

A Qualitative Study: Critical Success Factors of Public Private Partnerships in Indonesia

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Abstracts: This research aims to analyze the Critical Success Factors (CSF) of Public Private Partnership (PPP) Indonesia that are very significant due at the ontological level and sociological level. The problem is very interesting to be analyzed by conducting qualitative research method. Data were collected through indepth interview, documentation and observation. Data were analyzed by using data reduction, data display and data verification and supported by triangulation. The results are categorized into several themes. Based on these results as per ontological level and sociological level are useful for improving Public Private Partnership policy and practice and providing information to stakeholders related as inputs for making better regulation on Public Private Partnership as well as for public officials and practitioners.

Keywords: Public policy, Public private partnership, Critical success factors.

1. INTRODUCTION

Issues and problems of Public-Private Partnership are unique in two aspects are the function and the core. The PPP management unit in Indonesia is not under one clear authority but is spread across several agencies/institutions, namely under National Development Planning Agency, under the Coordinating Minister for the Economy, and under the Ministry of Finance. Indonesia is the country with the 16th largest economy in the world in 2016. Indonesia's per capita income is predicted to increase in 2025 to be ranked 12th in the world. In accordance with this prediction, the Indonesian economy will enter the group of countries with the category of high income country in 2025 although this condition will greatly depend on the development of infrastructure development in Indonesia [1].

This study aims to analyze Critical Success Factors of Public-Private Partnership based on public policy perspective. The novelty in this research related to critical factors in policy making and implementing Public-Private Partnership. In an effort to contribute to science, this study is unique, because it discusses the development of the PPP scheme in Indonesia from the perspective of public policy, especially on several main aspects that are very influential in the successful implementation of PPP in Indonesia. These aspects consist of the government administrative system, legal system, market system, and institutional arrangement of dedicated PPP units, which are discussed in relation to the relationship based on a qualitative approach regarding the critical success factors of PPP implementation in Indonesia through in-depth interviews conducted with stakeholders of the PPP scheme consisting of: from PPP actors and industries supporting PPP schemes in Indonesia.

1.1. Background

According to the Ministry of National Development Planning in 2015, the Indonesian government can only cover roughly 60% of the total value of infrastructure needs through the State Budget and assignments to State-Owned Enterprises. The government normally covers the budget shortfall with foreign loans in traditional infrastructure financing projects. The government, on the other hand, can no longer rely on foreign loans for infrastructure. The state's restricted budget for infrastructure development creates a funding gap that must be filled. To address this issue, the government employs a variety of alternative funding strategies, one of which is the Public Private Partnership, a development initiative that engages the private sector (PPP). After the monetary crisis in 1998,

Indonesia formed a Public Private Partnership to fund Project. To accommodate the development of the Public Private Partnership scheme, the Government published Presidential Regulation Number 38 of 2015 on Infrastructure Provision, which was preceded by the creation of numerous supporting rules for the Public Private Partnership scheme.

The Public Private Partnership system provides solutions to government concerns such as revenue sources and infrastructure development effectiveness and efficiency. It is envisaged that the qualities of Public Private Partnership will drive better budgeting implementation, reducing the strain on the State Budget while simultaneously improving accountability and the quality of public services.

According to the government, the Public Private Partnership scheme provides an opportunity to collaborate with businesses in providing infrastructure financing based on the principles of proportional risk allocation and value for money or value for money from business entities' involvement in the provision of public services. The fulfillment of government duties in the realm of providing public services through the use of the Public Private Partnership plan is an effort to ensure that only mandatory government services are collaborated with.

As a result, the government's commitment to deliver public services can be met through the employment of the Public Private Partnership plan, which can use public monies in part or in whole. Meanwhile, business entities' engagement in the provision of these public services is based primarily on the value of benefits or value for money. The government is projected to be able to solve two major issues in terms of infrastructure procurement, namely the allocation of development money and the management of enhancing service delivery efficiency. To address the issue, the government devised an effort that enlisted the help of various parties, both commercial and government-owned firms, in satisfying infrastructure needs [2].

