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The Urgency of Implementing Government Cooperation With Business Entities (KPBU) in the Return of State-Owned Companies (Case Study of PDAM Tirta Meulaboh)

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Abstract: This research aims to analyze the urgency of implementing Government Cooperation with Business Entities (KPBU) in an effort to make state-owned companies healthy, with a case study of PDAM Tirta Meulaboh. The main focus of this research is to explore various PPP models, such as Build-Own-Operate (BOO), Build-Operate-Transfer (BOT), Design-Build-Finance-Operate-Maintain (DBFOM), and leasing, to determine the most effective model. suitable for the revitalization of PDAM Tirta Meulaboh. The research method used is normative legal research with a conceptual approach. The research results show that the DBFOM model is the most effective option for improving PDAM Tirta Meulaboh's operations and infrastructure, because it covers the entire project cycle from design to maintenance, with ownership transfer to the government after the contract period ends. Implementing government and business entity cooperation (KPBU) is a strategic approach in handling infrastructure project financing and ensuring infrastructure needs can be met effectively. In practice, PPP refers to models such as Build-Own-Operate (BOO), Build-Operate-Transfer (BOT), Design-Build-Finance-Operate-Maintain (DBFOM), and leasing, which provide various options in managing and project funding. In conclusion, proper implementation of PPPs, especially the DBFOM model, can help governments overcome infrastructure challenges and ensure sustainable public services.
Keywords: PPP, PDAM Tirta Meulaboh, Infrastructure

1. Introduction

Indonesia, as a country that always strives to improve the welfare of its people, of course always strives to obtain a mechanism that can be used as a means of achieving the goals to be achieved. Various efforts have been made to date, ranging from saving various expenses to enforcing the law for those who violate the law and cause harm to the state so that efforts to improve welfare can be hindered or hampered. in order to achieve the targets that Indonesia wants to achieve, namely targets in the form of MDGs 2015 and also SDGs 2030.[1]Unfortunately, it can be said that the various efforts that currently exist have not been implemented optimally considering that in practice there are still major problems in government in Indonesia, which in this case are complicated bureaucratic problems.[2]

[1] Destia Hera Ramadani and Nursiwi Nugraheni, "Efforts to Improve Indonesian Education in Achieving the Sustainable Development Goals (SDGs) Target," Indonesian Education Research Journal (JPPI) 1, no. 3 (2024): 126–32.

[2] Taufik Taufik and Hardi Warsono, "New Bureaucracy for the New Normal: Review of Models of Bureaucratic Change in Public Services in the Covid-19 Era," Dialogue: Journal of Public Administration Science 2, no. 1 (2020): 1–18.

The bureaucratic problems as explained above have actually begun to be attempted to resolve the problems by carrying out various reforms, especially in this case carried out by the Ministry of State Apparatus Empowerment. Unfortunately, even though efforts have been made to resolve problems such as those described above, prosperity is still very difficult to achieve, indicated by the high number of poverty figures, which in terms of referring to data from the Central Bureau of Statistics (BPS) in March 2024, the number of poverty figures in Indonesia is still at 25.22 million people or in this case the equivalent of 9.03% of the total national population. This problem itself indicates that further efforts are still needed by the government to achieve the goals it wants to achieve.[3]

The various problems as explained above can actually be resolved in several ways and one of them is by equalizing infrastructure. Even distribution of infrastructure itself in its implementation is quite important and also crucial considering that even infrastructure can certainly be an economic stimulus for the community and it is hoped that this will result in the achievement of the targets that the government wants to achieve. One way that can be done to ensure equal distribution of infrastructure is to accelerate infrastructure. Accelerated infrastructure development is currently the government's main priority because the existence of adequate infrastructure plays an important role in supporting the achievement of various stated goals. With good infrastructure, the process of implementing various government programs and policies can run more smoothly and efficiently. Therefore, the government places a big focus on implementing infrastructure development in various regions, one of which is Aceh. In Aceh, infrastructure development has been made a priority program specifically regulated in the Regional Government Plan (RPD), which replaces the Medium Term Development Plan (RPJM) for the 2023-2028 period. This decision reflects the importance of infrastructure in supporting regional development and the welfare of local communities.[4]

