

Comparative Analysis of the Implementation of Small-Scale Government Cooperation with Business Entities (KPBU): A Comparative Study between Indonesia and South Korea in the Perspective of Efficiency, Regulation, and Sustainability

Kurdi¹, Prita Amalia², Yuki Mahardhito Adhitya Wardhana³

kurdi23001@mail.unpad.ac.id

¹²Faculty of Law, Universitas Padjadjaran, Jatinangor,
Indonesia

³Faculty of Law, Universitas Indonesia, Jakarta,
Indonesia

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Abstract

Public-Private Partnership (PPP) is a common scheme used in infrastructure development in Indonesia, with the main legal basis in Presidential Regulation Number 38 of 2015 and its derivative regulations, such as Regulation of the Minister of PPN/Head of Bappenas Number 7 of 2023. Although this regulation provides legal certainty, the implementation of Small-Scale PPP still faces obstacles, especially in the clarity of project boundaries, variations in financing methods, and immature evaluation mechanisms. This study aims to analyze the implementation of Small-Scale PPP in Indonesia through a comparative study with South Korea, which has clearer and more flexible regulations and more varied financing options, including the Build-Transfer-Lease (BTL) scheme. Using normative legal methods through a comparative approach, legislation, and conceptual, this study identifies differences in PPP regulations and practices in the two countries to evaluate the effectiveness of the policies implemented. The results of this study are expected to provide recommendations for updating PPP regulations in Indonesia in order to increase legal certainty, regulatory effectiveness, and investment attractiveness in a Small-Scale PPP scheme that is more stable and has more legal certainty.

I. Introduction

Infrastructure development is one of the most important aspects and must receive special attention from the government. Given that infrastructure development has a significant impact on the national economy and also national development. Infrastructure development here itself, according to data, also contributes to Gross Domestic Product (GDP) with an average contribution percentage of 10.53% in the last 10 years (Kementerian Pekerjaan Umum dan Perumahan Rakyat, 2022). The importance of infrastructure development can also be seen from the government's special attention to infrastructure development as seen in the National Medium-Term Development Plan (hereinafter referred to as RPJMN). The Indonesian government pays special attention to infrastructure development. This can be seen from the large amount of government support in infrastructure development where in the 2025-2029 RPJMN the Indonesian government has budgeted 1,650 trillion. The budget itself has increased by 17.5% from the 2019-2024 RPJMN which in the RPJMN was only worth 1,418 trillion (Elena, 2024). The addition of funds in the RPJMN indicates that infrastructure development has a direct impact on the community's economy. The government increases development funds in the RPJMN so that they can provide an average contribution to the economy or people's lives of 5.6% - 6.1% (Akbarokah, 2024).

There is an increase in development funds in the RPJMN. However, in its implementation, these funds are not designed to fully finance infrastructure development, but rather the existence of the increase in funds in its implementation will be divided into several compositions, including investment financing of 9.2-11% as budgeted in the RPJMN, 8.3-8.9% is carried out with financing by the government and funding sourced from State-Owned Enterprises and 80% is budgeted from financing carried out through the private sector. From the composition above, it can be seen that the government still relies on cooperation with business entities, in this case the cooperation itself is carried out with the Government and Business Entity Cooperation scheme (hereinafter referred to as KPBU) (Suhendra et al., 2021).

The implementation of KPBU is a common practice, supported by a clear legal foundation outlined in Presidential Regulation Number 38 of 2015 on Government Cooperation with Business Entities in Infrastructure Provision (Anggraeni & Sari, 2020). This regulation serves as the primary framework for KPBU implementation and has led to the development of derivative regulations, including the Regulation of the Minister of National Development Planning/Head of the National Development Planning Agency of the Republic of Indonesia Number 7 of 2023 on the Implementation of Government Cooperation with Business Entities in Infrastructure Provision (hereinafter referred to as Permen

