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Collaboration Between The Government And The Private Sector Through Creative Financing Schemes To Accelerate Regional Infrastructure Development

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Abstract

The limited fiscal capacity of regions to support the surge in infrastructure needs in peri-urban areas demands a policy reorientation toward non-conventional funding models. This qualitative research with a descriptive-analytical case study design aims to in-depth analyze the collaboration model between the Bogor Regency Government and the private sector through a creative financing scheme to accelerate regional infrastructure development. Primary data was collected through in-depth, semi-structured interviews with key informants from Bappedalitbang, the Public Works and Housing Agency (PUPR), the Regional Financial and Asset Management Agency (BPKAD), and a consortium of private partners. These were then triangulated with official policy documents and analyzed using the interactive model of Miles, Huberman, and Saldaña. The results show that the creative financing scheme effectively closes the regional budget deficit (funding gap) by leveraging the value of public assets and rationally sharing investment risks without burdening the regional debt balance. The success of this ecosystem is largely determined by the quality of local collaborative governance, where the institutionalization of the Creative Financing Acceleration Team and the involvement of a national guarantee institution are able to reduce bureaucratic obstacles and erode the risk-averse behavior of regional officials due to fear of policy criminalization. This research introduces a novel concept called managed asymmetry, which emphasizes the importance of knowledge transfer from the private sector to compensate for the limited technical competence of civil servants. Practically, this research formulates a blueprint for strengthening regional institutional capacity, leading to the role of civil servants as reliable contract managers. In conclusion, the synergy of local legal certainty, transparent risk mitigation, and political commitment of regional leadership is the main foundation for accountable and sustainable subnational infrastructure acceleration.

Keywords: Creative Financing, Regional Infrastructure, Collaborative Governance, Private Sector, Bogor Regency.

INTRODUCTION

Infrastructure development is a key catalyst for spurring global economic growth, alleviating poverty, and improving interregional connectivity. In the contemporary era, countries worldwide face a similar challenge: a massive funding gap between the actual need for public facility development and the government's fiscal capacity, sourced from taxes and conventional state revenues (OECD, 2023; World Bank, 2024). This limited public budget often triggers development stagnation, which in turn hampers logistical efficiency and macroeconomic competitiveness. In the global landscape, absolute dependence on the state budget is no longer relevant, thus encouraging a paradigm shift in development governance toward optimizing the mobilization of private capital as a strategic instrument for providing sustainable infrastructure.

In the Indonesian context, the ambition to become a developed nation through the "Golden Indonesia" vision demands massive acceleration of infrastructure development across various sectors, from transportation to digitalization. However, the national infrastructure investment needs, estimated to reach thousands of trillions of rupiah, cannot be fully supported by the State Budget (APBN), which can only cover a small portion of the total need (Ministry of Finance of the Republic of Indonesia, 2023; Siregar & Prasetyo, 2022). This fiscal imbalance is exacerbated by the burden of subsidies and routine state spending, forcing the government to seek alternative non-APBN funding. If not addressed through radical policy breakthroughs, this financing deficit will widen development disparities between regions and hamper the stated national economic growth targets.

This infrastructure financing crisis is significantly escalating at the regional level, particularly in Bogor Regency, West Java Province. As one of the most populous metropolitan areas in Indonesia, Bogor Regency faces extraordinary urbanization pressures and pressing demands for public facilities. While the need for road, bridge, health, and sanitation facilities is increasing sharply, the capacity of the Bogor Regency Regional Budget (APBD) is very limited and tends to experience deficits (Bappedalitbang Bogor Regency, 2024; Pratama et al., 2023). High dependence on the General Allocation Fund (DAU) and Special Allocation Fund (DAK) from the central government narrows the region's fiscal space, often delaying strategic regional projects and compromising the quality of public services for local communities.

