The Brief | Legal

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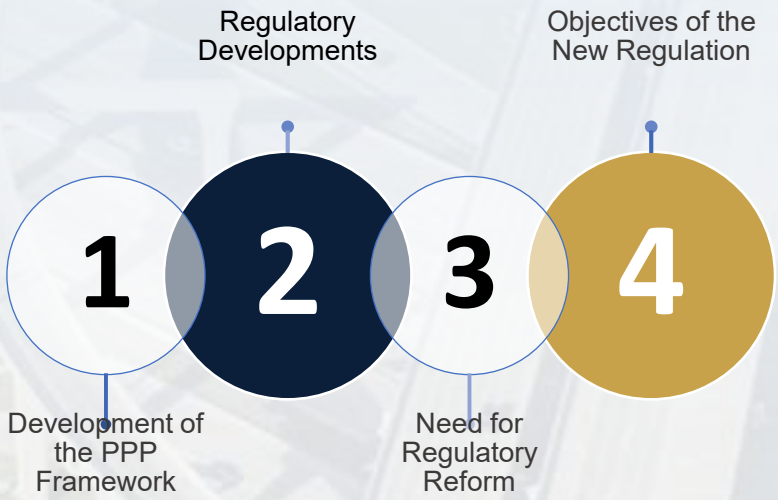
New Rules for Unsolicited Toll Road Projects: What Changes Under Minister of Public Works Regulation Number 2 of 2026

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Industry – Infrastructure & PPP

GENERAL OVERVIEW

Government Regulation No. 23 of 2024 ("**Government Reg. 23/2024**") concerning Toll Roads updated the framework for business-initiated toll road projects. Minister of Public Works Regulation No. 2 of 2026 ("**MoPW Reg. 2/2026**") was subsequently issued to implement the relevant provisions and replace Minister of Public Works and Housing Regulation No. 23 of 2021 ("**MoPWH Reg. 23/2021**").



A. Key Regulatory Drivers

- private entities may initiate toll road projects under the unsolicited proposal scheme
- Further rules were needed for project preparation, evaluation, and compensation rights
- The framework clarifies initiator status and the transfer of project initiatives

Government Reg. 23/2024

B. Regulatory Objective

- Implement relevant provisions of Government Reg. 23/2024
- Establish a legal basis for the transfer of initiatives in toll road development
- Provide clearer procedures and greater legal certainty for unsolicited toll road projects

MoPW Reg. 2/2026

Development of the PPP Framework

Public-Private Partnership (PPP) is one of the mechanisms for developing toll road infrastructure. Under the unsolicited proposal scheme, private entities may initiate toll road projects and propose their development to the Government.

Regulatory Developments

Government Reg. 23/2024 concerning Toll Roads introduced an updated framework for business-initiated toll road projects, providing the basis for further implementing regulations.

Need for Regulatory Reform

Further regulations was needed to clarify project initiation procedures, project preparation and evaluation, compensation rights, initiator status, and the transfer of project initiatives.

Objectives of the New Regulation

MoPW Reg. 2/2026 was issued to implement the relevant provisions of Government Reg. 23/2024 and establish a legal basis for the transfer of initiatives in toll road development. It also replaces MoPWH Reg. 23/2021.

REGULATORY RESET: FROM "INITIATIVE APPROVAL" TO A PPP-ORIENTED FRAMEWORK

The issuance of Government Reg. 23/2024 concerning Toll Roads prompted a transformation of the regulatory framework for unsolicited toll road projects. MoPW Reg. 2/2026 subsequently introduced a more structured framework for project preparation, compensation mechanisms, and the transfer of project initiatives.

From the Previous to the New Framework

Government Reg. 23/2024 concerning Toll Roads establishes the framework for **business-initiated toll road projects,** including the submission **of initial feasibility studies, project preparation documents, and compensation mechanisms** for business initiators. In particular, Government Reg. 23/2024 mandates further regulation by the Minister.

