







Series – 2

A Brief Comparison of PPP Stages between Indonesian PPP Regulation 2015 jo. 2020 and 2023

In Indonesia, Public-Private Partnerships (PPPs) are structured through either solicited or unsolicited proposals, each with distinct characteristics and processes. Solicited PPP projects are initiated by the government through open tenders or requests for proposals (RFPs), inviting private sector participation in specific infrastructure projects. On the other hand, unsolicited PPP proposals are initiated by private sector entities without a prior invitation from the government. In these cases, private companies proactively approach the government with project proposals, often driven by perceived market opportunities or strategic interests.

Both Solicited and Unsolicited are regulated in the BAPPENAS Regulation. The regulation was first published as BAPPENAS Regulation 4/2015, then amended to 2/2020. In 2023, Ministerial Regulation BAPPENAS was updated with Regulation No. 7 of 2023 as a guide for PPP implementation in Indonesia. For Solicited, there are 4 stages starting from Planning, Preparation, Transaction, and Implementation. Meanwhile, for Unsolicited, there are 3 stages starting from Preparation, Transaction, and Implementation. In terms of stages in the new BAPPENAS Regulation, there are no changes, but the details within the stages such as the preparation of feasibility study documents and the sections within them are subject to development. Further analyses on the differences of PPP process will be explained in the following series.





PPP Process Solicited Based on Previous Bappenas 4/2015 jo. 2020

	Planning	Preparation	Transaction	Implementation
				
Objective	<ul style="list-style-type: none"> • Ensure project needs • Ensure compliance with government plans • Confirm value for money (VfM) in applying PPP qualitatively 	<ul style="list-style-type: none"> • Ensure suitability of applying PPP scheme, confirmed by quantitative VfM analysis • Ensure bankability of PPP 	<ul style="list-style-type: none"> • Conduct PPP tender • Reach financial close 	<ul style="list-style-type: none"> • Manage contract (Ensure construction, operation, performance monitoring, and asset hand back)
Milestone	<ul style="list-style-type: none"> • Preliminary Study • Public Consultation 	<ul style="list-style-type: none"> • Pre-FS Study: 1) Outline Business Case (OBC) Study and 2) Final Business Case (FBC) Study • Public Consultation & market sounding • Environmental Impact Assessment (AMDAL) 	<ul style="list-style-type: none"> • Announcement of winning bidder • Signing of PPP Agreement • Financial close 	<ul style="list-style-type: none"> • Construction • Commissioning • Commencement of Operation Date (COD) • Asset hand back
Required Document	<ul style="list-style-type: none"> • Preliminary Study • Report of Public Consultation 	<ul style="list-style-type: none"> • Outline Business Case (OBC) Study • Final Business Case (FBC) Study • Report of public consultation & market sounding • Preliminary Environmental Impact Assessment (AMDAL) Document 	<ul style="list-style-type: none"> • Tender document (Pre-Qualification & Request for Proposal Document) • In-principal govt support • Guarantee agreement • PPP Agreement 	<ul style="list-style-type: none"> • Detail Engineering Design • Construction permits • Operation permits • Administrative Report • Performance Monitoring Report
Content of Analysis	Preliminary Study: <ul style="list-style-type: none"> • Needs analysis • Compliance analysis • Qualitative Value for Money (VfM) analysis • Revenue and project scheme analysis 	OBC and FBC: <ul style="list-style-type: none"> • Legal and institutional analysis • Technical analysis • Economic and commercial analysis (incl. quantitative VfM analysis) • Environmental and social analysis • PPP modality analysis • Risks analysis • Analysis on the needs of govt support 		

