



PUBLIC PRIVATE PARTNERSHIP SCHEMES FOR INFRASTRUCTURE DEVELOPMENT

Sri Bagus Guritno
Director of PPP and Financial Engineering
Ministry Of National Development Planning

Jakarta, 15 Mei 2018



Strategy on Infrastructure Development 2015 - 2019

Fulfillment of Basic Needs



100% drinking water access



100% sanitation access



96.6% electrification ratio



Livable housing access



Border & underdeveloped regions accessibility



Transportation safety & security



Flood control

Infrastructure

to Support Leading Sectors

Connectivity

Regional

Development/

Growth Center

............

Developed

Area



Maritime Highway



Intermodal

Intermodal



Regional Development/ **Growth Center**





Leading

Sector





Service and

Tourism



Intermodal **Broadband Development:**



- Ecosystem:
- Government: e-Government, e-Health, e-Education, e-Procurement, e-Logistic

Port Area

Private: e-Commerce.

Energy Development: 35 GW

- Electricity consumption 1,200 kWh/Capita in 2019
- Reserve Margin
- Combined Energy

Urban Development



Development of road, mass transport system & intermodal



Improve the capacity and quality of the urban road network

Urban Transport Development Concept



Shift Avoid *Improve*

Network to support journey efficiency

Increased share of public transport

Increased utilization technology



Develop sustainable urban transport



Energy for urban facilities

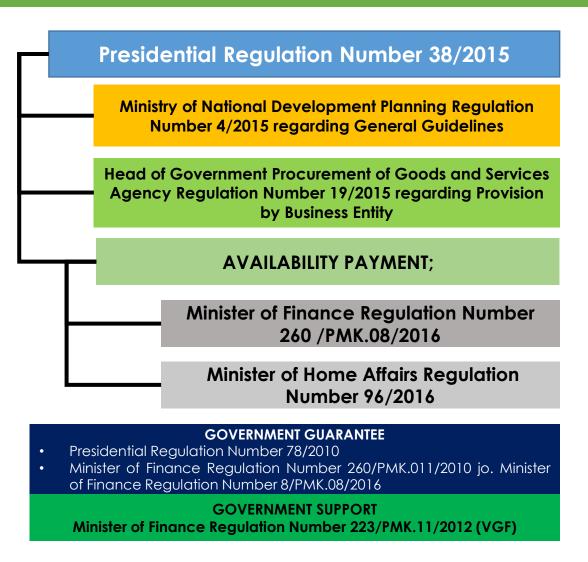


Urban infrastructure development by ICT utilization toward smart cities

Public-Private Partnership Regulations in Infrastructure Provision

Subject matter of Presidential Regulation Number 38/2015

Aspects	Regulation
Subject of partnership	Government 1. Minister 2. Head of Institution 3. Head of Region 4. SOE/ROE (mandatory by sector regulation) Business Entity 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	 Government in kind Government support (i.e. Viability Gap Fund) Government guarantee
Investment Return for Business Entity	 User charge (payment by user in the form of tariff) Availability payment (payment of service availability) Other forms as long as it doesn't contravene with the law
Phases	 Planning phase Preparation phase Transaction phase





19 Sectors Covered for PPP in Indonesia

CONNECTIVITY



Road

- Toll Roads
- Toll Bridges
- Roads



Transportation

- Seaports
- Airports
- Railways
- Road transportation



Electricity

- Power plants
- Transmission



Energy conservation

Street lighting



Oil, Gas, and Renewable energy



Telecommunication & Informatics

- Fiber optics
- E-government
- Satellite

URBAN INFRASTRUCTURE



Water supply



Waste management system



Water resources & irrigation



Localized waste water management



Centralized waste water management



Public housing



Urban facility

Traditional market

SOCIAL INFRASTRUCTURE



Tourism



Education facilities



Sports, art & culture facilities



Health



Zone/ Estates



Penintentiary



General Structure of PPP Project



Government Support (Ministry of Finance)

Project Development Fund

- Help GCA overcome limitation of funds and infrastructure expertise in preparation and transaction phase
- 2. Ensure the procurement process is conducted based on fairness, competitiveness and transparency principles.

