



# Analysis of Public-Private Partnership in Providing Public Transportation in Indonesia

Hardi Warsono, Muhammad Arief Zuliyan, Mohammad Nurul Huda,  
and Hermeni Susiatiningsih  
Universitas Diponegoro, Semarang, Indonesia  
hardiwarsono@lecturer.undip.ac.id

**Abstract.** The increase in population growth rate has a significant impact on increasing society demand. Various social problems emerged, especially the movement of people from one city to another. As a result, inter-city accessibility has become a social problem that has a significant impact on people's movements due to increasing demand for people's needs. In meeting society demands, public-private cooperation is the best alternative for meeting demands in the transportation sector. This research analyses the public-private partnership between Indonesia-China Governments in providing public transportation. Qualitative descriptive and case study methods were used. The Whoosh high-speed train infrastructure development project is a form of bilateral cooperation between the Indonesian government and the Chinese government, PT. Kereta Cepat Indonesia-China (KCIC) as the consortium company manages as a case of public-private partnership. Literature reviews are used to produce research data and discussions. The research results show that the Analysis of Public-Private Partnership principles on Public- Private Partnership schemes have been implemented. At the same time, they benefit if they can align their vision with each other and implement the scheme by what is expected. To be successful in the Public-Private Partnership, the project's initial investment finance agreement accuracy must also be taken into account. Aside from that, sharing risk in other situations needs to be properly thought through.

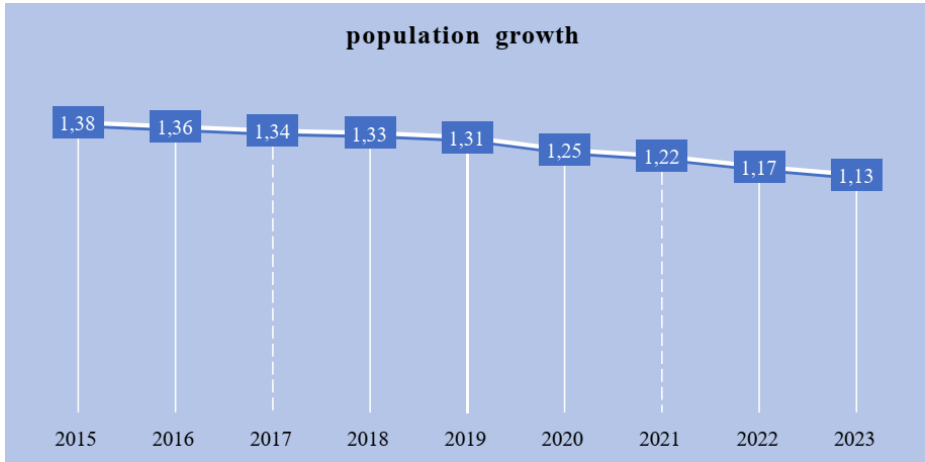
**Keywords:** Public Transportation, Public-private Partnership, Sharing Risk.

## 1 Introduction

The rapid increase in community needs has been significantly impacted by Indonesia's high annual population growth. One is the necessity of transportation as a means of facilitating population movement. The reason for the massive population mobility is because human wants are not always satisfied by the resources available in the places where people live. Among other reasons, variations in a region's capacity to provide for the basic requirements of its people lead to population migration. In geographic terms, this is referred to as area differentiation. The concept of "area differentiation" refers to the expectation that interactions among regions will arise since, in essence, one region differs from the others due to supply and demand.

© The Author(s) 2025

I. D. A. Nurhaeni et al. (eds.), *Proceedings of the 1st Joint International Conference on Social and Political Sciences: Challenges and Opportunities in the Future (JICSPPS 2023)*,  
Advances in Social Science, Education and Humanities Research 884,  
[https://doi.org/10.2991/978-2-38476-350-4\\_2](https://doi.org/10.2991/978-2-38476-350-4_2)



**Fig. 1.** Indonesia's population growth  
Source: Central Agency of Statistics 2017; 2020; 2023

Providing infrastructure in the transportation industry through cooperation and public-private partnerships in development can help address these societal issues. Collaborative governance is the foundation of public-private partnerships. Collaboration governance, as a solution to complex social challenges [4] emerged as a response to downstream implementation failures [5]. It requires stakeholder participation in the decision-making process to achieve instrumental goals [6]. So, a new strategy in governance makes various policy stakeholders, both public institutions and non-government stakeholders, come together and be involved in joint consensus-oriented decision-making [5]. In this context, public-private partnership is a form of governance to manage relations between the private sector and government sector [7].

