

Government Cooperation with Business Entities in the Procurement of Infrastructure based on the Presidential Regulation Number 38 Year 2015 Study Drinking Water Supply System (Spam) in Umbulan

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Abstract

Development of infrastructure is necessary, the concept of Government Cooperation with Business Entities could be a solution, the rules of this concept is mutual cooperation. On the scheme of Government Cooperation with Business Entities, state-owned companies and private support each other in the fund and accelerate the growth of infrastructure. Government Cooperation with Business Entities also known as Public Private Partnership is the concept of collaboration in the construction of infrastructure that involve private parties, so that the main obstacle to infrastructure development in the setting up of funds and human resources are limited through the Government Cooperation with Business Entities is a good opportunity to overcome these obstacles. Government cooperation With Business Entities In the Procurement of the Infrastructure is regulated in Presidential Regulation No. 38 of 2015. Drinking Water Supply system (SPAM) Umbulan East Java is the first project in the water sector that utilizes the scheme of Government Cooperation with Business Entities. The problems in this article is about the concept of the program of Government Cooperation with Business Entities in the procurement of infrastructure, Government guarantees on infrastructure projects through the scheme of Government Cooperation with Business Entities and the implementation of Government Cooperation with Business Entities in the system of procurement of drinking water in Umbulan East Java based on presidential Regulation No. 38 of 2015.

Keywords

cooperation; infrastructure; drinking water



I. Introduction

Infrastructure is the most important requirement for the economic development of every country. On the development of the economy in this market certainly prioritize the growth of infrastructure to grow the value of the goods and does not result in the centralization of the economy. Infrastructure is selected as the asset to accelerate the progress of the national economy. The development of infrastructure can generate employment and earn a multiplier effect on the industry locomotive national and regional development.

The economic condition of the population is a condition that describes human life that has economic score (Shah et al, 2020). The development of infrastructure can be useful as a driving force in bringing the growth of the regional and national economy that determines. Therefore, the development of infrastructure should be carefully aligned towards the level of interest and growth of a region.

The development of the infrastructure needed to spur economic development, increase the prosperity of society, and produce the availability of better public services. The participation of the private sector as innovation in the development of the infrastructure will realize the public service. Regarding this, the Government of Indonesia presents the concept of Government cooperation with Business Entities (Government Cooperation with Business Entities in the procurement of infrastructure in order to provide to the efforts of the government to collaborate with the private sector based on the scheme of allocation of the risk of a well-balanced, the implementation of this concept, is set in Regulation No. 38 of 2015 about the Government's Cooperation with Business Entities.

The cooperation of the Government and the Business Entity or that is known with the term of Government Cooperation with Business Entities (Public Private Partnership) is the concept of collaboration in development of infrastructure by involving the participation of private parties. The particulars of important infrastructure development in Indonesia is the ability of the government in providing funds and human resources are still limited so that the Government Cooperation with Business Entities could be a way out which is better to overcome these problems.

The concept of financing of non-conventional applied by the government in the provision of infrastructure referred to by the term Public Private Partnership or PPP. According to Dharmawan (2012), Public Private Partnership (PPP) is a system with the bow to complete the funding needs of that experienced by the government for the acceleration and the formation of a means of infrastructure can still be held.

In Indonesia, the PPP called Government Cooperation with Business Entities, Government Cooperation with Business Entities is defined as the collaboration between the Government and Business Entities in the Procurement of Infrastructure that aims for the benefit of society based on the customization that has been previously determined by the Minister/Head of Institution/Head of Region/BUMN/BUMD, which is partly or overall require the resources of a Business Entity to pay attention to the risks borne by the parties. Government cooperation with the private actually already existed since the time of the New Order as on the toll roads and electricity, but began to be expanded in 1998 after the monetary crisis. After beginning with some of the regulations supporting the PPP, then in order to align the PPP currently in the world, the Government issued Presidential Regulation No. 38 of 2015 of Government Cooperation with Business Entities in the Provision of Infrastructure. Since this Regulation was published collaboration, formerly known as public Private Partnership (PPP) when this is called Government Cooperation with Business Entities.