To implement this mandate and establish a legal basis for the transfer of **project initiatives**, MoPW Reg. 2/2026 was issued, **replacing MoPWH Reg. 23/2021.** The new regulation sets out more detailed procedures **for project initiation, compensation, revocation of initiator status, and the transfer of initiatives.**

These provisions establish a more structured basis for managing project initiatives and the transition between government-initiated and business-initiated projects.

Art. 30 and 35-37 MoPW Reg. 2/2026

Scope of the New Regulation

MoPW Reg. 2/2026 establishes a more detailed framework for business-initiated toll road projects, covering the process from project initiation and preparation to the management of initiator rights and the transfer of project initiatives.

Project Eligibility and Initiation	Establishes the criteria and procedures for proposing, assessing, and determining business-initiated toll road projects *Art. 2-16 MoPW Reg. 2/2026*
Project Preparation and Approval	Regulates the preparation of project documents, evaluation procedures, and approval processes to support project readiness *Art. 17-30 MoPW Reg. 2/2026*
Compensation Mechanisms	Provides for compensation rights and mechanisms applicable to business initiators *Art. 30-34 MoPW Reg. 2/2026*
Revocation and Transfer of Initiatives	Governs the revocation of initiator status and the transfer of project initiatives between government-initiated and business-initiated projects *Art. 35-38 MoPW Reg. 2/2026*
Transitional Arrangements	Sets out the treatment of ongoing proposals and projects during the transition from the previous regulatory framework

Art. 39 MoPW Reg. 2/2026

Through these provisions, the regulation establishes a structured framework for managing business-initiated toll road projects, while clarifying the procedures, rights, and mechanisms applicable throughout the project lifecycle.

Fundamental Regulatory Changes

Aspect	MoPWH Reg. 23/2021	MoPW Reg. 2/2026
Preparation period	6 months, or another period determined by the Minister	Business-initiated toll road development
Project initiation	Focuses on determining toll road concessions based on business initiatives	More structured framework for determining and preparing unsolicited projects
Institutional roles	Does not expressly designate the Minister as the GCA is not expressly define the Minister's role as GCA	Expressly designates the Minister as the GCA in the in-principle approval process.
Project preparation	provides for an exclusive preparation period and project evaluation	Clearer milestones, document requirements and evaluation procedures
Compensation & initiative transfer	Previous framework for project initiator rights	Further regulates compensation, revocation of initiator status, and transfer of initiatives.

Key Takeaway

The new regulation places unsolicited toll road projects more firmly within the broader PPP-oriented framework.

This regulation establishes a more structured process for project initiation, preparation, and evaluation. It also clarifies the **rights and obligations of business initiators**, including compensation mechanisms and the transfer of project initiatives.

NEW ELIGIBILITY AND FINANCIAL FEASIBILITY TEST

MoPW Reg. 2/2026 introduces significant changes to the eligibility requirements for unsolicited toll road projects. While the key criteria, such as alignment with the road network plan, financial capacity, and financial feasibility, remain in place, their application has been revised. The regulation allows projects to proceed even if their sections are not yet included in the national road network plan, lowers the quantitative feasibility threshold, and introduces bankability as a new mandatory requirement. Furthermore, a project section may be proposed subject to meeting certain conditions, but the regulation also requires that the section be included in the general national road network plan. Approval for the unsolicited initiative will only be issued after the section is officially listed.

The Entry Requirements Have Materially Changed

Criterion	MoPWH Reg. 23/2021	MoPW Reg. 2/2026
Road network plan	Technically integrated with, and consistent with, the road network master plan.	In principle, the toll road section must be **listed in the National Road Network General Plan** (*Rencana Umum Jaringan Jalan Nasional*).
Sections not yet listed	Covered by the same general test of technical integration and consistency with the master plan.	**May still be proposed** if the section is integrated with the national road network plan and consistent with the spatial plan, improves the performance of existing road sections, and is economically and financially feasible. Any decline in the financial feasibility of existing toll roads is measured against WACC.
Financial capacity	The proponent has financial capacity.	The business entity must have the financial capacity to fund the project, evidenced by **sound financial statements**.
Financial feasibility	Financial feasibility ≥ **WACC + 2%**.	Financial feasibility **greater than WACC**.
Bankability	Not expressly required.	The project must be **bankable**, have the potential to be financed by financial institutions, and must deliver broad economic benefits and a reasonable return so that **no Government Support** is required (excluding government guarantees).