Source: Global Challenge Indonesia

PPP Process Solicited Based on New Bappenas 7/2023

Blue Font: Revised Items

	Planning	Preparation	Transaction	Implementation
				
Objective	<ul style="list-style-type: none"> Ensure project needs Ensure compliance with government plans Confirm value for money (VfM) in applying PPP qualitatively 	<ul style="list-style-type: none"> Ensure suitability of applying PPP scheme, confirmed by quantitative VfM analysis Ensure bankability of PPP scheme 	<ul style="list-style-type: none"> Conduct PPP tender Reach financial close 	<ul style="list-style-type: none"> Manage contract (Ensure construction, operation, performance monitoring, and asset hand back)
Milestone	<ul style="list-style-type: none"> Preliminary Study Public Consultation 	<ul style="list-style-type: none"> <u>Pre-Feasibility Study (Pre-FS)</u> Public Consultation & market sounding Environmental Impact Assessment (AMDAL) 	<ul style="list-style-type: none"> Announcement of winning bidder Signing of PPP Agreement Financial close 	<ul style="list-style-type: none"> Construction Commissioning Commencement of Operation Date (COD) Asset hand back
Required Document	<ul style="list-style-type: none"> Preliminary Study Report of Public Consultation 	<ul style="list-style-type: none"> <u>Pre-Feasibility Study (Pre-FS)</u> Report of public consultation & market sounding Preliminary Environmental Impact Assessment (AMDAL) Document 	<ul style="list-style-type: none"> Tender document (Pre-Qualification & Request for Proposal Document) In-principal govt support Guarantee agreement PPP Agreement 	<ul style="list-style-type: none"> Detail Engineering Design Construction permits Operation permits Administrative Report Performance Monitoring Report
Content of Analysis	<p><u>Preliminary Study:</u></p> <ul style="list-style-type: none"> <u>Strategic</u> <u>Infrastructure Provision Initiative</u> 	<p><u>Pre-FS:</u></p> <ul style="list-style-type: none"> <u>Strategic</u> <u>Economy</u> <u>Commercial</u> <u>Financial</u> <u>Management</u> 		

Source: Global Challenge Indonesia

PPP Process Unsolicited Based on Previous Bappenas 4/2015 jo. 2020

	Preparation	Transaction	Implementation
Objective	<ul style="list-style-type: none"> Government ensure that technical aspect are integrated with the master plan in the sector concerned Ensure economically and financially feasible The private entity proposing the initiative must have adequate financial capabilities. 	<ul style="list-style-type: none"> Conduct PPP tender Reach financial close 	<ul style="list-style-type: none"> Manage contract (Ensure construction, operation, performance monitoring, and asset hand back)
Milestone	<ul style="list-style-type: none"> Letter of Intent (LOI) and Document Pre-Feasibility Study (Pre-FS) Publication of Letter to proceed Public Consultation & market sounding Feasibility Study (FS) Publication of Letter of acceptance Environmental Impact Assessment (AMDAL) 	<ul style="list-style-type: none"> Announcement of winning bidder Signing of PPP Agreement Financial close 	<ul style="list-style-type: none"> Construction Commissioning Commencement of Operation Date (COD) Asset hand back
Required Document	<ul style="list-style-type: none"> Pre-Feasibility study (Pre-FS) Letter to Proceed Report of public consultation & market sounding Feasibility study (FS) Letter of Acceptance Preliminary Environmental Impact Assessment (AMDAL) Doc 	<ul style="list-style-type: none"> Tender document (Pre-Qualification & Request for Proposal Document) In-principal govt support Guarantee agreement PPP Agreement 	<ul style="list-style-type: none"> Detail Engineering Design Construction permits Operation permits Administrative Report Performance Monitoring Report
Content of Analysis	Pre-FS and FS : <ul style="list-style-type: none"> Legal and institutional analysis Technical analysis Economic and commercial analysis Environmental and social analysis PPP modality analysis Risks analysis Analysis on the needs of govt support 		