As outlined in the plan, infrastructure development in West Aceh involves a number of strategic projects aimed at improving connectivity and accessibility in the area. This development will be managed by the Public Works and Spatial Planning Service (PUPR), which will be responsible for implementing various important infrastructure projects. These projects include building bridges connecting remote areas, repairing and widening highways to facilitate transportation flows, developing irrigation systems to support the agricultural sector, as well as improving drainage systems to prevent flooding and protect the environment. These steps are not only aimed at to facilitate economic and social activities in the community, but it is also hoped that it can increase the competitiveness of the West Aceh region in attracting investment, both from within and outside the country. With better infrastructure, it is hoped that West Aceh will be able to become a new center of economic growth that can have a positive impact on the entire Aceh province and even on Indonesia as a whole.

Unfortunately, even though the implementation of infrastructure development has accelerated development, this does not guarantee that the government's goals can be achieved. This itself can occur due to the inability to maintain or continue to maintain an existing infrastructure asset so that it remains in a good position and can support efforts to achieve the targets set for the development. In practice, things as explained above often occur, especially if the existing infrastructure is managed by a state-owned company, which

[3] BPS, "Percentage of Poor Population in March 2024 Drops to 9.03 Percent," 2024, www.bps.go.id.
[4] Hayat Abdullah, "Fiscal Policy Reallocation: Implications of Increasing Human Capital and Infrastructure Development on Economic Growth and Community Welfare," Bina Praja Journal 6, no. 2 (2014): 117–28.

is manifested by the state-owned company's inability to make a profit and instead results in losses so that the impact is that the state-owned company is not a supporter. achieving the goals that the state wants to achieve, but in this case the state-owned company actually becomes an obstacle for supporters of the achievement.

One real example of the occurrence of things as described above is what happened to PDAM Tirta Meulaboh in West Aceh. In these conditions, PDAM Tirta Meulaboh, which should be able to meet the needs of clean water for the community, is actually unable to meet the needs of clean water and unable to guarantee the availability of drinking water for the community, which is why something like this happens, of course, instead of directing Indonesia to achieve the goals that have been set, it actually hinders it. the aim of improving community welfare. The occurrence of problems at PDAM Tirta Meulaboh itself can be caused by several things, such as not achieving the target for the realization of fund allocation by the Regional Government, which has an impact on the SPAM infrastructure which has not been utilized optimally, the Return on Equity (ROE) value which is still -10.90% and the still high costs. operations to operating income which in this case reached 1.63, which is not normal considering the maximum limit is <0.50.[5]

If we look closely, solving the problems that occur at PDAM Tirta Meulaboh can be overcome by making improvements in terms of utilization and management of existing infrastructure. However, this effort is not simple to realize because of the large costs or funding required to carry out these improvements.[6]This financial constraint is one of the main factors hindering the implementation of improvements, so it requires a special strategy so that this problem can be resolved effectively. In this context, the author believes that one solution that can be considered is to involve the private sector in the process of repairing and managing this infrastructure. Involving the private sector can provide significant benefits, especially in terms of financing, technical expertise and more efficient project management. One mechanism that can be used to involve the private sector is through the Government Cooperation with Business Entities (KPBU) scheme.[7]

Through PPP, the government and business entities can share responsibility and risk in project implementation, so that the large financial burden is not completely borne by the government. PPP also allows for innovation and application of the latest technology from the private sector, which can increase the operational efficiency of PDAM Tirta Meulaboh. In addition, PPPs can help speed up the infrastructure improvement process because private parties usually have better access to resources and capital. Furthermore, the involvement of the private sector through PPP can also create better synergy between the government and the private sector in achieving a common goal, namely providing quality clean water services for the community. In this way, the problems faced by PDAM Tirta Meulaboh can not only be resolved technically, but also financially and managerially. The involvement of the private sector in the form of a PPP, if designed and implemented well, is expected to be a long-term, sustainable solution for the management of clean water infrastructure in the region.

