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Public Private Partnership in Tourism: Build Up a Digitalization Financial Management Model

Abstract

The limitation of the government's budget is sometimes unable to accommodate the overall demand of infrastructure development which requires a large investment. Yet, the Public-Private Partnership (PPP) has been recognized as one of promising tool to build cross-sectoral collaboration to support infrastructure development within the last few decades. Indonesia has several frameworks of PPP cooperation to accomplish development goals as stated in The Minister of Development Planning Act No. 4/2015. Despite several frameworks provided by the government. This research uses a qualitative approach which is conducted through interviews with several key informants as well as relevant observation. The result of this research shows that PPP has been fully implemented in Lamongan. Through the attractiveness of marine tourism, the local government of Lamongan Regency is looking for investment in tourism development through PPP. Wisata Bahari Lamongan and Mazola (Maharani Zoo Lamongan) are two tourist attractions that implement a private partnership funding system with the Build Operate Transfer (BOT) scheme. This mechanism is used sustainably as an operational effort for Lamongan and Mazola Marine Tourism (Maharani Zoo Lamongan). Revenue from tourism is included in the Regional Original Revenue (PAD) and as private sector income in this project.

Keywords:

digitalization model; financial management; public private partnership; tourism

Introduction

The Public-Private Partnership (PPP) is recognized as a collaborative infrastructure project whose provision is carried out by the Government

in cooperation with Business Entities (Wang, H., Xiong, W., Wu, G., & Zhu, 2018) (Ikram, 2018). It it a kind of conceptual model which is realized through an agreement (contract) involving

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the government and economic actors as the person in charge of the cooperation project (Akintoye, 2016). The transfer of infrastructure that is collaborated will be transferred to the person in charge of the development project, which will end with the contract agreed by both parties for the welfare of the people by realizing the availability of development, compliance, development, and development (Rogerson, 2016). The PPP is widely used to build regional infrastructure that may possibly increase the regional income such as the construction of sports facilities, transportation, waste factories, and others (Cui, C., Y.Liu, 2018).

The PPP's scheme will allow the government to gain mutual benefit from the provate sector by collaborative project related to public services. In addition, the financial support which is injected through investment shemes for infrastructure development are also considered to bring additional contributions, such as increased efficiencies in project development and operation and enabling access to more advanced technologies. Thus, the government might be able to focus on policy making, planning and designing appropriate regulation. The idea of involving private funds in public infrastructure financing is rationally relevant with effectivity and efficiency principles (Osei-Kyei & Chan, 2017).

In Indonesia, the PPP's project has been popularly applied in early 2000s, especially when the central government began to implement the PPP concept under Indonesia Infrastructure Summit I in 2005 which succeeded in producing 90 projects between the Government and the Private. This program was continued in 2006 through the Indonesia Infrastructure Summit II or the 2006 Indonesia Infrastructure Conference and Exhibition where the Government offered 111 projects in cooperation with the private sector. Rhama & Setiawan (2020) argue, the implementation of these two projects raises awareness to improve several things to increase the potential for cooperation within the PPP framework. However, there are still three main concern that must be underlined by the public agency related to PPP, namely the formation of new institutions for the PPP program, harmonizing various regulations that are contrary to foreign investment, and improving the quality of human resources which will be carried out through several processes (Wang, H., Xiong, W., Wu, G., & Zhu, 2018).

Given the important use of PPP for infrastructure development, it is a great opportunity to aplly the PPP mechanism for tourism sector development. Tourism development management with PPP schemes in Indonesia has actually been carried out in some regions such as in Sumenep regency with the Build Own Operate (BOO) type PPP model (Kriswibowo et al., 2020). Yet, in Tana Toraja tourism development

which prioritizes aspects of equity, efficiency and effectiveness (Djabbari et al., 2021). The tourism sector is indeed the main attraction in the PPP scheme. From the two mentioned areas, it has been proven that the PPP scheme in the tourism sector has different focus and implication, firstly the private sector does not own the land or land in full, but only has the Right to Build or locally known as HGB. In addition, the cooperation model also has a certain time limit according to the context and location of the destination. In Sumenep, tourism management tends to be a means of transportation and development of the attractiveness of the maritime sector, without having land rights. While the scheme in Tana Toraja is more comprehensive, because the destination object is on the mainland. While the study in this research is more focused on collaboration in developing previously unproductive zones into productive land with economic value.

This study will review in-depth the PPP model developed by the local government of Lamongan Regency. Particularly on how the local government of Lamongan formed a funding policy scheme to manage coastal areas as tourism destinations. This study will also review on how local governments provide legality to PPP schemes in the long term, revenue sharing between the private sector and local governments, division of tasks for infrastructure development around tourist destinations, as well as how the private sector attempts to negotiate with local governments to continue their business in the district. Lamongan. This study is expected to illustrate the comprehensive understanding about PPP's model in tourism development correlated to financial management through digitalization.

