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Analysis of The Policy of Granting Concession Rights to Port Business Entities in The Framework of Acceleration of Port Development in Indonesia

Budiarto Santoso[1], Datep Purwa Saputra[2], Librita Arifiani[3]
[1]Institute of Transportation and Logistics Trisakti, Jakarta, Indonesia, budiarto1108@gmail.com
[2]Institute of Transportation and Logistics Trisakti, Jakarta, Indonesia, Dateppsaputra@gmail.com
[3]Institute of Transportation and Logistics Trisakti, Jakarta, Indonesia, Librita@xl.co.id

Corresponding Author: budiarto1108@gmail.com[1]

Abstract: Ports are essential infrastructure that support regional connectivity and national economic growth. However, Indonesia's limited fiscal capacity constrains port development. To overcome this, the government has introduced a concession policy granting operational rights to Port Business Entities (BUP) through public–private cooperation. This study analyzes the effectiveness of the concession policy in accelerating port development using a qualitative descriptive–analytical approach. Data were collected through literature reviews, document analysis, and interviews with port sector stakeholders, analyzed using the Miles and Huberman model and the Logical Framework Approach (LFA). The results show that the policy has been implemented but faces challenges in policy planning, supervision, and risk allocation. Improving transparency, accountability, and legal certainty is necessary. This study recommends strengthening regulations, oversight institutions, and fair concession models, offering novelty through an integrated analysis and a performance-based concession framework for accelerating port development in Indonesia.

Keywords: Concession, Port Business Entity, Acceleration, Port Development, Indonesia

INTRODUCTION

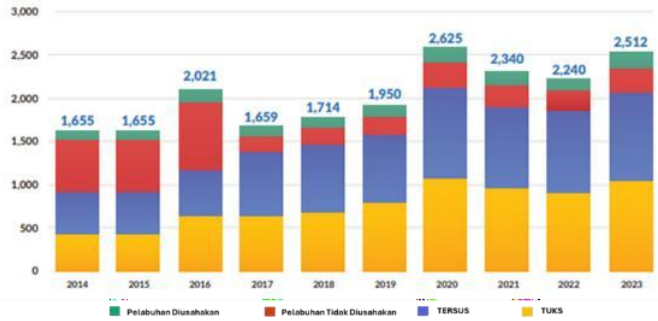
As an archipelagic nation, Indonesia recognizes the vital role of ports in facilitating national connectivity and promoting economic growth (BPS, 2024). In the framework of national development, port development constitutes a strategic effort to achieve key national objectives, including balanced regional development, strengthened national connectivity, and enhanced economic competitiveness (Canitez, 2020).

Based on the 2024 Performance Report of the Directorate General of Sea Transportation, a total of 603 ports were operational as of the first quarter of 2024, out of the 636 ports targeted in the Minister of Transportation Decree No. KP 432 of 2017 concerning the National Port Master Plan.



Source: Ministry of Transportation (2024)

Figure 1. Port Data in Indonesia (2014 – 2023)



Source: Ministry of Transportation (2024)

Figure 2. Number of Ports in Indonesia Based on Status

The large number of Private Use Terminals (TUKS) and Special Terminals (Tersus) indicates that many surrounding regions have strong potential for further development, especially those designated by the government as Special Economic Zones (SEZ) (Yogesh et al., 2025). Upgrading these terminals into public ports that serve wider public interests and receive concession rights from the government is expected to increase state revenue (Kusumo et al., 2022). However, port development remains highly capital-intensive, while the government faces fiscal limitations in financing all port expansion projects.

To overcome these challenges, the government introduced regulatory reforms that open opportunities for private investment through concession schemes for Port Business Entities (BUP), as regulated in Law No. 17 of 2008 and Government Regulation No. 61 of 2009. Port Business Entities are granted concession rights for a specific period, allowing them to manage port operations in exchange for concession fees to the government.

