



Government Guarantee on PPP Scheme

Market Sounding of Sitingau Lauik Flyover PPP Project

Jakarta, 23 November 2023

PT Indonesian Infrastructure Guarantee (Persero)

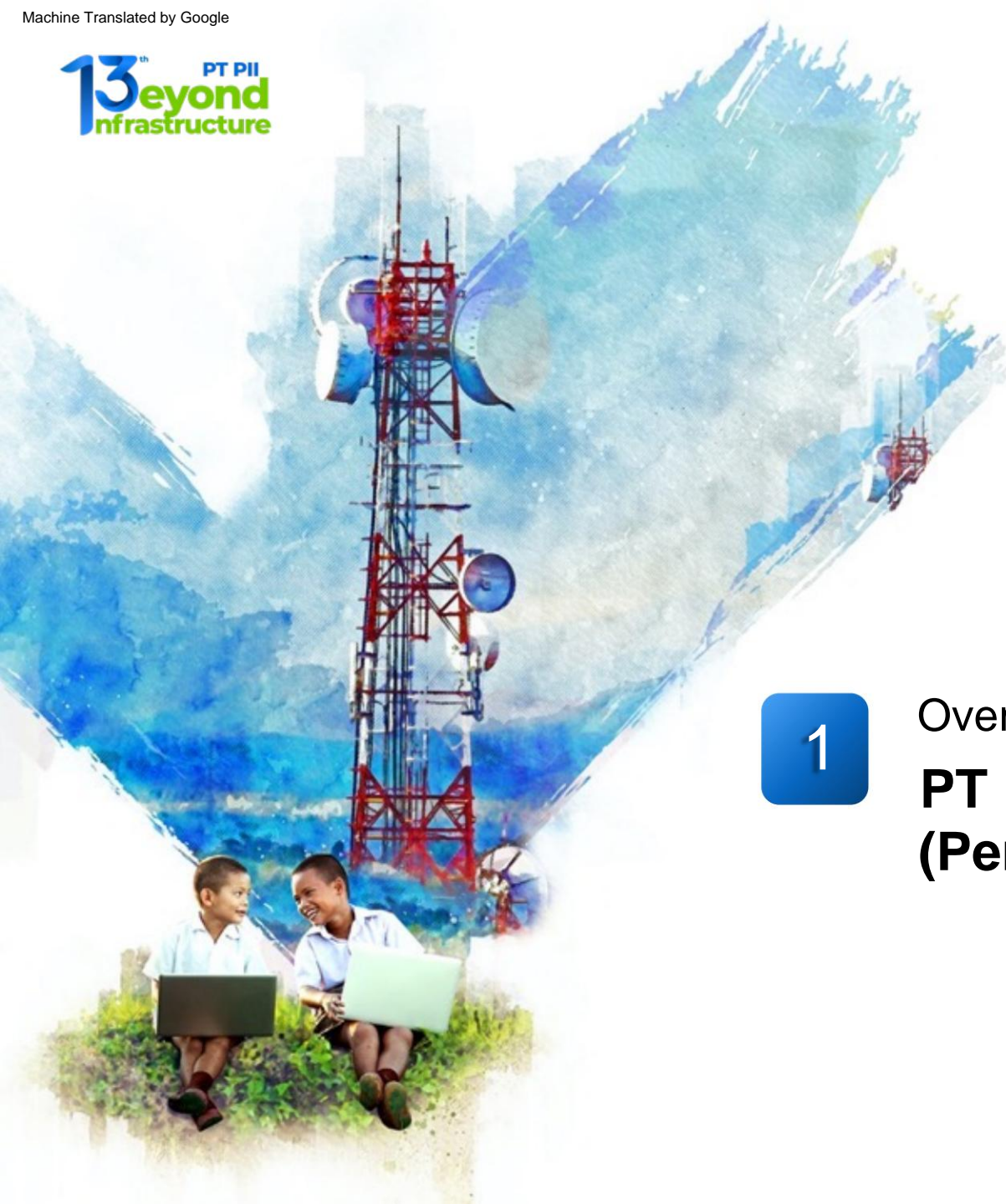
Agenda



1. Overview of PT PII (Persero)



2. PT PII Guarantee for the PPP Scheme



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Overview

PT Indonesian Infrastructure Guarantee (Persero)

