

Situation and Outlook of PPP Infrastructure Development in Indonesia

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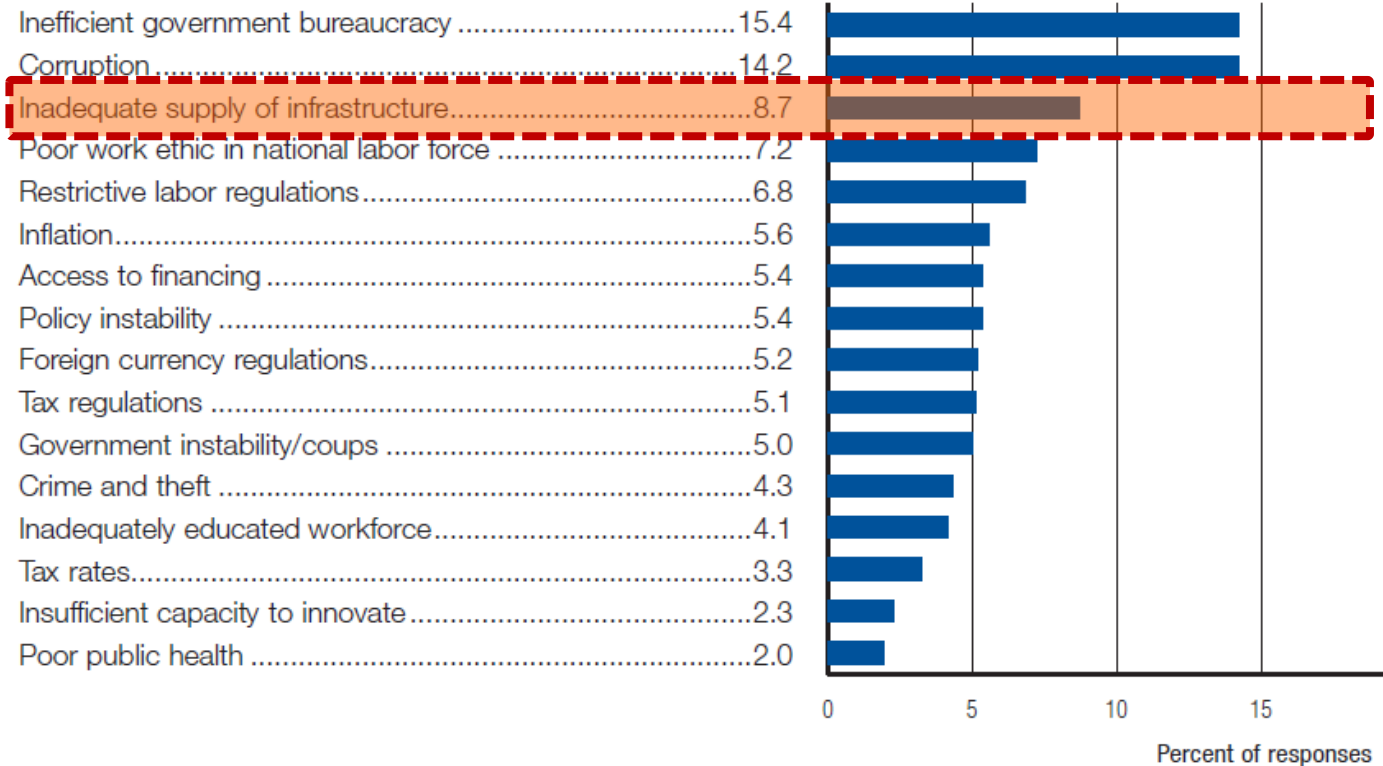
Deputy Minister for Infrastructure
National Development Planning Agency (Bappenas)

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Indonesia's Competitiveness

The most problematic factors for doing business



Indonesia's Global Competitiveness Index (GCI)

Year	Rank
2009 – 2010	54
2010 – 2011	44
2011 – 2012	46
2012 - 2013	50

Source: The Global Competitiveness Report 2012-2013 (World Economic Forums)