The existence of third party involvement with the PPP mechanism here is actually not a new concept considering that the existence of PPPs has often been carried out in

[5] "Evaluation of SPAM Management at PERUMDAM Tirta Meulaboh," 2024.
[6] Kurdi Kurdi and Cut Zulfahnur Syafitri, "Analysis of Small-Scale PPP Implementation with a Public Sector Change Management Perspective," UNES Law Review 6, no. 4 (2024): 12093–101.
[7] "Kadis PUPR West Aceh Discusses Management of PDAM Tirta Meulaboh PPP System - Berita Merdeka Online," Berita Merdeka, May 29, 2024, https://www.beritamerdekaonline.com/2024/05/kadis-pupr-aceh-barat-wacanakan- management-pdam-tirta-meulaboh-kpbu-system/.

infrastructure development, especially with the issuance of Government Regulation Number 38 of 2015 concerning Government Cooperation with Business Entities (hereinafter referred to as PPP Government Regulations).[8]By involving third parties, as is implemented in the PPP scheme, the costs required for infrastructure development are not entirely borne by the government. through the implementation of the PPP, there will be a sharing of fund liabilities and also a sharing of risks in exchange for the delivery of payments through a mechanism agreed upon by the parties.[9]

However, the existence of the PPP concept in its implementation is only often used in infrastructure development and not as a means of improving state-owned companies so that the existing infrastructure can be utilized more optimally. In connection with this, in this article the author wants to examine the potential for using the PPP scheme in the restructuring of state-owned companies, especially in this case the author wants to examine the restructuring of PDAM Tirta Meulaboh. And in order to discuss the problems as explained above, the author wants to concretize the problems in the title "The Urgency of Implementing Government Cooperation with Business Entities (KPBU) in the Restructuring of State-Owned Companies (Case Study of PDAM Tirta Meulaboh)" in this research. Research conducted in areas such as Tomohon Regency found that PJU taxes can make the biggest contribution if activities to increase power and increase the number of electricity customers are carried out. Apart from concrete steps to reduce PJU costs and contribute to PJU taxes, other technical studies such as those conducted by (Mardikaningsih, Sutopo, and Astuti, 2016), found that solar energy-based PJU technology can produce savings and PJU metering arrangements can also produce savings (Effendi & Razonta, 2015; Cheng et al., 2021; 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 local government cooperation with companies to restore state-owned enterprises.

2. Method

This research was conducted to discuss the problems identified in problem identification, where the problems here were studied using normative juridical research methods or also known as library research. This research itself uses library research because in fact literature regarding PPPs is already available but development is still needed in order to answer the problem to be discussed, namely the use of PPPs in the context of improving state-owned companies, especially in this case the sanitation of PDAM Tirta Meulaboh. The implementation of this research was carried out using the following research approach:

a. Legislative Regulation Approach (Statute Approach)

[8] Wahyu Adi Mudiparwanto and Ade Gunawan, "The Urgency of Forming Regional Regulations Concerning Government Cooperation with Business Entities in Providing Infrastructure," DIVERSI: Legal Journal 8, no. 1 (2022): 111–38.

[9] Kurdi and Syafitri, "Analysis of Small-Scale PPP Implementation with a Public Sector Change Management Perspective."

