

***Mapping the Regional Potentials of Public Private Partnership in West Java Province, Indonesia***

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**Abstract**

Mapping regional potentials is attractive to study, among others as a material in developing a partnership between the government and private sector. What is mapping regional potentials ? What are its goals, and what is its status ? The questions were dealt with in the current paper. It contained on Mapping the Regional Potentials of Public Private Partnership in West Java Province, Indonesia. The paper was composed of three parts : first, Introduction, discussing the importance of mapping the regional potentials and the strategic role of such mapping for Public Private Partnership. Second, discussion, discussing the regional potentials in 27 sub-districts of West Java Province as a reference in developing regional partnerships between West Java Province and both Municipalities/District/Provinces domestically and abroad in form of sister city/twin city and private sector in order to resolve any problems and enhance the welfare of West Java Province citizens. And Third, Conclusion. It is hoped that the materials presented in the paper may generate a deeper understanding on Mapping the Regional Potentials of Public Private Partnership in West Java Province, Indonesia.

Keywords : *Public, Private, Partnership*

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## Part I. Introduction

Mapping regional potentials is carried out to identify a regional's comparative advantage going to the creation of competitiveness and designing a plan and setting a regional developmental strategy for economic growth, high investment and competitiveness. The potential mapping can provide a direction and policy to be made in the development of regional potential to be more focused and having a firm basis. The regional development is a utilization of resources owned for enhancing society's welfare really, both in income, employment opportunity, business field, access to policy-making, having competitiveness, and the enhancement of human development index (Governmental Regulations of Indonesian Republic Number 8 of 2008 Chapter I Article I).

The approach of Public Private Partnership has been much conducted in infrastructural development in various countries. Several variants in the definition of public private partnership, among other things, are Bult-Spiering and Dewulf, 2006 :

1. Public Private Partnership is a management reformation when the functions of government and bureaucracy experience a change and lighting from their interactions with professional management that is usually owned by private sector.
2. Public Private Partnership is a cooperation in an institutional affiliation from public sector and private sector cooperating together for achieving a certain target when the both parties assume an investment risk on the basis of profit and cost sharing they bear.
3. Public Private Partnership is cooperation between public and private yielding products and services with the risks, costs, and profits they bear together based on the resulting value-added.

The strategic role of mapping regional potentials for *public private partnership* is to support the optimizing of the attainment of regional development objectives more comprehensively by providing an opportunity for the private sector participating in the financing, design, construction as well as operations and maintenance to the public sector's projects and programs. With the presence of mapping regional potentials, the regional government will be more easily and readily for determining the opportunities that may be utilized/developed in creating the economic growth, bridging the private sector to be engaged in the infrastructural development by offering guaranties, incentives and financial returns for the investment conducted, the society's income growth as well as providing an easiness in establishing what is most potential point to develop and having a high value-added, with complete information so that the failure in managing the potential available can be minimized or even avoided, including the activities of exploitation excessively that may disturb the environmental balance.

Based on the background above, there are two questions: How is Mapping regional potentials of public private partnership in West Java Province? How is the Criteria of Cooperation Success between Governments of Cities/Regencies and the Cities/Regencies/Provinces, both domestic and foreign, in the forms of sister city/twin city as well as with Public Private Partnership?

## Part II. Discussion

### Mapping the regional potentials of Public Private Partnership in West Java Province

Geographically, Province of West Java lies between 5°50' - 7°50' South Latitude and 104°48' - 108°48' East longitude; it is bounded :

- on the north by Java Sea and Special Region of Jakarta
- on the east by Province of Central Java
- on the south by Indonesian Ocean and
- on the west by Province of Banten

The strategic geographic position of Jawa Barat Province has many advantages for this regional, especially from transportation and communication point of view . The north part of West Java is flat land area, while hilly area with a few shores in the south and mountainous area in the central part. Apart from that, Jawa Barat has fertile area which comes from volcanic deposit and that possesses many rivers across so that the most of land are suitable for agriculture. Therefore, this area is intended as National Food Stock Area. Based on the Governmental Regulations of West Java Province Number 22 of 2010 concerning the Regional Space Arrangement Plan of West Java Province in the period 2009 – 2029, it has been described a superior sector developed in each Development Region as follows :

