

GOVERNMENT GUARANTEE ROLES TO ACCELERATE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT AND ATTRACT PRIVATE SECTOR PARTICIPATION

14/08/25

Pratomo Ismujatmika
Deputy Director of Business
Indonesia Infrastructure Guarantee Fund (IIGF/PT PII)

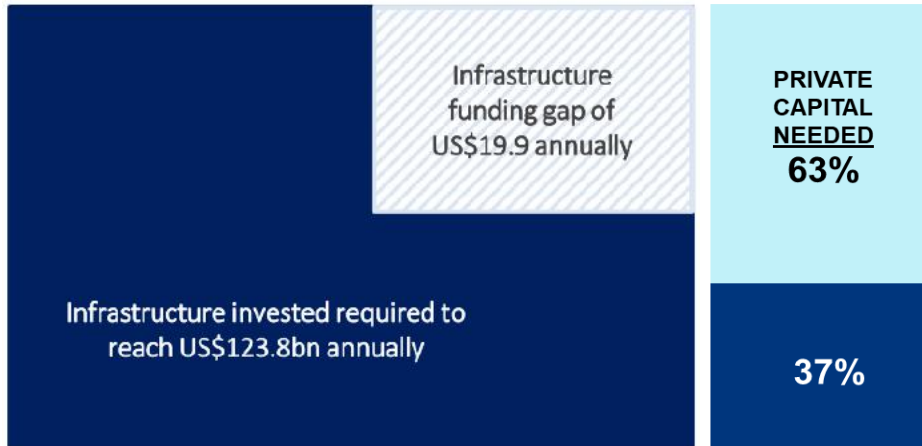


Infrastructure Development Challenges and Opportunities in the ASEAN Region

ASEAN requires infrastructure spending for sustainable economic growth, including from private

ASEAN annual funding gap

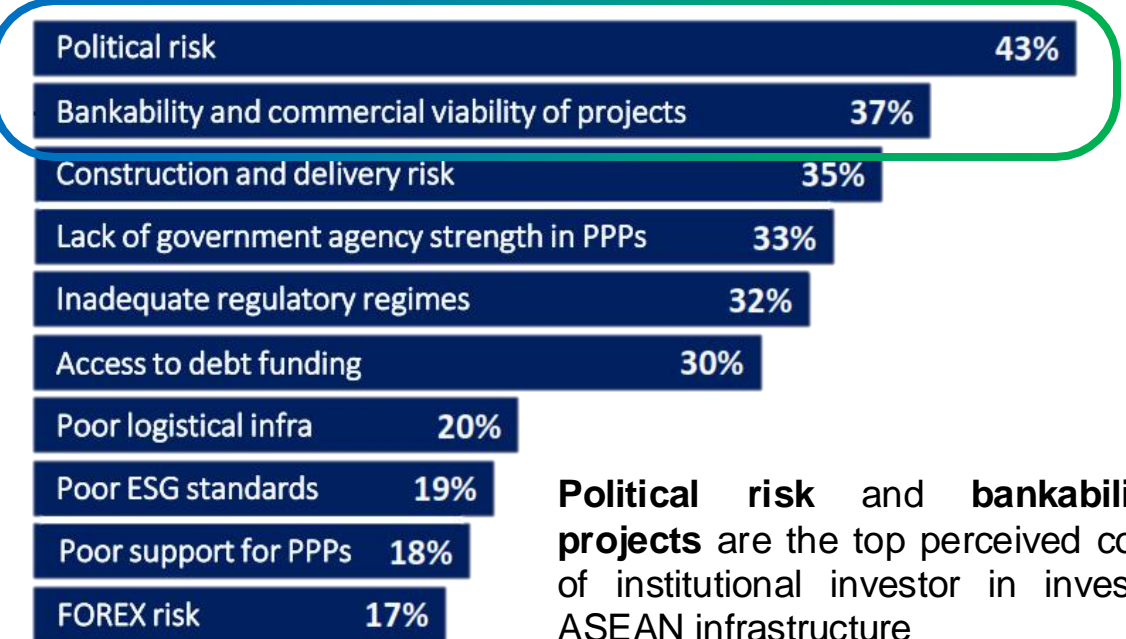
- The **private participation is relatively low**
- ASEAN governments typically finance around **90%** of infra expenditure, while global average is **40%**
- **Limited fiscal capacity** has always been the main challenge.



ASEAN government can only cover 37% of total required infrastructure spend, **private capital needed**.

Source (Courtesy of DBS & SMU Executive Development Growing Infrastructure Course (Feb 24):
PwC, *Alternative Financing for ASEAN Infrastructure*;
ADB, *Rethinking Infrastructure Financing for SEA in the Post-Pandemic Era* (May 23)

Perceived Risk to investing in ASEAN infrastructure



Political risk and **bankability of projects** are the top perceived concerns of institutional investor in investing in ASEAN infrastructure

- **Political Risk:** Uncertain legal and regulatory framework hinders private participation as investors require comfort and confidence
- **Bankability of Projects:** Private capital remain elusive, as many such infrastructure project has not crossed the threshold for bankability. The risk and low rate of return are also not attractive.