The legal approach is one of the methods used in conducting research, which aims to understand and analyze legal problems by researching and reviewing relevant regulations. Through this approach, researchers can gain in-depth insight into the legal framework that regulates certain issues, as well as how these regulations can be applied to solve the problems faced.[10]In the context of this research, the regulation that is the main focus is Presidential Regulation Number 38 of 2015 concerning Government Cooperation with Business Entities (KPBU). This regulation has significant relevance to the research topic, namely the use of the PPP scheme as a strategy to improve the performance and health of state-owned companies. In this case, the research specifically examines how PPP can be implemented as a solution to make PDAM Tirta Meulaboh healthy, a regional company operating in the clean water supply sector.

Presidential Regulation Number 38 of 2015 provides a legal basis for the government to partner with business entities in various projects aimed at improving public services, including in the clean water supply sector. The legal approach in this research allows researchers to identify various provisions and procedures regulated in these regulations, as well as understand their legal implications for PPP implementation in the field. Apart from that, through a legal approach, this research can also evaluate whether existing regulations are adequate and effective in supporting the health goals of state-owned companies such as PDAM Tirta Meulaboh. Researchers can also explore various legal challenges that may arise in the implementation of PPPs, and find appropriate solutions based on comprehensive legal analysis. Thus, a legal approach not only helps in identifying the existing legal framework, but also provides a strong basis for formulating policy recommendations that can be implemented practically to achieve corporate restructuring goals.

b. Conceptual Approach (Conceptual Approach)

The conceptual approach can actually be explained as an approach that attempts to explain problems based on the viewpoint that has developed in legal science. This approach is applied with the aim of gaining an understanding of an idea through explaining concepts related to the issue being discussed.[11]In this research, the concepts used are related to PPP, infrastructure, companies, and also funding.

3. Results and Discussion

3.1 Concept of Implementation of Government Cooperation with Business Entities (KPBU) in Restructuring State-Owned Companies (Case Study of PDAM Tirta Meulaboh)

In its implementation, the concept of Government and Business Entity Cooperation (KPBU) actually refers to financing that is presented in order to resolve funding problems in the implementation of infrastructure projects so that later the needs needed in the infrastructure project can be truly resolved. In fact, as previously explained, the existence of PPPs has often been implemented in the infrastructure sector, but the existence of PPPs is

[10] Aldi Wiratama, Ajie Haikal, and Zainudin Hasan, "Legal Sociology Approach in Understanding Legal and Regulatory Conflicts in Indonesia," Wahana Pendidikan Scientific Journal 8 (2022): 206–12.

[11] Mohammad Kamil Ardiansyah, "Legal Reform by the Supreme Court in Filling the Vacancies in Civil Procedure Law in Indonesia," Scientific Journal of Legal Policy 14, no. 2 (2020): 361–84.

generally aimed at infrastructure development and not to improve existing infrastructure and is used by state-owned companies. This can happen considering that the PPP in its implementation has general mechanisms that are often used, which are as follows:

1. BOO (Build-Own-Operate) Concept

In the Build-Own-Operate (BOO) model, the business entity is fully responsible for designing, building, owning, and operating a particular infrastructure or facility with no obligation to transfer ownership back to the government at the end of the contract. This means that the business entity has full ownership rights to the infrastructure throughout the term of the contract and even beyond, as long as they fulfill their agreed obligations. The BOO model offers flexibility to business entities because they have full control over the operation and maintenance of the infrastructure, and have the right to manage the facility according to their business interests. However, to ensure that public services are maintained, governments usually establish strict agreements.[12]This agreement regulates service standards, prices and accessibility, so that privately owned infrastructure continues to function in the public interest and not just for commercial gain.

To illustrate, in the case where a private company builds and operates a water treatment plant, the company is responsible for all operational aspects, including management, maintenance, and repair of the facility. They make a profit by selling the processed water to the public or industry. However, to ensure that these services remain affordable and meet expected standards, the government can provide subsidies or financial incentives to these companies. This subsidy aims to keep water rates low and affordable for the wider community, even though the infrastructure is privately owned.