Meanwhile, there are some constraints in the implementation of Public Private Partnership and need for policy improvement. There are 5 obstacles in the implementation of PPP in Indonesia are land acquisition, conflicts between regulations, limited institutional capacity, disharmony between projects and funding sources, and political economy [3]. In 2018, Indonesia is entering a phase of lack of infrastructure support as seen from the indicator of logistics costs in Indonesia which reached 17% of the cost of goods sold (total costs incurred by entrepreneurs) and this is the highest compared to logistics costs in other ASEAN countries such as Malaysia, which is only 8%, Philippines 7% and Singapore 6%. In fact, overall, logistics costs in Indonesia reach 24% of total GDP and this is the highest logistics cost in the world [1].

In the implementation of the PPP scheme, there are many stakeholders involved, such as the person in charge of the project, business entities, and providers of funds (lenders), and those who provide facilities and support. Each stakeholder has a motive (each goal) based on their respective interests. The problem faced in developing a PPP financing scheme at this time is that although the financing policy with the PPP scheme in Indonesia has been implemented for quite a long time since 1998, it is still not optimal.

Based on the explanation above, there is a need of policy and implementation on managing Public Private Partnership. At the novel level, it is necessary to have an analysis for managing policy and implementation on Public Private Partnership. It is needed a deeper exploration of ontological and sociological level and this issue is very interesting to be studied. How are the Critical Success Factors of of Public Private Partnership?

1.2. Research Objectives

This research is useful for academicians and practitioners in adding knowledge on Public Private Partnership use public policy perspective for improving the policy and its implementation. This research also works as a recommendation for the legislative and executive as the public officials to make a better revised and detailed regulations on managing Public Private Partnership.

1.3. Previous Research

Factors influencing the success of PPP schemes in developing countries were studied using an analytical framework that focused on three main components: building government credibility through an open and transparent system; creating conducive conditions for PPP schemes, such as implementing appropriate legal regulations and provisions and maintaining political and economic stability; and creating an active marketplace that encourages corporations to participate. Several factors have a role in a country's ability to successfully undertake PPP initiatives, particularly in developing countries. First, the necessity of open and transparent management practices; second, the creation of a dedicated independent agency that can improve operational efficiency and flexibility; and third, the construction of a devoted independent agency that can increase operational efficiency and flexibility. Third, the PPP system necessitates the cooperation of a number of parties, including not only the government and private sector, but also local people and other community organizations. Overall, competent leadership is the most significant component in working with many relevant elements since leadership is critical in the process of establishing public trust, assigning equitable financial resources to each partner, as well as maintaining an environment conducive to PPP projects [4].

In the macro setting, a study highlighted the success elements for implementing Public Private Partnerships in Indonesia. These factors are derived from elements of the UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific) general investment climate test tool, which include: commitment to policy continuity; time for registration and permissions; government responsiveness to PPP business; availability of physical infrastructure; commitment to financial transparency; commitment to corruption eradication; judicial performance; and corruption eradication commitment. To be able to direct the performance of public-private partnerships in the infrastructure sector [5].

The generic framework for explaining the environmental circumstances for the growth of PPP projects in nations transitioning from a centralized to a market-oriented economy is based on three (three) fundamental pillars: the market system, the operational environment, and the government. The overall goal of the framework is to identify the major factors that influence the growth of PPPs in developing nations. Market potential, institutional guarantees, government credibility, financial accessibility, government capability, solid management, and corruption control are among the criteria mentioned. It was used to analyze data from four developing nations, as well as several industrialized countries. It made a significant addition to research by providing a generic framework for evaluating, analyzing, and comparing PPP implementation progress in developed and developing countries. Governments in developing countries must improve their capacity and credibility in managing PPPs, as well as develop institutional and legal systems, in order to create a more fair, transparent, and efficient PPP operating environment, which will increase private investors [6].

The abuse of power impacts deviant actions not only in the depressions of power and moral behavior of public officials. The nation and country need to return to a system of joints of the life of the nation and state, that is carrying out the points of practice and appreciation of the precepts of the truth [7]. Culture of abuse of power due to conflicts of interest takes too long. The problem is that state is equipped with abundant natural resources should be controlled by the state for the greatest prosperity of the people. Abuse of power due to conflicts of interest maintain power in the management impacting state losses [8]. The culture behavior of bureaucracy in the reform era is still ongoing. This could even be organized based on the achievement of individual interests, groups or parties and retains the power. This happens due to the severity of conflict of interest so the solution is often based on the interests or political bargaining and abuse of power [9]. It is suspected that there has been an abuse of power against the power and authority of the state institution. It was suggested that better if the legislators think about operational accountability is appropriate to the executive. Therefore, there is need a check and balance of law enforcement behavior [10].