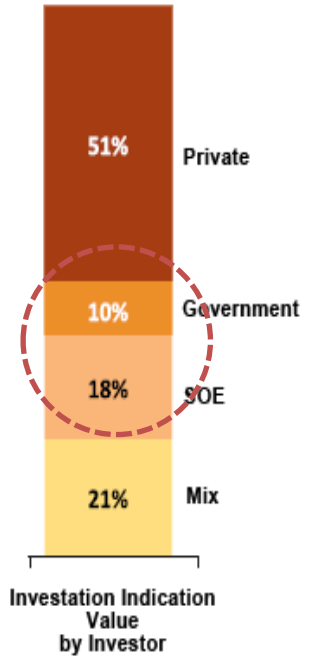
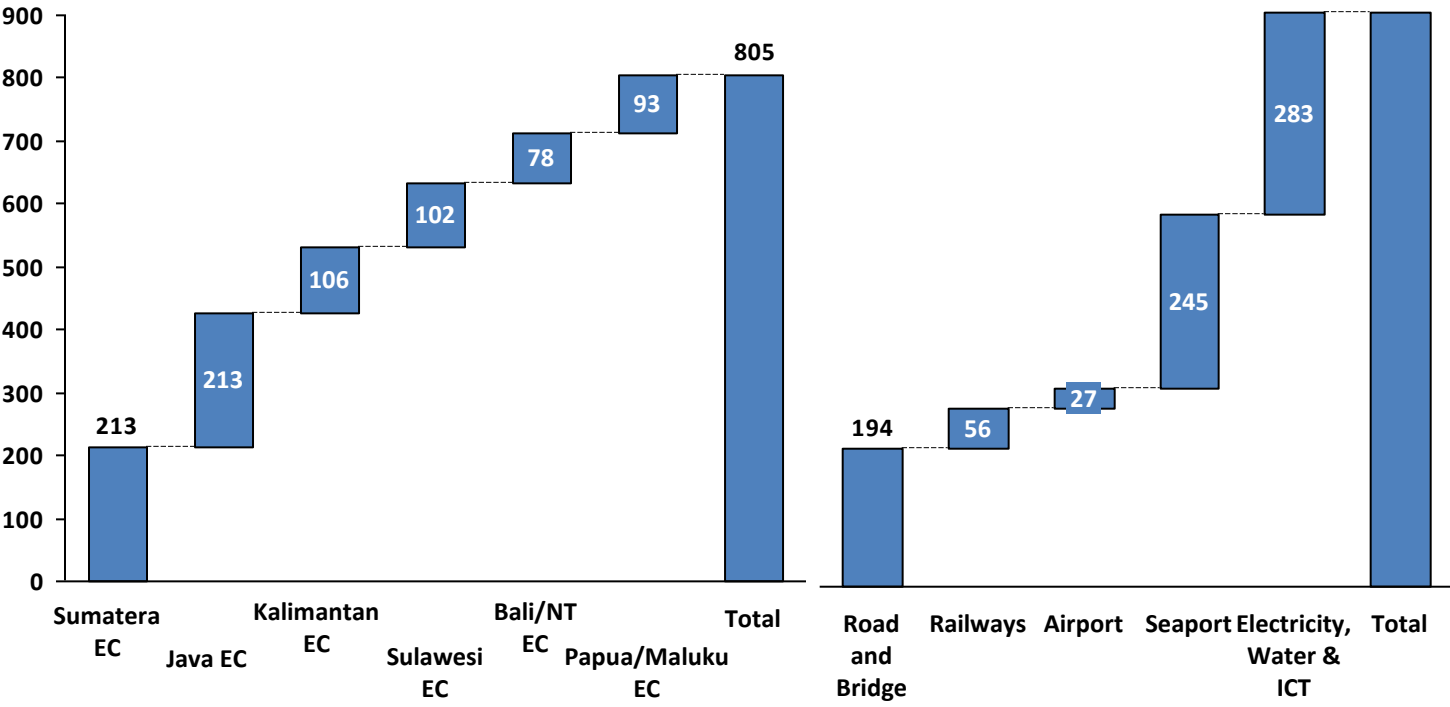
Government has limited budget compared to the huge requirement of Indonesia's infrastructure development. Active private participation is absolutely necessary.