PROFILE OF PT PENJAMINAN INFRASTRUCTURE INDONESIA (PERSERO) / PT PII

Mandate and Business Pillars to Support Sustainable Infrastructure Provision

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- Indonesia as an **archipelagic country**;
- **Provision of Infrastructure** as key equitable regional development



- Government commitment through **provision of Fiscal Support**
- Initiative of the Indonesian Ministry of Finance to **Creative Financing**



PENJAMINAN & INFRASTRUKTUR
Guarantee & Infrastructure

Establishment of PT PII as **Guarantee Business Entity Infrastructure (BUPI)**



- **Sustainable** infrastructure projects (*sustainable*);
- **Public benefit (multiplier effect)**.

Establishment of PT PII (Persero) as *Special Mission Vehicles (SMV)*

Founded on December 30, 2009
Based on Government Regulations No. 35 of 2009 and amended followed by the Regulations Government No. 50 of 2016




Special Missions Vehicle (SMV)
is managed directly Ministry of Finance



Supports Acceleration Development Sustainable infrastructure

100% owned by Indonesian government



Office Member Together with PPP Republic of Indonesia




KANTOR BERSAMA KPBU REPUBLIK INDONESIA
PPP Joint Office Government of Indonesia

*) PPP = Government and Business Entity Cooperation



MANDATE PILLARS OF PT PII (PERSERO)



GUARANTEE GOVERNMENT



SETUP AND ACCOMPANIMENT PROJECT



CAPACITY BUILDING & ADVOCACY



Guarantee Schema Infrastructure PPP (2010)



Guarantee Corporate For PEN Program (2020)



Project Development Facilities (PDF) (2018)



Knowledge Centre, Research & Outreach Regarding Financing Infrastructure/PPP



Loan Guarantee Directly state-owned (2018)



Project Assurance National Strategic (PSN) (2021)



Accompaniment Project (Non PDF)



Improvement PPP Regulations



Guarantee Food Reserves Government (CPP) (2023)