One of the innovations that held the Ministry of national development planning/Bappenas to handle the lack of capabilities of national fiscal namely to build a system of financing of non-conventional, as the concept of Investment Financing Non Government Budget that complement the concept of financing the infrastructure already exists, namely the concept of Cooperation of the Government Business Entities or also called the Public Private Partnership (PPP).

On the activities of the Musrenbang Prov Jawa Timur, Minister of planning/Head of Bappenas Bambang Brodjonegoro delivered the opinion of the Province of East Java as the pioneer of the first province to implement the concept of Government Cooperation with Business Entities. "East Java province is the only province in Indonesia that has had a program of PPP in the area, namely the Drinking Water Supply System (SPAM) Umbulan. Its design has begun, and the expediency of SPAM Umbulan this asap enjoyed by the community in Surabaya, Pasuruan, and the surrounding areas," said Minister Bambang.

According to the coordinating Minister for the Economy Darmin Nasution, SPAM Umbulan is the first program in the field of water obtained assistance from the Government in the form of Viability Gap Fund (VGF). This Program actually has been scheduled since 43 years ago. However new on the 2010 set by Bappenas and the Ministry of Public works, which is one showcase project through the concept of Government Cooperation with Business Entities. Program procurement drinking water through a total investment amount of Rp 4,51 trillion and absorb private investment a number of Rp2,05 trillion is expected to provide the water needs of 1.3 million people in 3 districts and 2 cities in East Java province.

II. Review of Literature

The legal basis of the concept of Government Cooperation with Business Entities is the Presidential Regulation No. The 67-Year 2005 for the Government's Cooperation with Business Entities in the provision of infrastructure, up to now, already there are some changes, after 5 years of accomplished precisely in the year 2010 was held the first change, namely Regulation No. 13 of 2010, the contents of the change of which there is the participation of the Business Entity to spearhead the scheme of Government Cooperation with Business Entities. A year later in 2011 held the second change, namely Regulation No. 56 2011 includes participation foreign Business Entities in the implementation of the scheme of Government Cooperation with Business Entities, and in 2013 held the third amendment, namely the issuance of Presidential decree No. 66 year 2013, which one of them is the limitation of the period of funding can be extended by the Minister/head of Institution/head of Region if the failure to get funding is not due to the negligence of a Business Entity, based on criteria established by the minister/head of the institution will but up at the end of 2014 a little bit once the application of the scheme of Government Cooperation with Business Entities.

Change for change's sake is performed as if only to accelerate the procurement of infrastructure. In the present government infrastructure investment is increasingly commonplace, namely on March 20, 2015 the President issued the Presidential decree No. 38 of 2015 of Government Cooperation with Business Entities in the provision of infrastructure, as a substitute of Presidential decree No. 67 years 2015 and its amendments.

In the presidential Regulation number 38 year 2015 Government's Cooperation With the Business Entity is expanded again, that there are 19 (nineteen) scope of infrastructure that can be cooperated, using the concept of public private partnership, which was previously only 8 (eight) types of infrastructure that can be managed together.

According to Article 1 number 6 of Presidential Regulation No. 38 of 2015 on Government Cooperation With Business Entities In the Provision of Infrastructure, Cooperation of Government and Business Entities are then referred to as Government's Cooperation With the Business Entity is a partnership between the Government with Business Entities in the procurement of infrastructure in order to the interests of the community that refers to specifications that have been determined previously by the Minister/Head of Institution/Head of Region/State Owned enterprise/ Regional Owned Enterprises, wholly or partly using the resources of a Business Entity based on the balance of risks between the parties.

With regard to the implementation of the Regulation on the PPP on the procurement of infrastructure then drafted institutions that can develop acceleration Government Cooperation with Business Entities, including the Committee for the Acceleration of Infrastructure Provision who have been revitalized through the Presidential Regulation

Number 12 Year 2011. The next updated with the establishment of the Presidential decree No. 75 of 2014, be a Committee for the Acceleration of the provision of Infrastructure Priorities.

