Success Story of Public Private Partnership (PPP)

ASOSIASI KONTRAKTOR INDONESIA
INDONESIAN CONTRACTORS ASSOCIATON

ACF
ASEAN CONSTRUCTORS FEDERATION

57TH ACF COUNCIL MEETING

JAKARTA - AUGUST 14, 2025

Opportunities of Public Private Partnership (PPP) In Indonesia

ASOSIASI KONTRAKTOR INDONESIA
INDONESIAN CONTRACTORS ASSOCIATON

Pendanaan IKN

∑ 466 T
Mayoritas melalui KPBU

Skema APBN (Langsung)*

- Pembangunan Istana Negara dan bangunan strategis TNI/POLRI (pangkalan militer)
- Pengadaan lahan dan infrastruktur dasar (jalan akses)
- *Diplomatic Compound* (lahan)
- Ruang terbuka hijau (termasuk taman budaya)
- Rumah Dinas ASN/TNI/POLRI

Skema KPBU**

- Infrastruktur dasar dan utilitas (selain yang telah tercakup dalam APBN)
- Rumah Dinas ASN/TNI/POLRI (selain yang telah tercakup dalam APBN)
- Gedung Eksekutif, Legislatif dan Yudikatif
- Peningkatan konektivitas (bandara, pelabuhan, dan jalan tol/non-tol)***
- Sarana pendidikan, museum, dan sarana kesehatan

Skema Swasta & BUMN/D

- Perumahan umum
- Pembangunan perguruan tinggi dan lembaga pendidikan swasta
- *Science-technopark*
- Sarana kesehatan swasta
- Pusat perbelanjaan/*shopping mall*
- *Meetings, Incentives, Conventions, and Exhibitions* (MICE)

*) Sebagian menggunakan skema pengelolaan aset/Barang Milik Negara (BMN) dengan mekanisme PNBP-*earmark*.

**) Kerjasama Pemerintah dengan Badan Usaha (KPBU) dapat berupa *Availability Payment (AP)* atau Tarif/*User Charge*. Selain itu, Pemerintah memiliki beberapa skema dalam penyediaan infrastruktur antara lain, yaitu Bangun Guna Serah (BGS), Bangun Serah Guna (BSG), Kerja Sama Pemanfaatan (KSP), dan Kerja Sama Penyediaan Infrastruktur (KSPI).

***) Bandara dan Pelabuhan diupayakan merupakan pembiayaan BUMN (murni), namun dapat dipertimbangkan menjadi skema KPBU.

Public Private Partnership (PPP)

Cooperation between the Government and Business Entities in providing infrastructure for public interest refers to the specifications established by the Minister/Head of Institution/Regional Head, which **partially or entirely use the resources of the Business Entity**, **with a risk-sharing arrangement among the parties.**

The **PPP project cycle consists of 4 (four) stages:**

a). Planning (Pre-FS, Project Development Facility creation, etc.)

b). Project preparation (Tender Documents, Tender Committee, PJPK, Market Sounding, Interest Survey, etc.)

c). Transaction (Winning Tender BU, Financial Close, Effective Date, COD),

d). Contract Management. (Monitoring & Evaluation system, Operation & Maintenance during the Cooperation period)

Important points of Public Private Partnership

1). The PPP scheme is necessary considering the limitations of the state budget (APBN) in funding infrastructure development, which results in a funding gap that must be filled. Therefore, there is a need for creative financing through private contributions to serve as an alternative source of funding & financing for the provision of infrastructure or public services.

2). Regular PPP projects in the 2025 state budget (RAPBN) are prioritized for the basic service infrastructure sector,

3). The PPP scheme also becomes one of the funding schemes in the infrastructure provision plan in the National Capital City (IKN).

4). The fundamental difference between Non-Governmental Budget Investment Financing (PINA) and PPP:

- a). The government still has a role in PPP in the form of funding support and guarantees (Land Release, Investment Return Guarantees).
- b). The existence of the PPP scheme provides space for private involvement in determining a project that is feasible to develop, while providing space for the private sector to choose and take responsibility for managing efficiently and for maintaining optimally, so that public services can be used for a longer time.
- c). PPP is not a transfer of government obligations in providing services to the community;
- d). PPP is to facilitate the private sector to contribute to financing for designing, building, and operating infrastructure projects.
- e). PPP is also not the privatization of public facilities. PPP is not the same as privatization.

The purposes of using the Public Private Partnership

1). Meeting funding needs for sustainable infrastructure provision through mobilization of private funds.