Accompaniment Local Government Project

PT PII (Persero) PORTFOLIO

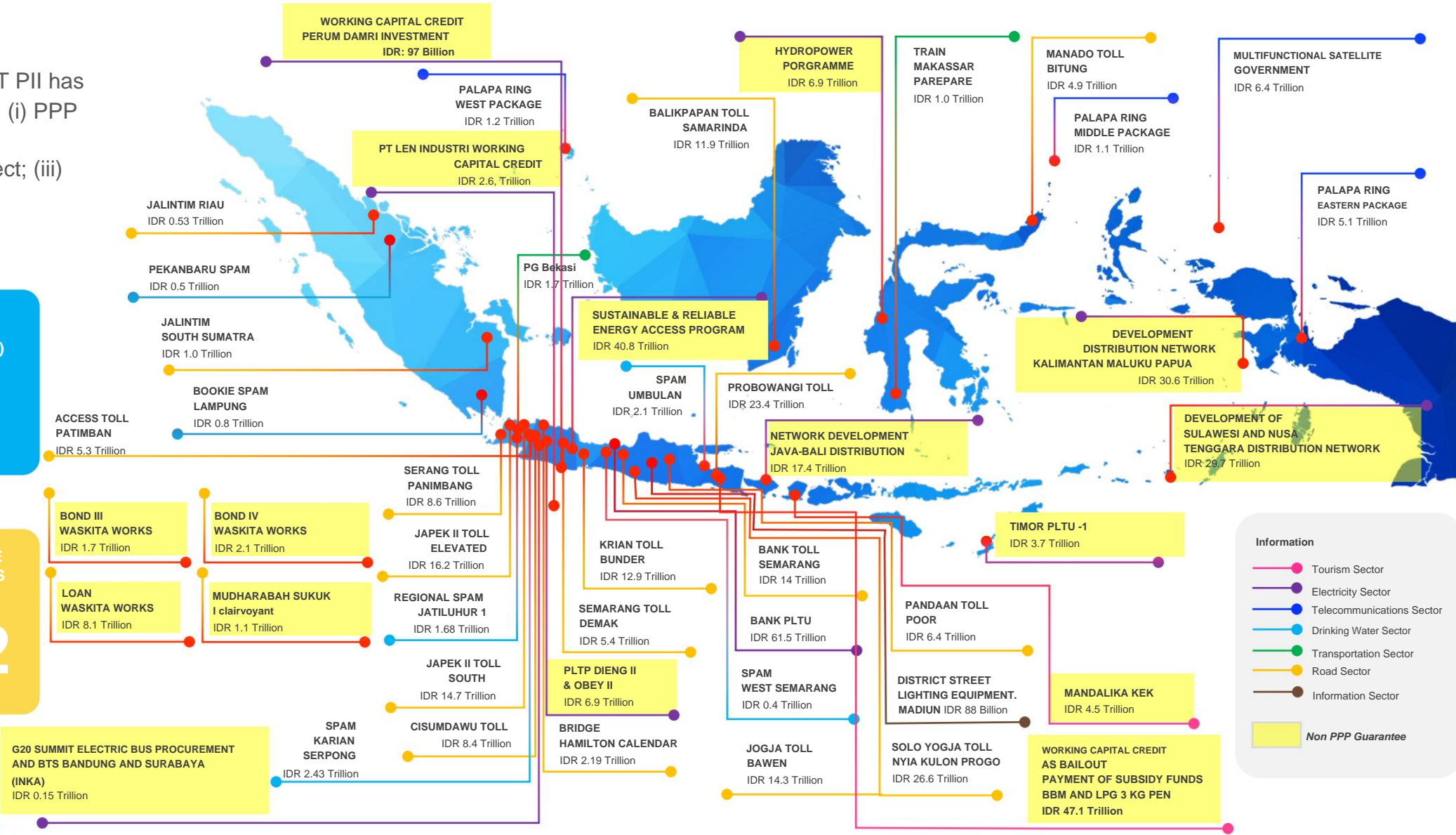
Until **November 2023** PT PII has provided guarantees for: (i) PPP Projects; (ii) BUMN Direct Loan Project; (iii) BUMN in the context of implementing PEN.