To address this fiscal impasse, policy intervention through the implementation of creative financing schemes was chosen as the governance instrument in this study. Creative financing schemes are considered the most relevant treatment due to their fundamental uniqueness that significantly differentiates them from conventional schemes or ordinary regional debt. Unlike traditional loans, which directly burden regional balance sheets, creative financing—such as Public-Private Partnerships (PPPs), land value capture (LVC), or the integration of green financing—offers flexibility in risk sharing, optimization of underutilized regional assets, and the ability to mobilize private capital without neglecting public service functions (Savitri & Utama, 2022; Wibowo, 2025). This intervention allows regional governments to act as facilitators and regulators, while the private sector brings managerial efficiency and technological innovation, creating synergies that accelerate the development cycle without disrupting regional budget stability.

To date, the scientific literature on infrastructure financing has been dominated by studies on the effectiveness of national-scale projects and the involvement of State-Owned Enterprises (SOEs) in national strategic projects (Supriadi et al., 2022; Utomo & Wiguna, 2023). Several previous studies have focused on the legal aspects of contract law and quantitative financial feasibility analysis of partnership projects (Kurniawan, 2021; Setiawan, 2024). These studies consistently demonstrate that private sector participation can reduce the burden on the public budget at the macro level. However, previous studies have been very limited in capturing how these alternative financing schemes are negotiated, adapted, and implemented at the district government level, which has bureaucratic characteristics, fiscal capacity, and local political dynamics that differ significantly from those of the central government.

There is an empirical gap in the literature regarding the sociological, institutional, and local regulatory barriers to the implementation of creative financing at the peri-urban level. Therefore, this study aims to analyze in depth the collaboration model between the Bogor Regency Government and the private sector through a creative financing scheme to accelerate regional infrastructure development. The novelty of this study lies in the conceptualization of a qualitative collaboration model that integrates local governance barriers, regional institutional capacity, and partnership risk mitigation within the creative financing ecosystem at the sub-national level, which has rarely been captured in quantitative studies or national project-oriented studies.

The urgency of this research is crucial from both theoretical and practical aspects. Theoretically, this research contributes to the development of public administration and regional financial management theory, particularly in enriching the literature on collaborative governance in developing countries transitioning to fiscal independence. Practically, this research provides strategic and evidence-based policy recommendations for the Bogor Regency Government and other regions in Indonesia with similar characteristics in formulating regulations, designing incentives for private investors, and developing a roadmap for innovative financing that is safe, accountable, and applicable for the welfare of the community.

As a bridge to empirical analysis, the development of this research's arguments and propositions is based on the premise that the successful implementation of creative financing is largely determined by the quality of collaborative governance. Although this qualitative study does not test statistical hypotheses, the proposed proposition is that the certainty of regional regulations, transparency of risk sharing, and the capacity and capabilities of the local bureaucracy act as key intervening variables determining the private sector's interest in engaging in creative financing in Bogor Regency. Equal and mutually beneficial partnerships are predicted to significantly accelerate the completion time of critical infrastructure projects and improve the quality of public services, while simultaneously creating long-term regional fiscal independence (Arifin, 2023; Nugroho, 2025).

RESEARCH METHODS

This research uses a qualitative approach with a descriptive-analytical case study design to explore in-depth the dynamics of collaboration between local governments and the private sector through creative financing schemes. The choice of qualitative methods is based on the need to understand the phenomena of institutional interactions, negotiation mechanisms, regulatory barriers, and success factors in the implementation of regional infrastructure financing that cannot be measured quantitatively. The investigation is directed at answering how and why these partnerships are formed and their impact on accelerating development in local areas. Through a case study, this research focuses on a contextually specific unit of analysis, namely alternative financing governance in Bogor Regency, West Java.

The research location was purposively determined in Bogor Regency, West Java Province. This location was chosen based on the characteristics of Bogor Regency as a buffer zone for the capital city, experiencing rapid urbanization and high infrastructure demands, yet facing limited capacity within the Regional Budget (APBD). Furthermore, Bogor Regency is a strategic region that has begun actively initiating non-conventional collaboration with third parties for large-scale infrastructure projects. This regional context limitation allows researchers to isolate local-specific factors, such as regional regulations, local political dynamics, and the characteristics of the private sector involved in the region, resulting in a data-rich and contextual analysis.