Literature Review

Public Private Partnership in Tourism Development

The PPP concept has functioned as a viable to cope budget, particularly when it with infrastructure

development (Djabbari et al., 2021; Korab-Karpowicz, 2020). Sector, the PPP has been widely adopted because of its potential of profit and benefit for both parties. On the government side the PPP might possibly develop the local tourist's destination. And make it feasible to increase local revenue, while on the private sector side, it might be a great chance to gain significant profit by developing tourism's related products and accommodations. According to Felsinger, K., Miranda, J., & Skilling (2008) at least, three main desires that motivate PPP into tourism development consist of the needs for private investment, increased cost efficiency and resources distribution effectively, along with undertaking reform through reallocation of roles, incentives, and accountability. Therefore there are planned activities and efforts to engage visitors by preparing all the necessary goods, services, and facilities are actions to develop tourism (Mahriani, 2021).

Numerous studies have tried to specify the key elements of successful tourism collaboration such as in Australia shows developing a continuum tourism partnership dynamic with cooperative, competitive, collaborative principles (Peroff, D. M., Deason, G. G., Seekamp, E., & Iyengar, 2017). Furthermore, some researchers even determine the different aspects of cooperation of stakeholders in tourism development based on analysis and theory, community capitals, and social networks (Sururi, 2020). A benefit tourism partnerships is when diverse resources, knowledge, and skills are pooled (Wang, H., Xiong, W., Wu, G., & Zhu, 2018), building understanding and support for decisions (Peroff, D. M., Deason, G. G., Seekamp, E., & Iyengar, 2017), and even identified five critical key actions like; expert preparation, underlying objectives, developmental structure, effective and efficient actions, and sustainable nature of partnership (Akintoye, 2016; Osei-Kyei & Chan, 2017).

Rhama and Setiawan (2020) explains several factors driving the success of PPP in the tourism sector in Indonesia. First, the tourist

destination capabilities which refers to the ability of of a tourist destination is the potential of an area to turn into a destination. Generally, to build tourism potential, it can be done by setting the main goal of establishing the destination, then facilities and infrastructure, praising and expanding the advantages and uniqueness of that destination. Second, the regional capacity in creating cooperation with various parties. It is commonly said that the local capability must be possessed by the local community of destination, the role of the community is the key in increasing cooperation with both the government and the private sector.

Finally, good coordination between the private sector and the government. This point explains the coordination ability of the government and the private sector in increasing service accessibility, convenience, ecosystems to the attractiveness of tourist destinations. Policy synchronization also needs to be considered, given the necessity of having rules to regulate existing administrative circulations. All of these factors should be maintained before the PPP programs are delivered into the implementation phase. Thus, the pre agreement period might determine the success rate of PPP project.

Tourism and Creative Economy

The development of the tourism sector is actually built upon all planned activities. According to Shuai (Cui, C., Y.Liu, 2018; Shuai, M., C.Liu, 2019), to develop the tourism sector, things that must be considered in determining tourist targets are gender, age, education level, community income and target work. This can be easily obtained with the role of AI in this digitalization era, besides the data obtained and the role of technology is also able to support the sustainable development of the tourism sector by looking at reviews presented by tourists via the internet (Hsu, A.Y.C., B.King, 2016). There are 3 schemes used in the implementation of this

digital model, namely, Initial Coin Offering (ICO), Secure Token Offering (STO), an Initial Exchange Offering (IEO). Digitalization is closely related to the use of the internet to promote the tourism sector as a new ecosystem as a form of innovation that utilizes technology and tourism to achieve equitable development, namely the presence of Smart Tourism which is a solution in offering various kinds of businesses (Hanum, F., D.Suganda, B.Muljana, C.Endyana dan H, 2020).

The development of the tourism sector can be used as an indicator to increase people's wages, job opportunities, increase national income, income from tax revenues, provide increased value added to cultural wealth, accelerate the income distribution process, allow expansion of the domestic market and career opportunities that can improve the national economy, thereby benefiting the local population (Ecles.G and J.Costa, 2013). According to (Gomez, A.L., D.R.Palomo, 2021) the tourism sector is proven to be able to increase a country's economic growth by improving the quality of infrastructure because it has a contribution to introduce the culture and natural wealth of an area but is able to produce long-term negative effects, namely environmental damage (Nusraningrum, 2019).

Nusraningrum and Pratama (2019) have published that tourist destinations that are able to improve the economy of the surrounding community can be caused by several factors, including:

a. Public service,

The explanation at this point means that the facilities and infrastructure that can be obtained and provided by local workers when visiting these destinations, workers as local guides are able to get jobs and improve the economy of their families.

b. Tourist attractions,

This point explains that tourist attractions are an important factor in attracting visitors.

visitors will generally look for unique things that can be searched and can only be obtained in these tourism sectors, thus enabling an increase in visitors and an increase in the economy

c. Products produced by tourist destinations

The resulting product can be used as a souvenir or special souvenirs from the area, especially if the packaging used to package the product is considered good, then it is able to attract buyers, this can improve the economy of the local community.

d. Security of the goods to be purchased

The security in question is the safety of the eye injury to be purchased, which means that the product must be packaged as attractively as possible to increase public interest.

e. Atmosphere or environment.

