

# Regional Government Cooperation with Business Entities for Efficiency in the Public Street Lighting Sector for the Potential to Increase Purwakarta Regency's Original Regional Income

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## Abstract

This research aims to analyze the implementation of Regional Government Cooperation with Business Entities (KPBU) in the Public Street Lighting (PJU) sector in Purwakarta district. The method used in this research is a qualitative method with a descriptive approach with secondary data from books and other sources that support the discussion of this research, as well as media and internet documents, included in the data category. This research shows that if government collaboration with PPP is successful, several things must be considered. Relationships, resources, networks, organizations. In other words, this collaboration is strategically important for both parties. parties and must complement each other, information from both parties must be considered and maintained. Mutual trust is important, especially the efficiency of PJU costs/budgets in the APBD. The implementation of the PPP policy is included in the category of complex cooperation because the mechanism for payment of services is based on payment from savings, the Government does not bear the initial costs (no investment) and does not bear the risk of state losses (zero risk). PPP scheme PJU business entities with unsolicited projects have so far not found any potential complaints or indications of state financial losses because so far they have still complied with the precautionary principle.

**Keywords:** *Regional Government Cooperation with Business Entities (KPBU), Public Private Partnership (PPP), Public Street Lighting (PJU).*



## A. INTRODUCTION

The relationship between infrastructure development and macroeconomic growth is reciprocal, infrastructure development drives economic expansion through a multiplier effect, and economic expansion forces the development of existing infrastructure to increase the flow of goods and people circulating or circulating throughout the economy (Maksum et al., 2020; Hadi & Supardi, 2020; Dzigbede et al., 2020). The central government provides opportunities for regional governments to develop and advance development in the regions, one of which is through Public Private Partnership (PPP) or government collaboration with business entities (KPBU) in providing infrastructure in the form of technical, physical, system, hardware and software facilities. necessary to provide services to the community and support structural networks so that the economic and social growth of the community can run well (Tyukhtenko et al., 2019; Epinina et al., 2020).

(Marques & Berg, 2009), (Li et al. 2021), and (Wang et al., 2022) stated that public-private partnerships aim to improve the quality and quantity of products, it is hoped that people will be more satisfied as customers. One form of private partnership in the public sector is a public-private partnership, abbreviated as KPS or public-private partnership, or abbreviated as PPP or P3. Both central government, regional government and private partners. An analysis of the effectiveness of local original income is carried out to get an idea of the regional government's ability to achieve the local original income targets that have been set. Purwakarta's original regional income (PAD), in the revised APBD for the 2022 fiscal year, is targeted at IDR 695,611,580,200 with the realization reaching IDR 561,927,757,652 or 80.78% of the target that has been set, where the regional tax sector is the main contributor, namely amounting to 59.41 percent of PAD.

This achievement cannot be separated from innovation in regional tax services. Target, realization and contribution of each PAD details (PURWAKARTA, n.d.). Energy conservation in Street Lighting Equipment (APJ) infrastructure is carried out by increasing the efficiency of energy use, in this case the use of electrical energy which is in line with reducing the emissions produced. The efficiency carried out is related to Presidential Instruction (Inpres) no. 13 of 2011 concerning Energy and Water Savings where there is a policy of saving 20% on electricity. Regarding the use of PPP for APJ projects, this is regulated in VAT Ministerial Regulation No. 2 of 2020 Article 3 paragraph K where energy conservation infrastructure that can be collaborated with the PPP scheme is public street lighting and/or energy efficiency (Ministry of Finance, 2023).

Public Street Lighting (PJU) is public and public facility infrastructure provided by the government to the community with the aim of preventing bad events such as accidents and crime (Painter & Farrington, 1999:117). Therefore, the government is responsible for meeting these street lighting needs. It is indeed realized that, in an effort to meet the ideal needs of PJU public facilities, many problems and challenges are also encountered as mentioned in previous research as follows. Studies related to PJUs have been carried out, including in DKI Jakarta Province by (Al Irsyad, Wintolo, & Hartono, 2010:91) who gave the answer that there are real steps that can aim to reduce costs in the Public Street Lighting sector (Nancy, 2016).

A study has been conducted for areas such as Tomohon Regency, finding that PJU taxes can make the biggest contribution if activities are carried out to increase power and increase the number of electricity customers. Apart from real steps to reduce PJU costs and contribute to PJU taxes, other technical studies, such as those carried out by (Mardikaningsih, Sutopo, and Astuti, 2016), found that solar energy-based PJU technology can produce savings and that PJU metering arrangements also can generate savings (Effendi & Razonta, 2015; Cheng et al., 2021; Kassen, 2022).

The development of partnership theory develops metrics to more effectively influence partnerships or relationships, resources, networks, and organizations by increasing capital and reducing shared risks, achieving partnerships between the public and private sectors will strengthen countries' capacity to develop innovative

solutions, reduce costs and time, divert risks to the private sector, and sharing knowledge, experience and technology (Uhlik, 2007; Liu et al., 2020; Nani & Ali, 2020; Sisaye, 2021). Study of cooperation issues to provide legal certainty for the business world and other stakeholders in regional and national economic development. Therefore, this research concentrates on the implementation and obstacles to regional government cooperation with energy conservation-based companies in the public street lighting sector.