Viability Gap Fund (VGF)

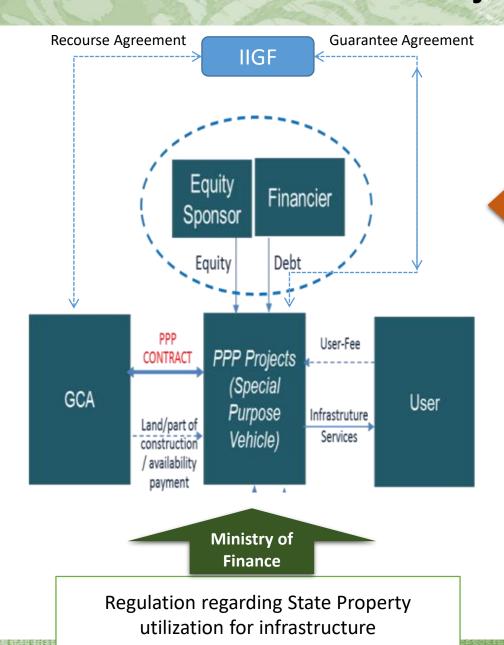
To increase financial feasibility of PPP project, fiscal support is given for part of the construction cost "through State General Treasurer funds"

Government Guarantee

Given by the government through IIGF

Infrastructure Financing Fund

Through PT SMI and PT IIF



Investment Return
Scheme

Tariff/User Payment

Availability Payment

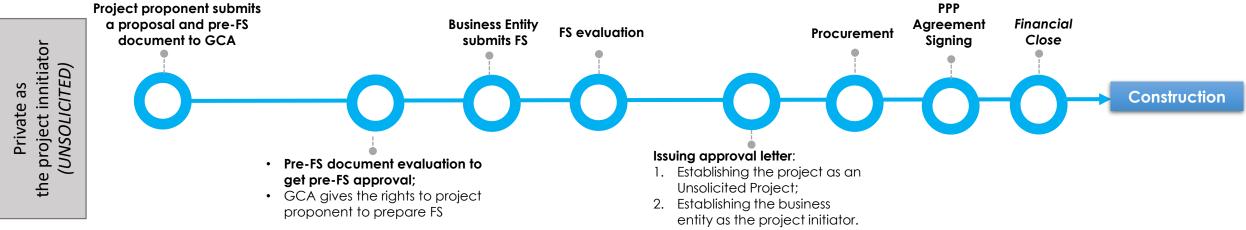
Annual payment to the Special Purpose Company (SPC) based on infrastructure service availability given

Other forms as long as it does not conflict with prevailing regulations

TRANSACTION PLANNING PREPARATION Tender PPP Agreement Request for **Financial Preliminary Outline Business Case Final Business Case** PQ **Bid Award Proposal** Preparation Signing Close study (FBC) (OBC)

The role of Private Sector

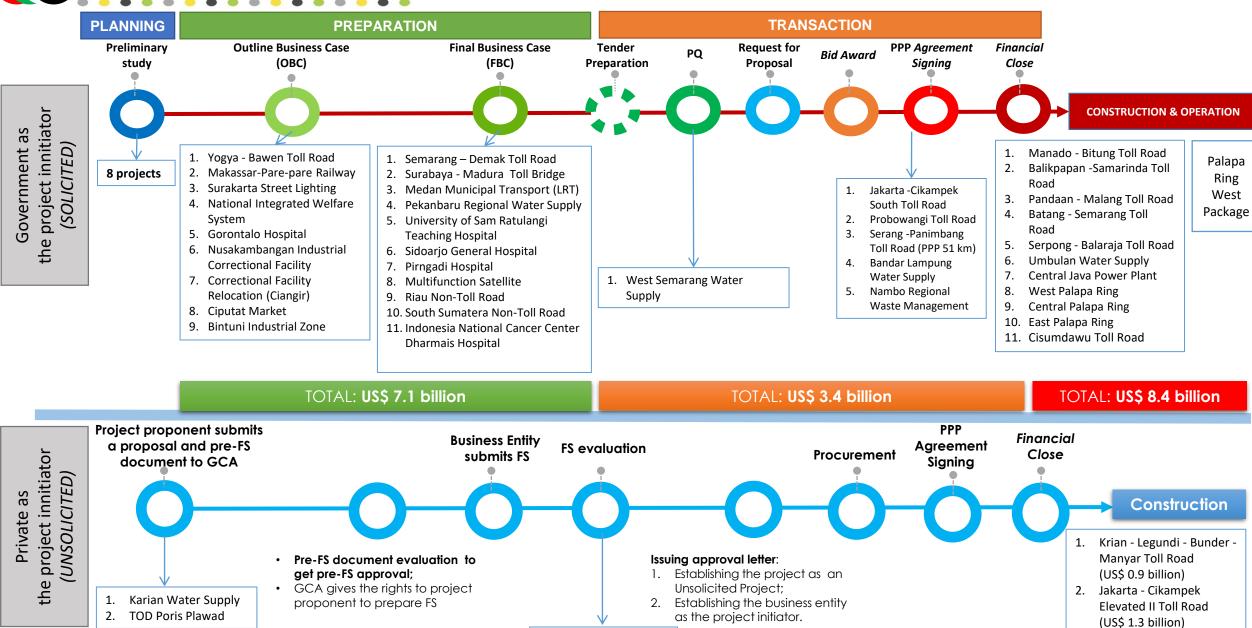
- Preparation Phase (Project Development Facility or Success Fee Mechanism)
 - Transaction Advisors (e.g. PT SMI, PT PII, PT Danareksa, PT Bahana, etc)
- Transaction Phase
 - Special Purpose Vehicle (Investment/SPV) Equity
 - Financier (e.g State of Bank) Debt
- Construction Phase
 - Engineering, Procurement, Construction (EPC)
 - Operation and Maintenance



