



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



Government Financial Facilities as PPP Enablers: Case Study of Bandar Lampung Water Project

Manila, 07 August 2019



Awarded Indonesia PPP Projects (Selected)

Since around 2010 the Government of Indonesia has shown significant progress in developing PPP programs, indicated by deliveries of PPP contract signings from variety of sectors as follow:

No.	Project Name	Project Cost (Million USD)	Government Facility	Current Status	Sector/Type
1.	Umbulan Water Project	144.8	PDF, VGF and IIGF Guarantee	Construction	Water
2.	Bandar Lampung Water Project	76.4	PDF, VGF and IIGF Guarantee	Construction	
3.	West Semarang Water Project	28.8	PDF and VGF	Construction	
4.	Palapa Ring Fiber Optic Backbone	537.2	PDF, IIGF Guarantee and AP	Operation	Telecommunication
5.	Multifunction Satellite	544.8	AP and IIGF Guarantee	Financial close	
6.	Central Java Power Plant	4,000	Guarantee (IIGF and MoF)	Construction	Energy/Electricity
7.	Krian-Legundi-Bunder-Manyar Toll Road	841.4	Guarantee (IIGF and MoF)	Construction	Toll road
8.	Probolinggo-Banyuwangi Toll Road	1,448.3	Guarantee (IIGF and MoF)	Construction	
9.	Jakarta-Cikampek II South Side Toll Road	922.8	Guarantee (IIGF and MoF)	Construction	
10.	Makassar Pare-Pare Railway	69.7	AP, PDF, and Guarantee	Financial close	Railway

MoF = Ministry of Finance

IIGF = Indonesia Infrastructure Guarantee Fund (SOE)

