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Realize Social Welfare**



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Fulfilling National Infrastructure Needs Through Innovative Financing

Sublic Private Partnership (PPP) Scheme is often identified with the development of transportation infrastructure such as toll roads and bridges, railway network and market revitalization to support national economic growth. But in fact, there are various projects in the social infrastructure sector financed using a PPP scheme. Some projects such as the Construction of Class A Regional General Hospital (RSUD) of Central Kalimantan Province and Type B Regional General Hospital in Gorontalo Province, as well as the development of Jogja Agro Techno Park (JATP) are examples of social infrastructure projects that are planned to be built by involving the role of business entities.

It is important for the government to involve business entities in various social infrastructure development projects as this can accelerate the development of the infrastructures. This is a strategic step since there is limited budget owned by the government to be used as a source of funding. Therefore, PPP scheme constitutes an innovative solution in the midst of the limited budget to finance the infrastructure development in various regions throughout Indonesia.

An important keyword related to PPP Scheme is the acceleration of social infrastructure development through optimal utilization of the scheme. Thus, the development can be carried out in a more timely and targeted manner so that the public needs toward these infrastructures can be met without having to wait for adequate amount of funds. In addition, by

dana. Selain itu, dengan mengikutsertakan badan usaha, maka diharapkan kualitas infrastruktur sosial yang dibangun dapat lebih terjaga dan dilela dengan baik selama masa konsesi.

Bagi pembangunan infrastruktur sosial di Indonesia, skema KPBU merupakan pembiayaan yang inovatif untuk memenuhi kebutuhan masyarakat akan layanan sosial yang berkualitas dan menyeluruh. Melalui skema KPBU ini, risiko-risiko yang dapat terjadi pada proyek dapat dialokasikan secara optimal antara pemerintah dan Badan Usaha sehingga menghasilkan manfaat uang yang positif bagi pemerintah. Bagi masyarakat, dengan adanya akselerasi pembangunan ini, maka mereka tidak lagi akan menemui kesulitan dalam mendapatkan layanan sosial yang berkualitas dan sesuai dengan harapan.



<https://ekonomi.bisnis.com/>

HEADLINES

Construction of Class A Central Kalimantan Province Regional General Hospital

Innovative Financing to Improve the Welfare People of Central Kalimantan

Public-Private Partnership (PPP) Scheme is not always utilized for infrastructure development in the transportation sector. The scheme is also used for the development of social infrastructures aimed at enhancing the standard of living of people in a region. Therefore, the benefits of PPP can be directly felt by more people.

Located at the Bahalap Hotel in Palangkaraya City, Central Kalimantan Province November 18th 2019, the Government of Central Kalimantan Province held a public consultation Regarding the Construction of Class A Regional Hospital of Central Kalimantan Province. This public consultation was held to gain various inputs from stakeholders involved in projects financed using PPP scheme. It is worth noting that the project is an effort to improve the class and capacity of the already existing Dorrys Sylvanus Hospital Regional Hospital. Currently, the hospital holds the status of Class B.

The construction of Class A Central Kalimantan Regional Hospital is a very strategic project. Head of the Central Kalimantan Health Office dr. Suyuti Syamsul who also serves as Chairman of PPP Team explained that it is important for the province to have a class A hospital. "Dorrys Sylvanus hospital is a provincial-referral hospital. According to the regulation, the hospital should at least hold the Class A status. Therefore, if the status has been obtained then there should be an improvement in competency, facility, and human resources. Thus, there won't be any diseases that have to be referred outside the province", Suyuti said. According to him, the difference between class A and B hospitals lies on the health service facilities and higher standardization of human resources.



The Government of Central Kalimantan Province held a Public Consultation regarding construction of the Class A Regional Hospital of Central Kalimantan Province

Furthermore, Suyuti explained that the Class A Central Kalimantan Regional Hospital planned to be built at Jl. Tjilik Riwut KM 38 will also be an education hospital. As an education hospital, various facilities, infrastructures and human resources will be improved for better services. "We hope that if facilities are more complete and better, the hospital can be used not only for general practitioners' education, but also for medical specialist," said Suyuti.

In addition, Suyuti views that the utilization of PPP Scheme to finance the construction of this hospital is innovative, especially in the midst of the limited budget of the Central Kalimantan Government. "We often face various obstacles If all financing sources come from the regional budget and regional loans. This makes PPP quite an extraordinary breakthrough for the financing," Suyuti explained. Central Kalimantan Government also responded positively to PPP scheme.

The Governor of Central Kalimantan Province immediately ordered his staff represented by a team of Finance and Development Agency, to explore this potential. "We are also very enthusiastic because this model will provide us with a space to accelerate public health services without having to wait for budget sufficiency," Suyuti concluded.

Strategic Role of Business Entities

The construction of the Class A Regional I Hospital of Central Kalimantan Province was motivated by the public needs specifically for health infrastructures and the obligation of the Provincial Government to fulfill it. Currently, the public needs is constrained by the government's limited budget. "So there needs to be an intervention in the form of a financing scheme to invite business entities to participate Even though the private hospitals have implemented this a lot, but since there is an urgent needs from the public, the government, both central and regional governments, have an obligation to intervene," explained Zulfikar Dahlan Team

Leader of the Class A Central Kalimantan Province Hospital Preparation Project. Another thing that drives the construction of this hospital is the need to improve health services in Palangkaraya. "We also want to raise the hospital service from class B to class A" explained Zulfikar

The project which is currently in the preparation pre-feasibility study is fully supported by the Central Kalimantan Province Government as Government Contracting Agency (GCA). The support and commitment from GCA are essential to ensure the success of the projects financed using PPP scheme. In addition, this project is also quite ready because the Central Kalimantan Government has acquired land for the project. Zulfikar also considers this project to realistic because the government has sufficient regional budget capacity to return the project investment.

The role of GCA for the construction of this regional hospital is very important in ensuring that the transaction phases can be carried out in timely manner. "The role of GCA is very important and from what I see, they are enthusiastic, active, and really own this project. These needs to be driven so that all stages can go according to plan "said Zulfikar.

The construction phase of the Class A Regional Hospital project is expected to take place in late 2020 or early 2021 and will last for two years.

"But before that process, there are other processes such as the selection of business entities to be carried out in 2020, and this usually takes 4-6 months," said Zulfikar.

