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# Singkawang Airport PPP Project

Dr. Siti Maimunah, S.Si., M.S.E., M.A.

Head of Center of Transportation Infrastructure Financing, MoT

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 @ppit\_kemhub  @ppit\_kemhub  ppit@kemenhub.go.id

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# Project Profile & Structure





## SINGKAWANG: The Facts

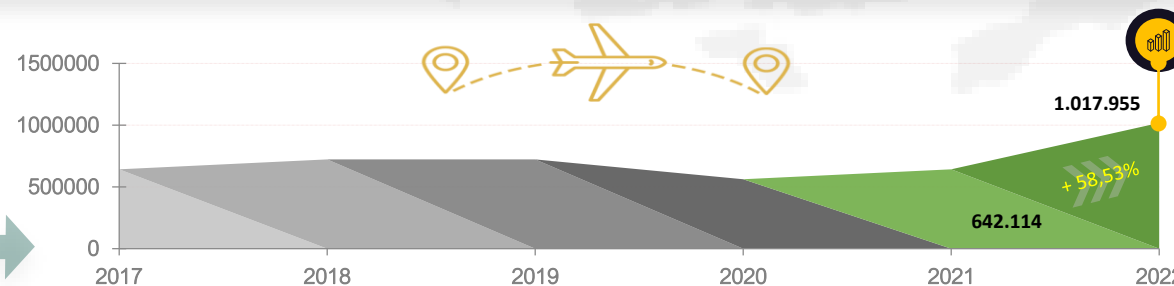


*Singkawang City, is one of the prime tourist destination in West Kalimantan Province. Singkawang has the beauty of the land amid the sea and mountain. Singkawang City even has a worldwide tourist attraction such as the Cap Go Meh (Chinese New Year Festival) . . .*

- Singkawang is the place where the majority of the Tionghoa Community resides. The name of the city originated from the word 'San Keuw Jong', which means that the city is located in the bottom of the mountain, and also very close to the estuary.
- The *Cap Go Meh* Festival is generally considered to be the most anticipated event for domestic and foreign tourists. The event has successfully attracted a lot of foreigners to visit Singkawang. *Cap Go Meh* Festival will be held on the 15th day after Chinese New Year, as well as the closing ceremony of the celebration.
- Singkawang was also crowned as the most tolerant city in Indonesia for several years. The appreciation given is due to the diversity of people living harmoniously in Singkawang. There are varied ethnicities in the city, such as Tionghoa, Dayak, and also Malay Community (Tidayu).

*Common source is from Gol's Ministry of Tourism*

### Visitor Trends 2017 to 2022



- Around **1.017.955 Visitors** (locals and foreigners) came to Singkawang in purpose of religious and cultural events, also for holiday or homecoming activities.
- This annual number of visitors shown that the global pandemics era had not significantly impacted their tourism sector. Otherwise, it came into rebound and recorded **as an achievement for their tourism growth in 2022.**

# Singkawang Airport Project Overview



Item	Description
<b>Airport Status</b>	Domestic
<b>GCA</b>	Director General of Civil Aviation, Ministry of Transportation
<b>Category</b>	Brownfield PPP Project
<b>Project Scope</b>	Design – Build – Finance – Operate – Maintain – Transfer (“ <b>DBFOMT</b> ”) with User Charge Mechanism
<b>Partnership Period</b>	32 Years (incl. 2 years of construction period and minimum airport operation by Project Co)
<b>Government Support</b>	<ul style="list-style-type: none"> <li>• VGF Support*</li> <li>• IIGF Guarantee</li> </ul>

\*VGF Support is proposed to be provided for the airside Phase 1 PPP Development and disbursed at the end of Phase 1 PPP Development period.