AMOUNT PROJECT
47
PROJECT

TOTAL VALUE PROJECT (IDR)
471
TRILLION

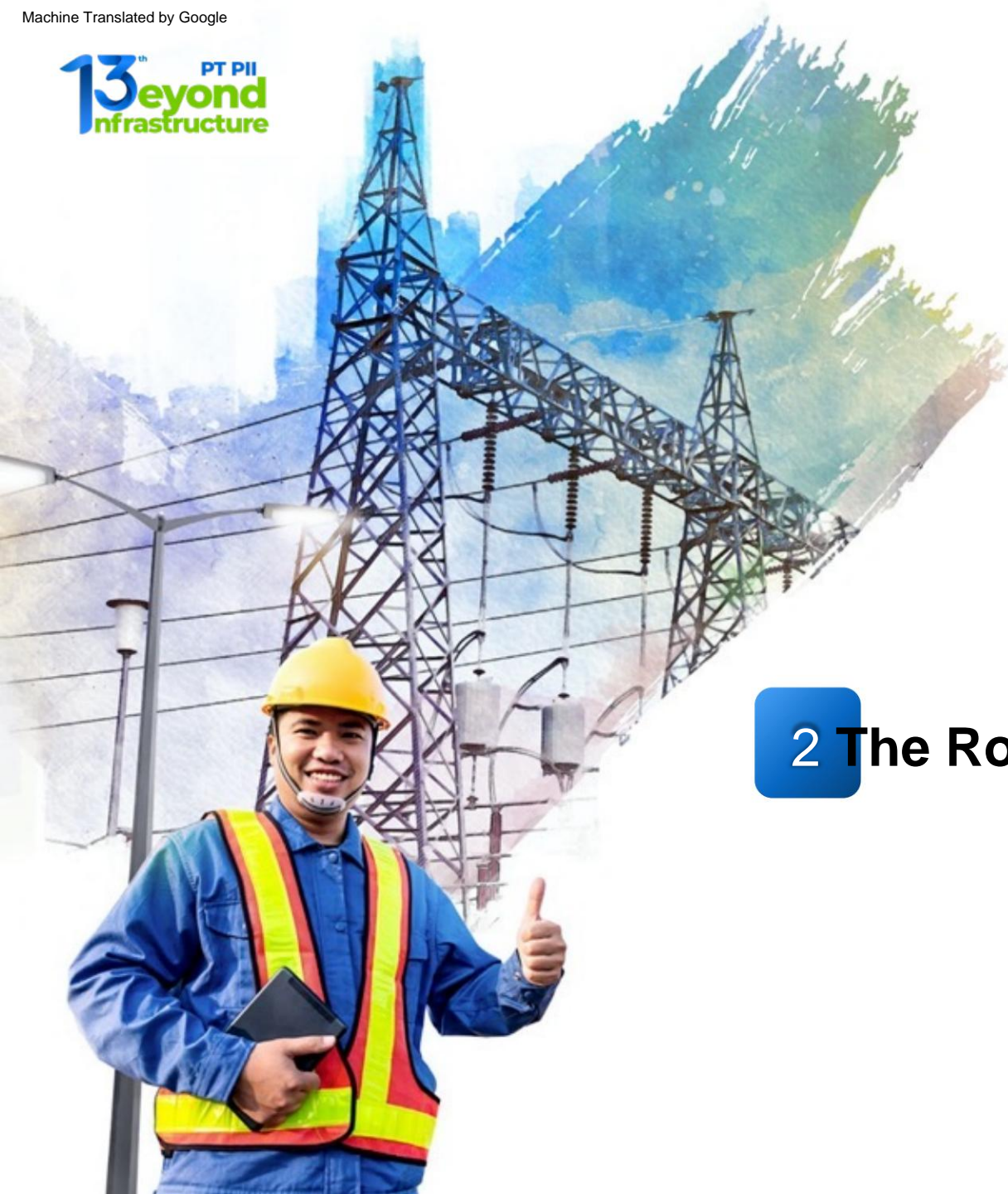
AMOUNT PROJECT PPP
31
PROJECT

TOTAL VALUE PPP PROJECTS (IDR)
262
TRILLION



Information

- Tourism Sector
- Electricity Sector
- Telecommunications Sector
- Drinking Water Sector
- Transportation Sector
- Road Sector
- Information Sector
- Non PPP Guarantee



2 The Role of PT PII Guarantee in the PPP Scheme

PT PII Guarantee as Part of Support Government for PPP Projects

SUPPORT REQUIRED

MINISTRY OF FINANCE FACILITIES

OBJECTIVE

▶ SETUP PROJECT

- ▶ **Project Development Facility (PDF)**
The Ministry of Finance assigned a special BUMN to accompany the GCA in carrying out PPP Project preparations and transactions

▶ APPROPRIATENESS PROJECT

- ▶ **Viability Gap Fund (VGF)**
Support for part of construction costs for projects that are economically feasible but not yet financially viable
- ▶ **Availability Payment (AP)**
Periodic service availability payment scheme for social infrastructure projects

▶ BANKABILITY

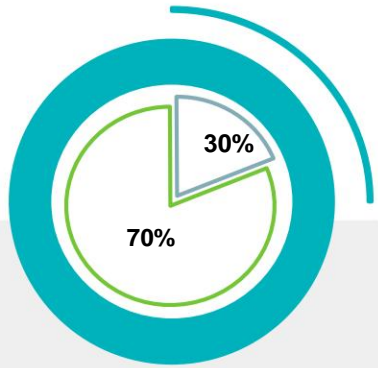
- ▶ **Government Guarantee**
The Ministry of Finance established a special BUMN that provides government guarantees



"DEVELOPMENT PROJECT INFRASTRUCTURE Yang PPP SUSTAINABLE"



WHY IS GOVERNMENT GUARANTEE NEEDED?