The types of crime sometime had unexpected impacts related to the intensity, duration, and extent of the area affected. Therefore, the efforts to prevent should cover various aspects include strict supervision in terms of check and balance [11]. The differences application on power and authority caused losses to the state. The results of the

research show real evidence, the application of law, and abuse of power and authority in state-owned enterprises [12]. The abuse of power by administrator of public officials carrying out waste out of place. Results found there were the actors of the management of waste were not in accordance with regulations [13]. A rule of law state means that there is a guarantee for the functioning of an independent or independent prosecutor in carrying out the judiciary and other tasks and for upholding justice based on the state constitution and the prevailing laws and regulations Discretionary power is limited and supervised by external agencies on the performance that need a checks and balances [14].

Capability, partnership, and information sharing do not have a significant effect on performance, but must be mediated by conflict resolution in order to have a positive and significant impact [15]. Distributive justice has a positive and significant effect on job satisfaction. Procedural justice and interactional justice have no effect on job satisfaction. Job satisfaction has a positive and significant effect on job performance. This research implies that managers should pay more attention to distributive justice to increase job satisfaction and job performance [16]. Misbehavior in organization consisted of intrapersonal, interpersonal, production, and political misbehavior. All of them had influence on losses, both on financial and social. It will be necessary to intervene into both sides [17]. Managing conflicts was still need to be explored in term of causes, processes and results. Findings are classified into 3 themes, causes of conflicts, processes of managing conflicts, and results of conflicts [18]. The relationship between partnership and performance is not significant but partnership to performance have to be fully mediated by capability. While capability to performance is positive and significant [19].

Based on the explanation of the differences of above previous research, and following up previous study gap and the phenomena, so this study analyzes a multi policies approach regarding Critical Success Factors of Public Private Partnership.

2. LITERATURE REVIEW

2.1. Public Policy

The aim, locus, and value to be achieved are all highlighted in the development of the public administration paradigm. The classical bureaucracy focuses on organizational structure and managerial functions, with a focus on government bureaucracy and commercial organization, with efficiency, effectiveness, economy, and rationality as values. The neo-bureaucracy is characterized by a focus on behavior-based decision-making processes, management, systems, and research, as well as a focus on government bureaucratic decisions. Its values include efficiency, effectiveness, economics, and logic. The institutions concentrate on comprehending bureaucratic behavior and making gradual and incremental judgments. Participation in decision-making, reduction of differences, status, openness, self-actualization, and greater job satisfaction are the human relations, focus, and locus on organization, as well as values. The public options are centered on delivering services to the community. And the New Public Management (NPM) is concerned with human values and social justice, with an emphasis on organizational design based on decentralization, democratization, responsiveness, involvement, and providing community-based services [20].

By changing the rules of the game and encouraging creativity in service delivery, a new public policy model is required to improve the performance of public services with results-oriented and competitive dynamics. The New Public Management (NPM) paradigm, which emerged in the early 1990s, was a major force in challenging the government's control and allowing the private sector to participate in public services [21].

There are 4 stages of development of public administration in a country: 1. The minimal state stage, the first stage of the development of public management. The role of the government is at an optimal level to fulfill the basic needs of the community. The majority of public services are in the social sector or through provision by the private sector; 2. The second stage of public sector management with the main character of unequal partnership between government, social institutions and the private sector; 3. The third stage is the welfare state. The basic element of this welfare state model is the belief that the provision of public services by social institutions and the private sector

has failed due to fragmentation and duplication of public service provision and inefficiency and ineffectiveness of management so that according to the government, it must meet all the needs of its citizens; 4. The fourth stage is a plural state which always focuses on the provision of public services with minimum standards for all citizens [22].