The environment is a factor that deserves attention. An environment that is not clean and not maintained can result in a decrease in the number

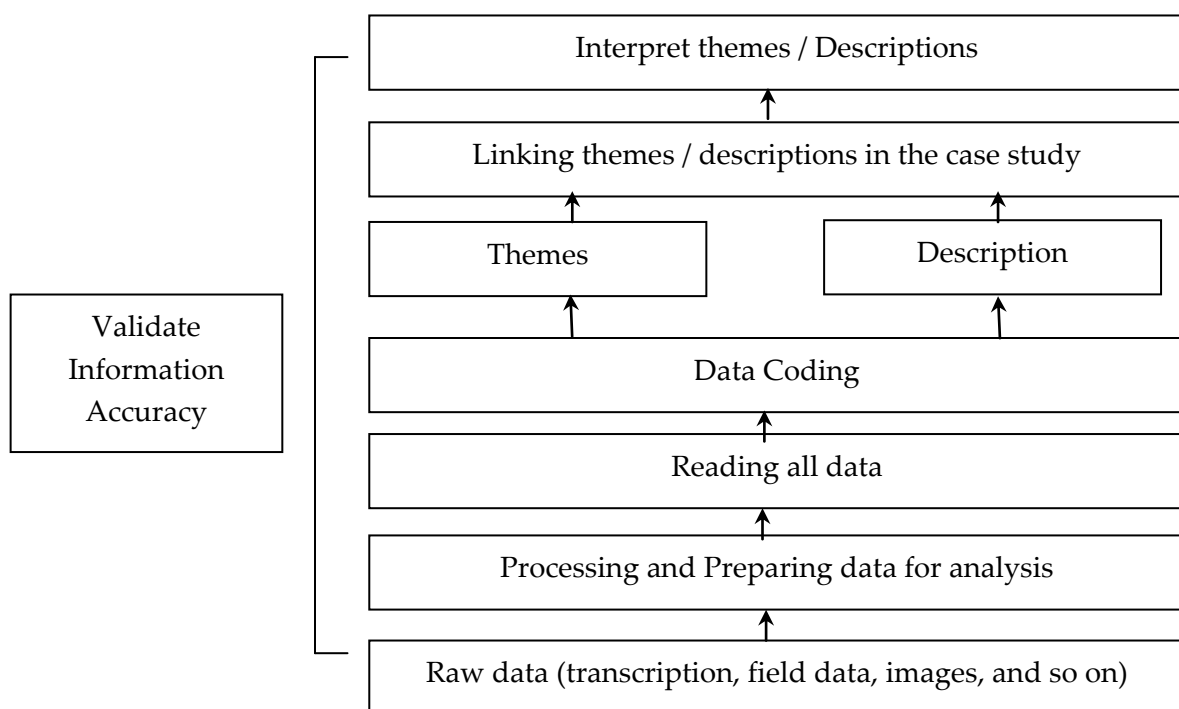
of tourists who come, while a conducive and safe atmosphere can increase tourist visits.

It is necessary to hold cooperate between all parties, both the government and the private sector for the development of a quality tourism sector. Sustainable tourism development requires cooperation between stakeholders (Korab-Karpowicz, 2020). This collaboration also includes and respects rules, norms, customs and community structures by taking into account the geographical conditions of an area to be developed and thinking about efficient transportation routes (Pilving, T., Kull.T, 2019).

Methods

This research was conducted in a qualitative approach with a descriptive method. Researchers used interview data collection techniques through focus group discussions and direct observation. Secondary data collection was carried out in groups starting from the Regional Medium-Term Development Plan (RPJMD), laws and regulations,

Figure 1.
Research Design Data Analysis



Source: Creswell (2018)

to the Standard Operating Procedures (SOP) for marine tourism in Lamongan. This study also used secondary data from journal articles to strengthen the theoretical basis. The aim of this research is to describe and analyze Public Private Partnership financial management implementation in the sustainable tourism sector. After describing the implementation of financial management that has been carried out, researchers draw several conclusions to develop a digital model for managing PPP funding which is related to tourism development. The data analysis used in this research is research designed by Creswell (2018) as conducted on several stages at Figure 1.