PPN 7/2023). The existence of the regulations as explained itself makes the implementation of KPBU have legal certainty and also guarantees the implementation of KPBU. The existence of this legal certainty itself has made several infrastructure projects have been successfully implemented as in 2023, development with the KPBU scheme has been carried out with a total of 191 projects with a total project value of 1,366 trillion (Kementerian Pekerjaan Umum dan Perumahan Rakyat Republik Indonesia, 2025). This itself is as explained by the government in the balance sheet as follows:

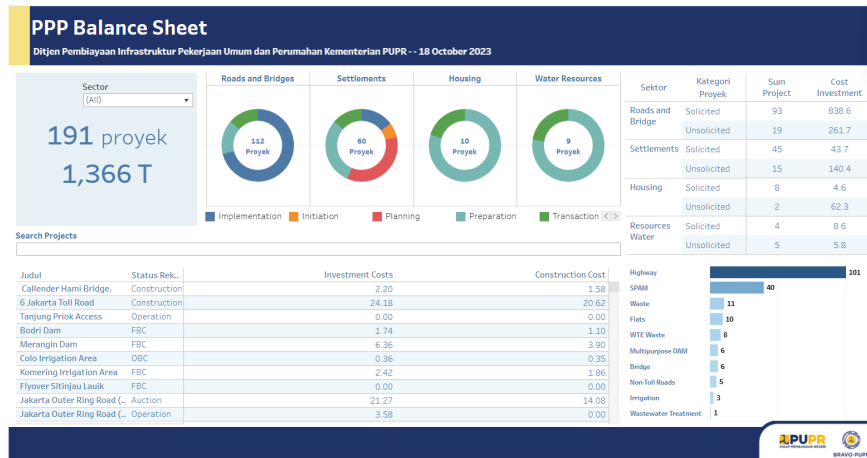


Figure 1. Directorate General of Public Works and Housing Infrastructure Financing, Ministry of Public Works and Public Housing of the Republic of Indonesia

Based on available data, the implementation of the PPP scheme has resulted in a significant number of infrastructure projects, namely 191 projects in 2023. The large number of projects may indicate that the implementation of PPP is running well without significant obstacles. However, in the author's opinion, the reality on the ground is not entirely like that. Problems in the PPP scheme tend to arise when projects are initiated by the government on a small scale, which in the regulation are known as Small-Scale PPP. Referring to Article 1 Paragraph 6 and Attachment 1 Chapter III of PPN Regulation 7/2023, Small-Scale PPP is defined as a project that provides economic benefits to the community with a relatively simple structure and scope.

Obstacles in the implementation of Small-Scale PPP arise because there is no clarity in the regulations that specifically regulate the criteria for projects that can be categorized in this scheme. Several aspects that are still not well defined include: the absence of guidelines explaining the meaning of the term "simple," the absence of project value limits that can be categorized as simple projects, and the absence of references related to the use of previously available technology. In general, other criteria related to the implementation of Small-Scale PPP can be explained as follows:

GCA	Only 1 Government Contracting Authority (GCA)
Infrastructure Sector	Only 1 infrastructure sector and do not require Environmental Impact Assessment (AMDAL)
Service Coverage	Only 1 ministry/institution/province/district/city and is not a cross-authority and/or cross-regional project
Scope	Consider simple scope and low complexity
Technical Solution	Simple technical solutions planned using proven technologies or those applied in previous similar projects
Investment Cost	Low investment cost
Consession Period	Maximum PPP period of 10 (ten) years
Payment Scheme	- Return on investment method with user charges - Do not require Viability Gap Fund (VGF), demonstrated by the GCA's fiscal capacity to implement the project - If the preliminary study indicates that user charges is not recommended, GCA needs to ensure that this recommendation is stated in the preliminary study.

No Clear Guidance yet

Figure 2. Article 85 Ministerial Regulation 7/2023

As explained above, there are still shortcomings in the regulation of the implementation of PPP in Indonesia, especially in terms of Small-Scale PPP. In relation to this, it is certainly necessary to update the existing regulations. The updating of regulations as explained above can be implemented in various ways, either by improving existing regulations by evaluating the implementation of PPP in infrastructure development or by comparing the implementation of PPP that has been implemented in Indonesia with the implementation of PPP in other countries that have also implemented infrastructure development with the PPP scheme.

