



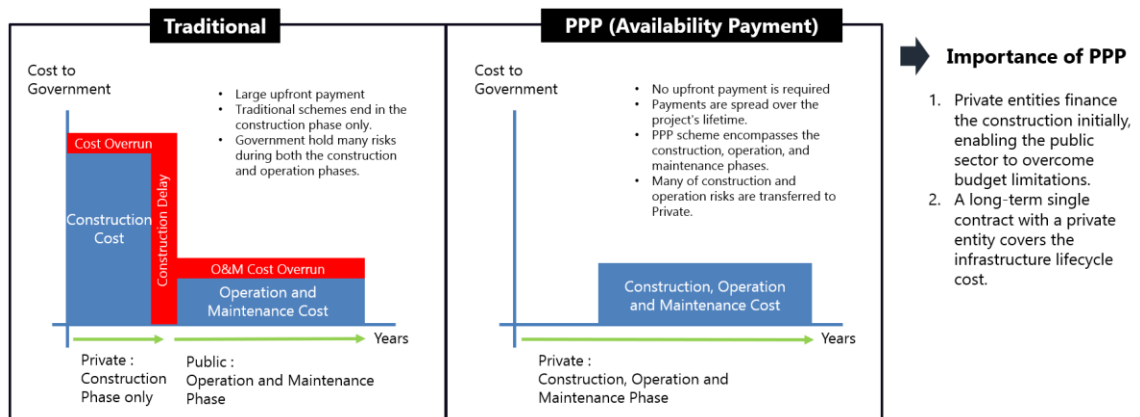
Series – 1

A Brief Overview of Indonesian PPP Framework

Public-Private Partnerships (PPP) have emerged as a vital mechanism for public infrastructure development delivery in Indonesia. As a sprawling archipelago with diverse developmental needs, Indonesia has embraced PPP as a means to bridge the gap between its infrastructure requirements and available public resources.

PPP is a cooperation between the public and private sector entities in providing infrastructure for the public interest. This refers to the established specifications previously set by the minister/ head of institution/ head regions/ state-owned enterprises (SOE)/regional-owned enterprises (ROE), involving areas that are partially or fully supported by private sector resources, with due regard to the sharing of risks between the sectors. The public side are typically called as Government Contracting Agency and can be represented by a Governmental Institution or SOEs.

The following figure shows the typical lifecycle public expenditure image comparison between traditional and PPP (Availability Payment) schemes.



Source: Global Challenge Indonesia

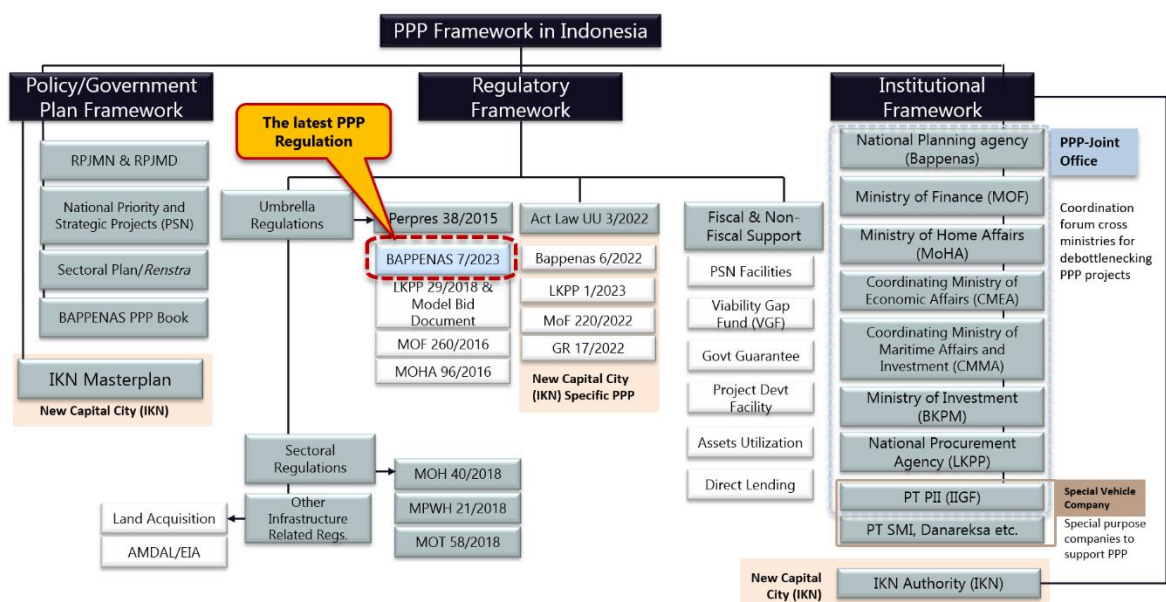
The PPP framework in Indonesia is structured around several key framework components that lay the foundation for effective collaboration between the public and private sectors. Firstly, it encompasses a range of policy and government planning frameworks, including the National Medium-Term Development Plan (RPJMN), National Priority and Strategic Projects (PSN), sectoral plans, the BAPPENAS PPP Book, and the Infrastructure Development Plan (IKN) Masterplan specific to the developments related to the new capital city of Nusantara. These frameworks provide strategic direction and identify priority areas for infrastructure investment and development.