## **B. METHOD**

The focus of the research is an explanation of the public private partnership model implemented in Indonesia, Purwakarta district. So that the focus is understood thoroughly and in depth using a qualitative approach. Types of secondary data: data from media documents and the internet is the type of data used by writers. Apart from that, this information was obtained from books and other literature sources that support this research topic. Survey method, which is collected and matched with literature or theory about public-private cooperation. Data Analysis Method: The author uses a descriptive analysis method, Sugiyono (2017) states that descriptive analysis is a type of data analysis where the data collected is described or described and concluded in general terms or generalizations, what is meant here is only related to the application of the public private model partnership in aspects of service and provision of public goods, Purwakarta Regency. The qualitative data analysis was carried out in several stages, namely (1) data preparation; (2) data classification; (3) data processing; and (4) interpretation or conclusion.

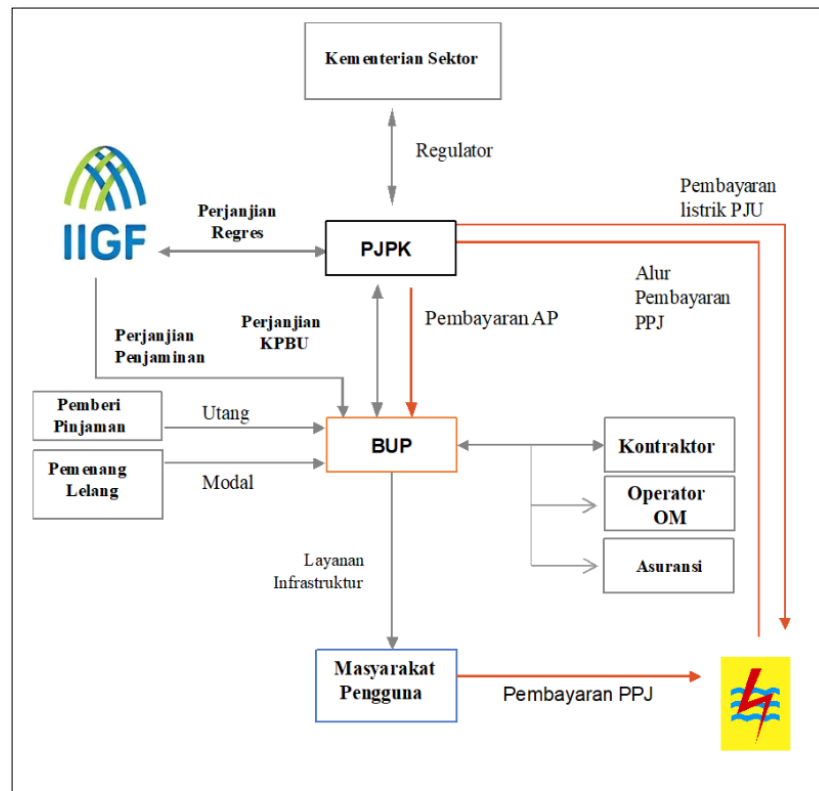
## **C. RESULT AND DISCUSSION**

Regional Government Cooperation Partnerships with Business Entities (KPBU) must be carried out in a proportional manner, and all parties involved must work together to achieve the goal of the partnership, namely high quality public services. Cooperation between regional governments and business entities has also been regulated in Law No. 23 of 2014 concerning Regional Government, where regional governments may carry out mutually beneficial cooperation with business entities. Energy conservation PPP itself is one of the mandates of Presidential Regulation No. 38 of 2015 concerning Cooperation between Regional Governments and Business Entities in Providing Infrastructure.

### **Street Lighting Project Scheme Plan (APJ)**

The use of the PPP scheme in the APJ project will provide several advantages compared to the CGP scheme. Apart from providing an alternative project procurement, the PPP scheme will provide positive value for money (VfM) for the CGP scheme by reducing costs for the Government due to several things such as saving electricity usage because the project is completed more quickly and efficiency in operating and maintenance costs . Apart from that, the PPP scheme allows for risk

transfer to the private sector (BUP) so that risks can be managed by the right parties. Following is the PPP flow:



**Figure 1. PPP structure for the Street Lighting Equipment project**

Source: <https://kpbu.kemenkeu.go.id/read/47-1269/umum/kajian-opini-publik/infrastruktur-alat-penerangan-jalan-daerah>

The Implementing Business Entity (BUP) is a business entity specifically formed to carry out project activities from construction to the return of Street Lighting Equipment assets at the end of the concession period. The BUP is formed by the business entity that wins the auction held by the PJKK through the Procurement Committee and will sign a PPP Agreement with the PJKK. BUP can do things that support the implementation of the APJ project, such as collaborating with contractors and operation & maintenance service providers.

The investment return scheme for the APJ PPP project uses the Availability Payment (AP) scheme where the PJKK will make payments to BUP periodically. One source of income for AP allocation for the APJ project comes from Street Lighting Tax (PPJ). PPJ will be quoted by PLN from the public which will then be paid to PJKK. AP payments will be adjusted to the performance of services provided by BUP. It should be emphasized that schema.

