

## Implementation of Government and Business Entity Cooperation in Accelerating Public Works and Public Housing Infrastructure

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### Abstract

This study analyzes the Financing of Infrastructure Implementation, Impacts and Problems in Infrastructure Implementation, Proposals, and Recommendations in Infrastructure Implementation in Cooperation between the Government and Business Entities in Accelerating Public Works and Public Housing Infrastructure. The research method uses a descriptive qualitative approach, which describes the phenomena that occur in the research field. The collection technique is through interviews with several informants and ministry staff and field observations to observe things in the area that are by the research focus. Documentation studies include books, archives, and important and official meeting notes. Conclusion Infrastructure development is a priority in Indonesia, as a funding and budget factor from the Ministry of PUPR. Infrastructure development in 2020-2022 will reach IDR 888 trillion. The funding comes from the state expenditure revenue budget and the regional expenditure revenue budget as investment capital in the field of infrastructure. Part of the infrastructure financing is from creative innovation financing through government cooperation schemes and other business entities. It is regulated through Presidential Regulation No. 38 Concerning Cooperation between Government Agencies and Business Entities. The Government's fiscal funding reaches approximately 73%. While funding from state-owned enterprises is about 21%, and from private financing is about 42%.

**Keywords:** Implementation, Government Cooperation, Infrastructure

### 1. Introduction

The Ministry of Public Works and Public Housing administers government affairs in public works and public housing.

Infrastructure in Public Works and Public Housing (PUPR) has an important role in developing the country's economy and even influences the quality of Human Resources (HR), which becomes superior. [Alfian, B.M. \(2022\)](#). Therefore, it is necessary to accelerate infrastructure development; efforts can be made to expedite PUPR infrastructure by collaborating between the government and business entities. There are several objectives to be

achieved through cooperation between the Government and business entities, namely realizing the provision of quality, efficient, effective, on-target, and timely infrastructure.

Cooperation between the Government, and business entities is one of the important sources that ensure that creative financing flows are not only sourced from government funds but can also work with non-government and also government agencies that can provide guarantees for all in building creative financing. [Yansri, O. P. \(2021\)](#).

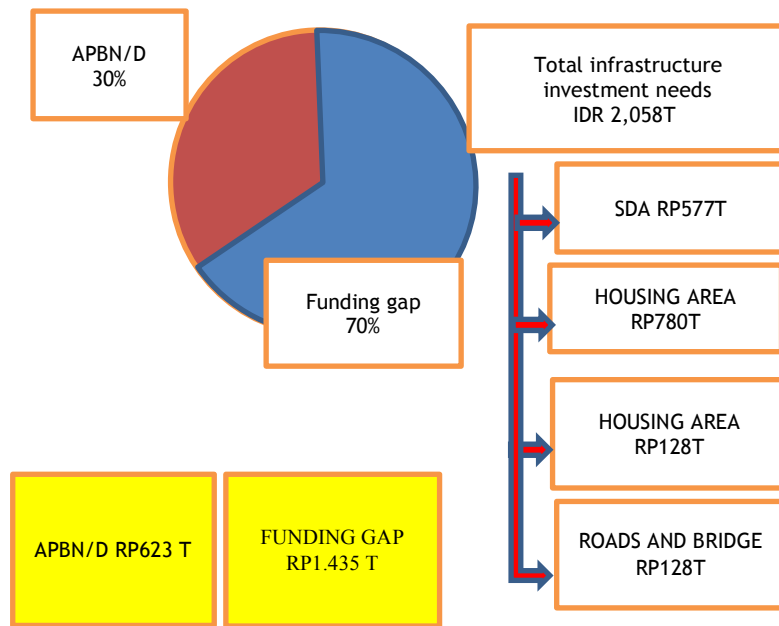


Figure 1. Infrastructure Investment Needs 2020-2023

It should be noted that the APBN budget is very limited. [Hasrul. \(2017\)](#). The APBN does not have limits, but it must be conditioned to maintain the quality of the APBN and APBD budgets and continue to provide sustainable funding support for infrastructure development, both from the central Government and regional governments.

## 2. Research methods

The research design uses a normative qualitative approach; the data used has been collected on primary and secondary data, which are analyzed to obtain research results that can be tested scientifically.

Descriptive analysis, namely research that clearly and accurately describes or describes the data that has been validated.