Secondly, the regulatory framework comprises a more technical umbrella regulations such as those issued by BAPPENAS (7/2023) that regulates the step-by-step how to conduct PPP in Indonesia, LKPP (29/2018) that regulates the tender process, and the Ministry of Finance (MOF) (260/2016) that regulates PPP return of investments scheme of availability payment,

alongside with supporting sectoral regulations that applies to the specific infrastructure sectors, these establish the legal and operational parameters for PPP projects.

Lastly, the institutional framework involves key entities such as the National Planning Agency (BAPPENAS) and the PPP-Joint Office as the evaluator of PPP Projects, including (Ministry of Finance (MOF), the Ministry of Home Affairs (MOHA), National Procurement agency (LKPP) and others, where each agency play pivotal roles in project preparation, appraisal, procurement, and monitoring.

Together, the three framework forms a multifaceted framework that guides and governs PPP initiatives in Indonesia.



Source: Global Challenge Indonesia

Sectors Applicable for PPP

The regulatory framework for Public-Private Partnerships (PPP) in Indonesia, based on Presidential Regulation 38/2015, has facilitated the drafting of Ministerial Regulation BAPPENAS 4/2015, first amended by Ministerial Regulation BAPPENAS 2/2020. The presence of Ministerial Regulation BAPPENAS 4/2015 jo. 2/2020 as a guide for PPP implementation in Indonesia has proven to maintain good relations between the government and the private sector in development through the PPP scheme.

In 2023, Ministerial Regulation BAPPENAS was updated with Regulation No. 7 of 2023. In this Ministerial Regulation, one of the provisions concerns the types of sectors with several additional sectors applicable for PPP in Indonesia.

Further analyses on the differences of PPP regulation will be explained in the following series

Red Font: Newly added Infrastructure ; **Blue Font: Newly added Sub Infrastructure**

Infrastructure	Sub Infrastructure
A Transportation	
Bappenas 4/2015 jo. 2/2020	1 Airport facilities and/or services (incl. passenger and cargo terminals)
	2 Management of port facilities and/or services
	3 Railway facilities and/or infrastructure
	4 Urban mass transportation and traffic facilities (incl. terminals or transit-oriented areas)
	5 Motor vehicle testing facilities and/or infrastructure
	6 Motor vehicle weighing facilities and/or infrastructure
	7 Sea, river and/or lake shipping facilities and/or infrastructure
	8 Fishing port facilities and/or infrastructure
Bappenas 7/2023	9 Crossing facilities and/or infrastructure
	10 Railway maintenance premises and facilities
	11 Sea shipping lanes
	12 Motorized vehicle facilities and/or infrastructure
B Road	
Bappenas 4/2015 jo. 2/2020	1 Arterial roads, collector roads and local roads
	2 Toll road
Bappenas 7/2023	3 Safety and security infrastructure
C Water Resources and Irrigation	
Bappenas 4/2015 jo. 2/2020	1 Water storage Infrastructure (incl. reservoirs/dams and weirs)
	2 Irrigation network
Bappenas 7/2023	3 Water resources infrastructure area
D Region	
Bappenas 4/2015 jo. 2/2020	1 Science, technology and innovation development
Bappenas 7/2023	2 Residential areas
	3 Central business district
	4 Warehousing and/or logistic area
E Tourist	
Bappenas 4/2015 jo. 2/2020	1 Tourism area
	2 Tourism information center
Bappenas 7/2023	3 Tourism attraction
	4 Infrastructure supporting tourist attractions
	5 Nature preserve
	6 Wildlife reserve
	7 National Parks
	8 Nature tourism park
	9 Agro tourism
	10 Community forest park

Infrastructure	Sub Infrastructure
F Waste and B3	
- Waste Management	
Bappenas 4/2015 jo. 2/2020	1 Transportation
	2 Processing
	3 Final processing of waste
Bappenas 7/2023	4 Sorting
	5 Collection
- B3 Waste	
Bappenas 4/2015 jo. 2/2020	1 Collection
	2 Processing
Bappenas 7/2023	3 Utilization
	4 Hoarding
G Public Housing	
Bappenas 4/2015 jo. 2/2020	1 Rental public housing for lower classes
	2 Simple flat for rent:
	a. Special flats
	b. State flats
Bappenas 7/2023	c. Limited ownership flats
	d. Public flats with mixed functions
H Electronic-Based Electric Motorized Vehicles	
Bappenas 7/2023	1 Battey Based Motorized Vehicles
I Sports, Arts and Culture	
Bappenas 4/2015 jo. 2/2020	1 Sports buildings/stadiums
	2 Arts building
	3 Cultural Facilities:
	a. Cultural heritage
	b. Cultural heritage site
	c. Cultural heritage areas
	d. Museum
	e. Gallery
	f. Cultural park
Bappenas 7/2023	
J Industrial Ecosystem	
	1 Industrial area
	2 Small and medium industrial centers
	3 Testing and development laboratories
	4 Packaging service unit
Bappenas 7/2023	5 Industrial Workforce Training Unit

Source: PPP Regulation 7/2023 Article 3



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