Additionally, governments may also impose additional regulations to ensure that this infrastructure is managed in a sustainable and environmentally friendly manner. In some cases, governments and business entities can work more closely together through regular monitoring and evaluation of the performance of these facilities. Thus, the BOO model not only provides opportunities for the private sector to invest and innovate in public infrastructure, but also ensures that public interests remain protected through effective monitoring and regulatory mechanisms.

2. BOT (Build-Operate-Transfer) concept

This type of cooperation is applied in regional development with a pattern where business entities are given full responsibility for designing, building, and managing or operating the necessary infrastructure. This process usually begins with business entities investing their resources to build infrastructure from scratch, such as building roads, bridges, clean water facilities, or others that suit the needs of the area. After the infrastructure is completed, the business entity then manages and operates the facility for a period of time agreed with the local government. During this period, business entities have the right to utilize the infrastructure, either through charging service fees, selling products, or other means that allow them to recoup their initial investment, as well as make a profit.[13]

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[12] Faiq Rizqi Aulia Rachim, "The Review of Build-Own-Operate (BOO) for New and Renewable Power Plant under the Minister of Energy and Mineral Resources Republic of Indonesia Regulation Number 4 of 2020 Based on the 1945 Indonesian Constitution," Rechts Vinding Journal: National Legal Development Media 11, no. 3 (2022).

[13] Sri Susanti, "Investment Cooperation Between the Government and Business Entities Using the Build Operate Transfer (BOT) Model in Infrastructure Development in Indonesia," Journal of Intelek and Cendikiawan Nusantara 1, no. 2 (2024): 2414–25.

However, this collaboration does not end there. After the business entity has enjoyed the commercial benefits of the infrastructure for a specified period of time, there is an obligation for them to hand over the assets back to the local government. This process is called transfer of ownership, where infrastructure previously managed by the private sector becomes public property. This transfer process is usually carried out after the contract period ends and all agreed conditions have been fulfilled. In this way, local governments can take over the infrastructure without having to spend a lot of money on initial construction. Once the assets change hands, local governments are responsible for continuing to operate and maintain the infrastructure, with the primary aim of serving the wider community.

This cooperation model benefits both parties: business entities get the opportunity to invest and profit from the infrastructure they build and manage, while local governments finally have the infrastructure necessary for the progress of their region without having to bear all the costs and risks associated with initial development. This also ensures that ultimately, the general public gets access to facilities built to high standards, thanks to the investment and expertise of the business entity.

3. DBFOM (Design-Build-Finance-Operate-Maintain)

The DBFOM concept or model here itself is implemented by involving business entities from the beginning of design, development, funding, operations to financing. In this case, this means that the Business Entity has a role in designing infrastructure according to the specified specifications. Then also build the facility, fund it, carry out operations, and carry out maintenance according to the time period in the contract. After the time period specified in the contract is completed, the payment will be made to the government. Examples of the application of this model can be found in projects such as airports and toll bridges. In the exemplary project, a private business entity carries out the entire process and the government only plays a role in ensuring that service standards and regulations are complied with. In this context, business entities have a very important and extensive role in the entire infrastructure development process. This role covers everything from the planning stage to the operational stage. First of all, business entities are responsible for designing infrastructure in accordance with the technical specifications and needs set by the government. This means that the design must meet the desired standards, both in terms of quality and efficiency.[14]

After the design stage, the business entity continues with the physical development process of the infrastructure. They must ensure that construction goes according to plan, using the best materials and techniques that enable the infrastructure to last a long time and function optimally. Apart from that, they are also responsible for providing all the funding needed during this development phase. In other words, the financial risk of this development is entirely in the hands of the business entity, which will then gain profits through the use or operation of the infrastructure. During the agreed contract period, the business entity is also responsible for operating and maintaining the infrastructure. These operations include everything from daily management to routine maintenance, ensuring that the infrastructure remains in good condition and can function as expected. Good maintenance is also important to extend the service life of infrastructure, which ultimately increases the value of the asset.

