

Conference Paper

Policy Coordination on Transportation Infrastructure Development in Palembang City

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Abstract.

Policy coordination plays a crucial role in the development process, particularly in cities like Palembang, which is directed to support various space needs in Jakarta. In particular, the need for multi-event sports implementation at national, regional, and international scales requires effective policy coordination. The acceleration of transportation infrastructure development necessitates breakthroughs in coordinating development policies, as these policies have numerous interconnected aspects that impact the overall development of the surrounding area.

The objective of this research is to highlight the significance of policy coordination. In the past, transportation infrastructure development in Palembang seemed to progress slowly due to various factors, such as regulations governing different agencies/institutions, budget allocation, and pre-established programs, which had to be met by each agency/institution separately.

The study adopted a qualitative approach, and the results indicated that effective policy coordination significantly improves the development of transportation infrastructure in Jakabaring.

Keywords: coordination, development, infrastructure, policy

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1. Introduction

Indonesia's economic growth of 4.73 percent as of September 2015 is still far from expectations, especially because Indonesia needs a minimum growth of 7 percent in order to become a developed country by 2025. Adhering to the spirit of acceleration, the Indonesian government has made numerous efforts to encourage investment in infrastructure-related sectors.

A planned city is well-prepared. Anticipating the future allows us to be better prepared today; by staying ahead of challenges, city leaders are ready to see opportunities and manage risks from a profitable vantage point. With reliable information about the current situation, they can make connections between long- and short-term actions. On the

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other hand, cities that are not actively planning for their future are likely to be left behind [1].

The national development of the city of Palembang is directed to support various space needs in the city of Jakarta, such as the need for the implementation of multi-event sports starting on a national, regional, and even international scale. To meet space requirements, the initial typology of land in the form of tidal swamps was stockpiled into land for development. The development of transportation infrastructure in the reclamation area requires a good coordination policy not only for land use, but also for others. This research was carried out in the area where the land used for existing development comes entirely from tidal swamps in Palembang City as additional land for the expansion of development originating from reclamation. Development policies in the reclamation area need improvements in regulations and policies, such as fiscal availability and capacities, and mobilize resources and institutions have been made to encourage the achievement of priority project milestones. The provision of infrastructure in Indonesia has been slow owing to constraints at various stages of the project, from preparation to implementation. Overall, weak coordination among stakeholders often results in delayed decision-making. During the preparation stage, there were problems due to the poor quality of project preparation and limited funding allocations. Furthermore, projects are often constrained by land acquisition problems, which result in delays in achieving financial closures for public–private partnership (PPP) projects. In response to these challenges, alternative infrastructure project procurement has been introduced through the PPP mechanism.

In addition, from a funding perspective, problems often arise related to the unavailability of fiscal support from the government due to discrepancies or disagreements over risk-sharing between the Government and Business Entities. In addition to fiscal support, the government's limited guarantees for infrastructure projects have also reduced investment interest in Indonesia.

To overcome these obstacles, the government has taken corrective steps from regulatory, fiscal, and institutional perspectives. In 2014, the government established the Committee for the Acceleration of Priority Infrastructure Provision (KPPIP) to coordinate the acceleration of priority infrastructure and encourage improvements in the quality of project preparation through the Outline Business Case Guidelines. Corrective steps are supported by the development of the Ministry of PPN/BAPPENAS capacity in providing project preparation facilities, and continued by the PPP Unit at the Ministry of Finance by providing the Project Development Fund (PDF) and Transaction Advisory for PPP projects, and it is hoped that investors will be interested in funding the project.

This research examines how policy coordination is applied in the development of the transportation infrastructure in Palembang city between the central government and the local government, since the majority of the projects are priority projects and national strategy projects, meaning that the intervention of the central government in the development is very high.

This paper describes how the implementation of policy coordination in the development of transportation infrastructure is conducted based on the theoretical framework, which is work and what is not, and why it works and not.

2. Theoretical Framework

2.1. Guidance in Policy Coordination

Policy coordination can be used to ensure whole-of-government coordination to identify and mitigate divergences between sectoral priorities and policies, including external and domestic policies, and to promote mutually supportive actions across sectors and institutions [2]. To this end, we recommend the following.