Regional Superior Sector		
No	Areas	Main Activities
I	Bogor, Depok, Bekasi, Cianjur	Tourism, manufacture industry, fishery, trade, service, mining, agribusiness and agro tourist.
II	Purwakarta, Subang, Karawang	Agriculture, plantation, forestry, animal husbandry, fishery, marine business, processing industry, tourism and mining.
III	Sukabumi	Agribusiness, animal husbandry, tourism, and marine business.
IV	Cirebon, Indramayu, Majalengka, Kuningan, Sumedang	Agribusiness, agro industry, fishery, mining and tourism.
V	Tasikmalaya, Garut, Ciamis, Banjar	Agriculture, plantation, caught fishery, tourism, processing industry, handicraft industry and mineral mining.
VI	Sukabumi, Cianjur	Animal husbandry, agriculture, paltation, caught fishery, tourism.
VII	Special Areas of Bandung Basin	Agriculture, horticulture, non-polluting industry, creative industry, service trade, tourism and plantation, by enhancing the management of character development of cross-regency/city sharing collectively the role of building and accelerating the realization of PKN Kawasan Perkotaan Bandung Raya.

Source : Finance Ministry, 2012.

### Area of Food

The agriculture in West Java Province has generally a large and varied potential, and supported by an agro-ecosystem condition according to the development of agricultural commodities meaning comprehensively: food plant, livestock, fishes, and forests. West Java is as a producer for 40 (forty) commodities of agribusinesses that is largest in Indonesia, particularly paddy commodity contributing 18% to national paddy production. The agricultural sector has also a high labor absorption level: the average 2.65 percent of working population, notwithstanding the percentage of absorption tends to decline. However, the relationship of agricultural subsystems and other sectors has not yet fully indicated a synergism in the regional, regional and national scales. This is reflected from the development of agro-industry that has been not yet optimal in its processing and marketing. The development in a sector manner in the agricultural system as well as non-readiness in dealing with a global competition is an obstacle that is still faced by the agricultural sector. West Java has a potential for the marine economic and fishery development, primarily in the development of caught fishery business at south beach, marine cultivation business, marine biotechnology, as well as various services for marine environment. But the conditions and potentials of large fishery and marine resources have been not yet followed by a good development of business and fishery and marine businesses.

### Area of Energy

The region of West Java Province has potentials for various kinds of the renewed and non-renewed natural resources. The potential of non-renewed natural resources are, among other things, oil and natural gas. At national level, West Java contributes about 4% to the national natural oil production and about 11% to national gas production produced from 58 Migas (oil and natural gas) fields, located largely at the north coastal area of West Java. While for the renewed resources, West Java has the potential of geothermal resource about 6,101 MW or 21.7% of the total Indonesian geothermal potential. Until to 2007, about 2.81% of national energy yielded from the geothermal resource has been supplied by the geothermal generating located at West Java. While for the national energy supply stemming from PLTA, West Java contributed about 46.21%. The other non-renewed resource is the mining resource consisting of 40 kinds and dispersed at 16 regencies, and largely dispersed in southern West Java. West Java Province stored the geothermal potential as 6.06 MW comprising 40 manifestation points. Currently the total installed new capacity is by 1,057 MW. In West Java Province there were 7 (seven) Working Area Mining WKP, consisting of 4 (four) WKP of geothermal resource that has been established before the rise of The Law Number 27/2003: WKP Cibereum Parabakti, WKP Pangalengan, WKP Kamojang-Darajat and WKP Karaha Cakrabuana and 3 (three) WKP Panas Bumi that has been established after the rise of The Law Number 27/2003: WKP Tangkuban Perahu, WKP Tampomas and WKP Cisolok Cisukarame. In addition, there were also 2 (two) geothermal efforts in a small scale: the areas of Cibuni and Clater, Tangkuban Perahu. At the present PLTA that has produced in West Java Province is Chevron G. Salak, Ltd having capacity of 375 MW, Star Energy Geothermal, Ltd SEGL, Wayang Windu at capacity of 227 MW, PT Pertamina Geothermal Energy PGE in Kamojang with the capacity of 200 MW and the last Chevron Geothermal Indonesia, Ltd CGI in Darajat with the capacity of 255 MW. The total entire geothermal that has been produced is by 1,057 MW.