It's expected that the investment for this project will be around Rp 1 to 1,4 trillion with Availability Payment (AP) used as investment return scheme where the Central Kalimantan Provincial Government will pay business entities periodically toward services that meet the minimum service standards specified in the contract. The AP scheme is chosen because it is not possible for various revenue potentials to return the project investment in the form of tariffs. "Health services also require substantial funds so that the government chooses to pay using availability payment," he added. Furthermore, a business entity that will later win the construction project is also required to maintain the infrastructure. The operational management of hospital will later be handed over to the Regional Public Service Board (BLUD). By using PPP, it is hoped that service standards can be improved.

There are various facilities that will be built in this project. In addition to the hospital building, there are also a cancer treatment building, education and training facilities, wastewater treatment plant, Hazardous and Toxic Material temporary collection site, and various other supporting facilities such as worship facility and parking lots. Regarding the design, Zulfikar explained that later in the bidding stage there will be specific guidelines on this matter which must be followed by business entities.

Importance of Guarantee

The Class A Regional Hospital of Central Kalimantan Province construction project will later get a guarantee from Indonesia Infrastructure Guarantee Fund (IIGF). Guarantee in a PPP project constitutes an important element. Zainal, Senior Vice President (SVP) of IIGF, explained that this guarantee is needed because there are risks that need to be mitigated in PPP Scheme

"There are some political risks such as the change of head of government. This can cause major change in regulation. Therefore, guarantee is required so that the risk does not occur and even if it occurs, we will guarantee the risk," said Zainal. There are also several other risks such as the risk of monthly payments to AP. If GCA fails to pay, IIGF will also guarantee. In addition, this guarantee is also known as fiscal tool so that investors, both local and international, are willing to invest in Indonesia to support PPP projects in accordance with the Presidential Regulation (Perpres) 38/2015.



Project Consultant delivers his presentation regarding the Construction of Class A Regional Hospital of Central Kalimantan Province

Zainal also explained the limit of guarantee provided by IIGF depends on the duration of loan. For example, in a PPP project up to 20 years, a business entity can obtain a loan for 14 years, so IIGF will guarantee during this period using structure scheme. Through this scheme, IIGF makes a guarantee agreement with the Implementing Business Entity (BUP) and will be paid if the risk occurs and there is a claim from the BUP. Besides that, IIGF also has a regress agreement with the GCA, meaning that IIGF will make a counterclaim to GCA.



Display of the Mockup of Class A Regional Hospital of Central Kalimantan Province

The Potency of Teluk Bintuni Industrial Estate

The government is seriously developing the industrial sector especially in Eastern Indonesia. Currently the government is encouraging the development of Teluk Bintuni Industrial Estate, located in West Papua Province. It is expected that this industrial estate can absorb a total investment of Rp. 11.1 trillion. It is hoped that the development can drive and evenly distribute the economic in Eastern Indonesia.

Until now, up to 50 hectares land has been allocated to build this industrial estate out of a total of 200 hectares required. This industrial estate will consist of natural gas processing plant. Teluk Bintuni Industrial Estate development is one of the National Strategic Projects (PSN) in which Public-Private Partnership (PPP) will be utilized as the financing scheme with a total investment of Rp. 6.2 trillion. In addition, the concession period is estimated around 23 years

The Ministry of Industry has been appointed as Government Contracting Agency (GCA) for this industrial estate development. Teluk Bintuni Industrial Estate development is motivated by the high potential of natural resources especially oil and gas.

The resources in Teluk Bintuni have been utilized by various national and international companies and have generated a large amount of revenue for the country.

Most of the resources in Teluk Bintuni are then exported in the form of natural gas or oil without further processing. While this practice is still economically feasible and profitable, the potency can further be increased if there processing plant exists nearby thus, creating value-added products that can increase revenue for Indonesia. Therefore, it is important for Indonesia to own an industrial area dedicated specifically to processing natural resources in Teluk Bintuni Regency, thereby increasing efficiency and creating new economic growth nodes in Eastern Indonesia.

The first phase of the development will focus on the existing methanol plant and is designated as anchor tenant in the industrial estate. The methanol plant will process natural gas supplied from the nearest BP Tangguh refinery and then exported or used by other tenants in the industrial area. BP Tangguh has indicated that it will supply



Direktorat of Public-Private Partnership and Financial Engineering of the Ministry of National Development Planning/National Development Agency is discussing the development of Teluk Bintuni Industrial Estate project

up to 90 mmscf/d of natural gas in the first phase. This plan will later be added to the potential to supply 90 mmscf/d of natural gas in 2026 when other tenants are present, and demand for methanol increases.

The methanol plant is expected to produce around 950 thousand mtpa of methanol in the first phase of its development. In the future, this industrial estate will be stipulated as the center of petrochemicals industry in Indonesia. The development of Teluk Bintuni Industrial Estate is planned to utilize availability payment as the investment return scheme and is offered to business entities that have the capability to build and operate all facilities, including transfer assets when the concession period ends.

Various petrochemical industries will be driven to build their factories in Teluk Bintuni Industrial Estate. Thus, the need for domestic natural gas supply can be met properly in 2022 when the industrial zone starts operating. It is estimated that there will only be

a methanol plant that requires a supply of 90 mmscf/d of natural gas with a land requirement of 20 hectares. During the second phase in 2026, it is hoped that this industrial zone will add another methanol plant along with other petrochemical plants (DME, PE, or Ammonia & Urea) which will require 90 mmscf/d of natural gas and 30 ha of land. In the final stages of development, another petrochemical plant will be added which requires a supply of 176 mmscf/d of natural gas and around 60 ha of land.

So far, the Ministry of Industry through the Director General of Regional Resilience and International Industrial Access has drawn up a master plan for industrial development in Teluk Bintuni. In this master plan, 200 hectares of land is needed for operational activities. In addition, the development of industrial estates such as Teluk Bintuni outside Java Island is carried out to drive downstreaming to increase the added value of domestic raw materials.



<https://www.liputan6.com/>



DILAN In Hand

The Innovation of Land Administration



The presence of internet eases the government to provide services for the people within the reach of hands. Various public services has emerged through the use of internet, one of which is in the agrarian sector through the Electronic Land Registration System (e-Land Registration).

E-land registration is an innovation and breakthroughs that change the pattern of services provided by the Ministry of Agrarian and Spatial Planning/National Land Agency. Through this innovation, public is no longer need to come to the office to take care of the registration of land documents. All of the required processes are done online. The result of e-land registration is a digital document that has the same legal status as the physical document.

In addition to facilitating the public who are taking care of their land documents, e-land registration also aims to shorten the bureaucracy. Previously, people who wanted to register land or take care of land documents must go through

stages thus, taking a very long time. With the presence of e-land registration, this bureaucracy can be shortened and public can also monitor directly the process without having to come to the office.