This research takes a case study in Indonesia. The construction of the Jakarta-Bandung Whoosh fast train is a collaboration between the Indonesian government and the Chinese government to provide public services in the transportation sector. This infrastructure development project is managed by PT. Kereta Cepat Indonesia-China (KCIC), a consortium company between Indonesian state-owned enterprises and Chinese state enterprises. The construction of the Jakarta-Bandung Whoosh fast train presents the topic of public-private partnership and all the risks involved. Therefore, this project is a development project that is suitable for analysis with a public-private partnership.

## 2 Research Method

A qualitative approach and case study method were chosen in this research. The research focuses on the government-private collaboration model and the obstacles in managing joint projects between the government and the private sector. A qualitative approach helps researchers to build explorations that support the results of qualitative analysis related to specific topics. In explaining the topic of public-private partnership, researchers use the development of a public transportation infrastructure project, the

high-speed train, which connects Jakarta with Bandung. Case studies help researchers explore and explain the public-private partnership mechanism in Indonesia, which has different characteristics from other cases. The research design produces a comprehensive study of public-private partnerships in providing public transportation. In building research analysis, categorical data analysis is needed to explain the details of the findings and then theorize them. Researchers collect research data using secondary sources. Secondary sources include scientific literature, official government reports, news, and books. Research data was analysed in descriptive qualitative. To support adequate qualitative descriptive analysis, context analysis from the literature review was carried out. There are three steps in the data analysis process: data reduction, confirmability testing, and conclusion. The study's findings are given narratively. Researchers adopted the Public- Private Partnership Theory developed by [8], states four success principles, including transparency and commitment, supervision of partnership implementation, negotiation process, and equal roles in the partnership.

### **3 Result And Discussion**

#### **3.1. Partnership for Developing Mass Train Transportation Infrastructure “Whoosh”**

The partnership between the Indonesian Government and the Chinese Government in developing the Jakarta-Bandung Whoosh high-speed train infrastructure is part of the Indonesian Government's national strategic project, included in the Inter-City Railway Facilities and Infrastructure Development Project group. Whoosh, the development of the Jakarta-Bandung high-speed train infrastructure has been regulated in Presidential Regulation Number 3 of 2016 concerning the Acceleration of Implementation of National Strategic Projects. The National Development Planning Agency, under the auspices of the Indonesian Government, has conducted a feasibility study on the development of Mass Rapid Transit public transportation, which resulted in a recommendation that the construction of the Jakarta-Bandung Fast Train requires structuring.

The goal of the national development project, which involves third parties, is to encourage private and public engagement in the building of public transportation infrastructure for the Jakarta-Bandung Whoosh fast train. The Indonesian government, the leading sector, has chosen PT. Kereta Cepat Indonesia China (KCIC). This company is a joint venture between a consortium of Indonesian State-Owned Enterprises (BUMN) through PT. Pilar Sinergi BUMN Indonesia (PSBI) and a consortium of Chinese railway companies through Beijing Yawan HSR Co. Ltd, with the leading business in the public transportation sector with a business to business scheme (B2B) [9]. PT. Pilar Sinergi BUMN Indonesia consists of PT. Kereta Api Indonesia (Persero) as the lead consortium company, PT Wijaya Karya (Persero) Tbk., PT Jasa Marga (Persero) Tbk., and PT. Perkebunan Nusantara VIII as the prominent members companies. The share ownership of PT. Pilar Sinergi, Indonesia's state-owned enterprise, is 60%; the majority shareholder is PT Kereta Cepat Indonesia China, while the Chinese state-owned enterprise holds 40% [10]. The cooperation between the Indonesian Government and the Chinese Government in providing the Jakarta-Bandung

whoosh fast train infrastructure is carried out based on Presidential Regulation Number 3 of 2016 concerning the Acceleration of Implementation of National Strategic Projects. The follow-up to this regulation is that the two governments collaborate by forming a consortium company, PT. KCIC. Besides involving third parties, constructing the Jakarta- Bandung Whoosh fast train transportation infrastructure involves other companies, PT. Wijaya Karya, PT. National Power Plant, and PT. Telkomsel Tbk,. These private companies are Indonesian state-owned enterprise organizations. PT. Wijaya Karya carries out building construction work, subgrade construction, stations, and several other works. In providing operational services for the Jakarta-Bandung Whoosh fast train transportation, the electricity supply for train operations is provided by PLN. In contrast, the GSM-R train signalling frequency will collaborate with Telkomsel [10].