In practice, the concession process has been slow, According to Degree & Halley (2020) timeliness in port development and concession implementation plays a crucial role in determining a port's function as a driving force of regional economic growth. According to the Indonesian Port Business Association (ABUPI), approvals can take three to four years much longer than the few months stated in regulations. This delay affects investment efficiency and reduces the Return on Investment (ROI) of port operators. For example, PT Pelindo II's ROI dropped from 25% in 2012 to 11% in 2019, while Pelindo I's fell from 20% in 2017 to 7% in 2019. Beyond economic risks, concession delays also impact national logistics competitiveness and connectivity, as most of the 603 operational ports remain categorized as TUKS or Tersus.

METHOD

The data analysis method used in this thesis employs a qualitative descriptive approach, utilizing NVivo Data Analysis with the NVivo 12 software as the main tool for data processing. The analysis focuses on identifying relevant patterns to address the research questions through three coding stages: open coding, axial coding, and selective coding. Data and information were primarily collected through an inventory and documentation process involving reliable and

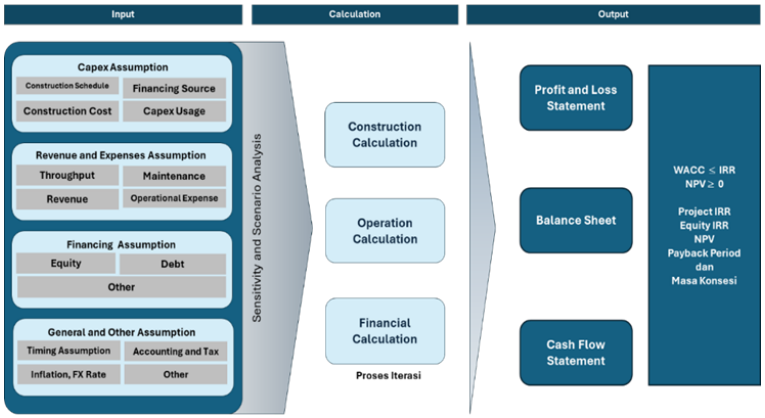
directly related sources, particularly from the Ministry of Transportation, business actors/investors, and the Indonesian Port Business Association (ABUPI). Additional data were obtained through Focus Group Discussions (FGD) involving speakers, respondents, and moderators representing academia, government, practitioners, and port industry stakeholders. The researcher also conducted a credibility check using triangulation techniques by collecting and comparing data from different sources, including interviews, observations, and documentation.

RESULTS AND DISCUSSION

Research Findings

1. How the Policy and Implementation of Granting Concession Rights to Port Business Entities in Indonesia Works

To meet the requirements stipulated in Government Regulation No. 61 of 2009, PT Pelabuhan Tegar Indonesia submitted the necessary documents and subsequently discussed the draft Concession Agreement with the Ministry of Transportation. After both parties reached an agreement, the Concession Agreement was signed. Following the signing, the agreement underwent a review by the Financial and Development Supervisory Agency (BPKP). The review resulted in several adjustments to the concession period. One of the factors influencing these changes was the use of a different inflation rate indicator compared to the one applied by PT Pelabuhan Tegar Indonesia in its initial financial projections.



Source: Research Results

Figure 3. Financial Modeling Process

Table 1. Stages of the Concession Granting Process

Process Stages	Ideal (based on governance principles)	Implementation at PT PTI
Technical and Economic Feasibility	Regulator verified	It has been drafted, but does not appear to have been formally verified.
Recommendations from local regulators	Part of the initial standard procedure	Recommendations received
Regulator Technical Instructions	Available before application	Not available at the time of application
Proposal evaluation	Based on objective indicators and criteria	Do not have standard evaluation tools yet
Signing of the Concession	Referring to the established timeline	Exceeding the specified time period and is negotiable in nature

Source: Research data

The regulatory review in this study examines various government regulations related to the role of Port Business Entities operating independently from government partnerships. This

includes analyzing policies issued by regulatory authorities. A comprehensive evaluation is needed, considering that the concession policy for Port Business Entities has been implemented for almost nine years since its introduction and four years since its latest revision. A clearer and more consistent policy framework is expected to accelerate port development and attract more private investment, supporting sustainable and equitable economic growth in Indonesia.