[14] Salsabila Wahyu Aprilia and Nasya Nurul Amalina, "Judicial Aspects of Government Cooperation Schemes with Business Entities in Supporting the Development of Maritime Tourism in Indonesia," Padjadjaran Law Review 11, no. 2 (2023): 242–56.

Once the contract period ends, there is usually a mechanism by which ownership of these assets can be returned to the government. This reversion process ensures that infrastructure, which was initially managed by private parties, can become a public asset fully under government control. This allows the government to take over mature and well-functioning infrastructure, without having to bear the burden of initial development. Real examples of the application of this model can be seen in large projects such as the construction of toll bridges, airports, or other public facilities. In this kind of project, a private company is given full responsibility from design to operations. During the term of the contract, the company manages all aspects of the project, including the collection of tariffs or usage fees, which is their main source of income. Meanwhile, the government plays a role in establishing regulations, supervising project implementation, and ensuring that predetermined service standards are met.

4. Leasing Concept

The leasing concept is actually carried out by collaborating with a business entity as a third party. This collaboration is carried out by the government renting facilities owned by the business entity before the government takes over ownership of the facilities owned by the business entity. With the leasing mechanism itself, of course it can provide benefits to the government because in this case the government does not need large enough funds to provide initial funding, which generally requires sufficient funds. By using this type of method or mechanism, the government will of course be able to utilize the goods it has in a long cycle and payments are made in stages, which of course can ease the burden on government funding.

For example, the government can rent office buildings or health facilities from private companies and use these facilities to provide public services. After the lease term ends, ownership of the facility can be transferred to the government, usually at a price predetermined in the lease agreement. This approach allows the government to manage the budget more effectively and ensure continuity in the provision of public services.

When referring to the various PPP schemes or concepts as explained above, in reality, in order to make state-owned companies healthy, as in this case PDAM Tirta Meulaboh, the appropriate mechanism to use is DBFOM. This is because by using this scheme, business entities will be able to redesign PDAM Tirta Meulaboh in order to maximize operational effectiveness, fund the project, operate and maintain the infrastructure before finally returning the project back to the government. By using this scheme, not only can the government obtain good quality infrastructure because it was prepared or formed by business entities, but the government can also study how business entities operate and maintain PDAM Tirta Meulaboh if the government actually uses this Cooperation model scheme. With the government being able to study how business entities manage PDAM Tirta Meulaboh, the government will certainly know the most effective way to make PDAM Tirta Meulaboh healthy again.

The forms of BMN utilization are regulated by the Government through PP 27 of 2014 by adopting the PPP scheme, but it is not automatically included in PPP, BMN utilization can be recognized as PPP if it is approved by the Minister of National Development Planning/Head of BAPPENAS and is included in the PPP Plan List. For example, when the plan to provide infrastructure for BMN proposed by a Ministry/Institution is approved by the Minister of National Development Planning/Head of BAPPENAS as a PPP project, then for BMN that is in the possession of the Property

Manager the Minister of Finance will act as PJPK, while for BMN that is in the hands of the Property User the Minister/Head of the Institution related to acting as PJPK.

What is the role of DJKN in PPP? In the example of BMN utilization above, DJKN acts as the BMN Manager who acts on the BMN Utilization proposal, in this case not being directly involved in the PPP stages. Currently DJKN's role is in reviewing requests for Government support and Government guarantees, namely relating to Separated State Assets, especially those that will be distributed (Capital Participation) to PT PII and PT SMI. In its development, there are three possibilities for DJKN to be directly involved in the PPP stages. First, to overcome the problem of PPP land procurement, namely through BLU LMAN DJKN which is assigned by the Government as a land bank. Second, in the case of handing over assets resulting from the PPP to the Government when the PPP contract has ended, whether in the form of KND or BMN. Third, reflecting on the success of PPP in various countries such as South Korea and England, the key to their success lies in the Special Institution/Agency that organizes PPP. If the Government forms a special Institution/Agency that is fully responsible for the PPP, it is very likely that the DJKN as the BMN Manager and the holder of the Government Appraiser function will be involved.