Art. 2, 3, 4 and 5 MoPW Reg. 2/2026

The most significant change

WACC + 2%
MoPWH Reg. 23/2021

→

> WACC
+ Bankability

Legal impact: The feasibility assessment allows greater numerical flexibility but places stronger emphasis on bankability. Achieving a specified IRR alone is no longer sufficient; the project must also demonstrate a realistic capacity to obtain financing.

Stages: Same Two-Step Path, Sharper Milestones

The overall two-step process is retained: an unsolicited project is still determined by the Minister through an in-principle approval followed by an unsolicited proposal approval. What changes is the terminology, from “permit” (*izin prinsip / izin prakarsa*) to “approval” (*persetujuan prinsip / persetujuan prakarsa*), and the milestones within each step.

Step 1 In-Principle Approval	**Application:** confirmation of the proposal and letter of intent	**Initial evaluation** by DJBM and DJPI	**Issuance** of the in-principle approval

Art. 6 and 7 MoPW Reg. 2/2026

Step 2 Unsolicited Proposal Approval	**Application** with project preparation and supporting documents	**Final evaluation**, market sounding and public consultation	**Issuance** of the unsolicited proposal approval letter

Art. 19 (2) MoPW Reg. 2/2026

STRONGER SPONSOR SCREENING AND INSTITUTIONAL GOVERNANCE

MoPW Reg. 2/2026 strengthens the screening process for prospective project proponents in obtaining an in-principle approval. To obtain such in-principle approval, the business entity must first submit a confirmation of its proposed unsolicited project to the MoPW, followed by a letter of intent to the MoPW, which must also enclose:

Preliminary Feasibility Study

Documents evidencing the business entity's financial capacity and experience.

Art. 8 (1) (2) (3) and (4) MoPW Reg. 2/2026

Consistent with the previous regulatory framework, MoPW Reg. 2/2026 also provides that an unsolicited proposal may be submitted by either a single business entity or several business entities acting as a consortium. The consortium agreement must also be enclosed with the letter of intent.

The required contents of the consortium agreement under MoPW Reg. 2/2026 remain substantially the same as under the previous framework, including the provision that all decisions made by the consortium leader(s) are binding on all consortium members. Under the new regulation, however, more than one business entity may be appointed as consortium leader. Nevertheless, **one official representative must still be designated.**

Art. 9 MoPW Reg. 2/2026

Note: If another business entity submits an unsolicited proposal for the same toll road project before the issuance of the in-principle approval, the MoPW may evaluate such other proposal after the initial proponent has been determined not to satisfy the applicable criteria, including that the relevant toll road section is included in the national road network master plan and is economically and financially feasible.



Art. 8 (5) MoPW Reg. 2/2026

Preliminary Feasibility Study

The Preliminary Feasibility Study must include: (i) a technical assessment; (ii) an economic assessment; (iii) a commercial assessment; and (iv) the terms of reference for the preparation of the Feasibility Study.

Art. 9 MoPW Reg. 2/2026

The Preliminary Feasibility Study introduces **additional assessment elements,** namely: (i) an assessment of consistency with the National Road Network Master Plan and the applicable spatial plan; and (ii) an assessment of the reasonableness of construction costs based on the assumed construction method to be used.

Furthermore, MoPW Reg. 2/2026 requires the project to have been **included in, or integrated with**, the National Road Network Master Plan and to be consistent with the applicable spatial plan. **A Value for Money analysis** is also incorporated into the economic and commercial assessments. Accordingly, MoPW Reg. 2/2026 begins to assess not only whether the project should exist, but also whether a PPP is an appropriate delivery method.

Attachment I MoPW Reg. 2/2026

Documents evidencing the business entity's financial capacity and experience.