The results of the policy analysis are presented in the following table:

Table 2. Analysis of the BUP Concession Rights Granting Policy

Aspect	Description
Policy Context	As an archipelagic nation, Indonesia is highly dependent on maritime transportation. The need for port development is significant, while government funding is limited.
Main Actor	Ministry of Transportation (Directorate General of Sea Transportation), State-Owned Port Enterprises (Pelindo), Port Business Entities (national private/joint venture), Ministry of Finance, Regional Governments.
Policy Objectives	- Increase port efficiency and capacity through private sector participation (BUP). - Encourage port infrastructure investment without burdening the state budget. - Improve national logistics services and competitiveness.
Legal Basis / Instruments	- Law No. 17 of 2008 concerning Shipping - Government Regulation No. 61 of 2009 concerning Ports - Ministerial Regulation No. PM 15 of 2015 concerning Port Concessions and Forms of Cooperation - PM 51/2021 concerning Port Management
Form of Concession	- Transfer of management rights to a Port Authority (BUP) for a specific period. - The BUP is responsible for the construction, operation, and maintenance of a specific port.
Implementation Mechanism	- Feasibility test by the port authority - BUP selection process - Signing of the concession agreement - Periodic monitoring and evaluation of concession performance
Positive impact	- Increased terminal capacity - Efficient loading and unloading services - Growth in port investment - - Increased local revenue (PAD) and non-tax revenue (PNBP)
Problems / Challenges	- Slow concession process and bureaucracy - Legal and regulatory uncertainty - Lack of transparency in the selection process - Bargaining power gap between BUP and the government
Policy Recommendations	- Simplifying concession procedures - Strengthening regulations and transparency - Increasing the capacity of regulatory human resources - Harmonizing implementation between the central and regional governments

Source: Research data

2. What Are the Regulatory and Procedural Barriers in the Process of Granting Concession Rights to Port Business Entities?

Issues related to the concession process for Port Business Entities (BUP) are not always explicitly documented. However, based on various sources particularly from business actors within the Indonesian Port Business Association (ABUPI) from 2017 to 2024, it has been consistently reported that the concession approval process remains very slow. According to Samawati (2017), out of 223 BUPs in Indonesia, only 15 had obtained concession rights. Furthermore, as of December 2022, 197 BUPs had applied for concessions, but by June 2024, only 36 had been approved.

Internally, regulators also need to improve several aspects, as stated in the Instruction of the Minister of Transportation of the Republic of Indonesia No. IM 6 of 2018 concerning the Audit Results on the Effectiveness of Port Concession Management by the Directorate General of Sea Transportation, Port Business Entities, and other related institutions. This instruction was issued as a follow-up to the performance evaluation conducted by the Audit Board of Indonesia (BPK RI). The BPK highlighted two key issues:

a) the determination of concession fees and concession periods had not been based on proper studies or justifiable considerations; and
b) concession agreements for new (non-existing) ports or terminals were not fully supported by adequate feasibility studies.

Table 3. Port Business Entity Concession

No	BUP Name	Investment (Rp)	Duration (Year)	Concession (%)	Year
1	Alur Pelayaran Barat Surabaya		25	3.50%	
2	Ambang Barito Nusapersada	1.1 T	20	8.00%	
3	Asinusa Perkasa Sekawan	1.0 T	24	7.00%	2022
4	Bangun Nusantara Jaya Makmur Perkasa	83.8 B	15	3.50%	2022
5	Batu Alam Makmur	88.8 B	16	4.00%	2022
6	Berlian Jasa Terminal Indonesia		70	2.50%	
7	Berlian Manyar Sejahtera		76	2.75%	
8	Delta Artha Bahari Nusantara	42.3 B	30	5.00%	
		1.3 T	64	2.75%	
9	Dua Samudera Perkasa	3.7 T	63	5.00%	2025
10	Indika Logistic Support Services		31/542		2023/2024
11	Inti Sentosa Alam Bahtera		70	5.00%	
12	Karakatau Bandar Samudera		75	3.00%	
13	Karya Citra Nusantara	1.9 T	72	5.00%	
14	Lamongan Integrated Shorebase		54	2.75%	2020
15	Lestari Samudera Sakti	214 B	36	5.00%	2022
16	Mitra Samudera Kreasi		36	5.00%	2024
17	Nugra Santana Pelabuhan		70	5.00%	
18	Buana Reja Port	463 B	28	5.00%	2025
19	Indonesia Maspion Port	109.5 T	71	3.00%	2023
20	Penajam Banua Taka Port	4.8 T	35	2.75%	2022
21	Samudera Nusantara Port		NA	-	2024
22	Tegar Indonesia Port	1.6 T	65/70	2.75%	2017/2024
23	Rugaya Nusantara Jaya		NA	-	2024
24	Samas Port	440 B	30		2022
25	Sarana Abadi Lestari		37	5.00%	2020
26	Satya Amerta Havenport	4.8 T	35	-	2022
27	Terminal Teluk Lamong		72	2.50%	
28	Wahyu Samudera Indah	4.0 T	66	5.00%	2024
29	Weda Bay Port		40	5.00%	2024