Between the two methods as explained above, in this study the researcher intends to explore the existing problems by comparing the implementation of PPP that has been carried out in Indonesia with the implementation of PPP in other countries that have also implemented infrastructure development with the PPP scheme, in this case including South Korea. With the comparison as explained above, it is hoped that an evaluation can be carried out on the implementation of PPP in Indonesia and also that the implementation of existing PPP can be carried out based on the implementation of PPP in these countries.

In order to explain the existing problems, the author wants to examine the problem, namely, Comparative Analysis of the Implementation of Small-Scale Government Cooperation with Business Entities (KPBU): Comparative Study between Indonesia and South Korea from the Perspective of Efficiency, Regulation, and Sustainability.

2. Research Method

This research uses a normative legal approach which in this case can be explained that this research will be carried out by focusing on the implementation of the analysis of laws and regulations related to infrastructure development in Indonesia, especially infrastructure

development carried out with the KPBU scheme. The use of this research method itself was chosen by the author considering that KPBU in Indonesia already has a clear legal basis so that the implementation of KPBU in its realization can be studied by looking at how the existing regulations regulate KPBU and from the results of the analysis, an assessment and evaluation can be carried out regarding how the implementation of KPBU, especially Small-Scale KPBU, is compared to previously available regulations (Benuf & Azhar, 2020).

The implementation of research also requires a research approach so that the research carried out can truly discuss existing problems comprehensively. In implementing this research, the author uses 3 (three) research approaches, namely the statutory regulatory approach, the conceptual approach and also the comparative approach (Hayati et al., 2021). The legislative approach in this case can be explained that the existing problems will later be focused on reviewing the previously available laws and regulations so that the suitability between the implementation of KPBU in reality can be assessed compared to that regulated in the laws and regulations (Setiadi, 2020).

In contrast to laws and regulations, the second approach used in this study, namely the conceptual approach, attempts to explain existing problems by focusing on various sciences that grow and develop along with the development of science, in this case the science in question itself can be in the form of expert opinions to various other things (Hijriani et al., 2022). The last approach used is the comparative approach, the comparative approach here itself is used by researchers because this study was conducted by comparing the implementation of KPBU in Indonesia with that which occurred in other countries, especially in this case with the implementation of KPBU in South Korea.

3. Results and Discussion

Comparison of the Implementation of Small-Scale Government and Business Cooperation (KPBU/Small-Scale PPP project) in Indonesia and South Korea

The existence of the KPBU scheme, especially in this case, the Small-Scale KPBU, is presented in order to solve funding problems that often become obstacles in the implementation of infrastructure development. The existence of Small-Scale KPBU when viewed from its function is not much different from the implementation of ordinary KPBU in the implementation of Small-Scale KPBU in this case itself only has a difference in the form of its scope which is only aimed at infrastructure projects that tend to be small both in terms of projects and in terms of funding. With this small scale, it will later accommodate the implementation of development more evenly because with this scale, infrastructure development does not have to wait to become a large scale first in order for its construction to be carried out (Kurdi & Syafitri, 2024). The execution of these projects is determined by the minister, head of institution, regional head, or director of a State-Owned Enterprise, following a thorough

analysis to ensure compliance with the established criteria (Yusuf & Wibowo, 2024).

In relation to the existence of Small-Scale PPP in the infrastructure development landscape in Indonesia, there are also various follow-up regulations, where the regulations in this case are as regulated in the Attachment to PPN Regulation 7 of 2023. Referring to CHAPTER III of PPN Regulation 7 of 2023, it is explained in detail regarding the criteria for a project that can be developed using the Small-Scale PPP mechanism. The criteria referred to in this case include the following:

