

# Country Report

## Indonesia Construction Business Information

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# Outline

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- ◉ Introduction
- ◉ Government and Construction Systems
- ◉ Construction Market
- ◉ Utilisation of IT
  - Construction Development
  - Service Provider Development
  - Procurement
- ◉ Conclusion

# Introduction



# Introduction

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- Land Area : 1,922,570 sq. km
  - Big Islands: Java, Kalimantan, Sumatera, Sulawesi, Papua
- Sea Area : 3,257,483 sq. km (Exc ZEE)
- Total Area : 5,180,053 sq. km (Exc ZEE)
- Population : 227,845,868
  - 65% in Java
- Volcanoes : 400 (130 are active)

# Government and Construction Systems

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## Government System

- Central/National : Republic
- Province : 33
- District/City : 501 (developing)
  - **autonomous** in most aspects, except : Security, Finance, Justice, Religion and International affair

## Government and Construction Systems

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### Construction System (Laws No: 18/1999 on Construction Services)

#### ● Institution for Construction Development

- Name : Construction Services Development Board
- Hierarchy : National, Provincial
- Function : Service Provider Regulatory Authority

## Government and Construction Systems

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### ● Members of CSDB Represents:

- Associations of Companies; Associations of Profession; Expert and Universities; Government
- Elected for 4 yr term

### ● Tasks of CSDB

- Research and Development
- Education and Training
- Registration of Construction Companies
- Registration of Workforces
- Arbitration, mediation

## Government and Construction Systems

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### ● Roles of Governments in each level

- Regulation
- Empowerment
- Oversight
- Licensing
  - Domestic Entities; by district/city, valid all over the country
  - Foreign Entities; by national govt



# Construction Market

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Construction Market in 2009 :

TOTAL : US \$16.7 Billion

- - Gov't : Central Budget : US \$ 6.1 b  
Local Budget : US \$ 5.9 b
- - Private : US \$ 4.7 b

## Construction Market

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### • Government Budgets:

- Min of Public Works
  - Natl. Public Infras: roads, bridges, water resources and public buildings
- Min of Transportation
  - Sea-airports, terminals, railways
- Min of Education
  - Schools, Uni
- Other Ministries
- Local Governments
  - Provincial, district public infrastructure

## Construction Market

- Registered Service Providers

Services	Domestic	Foreign
<b>I. Consultant</b>	<b>4,273</b>	<b>65</b>
<b>II. Contractor</b>	<b>116,940</b>	<b>129</b>
<b>a. Small</b>	<b>105,206</b>	<b>-</b>
<b>b. Medium</b>	<b>10,949</b>	<b>-</b>
<b>a. Big</b>	<b>785</b>	<b>129</b>

- Registered Construction Workforce

  - > Engineers : 67,090

  - > Skilled Labor : 183,612

  - Unskilled/unreg Labor : ~ 5 millions

## Construction Market

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### Public Infrastructure Management, outlook:

- High demand, dispersed
- Major Concerns:
  - condition vs budget constraint
  - assurance of allocated budget
  - human resources
  - geography
- → need IT to solve the above
  - Coordination amongst various institutions

# Utilisation of IT

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- MPW
  - Manage most of Public Infras
- Min of Comm and Info
  - Regulation on IT
- Natl Planning Board
  - Policy on Public Procurement
- Local Govts
  - Autonomously manage public infras
- → Coordination on utilisation of IT on Construction

### On Construction;

- **SIPJAKI** — Construction Development Information System
  - Min PW; CSDB; Local Governments
  - Since 2006
  - Tool for infrastructure and construction management
- **SIMJAKON** — Construction Services Management Information System
  - National and Provincial CSDB's
  - Since 2003
  - Service provider Data Base