Sources of financing

PPP project financing generally comes from:

- Investor Capital (30%)
- Banks/Lenders (70%)



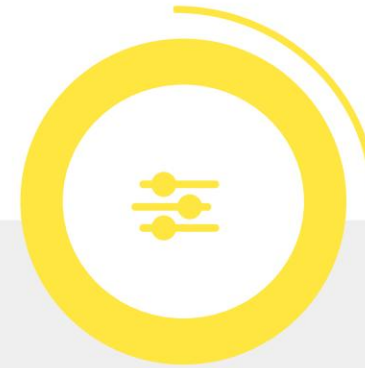
Risk Review by Bank

Related Bank Review project risk based a head replacement area, change policy, and certainty AP payments



Period Risk Position

Long PPP contracts, which are generally >5 years (above the term of office of the head area) so there is a risk for banks to finance projects that are beyond the term of office of the regional head



The need for Investment Certainty

There needs to be a guarantee that investor and bank money will can return over time

Cooperation/concessions



PT PII was formed by Ministry of Finance for providing guarantees and comfort to BUP, investors, banks/lenders, and PJPk

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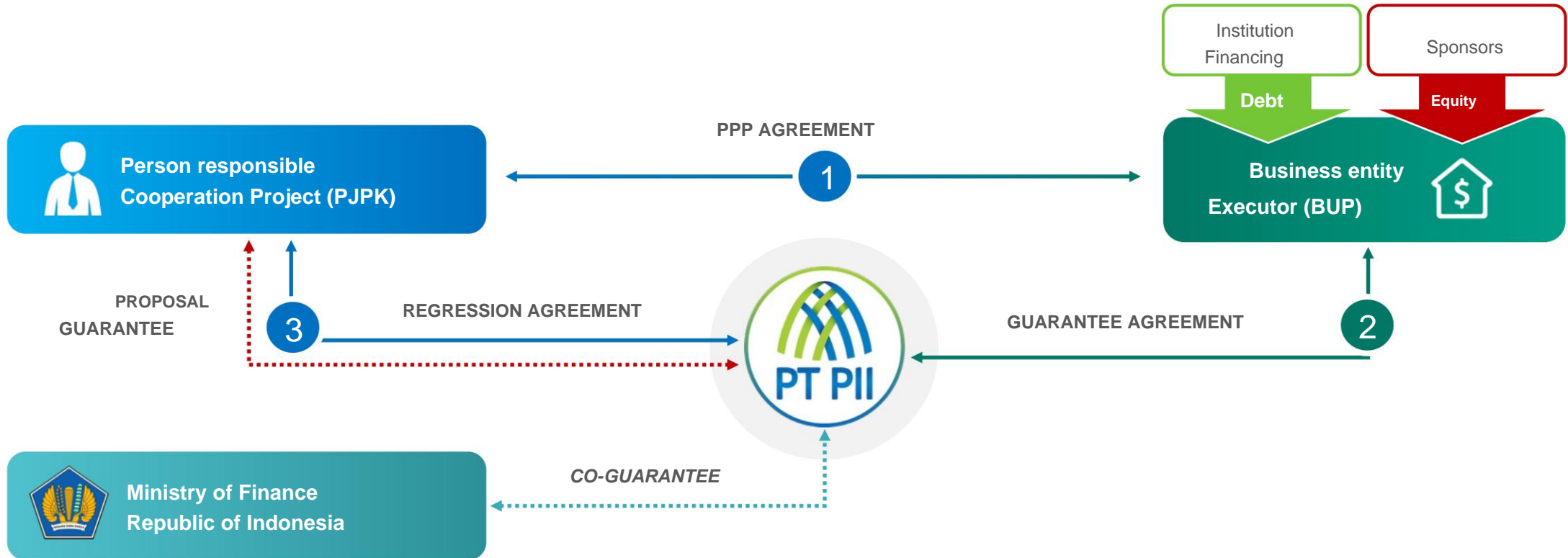
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PROJECT STRUCTURE WITH PPP SCHEME