A relatively significant change is introduced in **relation to the Documents Evidencing the Business Entity's Financial Capacity and Experience,** as MoPW Reg. 2/2026 expands the required contents of such documents to include**:**

1. the most recent information on the business entity's credit history issued by the Financial Services Authority through the Financial Information Services System (SLIK); and
2. a list of equity contribution commitments in ongoing investment projects that are currently at the preparation stage and have obtained approval for the unsolicited proposal, or are at the transaction, land acquisition, and/or construction stage

The foregoing documents are subject to an initial evaluation conducted by: (i) the Directorate General of Highways (DJBM); and (ii) the Directorate General of Public Works Infrastructure Financing (DJPI).

Art. 11 and 12 MoPW Reg. 2/2026

Based on the initial evaluation conducted by DJBM and DJPI, the MoPW will decide whether to:

- grant an in-principle approval for the proposed toll road development submitted by the business entity; or
- reject the proposed toll road development submitted by the business entity.

The approval or rejection is based on an assessment against the applicable criteria, as referred to in the note above.

Art. 16 MoPW Reg. 2/2026



The in-principle approval letter must contain:

- the prospective proponent's obligation to prepare the toll road project preparation documents and supporting documents;
- a statement that the Minister will not issue an in-principle approval to another business entity for the same unsolicited project for as long as the prospective proponent is still fulfilling the above obligations (exclusive right);
- the designation of the MoPW as the Government Contracting Agency (GCA);
- the prospective proponent's obligation to submit its proposed form of compensation.

The available forms of compensation have also been expanded to include other forms of compensation permitted under applicable laws and regulations.

Art. 17 MoPW Reg. 2/2026

LONGER PREPARATION, BUT MUCH HIGHER PROJECT READINESS

MoPW Reg. 2/2026 establishes clearer timelines for project preparation and evaluation, while setting out the documentation requirements necessary to assess project readiness. These provisions aim to ensure a more structured preparation process, with defined timeframes for submission, review, and revision of project documents.

Extended Project Preparation Period

The new regulation provides a longer timeline for project preparation and evaluation, with a more structured approach compared to the previous framework

Aspect	MoPWH Reg. 23/2021	MoPW Reg. 2/2026
Preparation period	6 months, or another period determined by the Minister	18 months
Initial evaluation	14 days	21 days
Document revisions	7 days	14 days
Evaluation of revised documents	7 days	14 days

The 18-month period applies specifically to **project documents preparation**, not the entire project development process through procurement and implementation

A longer preparation period, clearer milestones and structured evaluation are intended to strengthen project readiness.

Project Preparation Requirements

To ensure project readiness, the regulation requires business initiators to prepare a set of **technical, financial, environmental, and land acquisition documents** to support project evaluation and demonstrate the feasibility

Technical Documents
- Right of Way (ROW) Plan
- Basic Design
- Feasibility Study

Environmental Documents
- Environmental Impact Assessment (AMDAL)

Financial Documents
- Business and financial feasibility
- Funding plan and financial model

Land Acquisition Documents
- Land acquisition plan
- Land status and ownership

Early Milestone : ROW Plan and Basic Design

The ROW Plan and Basic Design must be prepared within eight months after the principle approval and must have been evaluated by DJBM no later than ten months after such approval

Art. 17 (1) & 18 (4) MoPW Reg. 2/2026

Revised Document Evaluation Mechanism

Previous provisions

Failure to submit the required revisions may result in the termination of the application process

New provisions

If revisions are not submitted, evaluation may proceed based on the available documents

FEASIBILITY STUDY IS NO LONGER JUST ABOUT FEASIBILITY

MoPW Reg. 2/2026 introduces an additional layer of scrutiny into the feasibility assessment. The studies must demonstrate not only the toll road's feasibility, but also the suitability of the PPP scheme, the proposed project structure and financing arrangements, and the contractual framework governing its operation.

At Initial Assessment (Preliminary Feasibility Study)

MoPWH Reg. 23/2021

The initial evaluation mainly covered:

- Demand;
- Revenue structure;
- Social cost-benefit analysis; and
- Financial analysis.

At this stage, the discussion focused primarily on assessing the overall feasibility of the project, including its potential benefits, requirements, and implementation prospects, without prematurely determining whether the PPP scheme would be the most appropriate delivery mechanism.