INFRASTRUCTURE INVESTMENT OPPORTUNITIES

Creating Investment Opportunities in Infrastructure Development through Private Sector Participation

PRIORITY PROGRAMS



Free Nutritious Meals



Food Security



Energy Security



Defense and Security



Housing



Health & Education

INFRASTRUCTURE SECTOR STRENGTHENING



Power Infrastructure Development



Transportation connectivity



Agricultural and hospital infrastructure

KEY CHALLENGES OF INDONESIA INFRASTRUCTURE DEVELOPMENT



Bureaucratic and regulatory complexity creating uncertainty for private investors



Limited State/Regional Budget financing for infrastructure development



Lack of project planning and preparation hindering project bankability



Complex land acquisition processes delaying projects and increasing costs



"Infrastructure will largely be handed over to the private sector. The private sector is more efficient, more innovative, more experienced"

President Prabowo

KADIN Indonesia National Meeting,
Jan 22nd, 2025

Overview of PT Penjaminan Infrastruktur Indonesia (Persero)



Business Mandates and Pillars related to Creative Financing for National Development



Supporting the acceleration of sustainable infrastructure provision through private participation in improving the people's quality of life

Indonesia Infrastructure Guarantee Fund

A **Special Mission Vehicle (SMV)** – a Ministry of Finance policy instrument to support the ecosystem of sustainable infrastructure financing.

BUMN owned (100%) by the Ministry of Finance (PP 35/2009 Jo PP 55 / 2020) with the primary mandate as a fiscal tool of the Government



Investment Target
Rp 10.303 Triliun

APBN
Rp 2.369,7 Triliun (23%)

APBD
Rp 1.751,5 Triliun (17%)

SOE
Rp 3.090,9 Triliun (30%)

Private
Rp 3.090,9 Triliun (30%)

Support in Creative Financing

The limitations of the APBN / APBD impact infrastructure provision, thereby encouraging the involvement of **private investment** through the Creative Financing scheme with Public-Private Partnerships (PPP).

Core Mandates IIGF

Government Guarantee



Project Assistance Facility



Carrying out the Ministry of Finance's mandate in the preparation and assistance of projects through up to operational stage for PPP projects and the utilization of BMN.

Capacity Building & Advocacy



Research, Outreach, Advocacy, Capacity Building & Community of Practice (ATO, CP3P, UNIID, CoP Infinity)



Project & Risk Monitoring



Monitoring the implementation of Risk Mitigation through the Joint Monitoring Committee (GCA, Investor & Guarantor)

itable Growth
inan Infrastruktur Indonesia (Persero) |

IIGF Role and Development Impact

In Support of Sustainable Creative Financing Ecosystem Development



ESG (Environment, Social, Governance) principles application

Focus on project preparation and project assurance assessment applying **ESG** principles



Denpasar Street Lighting Equipment



Karo and Denpasar Watersupply

Palembang Gas Network



Karawang Spuur and Cisaranten Housing



Strengthening Collaboration with Development Partners

10++

Cooperation with International Institutions and SMV/BLU to improve project feasibility and bankability



Implementation of Guarantee in accordance with the Principles of Sustainable Development Goal's

TOLL & NON-TOLL ROAD

1001 KM Toll Road
123 KM National Road Preservation for 3 Roads



TRANSPORTATION

142 KM Makassar Parepare Railway Route Service (Phase I of Trans-Sulawesi Railway)

Proving Ground Bekasi
Improved motor vehicle type test facilities



TELECOMMUNICATION

3T Equitable Connectivity in 3T areas
14,546 service points
12.200 KM Cross-Island and Overland Fibre Optic Cable



STREETLIGHTS

20.374 POINTS Improved Regional Street Lighting Service



WATERSUPPLY

6 Projects
±5,9 Million people served



Discussion Forum through Community of Practice



450++ Members

Discussion forum on Creative Finance (Blended Finance/Green Financing/etc.) for Sustainable Infrastructure Development

Ministries/Institutions, Local Governments, Practitioners, Businesses, Lenders, Universities

PROJECTS GUARANTEE (as of January 2025)



As of January 2025, PT PII has been involved in issuing 35 Government Guarantee across different sectors.

