

NORMS, STANDARDS, PROCEDURES, AND LICENSING CRITERIA FOR CONSTRUCTION SERVICE BUSINESSES WITH FOREIGN INVESTMENT IN INDONESIA

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ABSTRACT

Indonesia's construction industry has faced significant challenges in the past, mainly due to bureaucratic obstacles and regulatory uncertainties that deterred foreign investment. However, the sector has shown growth driven by the increasing demand for infrastructure development, which is essential for economic advancement. Key players in this industry include construction service companies (BUJK), some of which are linked to foreign investment (PMA). To manage the licensing process for PMA-affiliated BUJKs, the Indonesian government introduced Norms, Standards, Procedures, and Criteria (NSPK) to create a favorable investment climate while safeguarding national interests. This study evaluates the regulations and procedures foreign investors must comply with to establish and license construction companies in Indonesia. It also examines the impact of Law Number 6 of 2023, which governs the Job Creation Law, on investment in the construction sector. Using a normative-empirical approach, the research analyzes primary legal sources and gathers data through interviews with officials from the Ministry of Public Works and Investment, as well as construction law consultants. The findings reveal that the current regulations are generally effective in managing foreign investment, though challenges remain in verifying the completeness of data and documents for SBU applications. Delays often occur due to the lack of specific timeframes outlined in Ministerial Regulation PUPR Number 8 of 2022. The study concludes that regulatory reforms, particularly the introduction of clearer timelines for document verification, are necessary to avoid unnecessary delays.

Keywords : NSPK, BUJK, PMA, Licensing, Indonesia

INTRODUCTION

Indonesia continues its efforts to maximize its development potential in pursuit of "Golden Indonesia 2045." One of the key strategies involves infrastructure development, but this progress is often hampered by regulatory challenges and bureaucratic inefficiencies. Weak enforcement of investment regulations has created uncertainty for both domestic and foreign investors, leading to inefficiencies in service delivery and reducing regional competitiveness in attracting investment. Moreover, the lengthy and complex licensing processes, such as those governed by Law No. 2 of 2017 and Ministerial Regulation No. 9 of 2019, frequently impede foreign investment. These bureaucratic hurdles result in project delays, higher operational costs, and diminished investment appeal in the construction sector.

In 2019, a national media report highlighted the closure of approximately 500 foreign construction companies due to these regulatory

policies, with an additional 120 unable to renew their licenses. This decline in foreign investment was exacerbated by the conflict between Ministerial Regulation No. 9 of 2019 and the policies of the Investment Coordinating Board (BKPM), which further reduced the number of foreign-owned construction companies.

Data from Indonesia's Central Statistics Agency (BPS) illustrates a sharp decline in the number of foreign-invested construction companies (BUJK PMA) between 2017 and 2023. While there were 621 foreign investors in 2017, no official data was reported for 2018. By 2019, the number had plummeted to 223 and continued to drop, reaching only 34 foreign investors in 2021. Although a slight recovery was noted with 97 investors in 2022, the number fell again to 73 in 2023. This downward trend underscores a significant reduction in foreign investment within Indonesia's construction sector over the years.

Table 1.1 Number of Foreign-Invested Construction Companies (BUJK PMA)

Year	Number of BUJK PMA
2017	621
2018	No official report
2019	223
2020	No official report
2021	34
2022	97
2023	73

Source: (BPS 2017 – 2024)

The realization of foreign investment (PMA) in Indonesia's construction sector from 2017 to 2023 experienced notable fluctuations. In 2017, the sector recorded 303 projects with a total investment of \$108.6 million. The following year, 2018, saw a slight decline in the number of projects to 301, but the investment value surged significantly to \$248.13 million. In 2019, the number of projects increased to 430, although the investment value dropped to \$161.62 million. In 2020, the sector witnessed a

sharp rise in project numbers, reaching 856, accompanied by an investment of \$189.5 million. However, 2021 marked a downturn, with the number of projects falling to 371 and the investment value declining to \$93.34 million. The sector began to recover in 2022, recording 402 projects with an investment of \$165.27 million. This recovery culminated in 2023, which saw a significant peak of 1,558 projects and an investment value of \$245.88 million.