The role of Private Sector

- Example: Jasamarga in Toll Road Jakarta Cikampek Elevated Project
- Potential: Especially in priority projects that have been implemented with PPP scheme (Water Supply, Toll Road) Project initiated by regions (9 projects of water supply, 12 projects of transportation, 3 projects tourism, and 7 projects of waste management)

PPP Project Pipeline



Jatiluhur Water Supply (US\$ 0.1 billion)

7

INDONESIA NATIONAL CANCER CENTER DHARMAIS HOSPITAL

LOCATION: DKI Jakarta



Description

Ministry of Health will develop 2 tower buildings to support Dharmais Hospital as the National Cancer Center. Tower A will function as a service building and hospice palliative which is the main support for Tower B (12-floor building) to be built. Tower B will function as an Integrated Executive Service Building.

Business Opportunity:

Transaction adviser/bidder/financier

Project Status:

Project is currently on Outline Business Case phase

Sector: Health

Sub-Sector: Hospital

Government Contracting Agency: Minister of Health

Contact Person : dr. Ockti Palupi Rahyaningtyas, MPH (Secretary of PPP team Dharmais Cancer Hospital);

+62-21-5681570; e-mail: ocktipalupi pds@dharmais.co.id

dr. Muhammad Firdaus, SpBS; email: mfirdaus ppj@dharmais.co.id

Estimated Concession Period : 20 years

Estimated Project Cost : US\$ 48.6 million

Financial Feasibility:

FIRR : 13.90%

NPV : US\$ 18.4 million

Indicative Government Support & Guarantee:

Government support and government guarantee will be determined in Final Business Case (FBC).

Ministry of Health Delegation of Authority Contracting Agency Director General of Health Services Recourse Agreement IIGF (if Needed) Agreement Guarantee Agreement Equity Financing Financing Patient 1. Design Consultant Medical Equipment,

Laundry, Parking,

2. Construction

Indicative Project Structure

Project Timeline:

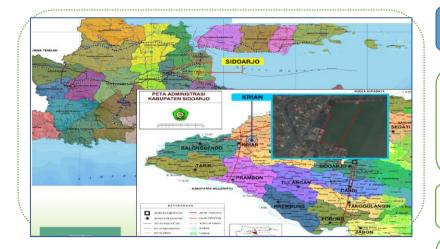
Q4 2018 Q3 2018 Q4 2018 Q4 2018 Q4 2018 Q1 2019 Q1 2019 Final Request Bid Contract Financial Construction Qualificati for Close Business Award Signing Case Proposal (FBC)

Data per 05/04/2018

Financing

SIDOARJO GENERAL HOSPITAL

LOCATION: East Java



Description

Sidoarjo Central Hospital is the second hospital owned by the Government of Sidoarjo Regency which aims to provide health service facilities to the community in the western part of Sidoarjo Regency. Sidoarjo Central Hospital is planned as a type C hospital.

Business Opportunity: Bidder/financier

bidder/ iiilancie

Project Status:

Project is currently on Final Business Case phase

Sector: Health

Sub-Sector: Hospital

Government Contracting Agency: Regent of Sidoarjo

Preparation Agency : PT SMI through PDF from Ministry of Finance

Contact Person : Agoes Boedi Tjahjono (Head of Regional Planning Agency); (+62-31) 894 7383;

e-mail: kerjasama.sidoarjokab@gmail.com

Estimated Concession Period : 10 years

Estimated Project Cost: US\$ 18.7 million

Financial Feasibility:

FIRR : 10.09%

NPV : US\$ 14.0 million

Indicative Government Support & Guarantee:

PDF from Ministry of Finance.