805 infrastructure projects are planned to be developed by the end of 2014

Corridor Distribution

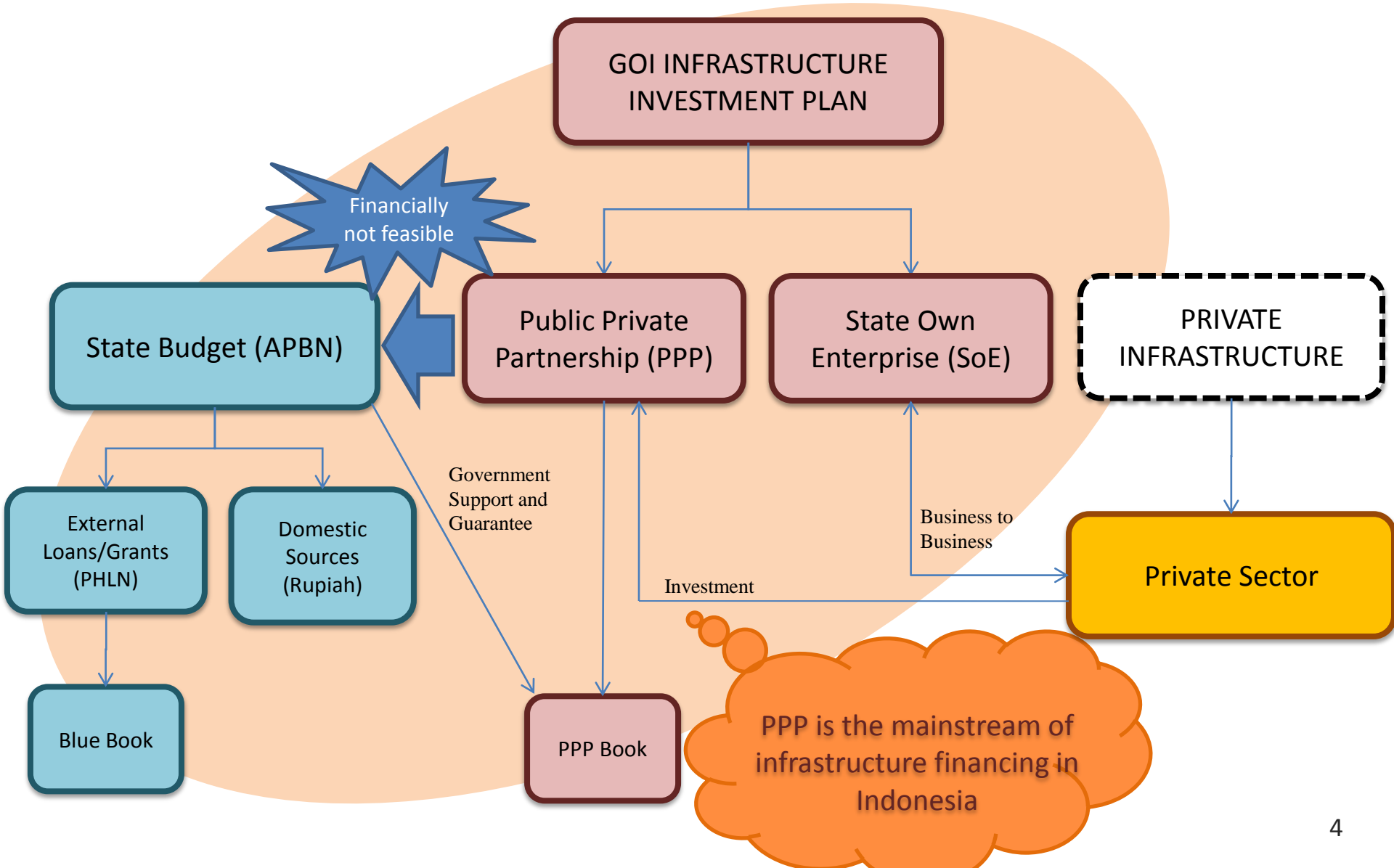
Sector Distribution

Infrastructure Projects



Total Infrastructure Investment of US\$ 175 billion

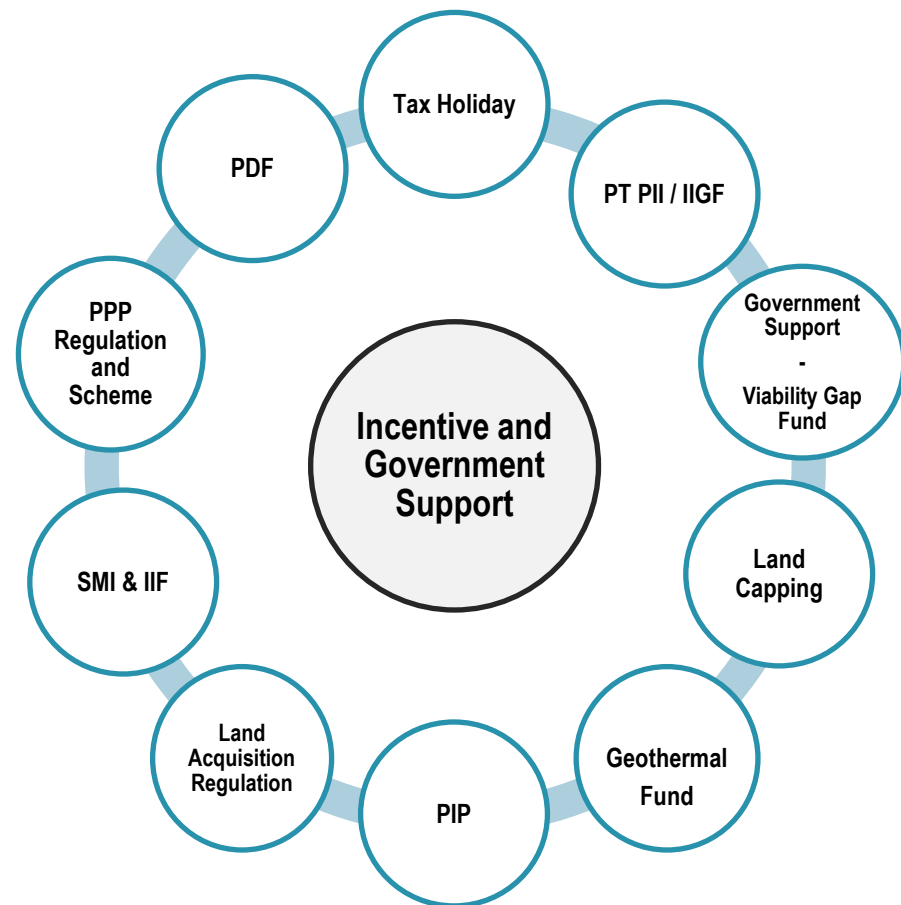
INFRASTRUCTURE FINANCING SCHEME



SUMMARY OF PPP PROGRESS IN INDONESIA

- PPP Project in operation
 - 15 water supply project with capacity of 21,460 litre/second
 - 31 toll road with total 774.06 km in length
 - 24 Independent Power Producer (IPP) with total capacity 4,761 MW
- PPP Project under construction and contract signed
 - 3 toll road projects with total 126.83 km in length
 - 1 power plant project with capacity 2,000 MW
 - Total investment of USD 4,192.77 million
- PPP Project in tendering process
 - 17 PPP projects consist of 8 toll road, 3 water supply, 2 solid waste treatment, 2 transportation and 2 power plant projects
 - Total Investment of USD 9,772.19 million
- PPP Project under preparation for transaction
 - 13 PPP projects consist of 5 water supply, 4 transportation, 2 solid waste treatment, 1 waste water treatment and 1 power plant projects
 - Total investment of USD 5,749.42 million

Government Effort to Accelerate PPP Implementation



- Presidential Regulation 56/2011 was the second amendment to the governing regulation on PPP (Presidential Regulation 67/2005);
- IIGF (Indonesia Infrastructure Guarantee Fund) was established in December 2009 to provide government guarantees or credit enhancements to bankable PPP projects;
- PT SMI and IIF was established to play a catalyst role in terms of co-financing with commercial lenders to provide longer term debt;
- The Centre for Government Investment (PIP) under MOF provides pre-financing for land acquisition, PIP also manages Geothermal Fund;
- Project Development Facility (PDF) to assist GCA in preparation and transaction of PPP Project;