Single Window Policy						
SECTOR	Telecommunication	Road	Water	Transport	Lighting	Electricity
INVESTOR						
FINANCIERS						
GUARANTEE VALUE	Rp17.8 T	Rp50.9 T	Rp7.7 T	Rp2.8 T	Rp196 M	Rp300 M
GUARANTEE COVERAGE	<ul style="list-style-type: none">• AP payment failure• Tariff adjustment delays	<ul style="list-style-type: none">• Land acquisition delays• AP payment failure• Tariff adjustment delays	<ul style="list-style-type: none">• Delay in water payment• Termination due to GCA default• Termination due to prolonged force majeure	<ul style="list-style-type: none">• AP payment delays• Termination due to GCA default• Termination due to prolonged force majeure	<ul style="list-style-type: none">• AP payment delays• Termination due to GCA default• Termination due to prolonged force majeure	<ul style="list-style-type: none">• Political risk• Termination risk

Note: Some projects in the electricity and toll road sectors use a co-guarantee scheme with the Ministry of Finance

IIGF's support in Transportation sector

CREDIT GUARANTEE (as of January 2025)



As of January 2025, PT PII has been involved in issuing 19 Government Guarantees for 11 State-Owned Enterprises (SOEs).
Currently, **18 guarantees** remain active with value **± eq IDR127,4 T** and IIGF's portion value **± IDR21,7 T**

	Direct Lending	Electricity Acceleration	NER* Loan/Bond /Sukuk	NER Labor Intensive Corporation	Food Reserve program	Jakarta Bandung HSR	Total
SECTOR INDUSTRY	Geothermal Tourism Electricity	Electricity	Transportation Construction Oil and Gas Defense	22 sectors	Food Commodity	Transportation	29 sectors
LENDER	KFW AIIB ADB THE WORLD BANK	PermataBank	mandiri BANK BRI Bank Muamalat BNI	12 private banks 4 state banks 3 regional banks Deutsche Bank QNB Standard Chartered Maybank BCA CIMB	mandiri BANK BRI BNI	国家开发银行 CHINA DEVELOPMENT BANK	>20 lenders
GUARANTEED	PT Geo Dipa Energi (Persero) Gutdc LK Inovasi Untuk Solusi		UGN WASKITA PERTAMINA PINKA DAMRI	Indonesia Eximbank Lembaga Pembiayaan Ekspor Indonesia (LPEI) 85 private companies 1 SOE	IDFOOD Quality for Everyone	KAI	12 SOEs 85 private companies
CREDIT GUARANTEE VALUE	\$ & € Eqv Rp52,5 T	Rp2,75 T	Rp63,35 T	Rp8.01 T	Rp1,5 T	\$ Eqv Rp8,8 T	Rp136,9 T / ~USD7,9 B
PT PII'S PORTION	15% - 30% Eqv Rp11,6 T	15% Rp412,5 M	7% - 40% Rp7.50 T	Rp1.56 T	50% Rp750 M	22% Eqv Rp1,95 T	Rp24 T / ~USD3,6 B

*NER : National Economic Recovery

Government Guarantee in PPP Project Risk Management

To attract Investors and Financial Institutions



PRE-
CONSTRUCTION

CONSTRUCTION

OPERATION



Discriminatory
Law Changes
(Project
Specific)



Important
Approval
Delays



Early
Termination
due to
Government
Action

Delays in Project
Land Provision

Service
Payment
Risk

Tariff
Adjustment
Approval

Increased Certainty for Investors & Lenders



Ensure **Technical & Financial feasibility**, in addition to **increasing the Bankability** of the project.

Financial Close achieved due to PJPK risk structure & project guaranteed by IIGF



Increase sponsors' & lenders' confidence in the risk and convenience aspects of investing

RISK ALLOCATION PRINCIPLES



Better ability to assess
risk



Have the ability to control
the likelihood of risk
occurrence

Have the ability to bear risk
with the lowest cost of risk



Have more capacity to
manage the impact of risk
occurrence



GUARANTEE ROLES IN PPP PROJECTS

Increasing Certainty and Convenience for Investors/Lenders



RISK MANAGEMENT

As a Government Risk Manager by mitigating risks that are of concern to the private sector through the implementation of optimal **risk allocation** that can help the **financial close** process and the completion of **project milestones**



ACCOUNTABILITY

Confirmation of GCA status and project profile that is **technically and financially feasible** so that it **can be accepted** by Business Entities/investors and lenders



SUSTAINABILITY

Offering **certainty of the sustainability** of the Project as planned through the **application of ESG principles** so as to **increase investment confidence** by investors and lenders



BANKABILITY

Helping to increase **GCA's commitment and ability to carry out projects**, thereby providing certainty and comfort for investors and lenders



TRANSPARENCY

Increase the credibility of the project from an Investor's perspective
Increase fairness so that the auction process is more competitive



**PENJAMINAN &
INFRASTRUKTUR**
Guarantee & Infrastructure

Terima Kasih

PT PENJAMINAN INFRASTRUKTUR INDONESIA (PERSERO)
Capital Place, 7-8 Floor Jl. Gatot Subroto No.Kav 18, RT.6/RW.1,
Kuningan Barat., Kec. Mampang Prapatan.,
Kota Jakarta Selatan 12710 - Indonesia



021-57950550



info@iigf.co.id

Visit Website



www.ptpii.co.id