



REPUBLIK INDONESIA



PARTNERING WITH PRIVATE SECTOR THROUGH PPP IN INDONESIA

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Republic of Indonesia

Investment Value (The Sources)

Sources

Descriptions

Total Value of
Investment
Required in
Infrastructure¹
2015-2019:

USD 359.2 Bn
(IDR 4,796.2 Tn)

State Budget:
USD 148.2 Bn
(41,3%)

SOE :
USD 79.8 Bn
(22,2%)

Private
Participation:
USD 131.1 Bn
(36,5%)

- Government Spending
- Non-Government Spending (subsidy, PSO²)
- Local Government Spending
- Funding (PMN³ and *viability gap fund*)

- State-Owned Enterprise (SOE)
- Private Sector
- Public Private Partnership (PPP) with Guarantee Fund

- Government's infrastructure budget 2015-2017:
 - 2015: USD 21.7 Bn
 - 2016: USD 23.5 Bn
 - 2017: USD 25.9 Bn
- Therefore, total 2015-2019: ± **USD 112.3 Bn (< USD 148.2 Bn)**, **require more funding support from private sector**

- Proportion of infrastructure investment using **PPP scheme in other countries (on average) is 22%** (UK, Thailand, Portugal, and Brazil the highest >40%)

**58.7% GAP to
be funded by
Non-
Government
Budget**

1 : Calculation based on infrastructure investment (required) to be a middle income country by 2025.

Source: Bappenas- JICA, 2014: Background Study for RPJMN 2015-2019, Analyst team of Kementerian PPN/Bappenas

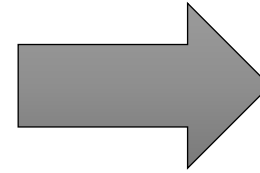
2 : Public Service Obligation

3 : Government Equity

Why Should You Invest in Indonesia?



Indonesia is a big market,
and the ...



16th



Largest
economy in
the world...

4th



Most populous
country in the
world

Top 5



Emerging markets
with the best
middle class
potential

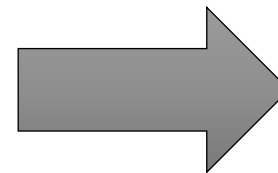
±5%



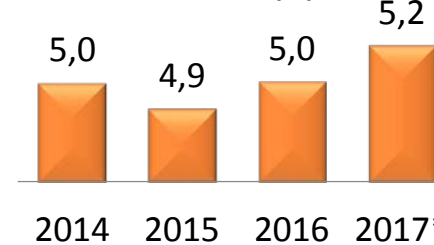
Private
consumption
grows steadily



Indonesia's economic growth is
relatively high and stable with
improving GDP per capita



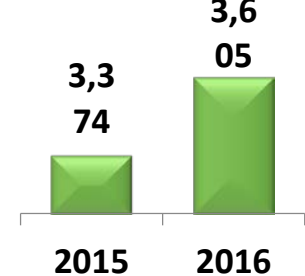
Indonesian Economic
Growth (%)



Source: BPS

*Outlook

GDP per capita (USD)



Infrastructure Development is
progressive



4th

Indonesia is projected to be the
largest Economy in the World in
2050 (World in 2050, PwC)

Indonesia obtains **investment grade** from rating agencies

MOODY'S

Baa3 / Positive

FitchRatings

BBB- / Positive

S&P Global
Ratings

BBB- / Stable

JCR

BBB- / Positive

R&I

BBB- / Positive

Top **3** Japanese investment
destination
(JBIC Ratings)



Top **3** Destination for
attracting investors in
Asia (The Economist)



Rank **91** Jumped from rank 109 in
2015 for Ease of Doing
Business
(EoDB, World Bank)

