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# **PPP as Financing Scheme for Supporting Infrastructure in Special Economic Zones**

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# Introduction: Supporting Infrastructure in SEZs

SEZs	SUPPORTING INFRASTRUCTURE									
	Toll Road	National Road	Province Road	Port	Airport	Train	Cross Session	Electricity	Water Supply	Gas
Sei Mangkei SEZ										
Tanjung Lesung SEZ										
Palu SEZ										
Bitung SEZ										
Morotai SEZ										
Tanjung Api-Api SEZ										
Mandalika SEZ										
MBTK SEZ										
Tanjung Kelayang SEZ										
Sorong KEK										
Arun Lhokseumawe SEZ										
Galang Batang SEZ										

	has been done
	in progress
	overdue/not on target

Source: Annual Report 2017 The National Council for SEZs

investors' doubts		miscoordination
land acquisition	Edmira Rivani, et al, 2017	commitment
supporting infrastructure		low competency of human resources



## PPP as a Solution to Provide Supporting Infrastructure

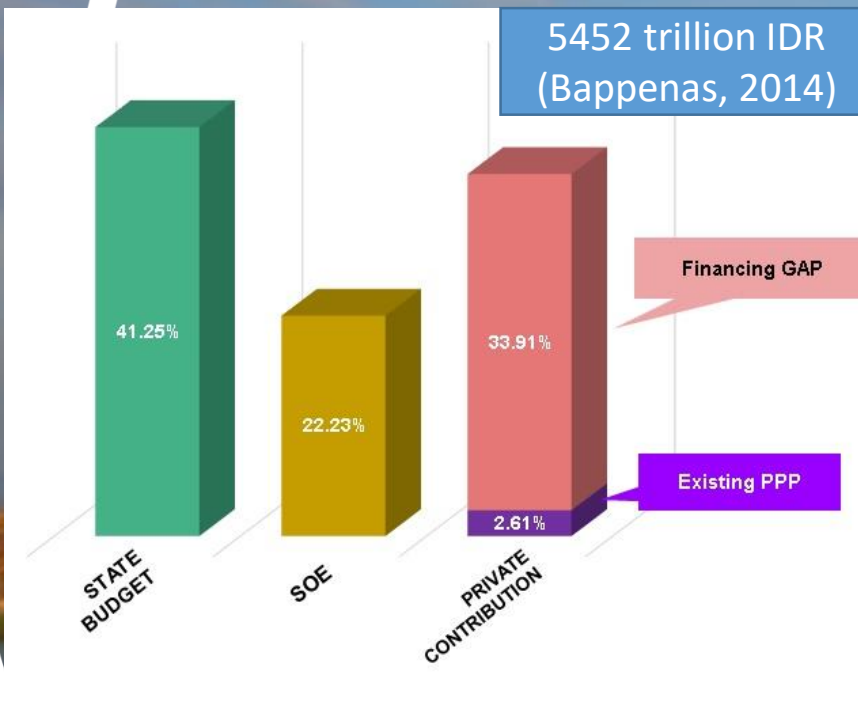
- The basic placement of PPP as the main financing infrastructure instead of the limited state budget (NMTDP 2015 - 2019; Eko Nur Surachman, et al, 2017).
- Zone infrastructure and tourism infrastructure are the infrastructure form that can be co-operated with PPP scheme (Presidential Regulation No. 38 of 2010 on Article 5 Paragraph 2 Letter o and Letter p).
- Construction phase is set by Private Sector (DGSMIF, 2015).
- Adequate risk allocation for Government and Business Entity (Private) (Eko Nur Surachman, et al, 2017).
- Business Entity (Private) can make better public services through built infrastructure (DGSMIF, 2015).