2). Providing quality, effective, efficient, targeted, and timely infrastructure.

3). Creating an investment climate that encourages private sector participation in infrastructure provision.

4). Promoting a user-pay principle by users, or in certain cases considering users' ability to pay.

5). Providing certainty of return on investment for private enterprises through User Fees or periodic payments by the government to private enterprises (Availability Payment).

Success Story of Public Private Partnership

ASOSIASI KONTRAKTOR INDONESIA

1). Palapa Ring Project

a) **The Palapa Ring Project is a national fiber optic backbone network** (broadband) development project intended as the backbone for the national telecommunications system that connects all districts/cities across Indonesia. The Project Implementing Agency is the Minister of Communication and Information.

b) This project is the first PPP project in the telecommunications sector and also the first PPP project to use the availability payment scheme. The source of investment return for this project comes from the USO fund managed by the Ministry of Communication and Information. The project concession period is 15 years after COD.

c) This project consists of 3 (three) packages, namely:
- ➢ West Package. Investment value = IDR 1.2 trillion (USD. (5 districts/cities, COD March-2018);
- ➢ Central Package. Investment value = IDR 1.3 trillion. (17 districts/cities, COD October-2019);
- ➢ East Package. Investment value = IDR 5.13 trillion. (35 districts/cities, COD October-2019).

d) The Palapa Ring Project can It is said to be **quite successful** at every stage of the project implementation:
- ➢ **PJPK = Minister of Communication and Informatics.**
- ➢ **The commitment of the PJPK is a key factor in the success of the project.**
- ➢ Leadership: The PPP team has direct access to the Minister of Communication and Informatics, allowing for quick resolution of bottlenecks at every stage of the project through appropriate policies/responses. The PPP team is continuously involved in an active, communicative, and responsive manner to accelerate decision-making related to the project.
- ➢ The availability of USO funds as a source of project AP payments also provides a significant attraction for the private sector due to the certainty of project investment returns

PALAPA RING


BAKTI
TOL LANGIT PALAPA RING
SATUKAN NEGERI
PAKET BARAT
PAKET TENGAH
PAKET TIMUR
PALAPA RING
Existing Fiber Optic Operator
Rencana Fiber Optic Operator
Rencana Fiber Optic Palapa Ring
100%
PAKET BARAT
2,275 KM
Pelaksana
PT Palapa Ring Barat
Tanggal Efektif
11 Agustus 2016
Kab/Kota SLA 5
Kab/Kota Terkoneksi 7
1,730 KM
545 KM
100%
PAKET TENGAH
2,995 KM
Pelaksana
PT LEN Telekomunikasi Indonesia
Tanggal Efektif
26 September 2016
Kab/Kota SLA 17
Kab/Kota Terkoneksi 10
1,706 KM
1,289 KM
7 Hops
100%
PAKET TIMUR
6,878KM
Pelaksana
PT Palapa Timur Telematika
Tanggal Efektif
29 Maret 2016
Kab/Kota SLA 35
Kab/Kota Terkoneksi 16
4,426 KM
2,452 KM
59 Hops

PALAPA RING


PALAPA RING
PEMERSATU NKRI
Teknologi informasi yang maju niscaya akan menjadi penggerak roda perekonomian bangsa. Kehadiran Palapa Ring adalah bukti nyata kepedulian pemerintah tentang pentingnya teknologi informasi yang tersebar hingga ke pelosok negeri. Kehadiran proyek ini akan mempercepat pertumbuhan ekonomi Indonesia di kemudian hari.
Sekitar 400 Kab/Kota
saat ini sudah dijangkau jaringan serat optik
Target akhir 2018
Paket Tengah
Paket Timur
selesai digelar dan ujicoba
Target 2019
seluruh kabupaten/kota beroperasi dan terhubung
PAKET BARAT
PAKET TENGAH
PAKET TIMUR
Merata Nusantara
Palapa Ring merupakan proyek infrastruktur tulang punggung jaringan telekomunikasi broadband (pita lebar), berupa pembangunan kabel optik yang membentang ke seluruh Indonesia dengan panjang sekitar 13.000 km. Proyek ini diharapkan dapat menyatukan Indonesia dan memajukan infrastruktur teknologi informatika di daerah 3T (Terluar,Terdepan dan Tertinggal).
64,1% Agustus 2018
6.878 km
Jaringan Laut 4426 km
Jaringan Darat 2452 km
35 Kab/Kota - 4 Provinsi
Nilai Capex Paket Tengah
Rp5,13 Triliun
97,8% Agustus 2018
2.995 km
Jaringan Laut 1706 km
Jaringan Darat 1289 km
17 Kab/Kota - 5 Provinsi
Nilai Capex Paket Tengah
Rp1,38 Triliun
* Nilai Capex adalah investasi pembangunan infrastructure perangkat Palapa Ring
100% Proyek Selesai
2.275 km
Jaringan Laut 1730 km
Jaringan Darat 545 km
5 Kab/Kota - 2 Provinsi
Nilai Capex Paket Barat
Rp1,28 Triliun
Jika Palapa Ring selesai, semua kabupaten di Indonesia akan terhubung dengan jaringan tulang punggung serat optik. Dengan demikian, layanan yang ada di Jawa dan daerah lain tidak memiliki gap yang besar
RUDIANTARA
Menteri Kominfo

