

INFRA-FISCAL RADAR · WEEKLY

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Nobody finances a power plant. They finance your promise to buy from it.

Every power and water PPP is a bet on one signature: **the buyer's**. Almost everywhere, that buyer is the State — or a utility the State will end up standing behind.

So the choice was never whether to back the buyer. **It is whether to price it before signing, or pay for it after.** This week: a budget paying a third of a utility's revenue. A Treasury paying a buyer's bills. And two water buyers built so well the market lined up.

Austral Fiscal & Infrastructure Intelligence · drawn from public reporting, with the Austral research series referenced throughout.

INDONESIA · PAYING FOR POWER IT DOES NOT DISPATCH

The contract said take-or-pay. The utility took the risk. The budget took the bill.

Private generators sell to the state utility, PLN, under **take-or-pay clauses** that require it “to pay for a minimum contracted amount of power whether or not it dispatches electricity”. A 2015 plan for **35 GW** helped build a surplus that runs to about 2028. The tariffs PLN charges are held below cost.

32.5% of PLN’s revenue in 2024 came from the State — public-service obligations and compensation. **The buyer behind the buyer is the taxpayer.**

Take-or-pay worked exactly as designed. Lenders got a revenue line they could bank. The demand risk did not disappear — **it moved to the one party that could not refuse it.**

A take-or-pay clause is debt with a different name. Book the minimum payments before you sign them: their present value, as a contingent liability of the State behind the buyer, against an independent least-cost plan.

[Austral papers](#) → *The Recognition Rule · Stress-Testing PPP Portfolios*

COLOMBIA · THE BUYER THAT STOPPED PAYING

The State ran the buyer. The generators financed it. Now the Treasury pays.

Air-e serves 1.4 million customers on the Caribbean coast. The State has run it since September 2024. It kept buying electricity. It stopped paying for it.

Creditors were told not to cut it off. The generators carried the bill — until a budget bill listed in Congress on 25 September.

COP 1.2 tn 1.2 *billones* moved within the 2026 budget, paid straight to the generators — with electricity-market debts at COP 4.06 tn, more than six times higher in under two years

The bill's own words: the debt became “a **forced transfer of risk**” onto the country's generators. And its own rule: if a buyer cannot be cut off, **it falls to the State to provide the source of payment.**

If you won't let the buyer be cut off, you are its guarantor. Fund that guarantee the day you suspend the remedy — a ring-fenced liquidity line sized to months of purchases — and book what the buyer owes as the State's debt from the first unpaid invoice.

Austral papers → The Third-Party Guarantee Decision · The Recognition Rule

SAUDI ARABIA · HOW TO BUILD A BUYER

The hardest asset in water. Five bidders. The buyer belongs to the Ministry of Finance.

Wastewater is where water PPPs usually stall: someone has to pay for treating it. On 28 September SHARAKAT, the State's water-partnership company, received bids for the Riyadh East plant — **200,000 m³ a day**, 25 years, build-own-operate-transfer. One buyer. Standard contracts. Owned by the Ministry of Finance.

5 consortia competing for one sewage-treatment contract.
Competition is what a credible buyer buys.

Then it shows its hand. On its last award, a pipeline to Qassim, it published **every bidder's price**: 2.627 SAR/m³ for the winner, 3.262 and 3.324 for the rest. The winner, almost a fifth below the runner-up — in public.

Build the buyer first. Then let the market see the price. A creditworthy programme buyer turns the hardest asset into a contest. Publishing every bid, and the stock of purchase commitments in the fiscal-risk statement, keeps it honest.

[Austral papers](#) → *From Gatekeeper to Orchestrator · Stress-Testing PPP Portfolios*

SOUTH AFRICA · MAKE THE BUYERS OWNERS

Don't wait for the buyer to pay. Make it put up half the money.

The Olifants bulk-water scheme in Limpopo is owned through a water user association: **government and the mines that need the water, 50:50**. Stage 1 — R8.5 billion of pipelines, pumps and treatment works — closed in December. The buyers are not a promise on paper. They are co-owners.

50:50 public and private funding of Stage 1. The buyer's credit risk shrinks when the buyer's own capital is in the pipe.

On 25 September the Treasury signed the State's half: **USD 200 million** from the New Development Bank, 11 years, SOFR plus 0.985%. Good money. One thing left to price: a floating dollar loan behind a service paid in rand.

The best payment security is a buyer with skin in the asset. And the State's half deserves the same discipline: report the loan's exchange-rate and interest-rate exposure, and recover the public share on the same basis as the private one.

[Austral papers](#) → *The Silent FX Liability · PPP Feasibility Framework*

GLOBAL · THE PRICE OF A SIGNATURE

Half of what you pay for solar power is the price of trust.

The IEA's *World Energy Investment 2026*: in emerging and developing economies, capital costs at least twice what it costs in advanced ones. And it is **at least half** of the levelised cost of solar power — against a third in advanced economies and China.

1/2 of the cost of solar power in emerging economies is the cost of capital. **Not the panels. Not the land. The price of trust.**

Water says the same. In a World Bank model of an Egyptian desalination plant, cheaper debt and a well-used guarantee cut **USD 0.13 per m³** from a cost of 0.93 — **more than economies of scale**. Fix the financing and you beat building bigger.

The cheapest kilowatt-hour a finance ministry can buy is a credible buyer. A guarantee, a payment-security account, a creditworthy single buyer: price it, cap it, publish it — and set it against the tariff it saves.

[Austral papers](#) → *The Third-Party Guarantee Decision · The Viability Gap Is an Output*

THE THROUGH-LINE

Your PPAs are promises from the State. Price them before you sign.

Indonesia paid for the buyer in the budget. Colombia, in the generators' balance sheets. Saudi Arabia, in a buyer the market trusts. South Africa, in the mines' own money. **Someone always pays for the buyer. The only choice is when — and whether you knew the number.**

VfM
value for money

Set the guarantee against the tariff it saves: the buyer's credit is a cost line, not a given.

FARO
PPP fiscal risk

Price take-or-pay and purchase commitments as contingent liabilities before signature, under a published ceiling.

GFS
accrual
accounting

Book what a state-run buyer owes from the first unpaid invoice, and the State's share of co-owned assets.

Thursday: *Why the PPP and Not the Programme* — why the sustainability rules written for PPPs never reached the rest of public investment.

PAPERS, MODELS & FARO

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