



## Course Name

### ***Infrastructure – financing structures, instruments and incentives***

## Background

This course is targeted at GOI officials at all levels involved in the development and oversight of infrastructure projects to explore the range of considerations and options for GOI in meeting Indonesia's infrastructure needs. The course also aims to improve inter-agency collaboration in determining what projects are funded and what financing/contracting models could be applied.

Indonesia has a positive growth outlook thanks to its large population and strong domestic demand. Over 50% of the total population of 267 million live in urban areas. The growing and affluent middle class supports GDP growth and large domestic market (60% of GDP from private consumption). Infrastructure is a strong platform to support and sustain economic growth in Indonesia. The government's pledge to improve infrastructure development underpins this positive outlook. Infrastructure investment is needed particularly in roads, toll roads, ports, airports railways, water and energy. The Jokowi administration's 2015-2019 plan has increased infrastructure funding compared to the previous 5-year period by nearly 10 billion dollars a year. Priority projects include the revitalisation of ten airports, a number of thermal and hydropower plants, toll roads, Mass Rapid Transit and the construction of new and upgrading of existing ports.

GOI has four priority sectors in its current budget: education, healthcare, infrastructure and social protection. In 2019 GOI allocated IDR415 trillion to infrastructure. This is an increase of 1.04% from the previous year's budget. The Director General of Infrastructure Financing, Eko Heri Purwanto stated that the government financing for infrastructure will be revised so that the private sector will be firstly offered to build infrastructure. State budget will be reserved to areas which do not attract private investors. All toll roads that are currently being built use a public-private partnership model. The state budget will only cover 19% of the financing needed (IDR89 trillion) for the new capital city. The rest will come from the private sector investments.

According to the Medium Term National Development Plan RPJMN 2020-2024, the proposed infrastructure investment need for 2020-2024 is divided between government budget (37%), SoEs (21%) and the private sector (42%). The six priority sectors for PPP identified by the MOF in 2020–2024 are 1. water and sanitation; 2. urban transport; 3. gas distribution; 4. housing; 5. health/hospital; and, 6. waste management with the estimated total investment of IDR526 trillion. MOF and Bappenas have identified that the needs for infrastructure financing include: attracting overseas private investments to respond to the increasing needs; improving human resources in key sectors such as water and sanitation, waste management, urban transport, and housing; and accommodating a mixed source of funding to accelerate the infrastructure development and achieve the national development targets. According to MOF there is no policy or regulation that covers the PPP sectoral focus for 2020–2024. It is a direction from the Minister of Finance which is then translated into the MOF Business Unit Plan 2020–2024.

There are a range of initiatives designed to contribute to an improved environment for infrastructure investment. The initiatives include PT Sarjana Multi Infrastruktur (Persero), PT SMI, to accelerate sustainable infrastructure development ; an integrated platform SDG One Fund (MOF and PT SMI) to combine public and private funds through blended finance schemes to be channelled into



infrastructure projects related to the achievement of SDGs ; the Committee for Acceleration of Priority Infrastructure Delivery (KPPIP) to coordinate decision-making processes . A public private partnership joint office (PPPJO) has also been set up (supported by Australia) which aims to support GCAs in the management and progress off infrastructure projects which will be funded using a Public Private Partnership model.

The following learning objectives were identified in consultations with the Australian Embassy in Jakarta, Indonesia-Australia Partnership for Infrastructure (KIAT) and selected Indonesian government ministries. The objectives will be refined during the pre-course workshop to match recipients' individual learning objectives. The participants will apply the knowledge in their work through an Award Project, an individual or small group project focusing on a specific infrastructure financing topic of their choice.

## Learning objectives:

The course will focus on the following learning objectives:

- Develop improved understanding of the infrastructure project cycle including project planning and preparation, financial transaction, procurement, stakeholder management, and monitoring and evaluation. Compare Indonesian practices and procedures with international best practice (including Australia). Study the Five Case Model and discuss the Blue Dot Network.
- Examine infrastructure funding and financing instruments and mechanisms and consider their suitability for a range of infrastructure projects (incl. asset recycling, limited concession schemes, public private partnerships, debt/equity financing).
- Analyse infrastructure needs in Indonesia and contrast those with other nations in the region including Australia
- Investigate policies and regulations that attract new private sector investments to support quality infrastructure development (using Australian case studies and other international best practice)
- Discuss strategies for enhanced inter-agency collaboration for project funding, financing/contracting models, oversight of financing and project ownership between Government Contracting Agency (GCA) and other line ministries.

To achieve these outcomes, the proposed short course offers a structured learning process for participants that will utilise a range of learning methodologies, such as classroom sessions; case studies; site visits to Australian government (state and federal) agencies, private sector, professional associations and other relevant agencies; workshops, discussion and planning sessions; simulations and role plays; networking events; an in-depth course project. Participants are required to develop an Award Project as a method to implement learning.

## Dates and location

The award is delivered over a 2-week period in Australia. The program is divided into three parts: pre-course workshop in Indonesia, in-Australia program and a post-course workshop in Indonesia. Attendance in the whole three parts of the course is **compulsory**. The course is scheduled as below:

- A 3-day pre-course Workshop in Indonesia: **location and date TBC subject to COVID-19 situation**
- A 2-week short course in Australia: **location and date TBC subject to COVID-19 situation**



- A 3-day post-course Workshop in Indonesia: **location and date TBC subject to COVID-19 situation**

## Participants

- Government of Indonesia representatives (staff to Echelon II) from the following Indonesian government ministries:
  - i. Ministry of Finance
  - ii. Coordinating Ministry for Maritime Affairs and Investment
  - iii. Coordinating Ministry for Economic Affairs (including KPPIP)
  - iv. Ministry of National Development Planning (BAPPENAS)
  - v. National Public Procurement Agency (LKPP)
  - vi. Ministry of Public Works and Public Housing
  - vii. Ministry of Home Affairs
  - viii. Other Ministries with responsibility for infrastructure funding/financing
- Representatives from Relevant private sector organisations and SoEs including IIGF, PTSMI, IIF
- Representatives from selected city and provincial governments
- Have (preferably) a bachelor's degree with minimum diploma (D3) qualification in a relevant field
- Be endorsed by your current manager / supervisor
- Be committed to preparing and implementing an Award Project as part of the course
- Applicants are expected to have professional working proficiency in English. The applicants' English language competency is part of the selection process. The assessment of language competency is based on a phone interview and any additional evidence provided by the applicant (proof of studies or living in an English-speaking country, working in an English-speaking environment, completion of studies in English, language courses or language tests)

Women and people with disability are strongly encouraged to apply.

Gender equity will be a consideration and encouraged but not a constraint, given that participants are selected through a competitive selection process.

Participants will be identified through a competitive process whereby there is a call for applications; applicants submit an online application which is reviewed by Independent Panel Reviewers, Australia Awards and the Australian Embassy to explore motivation and other demonstrated competencies to ensure commitment and interest in the study program.

Applicants shall submit their application forms directly through **online application** by **23 August 2020**.

Please prepare documents below when submitting:

- Copy of KTP
- Latest academic certificate (Ijazah)
- Recommendation letter from supervisor/Business partner (for Business owner/Director)
- Proof of English (e.g. overseas education certificate, training certificate, TOEFL IELTS, etc.)

The selection panel will convene to select up to 25 participants. The short-listed participants will be informed of the outcome by **end of September 2020**.