The success of leadership is partly determined by the ability of leaders to develop their organizational culture (Arif, 2019). Next related bodies such, contained institutional organization that must be prepared in the implementation of Government Cooperation with Business Entities. Including the person in Charge of the Project Cooperation (PJK) the Minister/Head of Institution/Head of Region as PJK infrastructure which acts as the responsible is the Ministry/Institution/Area-his, when on the legislation specified Government Cooperation with Business Entities implemented by state-owned companies, so BUMN/BUMD such that can act as a PJK. Bond PPP compiled by PJK obligation on every execution of the Government Cooperation with Business Entities and related to the unit of work that has been contained in the Ministry/Agency/Local. The Procurement committee drafted to the provision of Business Entities Implementing.

Basically the understanding of Public Private Partnership is the participation of the private sector in joint collaboration with the government to manage the needs of the general public. Type this collaboration can be implemented with the agreement that is agreed upon, but in order to perform such cooperation is not easy, due to manage the needs of the general public is very broad in scope and require a very large fund, while the government budget is limited, on the other hand, the private sector can't just hand over the funds if it does not give an advantage, so it must be found the concept of cooperation of mutual benefit.

The infrastructure is based on the physical concept that held transportation, irrigation, drainage, buildings and building public infrastructure necessary to meet the basic needs of the human in the scope of the social economy. The concept of infrastructure is the main support functions the concept of social and economic concepts in the everyday life of the community. Infrastructure is the physical means that are programmed in system with the goal of providing essential public services.

Principles of Water Resources management is regulated in Government Regulation No. 121 of the year 2015 regarding the Utilization of Water Resources and the cooperation of the Procurement System of Drinking Water is determined on the Government Regulation No. 122 of the year 2015 for Drinking Water Supply System, which will be the author explain the sub-title of the Implementation of the Cooperation of Government and Business Entities in the Drinking Water Supply System (SPAM) in Umbulan East Java based on presidential Regulation No. 38 of 2015 about the Government Cooperation with Business Entities in Infrastructure Provision.

III. Research Methods

This study uses a type of qualitative research. According to Creswell (t) qualitative research is a type of research that explore and understand the meaning of a number of individuals or a group of people who come from a social problem. Source of research data derived from primary data and secondary data.

The basic Data obtained from the respondents of Business Entities and local Governments in order to establish a drinking water supply system that is leadership. Secondary Data were obtained through books, journals and relevant. Data collection techniques interviews were conducted by the respondents. And this research analyzed by the full authority of descriptive.

IV. Results and Discussion

4.1 The Mechanism Of The Program Government Cooperation With Business Entities In Infrastructure Development

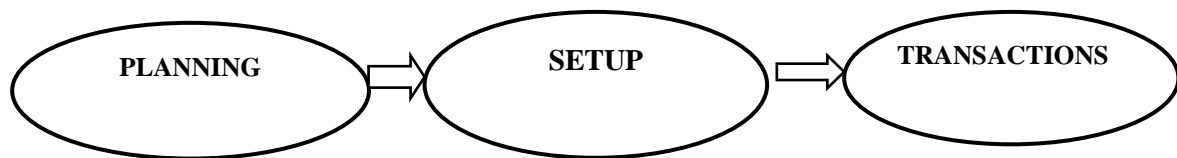
a. The purpose of Government Cooperation with Business Entities and the Type of Infrastructure That Can be done in Cooperation between the Government and Business Entities.

In Article 3 of Presidential Decree No. 38 year 2015, the Government Cooperation with Business Entities was held with the aim to:

1. Meet the financing needs for sustainable procurement of infrastructure with the involvement of private funding;
2. Create an atmosphere of investment that supports the participation of Business Entities in the Procurement of Infrastructure based on the rules of business in a healthy manner;
3. Support the implementation of the principle of user pays services received, or in the case of certain consider the ability to pay of the user; and/or
4. Provide certainty of return on investment Business Entities in the provision of infrastructure through the payment mechanism periodically by the government to Business Entities.

b. The Implementation of the Government's Cooperation with Business Entities

The activities of the implementation of PPP can be divided includes three stages or grouping of large, that existon the Regulation of the Minister of National Development Planning/Head of Bappenas Nomor 4 Tahun 2015 regarding the procedures for the Implementation of Government Cooperation with Business Entities in the provision of infrastructure, existing in Article 11, article 21 and article 31 which:



c. Signing of the Cooperation

There are few things in the above Scheme, which requires further explanation which is about the the signing of the Agreement of Government Cooperation with Business Entities is done by PJKP and Implementing enterprise after the Business Entity is set as the winner of the auction (Article 36 of the Candy No.4 in 2015).