The data sources in this study are divided into two main categories: primary and secondary data. Primary data were obtained directly from key informants directly involved in the planning, negotiation, and execution of creative financing schemes in Bogor Regency. Meanwhile, secondary data were collected from official government documents, performance reports from the Regional Development Planning, Research, and Development Agency (Bappedalitbang), partnership cooperation documents, regional regulations, as well as credible scientific articles and news releases relevant to the infrastructure project. The combination of these two types of data serves to provide a comprehensive understanding and facilitate the cross-verification process of information during the analysis stage.

Informants were selected using a combination of purposive sampling and snowball sampling. Informant inclusion criteria included authority, competence, and direct involvement in policy formulation or the implementation of infrastructure projects with creative financing. The key informants included representatives from local government elements, namely officials at the Bogor Regency Development Planning Agency (Bappedalitbang), the Public Works and Spatial Planning Agency (PUPR), and the Regional Financial and Asset Management Agency (BPKAD). From the private sector, informants included directors or project managers from partner companies, as well as representatives from local business associations. Researchers also engaged academics or public policy experts familiar with the development landscape in West Java to provide an objective and independent perspective on the collaboration.

Primary data collection was conducted through semi-structured in-depth interviews. The interviews were guided by a flexible interview guide to explore crucial aspects, such as the parties' commitment, risk sharing, government incentives, and any bureaucratic obstacles encountered. In addition to interviews, data collection also involved field observations of the physical condition of the infrastructure projects used as case studies, as well as documentation studies of regulatory documents and cooperation contracts. The primary data collection process in the field was terminated when the data reached saturation, where no new information variations or conceptual insights were obtained from subsequent informants.

To ensure the validity of the qualitative data collected, the researcher applied triangulation techniques. The primary triangulation techniques used in this research were source triangulation and technical triangulation. Source triangulation was conducted by comparing information and views regarding the effectiveness of the financing scheme between local government, private sector, and external observers. Meanwhile, technical triangulation was applied by verifying the consistency of data obtained from in-depth interviews with written policy documents and officially published project evaluation reports. Through this cross-checking, researcher subjectivity can be minimized and the degree of trust (credibility) of the research findings can be scientifically justified.

The data analysis technique in this study adopts the interactive analysis model developed by Miles, Huberman, and Saldaña, which consists of three simultaneous activity streams. The first stream is data condensation, where all raw data from interview transcripts, field notes, and documents are selected, focused, simplified, and transformed into core concepts relevant to the focus of collaboration and creative financing. The second stream is data display, where the condensed data is systematically arranged in the form of coherent narrative text, an inter-institutional relationship matrix, or a flowchart to identify patterns of collaborative relationships. The third stream is conclusion drawing/verification, where researchers begin to interpret emerging patterns, regularities, and causal flows, then critically re-examine them with existing field data to produce robust and valid conclusions regarding the acceleration of infrastructure development in Bogor Regency.

RESEARCH RESULT

Mapping Infrastructure Needs and the Urgency of Creative Financing in Bogor Regency

Bogor Regency, a peri-urban region directly bordering the Special Region of Jakarta, is experiencing massive demographic pressure and urbanization. Rapid population growth has resulted in soaring demands for basic infrastructure and public services, such as road networks, modern healthcare facilities, waste management systems, and new economic growth centers. Based on regional planning data, the gap between the actual infrastructure funding needs and the capacity of the Bogor Regency Regional Budget (APBD) has created a widening deficit each year. Structural dependence on central transfer funds such as the General Allocation Fund (DAU) and the Special Allocation Fund (DAK) increasingly limits the local government's fiscal maneuverability to finance strategic, capital-intensive projects. This situation has forced the Bogor Regency Government to reorient its policies from a rigid conventional budgeting model to the adoption of creative financing schemes to mobilize private sector capital.