T = Trillion / M = Billion
….. / …… = change of concession period

Source: Research data

3. Interview Results and Policy Formulation to Enhance the Effectiveness and Acceleration of Port Concession Processes in Indonesia

The interview findings reveal several key points as follows:

a) From a regulatory perspective, the provisions governing concession arrangements are considered sufficiently clear, and relevant technical regulations have also been issued.
b) The stage that tends to cause delays in the process is related to land ownership status.
c) Although the determination of concession duration and revenue-sharing percentages already follows a calculation method, it is suggested that these determinations be made more transparent.

Discussions

1. Analysis of Concession Rights Implementation

The implementation analysis focuses on field practices, starting from the operations at the Harbor Master and Port Authority Offices to the working units within the Ministry of Transportation responsible for processing concession proposals from Port Business Entities through a *Direct Appointment* mechanism. Several key points were identified:

a) The need for continuous and consistent socialization of policies.
b) More detailed technical guidelines accompanied by specific time targets.
c) Lengthy coordination processes with other government agencies, such as the Financial and Development Supervisory Agency (BPKP).
d) The necessity of maintaining a registered list of consultants under the Ministry of Finance to ensure that feasibility studies and financial projections are standardized and reliable.

2. Regulatory and Procedural Barriers

Although the legal framework already exists, the concession process still faces several regulatory and procedural obstacles. The main challenge concerns the unclear boundaries of the Port Working Area (*Daerah Lingkungan Kerja*, DLKr) and Port Interest Area (*Daerah Lingkungan Kepentingan Pelabuhan*, DLKp), leading to overlapping services and jurisdictional disputes such as those between Tanjung Priok and Marunda Ports.

Additionally, the unclear ownership status of port land and assets before concession often requires re-registration or asset transfer procedures, delaying project realization. Other barriers include a lack of transparency in determining concession fee formulas, overlapping authority among central, regional, and port authorities, unequal human resource capacity at the regional level, and unmanaged political, economic, and environmental risks in concession agreements.

3. Optimal Policy Formulation

Table 4. Model for Accelerating Port Development in Indonesia

	Type	Investment Value	Concession Period	Concession Fee	Tax Holiday	Description
Concession Status	**Based on Direct Appointment and/or Auction**					
Central Government (Directorate General of Sea Transportation)	A	over IDR 1.0 trillion	50 – 80 years	2.5%	5 years	Collecting port category
	B	IDR 500 milliar – IDR 1.0 trillion	20 – 50 years	2.5%	3 – 5 years	Collector/feeder port category
	C	under IDR 500 billion	under 20 years	2.5%	2 years	Feeder port category
Document Compliance Mechanism and Assessment	- Transportation Infrastructure Financing Center (under the Ministry of Transportation), Investor Relationship unit - Submission via the OSS (Online Single Submission) system with certain time limits for each process.					