Regress Agreement GCA Income Regional Gov. Collecting Unit Payment Services Patients Regional Gov. Collecting Unit Payment Claim

Indicative Project Structure

Project Timeline:

Q2 2018 Q3 2018 Q4 2018 Q1 2019 Q2 2019 Final Request **Bid Award** Contract **Financial** Construction for **Business** Qualification Signing Close Case (FBC) Proposal

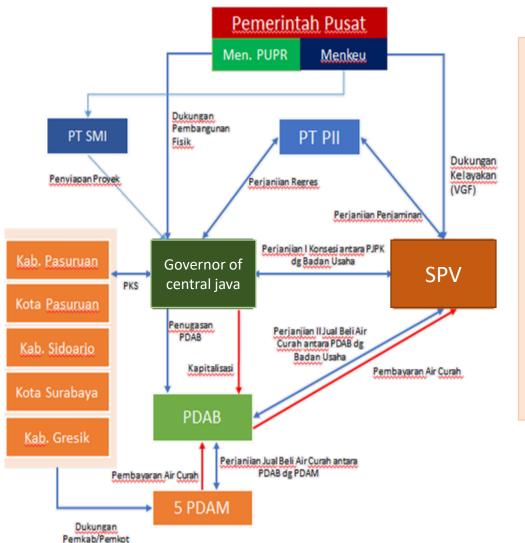
Data per 05/04/2018



PPP Scheme with Investment Return through User Charge and VGF



Example: Umbulan Water Supply Project



Information: In the Structure of this project:

- The concession agreement governs the rights and obligations of GCA and SPV for Build Operate Transfers (BOT) Umbulan Water Supply does not include sale and purchase
- Liabilities for payment of rates shall be stipulated in a water purchase agreement between Regional Water Supply Company and SPV
- PPP Agreement also arranged GCA guarantee to SPV for payment of Regional Water Supply Company

- VGF: Available facilities in the form of fiscal costs for part of construction.
- VGF is awarded to the infrastructure projects which are built under the PPP scheme and aims to improve the project's financial feasibility.
- The maximum amount of VGF is 49% of the investment value of the project
- Rates are set by Regional Water Supply
 Company based on a bulk water sale agreement with 5 Regional Water Companies (PDAM)

Regulation:

Minister of Finance Regulation (PMK) Number 223 / PMK.11/2012 concerning the Provision of Feasibility Support for Part of Construction Costs on Government Partnership Projects with Business Entities in the Provision of Infrastructure



PPP Scheme With Return of Investment Through Availability Payment/AP



Investment return scheme:

Availability Payment (AP)

Availability Payment (AP)

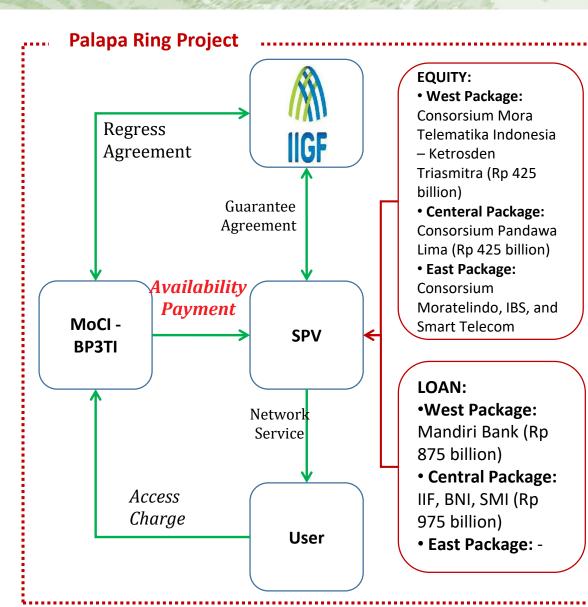
Periodic payments by the Minister / Head of Institution / Head of Region to the Special Purpose Company (SPC) for the availability of Infrastructure services in accordance with the quality and / or criteria as specified in the PPP Agreement

Regulations:

- President Regulations Number 38/2015 on PPPs for Infrastructure Provision.
- Minister of Finance Regulations (PMK) Number 260/PMK.08/2015 on Procedure for Payment of Service Availability at PPP Project in the Framework of Infrastructure Provision.

General Criteria of PPP Project with AP:

- Infrastructure project with marginal commercial feasibility
- Economic or social infrastructure with huge benefits for the society
- Project procurement process conducted through fair, open and transparent selection process and taking into account fair competition principles
- Investment return method to private sector does not originate from user tariff
- Tariff may also be applied to service users where the management is conducted by the GCA





Thank You

KANTOR BERSAMA KPBU REPUBLIK INDONESIA

PPP Office Government of Indonesia

















Coordination



Facilitation



Capacity Building



Accelerating PPP Implementation in Indonesia

PPP Joint Office Republic of Indonesia



Capital Place, 7th & 8th Floor
Jl. Jenderal Gatot Subroto Kav. 18,
Jakarta 12710 – Indonesia

Tel: +62 21 27081111

Email: info.pppindonesia@gmail.com www.pppoffice-indonesia.or.id