- Geothermal Fund is intended to reduce investor risk in exploration activities;
- Viability Gap Fund is government support to increase the financial feasibility for infrastructure projects. Some infrastructure projects might need this facility e.g toll road, water supply, etc. MoF Regulation regarding VGF has been enacted (MoF Regulation/PMK 223/2012);
- Land Capping: government support to decrease risk of unpredictable increase of land price;
- Land Acquisition Regulations were enacted:
 - New Land Acquisition Law 2/2012 on Land Procurement for Construction in the Public Interest;
 - Presidential Regulation 71/2012 on Mechanism of Land Procurement for Construction in the Public Interest;
 - BPN Regulation 5/2012 on Technical Guidance for Land Acquisition.

We have high expectations for Japanese Investors' active participation. Your skills and know-how will be of high value.

- Opportunities are widely open for Japanese business entity and Indonesian partner in infrastructure development in Indonesia, i.e. consultancy, EPC (Engineering, Procurement and Construction), supplier, investment, etc.
- The involvement of Japanese business entities and Indonesian partners could be in the area of:
 - Projects financed by Japanese ODA Loans and Grants.
 - Projects financed by multilateral donor such as World Bank (WB), Asian Development Bank (ADB), European Union (EU), etc.
- Bring in high quality technical skills for infrastructure O&M:
 - Safety and life cycle cost management in the railway sector
 - Non-revenue water reduction in the water sector
 - Clean, reliable and efficient technology in the energy sector
- Bring in intellectual know-how:
 - Transit-oriented development (TOD) including railway station and surrounding development
 - MRT operation control center
 - Vehicle traffic management ITS
 - Exploratory risk management in geothermal
 - Project finance skills transferred to Indonesian local banks

THANK YOU