



KADIN INDONESIA

GROWTH POTENTIAL IN THE CONSTRUCTION INDUSTRY POST-PANDEMIC 2021

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Overview:

- Covid19 pandemic at glance in Indonesia
- Problems facing the construction industry during the pandemic
- Challenges of the construction industry during the pandemic
- What have been done by the Government?
- Potential for construction industry after the pandemic in 2021
- Recommendations



JUMLAH TERPAPAR COVID-19 DI INDONESIA

Update 2 Desember 2020 Pukul 12.00 WIB

71.074

SUSPEK

58.245

SPESIMEN

34

PROVINSI

507

KAB/KOTA



5.533

4.001

118

549.508

KONFIRMASI

458.880

SEMBUH

17.199

MENINGGAL

Perkembangan Kasus Positif COVID-19 Mingguan

534,262

KUMULATIF KASUS


76,281

KASUS AKTIF

14.2%

441,239

SEMBUH DARI TERKONFIRMASI

82.5%

16,742

MENINGGAL DARI TERKONFIRMASI

3.1%



5 Kenaikan Kasus Tertinggi:

1. Jawa Tengah naik 93.5% (3,937 vs 7,617)
2. Banten naik 80.5% (645 vs 1,164)
3. Jawa Timur naik 17.2% (2,392 vs 2,804)
4. Lampung naik 89.2% (344 vs 651)
5. Kepulauan Riau naik 145.4% (205 vs 503)

Top 5 Provinsi Jumlah Kasus Tertinggi:

1. DKI Jakarta (135,759)
2. Jawa Timur (61,483)
3. Jawa Tengah (54,997)
4. Jawa Barat (51,776)
5. Sulawesi Selatan (20,536)

Top 5 Provinsi Jumlah Kasus Terendah:

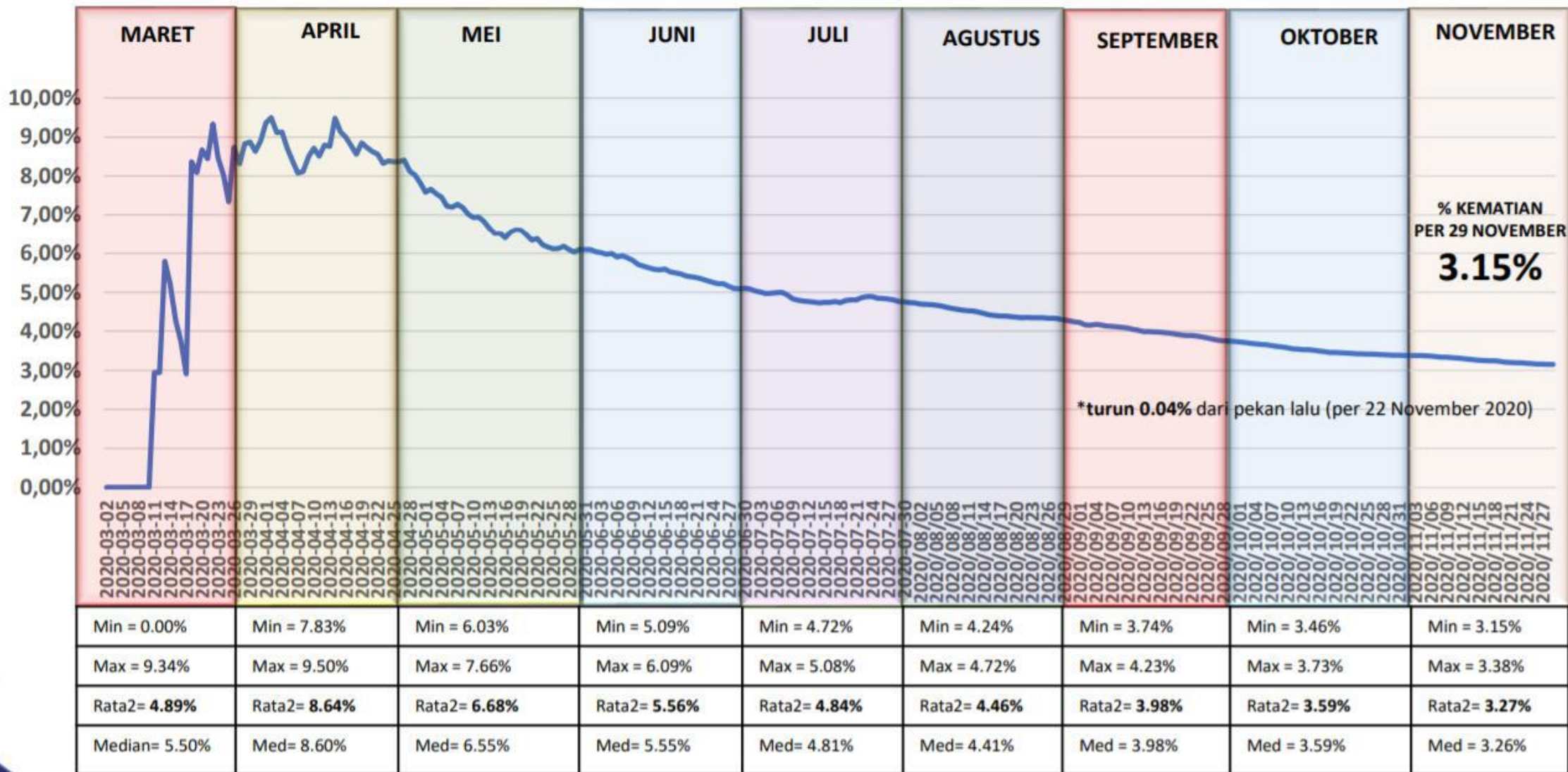
1. Kepulauan Bangka Belitung (994)
2. Nusa Tenggara Timur (1,189)
3. Kalimantan Utara (1,441)
4. Sulawesi Barat (1,463)
5. Sulawesi Tengah (1,800)