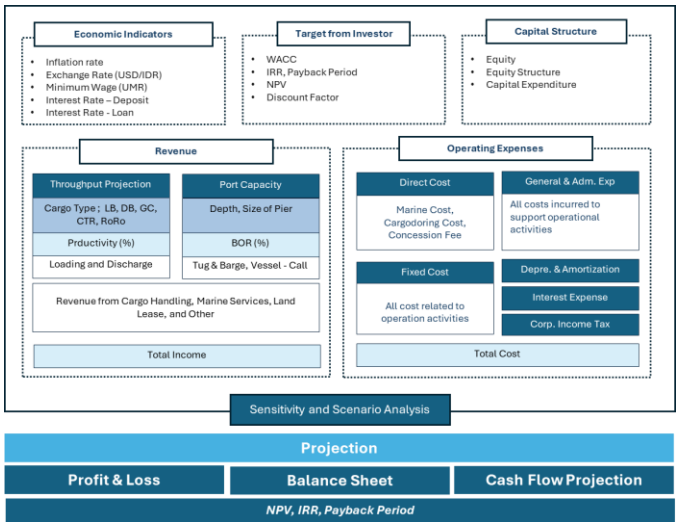
	- Investors are required to present their port development plans to the Ministry of Transportation.	
Associate Consultant	a. Financial and Business Consultants b. Environmental Impact Assessment Consultants c. Public Appraisal Services Consultants (KJPP)	- Presentation of financial models - Presentation of environmental aspects - Presentation of land valuation aspects
The role of local KSOP	Recommendation to the Ministry of Transportation Head Office	
Processing Timeframe	No more than **18 months** from the date all application requirements are declared complete.	

Source: Research data

4. Concession Period Determination Model Approach

One of the essential components of a feasibility study for an infrastructure project particularly for commercially oriented port developments is the estimation of the project's financial viability. Such projects typically require substantial capital investment. Therefore, before project implementation, a comprehensive financial assessment is necessary to determine whether the project is feasible, profitable for investors, and how long it will take for the invested capital to be recovered. According to Yenifer & Á (2024) financial models are essential when companies intend to submit bids for public service concessions or projects implemented under a Build–Operate–Transfer (BOT) scheme.

The financial modeling framework outlined below is highly sensitive, as even minor changes in any parameter can significantly affect the overall results. Key indicators include: the Net Present Value (NPV), which determines whether the project should proceed; the Internal Rate of Return (IRR), which evaluates the project's profitability and attractiveness to investors; and the Payback Period, which estimates the time required for investors to recover their initial investment.



Source: Research Results

Figure 4. Building Block Financial Model for Port Concession

5. NVIVO Analysis



Source: Research Results

Figure 5. Word Cloud Method (Nvivo)

Based on the description above, several key observations can be made: There is no clear statement addressing delays in the concession granting process for Port Business Entities (BUP).

a) The specific stages at which obstacles occur during the concession granting process have not been explicitly identified.
b) There is no clear explanation regarding the assessment criteria used to determine the appropriate concession period.
c) There is no indication of whether the existing regulations will be reviewed or remain in force.

Therefore, the author suggests that further in-depth research is needed to address these issues. Such research would support the government particularly the Ministry of Transportation of the Republic of Indonesia and private stakeholders in strengthening collaboration to achieve national port development targets and promote equitable economic growth, especially in eastern Indonesia.

Table 5. Coding Through Nvivo

Main Node/ Code	Sub Derived Node/ Code	Description
Investor Perspective	Concession Period Preference	The concession period is longer than the payback period
	Business Competition	The policy of granting concession rights to BUPs is correlated with increased business competition, because port management involving more than one BUP encourages the creation of a healthy and competitive climate.
	Business Certainty	Issues regarding ease of doing business, legal certainty, business certainty, and the determination of concession fees impact investment competitiveness. The determination of concession fees will impact two aspects: investment competitiveness and port development.
Infrastructure Development and Port Efficiency	Operational Issues	If the volume handled exceeds the port's cargo handling capacity, it will result in congestion.
	The Role of Transportation	Transportation has a function and role as a driver, motivator, supporter of development and service networks.
	Development and Expansion	Port design is said to be feasible when its construction is supported by the number of markets.