## Project Profile

The Ministry of Transportation (“MoT”) plans to develop the Singkawang Airport Project (“Project”) under the Public Private Partnership (“PPP”) scheme. Based on the **Decree of the Minister of Transportation Number KP 1024 of 2018**, Singkawang Airport will be located in Panglimang Village, South Singkawang District. Singkawang Airport PPP Project is located in a potential area considering the plan of moving the capital city of Indonesia from Jakarta to East Kalimantan, which will drive a positive contribution to the surrounding areas, including West Kalimantan Province and Singkawang City.

Currently, Singkawang City Government has successfully concluded the acquisition of 151.45 ha of land for the airport’s development. In addition, to expedite the airport’s operation, the MoT has initiated the development of the airport with minimal operational requirements, which includes 1,400 m x 30 m runway (through *Surat Berharga Syariah Negara* or Government Islamic Securities – “**GIS**”) and 8,000 m<sup>2</sup> passenger terminal (through **CSR**-based assets which shall be provided through grant) (“**Brownfield Assets**”). As for the ultimate development, there will be several development phase as follow:

1. Phase 1 PPP Development (Q1 2025 - Q4 2026) – Expansion of, among others, runway scope of 2,500 x 45 m, apron of 23,000 m<sup>2</sup>, cargo terminal of 2,000 m<sup>2</sup>; and
2. Phase 2 PPP Development (Estimated in Q1 2038 – Q4 2039) – Expansion of, among others, passenger terminal 22,300 m<sup>2</sup>, and cargo terminal 3,200 m<sup>2</sup>.

## Project Objectives



To support connectivity and accommodate the need for air transportation services in the area of Singkawang City, as well as Bengkayang Regency, Sambas Regency, and Mempawah Regency (“**SINGBEBASWAH**”) with the population of approximately 1,5 million residents. This is considering that the nearest airport access is through Supadio Airport, which is located in Kubu Raya Regency **with the distance of 153 km or about 4-5 hours of travel time** by road from Singkawang City.



To improve the **accessibility of people and logistics movements** to hard-to-reach areas, thereby increasing the economic growth.

To **support several other development plans**, including but not limited to: the plan of Singkawang City to capture the potential of food terminal center, tourism sector, domestic passenger demand, regional developments, etc.



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# Project Legal Basis: Selected Highlights



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## PPP Regulations

1. Presidential Regulation Number 38 of 2015 on Public-Private Partnership in Infrastructure Procurement;
2. Presidential Regulation Number 78 of 2010 concerning Infrastructure Guarantee in PPP through Infrastructure Guarantee Business Entities;
3. Minister of National Development Planning Regulation Number 4 of 2015 on the Mechanism for the Implementation of PPP Scheme for Infrastructure Procurement as amended by Minister of National Development Planning Regulation Number 2 of 2020;
4. National Public Procurement Agency Regulation Number 29 of 2018 on the Mechanism for the Procurement of IBE for Infrastructure Procurement through PPP Solicited by the Minister/Head of Agency/Head of Region;
5. Minister of Finance Regulation Number 260/PMK.011/2010 on the Implementation Guidelines for Infrastructure Guarantee in PPP Projects as amended by the Minister of Finance Regulation Number 8/PMK.08/2016;
6. Minister of Finance Regulation Number 223/PMK.011/2012 on Provision of Feasibility Support for Partial Construction Costs on PPP Projects as amended by the Minister of Finance Regulation Number 170/PMK.08/2018; and
7. Minister of Finance Regulation Number 143/PMK.011/2013 of 2013 on Guidelines for Providing Viability Gap Fund on Partial Construction Costs in PPP Projects for Infrastructure Procurement as amended by the Minister of Finance Regulation Number 170/PMK.08/2015.