In terms of implementing government sector management reforms, since the 1980s most developed countries have practiced a public sector reform paradigm known as New Public Management (NPM). The NPM is basically a label used to describe a set of public sector reform agendas inspired by the technical ideas of private sector management and market mechanism systems that can improve the performance of the public sector bureaucracy. NPM is composed of several components, namely quantification, performance, accountability, market mechanisms, and quality management, into the public sector. With the success that has been achieved by a number of countries implementing NPM, several components of NPM have been adopted as the basic pattern for the model of public sector administration reform programs throughout the world so that it is an affirmation for NPM as a paradigm that is very influential in the process of modernizing public sector administration in many countries [23].

Key factors that influence in determining the success of the implementation of the public sector administration reform program within the NPM framework in third world countries include economic development and experience of the operations of market; well-developed judicial system; basic administrative system; and state capacity on institutional, technical, administrative and political [24].

Public policy is a series of actions that are determined and implemented or not carried out by the government that has a purpose or is oriented towards certain goals for the benefit of the whole community. The implications of this understanding are: its first form is the determination of government action, not enough to only be stated but also implemented in real form, based on certain aims and objectives, and essentially aimed at the interests of the entire community. Public policy is a complex pattern of interdependence collective choices, including decisions to act made by government agencies or offices. Public Policy analysis is an intellectual and practical activity aimed at creating, critically assessing, and communicating knowledge about and within the policy process. The policy analysis process has 5 interdependent stages that together form a complex and non-linear cycle of intellectual activity. These activities are sequential in time and are embedded in a policy process that is complex, non-linear and essentially political [25].

2.2. Public Private Partnership

PPP has a long history in many countries, but has gained significant popularity since the 1990s. At this stage, the (corporate) business philosophy is introduced and applied in the public sector, and market-oriented criteria are applied to the process of procuring public goods and services. Throughout the 1990s period, PPP was more and more an integral part of the privatization and government reform movement. The private sector (corporations) is assumed to be able to provide high quality goods and services at low prices, which will significantly reduce the burden of government duties and responsibilities [26].

It is not only the United States where PPPs have received the most attention in the late 20th century. In Britain, the government has opted for the PPP scheme as a method of promoting economic progress. The British public's view of PPP was strongly influenced by general practice in the United States. Other parts of continental Europe also started using PPP schemes in the late 1980s. In Australia, the introduction of PPPs for infrastructure procurement was carried out in the early 1990s. The first project focuses on the procurement of toll roads, hospitals, clean water and electricity. In the mid-1990s, procurement prioritized the construction of seaports and sports stadiums. In the late 1990s, the focus of project procurement shifted to airports, the defense sector, and schools [27].

In India, the government has introduced a number of policies to create opportunities for private investors to invest in PPP schemes. For example, developing a 6-lane flyover from the city center to the southern suburbs was carried out through a PPP scheme due to the lack of state government funding [28]. In South Africa, the government is dealing with the problem of a significant state budget deficit and the need for infrastructure

procurement. A PPP scheme was launched to address this problem. The construction of the Maputo Corridor toll road is the first mega project with a PPP pattern in South Africa [29].

The Public Private Partnership is an agreement where the public sector enters into long-term contractual agreements with private sector entities for the construction or management of public sector infrastructure facilities by the private sector entity, or the provision of services (using infrastructure facilities) by the private sector entity to the community on behalf of a public sector entity [30].

Public Private Partnerships (PPP) are also increasingly in demand in financing infrastructure development in both developed and developing countries. The PPP partnership scheme was first introduced in the UK in the 1980s. PPP refers to a form of partnership between the government and the private sector (business entity) in the procurement of public goods or services (public services). PPP is a collaboration between the Government and the private sector based on the capacity of each party to fulfill mutually agreed goals in the field of public interest by considering the suitability of the allocation of resources, risks and rewards. PPP is an agreement between two or more parties that allows them to work together to achieve a common goal, in which each party plays a role based on the level of responsibility and authority, the scope of investment in resources, the level of potential risks and mutual benefits [31].

Although there are various variations of the definition of PPP partnership cooperation, a number of main criteria for PPP that can be agreed upon include the following: Is one of the mechanisms for the provision of public services; Private sector entities (business world) are expected to make a greater contribution to the funding of the co-operated projects; The managerial expertise of private sector entities will be beneficial to the achievement of project objectives; Public and private entities share (sharing) risks based on their ability to manage them; and the final ownership of the collaborated facilities will be with a public entity [32].