Success Story of Public Private Partnership

2). Umbulan SPAM Project

a) **The Umbulan spring located in Easr Java is one of the world's quality water sources**. Its utilization began by the Dutch government in 1917. The Indonesian government started developing Umbulan in 1972. In the year 2000, this project began to be prepared through the KPBU scheme and was designated as a showcase project for KPBU since 2010 under the name Umbulan SPAM Project.

b) The project's **PJPK is the Governor of East Java**.

c) This project crosses **5 districts/cities in East Java**, making the **investment value of the project reach IDR 4.5 trillion (USD.300 Million).**

d) The project concession period is 25 years after the COD.

e) This is **the 1st SPAM KPBU project.**

f) The Ministry of Finance facilitates the Project Development Facility, prepares the Pre-FS, and provides transaction assistance until financial close is achieved.

g) In preparing the Pre-FS, indications of the need for Government support for Feasibility (VGF) were found to enhance project feasibility to attract private parties. The PJPK proposed The application for the VGF amount for the project is Rp. 895.73 billion. However, the **final VGF value obtained from the winning bid is Rp. 818 billion.** The presence of VGF in this project has contributed to the successful long journey of preparing the Umbulan SPAM Project since 1988, achieving financial close of the project in December 2016 and starting construction in July 2017.

h) COD since March 21, 2021.

PT. META ADHYA TIRTA UMBULAN WATER SUPPLY SYSTEM: EAST-JAVA

PT. META ADHYA TIRTA UMBULAN
WATER SUPPLY SYSTEM: EAST-JAVA

PT. META ADHYA TIRTA UMBULAN
WATER SUPPLY SYSTEM: EAST-JAVA

Parameter/*Parameter*

PROYEK/*Project*	KPS SPAM UMBULAN	
KONSORSIUM/*Consortium*	MEDCO-BCK	
Mata uang/*Currency*	Rp	
Tanggal Mulai/*Date started*	01/01/2017	
Parameter utama		
Bunga Jangka Pendek - Deposito/*Short-term interest - Deposit*	2,0%	per kwartal
Bunga Jangka Panjang - Overdraft/*Short-term interest - Overdraft*	3,0%	per kwartal
Pajak Korporasi/*Corporate Tax*	25,0%	
Pajak Hilang Arus Kas dalam 5 tahun?/*Tax loss C/F 5 years?*	YES	
Asumsi Inflasi CPI/*Inflation CPI Assumption*	5,5%	
Asumsi Inflasi PLN/*Inflation PLN Assumption*	5,5%	
Asumsi Inflasi Capex/*Inflation Capex Assumption*	0,0%	
Nilai Ekuitas/*Equity Amount*	700.000	D/down no of qtrs →
Nilai VGF/*VGF Amount*	819.900	
Kapasitas Yang Dapat Diandalkan/*Reliable capacity*	4.000	lps
NRW awak/*NRW at start*	0,0%	
NRW akhir/*NRW at end*	2,0%	
Kapitalisasi Bunga Selama Konstruksi/*Capitalise Interest During Construction*	YES	
Dividen pertama pada tahun/*First dividen year*	**2031**	
Jumlah dividen/*Dividen amount*	**5.628.547**	
IRR Proyek/*Project IRR*	**12,10%**	
IRR Ekuitas/*Equity IRR*	**11,02%**	
Nilai diskon NPV yang digunakan/*NPV Discount Value to apply*	5,0%	
NPV - ekuitas pemegang saham, pinjaman, dividen/*NPV - shareholder equity, loan, dividends*	**1.290.213**	
Periode pengembalian (tahun)/*Payback period (years)*	**15**	
Capex/*Capex*	**2.050.000**	
Bunga Selama Konstruksi (terkapitalisasi)/*Interest during construction (capitalised)*	**151.764**	(For information)
Min Posisi kas selama konstruksi/*Min cash balance during construction*	**2.785**	← OK
Min posisi kas selama operasi/*Min cash balance during operations*	**1.909**	← OK