65% of investment realization in
Indonesia are FDI capital

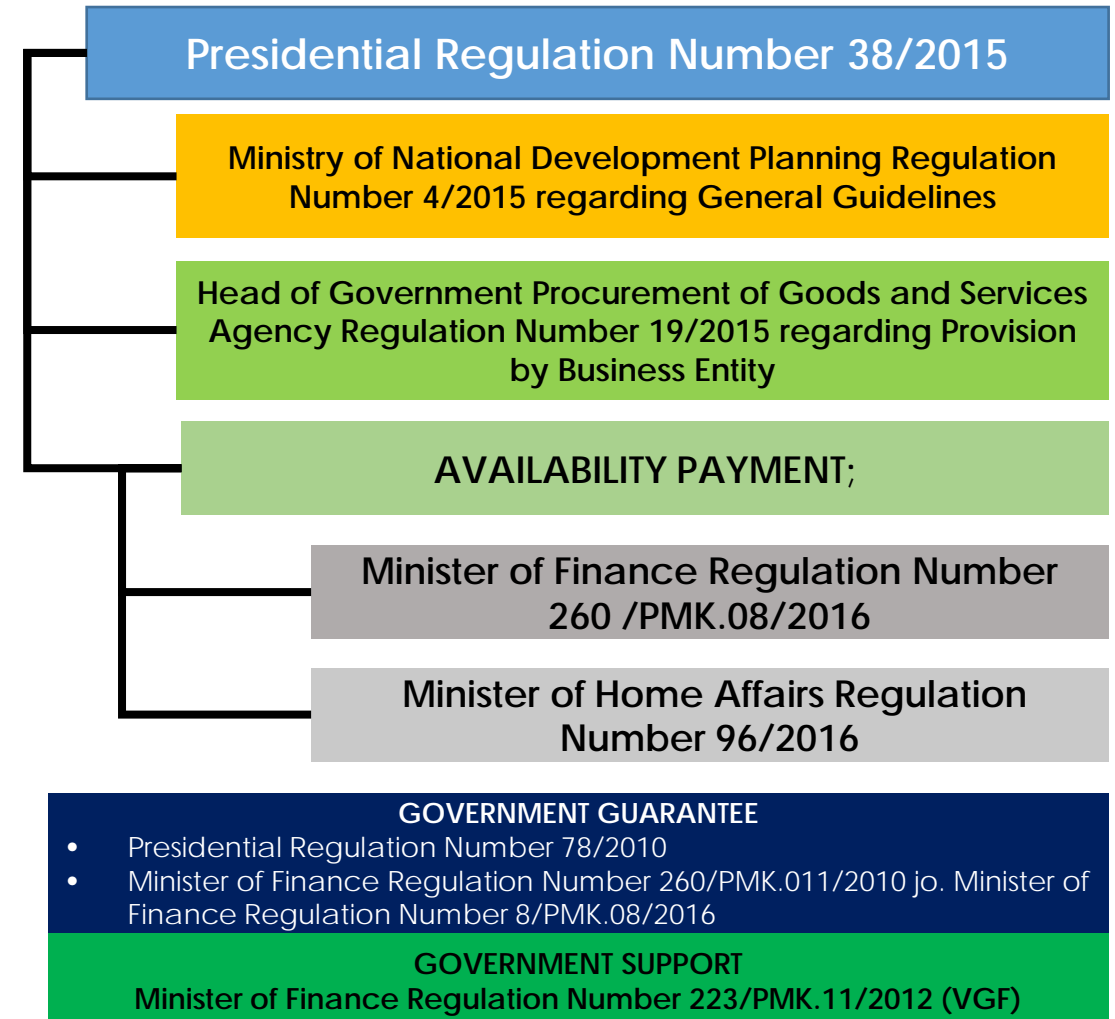


Abundant natural
resources

Public-Private Partnership Regulations in Infrastructure Provision

Subject matter of Presidential Regulation Number 38/2015

Aspects	Regulation	
Subject of partnership	<u>Government</u> <ol style="list-style-type: none"> 1. Minister 2. Head of Institution 3. Head of Region 4. SOE/ROE 	<u>Business Entity</u> <ol style="list-style-type: none"> 1. SOE/ROE 2. Foreign Business Entity 3. Limited Liability Company 4. Cooperation
Object of Partnership	Economic and Social Infrastructures (19 sectors of infrastructure)	
Government Contribution	<ol style="list-style-type: none"> 1. Government in kind 2. Government support (i.e. Viability Gap Fund) 3. Government guarantee 	
Investment Return for Business Entity	<ol style="list-style-type: none"> 1. User charge (payment by user in the form of tariff) 2. Availability payment (payment of service availability) 3. Other forms as long as it doesn't contravene with the law 	
Phases	<ol style="list-style-type: none"> 1. Planning phase 2. Preparation phase 3. Transaction phase 	



