

Effectiveness in Public-Private Partnership in the Management of the Steam Power Plant of PT. Bosowa Energy

Azhari Sirajuddin¹, Muh. Akmal Ibrahim², Hasniati², Muhammad Yunus²

¹Doctoral Student of Public Administration, Faculty of Social and Political Science, Hasanuddin University, Makassar, Indonesia

²Department of Administrative Science, Faculty of Social and Political Science, Hasanuddin University, Makassar, Indonesia

*Corresponding Author: Azhari Sirajuddin

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ABSTRACT

Public Private Partnership (PPP) is an arrangement between government and private entities in the provision of infrastructure services and is one way to obtain additional sources of funding for infrastructure investment. This research aims to analyze the effectiveness public public-private partnerships in the management of the PT steam power plant. Bosowa Energy. This research uses a descriptive qualitative approach with data collection methods, namely observation, in-depth interviews, and documentation. The informants in this research are the authorities and are directly involved in the management of the PT steam power plant (PLTU). Bosowa Energy in Jeneponto. The results of this study show the effectiveness public public-private partnerships in the management of PT's steam power plant (PLTU). Bosowa Energi shows that the operation and maintenance of the PLTU have been carried out effectively by PT. Bosowa Energy, uses advanced technology and Collaboration with vendors to reduce production costs and improve output. This certainly has a good impact on the value of electricity production.

Keywords: Effectiveness, PLTU, Bosowa Energy

1. INTRODUCTION

National development is a process of change and development that takes place continuously in a conscious, planned and sustainable manner and has a main target that is useful for improving the welfare of human life or Indonesian society. The aim of national development is stated in the preamble to the 1945 constitution, which in essence is to carry out national development that is just and prosperous and is intended to spread the prosperity of the Indonesian people as much as possible. In essence, the concept of national development is not just physical development, but also related non-physical development by fulfilling community needs in an effort to raise the quality of life standards of the community.

Development is a planned process and is one of human efforts to improve the level and quality of life. In essence, the concept of development does not only include maintaining natural resources but also providing for the needs of humanity which are increasingly increasing over time. The close pattern between economic, social, and environmental systems must always be emphasized. Thus, in a development process effort are needed to raise the standard of quality of life while still protecting and even improving the quality of the environment.

The change in paradigm from central government to regional government in the context of planning and implementing regional development to create greater regional independence is the first step to increasing the role of regional communities in development.

The government is required to create prosperity for society by fulfilling needs which are the responsibility of the government itself, but in implementing this the government experiences limitations, one of which is limited budget or costs

as well as the quality of the resources owned by the government. Therefore, there is a need for cooperation with the private sector in realizing or fulfilling all public needs or community needs. The private sector is very necessary to assist the government in creating and developing to meet community needs. Therefore, there is a concept of private Partnership also commonly known as public-private cooperation, which is an alternative financing mechanism for providing services public.

The government's efforts to fulfill public needs are not enough to rely solely on its capabilities as a single actor. However, now the government cannot be the sole actor in policymaking, so the government must synergize with other parties, whether private or public (Peters & Pierre, 1998; Grindle, 2004; Fauzela et al., 2019; Lopes, 2024). The government is required to create prosperity for society by fulfilling needs which are the responsibility of the government itself, but in implementing this the government experiences limitations, one of which is budget or cost limitations as well as the quality of resources owned by the government.

Therefore, there is a need for cooperation with the private sector in realizing or fulfilling all public needs or community needs. The private sector is very necessary to assist the government in creating and developing to meet community needs. Therefore, there is a concept of public-public-private partnership also commonly known as public-private cooperation, which is an alternative financing mechanism for providing services public.

Cooperation between the government and private sector) is an alternative step that can be taken to support regional development. This government-private collaboration is regulated in Presidential Decree (KEPPRES) No. 7 of 1998 concerning Cooperation between government and private business entities in the development and/or management of infrastructure. Then, in 2005 the government redefined the substance of the Implementation of Government Cooperation (KPS) with Presidential Regulation (Perpres) no. 67 of 2005 which replaced Presidential Decree (KEPPRES) No.7 of 1998 and added to the Minister of Finance Regulation (PMK) No.38 of 2006 concerning risk management in infrastructure projects. Public Private Partnership (KPS) as regulated in Presidential Decree No. 67 of 2005, regulates principles, types, identification and procurement processes, tariffs and risks, agreements, and business permits.