Table 1.2 Foreign Direct Investment ("FDI") in the construction sector

Year	Number of Projects	Investment (USD)
2017	303	108.600.000
2018	301	248.134.900
2019	430	161.617.500
2020	856	189.502.200
2021	371	93.342.400
2022	402	165.265.100
2023	1.558	245.880.300

According to data from BPS, the construction sector in Indonesia experienced significant fluctuations in foreign investment between 2017 and 2023. In 2017, there were 621 foreign investors managing 303 projects with a total investment of \$108.6 million. In 2018, although the number of investors was not reported, the number of projects slightly decreased to 301, but the investment value surged to \$248.13 million. By 2019, the number of investors dropped significantly to 223, while the number of projects increased to 430, with an investment of \$161.62 million. In 2020, the sector experienced a sharp rise, with 856 projects and \$189.5 million in investment, though data on the number of investors was unavailable. However, 2021 marked a low point, with only 34 investors managing 371 projects, and investment value dropping to \$93.34 million. A recovery occurred in 2022, with 97 investors overseeing 402 projects worth \$165.27 million. In 2023, despite the number of investors declining to 73, the sector recorded its highest project count—1,558—with a total investment of \$245.88 million. This indicates that, even with fewer investors, the investment value per project increased, highlighting the importance of effective government policies in fostering a favorable investment environment.

The investment framework, governed by Law No. 25 of 2007, plays a critical role in supporting infrastructure development and driving economic growth. Infrastructure investments fueled by Foreign Direct Investment (FDI) contribute to strengthening human capital and the economy, aligning with the vision of "Golden Indonesia 2045." The construction sector, driven by FDI, is vital to both the economy and the nation's socio-cultural development. It serves as a cornerstone of development and remains an attractive area for foreign investors. The growth of FDI-backed construction companies (BUJK PMA) is pivotal in accelerating large-scale infrastructure projects, as this sector connects service providers and users. Service providers include businesses, workers, and supply chains, while service users encompass government entities, private companies, state-owned enterprises (SOEs), regional-owned enterprises (BUMDs), and others. The expansion of BUJK PMA enhances infrastructure capacity, strengthens connectivity, boosts economic growth, and generates employment opportunities. Additionally, the presence of BUJK PMA brings advanced technology, improves quality standards, and facilitates knowledge transfer to the local

workforce, further enriching the nation's development.

LITERATURE REVIEW

In legal research, there are three main types: normative legal research, normative-empirical research, and empirical research. Normative legal research analyzes written regulations using theoretical, philosophical, structural, and comparative approaches, as well as examining their binding force. Normative-empirical research focuses on the application of law within society, whether in cases of conflict or not, that have occurred or are ongoing. Empirical research, on the

Method

Legal research can be categorized into three types: normative legal research, normative-empirical research, and empirical research. Normative legal research examines written regulations using theoretical, philosophical, structural, comparative approaches, and evaluates their binding authority. Normative-empirical research focuses on how the law is applied in society, whether in cases of conflict or not, and examines both past and ongoing situations. Empirical research, on the other hand, emphasizes

other hand, emphasizes sociological aspects of law. Given the objectives of this study, the most suitable approach is normative-empirical legal research. This method examines whether the procedures for establishing Foreign Direct Investment (FDI)-affiliated construction service companies align with applicable regulations and evaluates their impact on investment in the construction sector in Indonesia. The study focuses on NSPK (Norms, Standards, Procedures, and Criteria) as outlined in statutory regulations.

the sociological aspects of law. Considering the objectives of this study, normative-empirical legal research is the most appropriate approach. This method evaluates whether the procedures for establishing construction service companies affiliated with Foreign Direct Investment (FDI) adhere to existing regulations and assesses their impact on investment in Indonesia's construction sector. The research specifically addresses NSPK (Norms, Standards, Procedures, and Criteria) as outlined in statutory regulations.

