The Sixth International Conference on Innovation in Social Science
and Engineering Education (ICoISSEE-6)
Bandung, Indonesia, July 25, 2026

EVALUATING INVESTMENT CONVERSION GOVERNANCE OF IPRO IN BARRU REGENCY

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Abstract. Investment Project Ready to Offer (IPRO) is a regional investment promotion instrument designed to connect local investment potential with prospective investors. In Barru Regency, South Sulawesi, IPRO documents have been developed since 2021; however, by 2025, none of the promoted projects had resulted in a Letter of Intent (LoI), Memorandum of Understanding (MoU), or actual investment realization. This study evaluates the utilization of IPRO by the Regional Investment and One-Stop Integrated Service Agency (DPMPTSP) of Barru Regency using the CIPP model (Context, Input, Process, Product). The research employed a descriptive qualitative case study approach through in-depth interviews with seven key informants, document analysis, and limited observation. The findings reveal that the primary issue does not lie in the absence of regional investment potential, but rather in the weak investment conversion governance from promotional documents to investment decisions. Three major failure points were identified: readiness gap, follow-up gap, and commercial-financial gap. The study also found a mismatch between the government-to-business approach used by local government and the business-to-business orientation preferred by investors. This research contributes an investment conversion governance framework emphasizing project readiness audits, investor relationship management, structured investor follow-up mechanisms, and stronger commercial-financial feasibility. Policy recommendations include establishing a cross-sector investment facilitation team, developing investor databases, strengthening investor servicing systems, and integrating IPRO with regional financing and strategic partnerships.

Keywords: *CIPP; Investment Conversion Governance; IPRO; Investment Promotion; Policy Evaluation; Regional Investment*

1. INTRODUCTION

Regional investment plays a strategic role in promoting economic growth, employment generation, and local economic transformation. In developing countries, regional investment is increasingly recognized as a key instrument for strengthening regional competitiveness, supporting infrastructure development, and accelerating economic diversification (World Bank, 2020). Local governments are therefore expected not only to regulate investment activities but also to facilitate and promote investment opportunities capable of attracting domestic and foreign investors.

In recent years, investment promotion has shifted from traditional promotional activities toward more integrated investment facilitation systems emphasizing investor servicing, project readiness, and investment conversion mechanisms (OECD, 2018). Investment promotion agencies are no longer assessed merely by the number of promotional events conducted, but by their ability to convert investment opportunities into actual investment realization through responsive governance, institutional coordination, and investor-oriented services (UNCTAD, 2022).

One of the investment promotion instruments widely adopted by local governments in Indonesia is Investment Project Ready to Offer (IPRO). IPRO is designed as a project packaging mechanism intended to connect regional investment potential with prospective investors through comprehensive project information, market opportunities, infrastructure support, and indicative financial feasibility. Ideally, IPRO should reduce information asymmetry, improve investor confidence, and accelerate investment decision-making processes (Hifni et al., 2021).

Barru Regency, South Sulawesi, possesses strategic economic potential due to its location along the Trans-Sulawesi corridor, the existence of Garongkong Port, and opportunities in maritime, logistics, industrial, and fisheries processing sectors. Since 2021, the Regional Investment and One-Stop Integrated Service Agency (DPMPTSP) of Barru Regency has prepared several IPRO projects, including the Shipyard Industry Project, Malempue Rest Area, Garongkong Industrial Area, and Garongkong Cold Chain Project. However, despite these initiatives, none of the promoted projects had resulted in a Letter of Intent (LoI), Memorandum of Understanding (MoU), or actual investment realization by 2025.

This condition indicates a significant gap between investment promotion outputs and investment realization outcomes. Previous studies on regional investment promotion mainly focused on investment climate, regulatory reform, regional competitiveness, and investment attractiveness (Ismanto et al., 2022; Nurcahyo et al., 2024). Meanwhile, limited attention has been given to investment conversion governance, particularly issues related to project readiness, investor follow-up mechanisms, investor relationship management, aftercare systems, and commercial-financial feasibility in local governments with limited institutional capacity.

Therefore, this study introduces the concept of investment conversion governance, referring to the institutional capability of local governments to transform promotional investment projects into actual investment transactions through project readiness, investor servicing, transaction facilitation, and structured follow-up mechanisms. This study aims to evaluate the utilization of IPRO in Barru Regency using the CIPP model (Context, Input, Process, Product) and to formulate recommendations for strengthening investment conversion governance at the local government level.

2. LITERATURE REVIEW

2.1 Investment Promotion and Regional Investment Governance

Investment promotion has evolved from conventional promotional activities into a broader governance mechanism emphasizing investor facilitation, institutional responsiveness, and investment realization. According to OECD (2018), effective investment promotion agencies are not solely responsible for attracting investors but also for ensuring investment conversion through policy coordination, investor servicing, and project facilitation.

Recent studies indicate that regional investment competitiveness depends not only on investment incentives and infrastructure availability but also on governance quality, institutional responsiveness, and the ability of local governments to facilitate investment transactions (World Bank, 2020). Investment promotion agencies are increasingly expected to adopt proactive and targeted investment generation strategies rather than relying on event-based promotion models (UNCTAD, 2022).

In Indonesia, local governments have adopted various investment promotion instruments, including Investment Project Ready to Offer (IPRO), to improve regional investment attractiveness. However, many IPRO initiatives remain limited to promotional documentation and have not successfully generated investment realization.

2.2 Investment Project Readiness and Investor Servicing

Project readiness is one of the most important determinants of investment realization. Investors require not only information about regional potential but also legal certainty, infrastructure readiness, market feasibility, financing schemes, and institutional support (Hifni et al., 2021).