MoPW Reg. 2/2026 adds or reinforces:

The technical study includes an evaluation of spatial planning and road network plan compliance, an analysis of routes and site conditions, a traffic study for congestion mitigation, and an assessment of the reasonableness of land acquisition and construction costs.

The economic and commercial evaluation covers demand traffic, revenue structure, social cost-benefit analysis, qualitative value for money, and financial assessment.

Initial identification of the PPP institutional arrangement.

Art. 14 (2) MoPW Reg. 2/2026

At Feasibility Study Stage

In addition to the conventional technical, economic and financial analyses, the Feasibility Study must now also contain:

- **Quantitative Value for Money analysis**
- **Measures needed to make the project financially viable**
- **Management study, including the draft Toll Road Concession Agreement**
- **Toll road right-of-way drawing**
- **Recommended concession scheme and sources of financing**
- **Status of asset ownership during the concession period**
- **Basic design**

The FS now doubles as a transaction document

Art. 18 (8) MoPW Reg. 2/2026



Land Acquisition: Disclosure of Proponent Owned Land

For land acquisition purposes, the prospective proponent must:

i) disclose data on land plots owned by the prospective proponent and/or its affiliates, together with their acquisition value; and

ii) engage a certified land appraiser to prepare the estimated land-value component of the land acquisition planning document

This brings transparency to land costs, which are ultimately counted as part of the project's investment value, and promotes transparency and helps mitigate the risk of inflated land costs where the proponent or its affiliates already control relevant land..

Art. 18 (9) MoPW Reg. 2/2026

MARKET TESTING, VALIDITY AND PROCUREMENT READINESS



More Market Testing and Clearer Validity

Before the approval of the unsolicited proposal is granted and the procurement of the implementing business entity is conducted, several stages must be completed to ensure project readiness. Following the issuance of the in-principle approval, the business entity must prepare the toll road project preparation documents and submit them together with an application letter requesting the determination of the unsolicited proposal, as part of the requirements for the final evaluation. The application must also be accompanied by the following documents:

- **Copy of the in-principle approval letter**
- **Feasibility Study**
- **Supporting documents**
- **Right of way plan**
- **Draft environmental impact assessment document**
- **Updated documents evidencing the business entity's financial capacity and experience**
- **Basic design**
- **Land acquisition planning document**

The evaluation is conducted by **DJPI** and **DJBM** to assess the completeness as well as the contents and substance of the relevant documents.

Art. 19 jo. Art. 20 jo. Art. 21 MoPW Reg. 2/2026

One of the new substantive requirements introduced under **MoPW Reg. 2/2026** is that the MoPW must conduct **market sounding and public consultation**. These activities are carried out during the final evaluation stage of the application for determination of the unsolicited proposal.

Art. 23 (11) MoPW Reg. 2/2026

Importantly, if the **right of way plan** and **basic design** are revised based on the results of the public consultation, the relevant studies may also be amended, taking into account the evaluation results from DJBM. Such amendments are accommodated by allowing an additional evaluation period of up to **four months**.

Art. 23 (12) and (13) MoPW Reg. 2/2026



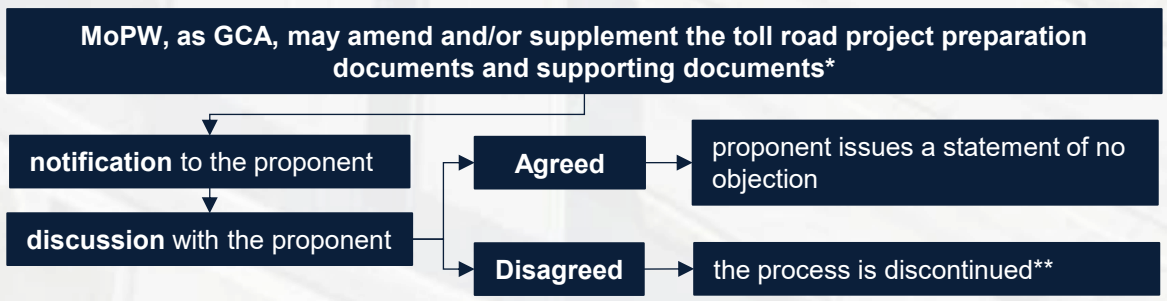


Based on the results of the final evaluation and the implementation of the market sounding and public consultation, the MoPW will decide whether to approve or reject the proposed unsolicited toll road project submitted by the prospective proponent.

