



# Topic 4: Three Bold Actions KIAT's Perspective

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# What do private sector investors look for in a PPP project?

## Business opportunity

- Adequate scale and scope of project to merit private sector's management attention, as there are competing geographies and business opportunities to choose from
- A robust project pipeline that could provide an opportunity to scale up future private sector operations, rather than seeking out one-off projects

## Well structured project

- Project preparation is as per international standards to ensure risks and rewards can be effectively managed
- Expected equity returns are above a minimum threshold for their shareholders
- Opportunities to innovate, increase efficiency, manage risks and upside potential
- **High Environmental, Social and Governance standards**

## Stable government policies

- Strong regulatory and policy framework to encourage private investments and minimise political risks
- Equitable, transparent and timely decision-making processes
- Stable rule of law and dispute resolution

# What do project financiers require in a PPP Project?

## Bankability

- Practical and bankable term sheets, as per internationally accepted protocols
- Contractual clarity and consistency of application
- Protection of financier interests, such as rights to the project assets, escrow receivables, guarantees, rights to substitute, step-in , termination, force majeure, etc.

## Stable government policies

- Strong regulatory and policy framework to safeguard the interests of international financiers and minimise political risks
- Equitable, transparent and timely decision-making processes
- Adoption of High Environmental, Social and Governance standards

## Dispute resolution

- International protocols and standards for dispute resolution
- Timely processes for enforcement of judicial / arbitral orders
- Impartial decision-making, especially since the government will be a counter-party to the PPP agreement



# Accelerating PPP project preparation (1/2)

Some suggestions:

## Enhancing the process

- **Reducing the number of stages** leading to Feasibility Study and Transaction – some key actions have been introduced by Bappenas under the new PPP regulation
- **Reducing the time taken at each stage** with simplification, standardisation and templates; as well as quality control/ enhancement project studies and documents
- **Use of technology** such as a digital platform for projects approaching market and have e-procurement for PPPs. Simplifies process, increases speed, creates database, paper -audit trail, enhances transparency

## Adopting a programmatic approach

- **Addressing sector funding issues** and **structuring fully funded projects**
- **Standardisation of technical design** and specifications; developing a modular approach to development
- **Model bidding documents** and PPP agreements, which are pre-tested in the market with potential financiers
- **Annual pre-qualification** for a sector or a program could eliminate the need to run RFQs for individual transactions
- **Tendering out in 'Lots'** or multiple PPP projects (in one RFP) simultaneously
- **Breaking the silo approach** based on jurisdictions by bundling projects and transactions

# Accelerating PPP project preparation (2/2)

Some suggestions:

Addressing issues in  
a timely manner

- **Identifying land acquisition requirements early**, ensuring availability of adequate land acquisition, resettlement, rehabilitation budget, completing land acquisition by Commercial Close
- Ensuring timely commencement and completion of **Readiness Documents** to align with the accelerated project preparation timelines
- Adequate **stakeholder communication** through the project preparation process to ensure buy-in and avoid delays due to stakeholder resentment
- **Single window** clearance for project's alignment, feasibility results, design, financing mix, procurement structure and documentation
- Ensuring timely and adequate availability of **project preparation funding** and technical assistance to GCA team (early-stage and detailed preparation)
- Engaging early with MOF and its SMVs to ensure **timely approval of VGF** and other forms of government financial support
- Engaging with project financiers early through **market sounding** to ensure that the project structure and financing mix is reflective of their expectations
- Committed financing arrangements between lenders and private developers at the bidding stage rather than after Commercial Close
- Innovative mechanisms like **Staple Financing** to reduce time to Financial Close

Managing funding  
and financing  
requirements