There are various things underlying the presence of e-land registration. According to Virgo Eresta Jaya, Head of Data and Information Center of the Ministry of Agrarian and Spatial Planning/National Land Agency, e-land registration is created to respond the fast paced and unlimited development of digital information technology. "In addition, this system is also an implementation of the Digital Melayani (DILAN) concept conveyed by President Joko Widodo as well as being a strategic step to improve the ease of doing business (EODB) rating of Indonesia" said Virgo. Through this, the service period can be shortened, the procedure can also be reduced so that Indonesia's EODB ranking also rises. The security factor also becomes another background of e-land registration. "This system is safer than the manual process," Virgo added.

Public-Private Partnership is a financing scheme used to finance e-land registration programs with a total investment of around Rp. 8 trillion. The scheme is chosen because it can accelerate the implementation of e-land registration program despite of the budget constraints exists in the Ministry. "Using PPP scheme, the development and the maintenance can continue. It worth noting that the core business of our ministry is in the agrarian sector, so we need a cooperation with business entities that have expertise to develop e-land registration," Virgo said. It is hoped that through PPP scheme, the e-land registration program can run throughout Indonesia in 2021.

At present, e-land registration has entered the trial phase of one service, namely Electronic Mortgage Rights, held in 42 cities. From the results of this trial, the Ministry obtained various inputs which are very important to improve this program hence becoming better when it is fully operational.

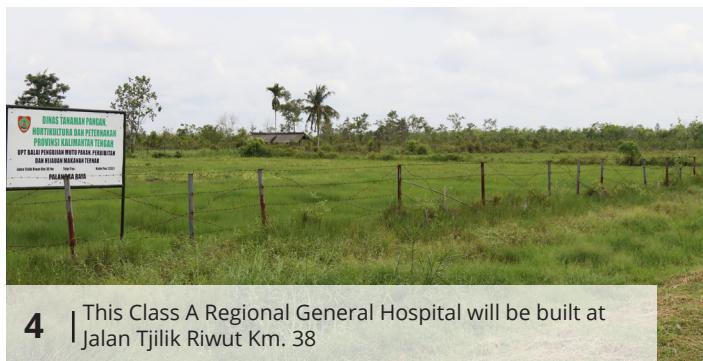
"These things include the need to enhance infrastructures such as bandwidth, servers, and also applications that we will later improve to become more responsive," Virgo explained. Another thing that is still being improved is validation of physical documents to become electronic documents.

Another innovation in this e-land registration is digital documents. The implementation of digital technology in e-land registration can increase the time certainty in managing various land documents. "If the handling of documents could previously take months, now the time has been ascertained. If the service takes seven working days, then on the seventh day the document will be accepted by the public" said Virgo. Through the e-land registration program, the Ministry hopes that the services provided to the community can be better in accordance with the development of the day and technology. "The point is we want to serve the community better, safer and we obtain more valid data so that later decision making becomes more accurate," concluded Virgo.

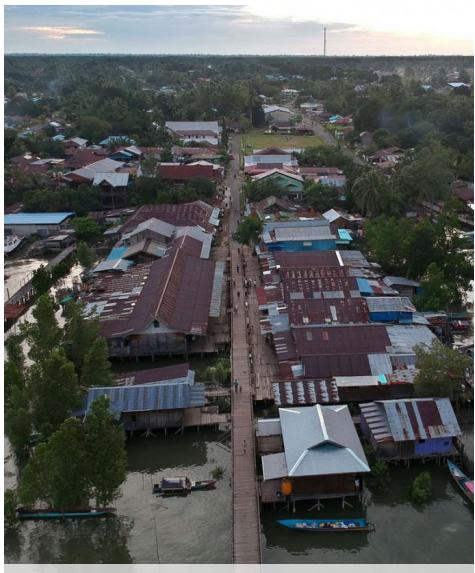


Land is a valuable asset and related certification document is needed to provide legal certainty.

SNAPSHOTS



SNAPSHOTS





INSPIRATIONS

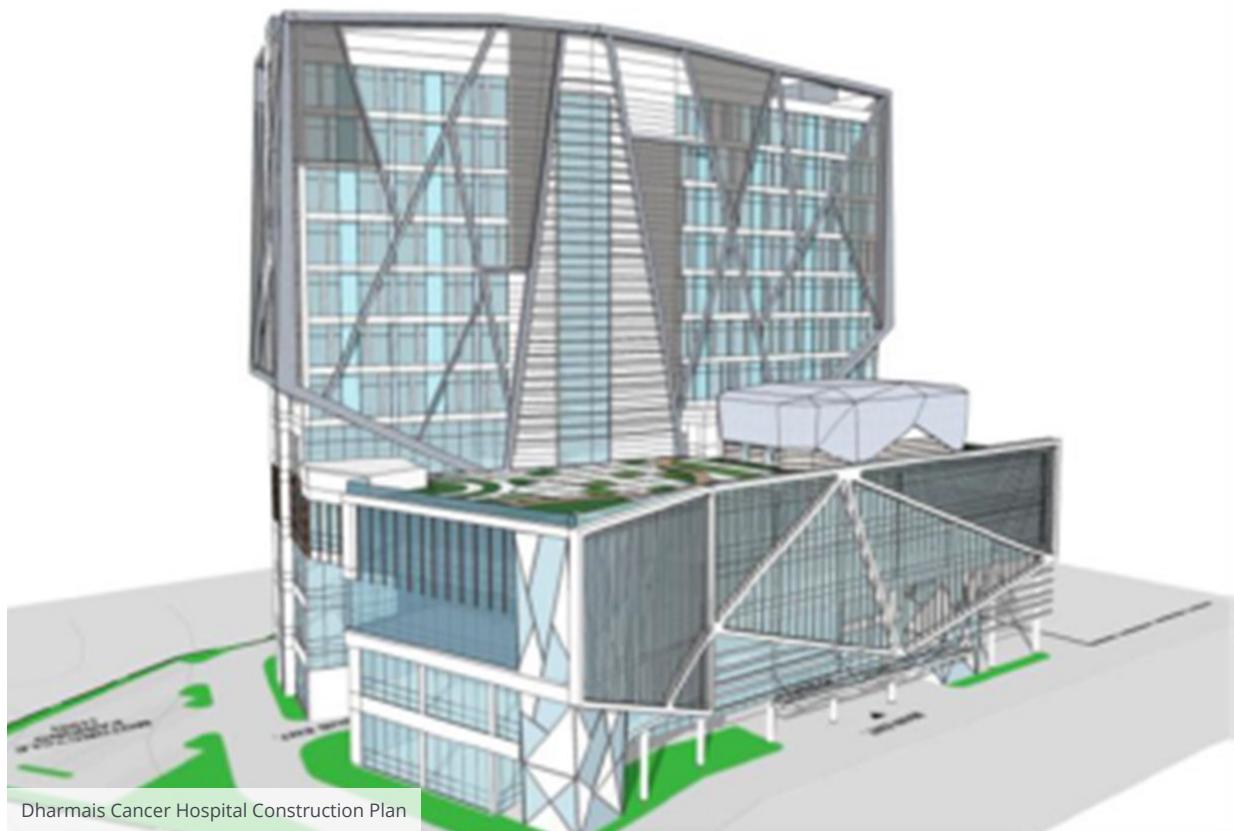
Dharmais Cancer Hospital of Jakarta: Preventing Health Spending from Going Abroad