General Scheme of PPP Projects with Guarantees



GUARANTEED RISKS

- Actions and/or inaction of the GCA or Government
- GCA or Government policy
- Unilateral decision from the GCA or Government
- *Breach of Contract* by PJKP

THE ROLE OF PII FOR GCA, INVESTORS AND *LENDERS*

PPP Project Enabler for GCA, Business Entities and Lenders



Person responsible
Cooperation Project (PJKP)

Assist the GCA in conducting **initial screening projects** on the potential of PPP projects in the environment
GCA

Ensure governance of the PPP process in accordance with applicable regulations and **ensure the quality of PPP documents**

Accompanying the GCA when the PPP project is operating and ensuring the implementation of the plan
risk mitigation

Investors
and Lenders



Ensure that the PPP project has **technical and financial feasibility that can be accepted** by
Business Entities and lenders

Availability of **earlier risk allocation studies**, for use
and can help the financial close process

Providing **comfort for Business Entities** in terms of
long-term cooperation with PJKP

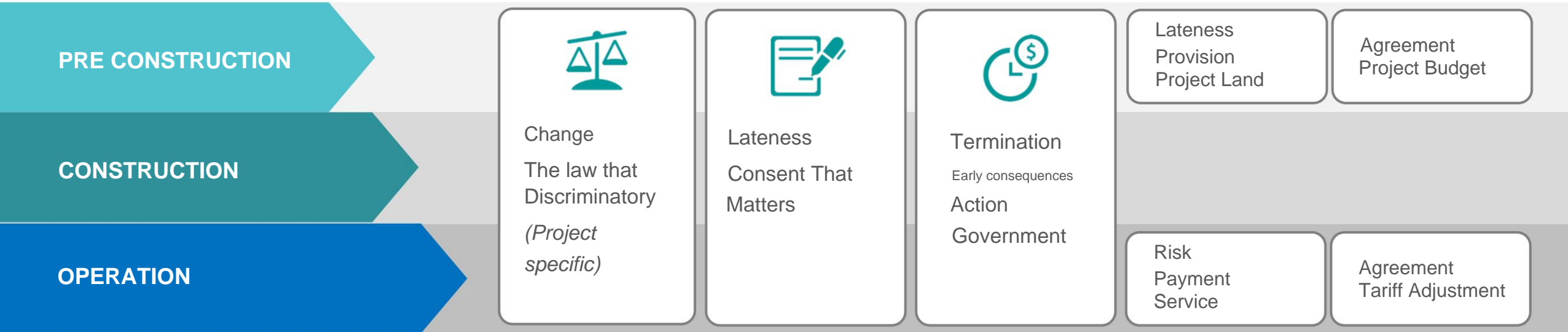


PT PII ENSURES PPP PROJECT RISK MANAGEMENT



Example of PT PII Risk and Risk Allocation Principles

EXAMPLES OF GUARANTEED RISKS



EXAMPLE OF RISK ALLOCATION IN A PPP PROJECT

Availability Payment – Payment Based on Service Availability

Risk Identification	Exposure to Risk Occurrence					Risk Allocation	
	SIGNING	FINANCIAL CLOSE	CONSTRUCTION	COD	OPERATION	GCA	BU
Location/Land	●	●	●			ÿ	
Licensing	●	●	●			ÿ	
Technical Design		●	●				ÿ
Project Financing	●	●	●	●	●		ÿ
Construction			●	●			ÿ
Operations and Maintenance				●	●		ÿ
Government Action/Inaction	●	●	●	●	●	ÿ	
Request (Demand)				●	●	ÿ	
Income (AP Payments)					●	ÿ	
Force Majeure	●	●	●	●	●	ÿ	ÿ
Early Termination	●	●	●	●	●	ÿ	ÿ