### 2.1. Data collection technique

As for data collection empirically and theoretically, namely, research using field observations, interviews, and documentation studies as explained below:

- a. Research Documentation studies are conducted by examining library materials or secondary data. This research was conducted to identify and research focus literature such as books, scientific works, and literacy related to this research.
- b. Field observations were carried out by going directly to the field to obtain accurate data at the research location, which was adjusted to the problems in this study.

- c. Interview with PUPR staff volunteers in handling infrastructure work to obtain valid data as primary data

## 2.2. Data analysis

Data analysis in government employment research that can be used includes the following,

- a. Data reduction is selecting, analyzing, simplifying, and transforming data into valid data. The data obtained from observations and interviews with informants were then adjusted according to research needs. Based on the research focus
- b. The display of the analyzed data is designed to determine the type and form of data displayed in the form of explanations, charts, diagrams, statistics, flow charts, and so on.
- c. Concluding processing the data, it is possible to draw several conclusions, which include important information and data in this study.

## 3. Results and Discussion

### 3.1. Funding Funding for the Implementation of Cooperation between the Government and Business Entities in the Acceleration of PUPR Infrastructure

Infrastructure development is a priority for the Government in economic development in various countries. The availability of infrastructure development budget from 2020-2024 reaches IDR 888 trillion; the infrastructure development is funded not only by the APBN or APBD but faced with the problem of limited funding to finance infrastructure investment capital. Sources of infrastructure financing can be taken from creative financing (creative financing). [Noor, M. H. \(2016\)](#). One is through the cooperation scheme, which has been regulated in Presidential Regulation No. 38 Concerning Cooperation between Government Agencies and Business Entities in Provision of Infrastructure. The Government's fiscal funding accounts for 73 percent of this need. There is also funding from BUMN participation of 21 percent and the private sector at 42 percent.

In this case, government officials, especially the Ministry (PUPR) at the central and regional levels, are increasingly encouraged to involve business entities and BUMN. [Kurnia, T. \(2019\)](#). In infrastructure development, priority is given to infrastructure that achieves commercial feasibility where business entities can be interested in being involved. In its implementation, there are still many problems, namely:

- a. Global Issues. Many long-term financial institutions worldwide also refrain from investing in developing countries due to fears of political risk getting out of hand. Many other infrastructure companies have financing problems for projects in emerging markets.
- b. Problems in Government and Society. The Government cannot finance itself, especially due to the physical constraints due to the impact of Covid-19, which has significantly slowed down public investment in infrastructure because it is focusing its limited resources on overcoming the pandemic. [Maulana, R. M. \(2021\)](#). The journey has been further complicated by the effects of wars between Russia and Ukraine, concerns over energy security, and rising commodity prices. The Government and society, in general, still think negatively of the ability of business entities to provide infrastructure. This problem triggers discomfort for business entities in carrying out investment activities in building PUPR infrastructure, which the Government and society should be guided. The Government needs to adjust

- financing to attract national and foreign investments that can provide infrastructure financing. This is the Government's full attention so that investors are not distracted by issues that do not positively impact infrastructure development.
- c. Business entity problems. Business entities often also think negatively of the Government in making regulations for business entities so that business entities are not interested in the existence of these laws. [Sugiarto, C. E. \(2019\)](#). This also has the potential for disharmony between the Government and business entities in the framework of accelerating PUPR infrastructure development. Business entities should be guided by the rules as stipulated in Article 32 Paragraph (2) Letter E of the PPP Presidential Regulation, which states that the PPP agreement at least contains provisions regarding rights and obligations, including risk allocation.
  - d. The Financing Gap problem is an obstacle to infrastructure development in Indonesia, so it is urgent to seek funding from outside the Government. One effort that can be made is to invite business entities to cooperate so that they want to give their money as an investment so that there is a mutualistic relationship between the Government and business entities. The Government can implement ways to attract business entities to invest in infrastructure development, such as by giving shares to business entities in infrastructure projects, providing business entities with freedom of rights over infrastructure, and guarantees from the Government so that these business entities can develop.