In the Agreement of Government Cooperation with Business Entities should be done through the Management of the Implementing Agreement of Government Cooperation with Business Entities which has 4 (four) times, i.e. (Appendix Candy No. 4 in 2015 on the procedure for Implementation of Government Cooperation With Business Entities In the provision of Infrastructure Chapter IV the letter E) :

1. Pre-construction
2. Construction period
3. The Commercial Operation, and
4. The termination of the Agreement Government Cooperation with Business Entities

d. Institutional Government Cooperation with Business Entities

One aspect in favor of the successful implementation of the project of Government Cooperation with Business Entities overall that is related to the institutional organization of the strong will be achieved if the parties have been carrying out the role and obligations. Associated with it can be understood that the institutional organization as a set of parts that are related and interconnected with each other to obtain the success of the program Government Cooperation with Business Entities. Institutional organization on the activities of the implementation of Government Cooperation with Business Entities includes the person in Charge of the Project Cooperation, Node Government Cooperation with Business Entities, Tim Government Cooperation with Business Entities and Procurement Committee. Each organization that is available to get the task and responsibility are interconnected.

e. Business Entity Organizers

Procurement of goods/services on the implementation of the procurement of goods/services must meet the following qualifications:

1. Sufficient provisions of laws and regulations to carry out business activities.
2. Acquire the expertise, experience, skills, technical and managerial skills to prepare for the procurement of goods/services.
3. Acquiring human resources, capital, equipment and other infrastructure needed in the provision of goods/services.
4. Acquire skills in a work that is appropriate for micro, small and small cooperatives also the ability in the sub-sector jobs that are appropriate for businesses that are not small.
5. Not in the monitoring of the court, is not insolvent, the operational business is not being terminated and/or the board of directors acting for and on behalf of the company not being in undergoing the punishment of the criminal, as evidenced by an affidavit signed by the provider of goods/services.

In the implementation of Government Cooperation with Business Entities, Enterprises Implementing also obtained a role in the line of duty and responsibility, the implementation of Government Cooperation with Business Entities includes the stages below:

- a) The Provision of Business Entities Implementing The
- b) The signing of the contract of Government Cooperation with Business Entities, and
- c) The fulfillment of funding the procurement of infrastructure by enterprises implementing.

f. The construction of the Concept of Government Cooperation with Business Entities in General

Based on the regulation of the Government Cooperation with Business Entities, the party Responsible for Project Cooperation then called (PJPK) is the Minister/Head of Institution/Head of region, and in the laws and regulations governing the procurement of public infrastructure carried out by state-owned companies, then PJPK sector project is a state-owned companies. PJPK and public institutions related to Government Cooperation with Business Entities which stakeholders from the government.

g. Return on Investment Business Entities the Implementing

In terms of return on investment Business Entities Implementing the starting of the payment by the user in the form of tariffs, PJPK determine the price beginning from the procurement of infrastructure. The first price and the adjustment, determined to ensure a

return on investment which consists of closing the capital cost, operational cost, and profit in a certain period of time.

In pushing for funding infrastructure from the state budget as the last resources, the Government has already done some concept of government cooperation with business entities. One form of concept funding in Government Cooperation with Business Entities namely with the support of eligibility (viability gap fund/VGF).

Viability Gap Fund (VGF) or support the feasibility of partially fund the construction is to support the government in the form of the involvement of partially funding the construction was handed over in cash on a program of Cooperation of the Government with the Business Entity, which has gained economic feasibility but do not have a financial feasibility.

VGF submitted on infrastructure projects built through the concept of Government Cooperation with Business Entities with the target to grow the financial feasibility of the project in order to create interest and participation of the private sector, foster the certainty of the provision of/auction project infrastructure in harmony with the quality and the time set, also held a service of public infrastructure through the price affordable by the community. In this regard, it is expected that through the transfer of funds VGF, the interest of the private sector to invest will increase so that the projects of PPP infrastructure can be a lot of realized and able to meet the needs of the community, as well as support the development of economy in Indonesia.