Figure 1. Flow of Government cooperation with business entities

The implementation of the potential for cooperation as explained above itself cannot be done just like that, but in its implementation it requires several stages which tend to be complex which must be carried out first. These stages are as follows:

1. Planning Stage

The planning stage is the initial stage that must be carried out first in order to find out the things and also the objectives of implementing cooperation between the government and business entities in the future. The planning stage here can be in the form of a budget planning stage which is carried out by creating a clear and structured budget plan for each

project, including initial costs, operational costs and maintenance costs. The budget plan must be adjusted to the available financial capabilities and must consider factors such as inflation and delays. Apart from that, another stage is the stage of using funds, which is carried out in order to guarantee the effective use of funds and ensure that the projects can be implemented well.[15]

The planning stage itself can also take the form of checking whether the plans to be carried out comply with statutory regulations. In the case of PDAM Tirta Meulaboh itself, collaboration with business entities must be preceded by ensuring that the development of the Drinking Water Supply System (SPAM) in an area complies with applicable regulations, such as Minister of Public Works Regulation No. 27/2016, it is important to prepare a technical plan for SPAM development (DED) that meets the specified standards. Thus, SPAM development can support the functioning and sustainability of the system systematically. The preparation of a Master Plan or Master Plan for the Development of a Drinking Water Supply System is the responsibility of the Regional Government in accordance with Government Regulation Number 122 of 2015. However, often limited human resources at the regional level mean that the Regional Government requires technical assistance from the Central Government. This assistance is important for preparing a drinking water supply system master plan and providing technical advice in preparing technical plans for SPAM service areas at the district/city level.[16]

If the entire plan has been carried out, what can be done next between the government and business entities is to prepare a Priority List based on the results of an analysis of the country's feasibility and needs. The priority list should be tailored to available financial capabilities and should consider factors such as urgency and impact. And apart from compiling a list of priorities, what needs to be prepared in this case is to prepare a PPP plan, which in this case includes all the necessary information, such as goals, targets, implementation schedule and budget.

2. Preparation Stage

The preparation stage itself in its implementation is called a pre-feasibility study. The pre-feasibility study began with public consultation to ensure that the project met community needs, conducted through public meetings, online surveys, and discussions with stakeholders. Furthermore, the pre-feasibility study must include economic, technical and social analyzes that are in line with community expectations. To support project implementation, the government needs to establish a support plan that includes technical, financial and human resource assistance, as well as providing guarantees such as credit or tax guarantees to reduce risks for implementing business entities. In addition, procedures for returning business entities' investments must be designed clearly and transparently, taking into account factors such as inflation and delays. Finally, land procurement for PPP projects must be carried out taking into account location, price and availability, ensuring transparency and accountability to meet project needs effectively.[17]

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[15] Mochamad Rifki Maulana, "Understanding and Learning from the Planning and Preparation Stages of Infrastructure Development in Indonesia Through Government and Agency Cooperation Schemes in Infrastructure Provision (KPBU)," JISIP (Journal of Social Sciences and Education) 5, no. 1 (2021), https://doi.org/10.58258/jisip.v5i1.1646.

[16] Aceh District Government, "Proposal for the Rehabilitation of PDAM Tirta Meulaboh" (West Aceh, 2024).

[17] Andi Syafirah Putri Abdi Patu and Muhammad Heru Akhmadi, "Evaluation of the Preparation of the Government Cooperation Project with Business Entities (KPBU) for the Makassar-Parepare Railway," Journal of Development Policy 16, no. 2 (2021): 221–35.