## Sectoral Regulations

1. Law Number 1 of 2009 on Flight as amended by Government Regulation in Lieu of Law Number 2 of 2022;
2. Government Regulation Number 40 of 2012 on the Development and Maintenance of Airport Environment as amended by Government Regulation Number 32 of 2021;
3. Government Regulation Number 77 of 2012 on Public Company of Flight Navigation Entity of Indonesia;
4. Government Regulation Number 32 of 2021 on the Organization of the Flight Sector;
5. Minister of Transportation Regulation Number PM 55 of 2016 on National Flight Navigation Order as amended by Minister of Transportation Regulation Number PM 9 of 2022;
6. Minister of Transportation Regulation Number PM 32 of 2021 on the Standard of Airport Development and Helicopter Take-Off and Landing Sites;
7. Minister of Transportation Regulation Number PM 36 of 2021 on the Standardization of Airport Facility; and
8. Minister of Transportation Number PM 81 of 2021 on Airport Business Activities.



## Government Assets Regulations

1. Government Regulation Number 27 of 2014 on Management of State/Regional-Government Owned Assets as amended by Government Regulation Number 28 of 2020;
2. Minister of Finance Regulation Number 181/PMK.06/2016 of 2016 on the Management of State Assets;
3. Minister of Finance Regulation Number 115/PMK.06/2020 of 2020 on the Utilization of State Assets; and
4. Minister of Finance Decree Number 213/KM.6/2021 on Guidelines for Implementing Utilization of State Assets.



## Sharia Bonds Regulations

- 1 Law Number 19 of 2008 on Government Sharia Bonds;
- 2 Government Regulation Number 16 of 2023 on Project Financing through the Issuance of Government Sharia Bonds; and
- 3 Minister of Finance Regulation Number 120/PMK.8/2016 of 2016 regarding the Mechanism of Monitoring, Evaluation, and Report of Project/Activities Financing through the Issuance of Government Sharia Bonds as amended by Minister of Finance Regulation Number 4/PMK.08/2019 of 2019.

**The Project has sufficient regulatory basis to be carried out under PPP scheme**



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# Development in Singkawang Airport & Surrounding Area



## Supporting Infrastructure

<b>Scope of Work</b>	: Main Access Road
<b>Funding Source</b>	: State Budget (APBN)
<b>PIC</b>	: Balai Pelaksanaan Jalan Nasional XX Kalimantan Barat
<b>Progress Status</b>	: Land Clearing ► Paving Process to Commence in 2024

## Early Preparation Work

<b>Scope of Work</b>	: Land Acquisition, Land Work Preparation
<b>Funding Source</b>	: Government Budget (APBD and APBN)
<b>PIC</b>	: Singkawang City Government and MoT
<b>Progress Status</b>	: 100% Completed

## GIS / SBSN Project

<b>Scope of Work</b>	: Airside & Landside Facilities for Minimum Airport Operation
<b>Funding Source</b>	: Government Islamic Securities – IDR 148 Bn
<b>Progress Status</b>	: ~73,46% Construction Progress (in Early-October 2023)

## CSR / Grant Project

<b>Scope of Work</b>	: Passenger Terminal (8,000 m2)
<b>Funding Source</b>	: Private Fund (CSR)
<b>Progress Status</b>	: Construction

## PPP Project

<b>Scope of Work</b>	: DBFOMT of Singkawang Airport
<b>Funding Source</b>	: PPP (Government & Private)
<b>Progress Status</b>	: Final Preparation

# Brownfield Phase Overview: GIS / SBSN (1/2)

## Background

- Since 2022, the MoT aims to expedite Singkawang airport operation by 2024. Therefore, the MoT developed brownfield airport to accommodate airport minimum operation with a runway scope of 1,400 x 30 m that will be expanded through PPP.
- The brownfield airport construction (with minimum operation) began in early 2023 and will be completed in January 2024.
- UPBU (Airport Administration Unit) Tebelian Sintang shall operate the subsequent minimum brownfield airport operations funded in 2024 and hand them over to the selected BUBU (Airport Business Entity / Project Co).