4.2 The Best Government On Infrastructure Projects With The Scheme Of Government Cooperation With Business Entities

Based on the guidelines Reference a Partnership of Government and Private Version 2.0 issued by the IIGF, in general the collaboration of the government with a business entity or a public-private partnership (PPP) can be interpreted as a long-term agreement between a private party and a government entity in order to provide an asset or service to the public, and based on the agreement, the private party bears the risk of the substantial and responsibility towards implementation through the remuneration set for the achievement.

According to Presidential Regulation No. 38 of 2015 of Government Cooperation with Business Entities in the Provision of Infrastructure, the Government could submit a Guarantee for Government Cooperation with Business Entities. The guarantee is submitted in form of Assurance Infrastructure based on Presidential Regulation No. 78 of 2010 on the Assurance of the Infrastructure On the Project of cooperation of the Government With a Business Entity Which is Done Through Business Entities Guarantee the Infrastructure.

In Article 1, item 1 of the Presidential decree No. 78 of 2010, Assurance Infrastructure is the submission of dependents over the Financial Obligations of the person in Charge of the Project cooperation (PJPK) carried out based on the Guarantee Agreement. Financial responsibility of the person in Charge of the Project Work The same is the Obligation to pay compensation in funding to Business Entities upon the occurrence of Risk Infrastructure is the responsibility of the person in Charge of the Project Working Together in harmony with the placement of the risk, as had been agreed in the cooperation Agreement.

Risk is the Infrastructure of the events that can occur on the Project cooperation throughout the implementation of the cooperation Agreement could have an impact in the negative investment Entity, which consists of equity and loans from third parties. Business entity Infrastructure Guarantee fund is a business entity formed by the Government and given a specific task to carry out Assurance Infrastructure has also been given capital based

on Government Regulation No. 35 of 2009 concerning the Equity Capital of the Republic of Indonesia to the establishment of limited Liability Company (Persero) in the sector of Infrastructure Guarantee fund.

Prerequisite Infrastructure Guarantee fund provided for a cooperation Agreement in order to implement the Project of cooperation includes the most less things about:

- a. Balance the risk of infrastructure between the respective parties in accordance with the placement of risk;
- b. Prevention efforts relevant of each party in order to prevent the onset of risk and reduce the its influence if happen;
- c. Financial responsibility the Responsible Project Work the Same in terms of Risk Infrastructure an obligation Responsible for Project cooperation, or way of calculation to establish the amount of the Financial obligations of the person in Charge of the Project Work the Same happens, if the number can not be set when the cooperation Agreement was signed;
- d. A period of time sufficient to carry out the Financial obligations of the person in Charge of the Project of cooperation including the grace period (grace period);
- e. The procedure that is reasonable to determine when the person in Charge of the Project of cooperation has been in a state is not able to carry out the Financial Obligations of the person in Charge of the Project cooperation;
- f. The procedure of settlement of disputes that may arise between the person in Charge of the Project of cooperation and Business Entities in respect of the implementation of the Financial Obligations of the person in Charge of the Project Work Be prioritized through the mechanism of alternative dispute resolution and/or arbitral institutions;
- g. The law applicable is the law of the Republic of Indonesia.

4.3 Government Cooperation with Business Entities on the Drinking Water Supply System (Spam) in Umbulan East Java Based on Presidential Regulation No. 38 Of 2015 on Government Cooperation with Business Entities in the Provision of Infrastructure

According to Government Regulation No. 121 of the year 2015 regarding the Utilization of Water Resources, regulated that the Utilization of Water Resources conducted with regard to the principles:

- a. Not to interrupt, ignore, and waived the right of the people to obtain water;
- b. The protection of the state against the rights of the people of the Water;
- c. The conservation of the environment as a human right;
- d. Monitoring and management by the state on Water is an absolute;
- e. Emphasis on the utilization of the Water was handed over to state-owned enterprises or regional owned enterprises; and
- f. The granting of Permits for Water resources Management and Permit Water to Land to a private party can be done through certain criteria and strict after the principles referred to in letters a through e are filled and there is still availability of water.

Water Resources management can be done by individuals or business entities based Permission Management of Ground Water Resources of the Central Government or Regional Government in harmony with its authority.