Public-Private Partnership (PPP) scheme is not only an innovation to finance infrastructure development. This scheme is also a creative effort to ensure the country continues to receive revenues from various services provided to the public. This can be seen from the main vision of development and capacity building of the Jakarta Dharmais Cancer Hospital.

Jakarta Dharmais Cancer Hospital has been designated as a national cancer center (NCC). Although it has been established as NCC, the service capacity specially for serving patients still needs to be improved. The utilization of PPP Scheme at Dharmais Hospital is focused on the integrated executive service building. We currently have a special executive room called Cendana Polyclinic. But it is only a piece of it, "explained Okti Palupi Rahyaningtyas, Secretary of PPP Team at Dharmais Cancer Hospital.

Therefore, this integrated executive service needs to be improved. The effort to improve this service was realized with the construction of two towers at Dharmais Cancer Hospital built using PPP scheme. Later, the "A" tower will become an integrated executive service building while the "B" tower will become a palliative service area. "Through PPP scheme, we want to prevent the state's health spending fleeing abroad. A report from the Asian Post states that around Rp. 160 trillion of health spending every year gone abroad to Malaysia. This is what we want to prevent, it would be an achievement if we can prevent at least 10 percent of it," said Okti.

Construction of executive service building according to Okti is only one of several important things that must be done so that cancer patients can seek treatment at Dharmais Cancer Hospital. Other important steps that must also be taken are to increase the capacity of human resources (HR) and to provide more health facilities and infrastructure.



Therefore, the quality of services belonging to Dharmais Cancer Hospital can be on par with the services provided by other cancer hospitals abroad.

Furthermore, to improve the quality of health services, Dharmais Cancer Hospital also conducted benchmarking with NCCs in Asia such as NCC Korea, Japan, and also Singapore. This Integrated Executive Service Center will later have a co-branding with an NCC that has been made as benchmark. "So, they believe in our standards. This is an effort to encourage patients in Indonesia to seek treatment at Dharmais Cancer Hospital," Ockti added.

Later, in addition to the construction of Integrated Executive Service Center, PPP scheme is also used to carry out the procurement of cancer treatment supporting health facilities that are yet available in Indonesia such as Proton Beam Therapy in Singapore. "They built up to four protons to serve Indonesian patients and this is certainly unfortunate because Singapore is also a destination for cancer treatment from Indonesian patients," said Ockti.

Ockti explained that Proton Beam Therapy is a very sophisticated facility in the cancer disease treatment. This Proton Beam Therapy will later treat cancer cells so that healthy cells will not be affected or at least not damaged. The use of Proton Beam Therapy is recommended for cancer in children and central cell nerve cancer.

Various state-of-the-art medical devices such as Proton Beam Therapy are provided so that cancer patients in Indonesia can be sure of the quality of service and later want to seek treatment at Dharmais Cancer Hospital. "We want to prevent Indonesian patients seeking treatment abroad so that our foreign exchange will not go abroad. Those who seek treatment abroad are rich patients so they must get extra services. We also have to be able to provide better devices," explained Ockti.

For investment in the construction of two towers and the procurement of Proton Beam Therapy, a total investment of Rp2.3 trillion is needed. As much as Rp.800 billion of this total investment will be allocated to provide a Proton Beam Therapy. Ockti appreciated PPP the use of scheme. Besides, she realized that it would be difficult if everything was charged to the Ministry of Health's budget. Then, there must be a way out to realize the dream of Dharmais Cancer Hospital to be on par with other NCCs in Asia. "When PPP scheme was offered as solution, we are certainly happy, and we are eager to be a successful pilot project," said Ockti.

Ockti hopes, using PPPP scheme to finance the construction of buildings and the procurement of the latest medical devices at Dharmais Cancer Hospital, then his dream of realizing the down staging of cancer can be materialized. This can only be realized if the new service building has been built and Proton Beam Therapy is acquired by Dharmais Cancer Hospital so that later on cancer can be detected early. "For good early detection, we need state-of-the-art devices to be able to find out a person's potency of cancer and this can later be done in the new tower" concluded Ockti.



PPP in the Perspective of National Procurement Agency No. 19/2015



<https://economy.okezone.com/>

The Public Private Partnership (PPP) is an alternative financing scheme to provide public infrastructures by involving business entities. Using PPP scheme, the burden of public infrastructure development financing will become lighter. In addition, through this scheme, the government opens opportunities to business entities to invest in infrastructure development sector. Involvement of business entities in this scheme also constitute a form of the government openness to the business entities' potentials to drive the public infrastructure buildings currently spread in all provinces

in Indonesia. PPP scheme has legal bases, one of them is the National Procurement Agency Regulation No. 19/2015 on Procedure for Establishing a Public-Private Partnership in Providing Infrastructures. Based on Regulation No. 19/2015, there are two forms of initiative PPP projects. First, a PPP project can be initiated by the Minister/ Head of Institution/Head of Region. Project on the basis of this initiative is grouped in the category of solicited project. Furthermore, a Business entity can also initiate a public infrastructure development project. This private initiative is grouped in the category of unsolicited project.

Related to the process of establishing an executing business entity, Government Contracting Agency (GCA) will establish a PPP team and Procurement Committee. This team is formed by GCA to manage PPP at the preparation and transaction stage especially after the establishment of selected executing business entity until the fulfillment of financing. GCA, PPP team and the Procurement Committee will coordinate with each other.

This regulation also administers the prevention of conflicts of interest against the parties involved in procurement process. There are several important things that are regulated related to this issue.