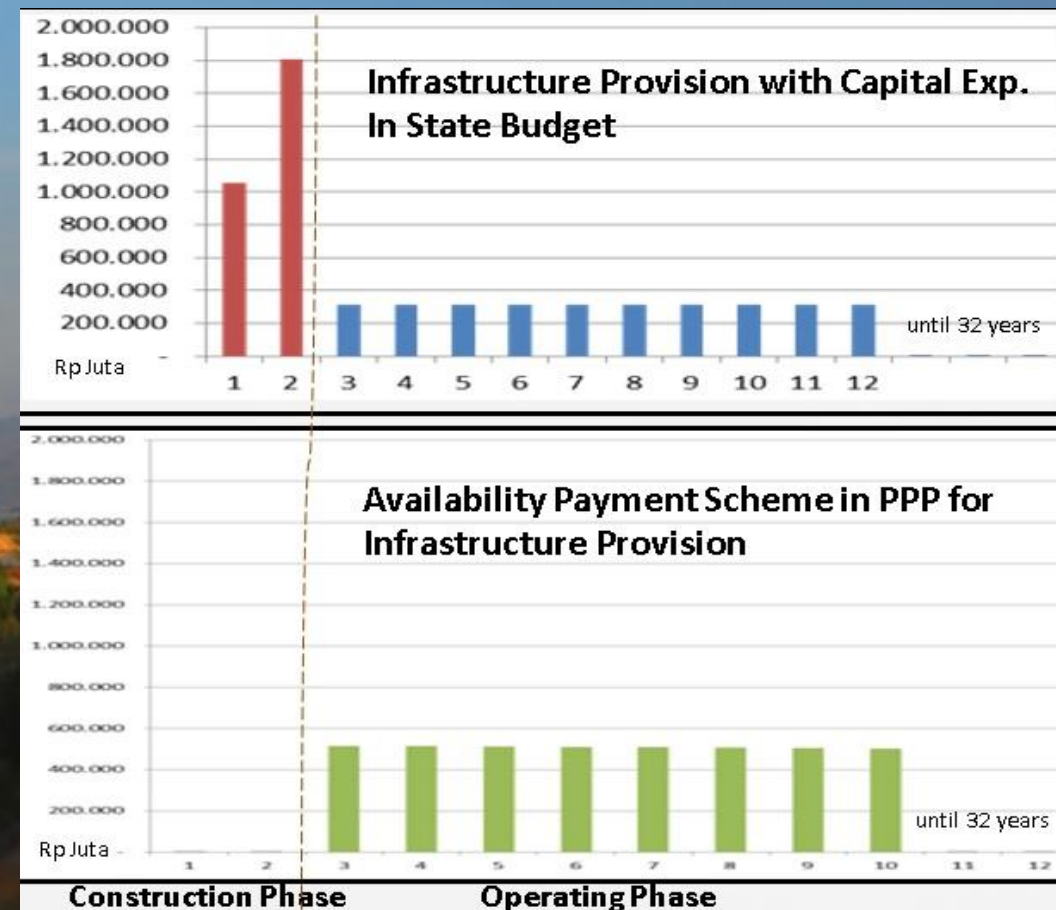
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## Why PPP?



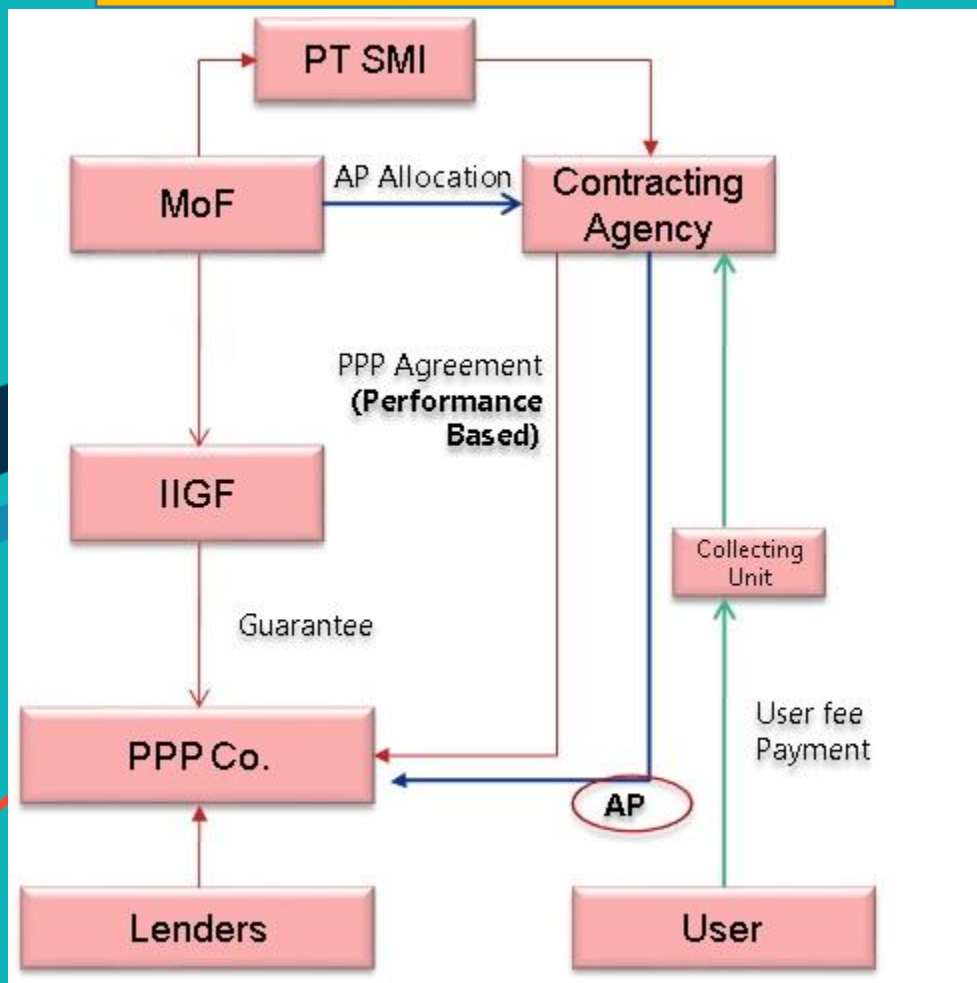
Source: Directorate of Government Support  
Management and Infrastructure Financing