In line with this, the development of PPP in Indonesia should be seen from the perspective of public policy, especially on several very influential aspects consisting of: Administration System, Legal System, Market System, and Institutional System arrangement of PPP, where each aspect will be analyzed based on literatures.

The government administration system consists of Ease of establishing business, Few restrictions on repatriation of profits, Convertibility of foreign exchange, Broad political support for PPP, Clear allocation of Authority, Positive track record or political champion, Funds available for projects with added social welfare purpose, Resettlement and rehabilitation provided for communities disrupted by PPP projects, Competitive tendering process is transparent in practice, Limited restriction on foreign investors, and Regulatory rules and authority are clear for all PPP types expected.

The legal system consists of Legal basis for private sector participation, Clear authority and procedure for acquiring rights of way, Price and quality of PPP monopolies regulated to protect consumers and others, Environmental laws are clear and transparent and are all available from a single source, Conflict resolution process is clear, including alternative to judicial resolution, International arbitration recognized and effective for dispute resolution, Ruling by technical and economic regulators can be appealed, Property rights effectively enforced, and compensation for expropriation is fair, and Contracts for PPP are irrevocable except through due process.

The market system consists of GDP growing at an acceptable rate, Business confidence high, Stable exchange rate, and Finance sector experienced in assessing long-term lending decisions.

The institutional system of arrangement of PPP consists of staffs that aware of legal financial and basic technical issues in PPP projects, Defined government mechanisms in place to coordinate PPP needs, Technical capacity sufficient to ensure construction and service standards, Staff can assess outside work, including feasibility studies and risk mitigation strategies, Provision for assisting line agencies and local government in undertaking PPP projects, and Arrangements for risk sharing are sensible and manageable.

Critical Success Factors are several areas related to outputs (results) to ensure success for achieving competitive performance for the organization. CSF emphasizes that this particular area of activity should be managed by the company (organization) consistently and carefully. Critical Success Factors have been widely used as a tool to identify information needs at the executive level. Gradually, CSF has been widely used by the industrial world, including the construction industry. In general, CSFs are integrated with 8 elements that are used as benchmarking parameters in developing CSFs, namely: industry structure, competitive strategy, market conditions, political environment, organizational structure, technical application, staffing, improvement and benchmarking process [33].

3. RESEARCH METHODS

If the research difficulties need to be examined further or if past quantitative research has to be followed up on because a previous theory or notion is still unable to reflect the complexity of the problem under study, a qualitative research strategy can be used. A qualitative research approach generates descriptive data in the form of words or writings, as well as behaviors, which can be observed in the study's subject and object. The qualitative method was chosen because it best fits the research's goals of describing and understanding occurrences, events, social activities, attitudes, beliefs, and people's perceptions [34].

Data collection in this research were interviews, observation and documentation. In-depth interview was conducted and performed to key informants. Participant observation was conducted by authors and team to obtain records in the field of study. Related documentation was gathered from many sources such as internet media and library documents. Data analysis were using 3 steps, which were data reduction, data display and data verification refer to the interactive model. Data reduction is to sort out the main data, data display is to present the data, and data verification is to conclude the main themes of the results [35].

Validity and reliability used triangulation based on the observation, in-depth interviews, and documentation analysis to obtain valid and reliable data coping credibility, transferability, auditability, and confirmability. Credibility was related to the truth aspect by means of triangulation to compare the results of an interview with the results of interviews with colleagues. Transferability shows the applicability of research to other studies that readers can understand the results of qualitative research. The report is made in a detailed, clear, and systematic manner. Auditability means that it can be tested by examining the entire research process, since designing case studies, determining data sources, data collection, data analysis, make conclusions, can be traced and showing the processes and results. Confirmability relates to the objectivity that the research results are agreed and accepted [36].

4. RESULT AND DISCUSSION

Based on the data collection by in-depth interviews to several key informants. Data analysis use 3 steps are data reduction, data display, and data verification, and supported by triangulation, it can be resulted as follows.

The selection of the PPP scheme is not only about how to fill the financing gap, but this scheme is expected to be one of the alternative infrastructure financing schemes that allows business entities to play an active role in encouraging infrastructure development without any transfer of state assets. Through PPP, it is hoped that the role of business entities in cost efficiency and technical innovation will increase the quantity and quality of services to the public (public services) through the implementation of procurement carried out by the private sector (Informant 1).