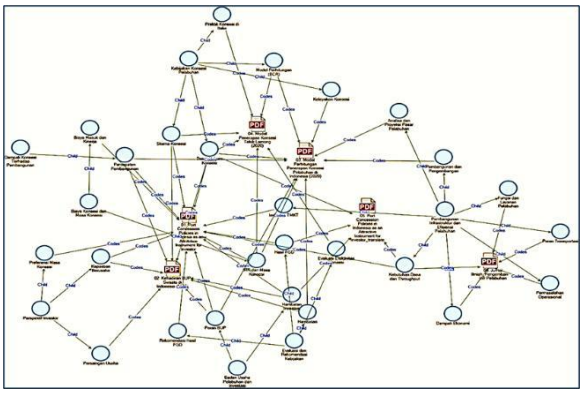
	Funding Needs	The development of port infrastructure requires large costs, around USD 46 billion, with government funding amounting to 30% and private funding amounting to 70% until 2037.
	Port Functions and Services	The main functions of seaports are cargo transfer and industrial functions.
	Economic Impact	Ports play a crucial role in opening up isolated areas and encouraging development. Port infrastructure is closely linked to social welfare, environmental quality, and regional economic growth.
	Market Analysis and Projection	The results of the ship projections at Teluk Lamong Terminal show that the most common types of ships are container ships, followed by dry bulk ships, and then liquid bulk ships (LNG).
Port Concession Policy	Concession Scheme	The port concession scheme in Indonesia grants the right to a Port Authority (BUP) to manage and develop a port through a long-term partnership. The legal basis allows for cooperation through a Joint Operation (KSO). Port development funding by 2030 is projected at USD 46 billion (30% government, 70% private). Concessions are implemented through a Public-Private Partnership (PPP) scheme, with stages: planning, preparation, tender, construction, and operation. The concession amount is determined by traffic, tariffs, and investment, with a minimum of 2.5% of gross revenue. The concession period and tariff are influenced by demand, development impact, and investment size.
Port Concession Policy		
	Concession Practices in Italy	For ports in Italy, any concession application for more than 15 years requires explicit approval from the Ministry of Transport.
	Calculation Model (BCR)	The port concession calculation model uses IRR, NPV, and BCR methods, along with sensitivity analysis. The results show that BCR > 1 is achieved in year 27, and the payback period is achieved in year 23 if tariffs are comparable to competitors. Service tariffs significantly influence project feasibility—the higher the tariff, the faster the return on investment.
	Concession Eligibility	The feasibility of a port concession is determined through a mathematical model that considers four main factors: port demand, development impact, investment size, and service rates. The ideal scheme is one that benefits all parties.

	Legal basis of the Concession	1. Law No. 17 of 2008 concerning Shipping, Articles 91 and 92 2. Government Regulation No. 61 of 2009 concerning Ports 3. Government Regulation No. 64 of 2015 concerning Amendments to Government Regulation No. 61 of 2009 4. Minister of Transportation Regulation No. PM 15 of 2015, Article 43 paragraph (1)
Policy Evaluation and Recommendations	FGD results recommendations	Efforts to attract port investors include: policy breakthroughs, ease of licensing, security guarantees, flexible concession periods, and improvements to the business climate and shipping routes.
	FGD results	Concession fee determination impacts the competitiveness of port investment and development. Issues such as complex licensing, legal certainty, and institutional access also impact the port investment climate.
	Obstacle	Obstacles to port concessions include the suboptimal role of the state and port authorities as per Law No. 17/2008, lack of involvement in tariff determination, and low management efficiency. The Supreme Audit Agency (BPK) also assessed that concession performance was ineffective due to weak strategic planning, tariff determination and concession duration, implementation of the responsibilities of the Ministry of Transportation and Port Authority (OP), and management of non-tax state revenues (PNBP).
	Evaluation of Concession Effectiveness	One of the ports that has not been effective in managing concessions is the Teluk Lamong Terminal.
Impact of Concessions on Development	Accelerated Development	Port concession policies encourage increased investment, accelerate port construction and development, and enhance state budget efficiency. The presence of the private sector also supports the acceleration of national targets and regional development, such as at the Teluk Lamong Terminal in East Java.
Concession Fee and Concession Period	IRR and Concession Period	The IRR values ranged from 11.64% to 14.64% with varying concession periods, such as at Teluk Lamong Terminal which achieved an IRR of 13.2%, an NPV of Rp577 billion, and a BCR > 1 in year 32. The concession period at Teluk Lamong was set for 32 years with a concession rate of 3%, while other simulations showed a concession period of up to 60 years with a rate of 2.5%.
	Entry Fees and Performance	An entry fee is paid by the company to the OP for using the concession rights. The annual performance fee consists of: (i) a fixed portion paid quarterly, and (ii) a variable portion of 10% of turnover.