First, there is a prohibition for those acting as consultant on more than one PP project. Second, prohibition related to any member of the board of directors or commissioners of a business entity serving also as member of the board of directors or board of commissioners in other business entity who are PPP participant in the same project. Third, prohibition related to the relationship between two or more business entities who become the participants in the same procurement controlled by the same party, either directly or indirectly.

Furthermore, this regulation also administers the stages of procurement of Executing Business Entities in PPP projects. There are two stages that need to be carried out to conduct the procurement of Executing Business Entity, namely prequalification and selection. If the procurement by a business entity is conducted through an election, then this stage will be carried out based on a bidding or direct appointment.

There are a number of important provisions regulated in the prequalification stage. Some of them are First, business entities must comply with the provisions of laws and regulations to carry out business activities. Second, business entities must have experience and ability in financing and implementing PPP projects. Business entities must also have sound financial and operational conditions and are not being declared bankrupt.

Besides going through the prequalification stage, the procurement of PPP Executing Business Entity can also be done through selection based on bidding. There are two types of biddings in this stage, namely a one-stage bidding and also a two-stage bidding. A one-stage bidding is conducted for PPP projects that have a clear infrastructure specification and projects that do not require technical optimization discussions to achieve optimal outputs.

Furthermore, a two-stage bidding is conducted for PPP projects that require unclear specifications due to variations in technology and innovation. In addition, a two-stage bidding is also needed if PPP project requires optimal technical bidding in order to achieve optimal outputs.

Alternatively, the procurement of PPP Project Executing Business Entity can be done through a direct appointment mechanism. One of the requirements for direct appointment is that the prequalification stage of the Executing Business Entity only produces one bidder. Other conditions that allow for direct appointment are the construction of infrastructures that have been built by the same Executing Business Entity; the work can only be carried out with new technology and the service provider is the only party who is able to apply it;

and the Business Entity has controlled most or all of the land needed for the execution of PPP projects.

Electronic Procurement

With the current development of digital communications and information technology, procurement can be done electronically. Besides being able to simplify the bureaucracy and also improve the efficiency of time and documents, this electronic procurement also minimizes fraud in the procurement stage.

This electronic procurement upholds the principle of transparency. Bidders who participate in the procurement can see and also monitor the progress of the stages in real time. National Procurement Agency is an institution designated to develop an Executing Business Entity procurement system and to create an information system architecture that supports the implementation electronically.



The Jakarta-Cikampek Elevated Toll Road is an Example of the Unsolicited PPP Project (<https://mediaindonesia.com/>)

PT. Bhimasena Power Indonesia

Pandawa's Spirit to Enlightened Archipelago



Construction Phase of Batang Steam Power Plant managed by PT Bhimasena Power Indonesia (<https://www.suaramerdeka.com/>)

Bhimasena in Sanskrit is the name of a protagonist soldier from the Pandawa clan. Bhimasena is described as a strong figure, brave, but with a soft heart. Additionally, Bimasena is known for its loyalty and integrity. The characters inherent in Bhimasena inspire the spirit and philosophy of the company.

PT. Bhimasena Power Indonesia is an Executing Business Entity (BUP) assigned to carry out the construction project of Batang Steam Power Plant, Central Java Province.

The role of PT. Bhimasena is very strategic because it helps ensure the availability of electricity nationally. As one of the movers in the electricity sector, PT. Bhimasena Power Indonesia has various achievements. PT. Bhimasena Power Indonesia won three Nusantara CSR Awards in 2019 organized by La Tofi School of CSR specifically related to the Bima Sembada programs, namely community economic empowerment and community involvement in waste management.

PT. Bhimasena Power Indonesia has a vision of fulfilling people's energy needs and supporting the national

development and community development in Indonesia. Whereas its mission is to create a better future for the common people.

PT Bhimasena Power Indonesia (BPI) is a joint venture company founded by three consortium companies consisting of Electric Power Development Co., Ltd (J-Power), PT Adaro Power which is a wholly owned subsidiary of Adaro Energy, and Itochu Corporation (Itochu). BPI will operate 2 x 1,000 MW Steam Plants (PLTU Jawa Tengah) which will supply electricity to PLN (Persero). 2 x 1,000 MW Steam Power Plants constitute the first cooperation infrastructure project between the government and the private sector in Indonesia and is also part of the master plan of Acceleration and Expansion of Indonesia's Economic Development (MP3EI), which will become a locomotive for economic corridor growth in Java.

To build these Central Java Steam Power Plants, PT Bhimasena Power Indonesia has invested Rp. 56.7 trillion. In addition, PT. Bhimasena Power Indonesia uses environmentally friendly technology in managing the Steam Power Plants in

Central Java. The Steam Power Plants with a capacity of 2 x 1,000 MW use the latest technology, namely ultra-super critical (USC) steam condition and exhaust gas treatment system that can minimize gas emissions/dispersion hence making them environmentally friendly. They will be the foremost example of the latest technology of power plants with high efficiency and environmentally friendly.

Until September 2019, the progress of the construction of the Central Java Steam Power Plants reached 83 percent. The target is that the Central Java Steam Power Plants can operate in 2020. It is important to know that the Central Java Steam Power Plants is the second largest steam power plant that will enter the electricity system in Indonesia.

Besides focusing on the energy sector, PT. Bhimasena Power Indonesia also pays attention to the lives of people living around the power plant. This is done through the corporate social responsibility (CSR) program. One focus of the CSR program is to create new rural entrepreneurs by providing skills training.

Support provided for the affected community's income is by facilitating and motivating various income-raising activities. For this purpose, PT Bhimasena Power Indonesia's CSR team together with non-governmental organizations will help the affected community programs to choose and make activities that generate decent income. To achieve this goal, adequate rehabilitation assistance will be offered to affected communities to restore their livelihoods and income.



Batang Steam Power Plant construction located in Batang Regency, Central Java Province (<https://www.djppr.kemenkeu.go.id/>)

PPP Project Selection Strategy

Mohammad Taufiq Rinaldi

Functional Intermediary Planner

Directorate of Public-Private Partnership and Financial Engineering, Ministry of National Development Planning/National Development and Planning Agency

In the effort of achieving the GDP growth target, intermediate scenarios including infrastructure stock targets in the 2020-2020 Intermediate-Term Development Plan, infrastructure spending needs to reach Rp6,445 trillion or an average of 6.2 percent of GDP. Nevertheless, the government's ability to fund is only Rp.2,385 trillion (only 37 percent of total need). For this reason, innovative efforts are needed to drive the participation of communities and business entities through the Public-Private Partnership (PPP) scheme and the Creative Financing Scheme. This is in accordance with the new paradigm of infrastructure funding that makes the State Budget/Regional Budget as the last resource.