19 Sectors of PPP Infrastructure





Indonesia's Government has successfully implemented 6 schemes as benchmarks for future PPP projects

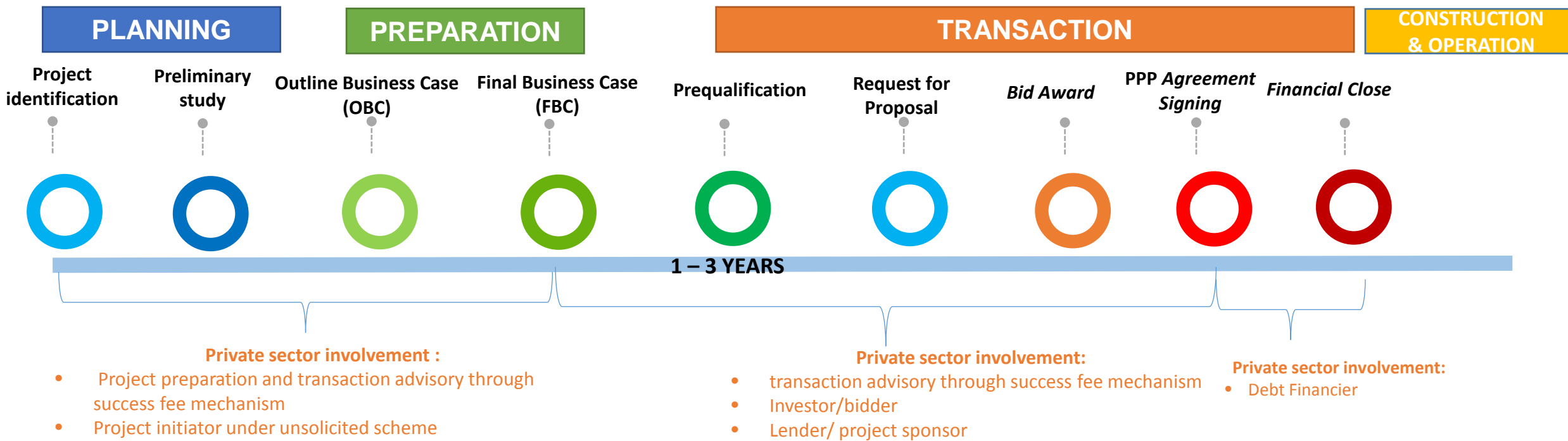
PPP Projects Based On Structure Development

- 1 **PPP with Only Government Guarantee**
 Coal fired Power Plant Central Java 2x 1000 MW (investment **US\$ 3,900.0 million**)
 - 2 **PPP with Tariff and Viability Gap Fund (VGF)**
 Umbulan Drinking-Water Facility (investment **US\$ 157.8 million**)
 - 3 **PPP with Availability Payment (AP) for Investment Return**
 Palapa Ring Optic-Fiber Network (investment **US\$ 583.4 million**)
 - 4 **PPP with Government in-Kind (Construction Support)**

 - Toll Road Solo – Kertosono (US\$ 578.8 million)
 - Toll Road Cisumdawu (US\$ 1,050.0 million)
 - Toll Road Balikpapan – Samarinda (US\$ 1,120.0 million)
 - Toll Road Manado – Bitung (US\$ 654.1 million)
- Total: US\$ 3,402.9 million**

PPP Projects Based On Project Preparation

- 1 **PPP with Success Fee Scheme**
 Coal fired Power Plant Central Java 2x 1000 MW (investment **US\$ 3,900.0 million**)
- 2 **Unsolicited PPP Project**
 Toll Road Jakarta – Cikampek II Elevated (investment **US\$ 1,050.0 million**)



**PPP OFFICE
GOVERNMENT OF INDONESIA**

KANTOR BERSAMA KPBU REPUBLIK INDONESIA

Example:

Palapa Ring Broad band internet, toll road, water supply: 1 years



CAPITAL PLACE, 8TH FLOOR
JALAN JENDERAL GATOT SUBROTO KAV. 18
JAKARTA SELATAN 12710-INDONESIA
PHONE: +62 21 27081111
www.pppoffice-indonesia.or.id

PPP Stages (2) Unsolicited Project

Project proponent submitting a
proposal and pre-feasibility
study (FS) document to GCA

Business Entity
submit FS

FS evaluation

Procurement

PPP
Agreement Signing

Pre-FS document evaluation to
get pre-FS approval
GCA gives rights to project
proponent to prepare feasibility
study (FS).