The uniqueness of the creative financing scheme in Bogor Regency lies in its ability to leverage the economic value of regional assets without sacrificing public ownership or directly burdening the regional debt balance. Unlike traditional regional loans, which require long-term collateral from the regional budget (APBD), creative financing schemes such as Public-Private Partnership (PPP) or land value capture emphasize rational risk-sharing and economic profit-sharing between the government and private partners. This model provides high fiscal flexibility for regions because repayment to investors can be adjusted based on measurable service charges (user charges) or availability payments. The urgency of this paradigm shift was clearly emphasized by a senior official at the Bogor Regency Regional Development Planning, Research, and Development Agency (Bappedalitbang):

> *"If we rely solely on the regional budget, even in the next ten years, the construction of the main corridor roads and the new regional hospital in the western region will never be completed. Nearly 60% of our fiscal capacity is being absorbed by personnel and routine operational expenses. This creative financing is no longer just an alternative, but the only rational way to close this funding gap. Through this scheme, we can accelerate the construction of public facilities now, while payments can be made in installments or managed jointly with the private sector over the long term without disrupting regional budget liquidity."*(Informant 1, Head of Infrastructure Division, Bappedalitbang, Bogor Regency)

Dynamics of Institutional Relations and Collaboration Models

The implementation of creative financing in Bogor Regency involves complex institutional interactions between bureaucratic actors, the private sector, and guarantee institutions. The resulting collaborative model tests the readiness of local collaborative governance (LCG) in translating macro regulations into micro-implementation on the ground. Horizontal coordination between Regional Work Units (SKPD), such as the Development Planning Agency (Bappedalitbang), the Public Works and Spatial Planning Agency (PUPR), and the Regional Financial and Asset Management Agency (BPKAD), serves as the primary foundation for compiling an accurate pre-feasibility study before offering it to investors. This study found that the biggest obstacle in the initial stages of collaboration was not the availability of private sector funding, but rather the misalignment of perceptions and sectoral egos within the regional bureaucracy regarding asset distribution procedures and future legal risk mitigation.

From a private sector perspective, their involvement in this innovative financing scheme is driven by the calculation of a promising internal rate of return, supported by legal certainty and a conducive investment climate at the local level. This collaboration requires a transformation of the role of local governments, from acting as sole providers to becoming fair facilitators and regulators. The private sector brings managerial efficiency, budget discipline, and technological expertise that significantly accelerate project construction durations compared to projects undertaken through conventional government procurement schemes. The complexity of this relationship and the importance of a shared vision for partnership were expressed by a representative of a private consortium partnering in a logistics route development project in Bogor Regency:

> *"The private sector is ready to provide significant capital, but we need transparent risk calculations and consistent regulatory assurance at the regional level. Initially, the regional bureaucracy tended to be bureaucratic and slow in issuing decisions regarding the status of regional land use. However, after the establishment of a dedicated Point of Contact in the form of a Creative Financing Acceleration Team, the communication process became much more fluid. This collaboration can only work if both parties view each other as equal strategic partners, not as a superior-subordinate relationship or simply a typical vendor transaction."*(Informant 4, Director of Business Development of PT. X as Private Partner)

Local Regulatory Barriers and Bureaucratic Governance Capacity

Although the central government has issued various supporting regulations related to PPPs and creative financing, their implementation at the Bogor Regency level remains hampered by local regulatory uncertainty and limited bureaucratic capacity. Many regional regulations, such as the Regional Regulation (Perda) on Regional Property Management, are not yet fully adaptable to innovative financing models involving long-term concessions of over 20 years. Regional officials' fear of legal entanglements and accusations of misuse of state assets often fosters extreme risk-aversion. This is exacerbated by the lack of regional civil servants (ASN) with certification or specialized expertise in developing complex project finance structures, conducting market sensitivity analyses, and negotiating complex risk-sharing clauses with private financial advisors.