Rp Pinjaman/Loans	Rp Keuangan proyek (Project finance)	Rp Hutang Pemilik Saham (Shareholder loans)
Nilai pinjaman/*Loan amount*	861.070	90.000
Bunga tahunan/*Annual interest rate*	12,0%	7,5%
Bunga kwartal disamakan/*Quarterly equivalent interest rate*	3,00%	1,88%
Biaya Pengaturan (dikapitalisasi)/*Arrangement fee (capitalised)*	2,5%	0,0%
Biaya pengambilan (dikapitalisasi)/*Drawdown fee (capitalised)*	3,0%	
Periode Pembayaran dalam kuartal/*Payment periods in Qtrs*	40	8
Periode Pengambil dalam kuartal/*Drawdown over period in quarter*	8	1
Opsi pembayaran "Balloon"/*("Balloon" repayment Option)*	30,0%	

Success Story of Public Private Partnership

ASOSIASI KONTRAKTOR INDONESIA
INDONESIAN CONTRACTORS ASSOCIATON

3). City of Bandar Lampung - SPAM Project

a) **The Bandar Lampung located in South Sumatera**. The Indonesian government started developing Bandar Lampung in 2010. In the year 2010, this project began to be prepared through the KPBU scheme and was designated as 2nd showcase project for KPBU since 2010 under the name Bandar Lampung SPAM Project.

b) The project's PJPK is the Director of Water Supply Company of Bandar Lampung. This project crosses 2 districts/cities in Lampung Province, making the **investment value of the project reach IDR 750 Billion.**

c) The project concession period is 25 years after the COD.

d) This is the **2nd SPAM KPBU project.**

e) The Ministry of Finance facilitates the Project Development Facility, prepares the Pre-FS, and provides transaction assistance until financial close is achieved.

f) In preparing the Pre-FS, indications of the need for Government support for Feasibility (VGF) were found to enhance project feasibility to attract private parties. The PJPK proposed The application for the VGF amount for the project is Rp. 270 billion. However, the final VGF value obtained from the winning bid is Rp. 268 billion. The presence of VGF in this project has contributed to the successful long journey of preparing the Bandar Lampung SPAM Project since 2010, achieving financial close of the project in July-2018 and starting construction in August-2018.

g) **COD since Nov-01, 2020.**

PT. ADHYA TIRTA LAMPUNG
WATER SUPPLY SYSTEM: LAMPUNG

OPERATION & MAINTENANCE
25 YEARS (2021-2045)

PT. ADHYA TIRTA LAMPUNG

WATER SUPPLY SYSTEM: LAMPUNG

PT. ADHYA TIRTA LAMPUNG

WATER SUPPLY SYSTEM: LAMPUNG

SPAM KOTA BANDAR LAMPUNG
BANGUN CIPTA KONTRAKTOR - BANGUN TJIPTA SARANA

Mata uang/Currency	Rp.million	
Parameter utama		
Bunga Jangka Pendek - Deposito/Short-term interest - Deposit	0,0%	per kwartal
Bunga Jangka Panjang - Overdraft/Short-term interest - Overdraft	2,5%	per kwartal
Pajak Korporasi/Corporate Tax	25,0%	
Pajak Hilang Arus Kas dalam 5 tahun?/Tax loss C/F 5 years?	YES	
Asumsi Inflasi CPI/Inflation CPI Assumption	5,0%	
Asumsi Inflasi PLN/Inflation PLN Assumption	5,0%	
Asumsi Inflasi Capex/Inflation Capex Assumption	0,0%	
Tariff Air Minum in Year 1	4.996	Rp/m3
Nilai Ekuitas/Equity Amount	200.000	
Nilai VGF/VGF Amount (Max [49% of Construction cost] or Rp272,353m]))	258.800	OK
NPV @ 10% VGF/VGF Amount	258.800	
Kapasitas /Capacity - Concession Year		
1	461.027	m3/month
2	838.659	m3/month
3	1.241.868	m3/month
4	1.660.498	m3/month
5	1.971.000	m3/month
25	1.971.000	m3/month
NRW awal/NRW at start	5,0%	
NRW akhir/NRW at end	7,5%	
Payback period (Years)	0	
Dividen pertama pada tahun/First dividen year	11	
Jumlah dividen/Dividen amount	2.400.974	
IRR Proyek/Project IRR	13,40%	
IRR Ekuitas/Equity IRR	16,73%	
WACC	10,00%	
DSCR		
Average	2,48	
Minimum	0,09	
Return on Equity	38,84%	Average
Nilai diskon NPV yang digunakan/NPV Discount Value to apply	10,0%	
NPV - ekuitas pemegang saham, dividen / NPV - shareholder equity, dividends	216.883	
Project Cost	750.000	
Min posisi kas selama operasi/Min cash balance during operations	4.573	← OK