1. A PPP project can be declared a Small-Scale PPP project if the project has a simple complexity such as consisting of 1 PJPK, only covering 1 infrastructure sector, the scope of services is focused, and the project carried out is from design, construction, operation to asset management. In addition, a PPP project can be said to be a Small-Scale PPP if in this case the development is a technical solution that can be carried out by utilizing technology that has been proven and/or has been applied to similar projects before. In addition to these two criteria, a KPBU project can be said to be a Small-Scale KPBU project if in this case the KPBU does not require any feasibility support which can be proven by the fiscal capacity of the PJPK.
2. Referring to the attachment to the PPN Regulation 7 of 2023, it can be explained that when viewed from the regulatory perspective, the existence of Small-Scale KPBU in Indonesia does not have any limitations regarding projects that can be collaborated on, considering that in this case the sector mentioned in the regulation is only an illustration and not a limitation on the application of Small-Scale KPBU, which in this case the illustration itself includes electricity infrastructure, drinking water infrastructure, health infrastructure, energy conservation infrastructure, economic service infrastructure, transportation infrastructure, and in this case waste management infrastructure.
3. The implementation of infrastructure development under the Small-Scale KPBU scheme prioritizes projects where the return on investment is generated through user payments, commonly referred to as user charges.
4. The stages of implementing Small-Scale PPP vary depending on the initiator of the development project. If the government acts as the initiator, the process involves several key stages: PPP planning, PPP preparation, PPP transactions, and PPP management. This itself is slightly different if the initiator is a business entity, in which case if the initiator is a business entity, then the stages that must be passed consist of Small-Scale PPP Preparation. Small-Scale PPP Transactions and also Small-Scale PPP management stages.

In simple terms, it can be explained that the Small-Scale PPP scheme offers flexibility in its application in various infrastructure sectors without any strict

limitations regarding the types of projects that can be collaborated on. This allows the government and business entities to be more flexible in determining projects that are in accordance with infrastructure needs in an area, while still prioritizing the principles of efficiency and effectiveness in their implementation. With the provisions in PPN Regulation 7 of 2023, Small-Scale PPP projects can be carried out more adaptively according to the available technical and financial conditions.

In addition, the Small-Scale PPP scheme plays an important role in supporting sustainable infrastructure development through an investment return mechanism based on user charges. This model not only lightens the government's fiscal burden but also encourages the active involvement of the private sector in providing infrastructure services. Thus, this scheme can be an effective solution to improve the accessibility and quality of infrastructure, especially in areas that require accelerated development with a more flexible financing scheme (Kurdi, 2024).

The success of the implementation of Small-Scale PPPs is highly dependent on the readiness and capacity of stakeholders in carrying out each predetermined stage. Both the government and business entities as initiators must have a clear strategy in preparing, implementing, and managing the project so that it can run according to plan. Therefore, a strong commitment and effective coordination between various parties are needed to ensure that the Small-Scale PPP scheme can provide optimal benefits for infrastructure development in Indonesia.

Regarding the existence of Small-Scale PPP, the author believes that its implementation is intentionally designed to simplify small-scale infrastructure development. By reducing various administrative mechanisms typically required in standard PPP projects, this approach can accelerate infrastructure development in Indonesia, although in this case there seems to be a difference between Small-Scale PPP and PPP in general, but in its implementation the two types of PPP are the same. In relation to this, of course the comparison between Small-Scale PPP can also be compared with the implementation of PPP in other countries besides Indonesia considering that with the same rules and scales as those contained in Small-Scale PPP in practice abroad, it is possible that the scale has been covered in PPP in general.

Talking about the implementation of KPBU, especially Small-Scale KPBU carried out in countries other than Indonesia, of course, many have carried out infrastructure development with the KPBU scheme, one of which is South Korea. The implementation of KPBU in South Korea itself is clearly regulated in the Act on Promotion of Private Capital into Social Overhead Capital Investment (hereinafter referred to as the Korean KPBU Law) which is a regulation that specifically regulates KPBU. The existence of regulations governing the implementation of KPBU as in the Korean KPBU Law itself provides an

illustration that the implementation of KPBU in South Korea must be carried out by first conducting a feasibility study, which is the same as KPBU in general in Indonesia but has differences when compared to Small-Scale KPBU which in this case prioritizes a KPBU project does not require a feasibility study but in a simpler context considering that projects carried out with the Small-Scale KPBU scheme are prioritized that do not require feasibility support.