If approved, the unsolicited proposal approval letter is valid for **24 months**, taking into account the time required to complete supporting activities prior to the commencement of the procurement of the toll road business entity, including land acquisition planning, applications for spatial utilization conformity, environmental approvals, and other relevant permits. The proponent may apply for a **one-time extension of 12 months** where:

- there is a change in government policy affecting the feasibility of the project; or
- there are other circumstances beyond the proponent's control, provided that such circumstances are duly evidenced and approved by the GCA.

Art. 24 MoPW Reg. 2/2026



*provided that such amendments do not result in a reduction in the level of toll road infrastructure services.
**the proponent may be reimbursed for the costs incurred in preparing the relevant documents and project preparation materials (The amount of reimbursement is determined based on an assessment by a government auditor).

Art. 25 MoPW Reg. 2/2026

New Safeguard Before Procurement



Before the procurement process may commence, the following readiness criteria must be satisfied:

- the environmental feasibility decision has been issued;
- all toll road project preparation documents and supporting documents have been submitted to **BPJT**;
- the application for determination of the toll road location has been submitted by the MoPW;
- the mechanism for recovering the investment of the toll road business entity has been determined;
- approval for the utilization of SOE/ROE assets or the toll road project has been obtained, if applicable; and
- approval for a **Government Guarantee** has been obtained, if required.

Art. 26 MoPW Reg. 2/2026

COMPENSATION, LAND RISK & INITIATIVE TRANSITION

Compensation Mechanisms for Project Initiators

Art. 30-32 MoPW Reg. 2/2026

The government introduces three main forms of compensation for project initiators, with clearer and more structured mechanisms compared to the previous framework

Additional 10% Evaluation Score

Provides the Project Initiator with an additional 10% in the tender evaluation score, subject to the applicable conditions under the merit point system

Right to Match

Allows the project initiator to match the financial offer submitted by the highest-ranked bidder if the Project Initiator is not selected as the best bidder, subject to the applicable tender procedures

Purchase of Initiative

The government may acquire the initiative from the project initiator, in accordance with applicable provisions, when certain conditions are met

Land Risk Management

The regulation establishes a framework for managing land acquisition risks by clarifying funding responsibilities, the allocation of additional land acquisition costs, and the compensation mechanisms available to the Toll Road Business Entity.

Government's Role in Land Acquisition

- Land acquisition for the Business-Initiated Project is carried out by the Government in accordance with applicable laws and regulations.

Art. 34 (1) MoPW Reg. 2/2026

Land Acquisition Funding

- Land acquisition funding for the project is the responsibility of the Project Initiator.
- Such funding is accounted for as part of the project investment value.
- If the Project Initiator is not appointed as the Toll Road Business Entity, the land acquisition costs incurred shall be reimbursed by the appointed Toll Road Business Entity.

Art. 34 (1)-(4) MoPW Reg. 2/2026

Allocation of Land acquisition Costs

- Increases in land acquisition costs after the Toll Road Concession Agreement is signed may be funded by the Central Government, subject to the prescribed cost thresholds, project financial feasibility, and budget availability.
- If government funding is insufficient, the Toll Road Business Entity may fund the excess costs and/or adjust the construction scope with the Minister's approval.

Art. 34 (7)-(10) MoPW Reg. 2/2026

Compensation and Withdrawal Rights

- The Toll Road Business Entity that funds additional land acquisition costs is entitled to compensation through an adjustment to the initial toll tariff and/or an extension of the concession period.
- If the Toll Road Business Entity is unable to fund the additional costs, it is entitled to withdraw from the project.