RESULTS AND DISCUSSION

Research Findings on Licensing Procedures for FDI-Affiliated Construction Service Companies and Their Impact on Construction Sector Investment Growth Mechanism and Licensing Procedures for FDI-Affiliated Construction Service Companies

Indonesia, as a nation actively pursuing infrastructure development, faces substantial funding requirements. While domestic resources remain the primary funding source, they are insufficient to meet the growing needs. Consequently, the government leverages foreign investment to address this funding gap. Foreign investment plays a critical role in achieving the objectives of the National Medium-Term Development Plan (RPJMN) 2020–2024, especially in the infrastructure sector, as the State Budget (APBN) only covers 34% of the total required funding. According to Kompas, the highest realization of Foreign Direct Investment (FDI) in the construction sector was recorded in DKI Jakarta, amounting to \$167.36 million (approximately IDR 2.47 trillion). Other provinces such as Banten, West Java, and North Kalimantan also reported significant FDI activity. This investment is channeled through FDI-affiliated Construction Service Companies (BUJK PMA), as regulated by Article 5(2) of Law No. 25 of 2007 on Investment, which mandates that FDI entities must operate as limited liability companies registered in Indonesia.

BKPM Regulation No. 4 of 2021, Article 12, Paragraph 3(c), specifies that construction service-related FDI must have a minimum investment value of IDR 10 billion (excluding land and buildings) for each business activity, categorized under the first four digits of the KBLI (Indonesian Business Classification Code). Additionally, Attachment 2 of Government Regulation No. 5 of 2021 caps foreign ownership in BUJKs at 70% for ASEAN investors and 67% for non-ASEAN investors. Accordingly, BUJK PMAs are often established as joint ventures between local BUJKs and foreign partners. To establish a BUJK PMA, the process begins with drafting an establishment deed, which must be submitted to the Ministry of Law and Human Rights through the AHU system to secure legal entity status. Subsequently, the BUJK PMA must meet the licensing requirements outlined in Law No. 2 of 2017 (as amended by Law No. 6 of 2023). This licensing process is facilitated through the Online Single Submission (OSS) system, which is managed by BKPM and employs a risk-based approach.

The risk-based analysis evaluates the business type, hazard level, potential risks, and the necessary permits. All business entities are required to obtain a Business Identification Number (NIB), which serves as their official operating license and is issued by the OSS system following online registration, as stipulated in Government Regulation No. 5 of 2021. As a business entity, BUJK PMAs must ensure the completeness of business data and activity plans as required by Article 19 of BKPM

Regulation No. 4 of 2021. This includes aligning business objectives with the KBLI classification in the construction services sector, as stated in the establishment deed. The data is sourced from the AHU system once the company has obtained legal entity status and/or an establishment certificate. In addition to the NIB, medium- to high-risk businesses must obtain a Standard Certificate, as outlined in Article 169 of Government Regulation No. 5 of

2021. This certificate serves as proof of compliance with business activity standards. Once the NIB is secured, the BUIK PMA must apply for a Business Entity Certificate (SBU) to validate the Standard Certificate issued by the OSS system. Article 30, Paragraph 1 of Law No. 2 of 2017 (as amended by Law No. 6 of 2023) mandates that all construction service business entities must possess an SBU.

LEMBAGA PENGEMBANGAN JASA KONSTRUKSI
Construction Services Development Board

Nomor: 0428049

SERTIFIKAT BADAN USAHA JASA PELAKSANA KONSTRUKSI

Berdasarkan ketentuan pasal 8 huruf b dan berdasarkan pasal 17 ayat (4) dan ayat (5) Undang-Undang No. 18 Tahun 1999 tentang Jasa Konstruksi dengan ini Lembaga Pengembangan Jasa Konstruksi menetapkan bahwa:

