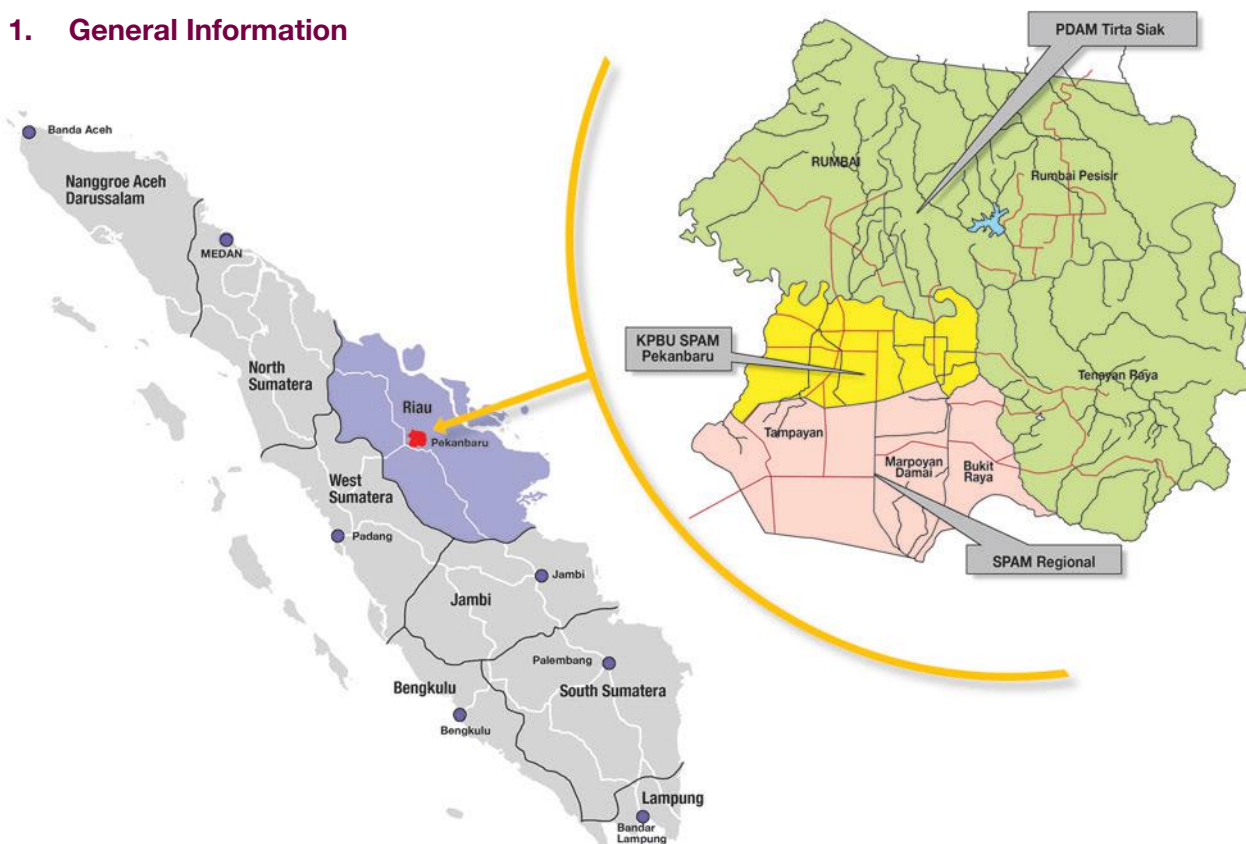


PEKANBARU WATER SUPPLY, RIAU

1. General Information



Government Contracting Agency	: PDAM Kota Pekanbaru
Implementing Unit	: PDAM Kota Pekanbaru
Preparation Agency	: 1. PDAM Kota Pekanbaru 2. Ministry of National Development Planning
Estimated Project Cost	: USD 35.50 million
Estimated Concession Period	: 25 years (BOT+ including investment distribution piping)
Location	: Pekanbaru, Riau

2. The Opportunity

2.1. Project Background

Pekanbaru city as the capital of Riau province actively conducts physical development, which has implications on land use and population density. These conditions give impact to the declining quality of groundwater, caused by contaminated resulting from community activities.

