SMALL-SCALE PUBLIC-PRIVATE PARTNERSHIP: CHALLENGES IN PROJECT ASPECTS AND CONTEXTUAL CONDITIONS IN ACHIEVING REGIONAL INFRASTRUCTURE DEVELOPMENT

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ABSTRACT

Local, small-scale PPP projects are relatively closer to meet end-user needs. However, the project in the regions face challenges in terms of determining project costs and coverage and also managing political risks due to the vulnerability of local leadership patterns. Viewed from the project aspect, the larger project costs as the wider project scope proposed by the government and project complexity technicalities are obstacles to project success. The Madiun Street Light project proves the evidence. It has a lower cost, complexity and project scope than the Medan Street Light project. The condition makes the Madiun project complete the project in 2023, 3 years from project initiation. Meanwhile, Medan City project, which started preparation in 2015, stuck in the preparation stage. Furthermore, the project contextual conditions namely political factors are the main concern of the Madiun government. The Regent of Madiun is strongly committed to pushing the project to reach commercial operations before the change of regional leadership. This is different from the Medan City, which had its preparation stopped in 2018, so there is potential for policy changes when regional leaders are replaced. Moreover, non-political factors such as the existence of the Central-Local Financial Relation Law also support the success of the Madiun project, as one of the driving forces for accelerating the Wilis Region as stipulated in Presidential Decree Number 80 of 2019. In its development, the stipulation of Bappenas Ministerial Regulation Number 2 of 2023, opens up wider space for regional governments to use the PPP scheme for small-scale infrastructure development projects.

Keywords: Small-Scale Public-Private-Partnership, Regional Infrastructure, Street Lightning, Project Aspect

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