Public Private Partnership (PPP) is an arrangement between government and private entities in the provision of infrastructure services and is one way to obtain additional sources of funding for infrastructure investment. Through government-private collaboration, the expertise and assets of the government and the private sector work together to provide services to the community and collaborate where the risks and potential benefits in providing services or facilities are shared between the government and the private sector. In this form of PPP cooperation, the government still has authority over the companies or private organizations that are invited to collaborate (Klijn & Teisman, 2000; Djabbari et al., 2021; Pianezzi et al., 2023; Razin et al., 2022).

Public Private Partnership is defined as a contractual agreement between a political body and a private entity, in which the assets and capabilities of each party will be shared in operating a facility or service, over a fairly long period of time, namely 20-30 years or more. Through this collaboration, expertise and assets from the government and the private sector work together in providing services to the community and carrying out cooperation where the risks and potential benefits in providing services or facilities are shared between the government and the private sector. In this form of PPP cooperation, the government still has authority over the companies or private organizations that are invited to collaborate.

In general, the essence of Public Private Partnership is a sustainable linkage or synergy (long-term cooperation contract) in the development of projects or facilities to improve public services between the central government or regional government as the regulator, banking or consortium as the funder and the private sector/BUMN/BUMD as Special Purpose Company (SPC) which is responsible for the implementation of a project starting from design, construction, maintenance, and operations.

One form of partnership between the government and the private sector is the development and management of a Coal-Fired Power Station (PLTU). This partnership is carried out in order to provide energy infrastructure and meet the energy needs of the public. Of the various PLTUs in Indonesia, one of them is in Jeneponto Regency. Where PPP involves the State Electricity Generation (PLN) representing government elements with PT. Bosowa Energy is a private sector.

Based on the Power Purchase Agreement contract document between PT. PLN Persero and PT. Bosowa Energy in the construction and management of PLTU Jeneponto shows that the model Public Private Partnership which is adapted is a model Lifecycle contract. Life cycle contract as explained by Timchuc Oksana, et al (2017) that the Russian Federation has not used much foreign experience in implementing LCC (Life Cycle Contract) atau DBFM (Design – Build– Finance – Maintenance) to date. LCC is a form of contract used by various countries.

This type of contract is defined as a sector collaboration public and private where the private sector and public enter into a Cooperation contract (concession) in doing it starting from design (Design) – get up (build) – financing (finance) - maintenance (Maintenance) where the private sector can develop its cooperation/projects in a sustainable manner and is a type of concession (concession), and in France, this contract is referred to as “Partnership contracts” Matraeva et al. (2016).

Deep effectiveness Public Private Partnership refers to financial issues, revenue monitoring, service quality, and maintenance to ensure that infrastructure and public services are provided as well as possible during the partnership period. Government as leading sector Public sector infrastructure development needs to be proactive towards community needs

(Casanova, 2011; Batidzirai et al., 2021; Aditya et al., 2023).

Elements of Effectiveness in Public-Private Partnership The Management of the Steam Power Plant at Bosowa Energi in Jeneponto Regency shows that the management of the Jeneponto PLTU is carried out effectively in terms of operations and maintenance. In terms of coordination and communication carried out intensively between PT. Bosowa Energi and PT. PLN Persero. In terms of financial management and supervision, it is carried out by PT. Bosowa Energi and carry out regular internal and external audits. As for ensuring electricity production, PT. Bosowa Energi as manager of the Jeneponto PLTU, management and procurement of coal supplies as fuel in supply by PT. PLN Persero.

Based on this description, the author is interested in conducting research on the "Effectiveness Public Private Partnership "In the Management of Steam Power Plants at Bosowa Energi in Jeneponto Regency".

2. METHOD

This research uses a qualitative approach. The choice of this method is based on the theory or model that is used as a reference in data collection, which is then verified or confirmed with field data collected through qualitative analysis methods. In this research the focus is on the effectiveness of Public Private Partnerships in the management of the PT Steam Power Plant. Bosowa Energi. The research location was carried out in Jeneponto Regency.

To collect data, researchers used observation and interview techniques. Data sources in this research were taken through primary data and secondary data. Primary data collection was carried out directly using in-depth interview methods. Secondary data collection was obtained through related office documents and online data searches. Informants in this research were selected according to the criteria set by the researcher by considering all the information needed to carry out the research.