WATER SUPPLY SYSTEM: LAMPUNG

KPBU SPAM BANDAR LAMPUNG

Summary

Global Optimize

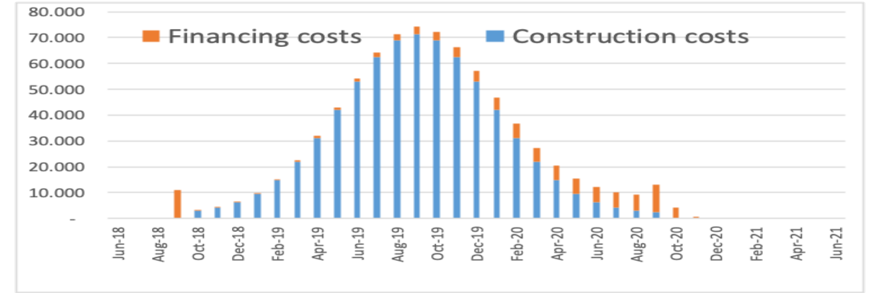
-	*Model checks*
38	*Track changes*

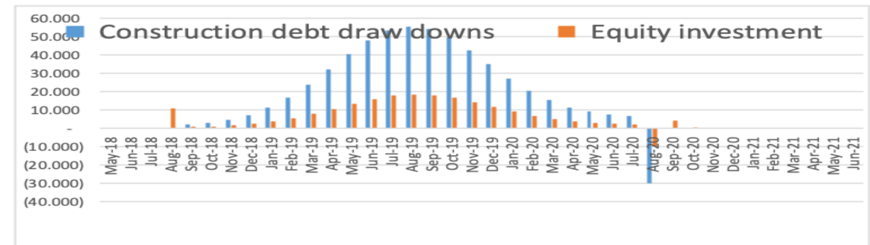
Key Indicator	2		
Mode	Actual & Projection		
NPV of Project Cash Flow	210.638	000.000	Accept
Project IRR	11,57%		Accept
Equity IRR - Sponsor Awal (75%)	13,256%		
Equity IRR - New Shareholder (25%)	12,73%		
	Pre COD		Current State
Construction debt drawdown	1	Switch	Pro-rata
Project CAPEX	803.076		
Allowed max leverage (LTV)	75%	%	
Debt sizing DSCR	1,25	Ratio	
Max construction debt based on leverage	602.307	000.000	
Committed construction debt	550.000	000.000	
Sculpted debt	**555.678**	**000.000**	
Construction debt live	550.000	000.000	
Construction debt paste	550.000	000.000	
Proportion of Capex to be financed with debt	68%	%	

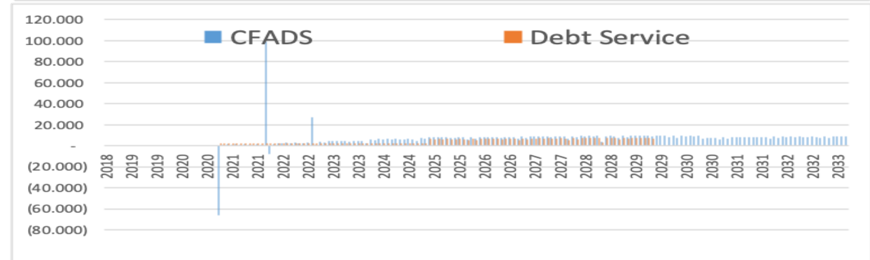
Project Finance Ratios	Project Ratios	Min Required
Min current DSCR	1,250	1,250
Min backward looking 12m DSCR	1,250	1,250
Min forward looking 12m DSCR	1,250	1,250
Simple average current DSCR	1,251	1,250
Weighted average current DSCR	2,130	1,250
Initial LLCR	1,889	1,500
Min rolling LLCR	1,899	1,500
Initial PLCR	2,727	1,750
Min rolling PLCR	3,620	1,750
	550.000	