### **3.2. Analysis Public-Private Partnership in Providing Public Transportation Transparency and Commitment**

Information transparency is realized through the free flow of information, processes, institutions, and data accessible to interested parties. The amount of information available must be sufficient to be understood and monitored. Implementing the principle of transparency provides guaranteed access and freedom to obtain information related to government administration, including information regarding policies, the process of making them, their implementation, and the goals to be achieved [11]. In the principles of transparency and commitment, the Indonesian government provides a one-stop information channel that can be accessed via <https://kcic.co.id>. This digital channel provides information about the consortium company that manages the Whoosh Fast Train public transportation infrastructure development project. This digital channel is an integrated media for stakeholders in conveying reports on the development of the Whoosh fast train transportation project between the Indonesian Government and the Chinese Government in updating information. All stakeholders are asked to prepare reports to monitor and evaluate progress. All figures are presented in detail, including risks and usage projections.

The Indonesian government is collaborating with the Chinese government in developing public transportation infrastructure projects managed by the KCIC consortium company. In order to guarantee the provision of sufficient infrastructure for public transportation, cooperation networks are expanded to reinforce commitment. In this case, the public transportation infrastructure development process managed by PT KCIC is assisted by three other companies outside the consortium, PT. Wijaya Karya Tbk, PT.National Power Plant, and PT. Telkomsel Tbk. In budget support, financial risks are an unavoidable part of the Whoosh high-speed train infrastructure development project. This infrastructure development project is a project in the cost overrun project category. The Indonesian government and the Chinese government have agreed on the cost of this project. The results of the financial audit show that the cost overrun of the Whoosh high-speed train project has reached USD 1.2 billion. The development of this project has reached investment funds with a total of USD 7.2 billion [12]. The importance of commitment to adjusting project development is directly proportional to the sustainability of project grant funds. Public-Private Cooperation

between the Indonesian Government and the Chinese Government as a business entity operating in the field of public transportation.

### **3.3. Supervision**

The public-private partnership's success depends on supervision of the construction of the Whoosh high-speed train infrastructure between Jakarta and Bandung. In this context, supervision is part of the public-private partnership process to monitor development implementation by the parties involved [11]. The Jakarta-Bandung Whoosh fast train infrastructure development project is targeted to be able to be used for 100 years. In ensuring that this utilization is achieved, the monitoring process is carried out by the project implementer, PT. KCIC collaborates with the Tunnel and Bridge Safety Commission under the Ministry of Public Works and Public Housing of the Republic of Indonesia and the Ministry of Transportation of the Republic of Indonesia [13]. The aim is to test building design and safety and the feasibility of high-speed train bridges and tunnels. Every development step taken has passed testing and checking. This activity aims to monitor strict building specifications and standards from various parties. PT KCIC also involves the Ministry of Transportation to issue operational permits for high-speed train infrastructure. This ensures that all infrastructure is in a safe and proper condition to be operated to serve the community.

Supervision of public-private partnership projects is carried out strictly. The goal of supervision is to establish and implement good corporate governance. Before handover and project payment, layered supervision is implemented to protect the contractor's work from any unfavorable outcomes if it does not meet the project's viability requirements. In the initial stage, the process of testing and checking the quality of facilities and infrastructure is a form of monitoring the work results of the contractor in fulfilling the obligation to provide safe and comfortable public transportation infrastructure. Following the completion of construction, the monitoring procedure is implemented, which involves document verification, physical results verification, and field work verification. The involvement of independent internal and external actors aims to ensure the standards and quality of development carried out. If the construction results are by the specified specifications, then the new construction work is handed over, and payment is made to the contractor companies.