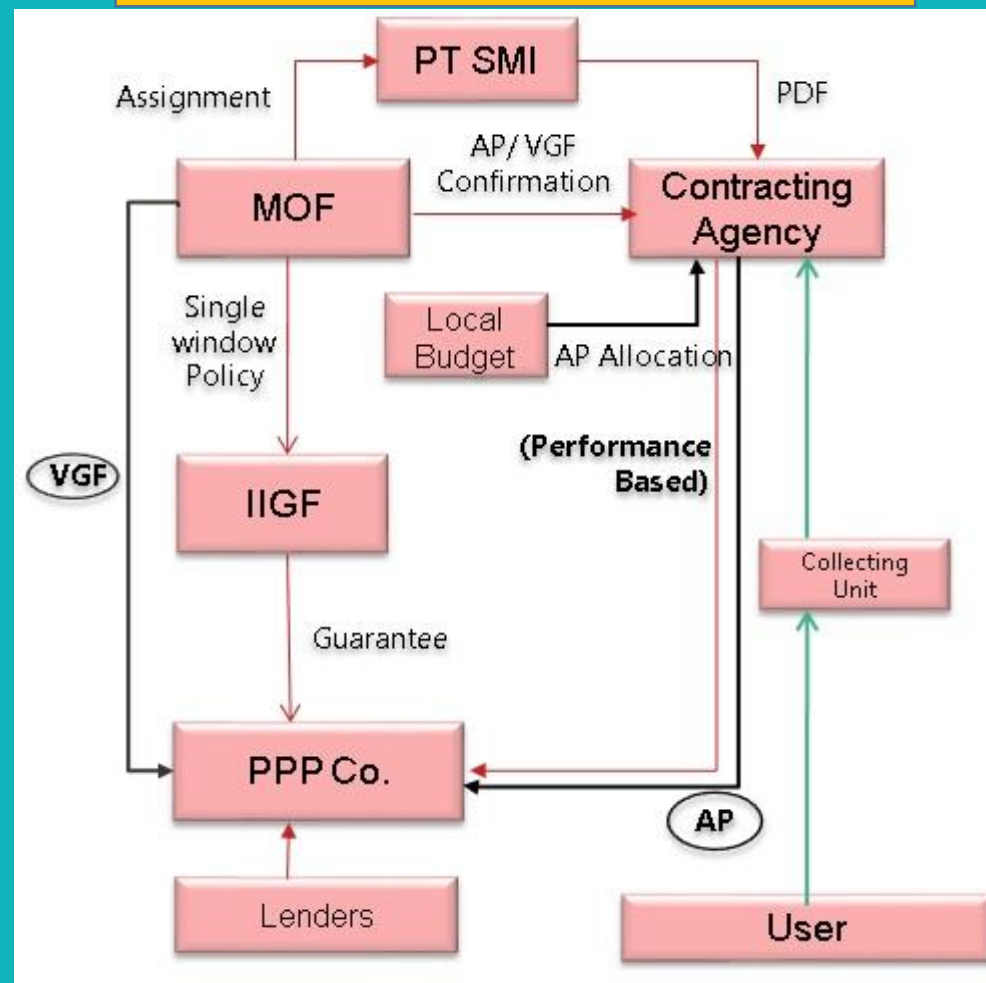


## PPP Business Process

### Central Government Projects



### Local Government Projects





# Conclusion

- By regulation, infrastructure in SEZs (region and tourism) has been regulated in Presidential Regulation No. 38 of 2015.
- Given the need for supporting infrastructure in SEZs, the PPP scheme is very suitable to be applied by looking at the best practices that have been running such as Palapa Ring, Umbulan Water Supply, SHIR, CJPP, etc.
- The AP scheme in PPP can be applied in toll road supporting infrastructure at SEZs tourism. Not only on toll roads, but also on electricity and railways.
- The AP and VGF schemes can be applied to the PPP project conducted by the Local Government Authority (PJPK) such as water supply, electricity, toll roads, railways, etc.
- Not possible, the PPP scheme can be used to build ports and airports.
- Determination of which sector can be co-operated with the PPP scheme is necessary first study, especially the study of the value for money (VfM). The assessment will also determine whether the type of infrastructure located in the area will be built using a bundling system or each type of project will be constructed.