Results and Discussion

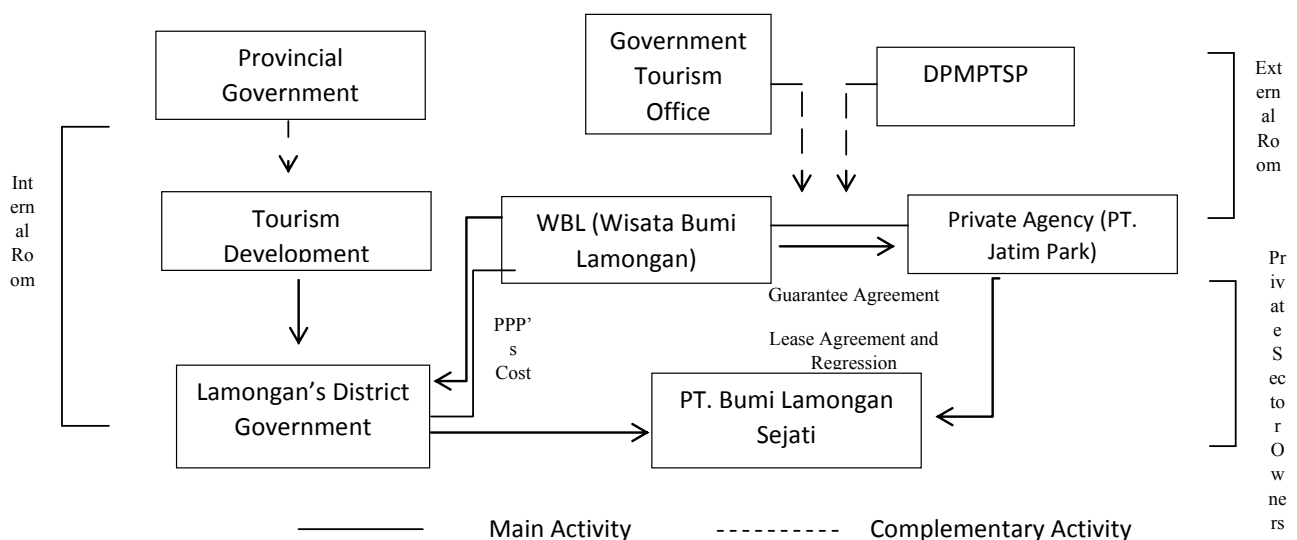
The Model of PPP for Tourism Development in Lamongan Regency

The local government of Lamongan regency is one of the local governments that implement the PPP cooperation scheme in the tourism sector. The local government of Lamongan Regency has different characteristics of PPP, namely PPP in this area is managed on an artificial marine tourism attraction object. The investments

made by the private sector through PPPs are managed collaboratively with local governments. This scenario is different compared to similar implementations in other regions which mainly use the PPP to deal with the infrastructure sector. The collaboration between the public and private sector has actually focused on the procurement of infrastructure or tourist vehicles in the leading Lamongan Marine Tourism (WBL) destination. Each region has its uniqueness with different funding models, which can be in the form of attracting the private investment capital, increasing public resources or carrying out sector reform by accountability, incentives and role reallocation. Differences in the implementation of the model can be developed, studied and modified by other regions as government innovation efforts.

In contrast to other regions in Indonesia that sell marine tourism services, Lamongan Regency develops marine tourism by packaging it into a marine tourism vehicle. The implementation of PPP in this tourist attraction continues and develops, so there are not many studies that focus on long-term PPP studies. Differences in the characteristics of the relationship between

Figure 2
Funding Concept of PPP in Lamongan Regency for Lamongan Marine Tourism Development (WBL)



Source: Data Analysis by author (2022)