Government support for the APJ project can also be provided in the form of a guarantee for the project. The government through PT. PII (IIGF) acts as an entity that provides guarantees and also plays a role in improving creditworthiness, especially the bankability of the APJ project for investors/creditors. PT. PII will guarantee the fulfillment of PJKK's financial obligations through a Guarantee Agreement with BUP and a Regress agreement with PJKK. The running of an APJ project will of course be

faced with several challenges. There are several things that need to be considered in the APJ PPP project implementation process:

1. Investment return schemes that use the AP scheme require support from the DPRD so coordination between the PJKP and the team with the DPRD needs to be strengthened. DPRD support as outlined in Regional Regulations regulates AP payments which include the amount of budgeted allocation of funds for APJ projects, licensing and utilization of regional assets, and regress payments.
2. The accuracy of the number of poles/lights within the scope of the PPP is crucial because it is related to the amount of AP allocation required. Fund allocation for the AP scheme requires approval from the DPRD so that uncertainty in the calculation of light points will cause changes in the AP amount and it will take a lot of time to coordinate again with the DPRD regarding approval of the AP budget allocation.
3. Calculation of light points related to point number 2 should be carried out by the GCA. In the event that the PJKP receives PDF facilities, the PDF consultant will only verify and inventory the light points.
4. In the case of APJ projects within the scope of a city or district, the Governor's approval is required regarding the Governor's consideration of the AP scheme and the use of assets on provincial roads (if assets on provincial roads are included in the project scope).
5. PJKP needs to coordinate with the Ministry of Transportation to obtain support and approval if the project scope includes the construction of APJ poles on National roads.
6. Coordination with PLN needs to be carried out regarding support for the project. The support provided can be in the form of providing and installing kwh meters (meterization), approval for the use of PLN's poles as APJ point placements during the collaboration period, and assistance/assistance related to forecasting regional PPJ revenues.
7. Forecasting PPJ revenues can be used by PJKP as a reference for determining APJ project scope priorities in accordance with regional revenues. Prioritization of the project scope is carried out to determine the APJ points that have the most impact, fulfill the principle of reliability, and prevent excessive burden on regional finances.
8. The quality of lighting from lamps needs to pay attention to standards from SNI and Minister of Transportation Regulation 27 of 2018. Using lamps that do not comply with standards will reduce the lamp coverage area (illumination is not optimal) so that the principle of evenness is not fulfilled properly.

### **Factors inhibiting the implementation of Purwakarta Regency Regional Government Cooperation (KPBU)**

With all the positive attributes of the PPP scheme plan as mentioned above, there is optimism for this scheme to be able to support the implementation of this

collaboration project. However, learning from the experience of implementing the PPP scheme so far, the implementation of PPP in the District. Purwakarta also faces many challenges or obstacles that need to be resolved. There are several factors that can become obstacles in implementing cooperation between local governments and business entities in the field. Here are some of them:

1. Relationship

- a. Differences in Interests: Local governments and business entities may have different goals and interests in the collaboration. These differences can hinder the decision-making process and hinder the progress of projects or joint initiatives.
- b. Conflict of Interest and Ethics: The existence of a conflict of interest between government officials and business entities can disrupt integrity and transparency in the implementation of cooperation. Poor ethics or acts of corruption can damage trust between the parties involved and hinder project progress.
- c. Corruption and Collusion: Corruption and collusion practices in government can become serious obstacles in the implementation of cooperation. Corruption can harm state finances, damage the integrity of the government, and disrupt the progress of projects.

2. Resources

Limited Resources: Limited human resources, who are competent in their fields and inadequate infrastructure in local governments can be obstacles in managing collaboration with business entities. Which slows down the process of decision making, project implementation, and fulfilling the obligations of each party (participation in decision making), leadership skills, the culture of the organization, frequent changes in rules. Personnel and Regional Government Organization.

3. Organization

- a. Unclear Regulations and Policies: Unclear regulations and policies related to cooperation between local governments and business entities which complicates the negotiation and implementation process of cooperation. Legal uncertainty can hinder the private sector's interest in getting involved in this collaboration.
- b. Bureaucratic Complexity: Complex and lengthy bureaucracy in local government can complicate the licensing, procurement and implementation of collaborative projects with business entities. The length of time required to complete administrative processes can hinder project progress.
- c. Community or Local Stakeholder Resistance: Disapproval or resistance from the community or local stakeholders towards collaboration projects with business entities can be a serious obstacle. Lack of public support can hinder project implementation and create detrimental social conflicts.

## D. CONCLUSION

Based on the analysis results that have been presented, "Plan and realization" refers to planning an action or project, and then implementing it according to the plan. This is a common concept in management, strategic planning, and goal fulfillment in both individual and organizational contexts. The process begins with planning the steps that need to be taken to achieve a specific goal. This involves setting clear goals, evaluating available resources, identifying risks that may arise, and designing strategies to overcome those challenges. The next step is to implement the plan. It involves implementing carefully planned steps, managing resources efficiently, and overcoming obstacles that may arise during implementation.

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