3. Transaction and Agreement Preparation Stage

What is meant by the negotiation stage with Business Entities, negotiation here means what payment mechanisms can be made by the government for the cooperation it carries out with business entities. The payment mechanisms that can be chosen generally consist of two types, namely:

a. Availability Payment (AP) mechanism, which in this case can be interpreted as a payment method used in the PPP. In this scheme, the government makes payments to implementing business entities based on the availability of services agreed in the agreement. This payment is made periodically and is not influenced by the number of service users. This means that the government will make payments to implementing business entities if the infrastructure and services provided meet the "availability" criteria set out in the agreement, without considering the number of service users.[18]
b. User Payment (UP) mechanism, which in this case can be interpreted as another payment method used in the PPP. In this scheme, the return on investment for the implementing business entity comes from fees paid by service users. This means that the government does not make direct payments to implementing business entities, but service users must pay fees to use the facilities or services provided.[19]

4. Operational Stage

After all the stages have been carried out by the Business Entity and the Government reaching an agreement, the next step is the project management stage, where in this stage the government can actually take advantage of the existence of the business entity by observing, evaluating and imitating how the business entity carries out the infrastructure operational activities carried out and can implement This knowledge will occur when the infrastructure produced under the PPP scheme has ended and the ownership of the infrastructure has transferred from the business entity to the government.

Overall, implementing government and business entity cooperation (KPBU) is a strategic approach to handling infrastructure project financing and ensuring infrastructure needs can be met effectively. In practice, PPP refers to models such as Build-Own-Operate (BOO), Build-Operate-Transfer (BOT), Design-Build-Finance-Operate-Maintain (DBFOM), and leasing, which provide various options in managing and project funding. To maintain existing infrastructure, such as PDAM Tirta Meulaboh, the DBFOM model can be the right choice because it offers comprehensive management and allows the government to obtain high-quality facilities after the contract period. PPP implementation requires complex stages such as budget planning, pre-feasibility studies, agreement preparation, and project management, which involve various steps ranging from public consultation to land acquisition and negotiation of payment mechanisms. Ultimately, PPPs offer flexible and integrated solutions to address infrastructure challenges while ensuring that governments can leverage the experience and expertise of business entities in managing projects efficiently.

[18] Mada Devi Kartikasari and Sonyendah Retnaningsih, "Study of PPP Schemes Through IKN PPP Agreements," Ranah Research: Journal of Multidisciplinary Research and Development 6, no. 4 (2024): 933–41.
[19] Kartikasari and Retnaningsih.

4. Conclusion

Based on the various explanations as explained above, it can actually be concluded that collaboration between government and business entities (KPBU) is an effective solution to face the challenges of funding and managing infrastructure projects. With various models such as BOO, BOT, DBFOM, and leasing, PPP offers flexibility in designing, building, operating, and maintaining infrastructure facilities. The DBFOM model, in particular, is very relevant for projects such as the rehabilitation of PDAM Tirta Meulaboh, as it provides a comprehensive approach from design to maintenance, with ownership transferred to the government after the contract period. The necessary stages, such as budget planning, pre-feasibility study, agreement preparation, and project management, ensure that the project is implemented effectively and in accordance with community needs. With proper implementation of PPPs, governments can overcome funding constraints, obtain quality infrastructure, and utilize private sector expertise, while ensuring public services remain maintained and sustainable.

To maximize the benefits of government and business entity cooperation (PPP), it is recommended that the government conduct an in-depth evaluation of the PPP model that best suits the needs of the infrastructure project to be implemented. In particular, for sanitation projects such as PDAM Tirta Meulaboh, applying the DBFOM model can provide great benefits because it covers the entire project cycle from design to maintenance. The government is also advised to ensure that all stages of the PPP, including budget planning, pre-feasibility studies and agreement preparation, are carried out with high transparency and accountability. In addition, it is important to actively involve stakeholders through public consultations so that community needs and expectations can be met. Establishing clear and fair payment mechanisms, as well as strict monitoring of project implementation, will help to maintain the quality of services and ensure the long-term success of the infrastructure being developed. With these steps, the government can optimally utilize the potential of PPPs to support sustainable infrastructure development and meet public needs effectively.

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