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The implementation of KPBU in South Korea itself is clearly regulated in the Act on Promotion of Private Capital into Social Overhead Capital Investment (hereinafter referred to as the Korean KPBU Law) which is a regulation that specifically regulates KPBU (Ryu et al., 2022). Referring to the Korean PPP Law, especially in this case as stated in Article 2 in the implementation of PPP in South Korea, it has been regulated for the scope of projects that can be collaborated

with the PPP scheme, in which case there are at least more than 46 types of infrastructure facilities that can be collaborated with the PPP scheme (Kim & Choi, 2023).

The existence of the regulation as explained above is certainly very different when compared to the implementation of Small-Scale PPP implemented in Indonesia, where the difference lies in the scope of projects that can be collaborated with Small-Scale PPP, where in Indonesia itself there are no clear regulations regarding the scope of projects that can be collaborated so that it often has an impact on the unclear rules regarding projects that can be collaborated. In addition, the implementation regulations between those in Indonesia also have differences where in Small-Scale PPP the scheme used is Build-Transfer-Operate because it is marked by the imposition of tariffs on users (user charge), this itself is different from the implementation in South Korea considering that South Korea uses the Build-Transfer-Operate (BTO) scheme and also Build-Transfer-Lease (BTL) (Public-Private Partnership Monitor: Indonesia, 2021; Zaw & Likhitrungsilp, 2024).

Referring to Section 3 of the Korean PPP Law itself, there are fundamental differences regarding BTO and BTL, where the differences themselves lie in the investment return scenario, facility type, project risk and also project implementation mechanisms. In the BTO scheme here it can be explained that the investment return scheme is carried out with a fee scheme from the user or known as the term user charge, the implementation of the BTO scheme here itself can consist of several projects that have been determined according to the criteria that have been explained previously, in this case the type of facility itself consists of Roads, Rails, Ports, Transportation Terminals, Environmental Facilities. The implementation of BTO in the implementation of KPBU in South Korea here itself is carried out with a project risk that tends to be relatively high but the percentage of return is also relatively high.

In contrast to what happens in the BTO scheme, the BTL scheme itself has several differences where the investment return scheme in this case is based on payments by the government (Oktaviyanti et al., 2024). While for facilities that are considered eligible in this case are types of facilities such as Schools, Military Houses, Sewer Pipes, Welfare Facilities. The existence of the BTL scheme here itself has several factors that are better and also worse when compared to the BTO scheme where the project risk in this scheme tends to be better because the scheme has a relatively low risk. However, with a scheme that has a low risk, it certainly has an impact on the potential return which is also low.

Furthermore, in relation to the implementation of KPBU in South Korea, there are also other regulations, especially in this case, the party that can initiate the implementation of KPBU. In its implementation, the implementation of KPBU in South Korea can be initiated by the Government and/or Private Parties. This

means that in this case the Government has a primary role in determining infrastructure projects that are considered strategic and feasible to be realized. Projects that are directly initiated by the government are known as solicited projects. In the planning stage, the government first identifies urgent public facility needs, then assesses the most efficient procurement mechanism options, either through the KPBU scheme or conventional procurement methods.

Various aspects are taken into consideration, such as whether the project meets the criteria set out in the KPBU regulations, whether the project is included in the priority of medium and long-term infrastructure development, and whether the KPBU scheme offers greater benefits in terms of time efficiency and budget constraints compared to conventional methods (Ku et al., 2024). In addition, the government also considers the extent to which private sector involvement can provide added value through innovation and efficiency. The selection of implementation models, such as BTO or BTL, is adjusted to the characteristics of the project, potential profits, and various other economic and technical factors.

On the other hand, there are projects that are not directly designed by the government, but are submitted by the private sector based on existing market opportunities. These projects are referred to as unsolicited projects. In this scheme, business entities have the initiative to submit proposals for KPBU projects that are considered to have high demand but have not been realized by the government due to budget or resource limitations. Before submitting a proposal, the private sector first conducts an in-depth study of aspects such as market demand, financial feasibility, project structure, construction and operational strategies, and the financing scheme to be used. In addition to proposing the main project, business entities can also submit additional projects that have the potential to provide broader economic benefits. The government is responsible for reviewing and evaluating proposals submitted by the private sector to ensure that the approved projects are in line with national development policies and provide optimal benefits to the community.