1. Use high-level coordinating mechanisms, whether located within the Center of Government or a lead-line ministry as appropriate, to promote Policy Coherence for Sustainable Development and the integration of sustainable development across central agencies, line ministries, and other public institutions.
2. Establish clear mandates, capacities, and mobilize adequate resources, as appropriate, for PCSD to identify policy divergences and conflicts related to the 2030 Agenda implementation, where appropriate.
3. Encourage formal governance arrangements and informal working methods that support effective communication between ministries and departments, and between ministries and other public sector bodies under their aegis
4. Build capacity in public administrations for PCSD where necessary, and align training strategies and programmes for public actors with the principles and integrated nature of the SDGs.

2.2. Self-Assessment Questions for Policy Coherence

1. Is there a formal mechanism for coordinating sustainable development?

2. Is the coordinating mechanism strategically located within the government organizational structure to promote coherence and resolve policy conflicts?
3. Are there clear mandates and arbitration processes for preventing and resolving policy conflict?
4. Do the coordinating mechanisms provide opportunities for ex-ante informing domestic policy-making as well as on its interface with foreign policies?

2.3. The self-assessment tool on Policy Coherence

This interactive self-assessment tool enables policymakers, practitioners, and stakeholders to review their institutional mechanisms, organizational structures, and policy-making processes against internationally recognized good practices on Policy Coherence for Sustainable Development. It is designed to stimulate dialogue by helping users identify strengths, gaps, and weaknesses as a first step towards improvement [3].



Figure 1

2.4. Country Examples

In Greece, the central governmental body responsible for co-ordination is the Office of Coordination, Institutional, International, and European Affairs of the General Secretariat of the Government (GSG). The coordination work of the GSG is supported by an interministerial coordination network bringing together representatives from all line ministries, acting as focal points in charge of working on SDG-related issues within their respective ministries, and mainstreaming them in thematic legislation, policies, and initiatives. It also comprises representatives from other governmental bodies belonging to the center of government, including the Vice-Presidency and the General Secretarial

for Coordination, as well as the Hellenic Statistical Authority. This plays an important role in reconciling policy priorities, objectives, and instruments. Information on financial resource allocation is shared by the Ministry of Finance, which participates in all line ministries in the interministerial coordination network. In the context of implementing the SDGs across sectors and governance levels, the coordination mechanism considers both domestic and international objectives tailored to national priorities and circumstances. Source:

In Sweden, the Minister for Public Administration of the Ministry of Finance is responsible for national SDG coordination and implementation. The government has set up an interdepartmental consultation group for the 2030 Agenda, consisting of those responsible for global development policy at the department head level from all relevant ministries under the leadership of the MFA's Director-General for international development cooperation. The MFA is responsible for the international SDG implementation. The PCSD coordination team at the MFA provided competent development and methodological support to the ministries for international implementation. When requested, it checks documents and decisions for mainstreaming of the 2030 Agenda, and sometimes PCSD, and can thus contribute to communication and action plans. However, each ministry retains the responsibility to adopt policies within its domain and raises potential conflicts at the political level.

3. Methods

This study uses a post-positivist paradigm or approach. This post-positivist paradigm/approach is used because it uses a deterministic philosophy that is able to see causes determine effects or impacts so that the problems studied reflect the need to identify and assess the causes that influence the effects in the experiments conducted, this research is used qualitative methods and data analysis is in qualitative [4].

Both primary and secondary data were used. Primary data is taken by interview with informants, meanwhile the secondary data is taken from the institution that related to the research problem most of the secondary data is documents and regulations

4. Results and Discussion

Infrastructure in Indonesia is often constrained due to a lack of effective coordination between various stakeholders, both from the government (ministry, agencies, local government, and SOE/LOE) and the private sector. The variety of stakeholders with different objectives and responsibilities often results in delays in implementing infrastructure projects. Therefore, the formation of a committee that can work across ministries and agencies will bridge and assist the Project Owner in preparing for and carrying out the construction of the project.

The Committee for the Acceleration of Priority Infrastructure Provision (KPPIP) was formed with the main objective of being a coordinating unit in decision making to encourage the resolution of problems that arise as a result of the ineffective coordination of various stakeholders. The KPPIP is a point of contact in coordination implementation for the debottlenecking of National Strategic Projects and Priority Projects.