Guarantees can be provided
Government

(starting from effective
guarantee)

The *Availability Payment* scheme is usually applied to social infrastructure such as APJ and Non-Toll Roads



EXAMPLE OF RISK ALLOCATION IN A PPP PROJECT

User Charge Scheme – Tariff Payment

Risk Identification	Exposure to Risk Occurrence					Risk Allocation	
	SIGNING	FINANCIAL CLOSE	CONSTRUCTION	COD	OPERATION	GCA	BU
Location/Land	●	●	●			ÿ	
Licensing	●	●	●			ÿ	
Technical Design		●	●				ÿ
Project Financing	●	●	●	●	●		ÿ
Construction			●	●			ÿ
Operations and Maintenance				●	●		ÿ
Government Action/Inaction	●	●	●	●	●	ÿ	
Request (Demand)				●	●		ÿ
Tariff Adjustment					●	ÿ	
Force Majeure	●	●	●	●	●	ÿ	ÿ
Early Termination	●	●	●	●	●	ÿ	ÿ

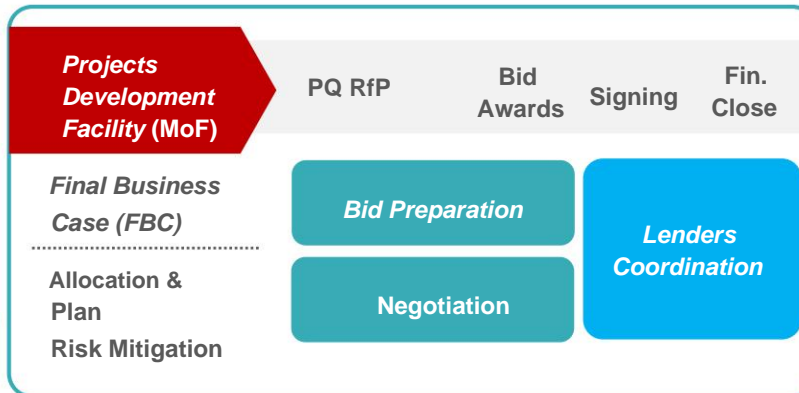
Guarantees can be provided Government (starting from effective guarantee)

The *User Charge* scheme is usually applied to commercial infrastructure such as toll roads and SPAM

SYNCHRONIZATION OF THE PPP PROCESS WITH THE PT PII (Persero) GUARANTEE PROCESS

Facilitation / Support required by Insurer Answer Project Cooperation (PJPK)

- Identification and Assessment Potential Project Start
- Preliminary studies
- Capacity Building
- Outline Business Case (OBC)



PT PII's assistance to PJPK in Implementation Mitigation Plan Risk

Capacity Building for Stages Setup and Transactions



Guarantee PT PII (Persero)

- Scanning and Screening Potential Projects
- Guarantee Consultation

- Underwriting
- Appraisal

Agreement Guarantee

- Guarantee Monitoring
- Risk Mitigation



BENEFITS AND ADDED VALUE OF PT PII GUARANTEE



ACCOUNTABILITY

Ensure that the guarantee process is accountable and accountable

RISK MANAGEMENT

Ensure fair allocation of risks between the Government and Business Entity Mitigation plan measurable risk

BANKABILITY

Give convenience for Internal investors support project financing PPP and Reducing *cost of funds*

TRANSPARENCY

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



VALUE PROPOSITION

Terima Kasih



PT Indonesian Infrastructure Guarantee (Persero)

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