Based RPJMN 2015-2019, coverage of drinking water services throughout Indonesia in 2019 must have reached 100%. While the coverage of drinking water services in the city of Pekanbaru in 2014, especially through the pipeline only reached 8%. These services are served by PDAM Tirta Siak, where most people rely on groundwater for drinking water.

2.2. Project Description

Pekanbaru Water Supply project was developed to assist local governments to improve water service to the community of Pekanbaru. Most of the households in the area use ground water to cover their daily needs. The groundwater, on the other hand, has low quality, with high concentrations of Fe and Mn.

With this project, the management of drinking water in the city of Pekanbaru will be conducted by PDAM, UPTD SPAM Regional and PPP Unit. The level of service from 8% in 2014 will increase to 27% in 2019 with the sustainable access to safe drinking water. The Capacity of the system of 500 l / sec will serve 40,000 household connections.

The service areas are six (6) sub-districts: Pekanbaru Kota, Lima Puluh, Sukajadi, Sail, Senapelan, dan Payung Sekaki.

The water from Water Treatment Plant (WTP) reservoir in Tampan will pump into the ground reservoir and then pumped back into the 4 (four) areas of distribution in Lima Puluh, Sukajadi, Sail and Payung Sekaki. Total capacity of ground reservoir is 8,500 m³: 1. Lima Puluh (2,000 m³), 2. Payung Sekaki (3,000 m³), 3. Sukajadi (2.000 m³), 4. Sail (1,500 m³).

The total length of transmission pipes is 14.88 km with varying diameters 300-600 mm using a material Pipes Steel. The total length of distribution pipes is 133.61 km with varying diameters 70-250 mm with material Pipes HDPE.

2.3. Project Objectives

The general objectives of the project are as follows:

- To expand the service coverage of the water supply system in Pekanbaru
- To improve the quality of service of PDAM Pekanbaru

The purpose of the project is to provide a reliable water supply in accordance with the technical standards in order to meet people's needs and support economic activities in the city of Pekanbaru. Provision of drinking water through PPP scheme will reduce the financial burden of the municipal government in financing the water sector.

3. Business Entity's Opportunity

The proposed project scheme is a BOT Plus. Therefore the private partner shall be responsible to finance, design, construct, operate, and maintain the infrastructure assets, including intake, water treatment plant, water transmission mains, district reservoirs, and distribution network (only finance).

4. Project Technical Specification

The technical specifications for Pekanbaru Water Supply are as follows:

- Water intake (550 lps)
- Water transmission
- Water treatment plant with capacity of 500 lps
- Transmission pipe 14.4 km
- Four (4) service reservoirs with capacities of 8,500 m³

Distribution pipelines is approximately 133.61 km (including tertiary network)

5. Environmental Impact Assessment (AMDAL) Findings

The project is classified to require an Environmental Impact Assessment (AMDAL), Environmental Management Plan and Public Consultation. Initial environmental examinations have indicated that the project should not face any significant problems from an environmental point of view. Until August 2016, AMDAL and Environmental License are being under process.

6. Land Acquisition and Resettlement Action Plan

No Land Acquisition in this project. Intake, WTP and 2 location of reservoirs will take in PDAM's property and 2 others location of reservoirs will rent from the City of Pekanbaru.

7. Project Structure

Estimated project cost	USD 35.50 million
Indicative debt to equity ratio	
- Debt level	70%
- Equity level	30%
FIRR	16.00%

8. Government Support and Government Guarantee

The Government of Pekanbaru Municipal will support the project in form of land acquisition. To mitigate the project's risks from changes in demand risk and shifts in political scenario, government guarantee may be required. In this regard, the level of risk perceived from investors will be determined at market sounding.

9. Project Implementation Schedule



10 Contact Information

Name : Muhammad Suhandi
Position : Head of PPP Unit Pekanbaru Water Supply
Address : Jl. Sudirman No. 245 Pekanbaru
Phone : +62761-27755
Fax. : +62761-26531
Email : pdamts.kpbu@gmail.com