The granting of Permits for Water Resources Management is done in selective through sequence, namely:

- a. The fulfillment of the basic needs of day-to-day to a group that requires large amounts of Water;
- b. Agricultural communities in the great system of irrigation that had been there;

- c. The management of Water Resources to meet the basic needs of day-to-day with the Drinking Water supply system;
- d. Activities is not a business for the needs of the public;
- e. The management of Water Resources by the state-owned enterprises or regional owned enterprises; and
- f. Water Resources management by a private entity or individual.

The form of Cooperation SPAM according to Government Regulation No. 122/2015 of Drinking Water Supply Systems, namely, Cooperation with private business entities based in paragraph (1) can be implemented in the form of:

- a. Investment utilization of SPAM and/or Management of SPAM upper part of the Raw Water and the production unit;
- b. Both parts of the distribution which is then run and managed through state enterprises or enterprises related; and/or

Both technology implementation and maintenance in order to pursue the Implementation of the SPAM that successfully and in accordance with performance based contract system.

V. Conclusion

1. The cooperation of the Government and the Business Entity or that is known with the term of PPP (Public Private Partnership) is a scheme of cooperation in infrastructure development with the participation of the private sector, which is regulated in Presidential Regulation No. 38 of 2015 on Government Cooperation with Business Entities In the Provision of Infrastructure. According to Article 1 point 6 of the Presidential decree No. 38 of 2015, the cooperation of Government and Business Entities are here in after referred to as PPP is a partnership between the government and Business Entities in the provision of infrastructure for the benefit of the public with reference to the specifications that have been previously established by the Minister/head/Regional Head/ State-Owned Enterprises/Regional Owned Enterprises, wholly or partly using the resources of a Business Entity to pay attention to the division of risk between the parties.
2. In the Implementation of the Regulation on the Government Cooperation with Business Entities in the provision of infrastructure, it was established the institutions that can improve the acceleration of Government Cooperation with Business Entities, such as the Committee for the Acceleration of Infrastructure Provision which later became the Committee for the Acceleration of the Provision of Infrastructure Priorities pursuant to regulation No. 75 of 2014. PT. Sarana Multi Infrastructure (SMI), PT Indonesia Infrastructure Finance (IIF) and PT Infrastructure Guarantee fund (IGF) as an instrument of financing and guarantee development through the scheme of PPP. In addition to these institutions, there are institutional organization which shall be established in the implementation of the Government Cooperation with Business Entities, among others, Responsible for the Cooperation Project that the Minister/Head of Institution/region of him, if Government Cooperation with Business Entities held by state-owned companies, the state-owned enterprises/state-owned enterprises that will act as PJK. Node PPP formed by PJK on duty in each phase of the PPP and attached to the unit of work that already exists in the Ministry/Agency/local. The Procurement committee is formed for the procurement of Enterprises Implementing. Agency Setup is a Business Entity/institution/organisation national or international, assisting and/or financing to PJK in the preparation stage to the stage of the transaction Government

Cooperation with Business Entities, and implementing enterprise is a Limited liability Company established by the Business Entity the winner of the auction or that has been designated directly.

3. The purpose of Government Cooperation with Business Entities based on Article 3 of Presidential decree No. 38 year 2015 is :
 - a. Meet the purposes of the financing for sustainable through the provision of infrastructure by involving private funds;
 - b. Embody the atmosphere of the investment support the involvement of Business Entities in the Procurement of Infrastructure based on the rules of business in a healthy manner;
 - c. Encourage the utilization of the principle of user pay services received, or in the case of certain pay attention to the ability to pay the user; and/or
 - d. Provide certainty of return on investment of a Business Entity in the procurement of infrastructure with the concept of the payment gradually by the government to Business Entities.
4. The form of Cooperation of Government Cooperation with Business Entities, the concept of Government Cooperation with Business Entities is classified based on the nature of services and the division of risk contained in the contract of Government Cooperation with Business Entities, the modalities of which is the project structure of Government Cooperation with Business Entities basis is based structure-the use of infrastructure services (Usage-based PPP), structure-based-availability of infrastructure services (Availability-based PPP) and Contract Operations and Maintenance (O & M contract).
5. For private party rewards or reward that can be obtained from the projects of Government Cooperation with Business Entities is very important, the return is the result of that is sourced either from the build or invest from the project of PPP. In Article 11 of Regulation no. 38 of 2015, the return on investment of a business entity is set as follows :
 - 1) PJKP establish a form of return on investment which include the closure of the capital cost, operational cost, and profit Enterprises implementing.
 - 2) Return on investment Business Entities Implementing the provision of infrastructure is sourced from:
 - a. The payment by the user in the form of tariffs;
 - b. Payment service availability (Availability Payment); and / or
 - c. Other shapes to the extent not inconsistent with the laws and regulations.
6. In encouraging the financing infrastructure through the state Budget as the last resources, the government has been running some scheme of cooperation of government and business entities. One form of financing scheme in Government Cooperation with Business Entities is through the support of eligibility (viability gap fund/VGF). Granting support the feasibility of the implemented based on the Regulation of the Minister of Finance No. 223/PMK.011/2012 and PMK No. 143/PMK.011/2013. In the implementation, the provision of VGF is allocated budget by the Government c.q. The minister of Finance as the General Treasurer of the State in accordance with the mechanism of the state Budget by paying attention to several things, namely the ability of the state financial, fiscal sustainability and basing on the principle of risk management fiscal careful.
7. The purpose of the plan of utilization the spring as delivered by the Governor of East Java is to utilize the water Source Umbulan 4.000 lt/dt for the drinking water needs of the community, build the Project of Government Cooperation with Business Entities -