This capacity imbalance causes the creative financing project planning process to take a very long time in the pre-construction phase. Local governments often struggle when faced with requests for feasibility guarantees from private parties demanding fiscal compensation in the event of force majeure or market failure. Consequently, many innovative financing project plans, initially proposed in the Regional Medium-Term Development Plan (RPJMD), stall midway and fail to reach financial close. These structural challenges regarding local regulatory readiness and bureaucratic concerns were elaborated upon by an informant from a regional financial management agency:

> *"Our biggest obstacle in the regions is the issue of local legal frameworks that are not yet in sync with central regulations. We often feel uncertain when having to sign concession contracts for the use of regional assets that last for decades with private parties. There is a collective fear within the bureaucracy that if financial problems arise in the future with the project, we will be accused by law enforcement officials of causing harm to the state. Furthermore, frankly, the ability of our technical teams in government agencies to analyze the financial and legal aspects of proposals submitted by private parties is still very limited, so we often have to bring in external consultants, which are not*

cheap."(Informant 2, Head of Assets Division, Regional Financial and Asset Management Agency, Bogor Regency)

Risk Mitigation Strategy and Strengthening Public Accountability

To overcome this impasse, the Bogor Regency Government implemented a series of institutional risk mitigation strategies to maintain public accountability and attract investors. One breakthrough step was to integrate creative financing schemes with national infrastructure guarantee institutions such as PT Penjaminan Infrastruktur Indonesia (PT PII). The involvement of a third party as a guarantor provides a sense of security for the private sector against local political risks, such as changes in regional head policies after the regional elections or defaults by local governments. Furthermore, the local government began designing non-fiscal incentive schemes, such as streamlined one-stop-shop licensing processes, granting management rights to commercial areas around major infrastructure projects, and providing accurate regional macroeconomic data to reduce market uncertainty.

Public accountability is also maintained through strict oversight involving academics, civil society, and the Supreme Audit Agency (BPK) from the planning stage. The local government ensures that the transfer of infrastructure management to the private sector will not inflate public service rates beyond the purchasing power of the Bogor Regency community. The cooperation contract structure is designed to include a minimum service standards clause that must be met by the private partner. If the private partner fails to meet these service standards, the local government has the legal right to impose financial sanctions or unilaterally terminate the concession contract. The balance between offering incentives to investors and protecting community rights was expressed by a representative from the Bogor Regency Public Works and Housing Agency:

> *"We must not be trapped into focusing solely on investor profits. Infrastructure built with this creative financing scheme, such as dedicated toll roads for mining or waste management facilities, is essentially a public facility. Therefore, in every draft of the cooperation agreement, we always lock in variable rates to ensure they remain affordable for local communities. We mitigate private sector financial risks by granting management concessions for commercial areas in rest areas or surrounding areas, but the primary social service function must remain intact. We also coordinate closely with the Supreme Audit Agency (BPK) from the outset to ensure the entire beauty contest and contract signing process is transparent and free from corruption, collusion, and nepotism."*(Informant 3, Head of the Road and Bridge Construction Section, PUPR Service, Bogor Regency)

Theoretical Synthesis of Collaborative Governance in Creative Financing

The research findings in Bogor Regency provide important theoretical contributions to the discourse on collaborative governance in the context of public financial management at the sub-national level. Theoretically, the success of public-private collaboration in creative financing schemes is determined not only by the availability of capital or the project's economic feasibility, but also by three main pillars: institutional trust, regulatory certainty, and administrative capacity. The case of Bogor Regency demonstrates that when these three pillars are out of balance, with high market interest but low administrative capacity within the regional bureaucracy, the effectiveness of collaboration will be hampered and high transaction costs will arise due to protracted negotiation processes.