### **3.2. Impacts and Problems in the Implementation of Government and Business Entity Cooperation in the Acceleration of PUPR Infrastructure**

There needs to be more funding for PUPR infrastructure financing, especially in the Ministry of PUPR institutions, which often rely on government funding and in the use of certain infrastructure facilities. It also causes public capability or affordability, which can be a major concern in influencing a species to be developed. [Aslamiyah, S., Haryono, B. S., & Rozikin, M. \(2014\)](#). Therefore, the Ministry of PUPR is currently doing the same as the sectoral ego. In solving the existing problems, they cannot be resolved optimally, and public affordability is one of the limitations for accelerating the increase in PUPR infrastructure development. Because the MPWH ministry relies on government funding, which has a very limited budget for the use of infrastructure in certain infrastructure funding. Public investment in infrastructure also positively affects achieving highly strategic infrastructure financing that results in development that creates economic benefits.

### **3.3. Proposed Recommendations in the Implementation of Cooperation between the Government and Business Entities in Accelerating PUPR Infrastructure**

The Government must be able to attract the attention of business entities so that they want to participate in infrastructure development with a mutually beneficial relationship. Therefore, the Government must be wise, competent, and always transparent with parties from business entities. The business has three stages: planning, preparation, and transaction. [DJPPR Ministry of Finance. \(2018\)](#). At the planning stage, it is better to have careful discussions between the two parties, the government and business entities, by preparing a budget, identifying, making decisions, and compiling a list of plans.

Cooperation between the Government and business entities has great potential for accelerating PUPR infrastructure development. The Government can regulate society and use taxes wisely to build business entities that participate in investing their money so that the investment money can be profitable for business entities if infrastructure development is

carried out. [Deborah, P. \(2021\)](#). There are several alternative infrastructure funding considering that in the future, infrastructure development will increase in the amount that must be built, while the Government's budget is very limited. Therefore there are several options made by the Government.

- a. The Government must issue new bonds for long-term infrastructure funding
- b. local investment, or multinational investment must be involved in developing infrastructure funding financing.
- c. The Government must cooperate with multilateral development banks, including the World Bank and the Asian Development Bank, to encourage infrastructure development.
- d. Understand how infrastructure equity investors generate returns, what sustainable infrastructure is, and the space that can be invested.
- e. Understand how Bank debt provision, multilateral approaches to infrastructure financing, and project investment life cycle from in to out.

#### **4. Conclusions and Suggestion**

##### **1. Conclusion**

Based on the results of the research and discussion regarding the implementation of Government and Business Entity Cooperation in the Acceleration of Public Works and Public Housing Infrastructure, conclusions can be drawn which include the following:

- a. Infrastructure development is a priority in development: economic factors and budget availability. Infrastructure development by the Ministry of Public Works and Public Housing from 2020-2022 will reach IDR 888 trillion. The funding comes from the APBN and APBD, in funding for financing from infrastructure investment capital. Sources of infrastructure financing can be taken from creative financing. Government fiscal funding reached 73%. There is also funding from BUMN participation of 21% and the private sector at 42%.
- b. The impact of limited funding for PUPR infrastructure financing at the Ministry of PUPR is funding from the Government and the use of certain infrastructure facilities. This also causes public incapacity to become unreachable, which is a concern for influencing infrastructure development. The Ministry of Public Works and Public Housing performs sectoral issues in solving problems—limits for accelerating PUPR infrastructure development. The PUPR Ministry relies on funding from the Government, which has a limited budget. Infrastructure investment also positively impacts achieving strategic infrastructure financing that results in highly beneficial development.
- c. Cooperation between the Government and business entities has great potential for accelerating PUPR infrastructure development. The Government can regulate development for the community and utilize taxes in building and cooperation with business entities so that these investments can be profitable. There are several alternative infrastructure funding; infrastructure development is increasing, while the government budget is limited.

##### **2. Suggestion**

Based on the discussion results and conclusions regarding implementing Government Cooperation with business entities. In the Acceleration of Public Works and Public Housing Infrastructure, it can be recommended in the form of suggestions, namely as follows:

- a. For the Government, it should cooperate with the Ministry of Public Works and Public Housing and other business entities to accelerate infrastructure development that can boost the economy of Indonesia
- b. For the Ministry of Public Works and Public Housing to carry out infrastructure development, it is better to review it comprehensively so that the products produced are truly useful and not stalled.
- c. The general public and those with community interests in infrastructure development should pay more attention to overseeing the product's progress so that there are no deviations, which can be detrimental to all parties, both the Government and the community.

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