## High-level GIS Brownfield Airport Progress Layout



- |                                 |  |
|---------------------------------|--|
| 1. Runway 1.400 x 30 m          | 5. Airport Rescue Fire Fighting (ARFF/PKP-PK) Building |
| 2. Taxiway 200 x 18 m           | 6. Pump House Building                                 |
| 3. Apron 100 x 50 m             | 7. Power House Building                                |
| 4. Temporary Passenger Terminal |  |

## Brownfield Airport (Facility) Actual Progress

### Cumulative Realization up to Week 37<sup>th</sup> (Progress in Early October 2023)

Airside Facilities Construction	:	75.80%
Landside Facilities Construction	:	77.65%



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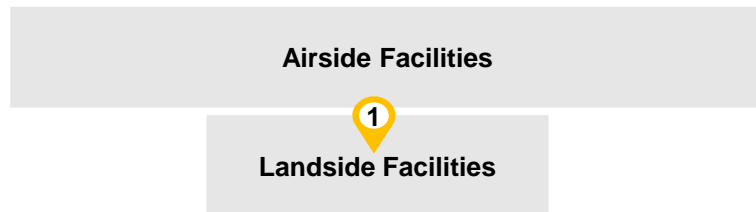
- All of material and facility specification has been integrated with the technical details and planning in PPP Project scope (**Zero Interface Risk**).
- The minimum operation facilities through GIS/SBSN already met the requirements for airport operations and safety aspects on aviation (with comprehensive assessment).

# Brownfield Phase Overview: CSR (2/2)

## Background

- MoT and a local private company has signed the Memorandum of Understanding (“MoU”) regarding the development of Singkawang Airport as part of their Corporate Social Responsibility (“CSR”).
- Parallel with the construction of GIS Brownfield Scope, the CSR Brownfield scope is currently being constructed and will be completed in January 2024 as well.
- UPBU (Airport Administration Unit) Tebelian Sintang shall operate the subsequent minimum brownfield airport operations funded in 2024 and hand them over to the selected BUBU (Airport Business Entity / Project Co).

## High-level CSR Brownfield Airport Progress Layout



1. Passenger Terminal (8,000 m<sup>2</sup>) – including the building main supporting facilities such as Mechanical Electrical installation, drainage pipes, Air Conditioner installation, and so forth)\*

- GCA, through Directorate of Airport is responsible to carry out supervision and verification for confirming the standards required for design and construction method from the Grantor.
- The objectives are: i) to achieve the quality standards of airport facility, as regulated by MoT; and ii) to ensure a successful airport operation in early 2024 (within its scheduled timeframe).

\*The detail of the scope for CSR Portion is defined in MoU between DGCA - MoT and CSR Grantor.

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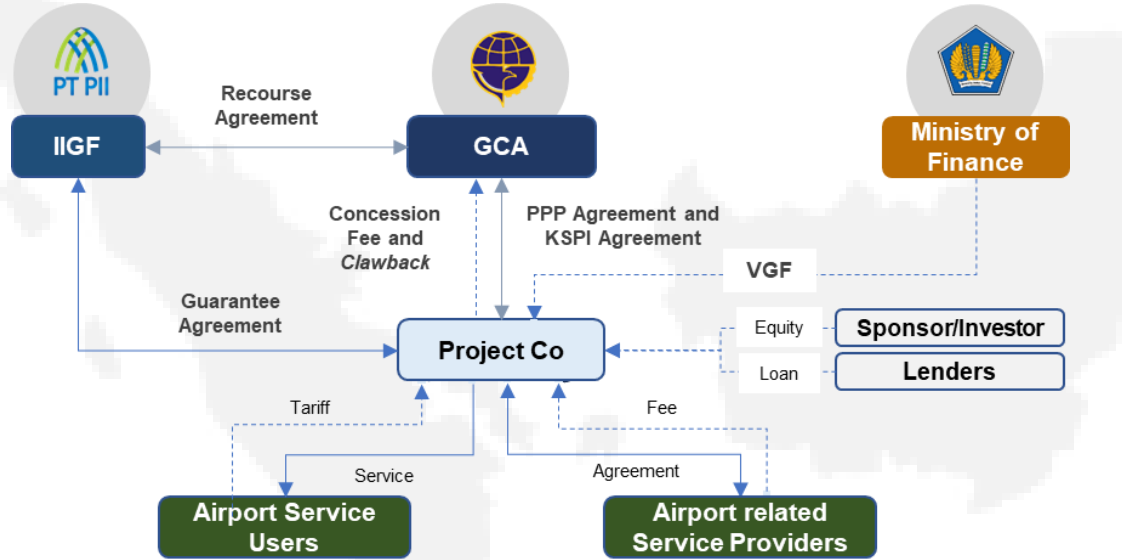