KPPIP was formed by revitalizing the Policy Committee for the Acceleration of Infrastructure Provision (KKPIP), which was considered ineffective for several reasons, namely weak decision-making authority, limited role of KKPIP in all stages of the project from planning to the start of construction, lack of flexibility to provide incentives and disincentives to encourage acceleration of projects, and too large a committee structure so that decision making is often ineffective. Departing from these limitations, Presidential Regulation No. 75 of 2014 concerning the Acceleration of Priority Infrastructure Provision was issued to establish the KPPIP.

Along with developments in economic policy, KPPIP's role of the KPPIP has also expanded. KPPIP has been entrusted with selecting National Strategic Projects (PSN) that are given privileges and acceleration facilities, as stipulated in Presidential Regulation No. 3 of 2016 concerning the Acceleration of Implementation of National Strategic Projects. From the PSN list, KPPIP carries out further selection to select projects that are included in the priority list. In 2015, KPPIP completed various preparations to operationalize and build the image of the committee, including:

1. Formation and operation of various work teams and the (PMO);
2. Determination of the List of Priority Projects for 2015 – 2019, which is regulated in the Regulation of the Coordinating Minister for the Economy (Permenko) No. 12 of 2015.
3. Providing facilities for Pre-Feasibility Studies, Value for Money, and EIA Studies for selected Priority Projects

4. Preparation and establishment of Organizational Governance (), monitoring, and debottlenecking mechanisms
5. Implementation of accelerated priority projects, as elaborated in this report.
6. Mapping regulatory improvements in the infrastructure sector
7. Development of Information Technology systems for project management and improvement of the quality of decision-making.

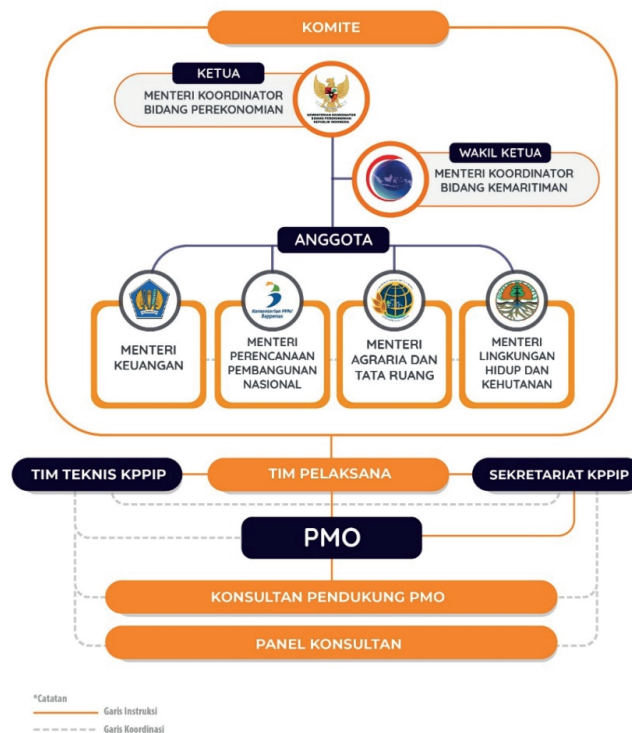


Figure 2

According to the Decree of the Coordinating Minister No. 127 of 2015 as amended by Coordinating Minister Decree No. 30 of 2017, the Implementation Team is a decision-making team that is carried out collectively from the Echelon I level chaired by the Deputy for Coordinating the Acceleration of Infrastructure and Regional Development, the Coordinating Ministry for Economic Affairs, with the Secretary to the Coordinating Ministry for Economic Affairs as Deputy Chairperson of the Implementing Team and Assistant Deputy for Housing, Land and Infrastructure Financing, Deputy for Coordination of Infrastructure Acceleration and Regional Development, Coordinating Ministry for Economic Affairs as Secretary of the Implementation Team, and consists of:

1. Deputy for Coordination of Energy, Natural Resources, and Environment Management, Coordinating the Ministry for Economic Affairs
2. Expert Staff for Economic and Political Relations, Law and Security, Coordinating Ministry for Economic Affairs.
3. Deputy for Infrastructure Coordination, Coordinating Ministry of Maritime Affairs.
4. Deputy for the Coordination of Natural Resources and Services, Coordinating the Ministry for Maritime Affairs
5. Director General of Budget, Ministry of Finance
6. Director General of Financing and Risk Management, Ministry of Finance
7. Deputy for Facilities and Infrastructure, Ministry of National Development Planning
8. Director General of Land Acquisition, Ministry of Agrarian Affairs and Spatial Planning
9. Director General of Forestry Planning and Environmental Management, Ministry of the Environment and Forestry
10. Secretary of the Ministry of State-Owned Enterprises
11. Director General of Science, Technology, and Higher Education Resources, Ministry of Research, Technology, and Higher Education
12. Director General of Regional Development, Ministry of Home Affairs; And
13. Director General of Regional Financial Development, Ministry of Home Affairs.
 1. (a) Transportation Infrastructure Priority Project Development in Palembang City, South Sumatra

The three major issues that pose challenges in accelerating infrastructure development in Indonesia include: 1) land acquisition issues, 2) project planning and preparation, and 3) funding schemes (KPPIP, 2017).

4.1. LRT South Sumatera

Palembang is one of the big cities in Indonesia which is growing rapidly. Mass public transportation is needed as a preventive effort to predict an increase in traffic density in Palembang City. Construction of LRT in Palembang, South Sumatra, to support the

provision of mass public transportation. The LRT service line starts from the Sultan Mahmud Badaruddin II International Airport Station to Jakabaring Sport City. The LRT operated in August 2018 to support the 2018 Asian Games in Palembang.

4.2. Toll Road

The construction of the toll road section, which began in 2015, started operating in 2017. It is part of the Trans Sumatra Toll Road (JTTS), which is planned to stretch from the north of Sumatra Island to the south, connecting Nangroe Aceh Darussalam Province to Lampung Province. Section Pematang Panggang - Kayu Agung with a total length of 185 km. As part of the JTTS network, this section is important for supporting the traffic of goods and people from the Bakauheni Port. This section is also expected to open access to surrounding areas and support economic growth, especially in the oil palm and rubber plantation sectors. In addition, one of the vital roles expected is to cut travel time and logistics costs using land transportation modes from Bakauheni Port to South Sumatra and the surrounding areas to support economic growth, especially in the oil palm and rubber plantation sectors. The 112 km Kayuagung–Palembang–Betung Toll Road, with a public-private partnership (PPP) financing scheme of IDR 17.347 trillion, began construction in 2016 and will be completed in August 2023.

4.3. Implemented Policy Coordination

The implementation of transportation infrastructure development includes the construction of LRT and toll roads. In Palembang, because all development projects fall into the category of priority infrastructure projects, their construction and provision are carried out through public-private partnerships (PPP).

Government support is a fiscal and non-fiscal contribution provided by Ministers/heads of Institutions or heads of regions in accordance with their respective authorities, based on financial feasibility. The government guarantees business entities in statutory regulations in cooperative projects between the government and business entities.

The Committee for the Acceleration of Provision of Development Infrastructure (KPPIP) was formed to accelerate the provision of priority infrastructure through pre-feasibility studies, starting from the initial review (outline business case) to the final review (final business case).

The person in charge of the program is the minister, head of the institution, head of the region, head of a state-owned company, or head of a regional-owned company. Priority infrastructure provision transactions are part of the infrastructure provision activities, which consist of starting from planning and implementing public tenders for business entities and determining the winning bidder to signing the priority infrastructure provision. The Consultant Panel, consisting of several prospective consulting service providers, was selected and determined by the KPPIP through a pre-qualification process.

The implementation of procurement of government goods/services by KPPIP is carried out with the provision of direct procurement of consulting services; direct appointment to an international financial institution; direct appointment of consultant service providers who perform well at KPPIP

To accelerate the provision of consulting services, KPPP forms a consultant panel consisting of at least five prospective consulting service providers and a maximum of seven consulting service providers. Then, KPPIP selects and determines consulting services that will sign an umbrella contract (framework contract) as a binding agreement on prospective consulting service providers.

In the case of the construction of the South Sumatra LRT, the government appointed PT Wakita Karya (Persero) Tbk to build Light Rail Transit infrastructure covering lines, including elevated lines, stations, operating facilities, and depots. PT Waskita Karya cooperates with other Business Entities.