- SPAM Umbulan with a Pattern of “woke Up To the transfer” (BOT), the establishment of a production system, a system of transmission pipeline, off take into 5 Districts/Cities and the fulfillment of the provision of drinking water for the APBN in 5 Districts/Cities and the fulfillment of the provision of drinking water for the APBN in 5 Districts/Cities.
8. Profile of the Project of Government Cooperation with Business Entities SPAM Umbulan East Java is :
 - a. Agencies PJKP : Government of the Province of East Java
 - b. Water Consumer: Kab. Pasuruan, Pasuruan City, Kab. Sidoarjo, Surabaya, Kab Gresik
 - c. Role of the Private sector: woke Up To the transfer (BOT) SPAM Umbulan
 - d. The role of Government: the Construction of the Distribution Network Main of the Offtake-Reservoir
 - e. The role of PDAM-PDAM: the Development & Management of the Distribution System from the Reservoir PDAM s.d. connection
 - f. VGF: Rp.818,01 M
 - g. Deals BU: Rp.2.05 Trillion
 - h. Equity BU (30%): Rp.369,59 M
 - i. Loan to the Bank (70%): Rp.862,4 M
 - j. Water Rates Can
 - Rp.2.370/m3 (Public Private Partnership/PPP-Regional Water Company Clean PDAB)
 - Rp.2.444/m3 (Regional Water Company Net/PDAB-Regional 1 water company PDAM)
 9. In Government Cooperation with Business Entities SPAM Umbulan the signing of the cooperation agreement the Governor of East Java as PJKP with PT Meta Adhya Tirta Umbulan is a company formed by a consortium of PT Medco Gas Indonesia and PT Bangun Cipta Kontraktor as the winner of the auction project Government Cooperation with Business Entities SPAM Umbulan. At the same time also signed a 3 (three) the derivative of cooperation, namely the Agreement of Drinking Water Can between the PDAB the Province of East Java with PT Meta Adhya Tirta Umbulan, Guarantee Agreement Infrastructure between PT Penjaminan infrastruktur Indonesia (Persero) (“PT PII”) with PT Meta Adhya Tirta Umbulan and Agreement of Recourse between the Governor of East Java with the IIGF.
 10. In the project of Government Cooperation with Business Entities SPAM Umbulan the government to provide support the feasibility of Rp 818 billion, while the Business Entity will be responsible for providing the majority of other funds. Projects using the scheme of the BOT (Built Operate Transfer) with a concession period of 25 years, covering the work of design, construction, operation, maintenance, financing facilities management and network transmission capacity of 4,000 liters/sec to be performed by the Business Entity.
 11. The water from the spring in pasuruan Regency will be processed and distributed as drinking water can through the piping channel transmission along a more or less ± 93,7 km and can be enjoyed around 1.3 million people in East Java in 5 City Districts (Pasuruan Regency, Pasuruan, Sidoarjo, Surabaya City and Gresik Regency) through the TAPS locals.

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