Infrastructure development through cooperation with the PPP scheme can reduce pressure on the State Budget, especially in the allocation of the capital expenditure budget for construction in the early stages of the project, and can improve accountability and quality of public services. In addition, the advantage of the PPP scheme is that it allows the government to double the number of state assets without having to increase spending needs, including government loans in the short term. Meanwhile, the involvement of business entities in terms of technical innovation and efficiency will be able to improve service quality from the aspect of the dynamics of competition that

occurs in the auction process and is also expected to encourage the realization of innovation and efficiency (Informant 2).

Public Private Partnerships in Indonesia are less effective due to the public administration system in Indonesia which includes administrative, legal, market and institutional aspects that exist in Indonesia at this time which are not yet conducive to supporting the improvement of the implementation of public and private cooperation, especially PPP optimally for infrastructure financing in Indonesia. This is based on the understanding that PPP policy and implementation is a relatively new system. The condition of the Indonesian civil service apparatus is very different from that of civil servants in many other countries. The government administration system in Indonesia is the result of a long process of Indonesian history. Unlike many other countries that have experienced an administrative system under the rule of developed countries, Indonesia has never experienced the full development of its public administration system (Informant, 3).

The capacity of the state civil apparatus and the paradigm of the current government administration system are in line with the administrative system needed to carry out PPP cooperation, which is a very important aspect to consider in encouraging the successful use of PPP in Indonesia. Responding to current developments, the component of government managerial capacity related to credibility and expertise as well as the capacity of the state civil apparatus as possessed by private employees (business world) is a very dominant component in the process of providing services to the public. The increasing capacity of public institutions and support from a credible and experienced private sector will ensure successful collaboration between the government and the private sector. In simple terms, it can be stated whether the state civil apparatus in Indonesia that implements the PPP scheme can make adjustments and increase competence or use a service approach with minimal standards to fulfill public services with optimal quality for each individual citizen. (Informant, 4).

A solid legal system and well-structured regulations will encourage corporations to participate in PPP financing initiatives and will increase benefits to the government by increasing efficiency in the operational aspects of goods and services production activities. Regulations must be clear and transparent so that stakeholders can increase trust, reduce conflict and strengthen partnerships. A good legal system will strengthen competition and help to reduce conflicts of interest, corruption and other unethical behavior. It is necessary to focus on efforts to establish a structured, solid and flexible legal framework. However, in fact, there are differences in the approach to the legal system where in most developed countries, the system and implementation of the PPP scheme have been successful (Informant, 5).

A market that supports business is very important in opening up opportunities for the private sector to participate and invest in producing goods and services. Governments in many developing countries have very limited budgets and resources. PPPs can invite private investment in increasing the availability of financing from local governments. From the perspective of the market system, the discussion is not only limited to private involvement in investing in the public interest but also related to the opening of opportunities to obtain funds at a cheaper cost of capital and in relatively large amounts and the system of obtaining funds in the capital market which forces corporations to become more competitive. transparent and efficient in carrying out its operations (Informant, 6).

PPP management institutions are an important component in managing and monitoring cooperation with PPPs in Indonesia. Global trends regarding PPP management units include: what ministry will the unit be positioned in; composition of PPP units; the authority of the PPP management unit, such as the approach in developing an organization that will be used, whether with an agency pattern or a Public Service Agency which in some respects is slightly different from the agent approach; what type of project the PPP unit will manage; and the monitoring function of the PPP unit. Meanwhile, from other aspects, things that need to be considered are monitoring activities of the entire project implementation process, standardization of contracts, dispute resolution, and so on (informant, 7).

Based on the results of interviews above it can be stated that the public administration system in Indonesia is the result of a long process in Indonesia's history. A solid legal system such as well-structured regulations will encourage corporations to participate in PPP financing initiatives. A market system that supports the business world is very important in opening up opportunities for the private sector to participate and invest in producing goods and services. The institutional structure of a permanent PPP management that carries out PPP management and monitoring is an important element.