### Area of Infrastructure

The chance of public private partnership in the infrastructure sector that has been in West Java Province are, among other things, roads, bridges, ports, airport, waste processing, and industry. Currently there were three priorities of infrastructural development that have been attempted: Meat Trade Center of industrial facility in Bandung Regency; the Development of Organic Fertilizer Plant in Bandung Regency, as well as Clean Water Facility Development in Indramayu Regency. The investment level of facilities and infrastructures supporting the marine business as well as the productions of fishery and marine resources are still far from the available potential. On the other hand, the weak conditions of cultivators and fishermen as producers caused the less developed activities and management of the processing industries for the fishery and marine outcomes. The aspects of transportation infrastructures consist of land, air and marine transportations. In the aspect of land transportation, one of indicators in the level of road-infrastructure handling success is the enhanced levels of the road steadiness and condition. In the period of 2003-2007, the level of provincial road network steadiness across 21.18 km has been enhanced from 85.17% to 87.31%. with the steadiness level of 87.31%, 64.36% of the provincial road network length was in a moderate condition. This was caused by the expired age of road plan in largely provincial road portion such that the condition of road structure become to be unstable. The low level of this road steadiness was also caused by the high frequency of natural disaster as well as traffic loads that often exceed the heaviest axis capacity (MST) standard. In addition, the lack of toll-road network, as well as the entire not-yet-integrated road networks in West Java as well, including toll-road network system, caused the low quality and coverage of the road network infrastructure service in West Java. West Java Province has a high concentration level for manufacture, including among other things: electronics, leather industry, food processing, textile, furniture and plane industry. The region of West Java still become the center of modern textile industry and national garment, different from other areas becoming the center of traditional textile industry. The main textile export is about 55.45% of total West Java's export, the others are steel iron, foot base, furniture, rattan, electronics, plane components and the like. West Java Province has various supporting facilities and infrastructures among other things the area of Gobel industry located at Cibitung-Bekasi; Bekasi International Industrial Estate at Cikarang; East Jakarta industrial Park at Lemahabang-Bekasi; and Jababeka Industrial Estate at Cikarang-Bekasi, as well as having Astanajayapura Harbour, Pangandaran Harbour, Gebang Harbour, Special Pertamina Balongan Harbour and Indramayu Harbour.

The presence of Airbus A320 plane owned by Air Asia company at Husein Sastranegara Airport is a large jump in encouraging the movement of the current of goods and people from and to West Java, particularly Bandung City. As main destination city, Bandung City will become access for businessmen and tourists enjoying the natural beauty and potential of West Java. Certainly in the future it must be accompanied by the development of infrastructures and transportation mode successfully again. Among other things to encourage the Development of Kertajati Majalengka Airport and the revitalization of Nusawiru Ciamis Airport.

The infrastructures and transportation hold an important role in the development and movement of economy in the entire area. So that the demand will be the availability of the better infrastructures and transportation become a necessity. Moreover, the advancement of the two proportionate directly with the level of economic progress in

the area. In order to support the growth of the current of goods and people as well as service industry, The Government of West Java Province encourages the availability of transportation infrastructures sufficiently, among other things, doing efforts in the development of toll-road Tol Cileunyi-Sumedang-Dawuan (Cisumdawu), Tol Soreang-Pasir Koja (Soroja), and Bandung Intra Urban Toll Road (BIUTR) or known with Toll inside Bandung City. All of that are used to enhance the acceleration of the economic movement of West Java. The plan of Kertajadi Airport development, revitalization of Nusawiru Airport increasingly facilitates the acceleration of the current of goods, people and services in West Java.