### Features - SIPJAKI

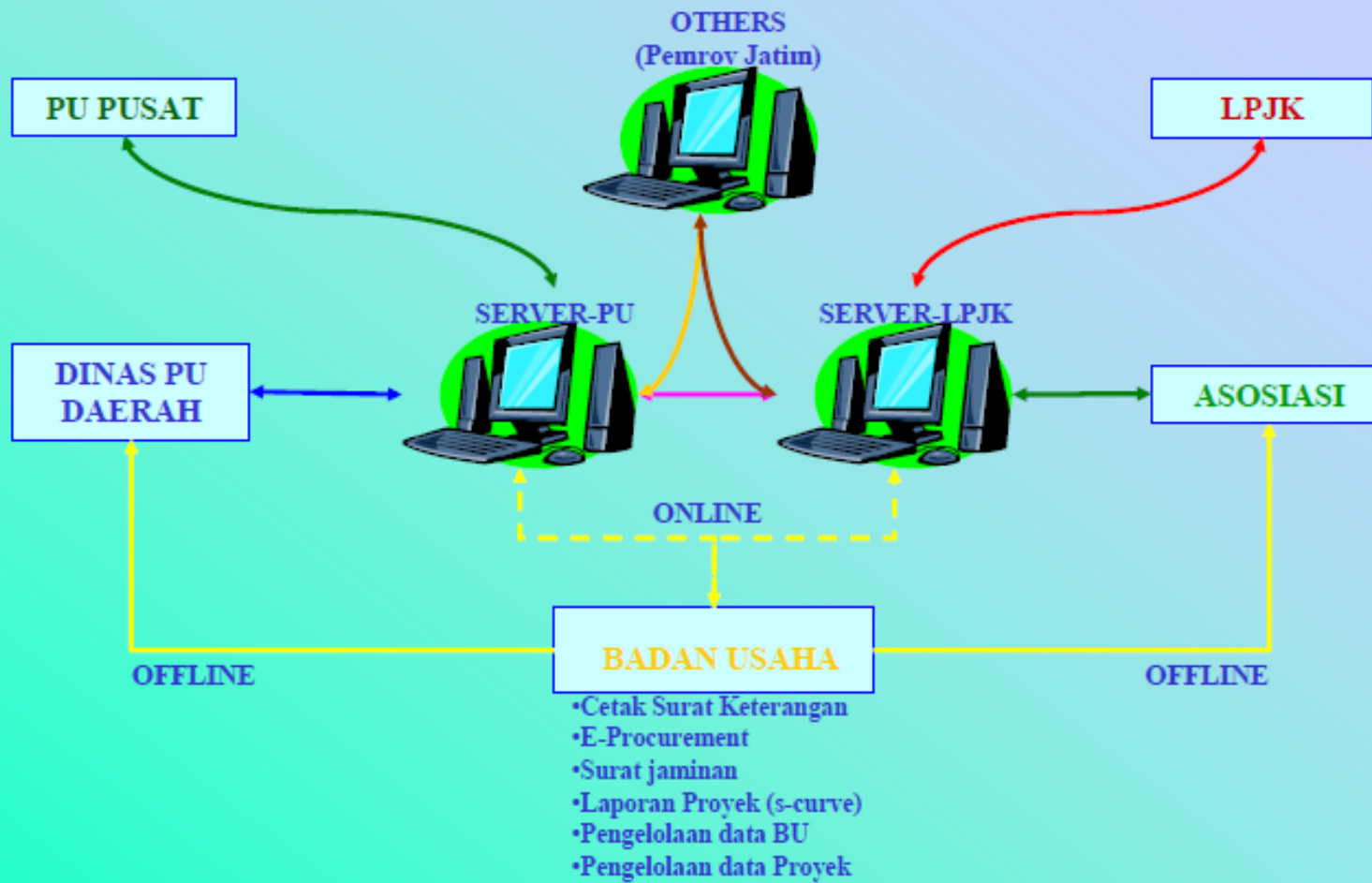
- Tool for controlling and communication of Government (Local and Central) Projects
- Data documentation on Construction Activities, progress and Problems
- Reference for Governments to step up new regulation or policy in Construction Services
- Transparency, enabling suggestion and input from construction communities
- Project Management Tools: planning, documentation, monitoring and evaluation

### Features – SIMJAKON

- Management Information System of National and Provincial CSDB's
- Database, incl:
  - Rules and regulations
  - Classification, qualification of Construction Companies
  - Accredited Assosiations – Sertification
  - Registered worforce; engineers and skilled labor
  - Company blacklist management



# SIPJAKI - SIMJAKON



### Procurement

#### ● MPW

- Semi e-proc since 2003
- Full scale on selected project since 2007

#### ● Natl Planning Board

- Policy on procurement of goods and services by government

#### ● Local Governments

- LPSE – institution for electronic procurement

# Conclusion

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- Indonesia requires more effort in coordinating tasks amongs various institutions, if utilisation of IT on construction is expected to support efficiency in infrastructure and construction management
- Lessons learned from other countries are inspiring and motivating

The End

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Thank You