*Grafik di atas dihitung secara mingguan berdasarkan data individual yang telah diverifikasi oleh PHEOC Kementerian Kesehatan per 29 November 2020

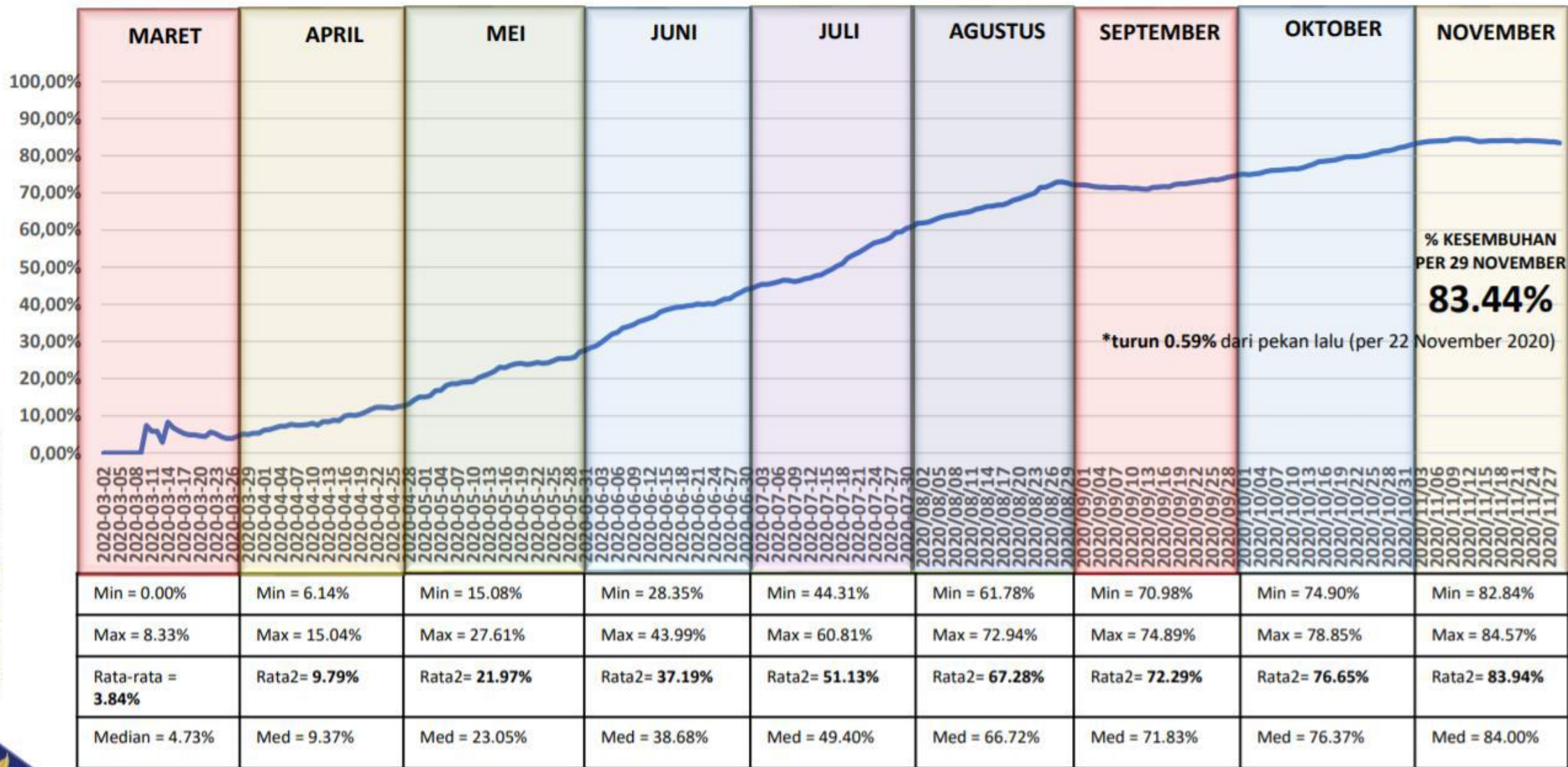
Update Data: 29 November 2020



Persentase Kematian dari Kasus Positif di Tingkat Nasional



Persentase Kesembuhan dari Kasus Positif di Tingkat Nasional



Update Data: 29 November 2020



The problems facing construction industry

- Reallocation of government funding on infrastructure to Covid 19. For example: initially, Ministry of Public Work dan Housing received **IDR 120 trillion (USD 8 billions)** in 2020, however, was reduced to **IDR 80 trillion (USD 5.3 billions)** for Covid19,
- Impact on budget reallocation and refocussing:
 - Delayed program, projects in 2020 can not be completed and must be delayed to 2021, consequently, additional budget is required.
 - Single year project must be changed to multi years project.
 - The project that could be utilized upon completion must be postponed.
 - The supply chain is affected due to workers' low mobility, shortage on material, limited transportation and equipment.
 - Many investors on construction industry experience income reduction due to these problems.

New Law on Job Creation:

- The impact on Law no 11/2020 on Job Creation (Omnibus Law):
 - Ease on **investment opportunity**.
 - **Risk-based corporate licensing** gives opportunity to small and medium enterprise to develop its business (less risk, easier licensing approval).
 - **Business person and workers** are the backbone of construction industry.

The Challenges

- **Certified workers** at national and international level.
- Credible and qualified **business persons**.
- The need for **specialist** contractors and workers.
- Efficient and effective **supply chain** management.

What have been done?

- Our government (Public Works) has released of New Minister Instruction No.02/IN/M/2020 on protocol on the transmission prevention of Covid 19 on construction industry:
