

Paving The Way of Indonesia's Water Infrastructure Development Through a Post Value-For-Money Study on Public-Private Partnership Water Project: Study Case of Jatiluhur I Water Supply System Project

Mei Riski Khalaliah

Polytechnic of State Finance STAN
Bintaro Main Street 5th Sector, Bintaro Jaya
South Tangerang, Banten, Indonesia, 15222
Email: meiriskik@gmail.com

Eko Nur Surachman

Polytechnic of State Finance STAN
Bintaro Main Street 5th Sector, Bintaro Jaya
South Tangerang, Banten, Indonesia, 15222
Email: e.nursurachman@pknstan.ac.id

Abstract

Achieving sustainable water infrastructure development in Indonesia requires careful consideration of Value for Money. This study uses post VfM analysis to evaluate the Jatiluhur I Water Supply System Project, a Public Private Partnership (PPP) initiative. Using a sequential exploratory mixed methods design, the study combined qualitative stakeholder interviews with quantitative financial modelling analysis. Interviews were conducted with Wika Tirta Jaya Jatiluhur (Project Sponsor) and the Ministry of Public Works and Housing (Government Contracting Agency), which provided valuable insights into the project implementation. The financial model developed by WTJJ was further analysed using Microsoft Excel to go through Monte Carlo Analysis using Crystall Ball. The project achieved a negative VfM, there was a gap between the ex-ante and ex-post assessments. The main factor causing this gap was the revenue shortfall due to the availability of alternative water sources. This research highlights the critical role of robust demand forecasting and securing a reliable customer base to ensure VfM in PPP water projects. Conduct post-value for money analyses for PPP projects, implement thorough sensitivity analyses, ensure government oversight, and monitor risk allocation quantitatively throughout the project lifecycle are recommendations from the findings. The findings contribute to a deeper understanding of VfM for water infrastructure development in Indonesia, paving the way for future projects to deliver optimal value.

Keywords: *Value for Money, PPP, Water Project*