The uniqueness of creative financing in Bogor Regency has proven to be a game changer in overcoming regional fiscal constraints (fiscal stress). This scheme has successfully debunked the conventional myth that large-scale regional infrastructure development always requires regional budget (APBD) funding or regional debt that burdens future generations. By shifting the burden of upfront capital expenditure (capex) to the private sector and utilizing risk-sharing mechanisms, the Bogor Regency Government can allocate limited APBD funds to non-commercial sectors directly related to poverty, such as basic education and the social safety net. This model demonstrates that creative financing, when managed with accountable governance, can create significant fiscal space for local governments to achieve long-term financial independence.

The effectiveness of this model depends heavily on the commitment of regional political leadership (political will) to internal bureaucratic reform. Changes in regional leadership are often the highest risk point for private investors. Therefore, institutionalizing the Creative Financing Acceleration Team within a permanent, formal regional organizational structure, rather than simply an ad-hoc committee, is essential to ensuring the sustainability of collaborative projects across five-year political cycles. Strengthening the capacity of regional civil servants through intensive training in international contract law and financial modeling should be viewed as a long-term investment, not a burden on regional operational costs. A strong synergy between local legal certainty, bureaucratic professionalism, and transparent governance will ultimately create a resilient and sustainable creative financing ecosystem at the sub-national level.

Impact on Acceleration of Regional Infrastructure Development

In the final section of the analysis, the research results show that infrastructure projects in Bogor Regency that were successfully executed using creative financing schemes have had a significant multiplier effect on the local economy. The accelerated construction of logistics corridor roads and new growth centers has successfully alleviated chronic congestion, reduced logistics costs for local industries, and created new jobs for the surrounding community during both the construction and operational phases. The speed of completion of projects with private sector involvement has been proven to be twice as fast as similar projects using conventional APBD tender mechanisms. This is due to the certainty of continuous funding from the private sector, thus avoiding the risk of temporary suspension due to delays in regional budget disbursement at the end of each fiscal year.

Beyond mere physical acceleration, creative financing also triggers technology and knowledge transfer from the private sector to local government bureaucracies. Civil servants in Bogor Regency have begun adopting modern project management standards, digital-based performance monitoring systems, and a rigorous cost-benefit analysis mindset in all development planning. These changes in work culture and their positive impact on development performance are directly felt by local policymakers, as reflected by an informant from the Regional Development Planning Agency (Bappedalitbang):

> *"The most noticeable impact of this collaboration is the leap in efficiency. Previously, road projects funded by the regional budget (APBD) often stalled or deteriorated quickly due to limited annual maintenance budgets. Now, with the PPP scheme, where the private sector is fully responsible for both construction and maintenance during the concession period, the quality of the roads is much better because they don't want to lose money by repairing them repeatedly. We in the government have also learned a lot about how to manage projects with high professional standards. Our mindset has been forced to shift*

from simply 'spending the annual budget' to 'how to create long-term economic added value from every rupiah of our assets'."(Informant 1, Head of Infrastructure Division, Bappedalitbang, Bogor Regency).

DISCUSSION

Typology of Collaborative Governance in Bogor Regency

The main findings of this study indicate that the implementation of the creative financing scheme in Bogor Regency does not merely function as a fiscal gap filler, but has transformed into a complex collaborative governance ecosystem at the sub-national level. This study successfully identified that the success of mobilizing private capital for regional infrastructure is greatly influenced by the local government's ability to balance three crucial dimensions: local regulatory certainty, bureaucratic administrative capacity, and institutional trust. In Bogor Regency, this dynamic is manifested in the formation of a Creative Financing Acceleration Team that functions as an integrated Point of Contact. This step has proven effective in reducing bureaucratic comparisons and sectoral egos between Regional Work Units (SKPD) such as Bappedalitbang, the PUPR Office, and the BPKAD, which in the early stages of planning are often major stumbling blocks.