Departing from the explanation as explained above, in fact, if we compare several aspects between the implementation of Small-Scale KPBU in Indonesia and the implementation of KPBU in South Korea, it can be shortened to the following:

Table 1. Comparison of aspects between the implementation of Small-Scale PPP in Indonesia and the implementation of PPP in South Korea

No	Indicator	Indonesia	South Korea
1	Scope of Settings	Indonesia has a clear division regarding the implementation of KPBU where KPBU in Indonesia	South Korea does not have a division of KPBU, meaning that there is only one KPBU and with this KPBU all

		is divided into KPBU in general and also Small-Scale KPBU.	scales, both small and large, are treated equally as KPBU.
2	Project Limitations	The Project Limits in Small-Scale PPP are unclear considering that the existing regulations do not explain in detail regarding projects that can be collaborated on using the PPP scheme.	The Project Limitation is very clear where in this case the government has determined projects ranging from sectors to types of infrastructure facilities that can be collaborated with the KPBU scheme.
3	KPBU Method	In Small-Scale KPBU, the method used is BTO considering that in this case the refund comes from user charges.	The implementation of KPBU in South Korea has more variations where in this case the refund can come from the BTO (Build Transfer Operate) scheme where the refund comes from user charges and can also be in the form of BTL where the refund comes from payments made by the government.
4	Implementation Analysis	Small-scale KPBU is prioritized for simple infrastructure projects so that in this case, feasibility support is not required.	The implementation of KPBU in South Korea as a whole is carried out not only on simple projects but also on general projects and this implementation requires a comprehensive feasibility study.
5	Initiator	The initiator of the implementation of Small-Scale KPBU can be the Business Entity itself or the Government.	The initiator can be the Government or the Private Sector itself.

In simple terms, it can be seen that there are significant differences between Indonesia and South Korea in the regulation of Public-Private Partnership (PPP). Indonesia divides PPP into two main categories, namely PPP in general and Small-Scale PPP. This division aims to adjust the complexity of the project with a more flexible scheme, especially in the context of simpler infrastructure projects with smaller investment values. On the other hand, South Korea does not apply a similar division, but rather unites all projects in one PPP scheme that

applies to various scales, both small and large.

Thus, all projects collaborated through the PPP scheme in South Korea have the same standards in terms of regulation, planning, and implementation mechanisms. This approach reflects the differences in the philosophies of the two countries in implementing the PPP scheme, where Indonesia tries to provide flexibility in small-scale projects, while South Korea emphasizes more on unifying the system to create uniform standards for all PPP projects. In terms of project limitations, regulations in South Korea are clearer compared to Indonesia because they have specifically determined the sectors and types of infrastructure that can be collaborated through the PPP scheme.

The South Korean government has identified in detail the eligible projects, both based on industrial sector, type of infrastructure facility, and applicable financing scheme. This provides legal certainty for investors and private parties who want to get involved in PPP projects in the country. Meanwhile, in Indonesia, the project limitations in Small-Scale PPPs have not been regulated in detail, so there is uncertainty regarding what projects can be included in the scheme. This uncertainty can create obstacles in the implementation of Small-Scale PPPs, especially for business entities that want to participate but still face unclear regulations regarding the scope and criteria of projects that can be collaborated on. As a result, small-scale projects in Indonesia have the potential to face obstacles in obtaining approval or funding because there are no explicit limitations in existing regulations.