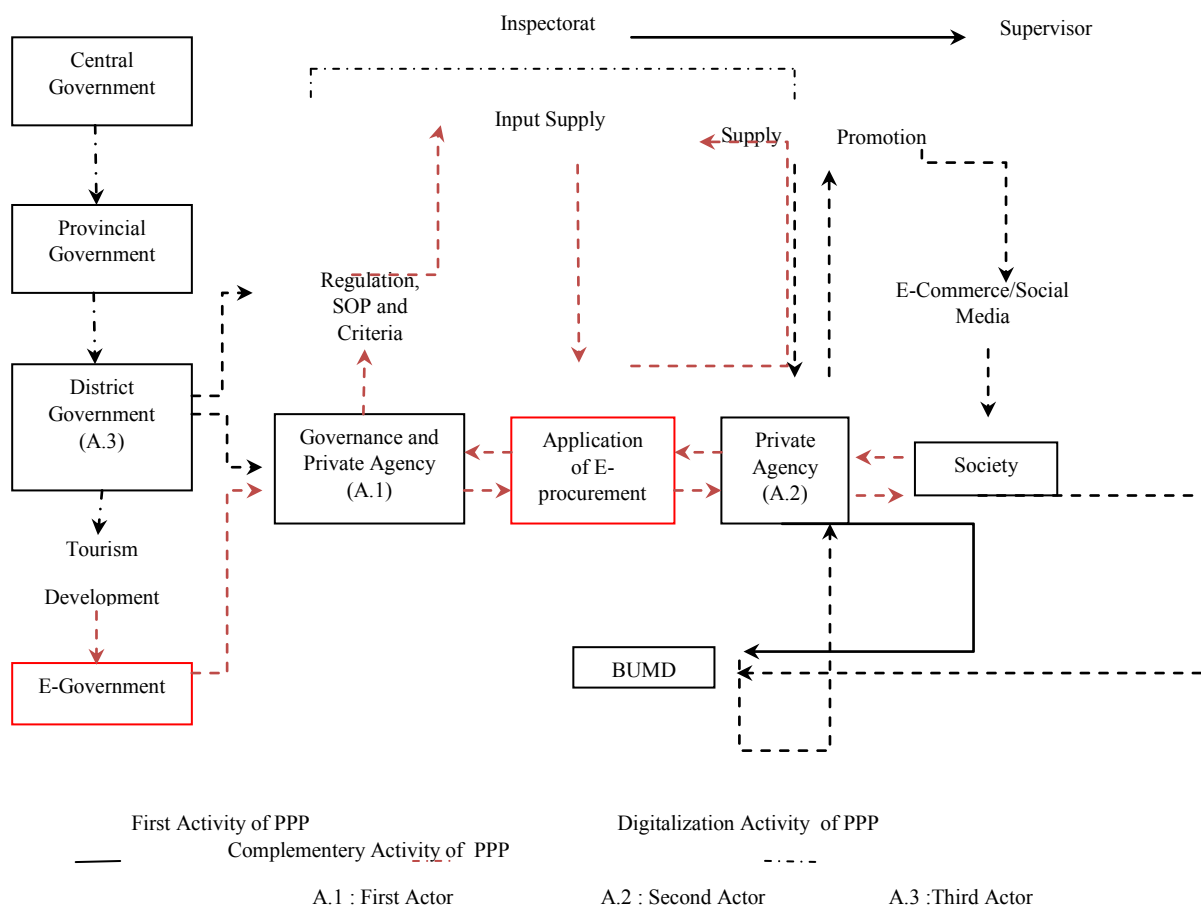
local government and the private sector that is based on tourist attractions need to be carried out sustainably. This will have an impact on the sustainability of regional development, especially in the regional tourism sector. While regarding the implementation of digitalization sustaining the PPP's concept, the Lamongan Regency government has implemented the digitalization model in the tourism sector which since 2005 by following e-procurement model.

Based on the presented figure 2 it can be illustrated that the Tourism Office is the first actor to carry out the implementation of e-procurement. The Regency Government or the regent supervises the process and implementation, while the role of offering to fund for the management of private joint partnerships is carried out by Regional

Government Organizations (OPD) through the Tourism Office and DPMPTSP. Although the e-procurement process is carried out by the OPD, the regent has a full role in the collaboration. By serving as a director at a PT/SPV formed in partnership with the private sector, the regent is authorized to determine the continuity of the partnership. In detail, the model of the digitalization/e-procurement process between the Lamongan Regency Government and PT. Jatim Park is under WBL management under the company PT. Bumi Lamongan.

It can be seen in the picture of the PPP funding digitization model for the development of the tourism sector above that roles can be classified by assigning codes A1, A2, and A3. The meaning of A.1 is a symbol of the first actor

Figure 3.
PPP's Funding Digitalization Model for Tourism Sector Development



Source: Data Analysis by the Author (2022)

who has the authority to offer and manage tourism development in the Lamongan regency. A1 is represented by the Tourism Office as an organization or agency that has the authority to issue investment permits. Whereas A.2 is an external party or the private sector, or from a community institution that has the capability to fulfill the criteria as an investor or investor. A.3 is the main regional official filled by the regent who has the authority to issue investment permits as well as supervision of all forms of business entity cooperation.

Bureaucratic reform through e-government programs can be an opportunity to develop applications for funding procurement. Procurement or funding applications that have been formed will be operated according to the original goal of cutting out inefficient and time-consuming flows. The development of this application is also intended to reduce the possibility of collusive practices that lead to privatization so that transparency and fair treatment can be accepted by A.2 parties who are interested in investing in tourism. The Information conveyed by Mrs. Dina as the head of the investment division, Tourism and Culture Office of Lamongan Regency confirms that “... *The age of digitalization helps many people to act more transparent, thus we should also support the fairness and avoiding collusive practices* (interview on Thursday, January 14, 2022).”

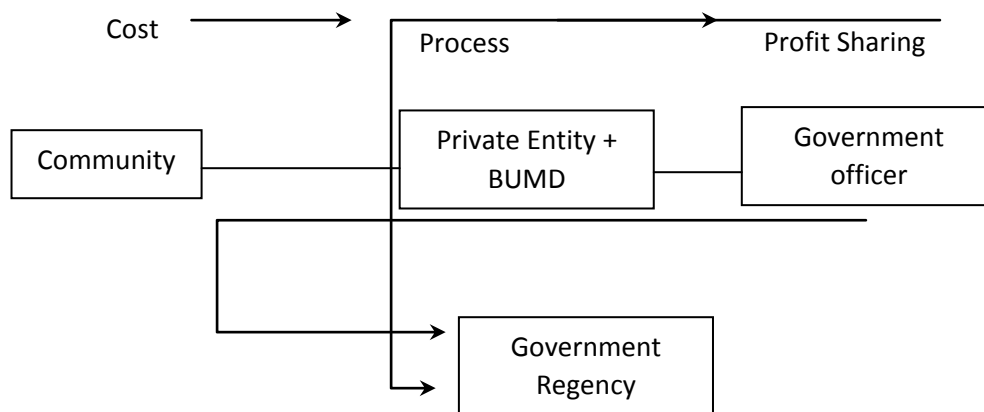
In the application, a transparent selection will also be carried out by the provisions of the criteria from the agency as a joint bidder with the local government in the form of terms and SOPs for cooperation. Every purchase information will also be displayed and the selection process until the signing of the agreement will also be displayed transparently to the issuance of permits so that everything runs fairly and in line with the requirements for implementing regional cooperation and investment. After the issuance of agreements and permits by the Government as well as the private sector, the E-procurement