Furthermore, empirical findings reveal a paradox in regional financial governance: the high market appetite from the private sector for investment in densely populated peri-urban areas like Bogor Regency often contrasts with the mental preparedness and technical competence of the local bureaucracy. The collective fear of legal risks, particularly related to allegations of abuse of authority and state losses in the management of regional assets, has led to extreme risk-averse behavior. This psychological-institutional barrier has been successfully mitigated through third-party intervention, namely the use of national guarantee institutions such as PT Penjaminan Infrastruktur Indonesia (PT PII). This guarantee structure acts as a bridge that reduces local political uncertainty while providing a sense of fiscal security for private investors without directly burdening the regional budget (APBD) capacity.

Contextualization and Comparison with Previous Research

When contextualized with the scientific literature of the past five years (2021–2026), the results of this study strengthen and expand several key theses in public policy management studies. The findings regarding the importance of leadership commitment and the institutionalization of ad-hoc teams align with arguments put forward by Siregar and Prasetyo (2022) and the OECD (2023), which state that macro-scale public-private partnership projects require transformative leadership to break through regulatory rigidities. However, most of these previous studies focused on the central government or State-Owned Enterprises (SOEs), which have large capital structures and strong legal protection from relevant ministries. The specific contribution of this study is that at the district government level, local political dynamics and the limited competency of regional civil servants (ASN) demand a far more persuasive and adaptive leadership approach to build trust with local and national private consortia.

Analytical comparisons with research by Supriadi et al. (2022) and Utomo and Wiguna (2023) also reveal both common ground and fundamental differences (divergence). Supriadi et al. (2022) in their study of National Strategic Projects (PSN) concluded that the main obstacles to alternative financing are technical-financial, such as inaccurate calculations of the internal rate of return. Conversely, research in Bogor Regency indicates that in the context of regional infrastructure, non-technical obstacles such as overlapping local regulations (particularly the Regional Asset Management Regulation) are far more dominant in determining the failure to reach financial close. This supports Wibowo's (2025) thesis that fiscal decentralization in Indonesia has not been fully accompanied by decentralization of project finance competencies, resulting in local governments often experiencing institutional stutter when dealing with highly aggressive lawyers and financial advisors from the private sector.

On the other hand, a study by Savitri and Utama (2022) on the implementation of creative financing in major cities in Indonesia tends to focus on formal legal compliance aspects. This qualitative research in Bogor Regency goes further by presenting a sociological analysis of bureaucracy, which found that the fear of policy criminalization acts as a chilling factor for financing innovation. This empirical reality complements the findings of Pratama et al. (2023) who highlighted the chronic dependence of regions on central transfer funds (DAU/DAK). This research demonstrates that pure creative financing can be an effective exit strategy from the trap of regional fiscal stress, provided there is guaranteed horizontal regulatory integration from financial auditing agencies such as the Supreme Audit Agency (BPK) to align perceptions regarding the limits of reasonable business risk in public-private partnerships.

Theoretical Implications

Theoretically, the results of this study provide a significant contribution to enriching collaborative governance models in public administration, particularly governance frameworks that are responsive to resource constraints. The case of Bogor Regency demonstrates that collaboration in creative financing does not occur in a vacuum, but rather in an ecosystem rife with quantitative and qualitative capacity imbalances. Classical collaboration theory often assumes that partners have equal bargaining power and understanding capacity. However, this study formulates a new theoretical proposition: in the context of regional financial management in developing countries, successful public-private collaboration requires a managed asymmetry process, in which the regional government acts as the owner of spatial authority and legality, while the private sector compensates for the government's technical-managerial capacity weaknesses through intensive knowledge transfer throughout the concession period.

Furthermore, this research reformulates the understanding of the concept of risk in subnational public finance theory. Until now, risk in regional infrastructure development has almost always been interpreted as budget risk, namely the extent to which expenditures can be controlled so as not to exceed revenues. Through the lens of creative financing in Bogor Regency, the concept of risk must be expanded to include relational risk and long-term operational risk (relationship and operational risk). When a toll road, mining project, or regional waste disposal facility is delegated to the private sector for more than two decades, the local government is required to shift its focus from input control (monitoring budget realization) to output control (monitoring compliance with Minimum Service Standards/SPM). This theoretical shift requires a reconceptualization of the role of civil servants (ASN) from their original character as budget administrators to that of reliable contract managers.