### **3.4. Negotiation Process**

Negotiations involve the Indonesian Government and the Chinese Government in discussions and communication to reach a mutually acceptable agreement on the whoosh high-speed train infrastructure development project. Communication skills are required for identifying alternate solutions to core issues throughout the negotiation process and for fostering successful diplomacy between the two parties. In this case, there are several elements of negotiation:

- **Actors:** The negotiation process can occur when there are at least two parties. Each actor has their own goals, preferences, and needs.

- Communication process: The communication process between actors allows for discussion and attraction of positions and interests between actors in achieving practical goals.
- Negotiation: The negotiation process involves the interaction of actors who have their own goals, preferences, and needs. Consequently, this process includes a momentum of give and take among the actors making mutual concessions.
- Conflict resolution: Negotiation is a way to resolve conflicts or differences of opinion and can help prevent disputes from becoming more serious.
- Agreement: An agreement is a concession and the final goal of the negotiation process, a decision to resolve the acceptable problem to all parties. An agreement results from an agreement between actors manifested in a contract, agreement, or compromise.

Negotiation is a complex process. Various skills, active listening, empathy, problem-solving, and the ability to manage emotions, are required. Different negotiation styles and approaches, such as distributive (competitive) and integrative (collaborative) negotiations, may be used depending on the context and goals of the parties involved.

In this case, public-private cooperation in developing the Jakarta-Bandung whoosh fast train transportation infrastructure is a national strategic project. The entire process and value of development investment can be determined by stakeholders related to the project. The positioning of the interests of Public-Private Partnership stakeholders demonstrates this. To reach a transparent and accountable agreement, the Indonesian Government carried out a project process. Two countries participated in the project process, the Sakura Country government through the Japan International Cooperation Agency (JICA) and the Chinese government through Beijing Yawan HSR Co. Ltd. The Japanese government has revised the bid proposal for the high-speed rail transportation infrastructure project. In its proposal, the Japanese government offers an investment value of USD 6.2 billion, the project loan term is 40 years, and interest is only 0.1 percent per year with a grace period of 10 years.

On the other hand, the Chinese government is offering a bidding proposal for a fast train transportation infrastructure project with an investment of USD 5.5 billion. In its proposal, the Chinese government offers an investment scheme of 40 percent Chinese ownership, 60 percent for stated-owned enterprise consortiums, 25 percent funded using joint capital, and the remaining amount obtained from loan funds with a term of 40 years and interest of 2 percent per year [14]. As a result, the Chinese government won the tender for the project. The investment value of the agreement between the Indonesian government and the Chinese government by commissioning PT. KCIC, the development investment value reached US\$ 6.07 billion.

## 4 Conclusion

Analysis of the Public-Private Partnership principle for developing public transportation infrastructure for the Jakarta-Bandung high-speed train has revealed impressive findings. The Jakarta-Bandung fast train public transportation infrastructure development project is a national strategic project that PT KCIC manages as a consortium company between the Indonesian government and the Chinese government. The study results show that several aspects of the public-private partnership have reached feasibility. In the context of transparency and commitment, stakeholders adhere to each other in implementing an open process. All information is conveyed between stakeholders through various approaches to clarify and minimize communication. In the context of supervision, the construction of the Jakarta-Bandung high-speed train infrastructure is carried out in layers. Supervision activities to ensure the quality of building construction meets standards.

Meanwhile, the negotiation process was smooth. The agreement between the Indonesian Government and the Chinese Government is a joint consensus from both parties and is considered not to be detrimental to stakeholders. However, the results of the study show that the Jakarta-Bandung Whoosh fast train infrastructure development project is a project in the overrun project category. Agreement on the investment value is an essential measure of process accuracy. Sharing financial risk is the key that needs to be considered in Public-Private Partnerships.

Public policy recommendations are offered. First, the Indonesian Government established an independent organization responsible for monitoring the operational management of public transportation high-speed train transportation. On the other hand, the existence of independent organizations can help coordinate policies to facilitate sustainable high-speed train development. This independent organization helps assess the quality of high-speed train infrastructure development projects. The project is in the tendering process as part of planning, conducting feasibility studies, construction management, and monitoring the quality of development results up to operational management for implementing the Jakarta-Bandung high-speed train.