application will display suppression of the agreement in anticipation of other investors and also prevent collusion.

This digitalization model is only limited to the bidding, approval and agreement process as conveyed by Mr. Arif Teguh Irawan, Head of Tourism Development, Tourism and Culture Office, Lamongan Regency, who claims that “...*the implementation of PPP in Lamongan begins with open tender activities, continues with approval, and the last agreement. This process is already included in e-procurement applications. The investment process through the application is carried out by the DPMPTSP, but the Tourism Office will take full responsibility for the approval process for regional tourism...*” (interview on Wednesday, January 12, 2022). Besides, the selection and pre-qualification activities are based on Presidential Decree No. 67 of 2005 regarding Public-Private Partnerships in Providing Infrastructure to the Community through Procurement of Partnerships. This activity includes pre-qualification, compilation of a list of participants to invest in, submission of invitations and returning auction documents, describing the auction, submitting and evaluating bids, taking minutes of the auction results, determining the auction winners, objections from auction participants, and issuance of bidders. Referring to the process, it is represented by the following picture:

Based on the picture above, the determination of the tariff is determined to increase the rate of return on investment which includes several things including closing capital costs, operating costs and reasonable profits as stated in Article 15 Chapter V paragraphs 2 and 3 of Presidential Regulation Number 67 of 2007. However, the determination should also be based on the capabilities of the service user or tourist. So to balance these two things, the Government has the authority to provide compensation so that later in its management it will continue to be carried out by the investment needs for

Figure 4.
Concept of Cost and Profit Sharing in PPP Funding Scheme



Source: Retrieved from data analysis process by the Author (2022)

its development, this is explained in Article 15 paragraphs 4 and 5 of Presidential Regulation Number 67 of 2007 (Ismowati, 2018; Rhama & Setiawan, 2020). From the results of management and also tariff income, then agreed to determine the amount of profit-sharing under the agreement in the PPP agreement.

The Digitalization of Financial Management for Tourism Development

Buyer (2015) in his publication argues that PPP is seen as a viable option to deal with the limited budget of the government. This argument is correlated to the current finding of this study which confirms that the PPP has been chosen by the local government of Lamongan Regency to develop the tourism sector with minimum budget allocation. The Marine Tourism of Lamongan and Maharani Zoo Lamongan “Mazola” are the two illustration tourist attractions that implement a private partnership funding system through the Build Operate Transfer (BOT) program. The local government of Lamongan regency manages the ongoing investment and operational process with the private sector. PT. Bumi Lamongan Sejati as an infrastructure provider and destination manager established through the collaboration between the Lamongan regency government and the investors. The establishment of SPV/PT is an effort to

facilitate financial transparency and operational management. This phenomenon is also relevant compared to the theoretical exposure as conveyed by Felsinger, K., Miranda, J., & Skilling (2008) especially where they expressed about the PPP not only initiated by the government but also the private sector which attracted by profits opportunity.

The establishment of this company proves that the private sector and local government have a great deal of faith in developing destinations. The company emphasized that the local government and the private sector are committed to complete full collaboration and cooperation. Thus both parties are able to coordinat to increase revenue in the long term. This is also evidenced by the inclusion of the Lamongan Maritime Tourism development into the regional development plan number 17 2018. Lamongan’s situation is consistent with Cui, C., Y.Liu, (2018)’s view that PPP work to create an environment that allows for cooperation and collaboration between the government and private sector. Cooperation with the private sector in tourism development in Lamongan Regency is through the signing of a memorandum of understanding as a boundary that defines the rights and obligations of each party. This destination development cooperation scheme has been going for 25 years since the MoU and PPP in 2005.

The implementation of PPP in Lamongan Regency begins with the existence of non-productive land owned by the local government. The productive land is further developed through investment by third parties as a private sector. The local government of Lamongan Regency would like to increase the local revenue (PAD), without reducing the significant public budget. Therefore, the local government's tactic is to attract the private sector to invest in areas deemed capable of development. Through a mechanism owned by the Lamongan Regency DPMPTSP, the will open up investment opportunities through the e-procurement applications. This application is expected to demonstrate transparency in the implementation of investments subject to political bargaining by relevant stakeholders. The efforts made by the local government in Lamongan Regency show that the PPP model is a solution for financing development without reducing stakeholder accountability (Felsinger, K., Miranda, J., & Skilling, 2008). In this way, the private sector and the governments can work together systematically without fear of violating laws and regulations, as economic and social resource transactions can be transparent. This initiation by application enables both parties to properly perform their roles and functions at the same time in accordance with the regulations in force.