Recent investment governance literature highlights the importance of investor servicing and aftercare systems in maintaining investor confidence and accelerating investment decisions

(OECD, 2018). Investor servicing includes communication responsiveness, information transparency, technical facilitation, and post-promotion follow-up mechanisms.

Studies conducted in developing countries reveal that many regional investment projects fail not because of limited investment potential, but because projects are insufficiently prepared for transaction processes and investment negotiation stages (World Bank, 2020).

2.3 Investment Conversion Governance

The concept of investment conversion governance refers to the institutional capability of government agencies to transform investment promotion activities into actual investment transactions. This concept emphasizes the importance of project readiness, investor relationship management, structured follow-up systems, commercial-financial feasibility, and transaction facilitation mechanisms.

Recent studies increasingly emphasize that investment promotion should move beyond promotional exposure toward conversion-oriented governance focusing on investment realization outcomes rather than promotional outputs alone (UNCTAD, 2022).

In practice, investment conversion governance requires integrated coordination among government institutions, investors, financial institutions, and regional business actors. Weak investment conversion governance may result in readiness gaps, follow-up gaps, and commercial-financial gaps, preventing investment projects from progressing toward formal investment agreements.

However, studies specifically examining investment conversion governance at the local government level remain limited, particularly in Indonesian regional contexts.

2.4 CIPP Model in Public Policy Evaluation

The CIPP model developed by Stufflebeam remains one of the most widely used evaluation frameworks in public administration and public policy studies. The model evaluates programs through four dimensions: context, input, process, and product.

The Context dimension assesses program relevance and environmental conditions. Input evaluation focuses on resources, institutional capacity, and strategic readiness. Process evaluation examines implementation mechanisms and operational effectiveness. Product evaluation measures program outcomes and impacts.

Several recent studies have applied the CIPP model in evaluating public service innovation, educational programs, and regional governance systems. However, limited studies have applied the CIPP model to evaluate regional investment promotion and investment conversion governance.

Therefore, this study extends the application of the CIPP model by evaluating IPRO utilization not only as a promotional instrument but also as an investment conversion governance mechanism.

3. RESEARCH METHODS

This study employed a descriptive qualitative case study approach conducted at DPMPTSP Barru Regency. The research focused on IPRO implementation during 2021–2025.

Seven key informants were selected purposively based on their involvement in investment promotion and IPRO development. Data collection involved semi-structured interviews, document analysis, and limited observation of investment promotion activities.

Data analysis followed Miles, Huberman, and Saldana’s interactive model, consisting of data reduction, data display, and conclusion drawing. Data validity was maintained through triangulation, member checking, and document audit trails.

4. RESULTS AND DISCUSSION

4.1 Institutional Context and IPRO Position

DPMPTSP Barru Regency is responsible for investment promotion, licensing services, and investment facilitation. However, the institution still faces operational limitations, particularly in terms of investment promotion personnel, investor databases, and structured investor follow-up mechanisms.

4.2 IPRO Performance 2021–2025

The study found that none of the IPRO projects between 2021 and 2025 generated LoI, MoU, or actual investment realization. Although several projects attracted preliminary meetings with investors, the investment funnel stopped at the promotion and initial discussion stages.

This indicates that Barru Regency faces not only a promotion problem but also an investment conversion problem.

Figure 1. Investment Conversion Chain and Failure Points of IPRO

4.3 CIPP Evaluation of IPRO

Context

IPRO aligns with Barru Regency's economic diversification agenda, especially in maritime and logistics sectors. However, projects are not fully supported by market intelligence and investor demand mapping.

Input

Limited promotional budgets, inadequate project feasibility documents, absence of investor databases, and insufficient human resources weaken investment generation capacity.

Process

Investment promotion remains dependent on annual forums without structured follow-up SOPs, investor servicing systems, or aftercare mechanisms.

Product

No formal investment commitment or realization has been achieved from IPRO projects during 2021–2025.

4.4 Investment Conversion Gap

Empirical findings reveal a mismatch between the government-to-business approach adopted by the local government and the business-to-business orientation preferred by investors. Local government promotion still emphasizes administrative narratives and regional potential, while investors prioritize profitability, market certainty, risk mitigation, and transaction feasibility.

As a result, most IPRO projects function merely as promotional brochures rather than deal-making instruments capable of facilitating actual investment transactions. This condition reflects weak investment conversion governance in Barru Regency.

4.5 Strengthening Investment Conversion Governance

The study recommends several strategic improvements:

1. Conducting project readiness audits before promotion.
2. Establishing investor relationship management systems.
3. Developing structured follow-up SOPs (1–3–7–30 day response mechanism).
4. Creating digital investment data rooms.
5. Strengthening commercial and financial feasibility components.
6. Establishing a cross-sector investment facilitation team (TP2ID).
7. Shifting from event-based promotion to targeted investor outreach.

CONCLUSION

The utilization of IPRO in Barru Regency remains suboptimal in generating actual investment realization. The study demonstrates that investment failure is not merely caused by low investor interest but by weak investment conversion governance.

The findings indicate that local governments need to move beyond document-oriented promotion toward conversion-oriented investment governance, emphasizing readiness audits, investor servicing, follow-up systems, and transaction facilitation.

Theoretically, this study extends the application of the CIPP model in investment promotion evaluation by highlighting the importance of governance conversion capacity. Practically, the research provides a governance framework for strengthening local investment promotion systems.

Future policy should focus on investor targeting, *commercial-financial* strengthening, investor relationship management, and institutional transformation toward deal-making-oriented investment governance.

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