



Since March 25, 2020

## Confederation of International Contractors' Associations (CICA)

### Strategic Watch: COVID-19 Overview by country and region (situation at March 17, 2021)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

## Indonesia

Country/Region	General Facts & Measures	Measures for construction
<b>INDONESIA</b>		
<b>Economic outlook</b>	<p>After several years of strong growth, <a href="#">Indonesia's GDP fell 2.1% in 2020. While large, this downturn was smaller than other countries in the Asia-Pacific region, reflecting less stringent containment measures and lower dependence on highly impacted sectors like tourism.</a> In a <a href="#">new Country Focus</a>, the IMF shows that the country would have the firepower to boost its economic recovery.</p> <p>To start, Indonesia's comprehensive response to the pandemic was crucial in preventing a deeper downturn. The National Economic Recovery Program aimed at strengthening health care capacity and providing financial support to vulnerable households and businesses. The central bank supported these efforts by purchasing government bonds in the primary market, an exceptional but appropriate and temporary move that has ensured financial market stability according to the IMF. To support this plan, Indonesia temporarily suspended its pre-pandemic budget deficit ceiling of 3% of GDP until 2023. Considering the relatively low public debt ratio and the ongoing recovery, the envisaged return to it should be gradual and complemented by a well-specified, medium-term fiscal strategy (3 March 2021).</p>	<p><a href="#">The Indonesian construction industry's output in 2020 declined by 2% in real terms due to the large-scale social restrictions policy imposed by the government to control the Covid-19 outbreak.</a> The industry has been affected by the delays in project implementation and the reallocation of part of the government's budget towards its fight against Covid-19. According to the Badan Pusat Statistik (Statistics Indonesia), the country's value-add declined by 4.5% year on year (YoY) in real terms in the third quarter of 2020, following a decline of 5.4% in the second quarter and growth of 2.9% in the first quarter (cf. GlobalData) (January 2021).</p>

	Measures for construction
Recovery	<p><a href="#">The construction industry is expected to recover in 2021, by registering growth of 7.1%, assuming operations return to a normal level.</a> Following the rebound in 2021, GlobalData expects the Indonesian construction industry to stabilize, and grow at an annual average rate of 5.2% between 2022 and 2025, supported by investments on the development of the country's overall infrastructure.</p> <p>Under the National Medium-Term Development Plan (2020-2024 RPJMN), the government plans to invest IDR6 quadrillion (US\$412 billion) on the development of transport, industrial, energy and housing infrastructure projects by 2024. In November 2020, the government announced that it will provide IDR42.38 trillion (US\$2.6 billion) for state-owned enterprises (SOEs) in 2021, to help boost their role in supporting country's economic recovery by creating more jobs and conducting business activities. Also, an investment of IDR65.2 trillion (US\$4 billion) from the Japan Bank for International Cooperation (JBIC) towards Indonesia's Sovereign Wealth Fund (SWF) will help the country's recovery in 2021 (cf. GlobalData) (January 2021). <a href="#">Indonesia's Sovereign Wealth Fund (SWF) is targeting US\$20 billion in investment in the next few months.</a> Indonesia hopes to launch the SWF early this year to attract funds to help it get out of its pandemic-induced recession as well as finance an ambitious infrastructure drive and a massive capital relocation project (cf. Reuters) (January 15, 2021).</p>

## Other Overviews

- Download the report from the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA): [IFAWPCA COVID-19 Pandemic | Construction Industry Country Reports \(April 2020\)](#)