INDONESIA

Global Infrastructure Hub

Overall performance

As one of Southeast Asia's largest economic and population hubs, Indonesia is favourably positioned to continue expanding its infrastructure activities. Underpinning this momentum are reforms that have increased the efficiency of permit processes, with associated costs and times to start a business reduced significantly since InfraCompass 2017. To further expand capacity, Indonesia could enact policies that seek to shorten procurement durations and increase liquidity in its stock market.

Drivers	Rank (/76)	Rank change (2017-20)	Score (/100)	Emerging	Aspiring	Contender	Top performer	Global leader
Governance	23	↑ 2	65					
Regulatory frameworks	42	↓ 2	60					
Permits	40	↑ 10	71					
Planning	20	↓ 1	94					
Procurement	59	↑ 1	62					
Activity	41	↑ 9	34					
Funding capacity	40	↑ 6	37					
Financial markets	38	↑ 4	34					

Indonesia at a glance

$4,164
GDP per capita
(USD, 2019)

267 million
Population
(2019)

5.0% of GDP
Infrastructure investment
(2019 estimate)

0.2% of GDP
Infrastructure gap
(2019 estimate)

67.7
Infrastructure quality
(0-100, 100 is best, 2019)

$3,658 million
Private infrastructure investment
(5-year average, USD, 2019)

Top performing metrics

89.9/100
Financial stability

Indonesia's financial stability is above the average of 83 for Lower Middle Income Countries. Stable financial markets facilitate the smooth flow of funds between infrastructure assets and investors. However, the impact of the COVID-19 pandemic is a concern.

88.6/100
Cost to start a business

According to the World Bank, the cost of starting a business in Indonesia is 5.7% of income per capita, having significantly improved from 19% in 2016, easing the entry of new firms.

77.9/100
Time required to start a business

According to the World Bank, it takes 10 days to start a business in Indonesia, which is significantly faster than the Lower Middle Income Countries average of 20.4 days. Indonesia recently reviewed the process to start a business, reducing it from 23 days in 2016.

Opportunities to grow

For guidance on how to improve these metrics, please see the

16/100
Average procurement duration – transaction RFP

At 53 months, Indonesia has one of the highest durations from announcement of a tender to contract award. Lengthy procurement durations add costs, risks and down time to contractors bidding for and investing in infrastructure projects.

9.1/100
Stocks traded

At 10% of GDP, Indonesia's value of stocks traded is below the Lower Middle Income Countries' average of 14% of GDP. As this indicator measures the liquidity of equities, it is important to infrastructure investors to know they can exit investments at appropriate points.

5.3/100
GDP per capita

Indonesia has a low GDP per capita of USD 4,163 but is growing at a long-term average rate of 7.4% per annum. High growth, should it not be overly impacted by COVID-19, can be expected to correlate with greater infrastructure spending.

ECONOMY OVERVIEW

GDP ($US billion, 2019)	1111.7	Population (million, 2019)	267	Unemployment rate (2019)	4.4%
GDP per capita ($US, 2019)	4,164	Urbanisation ratio (2018)	55.0%	Inflation rate (2019)	3.2%
GDP growth rate (annual, 2019)	5.0%	Gross Government Debt (% of GDP, 2019)	30.0%	Digital Adoption Index (0-1 best, 2016)	0.46
GDP per capita growth rate (annual, 2019)	7.6%	Sovereign risk rating (2019)	58	Gini coefficient (0-100 worst, 2017)	38.1

METRIC SCORES

The below metrics are normalised so that they all range from 0 to 100. For original metrics and data sources, please see https://infracompass.gihub.org/

GOVERNANCE		REGULATORY FRAMEWORKS		PERMITS	
Post-completion reviews?	Yes –	Effect of taxation on incentives to invest	52.9 ↑	Cost to start a business	88.6 ↑
Infrastructure or PPP unit/agency?	Yes –	Prevalence of foreign ownership	60.4 ↑	Dealing with construction permits	39.5 –
Recovery rate	65.1 ↑	Product market regulation, network sectors	58.3^ –	Quality of land administration	51.7 ↑
Rule of law	43.7 ↑	Regulatory (including competition) quality	48.6 ↑	Registering property	75 ↓
Shareholder governance	60 ↑	Strength of insolvency framework	65.6 –	Time required to start a business	77.9 ↑
Political stability and absence of violence	41.1 ↓	Investment promotion agency?	Yes –		

PLANNING		PROCUREMENT		ACTIVITY	
Published project pipeline?	Yes –	Average procurement duration – transaction RFP	16 ↑	Infrastructure investment	58.2 ↑
Published infrastructure plan?	Yes –	Degree of transparency in public procurement	25 –	Private infrastructure investment	33.5 ↑
Preparation of PPPs	63 ↑	Published procurement guidelines?	Yes –	Value of closed PPP infrastructure deals	22.4 ↓
Economic analysis assessment?	Yes –	Procurement of PPPs	74 –	Value of closed infrastructure deals with foreign equity sponsorship	21.3 ↑
Market sounding and/or assessment?	Yes –	PPP contract management	58 –		
Environmental impact analysis?	Yes –				

FUNDING CAPACITY		FINANCIAL MARKETS	
GDP per capita	5.3 ↑	Domestic credit to private sector	18.7 ↓
Gross government debt	76.3 ↓	Financing through local equity market	58.6 ↑
Long term GDP growth trend	51.2 ↓	Stocks traded	9.1 ↑
Summary credit rating	58 ↑	Financial depth	43 ↑
		Financial stability	89.9 ↓

Drawing on data from: International Monetary Fund, Organisation for Economic Co-operation and Development, World Bank, World Economic Forum, IJ Global, CEPII, Oxford Economics, Trading Economics, and Deloitte.

Metric key:

↑ Increase from InfraCompass 2017   ↓ Decrease from InfraCompass 2017   – No change from InfraCompass 2017

Note:
'Top performing metrics' are the metrics with the highest score out of 100.
'Opportunities to grow' are generally the metrics with the lowest weighted score out of 100.
^Denotes interpolated metric data. See Technical Appendix for further explanation on the interpolation techniques.