

Public-Private-People Partnership as a New Financing Model for Infrastructure Development: A Conceptual Framework

Lukas B. Sihombing¹, Achmad Jaka Santos² and Andreas Wibowo³

¹Faculty of Economics and Business, University of Indonesia, Kampus UI Depok, Depok, Indonesia

²Director of Postgraduate School, Djuanda University, Bogor, Indonesia.

³Agency for Research and Development, Ministry of Public Works and Housing, Indonesia

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Abstract: One of the financing schemes in providing an infrastructure project is a public-private-partnership (PPP). PPP is an implementation option and infrastructure service that provides incremental benefits as well as private financing access to promote the government. This study aims to provide a new concept that combines PPP with society (people) to become a public-private-people partnership (PPPP). Therefore, to analyze the state-of-the-art schemes of PPPP, a meta-analysis method is employed that is based on a literature study. However, this PPPP concept is a framework to encourage the society (people) to participate more, especially in land acquisition. The land can be owned by individuals or traditional (communal) society (*masyarakat adat*). The results of this paper are in the form of a conceptual framework of PPPP as a new financing model for infrastructure development, where the PPPP concept involves the current PPP financing scheme and societal participation, whether in terms of legal aspects and policies or institutional matters. This new concept can help the society (people) to have prosperous welfare together with the institution under PPPP, as well as to not depend on the state budget, as it increases private equity.

1 INTRODUCTION

When the ‘public-private-partnership (PPP)’ was first formed in the United States, it was during the financing of an education program; that is, joint financing between the public sector and the private sector (Yescombe, 2011). In addition, PPP is a financing method that provides a potential solution for the problems of urbanization, innovation transfer, and knowledge (Beh, 2015).

According to Dong et al. (2016), the role of the government is given more attention during the old partnerships by providing support and supervision regarding finances. However, the failure of using PPP occurs when a signed contract does not include provisions (Khoteeva & Khoteeva, 2017).

Another difficulty in PPP, especially by the private sector, is an approach with a third party; that is, insurance, re-insurance, or hedge fund insurance bond finance (Bovis, 2015). On the other hands, other factors to make the private sector interested are the government’s positive attitude towards private sector investments, a favorable existing legal framework

and policy, as well as well-organized and committed contracting authority (Osei-Kyei & Chan, 2017).

An additional point is the weak connection between the year of financial close and the project cost (Daito & Gifford, 2014). Therefore, this paper has developed a conceptual framework that identifies, defines, and describes the characteristics of PPPP as a new financing model for infrastructure development.

2 LITERATURE REVIEW

The Indian Government, through the policy of Narendra Modi, has people’s participation and public participation in PPPP in the form of a project execution a “Jan Andolan” (people’s movement) with the total “Jan Bhagidari” (people’s participation), including housing, health, education, and the adoption of orphan children or even physical infrastructure (Modi, 2018).

In Nepal, PPPP is being developed to build hydropower, where the local people are urged to invest with the potential to receive shares of up to

24% (Acharya, 2018). In Nigeria, in building ICT, the people's role in PPPP is to make n-kind contributions to set up networks (land, labor etc.), as well as demand and utilize value added services (CTO, 2011). In addition, using PPPP is also suggested in a post-disaster reconstruction (Zhang et al., 2015).

Nevertheless, previous studies did not research PPPP for infrastructure financing, so that the state-of-the-art contribution of this paper is PPPP for infrastructure financing.

3 METHODOLOGY

A survey was conducted to gauge the importance of the people's role in PPPP. The survey was divided into 2 sections, an Indonesian local context and a global context.

The survey was conducted in the form of an online survey that went from the beginning of September until September 12, 2018. There was a total of 60 participants, including 46 Indonesian locals and 14 foreigners (3 from Australia, 2 from the USA, 2 from Malaysia, as well as 1 person each from Austria, Egypt, Greece, Italy, Jamaica, Japan, and Portugal).

4 RESULTS AND DISCUSSION

The survey results revealed that on a *Likert* scale of 1-5, for the role of people in financing for Indonesian respondents, 39.1% found it important, while 34.8% thought it was very important. Meanwhile, for those outside of Indonesia, for the role of people in financing, 57.1% found it very important, and 35.7% thought it was important.

According to Indonesian locals, the involvement of people in infrastructure financing can improve the people welfare, there are 80.4% said Yes, and 15.2% replied Maybe. Then for the opinions of those outside of Indonesia, 64.3% said Yes, and 35.7% replied Maybe.

Regarding the societal context or the society who lives around the infrastructure development, for Indonesian locals, 71.7% said Yes, and 28.3% replied No. Meanwhile, for those outside of Indonesia, 78.6% said Yes, and 21.4% replied No.

The people of Indonesia play a role in infrastructure financing in the form of: private-owned enterprises (cooperatives, limited companies) at 45.7%; state-owned enterprises/ region-owned enterprises/ village-owned enterprises at 21.7%; and special institutions at 19.6%. Meanwhile, other

countries said that state-owned enterprises/ region-owned enterprises/ village-owned enterprises were 35.7%; private-owned enterprises (cooperatives, limited companies) were 35.7%; and individuals were 14.3%.

From the results above, there are differences in opinion between Indonesians and those of other countries like in people's role in infrastructure financing, where other countries tend to think it is very important, while in Indonesia it is primarily considered as important. Nevertheless, the participants tend to think the people's role in infrastructure financing is important.

Therefore, the people's role is more dominant in the form of private-owned enterprises (cooperatives, limited companies), while other countries tend to be either in the form of private-owned enterprises (cooperatives, limited companies) or the form of state-owned enterprises/ region-owned enterprises/ village-owned enterprises.

5 CONCLUSION

The PPPP conceptual framework for infrastructure financing plays an important role in making society prosperous, which has a direct effect on infrastructure development. The people's role in PPPP is in the form of private-owned enterprises (cooperatives, limited companies) and state-owned enterprises/ region-owned enterprises/ village-owned enterprises.

This paper could be more complete, but a future paper will establish the critical success factors (CSFs) of PPPP that can be applied.

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