The Government of Indonesia already has a list of major projects and a list of activities or projects to meet these spending needs. From the list of projects, the government must sort out the types of funding for projects either by using

the government budget or through other creative funding, including PPP. For this reason, a tool is needed that can make the selection of suitable projects to be implemented under PPP scheme.

Objectives of PPP Project Selection

The tool can be a tool for selecting project suitability at an early stage to identify potential PPP projects from the infrastructure projects proposed by Government Contracting Agency (GCA). This tool can also be considered to be applied in the budgeting phase to evaluate projects proposed by GCA based on the specified criteria.

The outcome of this tool can identify potential projects that can be implemented under PPP scheme and identification of issues that can be followed up to facilitate the implementation of projects under PPP scheme. This tool can be used by all stakeholders, especially GCA.



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to continue the implementation of PPP and also the agency responsible for planning and budgeting.

PPP Project Selection Criteria

There are four categories of criteria that must be used to determine a project can be implemented under PPP scheme, namely First Category, preliminary requirement criteria; Second Category, criteria for compliance with strategic plans and development plans; Third Category, Criteria for potential value for money; and Fourth Category, criteria for complexity and preparation.

The category of preliminary requirements is the first criteria category that must be carried out and determines whether the project can be continued. If the project cannot meet one of the criteria contained in this category, the project does not fit into the PPP scheme. The criteria contained in this category are as follows: a) it is included in the infrastructure sector which can be cooperated under PPP scheme; b) compliance with laws and regulations that the project can be implemented under PPP scheme; c) conformity of laws and regulations which shows that the GCA has the authority to carry out projects under PPP scheme.

The category of suitability of the strategic plan and the development plan aims to measure the suitability of the project with the strategic plan and the development plan and is included in the development priorities. The criteria contained in this category are: a) conformity with investment plans of national development priorities and or regional development; b) shows the need for infrastructure development; c) the project shows strong economic reasons for its implementation.

The criteria category for potential value for money aims to see the potential of the project that can be implemented under PPP scheme. This is done by showing that the project has a better value

for money when implemented under PPP scheme compared to other schemes. The criteria contained in this category are: a) the project value is above Rp.200 billion; b) the project duration is more than 10 years; c) the project scope requires business entities be able to manage assets for more than 10 years; d) output specifications or performance measurements of the project can be well defined; and e) opportunities for business entities to innovate and improve efficiency.

The complexity and preparation criteria category aim to measure the level of complexity and difficulty in implementing the project as well as to see

GCA's preparedness to implement PPP. The criteria contained in this category are: a) land availability; b) mitigation of social and environmental impacts; c) potential income (tariffs or land availability); d) GCA's commitment and availability of budget to prepare PPP project; and e) preparation of preliminary study for the next six months.

The criteria contained in categories numbers 2, 3 and 4 above, are not required to be fulfilled at the time of assessment, but can reduce the overall value of the project's suitability to be implemented under PPP scheme. However, over time and in line with the process of PPP project planning and preparation, several criteria that may not have been fulfilled at this time can be fulfilled and increasingly show the compatibility of project under PPP scheme.

Implementation of this selection strategy tool to measure the suitability of PPP scheme from the list of projects in the 2020-2024 Intermediate-Term Development Plan so as to avoid any wrong selection of financing scheme. The benefits of this project selection strategy are:

1. To prevent errors in PPP project preparation
2. Project priorities to be prepared using PPP scheme
3. Increased chances of successful PPP project execution for the next steps.



LRT Singapore (<https://coconuts.co/>)

Jogja Agro Techno Park (JATP)

The Strategic Role of PPP to Drive The Development Agro Sector



<https://dpkp.jogjaprov.go.id/>

The Public-Private Partnership (PPP) scheme is also used to develop sustainable infrastructures. One of sustainable infrastructures developed under this scheme is Jogja Agro Techno Park (JATP). Located in Wijilan Village, Nanggulan District, Kulon Progo Regency, JATP is an integrated complex built as a means of agricultural education media for the public. JATP is an area with Agribusiness and Agritourism facilities and began to be built by the Special Regional Government of Yogyakarta (DIY) in 2018.

JATP has various important functions, among others, as Agribusiness Learning Unit (incubator), a place to grow agribusiness entrepreneurs (diversification of agricultural

products), and training institutions and pilot (Precision/modern farming, Sustainable farming, Urban farming, Organic farming, Corporate farming, etc.). Besides, there are various facilities belonging to JATP such as training and dormitory buildings, production warehouses, education zones for farming, and fish ponds and various other facilities.

JATP is infrastructure aimed at empowering farmers and is an integrated part of national development. In addition, JATP is also an important aspect to realize economic independence and equitable development. It is also important to know that JATP is a technology base to facilitate the accelerated transfer of technology produced by research institutes and agricultural companies. The development of Agro Techno Park

aims to become the center for the application of technology in agriculture, fisheries and animal husbandry ranging from upstream to downstream sub-systems.

This JATP development will later use the Public-Private Partnership (PPP) scheme. PPP scheme is chosen to overcome the Special Regional Government of Yogyakarta (DIY)'s budget constraints for regional infrastructure development. In addition, the utilization of PPP scheme is also motivated by the increasing need for regional financing to drive economic growth in the context of equitable regional development and increased need for public services to increase community income. Therefore, a strategic policy is needed to find alternative sources of financing in accordance with the needs of the Special Regional Government of Yogyakarta in development.

Choosing PPP as financing scheme is also inseparable from the various benefits provided. Under PPP scheme, JATP development can be more efficient because of the value for money analysis. In addition, there is also certainty in project completion. Business entities will also get incentives so they can provide services.

PPP scheme is also flexible enough so that business entities can innovate according to the desired asset and output specifications. Finally, infrastructure development risks such as construction, operation, funding, and asset ownership risks are optimally shared between business entities and the government.

JATP has a very strategic role to assist DIY farmers in increasing agricultural production yields, by providing superior seeds, providing agricultural training, managing production results, as well as packaging and marketing methods, with the expectation that the conversion of agricultural land in DIY especially in Kulon Progo Regency can be controlled.

Through PPP scheme, there are various facilities to be built within JATP. These facilities include the agribusiness incubation center, research center in agriculture, eco-tourism, agro-markets, restaurants, bird aviary, Meeting

Incentive Convention and Exhibition (MICE) and homestay. The community will also be involved in managing JATP as partners. In addition, with this JATP, tourists can learn about various types of horticultural plants, biopharmaca, bio florists, and how to grow crops.