## References

- 1 Central Agency of Statistics, "Laju Pertumbuhan Penduduk (Persen), 2015-2017." [Online]. Available: <https://www.bps.go.id/indicator/12/1976/3/laju-pertumbuhan-penduduk.html>
- 2 Central Agency of Statistics, "Laju Pertumbuhan Penduduk (Persen), 2018-2020." [Online]. Available: <https://www.bps.go.id/indicator/12/1976/2/laju-pertumbuhan-penduduk.html>
- 3 Central Agency of Statistics, "Laju Pertumbuhan Penduduk (Persen), 2021-2023." [Online]. Available: <https://www.bps.go.id/indicator/12/1976/1/laju-pertumbuhan-penduduk.html>
- 4 A. Sancino, J. Rees, and I. Schindele, "Cross-Sector Collaboration for Public Value Co-Creation: A Critical Analysis," *J. Energy Policy*, 2018, [Online]. Available: <https://doi.org/10.1108/S2045-79442018000006003>
- 5 C. Ansell and A. Gash, "Collaborative Governance in Theory and Practice," *J. Public Adm.*

- Res. Theory*, vol. 18, no. 4, pp. 543–571, 2008, [Online]. Available: <https://doi.org/10.1093/jopart/mum032>
- 6 C. Huxham, S. Vangen, C. Huxham, and C. Eden, “The Challenge of Collaborative Governance,” *Public Manag. An Int. J. Res. Theory*, vol. 2, no. 3, pp. 337–358, 2000, [Online]. Available: <https://doi.org/10.1080/14719030000000021>.
  - 7 E. Niesten, A. Jolink, A. B. Lopes de Sousa Jabbour, M. Chappin, and R. Lozano, “Sustainable collaboration: The impact of governance and institutions on sustainable performance,” *J. Clean. Prod.*, vol. 155, no. 2, pp. 1–6, 2017, [Online]. Available: <https://doi.org/10.1016/j.jclepro.2016.12.085>.
  - 8 M. Leonhardt, B. Kukovetz, and M. Haas, *Public Social Private Partnership (PSPP) – Modell*. 2007.
  - 9 Sekretariat KCIC, “Tentang KCIC - Kereta Cepat Indonesia China,” Sekretariat KCIC. [Online]. Available: <https://kcic.co.id/tentang-kami/profil/#:~:text=Hadir%09untuk%09mengembangkan infrastruktur transportasi,3%2F2016>
  - 10 D. Saputra, “Deretan BUMN yang Bangun Proyek Kereta Cepat Jakarta-Bandung.” [Online]. Available: <https://ekonomi.bisnis.com/read/20221117/98/1599234/deretan-bumn-yang-bangun-proyek-kereta-cepat-jakarta-bandung>
  - 11 A. E. Pradana, R. S. Astuti, and B. P. Priyadi, “Public-Private Partnership In The Framework Of Waste Management Into Electrical Energy In Jatibarang Landfill, Semarang,” *J. Local Gov. Issues*, vol. 3, no. 2, pp. 130–144, 2020, [Online]. Available: <https://doi.org/10.22219/logos.v3i2.11809>
  - 12 M. Idris, “Biaya Kereta Cepat Jakarta-Bandung Setara Bangun 1.081 Km Tol di Sumatera,” Kompas.com. [Online]. Available: <https://money.kompas.com/read/2023/04/13/105140026/biaya-kereta-cepat-jakarta-bandung-setara-bangun-1081-km-tol-di-sumatera?page=all>
  - 13 M. K. Alfarizi, “KCIC Sebut Kereta Cepat Jakarta-Bandung Dirancang untuk 100 Tahun: Dibangun Teliti, Pengawasan Berlapis.” [Online]. Available: <https://bisnis.tempo.co/read/1765781/kcic-sebut-kereta-cepat-jakarta-bandung-dirancang-untuk-100-tahun-dibangun-teliti-pengawasan-berlapis>
  - 14 M. Idris, “Kilas Balik China-Jepang Rebutan Proyek Kereta Cepat Jakarta-Bandung,” Kompas.com. [Online]. Available: <https://money.kompas.com/read/2022/07/30/081759826/kilas-balik-china-jepang-rebutan-proyek-kereta-cepat-jakarta-bandung?page=all>

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter’s Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter’s Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