Another difference is seen in the PPP implementation method applied in the two countries. In Indonesia, Small-Scale PPPs only use the BTO method, where business entities that build infrastructure receive a refund from the fees charged to service users or user charges. This model makes the financing scheme more dependent on the number of users who utilize the infrastructure being built. If the number of service users does not reach the expected number, then the business entity may experience difficulties in returning the investment. In contrast, South Korea has a more varied and flexible PPP scheme. In addition to the BTO method which is also applied in Indonesia, South Korea allows the implementation of the BTL scheme where the refund comes from payments made directly by the government, not just from user charges. With the BTL scheme, projects that may not have a high number of users can still run because payments to the business entity have been guaranteed by the government. The flexibility in this financing method provides benefits for the private sector who want to invest in PPP projects without having to rely too much on income from service users (Kazemi et al., 2023).

In terms of implementation analysis, Small-Scale PPP in Indonesia is more focused on simple infrastructure projects with lower investment value. Therefore, there is no need for an in-depth feasibility study before the project

can be realized. With this approach, it is hoped that small projects can be executed more quickly without going through overly complex procedures. However, the weakness of this system is the potential for greater risk to the sustainability of the project, considering that a less in-depth feasibility study can lead to a lack of prediction of challenges that may arise during implementation. On the other hand, South Korea applies a more systematic approach in analyzing the implementation of PPP.

All PPP projects in South Korea, both large and small, must go through a comprehensive feasibility study before they can be realized. This feasibility study includes technical, economic, financial, and environmental impact analysis, so that the project being carried out is more guaranteed to be sustainable. With a more in-depth study, projects that are collaborated on in South Korea have more measurable risks, both financially and operationally, which ultimately increases the level of project success in the long term. Finally, in terms of the initiator, both Indonesia and South Korea provide opportunities for the government and business entities or private parties to propose PPP projects. In Indonesia, the initiator of a Small-Scale PPP project can come from the business entity itself or from the government. With this flexibility, it is hoped that infrastructure development initiatives can emerge from various parties who have an interest in a particular project.

However, with the ongoing lack of clarity regarding project boundaries and the implementation scheme that is less varied, initiatives from business entities in Indonesia sometimes experience obstacles in their realization. Meanwhile, in South Korea, the initiator can come from the government or the private sector, but with a more mature regulatory system, each project proposal must go through a strict evaluation process to ensure its feasibility. With a more structured system and clear regulatory standards, the implementation of PPP in South Korea appears more stable and efficient compared to Indonesia. Higher legal certainty and flexibility in financing schemes make South Korea one of the countries with a more advanced PPP model. Therefore, Indonesia can learn from South Korea in improving PPP regulations and implementation, especially in the management of Small-Scale PPPs to be more effective and provide broader benefits for infrastructure development in Indonesia.

Legal Updates That Can Be Applied to the Implementation of PPP Based on the Results of the Comparison Between Indonesia and South Korea

Legal updates that can be applied to the implementation of PPP based on the results of the comparison between Indonesia and South Korea, include;

1. Further regulations regarding the scope of PPP regulations

The implementation of PPP in Indonesia is categorized into two aspects: regulations that define project limitations for general PPP development and

those specific to Small-Scale PPP, while in South Korea PPP does not have this division and is implemented in one scheme that covers all projects, both small and large. To increase the effectiveness of the implementation of PPP in Indonesia, clearer legal updates are needed regarding the criteria and division of PPP. Alternatively, Indonesia can consider eliminating this division and implementing a single scheme like in South Korea, while still providing flexibility in provisions related to project scale and financing that are adjusted to national needs.

2. Regulations regarding the affirmation of project boundaries in the implementation of PPP

The implementation of infrastructure development in Indonesia carried out using the PPP scheme still has ambiguity, where the ambiguity lies in the project boundaries. Project boundaries in Small-Scale PPPs are still unclear because existing regulations do not explain in detail what projects can be collaborated on with this scheme. On the other hand, in South Korea, project boundaries have been clearly determined, starting from the sector to the type of infrastructure facilities that can be developed through the PPP scheme. Therefore, legal reform in Indonesia needs to adopt a more structured system by determining priority sectors and types of projects that can use the PPP scheme. This will provide legal certainty for investors and the government in identifying feasible projects and preventing potential uncertainty in the implementation of PPP projects.