Issuing approval letter:

1. Establishing the project as an Unsolicited Project
2. Establishing the business entity as the project initiator
3. The approved type of compensation:

CRITERIA OF EVALUATION:

- Technically integrated with the sectoral master plan
- Economically and financially feasible
- The business entity that proposes the initiative has adequate financial capability to finance the project

**Compensation option to the
project initiator**

**Additional mark of 10% on
the procurement score**

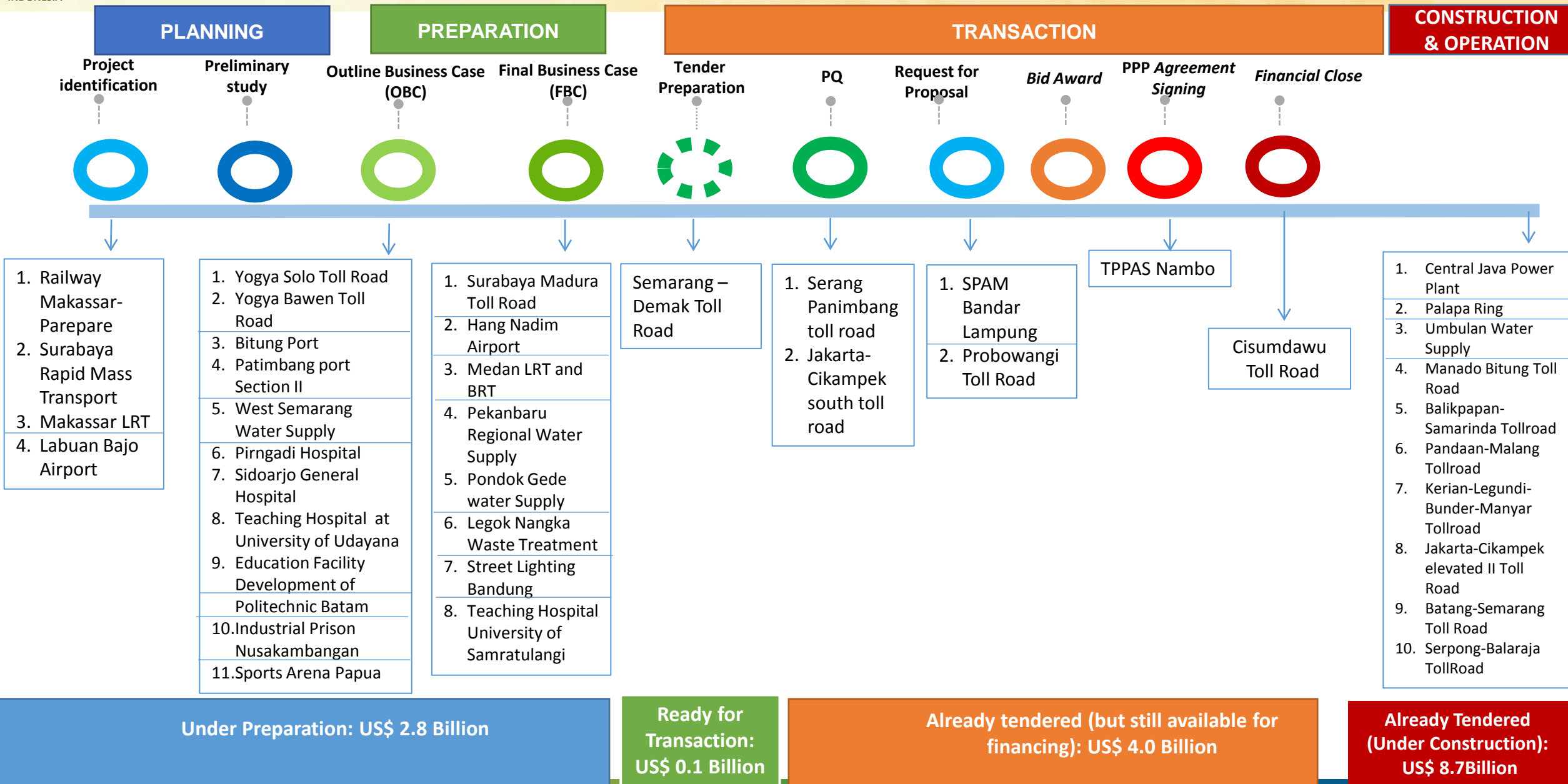
Right to match

**The GCA purchase
the PPP initiative**

Example:

Jakarta – Cikampek Elevated Toll Road

Project Pipeline



PPP Project Pipeline (2)

Under preparation (US\$ 2,782.2 million)

Project Identification (US\$ 806.9 million)

1. Railway Makassar- Parepare (US\$ 518.0 million)
2. Surabaya Rapid Mass Transport (under calculation)
3. Makassar LRT (US\$ 251.9 Million)
4. Labuan Bajo Airport (US\$ 37.0 million)

OBC (US\$ 702.5 million)

1. Yogya Solo Toll Road (US\$ 113.0 million)
2. Yogya Bawen Toll Road (US\$ 270.0 million)
3. Bitung Port (under calculation)
4. Patimban port Section II (under calculation)
5. West Semarang Water Supply (under calculation)
6. Pirngadi Hospital (US\$ 40.4 million)
7. Sidoarjo General Hospital (US\$ 18.5 million)
8. Teaching Hospital at University of Udayana (US\$ 59.4 million)
9. Education Facility Development of Politechnic Batam (US\$ 142.0 million)
10. Industrial Prison Nusakambangan (US\$ 15.5 million)
11. Sports Arena Papua (US\$ 43.7 million)

Ready for transaction (148.0 million)

1. Semarang – Demak Toll Road (US\$ 148.0 million)

FBC (US\$ 1,272.8 million)