The data collection technique in this research is a procedure systematic method using interviews, observation and documentation. Furthermore, to declare the validity of the data using four techniques, namely Trustworthiness (Credibility), Transferability (Transferability), Dependency (Dependability), and Certainty (Confirmability). According to Miles and Huberman, they divide the analysis into four activity streams, namely as follows: (Sugiyono, 2010), namely data collection, data reduction, data presentation, and drawing verification conclusions.

3. RESULTS

Effectiveness is the relationship between output with the aim, the greater the contribution output towards achieving goals, the more effective the organization, program, or activity will be. Effectiveness is a basic element in achieving predetermined goals or objectives in every organization, activities or programs are said to be effective if the goals or objectives are achieved as determined.

Effectiveness is the ability to produce desired results or the ability to produce desired output. Effectiveness also refers to a measure that states how far the target (quantity, quality, and time) has been achieved. Where the greater the percentage of targets achieved, the higher the effectiveness. In this research, effectiveness is meant in the Steam Power Plant (PLTU) financing scheme, ensuring the construction and management of steam power plants are sustainable without cost constraints as well as a PT steam power plant. Bosowa Energi runs effectively with a stable electricity supply. In context Public Private Partnership in the management of the PT Steam Power Plant. Bosowa Energi.

Deep effectiveness Public Private Partnership refers to financial issues, revenue monitoring, service quality, and maintenance to ensure that infrastructure and public services are provided as well as possible during the partnership period. The effectiveness of this research focuses on the PT Steam Power Plant financing scheme. Bosowa Energi, construction and management of the Steam Power Plant (PLTU) PT. Bosowa Energi is sustainable without obstacles and PT. Bosowa Energi ensures the stability of the electricity supply.

The effectiveness of this PPP scheme is closely related to achieving the desired results, especially in terms of the construction and management of Power Plants. Steam Power (PLTU). In this research, effectiveness refers to the ability of PT. Bosowa Energi to produce a stable electricity supply, as well as manage power plants with an efficient and sustainable financing scheme.

According to Grimsey and Lewis (2007), effectiveness in PPPs depends on the private sector's ability to manage projects in a way that benefits all parties, without compromising quality and agreed time. In this case, PT. Bosowa Energi has proven its effectiveness by ensuring the continuity of electricity supply through structured management, regular monitoring, and the use of quality vendors. The success of PT. Bosowa Energi in maintaining a stable electricity supply is in line with the basic principles of PPP, which require the private sector to be committed to providing public services effectively.

Savas (2000) in his book "Privatization and Public -Private Partnership" also highlighted that the effectiveness of PPPs can be measured by the contribution of the private sector in mitigating public costs through investment, technical expertise, and efficient resource management. In this case, PT. Bosowa Energi has succeeded in managing operational and financial risks by inviting SSP Group as an investor, and ensuring that the financing and management of the PLTU runs sustainably. This was expressed in interview findings which showed that PT. Bosowa Energi continues to carry out repairs and

maintenance to maintain the continuity of power plant operations.

The theory of Transaction Cost Economics (TCE) developed by Williamson (1981) also explains the effectiveness of PPP schemes. TCE indicates that the effectiveness of PPP Cooperation depends on how transaction costs are managed, including monitoring, coordination, and risk mitigation. PT. Bosowa Energi, in this case, manages risks related to the operation and maintenance of the PLTU and collaborates with PT. PLN Persero in good coordination so that the operation of the power plant runs smoothly without significant disruption.

Justice and effectiveness in Public Private Partnerships cannot be separated. The success of the PPP scheme in managing PLTU PT. Bosowa Energi relies heavily on both.

Fairness in the distribution of costs and benefits ensures that all parties receive rights and benefits commensurate with their contributions, while effectiveness ensures that the project runs well, produces results output desired, and provides sustainable benefits to society. As stated by Hodge and Greve (2007), one of the main keys to PPP success is how agreements between the public and private sectors are made fairly and with clear objectives, namely producing efficient and sustainable public services. In this case, PT. Bosowa Energy and PT. PLN Persero works together to fulfill these goals, and the government is only involved in licensing aspects and regulatory support.

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the research results and discussion above, the conclusion of this research shows that it is an effective public-private partnership in the management of PT's steam power plant (PLTU). Bosowa Energi shows that the operation and maintenance of the PLTU have been carried out effectively by PT. Bosowa Energy, uses advanced technology and Collaboration with vendors to reduce production costs and improve output. This certainly has a good impact on the value of electricity production.

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