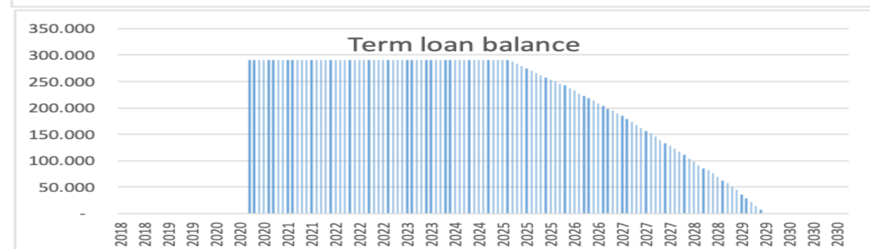
Sources & Uses of Funds			
Sources of Funds	At-COD	Post-COD	
Construction debt draw downs	550.000		
Debt conversion to the term loan	-	291.200	52,46%
Debt for bridging VGF Loan selected		258.800	
Vendor Financing by BCK	53.076		
Revolving Credit Facilities (initial)		63.864	11,51%
Equity investment converted to share capital (Init	200.000	200.000	36,03%
Sources of funds	**803.076**	**813.864**	
		(0)	
Uses of Funds			
EPC cost	662.526	000.000	88%
Owner G&A cost	44.596	000.000	
Additional SGA	-		12%
Contingency	-	000.000	
Construction debt up front fee	11.000	000.000	
Construction debt commitment fee	2.433	000.000	
Construction debt agent bank fee	990	000.000	
Interest during construction	77.235	000.000	
Additional			
DSRA initial deposit	4.295	000.000	
Uses of funds	**803.076**	**000.000**	

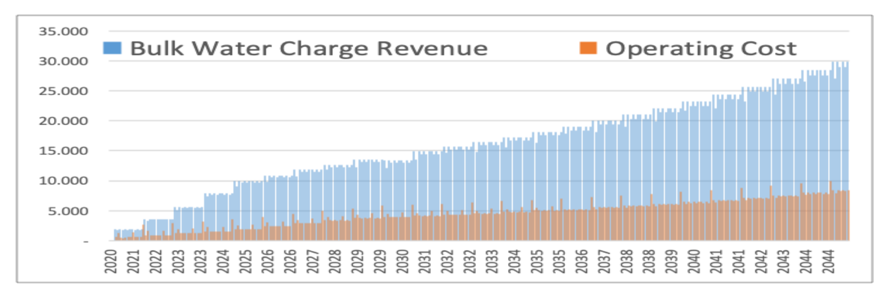
N - Distribution











Barriers to PPP

a). ICOR-Indonesia = 6.33% (Incremental Capital-Output Ratio) is still high, making investments less efficient. (The amount of additional capital needed to increase one unit of output) (ICOR-ASEAN: 4-5%).

b). The interest rate on working capital loans is still high at 11%. High working capital loan interest rates can make investments unattractive to investors. In the case of SPAM, the interest rate is 11% and the IRR is only 14%, which does not compensate for the investment risks.

c). Change of Law: dispute resolution of PPP Agreements should preferably be through Arbitration to be more targeted, involving experts, and with Arbitration decisions being "final & binding." However, they are often drawn to the Court, leading to prolonged issues and creating investor concerns.

d). Regional Heads as PJPK may be less attractive to investors because changes in Regional Heads often lead to policy changes, thus posing risks for investors.

source: ICA member

Risk Mitigation of PPP

a). Risk Allocation is very important.

b). Project Development Facility (PDF): This facility assists in the preparation of PPP projects, including feasibility studies and project design.

c). Viability Gap Fund (VGF): This support helps the feasibility of PPP projects and makes them more attractive to investors by providing subsidies or land acquisition support, etc.

d). The existence of Infrastructure Guarantees: will further enhance investor confidence and reduce investment risk. In recent years, the government has increased support for PPPs, including improving transparency and accountability in the implementation of PPPs. However, improvements are still needed to enhance the effectiveness of PPPs in improving the quality of infrastructure in Indonesia.

e). The Project Owner should be brought to the Center (Ministerial Level), as this relates to investment risks that still require the presence of the State, as well as Capacity, Commitment, and Leadership as Project Accountability.

source: ICA member

THANK YOU

ASOSIASI
KONTRAKTOR
INDONESIA
INDONESIAN CONTRACTORS ASSOCIATON