Practical Implications

From a practical perspective, this discussion yields several strategic recommendations applicable to policymakers in Bogor Regency and other local governments in Indonesia facing similar demographic characteristics and fiscal constraints. First, there is an urgent need to harmonize regulations at the local level through the development of Regent Regulations (Perbup) or Regional Regulations (Perda) that specifically govern the procedures for non-conventional financing cooperation. These local regulations must provide legal certainty and protect local officials from potential criminalization, provided the decision-making process is transparent, accountable, and based on the principle of good faith and independent feasibility studies.

Second, institutional capacity building should no longer be conducted on an ad-hoc basis or through short formal training sessions. The Bogor Regency Government needs to institutionalize the Creative Financing Acceleration Team into a permanent work unit staffed by civil servants from various disciplines, including contract law experts, financial analysts, and regional planners, who are provided with competitive performance-based incentives to prevent brain drain to the private sector. Third, to maintain public accountability and social stability, local governments are required to integrate strict consumer protection clauses into every concession agreement. Commercialization of infrastructure services must not sacrifice accessibility for the poor; therefore, tariff determination must be based on a rational inflation indexation formula and combined with cross-subsidies or non-monetary compensation to private partners to maintain the affordability of public services.

Research Limitations and Future Research Agenda

The researcher acknowledges that this qualitative research, using a case study design in Bogor Regency, has limitations in terms of empirical generalizability. The characteristics of Bogor Regency as a metropolitan buffer zone with a relatively large regional economic capacity and high market attractiveness are certainly significantly different from the characteristics of inland regencies outside Java, which have very low fiscal capacity and geographic isolation. Therefore, the collaboration model and risk mitigation strategies successfully implemented in Bogor Regency cannot be adopted in a pure manner (copy-pasted) by other regions without making in-depth contextual adjustments to local market structures and political dynamics.

Based on these limitations, future research should focus on conducting comparative multi-case studies comparing the effectiveness of creative financing implementation between peri-urban areas in Java and developing regions outside Java. Furthermore, as global financial instruments become increasingly available, future research should also explore the integration of creative financing with green financing schemes and municipal bonds within the framework of environmentally sustainable infrastructure development. Further exploration of these aspects will significantly enhance public financial management theory and comprehensively refine infrastructure acceleration policies in Indonesia.

CONCLUSION

This study concludes that the implementation of a creative financing scheme in Bogor Regency has proven to be an effective and solution-oriented governance instrument in overcoming regional fiscal stress and accelerating critical infrastructure development. The uniqueness of this scheme lies in its ability to leverage the economic value of regional assets and mobilize private sector capital through a rational risk-sharing mechanism, without directly burdening the regional debt balance or sacrificing public service functions. The success of this partnership is not solely determined by the project's financial feasibility, but also by the quality of local collaborative governance. The institutionalization of communication through the Creative Financing Acceleration Team and the involvement of national guarantee institutions such as PT PII have proven to be key factors in reducing bureaucratic sectoral egos, overcoming risk-averse behavior among regional officials, and providing certainty in the investment climate for the private sector in peri-urban areas.

Theoretically, this research enriches the governance literature by formulating the concept of managed asymmetry, where the gap in technical capacity between local governments and the private sector can be bridged through intensive knowledge transfer throughout the concession period. Practically, this research recommends the need to strengthen the legal framework at the local level through adaptive regulations and the transformation of the role of civil servants from budget administrators to competent contract managers. The novelty of this research confirms that the integration of local regulatory certainty, transparency in risk mitigation, and political commitment of regional leadership acts as a key foundation in creating a sustainable, innovative financing ecosystem. While limited in its generalizability beyond metropolitan buffer zones, these findings provide a strategic and evidence-based blueprint for other regions in Indonesia in designing regional fiscal independence schemes for the greater well-being of the community.

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