BUP and Investment	BUP Role	Port Business Entities (BUP) act as operators, managing terminals and port facilities. Of the more than 200 BUPs in Indonesia, only a small fraction have obtained concession rights. The PPP scheme is considered capable of boosting BUP's role in accelerating port infrastructure development.
	Investment Barriers	Obstacles to port investment include large funding requirements, low investor interest, limited concessions granted by BUPs, and minimal state budget contributions (only 20–40%). Furthermore, port authorities do not yet have a full role in setting tariffs.

Source: Research data

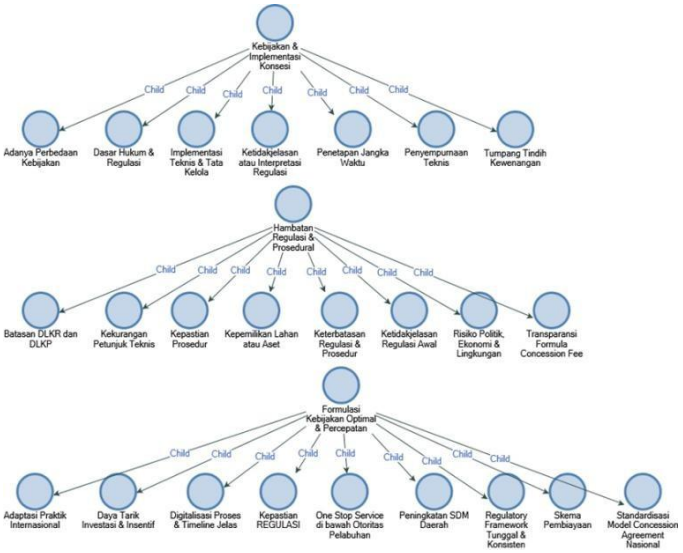
If it were described it would look like below:



Source: Research Results

Figure 6. Parent and Child Node/Code Display (Nvivo)

Then, based on the interview results which refer to thematic, it can be seen in the image below:



Source: Research Results

Figure 6. Parent and Child Node/Code Display (Nvivo) 2

Table 6. Triangulation Results

Types of Triangulation	Source / Method	Key Findings	Notes / Validation
Data Triangulation (source)	Policy Documents (Laws, Government	The regulations are quite comprehensive,	These findings were confirmed by

	Regulations, Ministerial Regulations, KPBU)	but implementation in the field still faces bureaucratic and legal certainty obstacles.	interviews and media reports.
	Regulator Interviews (Ministry of Transportation, Port Authority)	The concession process is still dominated by direct appointment, and the auction and licensing processes need to be improved.	Consistent with document analysis and media reports.
	Port Business Entity (BUP) Interview	BUP experiences administrative constraints, large investments, and slow and complicated licensing processes.	Supporting findings from regulators and document studies.
	News & Mass Media	Public spotlight on concession transparency.	Adding an external perspective, in line with other findings.
	Academic Study / Research and Development Report	The main problems of port concessions are legal uncertainty, low involvement of pure private sector, and weak global competitiveness.	Reinforces the main findings, although more critical.
Triangulation Method	Qualitative Methods (Interviews, Documents)	Revealing actors' perceptions regarding procedural difficulties, legal challenges, and bureaucracy.	Validating that the concession issue is not only on paper, but is also felt by actors in the field.
	Quantitative Methods (Financial & Operational Data)	Data shows that ports with concession schemes tend to be more financially efficient, but results vary between ports.	The quantitative results support most of the qualitative findings, especially on the operational efficiency aspect.
	Field Observation	The port service process in the field is still slow and not optimal even though it has been concessioned.	Improve interview results and documents.
Triangulation Theory	Public Policy Theory	Explains the dominant role of government in concession schemes due to national political & economic interests.	This theory strengthens the explanation of the dominance of BUMN.
	Institutional Economic Theory	Focus on the issues of incentives, transaction costs, and high risks in port concessions.	Helps explain why concessions are not much sought after by the purely private sector.
	Governance & Accountability Theory	Emphasizes the importance of transparency,	Promote recommendations for

		accountability and oversight in port concession schemes.	regulatory and supervisory reform.