In 1998 the PPP policy was actually regulated through a Presidential Decree to accommodate private sector participation in infrastructure development, especially power plants. However, the financial crisis that hit the economies of Asian countries that year resulted in changes in the political, economic and institutional systems in Indonesia, which also resulted in changes in policies and institutions in the infrastructure sector, especially those that will be implemented under the PPP scheme. In an effort to improve the Indonesian economy after the economic crisis that occurred, the government carried out a program to accelerate development, especially in the infrastructure sector. The limited capacity of the State Budget is an obstacle considering that the accelerated development program requires a very large amount of capital. Several steps were taken to find solutions to overcome these obstacles, among others, by assigning SOEs to carry out the acceleration of infrastructure development and establishing cooperation between the government and business entities (PPP) in the provision of infrastructure.

In the post-crisis period, consolidation was carried out by rearranging the arrangements and institutions in PPP. After reforming and in accordance with the development of needs, the government refined the regulations on PPP in infrastructure provision through a Presidential Decree of 2005 which later developed into a 2015 Presidential Decree. The PPP scheme itself was introduced in Indonesia since 2005, namely with the holding of the Indonesia Infrastructure Summit I in 2005. At that time, the Government offered 91 projects to investors to become PPP projects. However, in implementing the PPP concept, it faces several obstacles, including land acquisition problems.

From an institutional perspective, the Government established a Policy Committee for the Acceleration of Infrastructure Provision by issuing a 2005 Presidential Regulation concerning the Policy Committee for the Acceleration of Infrastructure Provision. In 2014 through the Presidential Decree of 2014 concerning the Acceleration of Priority Infrastructure Provision, the Committee for the Acceleration of Priority Infrastructure Provision was formed. Within the scope of the Ministry of Finance, in response to the growing development of infrastructure and to support the development of infrastructure provision under the PPP scheme, in 2015 a PPP Unit was formed which has the task and function of integrating and managing facilities and fiscal support for the provision of infrastructure under the PPP scheme.

The use of the Critical Success Factors (CSF) approach has been carried out and is popular for more than the last 30 years. CSF is closely related to the achievement of organizational/institutional goals. When an organization has determined its goals, it also determines the steps needed to achieve these goals. Identification of critical success factors regarding the implementation of the PPP scheme in Indonesia is an important step in efforts to improve the performance of PPP in Indonesia in meeting the financing needs of infrastructure development announced by the government. With the identification of aspects and critical success factors regarding PPP, the next step is the development of these critical success factors so that they are more focused and the success of achieving the desired PPP performance improvement goals is more accurate.

In order to be able to direct the performance of PPP in the infrastructure sector to be optimal, the environment in the destination country for PPP investment must be conducive. Efforts to get a commitment from the private sector in investing in the infrastructure sector is not an easy thing, because the characteristics of investment in infrastructure are specific such as the very large capital requirement, the assets invested are very special, the risk is high, the payback period is relatively long. So certain key conditions must be ensured to be in place to ensure successful PPP implementation.

Identifying CSFs related to the implementation of the PPP scheme in Indonesia is a crucial step in an effort to improve the performance of partnerships with the PPP pattern in order to support the fulfillment of infrastructure development financing needs launched by the government. With the identification of the CSF regarding the implementation of the PPP scheme, the next step is to make improvements to the CSF so that improvement efforts are more focused and the probability of success in achieving the goals of improving partnership performance with the desired PPP pattern will be more accurate and easier to achieve.

5. CONCLUSION

Based on the analysis and discussion of the research result above, it can be concluded as follows. Elements and aspects consisting of the government administrative system, legal system, market system, and institutional system on PPP arrangements as dedicated units, are interrelated components that are tied in a classification called the public administration system in Indonesia which is very influential in promoting effectiveness. public and private cooperation with the PPP scheme to support infrastructure financing in Indonesia. Public Private Partnership policy and its implementation are an important stage, because no matter how good a policy that has been made it will be in vain if there is no good effort to implement it to achieve the desired goal. Without effective policy implementation, it will not achieve successfully goals.

It is suggested that the legislative and executive as the public officials in making policies and regulations have to be involved for revising regulation on Public Private Partnership. The related institutions as the public officials in making regulations should be conducted for making better regulation covering the holistic policy and management of Public Private Partnership.

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