Construction implementation is outlined in the agreement between the Minister of Transportation and PT. Waskita Karya. The Minister of Transportation assigns and determines the design criteria and technical specifications for the construction of the LRT within a maximum period of 3 months of working days. Furthermore, PT Waskita Karya submitted a technical document and a business synopsis document for the LRT construction plan to the Minister of Transportation to provide approval for the technical document and budget document no later than 30 working days for technical evaluation and price fairness. The signing of the agreement is carried out no later than 30 working days after the approval of the technical and budget documents.

The government makes payments for the transfer of infrastructure for construction completed by the PT. Waskita Karya through the ministry of transportation budget through the Minister of Transportation.

The government assigned the Financial and Development Supervisory Agency to conduct an inspection of the achievement of the work and fairness of costs, including

the interest expense for the construction period and the payment period (Interest During Construction and Interest During Payment) issued by PT Waskita Karya.

In carrying out PT Waskita Karya's assignment to build lines, stations, operating facilities, and LRT depots, the Governor of South Sumatra provided land for the construction of LRT infrastructure, approved the utilization of regionally owned land and air space in the framework of LRT development, and approved regional spatial layout plans with cross-services in accordance with statutory regulations.

To accelerate the utilization of the results of the LRT development, the government assigned PT Kereta Api Indonesia to organize facilities that include procurement of advice, facility operation, advice treatment, and exploitation of facilities, organizing an automatic ticket system (automatic fare collection, and carrying out the operation and maintenance of infrastructure. In line with this assignment, procurement of LRT facilities is also carried out by PT. Kereta Api Indonesia and may cooperate with other business entities.

Funding for PT KIA in carrying out the above assignment can be through State Equity Participation and other funding, in accordance with statutory provisions. PT Waskita Karya and PT Kereta Api Indonesia synergize and coordinate with each other to accelerate LRT Implementation under the coordination and supervision of the Minister of Transportation.

Policy coordination carried out in toll road development is similar to LRT construction because of the nature of priority development projects; the only difference is that the technical ministries responsible are the Ministry of Public Works and People's Housing under the responsibility of the Minister of PUPR.

The results indicate that policy coordination in development already uses high-level coordinating mandates, establishes a clear mandate, and encourages formal governance arrangements, where the KPPIP is taking the role of the Coordinator Ministry for Economic Affairs. However, some of the items that should be done, such as built-in capacity in inter-institutions for policy cohesion for sustainability development, still need to be encouraged and developed, as the problem of communication and coordination still needs to be improved.

In terms of the central governmental body responsible for coordination, a combination of Greece and Sweden was adopted. The formation of a commission in Greece is represented by the formation of KPPIP, while the Ministry of Finance is responsible for financing national SDG coordination, and implementation is adapted from Sweden.

5. Conclusion

1. Policy coordination for the development of transportation infrastructure in the City of Palembang has been carried out starting from the national and regional levels in the form of establishing policies and regulations that are implemented starting from the central government ministries/agencies, committees, business entities, and regional governments based on applicable laws and regulations, already using high-level coordinating mandates, establishing clear mandates, and encouraging formal governance arrangements, where the KPPIP is taking the role of the Coordinator Ministry for Economic Affairs.

2. Considering that the average development project is included in the priority development group, the impression of the strong influence of the central governmental body responsible for coordination was adapted to the combination between Greece and Sweden. The formation of commission in Greece is represented by the formation of KPPIP, while the Ministry of Finance is responsible for financing national SDG coordination, and implementation is adapted from Sweden in deciding the implementation of projects, making these development projects more timely. The role of the committee responsible as the regions in implementing this priority project is to mix and match project development proposals in the regions with the criteria set by the central government so that development project proposals from the regions can be responded to and approved by the central government because they comply with the set criteria. In addition to meeting the criteria for future economic and regional development, both at the macro and micro levels. This description also has similarities with what has been done in Greece and Sweden

3. Further studies on transport infrastructure development policies in Palembang are still needed, starting from the macro/national level down to the micro/local level. Significant improvement is still required, especially to create a more integrated system between land, waters/rivers/oceans, and air. Therefore, the development carried out can be sustainable considering that the development is carried out in tidal swamp areas with river flows in most urban areas.

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