Source: Research data

6. FGD Results

a) Respondent 1 – Agus Harijanto (KSOP Marunda Class II)

Agus Harijanto emphasized that the synergy between Port Business Entities (BUP) and KSOP remains suboptimal, particularly in the division of planning and operational supervision tasks, which often leads to overlapping authority. He highlighted that concession agreements are crucial for long-term optimization and called for stronger collaboration among BUP, central and regional governments, private logistics operators, and stevedoring companies. He also underlined that ports should not only function as logistics hubs but also as drivers of local and national economies through job creation, community empowerment, and preservation of local values.

b) Respondent 2 – Agustina Prasetyaningsih (KSOP Marunda Class II)

Agustina Prasetyaningsih stated that port concessions positively contribute to state revenue through non-tax income (PNBP) and open opportunities for private investment in port infrastructure development. However, she pointed out that regulatory, legal, financial, and operational challenges still hinder optimal implementation. She emphasized the need for better regulatory harmonization between central and regional authorities since KSOP's limited jurisdiction often causes conflicts of interest and land-related legal disputes. Continuous improvement and strengthening of sectoral regulations, she argued, are essential for achieving more sustainable and effective port concession management.

c) Respondent 3 – Ariyanto Purboyo (ABUPI)

Ariyanto Purboyo revealed that as of April 2025, 45 ports had obtained concession licenses. However, the concession evaluation mechanism remains inconsistent and is usually conducted only when conflicts arise. He stressed the urgency of digitalizing services and integrating information systems among key stakeholders such as BUP, Customs, KSOP, and logistics operators to ensure more efficient and transparent logistics processes. He also proposed strategic recommendations, including implementing KPI-based concession evaluations, adopting the BOT (Build-Operate-Transfer) model for port infrastructure development, and strengthening the triple helix collaboration model among BUP, government, and private sectors. Additionally, he suggested positioning Marunda Center Terminal as a logistics hub within the National Medium-Term Development Plan (RPJMN) and promoting sustainable logistics systems that incorporate environmental and local wisdom considerations.

d) Respondent 4 - Moderator – Wahyono Bimarso (ITL Trisakti)

Wahyono Bimarso highlighted the bureaucratic limitations in port management, noting that the Ministry of Transportation still lacks a Directorate General of Transport Infrastructure, which restricts KSOP's authority. He observed that the financing scheme through PPIT has not been fully effective since it remains at the echelon II level. Therefore, he suggested expanding the use of Public-Private Partnership (PPP) models, especially for secondary ports, with a fair risk-sharing scheme, transparent bidding processes, and fiscal incentives to attract private investors.

CONCLUSION

The policy of granting concession rights to Port Business Entities (BUP) in Indonesia is regulated under the Ministry of Transportation Regulations No. 15 of 2015, No. 48 of 2021, and the Directorate General of Sea Transportation Decree No. KP.DJPL 14 of 2024, which

together provide a sufficient legal framework. However, in practice, implementation remains slow only 45 BUPs have received concession rights between 2015 and 2025 indicating a gap between regulation and execution. The main challenges lie in overlapping institutional authority, limited interagency coordination, and the lack of harmonization between central and regional regulations. Additional issues include lengthy feasibility assessments by BPKP, inconsistent concession fee and duration calculations, and varying human resource capacity. To enhance effectiveness and accelerate the concession process, policy reform should include clearer timelines, standardized financial models, transparent revenue-sharing mechanisms, and strengthened institutional coordination. Moreover, integrating digital systems, applying KPI-based evaluations, and promoting PPP and BOT schemes with fair risk-sharing can create a more adaptive, transparent, and sustainable concession framework for Indonesia's port development.

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