence of the time indication to process the PPP projects from initiation phase until achieving the financial close;
- Domestic banks do not have adequate capacity to compete in PPP infrastructure financing due to relatively conservative banking regulation.



Progress on PPP Projects



PROJECT	TOTAL PROJECT (in USD million)	STATUS	GOVERNMENT SUPPORT/ FINANCING SCHEME
POWER SECTOR			
Central Java Power Plant	3,030	PPP Agreement has been signed Processing Financial Close	Government Guarantee
Mine Mouth 9-10, South Sumatera	4,090	Tendering Process	Government Guarantee
WATER SECTOR			
Umbulan Water Supply	151	Tendering Process (RfP—Bid Submission)	Guarantee and Viability Gap Fund
Lampung Water Supply	75	Tendering Process (RfP—Bid Submission)	Guarantee and Viability Gap Fund
West Semarang Water Supply	57	Enter tendering process	Viability Gap Fund
TRANSPORTATION			
Airport Railway-Soekarno Hatta International Airport	1,820	Wait for GCA clarification of PDF continuity	Project Development Facility
TELECOMUNICATION			
Palapa Ring-Fiber Optic Project	230.6	Prepare for RfP Process	Availability Payment

3-5 PROJECTS TARGETED TO BE DELIVERED AND GET FINANCIAL CLOSING WITHIN 3 YEARS



THE INVESTMENT OPPORTUNITIES



PPP Project Pipeline	Investment Cost (in USD million)
ENERGY	
1. Bontang Oil Refinery	5,680-10,600
2. IPP Project 35,000 MW	±105,000
TOLL ROAD	
3. Toll Road Balikpapan – Samarinda	864
4. Toll Road Manado - Bitung	295
5. Toll Road Serang – Panimbang	909
WATER AND SANITATION	
6. Water Supply System Semarang Barat	76
RAILWAY	
7. Express Airport Railway SHIA	1,820
HEALTH FACILITY	
8. Pirngadi Hospital	18
SPORT CENTER	
9. Bali Sport Stadium and Aquatic Center	International Stadium = 82 Aquatic Center = 15

Beside the above projects, there are certain sectors such as hydropower and water supply which are PPP potential spreading across provinces in Indonesia.

- GoI has addressed the needs of the private sector in PPP Projects by providing required government supports such as sovereign guarantee, viability gap fund, offering the attractive and robust PPP business package, simplifying and shortening time and processes for investment licensing.
- Moreover, the opportunities to invest in infrastructure widely open through a pipeline of a number of potential PPP projects.
- The transfer in technology, knowledge and fund from international resources are expected to support the infrastructure development in Indonesia.



Thank You

**DIRECTORAT GENERAL OF FINANCING AND RISK MANAGEMENT
MINISTRY OF FINANCE , GOVERNMENT OF INDONESIA**

Frans Seda building 1st floor
Dr. Wahidin 1, Jakarta 10710
Phone (+6221) 3510722; Fax (+6221) 3447386
www.djppr.kemenkeu.go.id