Plant cultivation at JATP (<https://dpkp.jogjaprov.go.id/>)

ROBUST TELECOMMUNICATION INFRASTRUCTURES



<https://www.liputan6.com/>

It is inevitable that the development of technology has brought a new breakthrough in people's lives. This technology does not only make it easy for people to communicate without being limited by time and place, but also becomes the driving force of the country's economy through digital industry. Various digital-based services, such as internet and digital devices e.g. smartphones, have been utilized as a means of selling all human needs, for example e-commerce.

This trend can also be seen in Indonesia. Indonesia is one of the fourth most populous countries in the world, spreading across thousands of islands from Sabang to Merauke. Indonesian people should be able to connect with each other in terms of communication and information technology. In fact, the number of internet users in the archipelago continues to rise.

In 2019, the number of active users has reached 135.5 million, i.e. 53.6% of Indonesia's population of 253 million.

Those accessing the internet via cellular phone is also increasing in number. There are currently 370 million active SIM cards in Indonesia, far greater than the Indonesian population itself. In the case of e-commerce transactions, Indonesia has also indicated fantastic growth. Until the end of 2016, the number of Indonesia's e-commerce transactions has reached Rp62.5 trillion. These figures prove that Indonesian people are increasingly digitally oriented.

There are several factors that drive this digital penetration. Viewed from an industry perspective, it is clear that telecommunication operators are trying to reach more and more consumers. They are competing to build massive infrastructures and also participate in tariff wars that tend to be unhealthy to reduce their prices drastically. On the other hand, there is an increase in the number of cheap smartphones that are in line with the purchasing power of the lower middle-class market. These three things make telecommunication no longer considered as something that cannot be reached.



<https://indonesia.go.id/>

Challenges of Telecommunication Infrastructure Development in Indonesia

At present, the communication infrastructures in Indonesia have very diverse conditions and are influenced by geographical factors that exist in each region. However, on the other hand indeed the telecommunication infrastructure development is already quite massive, carried out by the private sector and then supported by the government. Reflecting on very unique geographic conditions in each region in Indonesia, there are gaps in communication infrastructure development; there are areas that are quite potential and profitable, there are also areas that are commercially unprofitable. According to Rizki Sammhyo Putera, Head of Subdirectorate of Post, Telecommunication and Informatics, Directorate of Energy, Telecommunication and Informatics, Ministry of National Development Planning/National Development Planning Agency, it is important to carry out universal service obligation (USO) in accordance with Law No. 39/1999 on Telecommunications. "It is the private sector's contribution, then the USO fund is collected by the government and becomes the development fund carried out by the government," he explained.

So far, fixed broadband network has reached the entire regency capitals, totaling 514 networks. A total of 457 networks were built by business entities, while the remaining 57 were built by the government through Palapa Ring project. Furthermore, in terms of fiber optics, all capital cities/municipalities have been currently all connected. However, with the existence of New State Capital, the need for optical fiber extension is increasingly needed.

"New state captioal will act as the backbone later" Rizki added. In addition, there is also a mobile broadband or 4G network currently reaching 88 percent of villages in Indonesia. To support this mobile broadband network, a transmitting tower, known as Base Transceiver Station (BTS), is required. So far there have been 456 thousand BTSs serving various networks such as 2G, 3G, and 4G. 30 percent of these 456 thousand BTSs specifically serve the 4G network.

In order to continue to improve telecommunications services in all regions of Indonesia, the Government built Palapa Ring as a telecommunication network backbone that can reach all regions of Indonesia. Further, the Palapa Ring will be leased to telecommunication business entities or internet service providers/ISPs. Given Indonesia's unique geographical condition, telecommunication infrastructures comprising a multi-functional satellite (SMF) called Satellites of the Republic of Indonesia (Satria) is required.

The Satria to be launched constitutes in fact High Throughput Satellite Throughput (HTS) specifically serving the broadband network. Satria will also play a role as a 'robust' telecommunication infrastructure to serve internet access throughout Indonesia. "There are 149,000 service points that have the potential to be served later by Satria," said Rizki. In more detail, Andreas Bondan Satriadi from the Directorate of Energy, Telecommunications and Informatics, Ministry of National Development Planning/National Development Planning Agency explained that Satria's role as a 'robust tool' is very strategic.

According to him, at this time it will be very difficult if Indonesia continues to rely on BTSs to increase the communication coverage network. In view of the fact that Indonesia has diverse geographical conditions. "BTSs are less efficient and also less reliable so that it will cost a lot so we choose satellite," Andreas explained.

Currently there are six satellites belonging to Indonesia. However, the six satellites have not been able to optimally meet the needs of telecommunications in Indonesia. As a consequence, BTSs are built with in very large number and more funds are needed to provide networks for certain locations. Therefore, Satria is needed so that it can effectively reach regions throughout Indonesia and the coverage of telecommunications networks can be increased effectively and efficiently.

