



MINISTRY OF FINANCE OF REPUBLIC OF INDONESIA
DIRECTORATE GENERAL OF BUDGET FINANCING AND
RISK MANAGEMENT



PPP Policy in Indonesia: Updates and Future Directions

Presented at the 2017 Asia PPP Practitioners' Network Conference

November 2017



Outline



List of Awarded PPP Projects

Financial facilities provided by the PPP unit in the MoF proved instrumental in bringing the success of delivering projects

No.	PROJECT NAME	PROJECT COST (IDR)	FINANCIAL FACILITY FROM MOF	STATUS
1.	Central Java Power Plant Project	40 T	Guarantee (MoF and IIGF)	Construction process (targeted COD 2019)
2.	Umbulan Water Project	2.1 T	PDF, VGF and IIGF Guarantee	Construction process (targeted COD 2019)
3.	Palapa Ring Project – West Package	1.28 T	PDF, IIGF Guarantee and AP	Construction process (targeted COD 2018)
4.	Palapa Ring Project – Central Package	1.38 T	PDF, IIGF Guarantee and AP	Construction process (targeted COD 2018)
5.	Palapa Ring Project – East Package	5.13 T	PDF, IIGF Guarantee and AP	Construction process (targeted COD 2018)
6.	Batang – Semarang Toll Road Project	11 T	IIGF Guarantee	Construction process (targeted COD 2019)
7.	Manado – Bitung Toll Road Project	5.1 T	IIGF Guarantee	Construction process (targeted COD 2019)
8.	Balikpapan – Samarinda Toll Road Project	9.9 T	IIGF Guarantee	Construction process (targeted COD 2019)
9.	Pandaan – Malang Toll Road Project	5.9 T	IIGF Guarantee	Construction process (targeted COD 2019)
10.	Serpong—Balaraja Toll Road Project	6T	IIGF Guarantee	Construction process (targeted COD 2019)
11.	Jakarta-Cikampek Toll Road Project	16 T	Co guarantee (IIGF and MoF)	Construction preparation
12.	Krian-Legundi-Bunder-Manyar Toll Road Project	12.2 T	Co guarantee (IIGF and MoF)	Construction preparation
13.	Serang-Panimbang Toll Road	5.33 T	Co guarantee (IIGF and MoF)	Land Acquisition
14.	Cileunyi Sumedang-Dawuan Toll Road	8.21 T	Co guarantee (IIGF and MoF)	Land Acquisition

List of Under Preparation-PPP Projects

More variety of infrastructure sectors (asset types) and increasing interests of the regional governments to use PPP scheme

No.	PROJECT NAME	PROJECT COST (IDR)	FINANCIAL FACILITY FROM MOF	STATUS
1.	Bandar Lampung Water Project	1.1 B	PDF, VGF and IIGF Guarantee	Bid Submission 6 th Nov 2017
2.	Probolinggo-Banyuwangi Toll Road Project	21T	Co guarantee (IIGF and MoF)	Bid Submission
3.	Jakarta-Cikampek II-North Side Toll Road Project	15.05T	Co guarantee (IIGF and MoF)	RfP Final (13 th Oct 2017)
4.	Public Transport of Medan City (LRT)	6.4T	PDF, VGF and IIGF Guarantee	PDF Facility had been proceeding since June 2017
5.	Sam Ratulangi University's Hospital	387B	PDF, IIGF Guarantee and AP	Preparation of Master Agreement Signing
6.	Sidoarjo Regional Hospital	250B	PDF	Assignment to PT SMI and Facility Implementation Agreement signed in Oct 2017
7.	Pekanbaru Water Supply Project	484B	PDF	Assignment to PT SMI and Facility Implementation Agreement signed in Oct 2017
8.	Suramadu Bridge	324B	PDF	Preparation of Master Agreement Signing
9.	West Semarang Water Supply Project	N/A	PDF and VGF	Assignment to PT SMI and Facility Implementation Agreement signed in Nov 2017
10.	Serang Panimbang Toll Road (Section Cileles-Panimbang)	N/A	AP	Initial Confirmation Letter had been issued