3. Updates in the form of further regulations regarding the diversification of KPBU methods

As is known, currently the Small-Scale KPBU method in Indonesia only uses the BTO scheme, where the refund comes from user charges. In contrast, South Korea has a wider variety of KPBU methods, BTL, which allows refunds to come from payments by the government. To increase flexibility and attract more private investment, Indonesia needs to make legal updates by expanding the KPBU methods that can be applied, for example by adopting the BTL scheme which allows business entities to get certainty of refunds through direct payments from the government. With this variation of schemes, projects that are less commercially profitable but have a large social impact can still attract investors.

4. Improving the quality of feasibility studies

The implementation of Small-Scale KPBU in Indonesia is more focused on simple infrastructure projects, so they do not require too in-depth feasibility studies. In contrast, in South Korea, all KPBU projects require a comprehensive feasibility study before they can be realized. To reduce the risk of projects not running optimally, legal reforms in Indonesia need to strengthen provisions regarding feasibility studies, including the obligation to conduct technical, economic, and

financial analysis before a project can be categorized as feasible for cooperation in the PPP scheme. This will also increase transparency and accountability in project implementation.

5. Optimizing the Project Initiator Mechanism

In Indonesia, Small-Scale PPP initiators can come from business entities or the government, while in South Korea, the initiator system is more structured with a stricter evaluation mechanism. To improve the initiator system in Indonesia, legal reforms are needed that emphasize clearer and more objective evaluation procedures for projects submitted by the private sector or the government. Standardization of these evaluation procedures will ensure that only projects that are truly feasible and have high economic benefits can be realized in the PPP scheme.

Based on the explanation as explained above, it can be explained that Indonesia needs to make a number of legal updates to improve the effectiveness and legal certainty in the implementation of PPP. These updates can include strengthening regulations related to the scope of PPP regulations, affirming project boundaries, diversifying PPP methods, improving the quality of feasibility studies, and optimizing project initiator mechanisms. With these legal updates, it is hoped that the implementation of PPP in Indonesia can be more efficient, transparent, and attractive to investors, so that it can accelerate national infrastructure development in a more sustainable manner.

4. Conclusion

The conclusions of this study include:

1. That the main differences in the implementation of PPP between Indonesia and South Korea lie in the flexibility of the scheme, project regulations, financing methods, and evaluation mechanisms. Indonesia divides PPP into two categories, including Small-Scale PPP which is more flexible but lacks clarity of project boundaries and financing variations. Meanwhile, South Korea applies a uniform scheme with clearer regulations and more varied financing options, including the BTL model that guarantees investment. With a more mature regulatory system, PPP in South Korea is more stable and efficient. Indonesia can learn from this approach to improve legal certainty and the effectiveness of Small-Scale PPP.
2. That by considering the urgency of legal reform in the implementation of PPP, it can be concluded that clearer and more comprehensive regulations are needed to improve the effectiveness and legal certainty in the PPP scheme. Strengthening regulations, diversifying methods, and optimizing project initiator mechanisms are crucial aspects that need to be considered in order to create a more transparent and attractive investment ecosystem for investors. Thus, appropriate legal reform is expected to encourage the acceleration of national infrastructure development more efficiently and sustainably.

Based on these conclusions, the suggestions provided by the researcher include:

1. Indonesia can learn from South Korea in terms of the flexibility of the PPP scheme

while still ensuring clarity of project boundaries and financing variations, especially in Small-Scale PPPs. One step that can be taken is to prepare more detailed guidelines regarding the types of projects that can be included in the Small-Scale PPP category and ensure that there are more varied financing options, including the Build-Transfer-Lease (BTL) model that guarantees investment returns. Thus, Indonesia can increase the attractiveness of PPPs for investors while maintaining project stability in the long term.

2. Clearer and more comprehensive regulations in the implementation of PPPs are an urgent need to create a more conducive and transparent investment ecosystem. The government can consider preparing regulations that strengthen the role of project initiators and provide incentives for business entities participating in PPPs, especially in terms of licensing and investment guarantees. In addition, optimizing financing methods by involving various schemes that have proven successful in other countries will help increase the effectiveness and efficiency of national infrastructure development in a sustainable manner.

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