Referring to Regional Regulation number 17 of 2018 on the Master Plan for Tourism Development of Lamongan Regency for 2018-2033, capital assistance from a private third party is required. Profit sharing for this project is a great level of 55% for the Regency Government and 45% for the private sector. According to Regulation of the Minister of Interior of the Republic of Indonesia, Article 1 No. 36, No. 19 of 2016 on Guidelines for Management of Regional Property for Buildings and Relocation, the use of land and or buildings of the Regional Government by a Third Party: shall be returned to the relevant governments in joint projects. The target of this

collaboration is the land, buildings and other facilities that are the target of the collaboration. Thus, after 25 years from 2005, the private sector was handed back to the Lamongan government as the custodian of the WBL destination and Maharani Zoo Lamongan. This condition is in accordance with Felsinger, K., Miranda, J., & Skilling (2008) confirming, that PPP is a solution that can be achieved by governments encouraging cooperation. In other words, PPP collaboration provides effective and cost-effective resource allocation.

The regulation on the establishment of PPP is contained in Presidential Regulation Number 56 of 2011 on Government Cooperation with Business in Providing Infrastructure. The implementation of the Presidential Regulation refers to Law No. 17 of 2003 concerning State Finance, see PP 1/2008 (Government Investment), PP 38/2007, (Division of Government Affairs), Presidential Regulation No. 4 of 2015 on the Fourth Amendment, Presidential Regulation Number 54 of 2010 on Public Procurement of Goods/Services. The implementation of PPP at the local government follows the guidelines on the implementation of local autonomy as stipulated in Law no. 23 of 2014 concerning Regional Government.

The tourism and creative economy sectors has become a "wetlands" for private investment as it can attract a significant amount of the public and tourists (Ilham A Hamudy & Saidi Rifki, 2021). Generally, the implementation of tourism development refers to Law No. 10 Year 2009 on Tourism. For developing countries, tourism is a main attraction that boost the economy through the arrival of foreign tourists. The presence of tourists in WBL can boost foreign exchange income both nationally and regionally. This condition is in line with what was conveyed by Said, F., Akib, H., Salam, R., & Baharuddin (2017) that tourism is one of the economic sectors that can be managed to increase government revenues.

In the era of globalization, tourism is also able to become a national trademark through marketing and cooperation between countries (Rhama & Setiawan, 2020).

Digitization refers to the use of technology to grow businesses and investments, increase sales levels, and create a digital culture. Digitization is also used as a central support for all public service processes. In this process, digitalization plays an equally important role in guiding social activity and global economic development (Yoo, Y., Lyytinen, K. J., Boland, R. J., and Berente, 2010). Barente (2020) emphasized that the digitalization scheme minimizes the practice of procuring less competitive goods and services. The presence of E-Procurement in the Lamongan regency government's performance environment proves that the government has made efforts to develop its bureaucratic systems to increase transparency and accountability. Due to Presidential Regulation Number 4 of 2015 concerning Government Procurement of Goods/Services (e-procurement) states that the procurement of goods and services must be done through information technology and electronic transactions. On the other hand, one of the competitive and transparent efforts in the procurement of public goods is the implementation of e-procurement policy.

The implementation of E-government in Lamongan Regency could be an opportunity to develop a funding application. The efforts made by the government are in accordance with the concept by Peroff, DM, Deason, GG, Seekamp, E., & Iyengar, (2017) explained e-governance applications as a tool for creating government transparency and accountability. Formed procurement or funding applications will be processed collaboratively, cooperatively and competitively in accordance with the original purpose. The development of this application will also reduce the possibility of collusive practices leading to privatization and enable private parties (A.2) interested in investing in the tourism sector to embrace

transparency and fair treatment. . The application of the e-Procurement model supports the implementation of Good Corporate Governance (GCG) to achieve control, transparency, fairness, cost reduction and accelerate the process of procurement of goods and services.

The implementation of PPP in a concept of collaboration has a domino effect (Peroff, DM, Deason, GG, Seekamp, E., & Iyengar, 2017), this is proven by the PPP model in Lamongan Regency. On the one hand, the PPP concept in Lamongan Regency is beneficial for improving the local economy, but at the same time, the implementation of PPP creates a political deal to be executed by the parties involved. The dynamics occurring at Lamongan Regency has been characterized by continued funding since 2005. While PT. Bumi Lamongan Sejati up to now indicate that certain deals and compromises have been made. Table 2 shows that the Regency governments or regional head politically have the power to negotiate with the private sector to extend the cooperation period. The implementation of PPP in Lamongan Regency shows that there is always a political content to the implementation of such cooperation. Compromises by the local governments and the private sector lead to a tug of war over profit-sharing percentage.