PDF = Project Development Facility

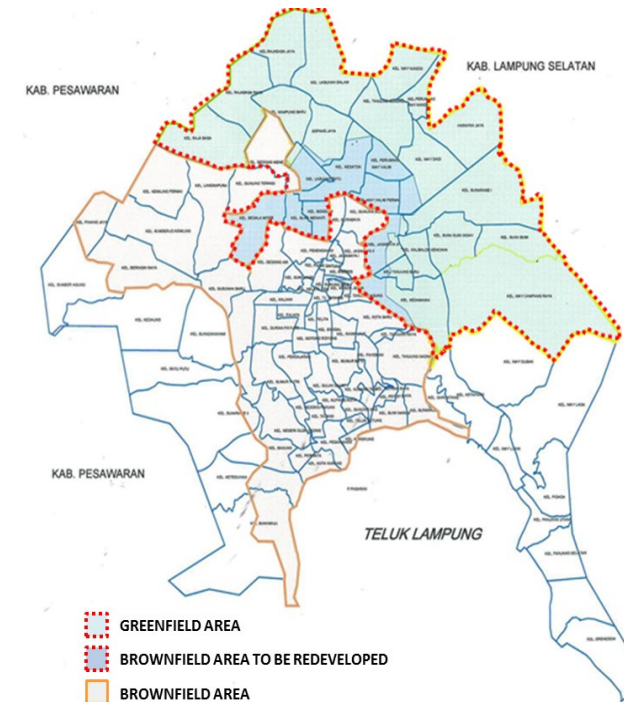
VGF = Viability Gap Fund

AP = Availability Payment

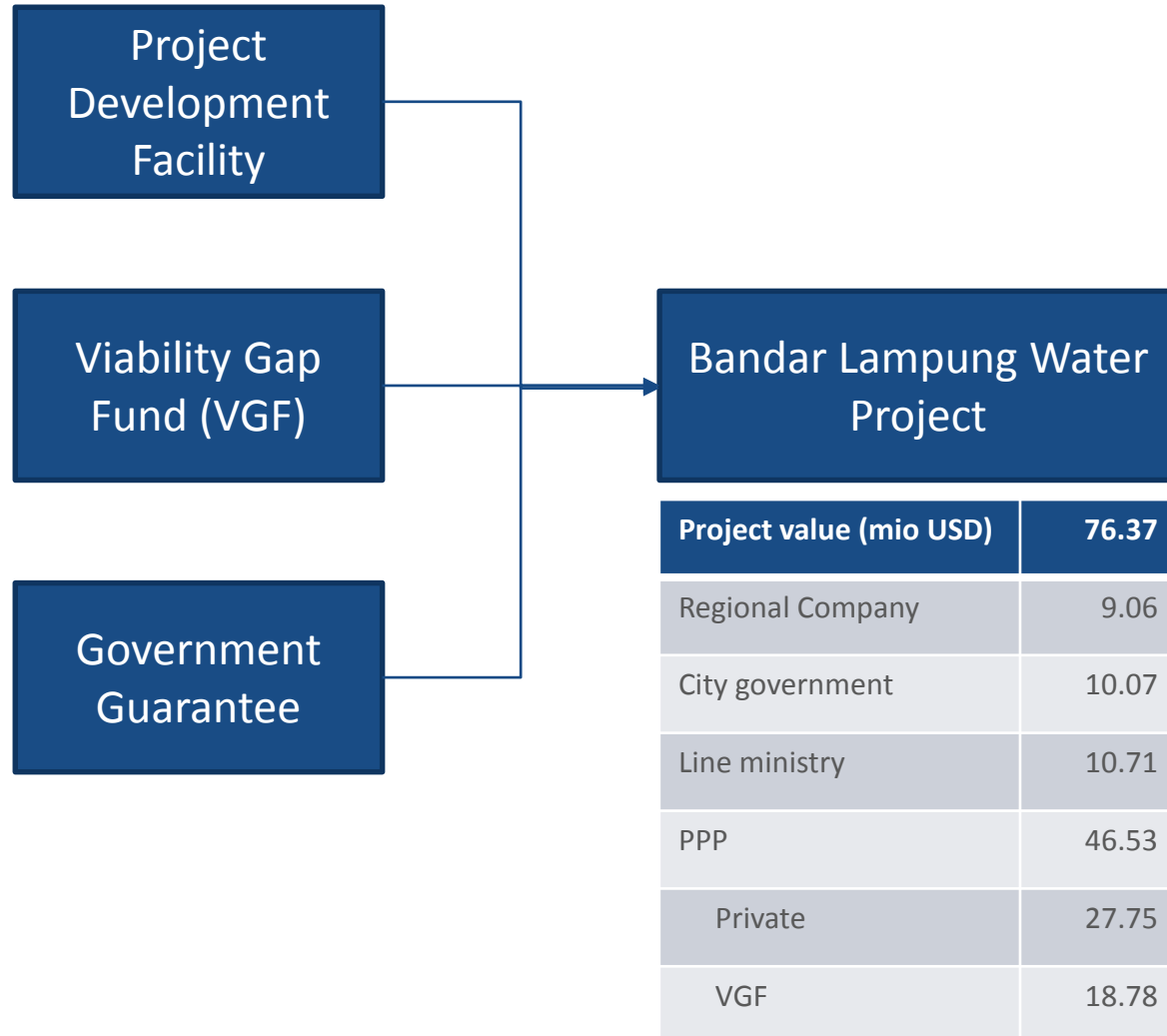
COD = Commercial Operation Date

Project in brief

Project	Bandar Lampung Drinking Water PPP Project
Location	City of Bandar Lampung, Province of Lampung, Sumatera
GCA	Bandar Lampung Regional Water Service Company (PDAM)
Project scope	Water intake 825 l/s, Water treatment 750 l/s, +22 kms transmission system, reservoir (10.000 m ³) and 31 kms pump distribution system
Service coverage	60.000 households new connection (300.000 person) in 8 sub districts
Modality	BOT Bulk Water Supply
Duration	25 years + 2 years construction
Investment	USD 76.4 million
Contract signing	14 th February 2018
Financial close	14 th August 2018
SPV	PT. Adhya Tirta Lampung (Consortium of Bangun Cipta Sarana and Bangun Cipta Kontraktor)
Lender	PT. IIF and Bank BNI
Construction start	August 2018
Est. COD	August 2020
Current Progress	Construction progress as per July 2019 45% from planned 22%



Government facilities



- Project Development Facility (PDF) is provided by the Ministry of Finance through PT. SMI to develop FBC and assist the transaction at around USD 1.8 million.
- Viability Gap Fund (VGF) is provided from the Government at USD 18.78 to improve the financial feasibility and maintain the tariff
- Government guarantee is provided by the Ministry of Finance through Indonesia Infrastructure Guarantee Fund (IIGF) to cover risks, including:
 - Monthly payment from the GCA
 - Termination

Lessons learnt and challenges

- Lessons learnt
 - Governments need to address the issues in attracting private to projects by formulating right instruments and set up the workable arrangement to introduce those instruments to market to unlock the potentials.
 - It is important to develop the right incentive system to bring all parties to involve in a project.
- Future challenges
 - Developing more standardized PPP documents and processes referring to international best practices to attract international investors.
 - Capitalizing the success by developing standard documents for water projects from the experience of the awarded projects to be more easily replicated by other regions.



MINISTRY OF FINANCE

DIRECTORATE GENERAL OF BUDGET FINANCING AND RISK MANAGEMENT

djppr



Thank You

Directorate General of Budget Financing and Risk Management

Frans Seda Building, Jalan Wahidin Raya No. 1, Jakarta

Phone +621 3505052 Fax +621 34834635

www.kpbu.djppr.kemenkeu.go.id

DJPPR