Bandung City still gets a best evaluation in the area of telecommunication and information infrastructures such as in the result of the evaluation of telecommunication and information infrastructures dimension in PeGI 2010. Ciamis Regency and Bogor City experienced the enhancement of the development of telecommunication and information infrastructures that is very rapid. In the result of PeGI 2010 the two obtained the evaluation of lowest infrastructure dimension but nominated into 5 bigs in the area of telecommunication and information infrastructures.

### **The Criteria of Cooperation Success between Government of Regency/City and Regency/City/Province, both domestically and internationally in the form of sister city/twin city and public private partnership**

Globalization and decentralization are a main strength in the world in the last two decades and have caused the regional government generally to be more focused on international relation, Viller (2005). Based on the data of United Cities and Regional Growth (UCGL, 2004) it shows that the enhancement of the number of partnerships , projects, and programs of cities facility to do a cooperation is predicted to achieve 70% of the entire cities in the world. The emergence of these globalization and international regime has eroded the difference between the domestic- and foreign affairs and changed the sharing of responsibilities between central government (country) and regional government (Keating, 1999). In Indonesia, decentralization policy for last 10 years covered in The Law Number 32 of 2004 concerning Regional Government increasingly encourages the linkage of cooperation inter areas both nationally and internationally because in the middle of the limitedness owned by each area, the policy has challenged the regional government to be more responsive to the society's needs and to provide a chance of participation to the society (Bergh, 2004).

The criteria of the success of sister city have been obtained based on the evaluation-related literature study (Dunn, 1998) and the success of sister city in various countries: the research by UNDP, the research of study analysis of the sister city criteria of South Africa by Villers (2009), research by Gomes-Casseres (1998) concerning the success of individual partnership , the analysis of the case study of Yokohama and Penang by Tjandradewi and Marcotullio (2009), and research by SCI (2003) as an international association of sister city.

From the result of literature study, the success criteria is divided into two: performance criteria, and effectiveness criteria. The performance criteria is viewed from input indicator, process and cooperation output. Whereas the effectiveness criteria is the result wished has been achieved from the cooperation (Dunn, 18). The

input is a demand and support required for process at later further delivering output/product of policy. It consists of four sub-indicators: 1) firm leadership; 2) regional characteristic; 3) available resources; 4) national policy and supporting province.

The processes are management measures related to the basis of policy-making. It consists of four sub-indicators: 1) reciprocal relation occurs; 2) routine and two-way communication; 3) involving other stakeholders; and 4) doing innovation. Whereas the output is a response to the input yielded through a process. It consists of one sub-indicator: cooperation agreement. This is important to regard the vision obviously, the accuracy in the scope of cooperation, objectives and aims that not only go to one party, and it has been agreed a cooperation priority accompanied with the budget of resources. All of that have been covered in the written agreement usually in the form of MOU. The agreement is necessarily formulated and then signed by the two parties.

The outcome is a follow-up or implementation of the policy output that has been made previously. After Villers (2009), the implementation is important because all evaluations to the plan that has been agreed have been conducted successfully until now or not. This indicator is used to measure the effectiveness of cooperation becoming one of criteria of cooperation success.

### **Part III. Conclusion**

Mapping regional potentials is carried out to identify a regional's comparative advantage going to the creation of competitiveness and designing a plan and setting a regional developmental strategy for economic growth, high investment and competitiveness. The strategic role of mapping regional potentials for *public private partnership* is to support the optimizing of the attainment of regional development objectives more comprehensively by providing an opportunity for the private sector participating in the financing, design, construction as well as operations and maintenance to the public sector's projects and programs.

The agriculture in West Java Province has generally a large and varied potential, and supported by an agro-ecosystem condition according to the development of agricultural commodities meaning comprehensively: food plant, livestock, fishes, and forests. At national level, West Java contributes about 4% to the national natural oil production and about 11% to national gas production produced from 58 Migas (oil and natural gas) fields, located largely at the north coastal area of West Java. The chance of public private partnership in the infrastructure sector that has been in West Java Province are, among other things, roads, bridges, ports, airport, waste processing, and industry.

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