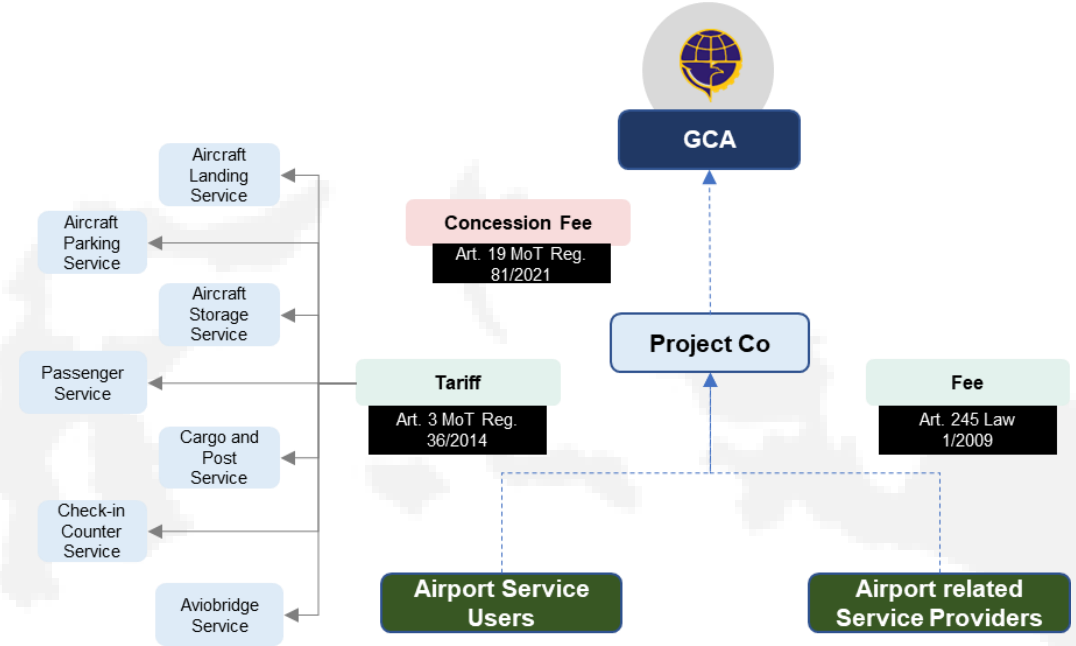


# Project Structure & Related Regulations

## PPP Structure



## User Charge Mechanism



The Project Co shall be responsible for conducting the following:

1. **Design and Build**, among others, airside facilities and landside facilities;
2. **Provide and ensure funding** for the construction, operation, and maintenance of the Project;
3. **Operate the airport facilities (including Brownfield Assets)** during the Project period;
4. **Conduct maintenance of the airport facilities (including Brownfield Assets)** during the Project period; and
5. **Asset transfer to GCA for all facilities** that have been operated and maintained during the Project period.

- **Project Co** has the **right to determine the amount of tariff** for non-scheduled airline and scheduled airline based on **MoT Reg. 36/2014** jo. MoT Reg. 179/2015 (Airport Tariff Mechanism);
- **The tariff may be reviewed every 2 (two) years** with reference to MoT Regulation as mentioned above; and
- **Project Co** may provide **discount or surcharge** in relation to the tariff for a certain period by **considering supply and demand**.



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