The percentage of profit sharing is also caused by negotiations from each party, both private and government. On the one hand, PPP in Lamongan Regency can be implemented transparently, cooperatively, and competitively through DPMPTSP's e-governance application. However, with the political forces and power presented by several actors, they also deny the implementation of PPP, that the collaboration formed by them is competitive and cooperative (Peroff, DM, Deason, GG, Seekamp, E., & Iyengar, 2017). In fact, the conditions in Lamongan Regency proved that the implementation of PPP was based on the aspect of the relationship owned by local government officials, i.e. local chiefs

or regent. The existence of political bargaining power in PPP project management complements local development studies in collaboration with the private sector. Therefore, further research is needed to focus on policies for regional development through implemented PPP projects.

The success of his PPP governance in the tourism sector is characterized by long-term increases in visitor numbers, evidenced by PT Bumi Lamongan Sejati, which has operated from 2005 to present (Mahriani, 2021). The strength of the company in staying in business comes from the fact that management takes development seriously and is able to impact the economy of both PAD and the local community. PT Bumi Lamongan Sejati wants to provide a space where locals can sell their creative products in the form of souvenirs. The existence of this creative economy concept enriches tourism resources and gradually increases the number of tourists. At the same time, this will also affect the profitability of tourism operators. In table 3 it is shown that the promotion carried out by the Lamongan's marine tourism managers are through e-commerce and social media. This contributes to the partnerships and social networks created by the joint tourism system (Sururi, 2020). The management of Lamongan Marine Tourism is also striving to promote the local potential through tourism events, tour packages, and general tourism bonuses. Activities carried out by WBL managers are an effort to innovate services, improve service quality and as a form of tourism promotion (Mahriani, 2021). So, in the long run, it will increase the company's revenue, as corporate income increases, so does local income (PAD).

The findings of this study provide an opportunity to examine the PPP model from a development policy perspective. This study shows that negotiations conducted by companies have a significant impact on local leaders. Various actors are involved, as shown in figure 3. This differs from some previous studies that only analyzed

how the PPP model works, but did not describe the actors involved and the mutual influence of the relationships between these actors. This study found that negotiations and compromises carried out by political and government officials were involved in the implementation of PPP. This research shows that some previous studies only reviewed the PPP implementation and described the actors involved. This research model (Figure 3) opens the opportunity for further research to explore investor efforts to win PPP bids, the role of government agencies in compromise with the private sector, and regional agency strategies to pursue these terms administratively through PPP projects. The PPP scheme in Lamongan Regency clearly demonstrates the vital role of community leaders. On the other hand, government agencies such as the tourism office and DPMPTSP are only administrative officers.

Conclusion

On an ongoing basis, PPP studies in the tourism sector still need to be carried out, considering that PPP is a development financing solution. PPP can increase regional development budgets and can control regional work programs. The presence of PPP regulatory policies carried out by local governments such as in Lamongan proves that the regions can attract development investment through the PPP mechanism, although the regions lack attractive innovations to date. The BOT model in the Lamongan PPP system also shows that until now the regional government is trying to find alternative development financing, thereby reducing the burden of transfer funds from the central government. The success of PPP in the Lamongan district can be a lesson for other local governments to package the potential of the region into an investment attraction, especially tourism. Tourism is a sector that is very close to investment because it is closely related to the private sector business model.

The constraints on PPP development faced by the local government of Lamongan Regency show that it is still difficult for the government to find other objects that can attract tourism investment. Local governments must conduct in-depth research studies related to the superior potential of the region to support the attraction which until now has only been found in one tourist attraction. In addition, infrastructure improvements around buffer tourism objects must also be carried out. This is considering that investors need to ensure that the investment object can attract tourists. On the other hand, with the regional superior potential in the maritime sector, local governments can develop this potential to become an attraction for the fisheries sector. The fisheries sector can be used as a tourism buffer sector through a regional souvenir center. Tourism is a sector that requires the presence of multi-sectors in it, so if there is only one leading sector, it is still very lacking to support Regional Original Revenue (PAD). In addition, tourism is currently also related to the creative economy sector which is a complement to tourism. Thus, the collaboration between tourism and the creative economy that is packaged collaboratively will make it easier to attract investment through the PPP system.

This study shows that the PPP scheme that has been developed in Lamongan district is different from several funding schemes in other areas. Lamongan Regency chose the tourism sector as the object of PPP cooperation. This study also shows that administratively the local government has legalized the private sector to become investors. From these findings, this study also proves that the role of actors is very important to launch a PPP project. However, the study in this research has not been able to adequately review in-depth the political strategies carried out by regional heads, heads of services, and several other actors to launch development projects. Thus, this research opens the opportunity to

conduct a study specifically from the perspective of development politics in the context of the PPP model.

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