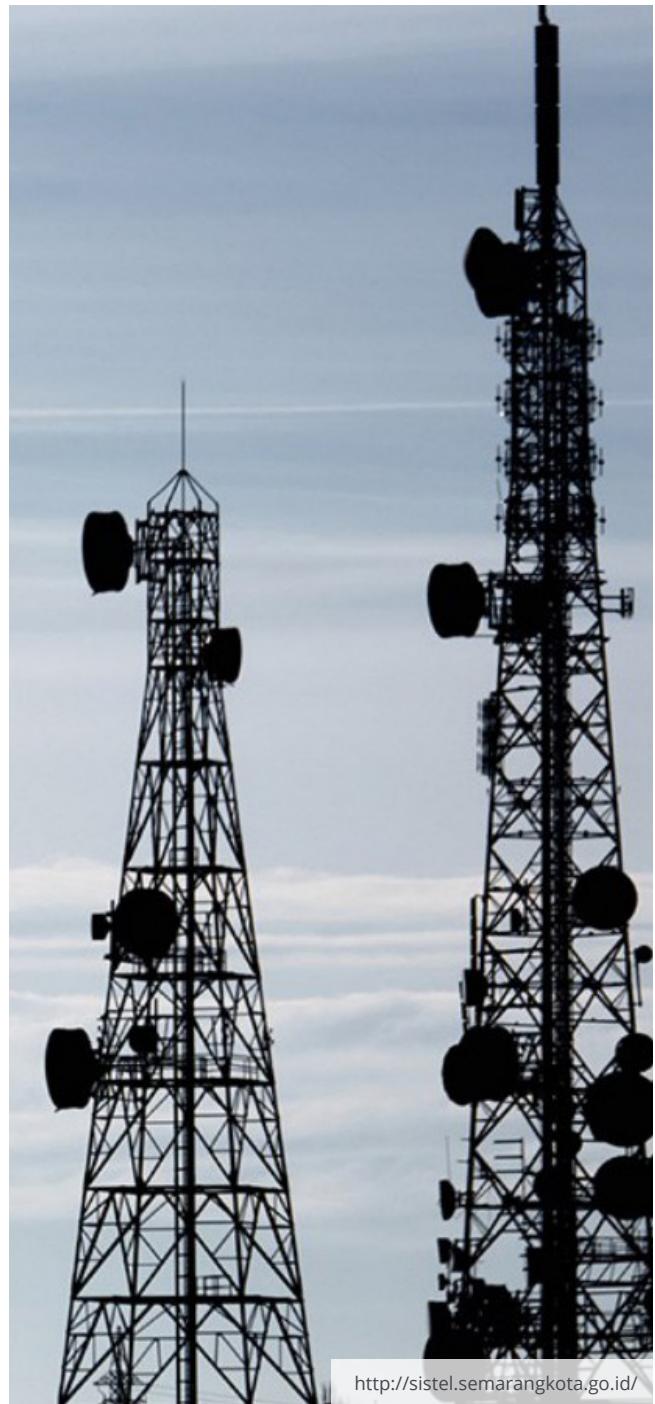
Efficient Funding and Optimized Management

Both Palapa Ring and Satria use the Public-Private Partnership (PPP) financing scheme. The use of this financing scheme is not without reason; there are benefits that will be obtained through PPP. The main advantage is in regards of risk sharing. Risks will be shared with those who are most optimal in carrying out the management.

PPP constitutes a very optimal solution so that infrastructure risks will be borne by the Executing Business Entity (BUP). While other risks are then handled by the government through the availability payment scheme. Regardless of the presence or absence of demand, this BUP will continue to survive. "If I look at risk management, it is indeed very optimal, and if we look at Perpres (Presidential Regulation) 38/2015 and its derivatives at Bappenas Ministerial Regulation, it is indeed related to the sector that we are targeting, namely the telecommunication, information sector, indeed it still uses PPP schemes, including infrastructure telecommunications, e-government infrastructure and also passive telecommunication infrastructure", said Rizki.

The PPP Financing Scheme can also accelerate infrastructure development in Indonesia especially amid fiscal constraints. Under PPP scheme, fiscal needs can be recorded in details. This can be seen when recording availability payments. The government can project the expenditure budget during the concession period so that the business entity can obtain payment certainty and the state can also ensure that the infrastructure development goes according to plan. Nevertheless, challenges still remain in implementing PPP scheme in the communication infrastructure sector. It needs the same view of the government at the central and regional levels to

agree on the importance of telecommunication infrastructure development. If there is already an understanding, then the level of urgency with regard to the development of communication infrastructures will be the same as various other infrastructures. Telecommunication sector is very potential to be built using PPP scheme, but the government must conduct a comprehensive socialization of PPP potential in communication infrastructure sector. Another challenge is to strengthen supports from the center to the regions to jointly implement PPP schemes in telecommunication infrastructure development sector.



NATIONAL INFRASTRUCTURE DEVELOPMENT FRAMEWORK 2020-2024

BASIC INFRASTRUCTURE



- Access to secure and adequate housing
- Secure and sustainable water management
- Access to secure and adequate sanitation



- Secure and Comfortable Transportation
- Disaster resilience infrastructure
- Dam modernization and multifunction irrigation



SUPPORTING INFRASTRUCTURE FOR ECONOMY SECTOR

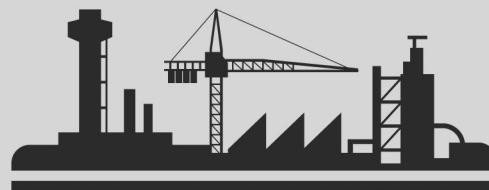
CONNECTIVITY

- Ocean Highway+ Intermodal Transportation
- Road connectivity (Toll and new road as well as Pioneer road)
- Ocean Transport Connectivity (7 Hub Port)
- Air Connectivity transport (New airport and subsidized route)
- Land connectivity transport (Construction of new ferry port)



ECONOMY ACTIVITIES

- Manufacturing Industry
- Service and tourism
- Agriculture, Plantation, and Ocean Fishery



URBAN INFRASTRUCTURE

- Development of urban transportation
- Sustainable energy in urban area
- Development of Information, communication, and technology infrastructure (ICT) in urban area



- Sanitation and secure urban water resource
- Affordable and secure urban housing

INFRASTRUCTURE MAINSTREAMING



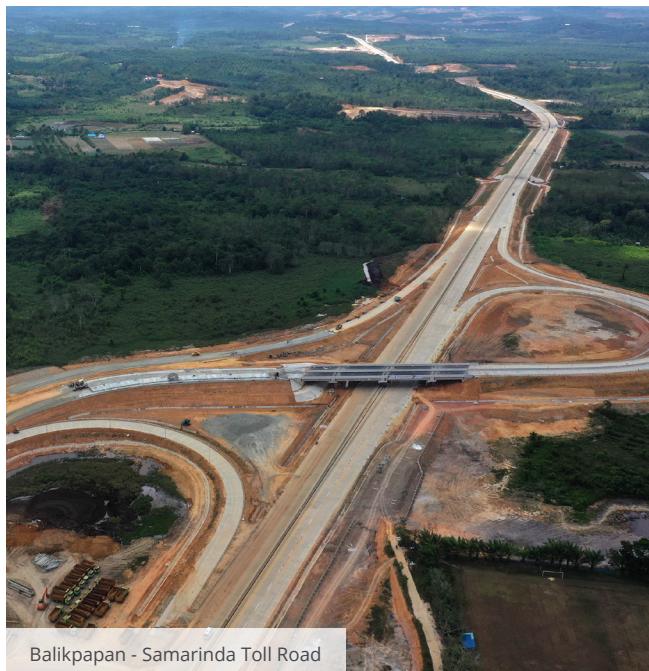
The development of energy and electricity network



ICT for digital transformation



PHOTOS OF PPP PROJECT



Balikpapan - Samarinda Toll Road



Suramadu Bridge



LRT Project



3D ITF Sunter



3D ITF Sunter