1. Surabaya Madura Toll Road (US\$ 24.0 Million)
2. Hang Nadim Airport (US\$ 450.0 million)
3. Medan LRT and BRT (US\$ 477.4 million)
4. Pekanbaru Regional Water Supply (US\$ 35.5 million)
5. Pondok Gede water Supply (US\$ 18.5 million)
6. Legok Nangka Waste Treatment (US\$ 200.0 million)
7. Street Lighting Bandung (US\$ 51.9 million)
8. Teaching Hospital University of Samratulangi (US\$ 15.5 million)

Already Tendered-available for financing (3,978.5 million)

PQ (US\$ 1,676.9 million)

1. Serang – Panimbang Toll Road (US\$ 842.9 Million)
2. Jakarta – Cikampek South Toll Road (US\$ 834.0 million)

RFP (US\$ 1,635 million)

1. Probolinggo – Banyuwangi Toll Road (US\$ 1,555.0 million)
2. SPAM Bandar Lampung (US\$ 80.0 million)

PPP agreement signing (US\$ 44.4 million)

1. TPPAS Nambo (US\$ 44.4 million)

FC (US\$ 622.2 million)

1. Cileunyi – Sumedang – Dawuan Toll Road (US\$ 622.2 million)

Already Tendered-Under Construction (US\$ 8,766.2 million)

1. Central Java Power Plant (US\$ 4200.0 million)
2. Umbulan Regional Water Supply (US\$ 152.0 million)
3. Palapa Ring – Central Package (US\$ 99.3 million)
4. Palapa Ring – East Package (US\$ 369.7 million)
5. Palapa Ring – West Package (US\$ 92.5 million)
6. Manado – Bitung Toll Road (US\$ 379.3 million)
7. Balikpapan – Samarinda Toll Road (US\$ 738.5 million)
8. Pandaan – Malang Toll Road (US\$ 442.2 million)
9. Krian – Legundi – Bunder – Manyar Toll Road (US\$ 906.7 million)
10. Jakarta – Cikampek Elevated II Toll Road (US\$ 120.2 million)
11. Batang – Semarang Toll Road (US\$ 818.5 million)
12. Serpong-Balaraja Toll Road (US\$ 447.4 million)

THANK YOU

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