 - Specification of material from countries either affected or not affected by Covid 19 **can be changed** when there are problems in importing, transportation and/or procurement.
 - The budget for Covid 19 protocol can be included in additional cost of SMKK (**health and safety**) through contract addendum.

What have been done?

- New release of Minister Circular Letter (SE) PUPR No.26/SE/M/2020 on project package adjustment for construction work affected by the refocussing and reallocation of 2020 budget:
 - **Single year project to multi year project** due to covid 19 can be readjusted in terms of contract finance, hand over date of accomplishment, and the work itself.
 - **Readjustment** of jaminan pelaksanaan (implementation guarantee) and jaminan pemeliharaan (*maintenance guarantee*).
- Establish UKPBJ to support economic recovery by delivering bidding on national strategic projects. New regulation **for more efficient and transparent process.**

Growth Potential in 2021

- The economy is predicted **to recover and to grow** (The Years of Opportunity, Outlook 2021, Coordinating Ministry of Economy).
- Budget plan for the Ministry of Public Work and Housing is projected to increase to **IDR 150 trillion (app. USD 10 billions)**.
- Construction is one of **the key sector** contributing towards economic growth.
- Construction industry with its enormous potential will **continue to grow** in the future.
- **Supply chain** will be managed efficiently and effectively to boost the economic recovery and growth. One example is to manage construction resources to become public infrastructure, such as dams, bridges, and roads.

Recommendation

- To encourage contractors and construction workers to become **specialists**.
- To develop and to **empower construction industry** and its stakeholders.
- To **implement strict protocol** for Covid 19 in all stages of constructions.



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