Indonesia PPP Framework

	Institution	Objectives
Land Acquisition	LMAN-Ministry of Finance	Providing Land Financing for National Priority Projects
Project Preparation	National Planning Agency (Bappenas)	Helping and assisting GCA to develop OBC
	PT SMI as assignment from Ministry of Finance	Assisting GCA to arrange FBC until getting the winning bidder and reaching Financial Close (PDF)
Government Support and Facilities	Ministry of Finance	Increasing project viability and social-economic value
- Project Development Facility (PDF)	IIGF	Providing infrastructure guarantee
- Viability Gap Fund		
- Infrastructure Guarantee		
Coordination and Debottlenecking	PPP Joint Office	Forum for coordination among PPP Stakeholders to assist GCAs and monitor PPP projects' progress.
	Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) at CMEA	Debottlenecking PPP Projects issues which need coordination among cross sectoral institution

The Role of Ministry of Finance on PPP Implementation



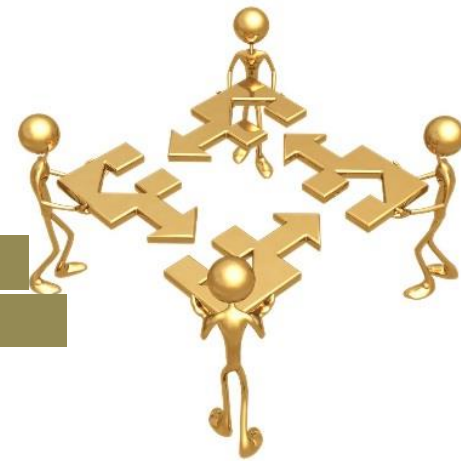
PPP as a fiscal strategy to finance infrastructure development in order to enhance “value for money” of government spending and deliver better public infrastructure services

Effective

Efficient

Competitive

Sustainable



Government Support and Facilities

More integrated supports are provided for the increasingly incoming PPP proposals

Project Development Facility (PDF)

Assistance to GCAs to develop pre-feasibility studies, bidding documents and to manage projects during transaction phase to reach financial close

Viability Gap Fund (VGF)

Government financial contribution to parts of PPP projects construction cost to increase project financial viability as well as to ensure tariffs affordable for users

Government Guarantee

Government guarantees given on GCAs' financial obligations based on risk allocation in PPP Agreement to increase projects bankability. The guarantee can be provided through the Indonesia Infrastructure Guarantee Fund (IIGF) or through the Ministry of Finance

Availability Payment

A scheme of payment made by GCAs to PPP Companies based on services delivery as specified in the PPP Agreement

Development of PPP Policy

Indonesia PPP Moving Forward

Expanding PDF Capacity

PDF capacity will be expanded to involve more parties in funding and delivering project preparation

PDF will be delivered through a number of different schemes

In the longer future, a pooling PDF funds will be established

Strengthening PPP Regulation

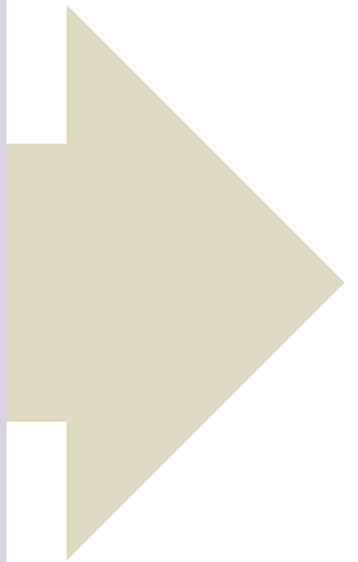
Regulations need to be strengthened and harmonized to support to PPP implementation in wider sectors

A higher and more fundamental level of regulation can be contemplated

Improving Capital Market to Support PPP Projects

Providing more options for financing PPP projects and looking forward for more competitive rate

Utilizing PPP financing as an element to enhance the domestic financial deepening





Ministry of Finance
Republic of Indonesia

THANK YOU

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