Art. 34 (11)-(14) MoPW Reg. 2/2026

Revocation of Initiator Status and transfer of Initiatives

Art.35-38 MoPW Reg. 2/2026

Application Requirements

- Includes the required administrative documents from the initiator
- Specifies the project scope clearly, including technical, financial, and legal aspects

Process and Timeline

- Conducted through an application and verification process
- Determined by the Minister's decision
- No specific timeline stipulated under the regulation

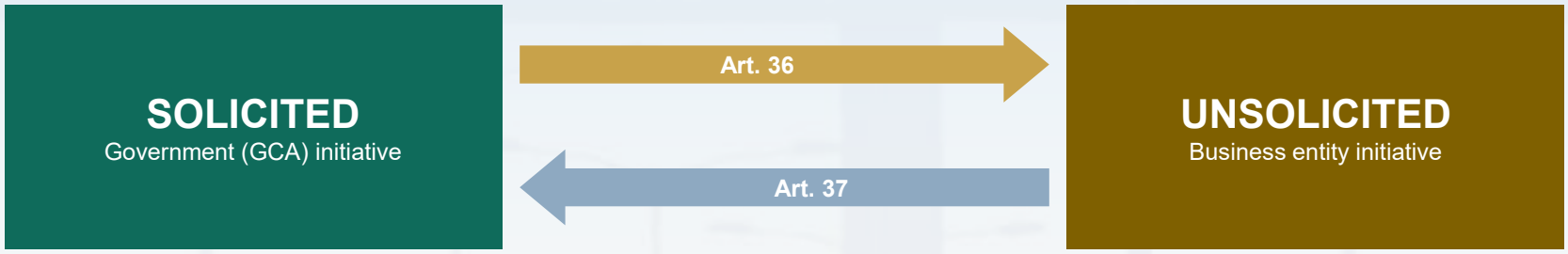
Legal Consequences

- The party receiving the initiative is responsible for further project implementation and commitment
- Includes document transfer, asset transfer, and asset takeover

These compensation, land acquisition, and initiative transfer mechanisms ensure a more structured process, provide legal certainty, and support the successful implementation of projects through a clear and fair framework

THE BIGGEST NEW FEATURE: TRANSITION OF INITIATIVES

One of the key innovations introduced by MoPW Reg. 2/2026 is the establishment of an explicit legal framework that enables toll road projects to transition between government-initiated (solicited) and business-initiated (unsolicited) schemes in either direction. This framework provides greater flexibility in the development and implementation of toll road projects by allowing the Government Contracting Agency (GCA) to adjust the project procurement approach in response to changing circumstances, including challenges or obstacles encountered during the implementation process. Rather than allowing a project to be stalled or discontinued due to difficulties under its original scheme, the GCA is now equipped with a clear legal mechanism to facilitate such a transition while maintaining project continuity.



Solicited → Unsolicited

May occur at the following stages:

Planning → **Preparation** → **Transaction**

At the preparation or transaction stage, the GCA **compares the Feasibility Study it has produced with the business entity's preparation documents**, and considers whether the proposal offers added value in the form of:

- More innovative novelty;
- More optimal **Value for Money**; and/or
- Better **economic and financial feasibility**.

Note: at the transaction stage, the transition may only take place if the procurement of the toll road business entity **has failed and the GCA has declared its termination**.

Art. 36 MoPW Reg. 2/2026

Unsolicited → Solicited

May occur, among others, where:

At the preparation stage

- Prospective proponent withdraws its proposal;
- Approval of unsolicited proposal is revoked or deemed invalid;
- Proponent status is revoked;
- Feasibility Study is declared not accepted; or
- There is a policy change to accelerate priority or strategic projects.

At the transaction stage

- The proponent withdraws before procurement commences;
- Procurement fails and the GCA declares its termination; or
- The proponent status is revoked.

Art. 37 (4) and (5) MoPW Reg. 2/2026

Built-in safeguards

In carrying out a transition, the GCA must take into account the mitigation of the risks of **wasting state finances** and **unfair business competition**. Where an unsolicited project reverts to the government, the GCA may use the business entity's initiative documents.

Art. 37 (8) and 38 (1) MoPW Reg. 2/2026

Key takeaway: initiatives are no longer locked into their origin. A stalled project can be handed over or taken back rather than left dormant, provided the transition delivers better value and is properly safeguarded.