Source: Global Challenge Indonesia

PPP Process Unsolicited Based on New Bappenas 7/2023

Blue Font: Revised Items

	Preparation	Transaction	Implementation
Objective	<ul style="list-style-type: none"> Government ensure that technical aspect are integrated with the master plan in the sector concerned Ensure economically and financially feasible The private entity proposing the initiative must have adequate financial capabilities. 	<ul style="list-style-type: none"> Conduct PPP tender Reach financial close 	<ul style="list-style-type: none"> Manage contract (Ensure construction, operation, performance monitoring, and asset hand back)
Milestone	<ul style="list-style-type: none"> Letter of Intent (LOI) and <u>Supporting Documents</u> Publication of Letter to proceed Feasibility study (FS) Publication of Letter of acceptance Public Consultation & market sounding Environmental Impact Assessment (AMDAL) 	<ul style="list-style-type: none"> Announcement of winning bidder Signing of PPP Agreement Financial close 	<ul style="list-style-type: none"> Construction Commissioning Commencement of Operation Date (COD) Asset hand back
Required Document	<ul style="list-style-type: none"> LOI and <u>Supporting Documents</u> Letter to Proceed Feasibility study (FS) Report of public consultation & market sounding Letter of Acceptance Preliminary Environmental Impact Assessment (AMDAL) Document 	<ul style="list-style-type: none"> Tender document (Pre-Qualification & Request for Proposal Document) In-principal govt support Guarantee agreement PPP Agreement 	<ul style="list-style-type: none"> Detail Engineering Design Construction permits Operation permits Administrative Report Performance Monitoring Report
Content of Analysis	<p><u>Supporting Documents:</u></p> <ul style="list-style-type: none"> <u>Confirmation of conformity with relevant sector master plan</u> <u>Confirmation of Indication of the need for Infrastructure provision</u> <u>Initial review of project plans</u> <u>Confirmation of sufficient financial capabilities & technical experience</u> <u>Initial Identification of GCA</u> 	<p><u>Feasibility Study:</u></p> <ul style="list-style-type: none"> <u>Feasibility Study:</u> <u>Strategic</u> <u>Economy</u> <u>Commercial</u> <u>Financial</u> <u>Management</u> 	

Source: Global Challenge Indonesia

For PPP Solicited projects under the Planning stage, in the Previous Bappenas Regulation No. 4/2015 jo. 2/2020, the GCA needs to conduct a Preliminary Study consisting of Needs Analysis, Compliance Analysis, Qualitative Value for Money (VfM) analysis, and Revenue and Project scheme analysis. After the completion of the Preliminary Study, the GCA can proceed to the next step, the Preparation Stage. However, during the preparation stage, the GCA needs to prepare the OBC and FBC, which include Legal and institutional analysis, Technical analysis, Economic and commercial analysis (including quantitative VfM analysis), Environmental and Social analysis, PPP modality analysis, Risk analysis, and Analysis of the needs for government support.

In the New Bappenas 7/2023, the Preliminary Study consists of Strategic and Infrastructure Provision Initiative. However, in the Pre-FS, it consists of Strategic, Economic, Commercial, Financial, and Management analysis.

For the Solicited projects based on the New Bappenas 7/2023, the Terminology of OBC and FBC has been removed from the Pre-Feasibility Study.

For PPP Unsolicited projects under the Previous Bappenas Regulation No. 4/2015 jo. 2/2020, the initiator in the preparation stage both Pre-FS and FS consist of Legal and institutional analysis, Technical analysis, Economic and commercial analysis, Environmental and social analysis, PPP modality analysis, Risks analysis, and Analysis of the needs for government support.

In the New Bappenas Regulation No. 7/2023, when an initiator wishes to propose a project, they are required to submit a Letter of Intent (LOI) and Supporting Documents. The supporting documents include Confirmation of conformity with the relevant sector master plan, confirmation of indication of the need for infrastructure provision, Initial review of project plans, confirmation of sufficient financial capabilities and technical experience, and Initial identification of GCA. the Feasibility Study, the analysis consists of Strategic, Economic, Commercial, Financial, and Management aspects.

For Unsolicited projects based on the New Bappenas Regulation No. 7/2023, the Submission of Supporting Documents is required instead of Pre-Feasibility Study.

PPP Payment Scheme

The new PPP Regulation 7/2023 marks a significant evolution in Indonesia's PPP payment scheme, extending beyond traditional models of user charge and availability payment.

This regulatory enhancement introduces a more flexible approach, permitting the blending of payment mechanisms while carefully considering risk allocation.

By allowing for a mix of user charge and availability payment, the regulation reflects a nuanced understanding of project dynamics and risk profiles, enabling a tailored payment scheme that aligns with project objectives and stakeholder interests. This flexibility not only enhances the attractiveness of PPP projects to private investors but also facilitates better risk management and ensures the sustainability of infrastructure assets over their lifecycle. As Indonesia continues to advance its PPP agenda, the adoption of innovative payment schemes underscores the government's commitment to fostering a conducive environment for infrastructure development and public-private collaboration.

	PPP Regulation 4/2015 jo. 2/2020	PPP Regulation 7/2023
Payment Scheme	<ol style="list-style-type: none"> 1. User Charge (Tariff Fee) 2. Availability Payment – AP (Government pay) 	<ol style="list-style-type: none"> 1. User Charge (Tariff Fee) 2. Availability Payment – AP (Government pay) 3. Mix payment (User Charge and AP considering risk allocation)



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