SUMMARY

1

Regulatory Reset: From "Initiative Approval" to a PPP-Oriented Framework
MoPW Reg. 2/2026 marks a fundamental shift in the regulatory framework for unsolicited toll road projects by placing them within a more structured PPP framework**.** It broadens and clarifies the regulatory scope, moving beyond the initial approval of project initiatives to address project initiation, preparation, evaluation, and the transfer of project initiatives. These changes provide a clearer process for business initiators, strengthen regulatory certainty, and support more structured project development.

2

New Eligibility and Financial Feasibility Test
MoPW Reg. 2/2026 recalibrates the entry requirements for unsolicited toll road projects. Sections not yet listed in the National Road Network General Plan may still be proposed under specific conditions, and the financial feasibility threshold shifts from WACC + 2% to above WACC, coupled with a new bankability requirement. The yardstick thus becomes more flexible numerically, but more lender-oriented.

3

Stronger Screening of Sponsor and Institutional Governance
MoPW Reg. 2/2026 strengthens the initial screening process for unsolicited toll road proposals through a more comprehensive assessment of project feasibility, financial capacity, business entity experience, and consortium governance. The addition of assessments on network and spatial plan consistency, construction cost reasonableness, and *Value for Money* also shows that the evaluation now focuses not only on project viability, but also on the appropriateness of the PPP scheme and the readiness of the prospective proponent.

4

Longer Preparation, But Much Higher Project Readiness
MoPW Reg. 2/2026 introduces a longer project preparation period and more defined evaluation timelines, allowing business initiators more time to prepare the required technical, financial, environmental, and land acquisition documents. Clearer preparation milestones and a more structured document evaluation process are intended to improve project feasibility, document completeness, and overall project readiness before proceeding to subsequent development stages.

5

Feasibility Study Is No Longer Just About Feasibility
MoPW Reg. 2/2026 turns feasibility studies into transaction-ready documents. The preliminary study now covers construction cost reasonableness, qualitative Value for Money and the PPP institutional arrangement, while the Feasibility Study adds quantitative Value for Money, scheme and financing recommendations, asset status, a draft Toll Road Concession Agreement and disclosure of proponent-owned land.

6

More Market Testing, Clearer Validity and Stronger Procurement Readiness
MoPW Reg. 2/2026 also strengthens the project preparation stage leading to procurement through a more structured final evaluation process, mandatory *market sounding* and public consultation, clearer validity periods for unsolicited proposal approvals, and defined readiness criteria prior to procurement. These provisions are intended to ensure that only projects with sufficient technical, regulatory, financial, and institutional readiness may proceed to the procurement stage.

7

Compensation, Land Risk & Initiative Transition
MoPW Reg. 2/2026 establishes a more comprehensive framework for unsolicited toll road projects by clarifying compensation mechanisms for Project Initiators, allocating land acquisition responsibilities and risks, and providing procedures for the transfer of project initiatives. These provisions strengthen legal certainty by protecting the interests of Project Initiators, ensuring clearer risk allocation, and maintaining project continuity when an initiative cannot be carried forward by its original initiator..

8

The Biggest New Feature: Transition of Initiatives
MoPW Reg. 2/2026 introduces an explicit two-way transition between solicited and unsolicited projects. A government project may shift to a business initiative where the proposal offers more innovation, better Value for Money or better feasibility, while an unsolicited project may revert to the government where, among others, the proponent withdraws or loses its status, the Feasibility Study is not accepted, or procurement fails.

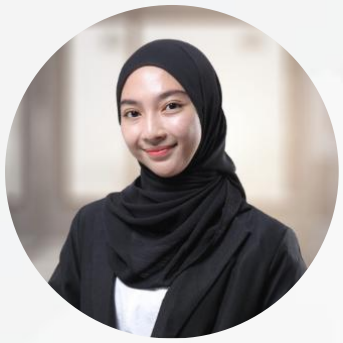
We will continue to follow the developments on this topic and provide additional information as it becomes available. If you have any questions on this topic, please contact:



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