Nama Badan Usaha	: ANGKASA PURA PROPERTI, PT		
Nama Pimpinan / PJB	: IR. EKO PERMADI BOEDI S.		
Alamat Badan Usaha	: Graha Angkasa Pura 1, Jl. Kota Baru Bandar Kemayoran Blok 12 Kay, 2 Kel. Gunung Sahari Selatan Kec. Kemayoran		
Kabupaten / Kota	: Kota Jakarta Pusat	Kodepos	: 10610
Provinsi	: DKI Jakarta	No. Fax	: 021-65866494
No. Telepon	: 021-65866495		
E-mail	:		
NPWP	: 31.459.162.9-093.000		
Jenis Usaha	: Jasa Pelaksana Konstruksi		
Sifat Usaha	: Umum		
Kekayaan Bersih	: Rp. 164.603.293.000		
Nomor Registrasi	: 0-3173-09-141-1-09-908577		

Dinyatakan memiliki kemampuan dengan klasifikasi dan kualifikasi sebagaimana yang tercantum di halaman belakang sertifikat ini. Sertifikat ini diterbitkan pertama tanggal 19 Mei 2015 berlaku sampai dengan tanggal 18 Mei 2016 dengan kewajiban registrasi ulang tahun ke-2 paling lambat tanggal 18 November 2016 dan registrasi ulang tahun ke-3 paling lambat tanggal 18 November 2017.

Ditetapkan di Jakarta
Pada Tanggal 9 September 2016

Badan Pelaksana
LPJK Nasional Direktorat Registrasi & Hukum

Aca Dharmajaya, M.Eng

Figure 4.1 Example of a Construction SBU

Article 3 states that to acquire a construction SBU, a BUIK must submit an application to the Ministry of Public Works (PU) through the Business Entity Certification Institute (LSBU). As outlined in Article 100, Paragraph 4, the construction SBU is valid for a period of three years and may be renewed

or altered. This SBU acts as proof of recognition for the classification and qualification of the construction service business entity's capabilities, including those of foreign construction service companies.

PEMERINTAH REPUBLIK INDONESIA
PERIZINAN BERUSAHA BERBASIS RISIKO
SERTIFIKAT STANDAR

Berdasarkan Undang-Undang Nomor 6 Tahun 2023 tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 tentang Cipta Kerja Menjadi Undang-Undang, Pemerintah Republik Indonesia menetapkan Sertifikat Standar, kepada Pelaku Usaha berikut ini:

1. Nama Pelaku Usaha	:	
2. Nomor Induk Berusaha (NIB)	:	
3. Alamat Kantor	:	
4. Status Pemilikan Modal	:	PMON
5. No. Telepon	:	
6. Kode Kualifikasi Badan Layanan Usaha Indonesia (KBLI)	:	62024 - Aktivitas Konsultasi dan Perancangan Instalasi of IT
7. Usaha Usaha	:	

Lampiran Sertifikat Standar ini memuat daftar persyaratan dan/atau kualifikasi sesuai dengan kode KBLI Pelaku Usaha dan merupakan bagian tidak terpisahkan dari dokumen Sertifikat Standar yang diterbitkan Pelaku Usaha dengan Sertifikat Standar tersebut. Sertifikat Standar ini berlaku sejak tanggal terbit dan berlaku untuk jangka waktu tiga (3) tahun.

Dibuatkan tanggal 1 Desember 2023

a.n. Gubernur DKI Jakarta
Kepala DPMPSP Provinsi DKI Jakarta

Ditandatangani secara elektronik

Ditak tanggal:

1. Dokumen ini diterbitkan oleh OSS berdasarkan data dari Pelaku Usaha, sehingga dapat diakses oleh OSS yang menjadi tanggung jawab Pelaku Usaha.
2. Dokumen ini diterbitkan oleh OSS berdasarkan data dari Pelaku Usaha, sehingga dapat diakses oleh OSS yang menjadi tanggung jawab Pelaku Usaha.
3. Data yang tertera dalam dokumen ini dapat diakses melalui sistem OSS yang terintegrasi dengan sistem.

Figure 4.2 Example of a Standard Certificate

The determination of qualifications, as outlined in Article 85 of Government Regulation No. 5 of 2021 and the Ministry of Public Works and Public Housing Regulation No. 8 of 2022, is based on the evaluation of several documents, including annual sales, financial capability, availability of construction workers, equipment provision capacity, implementation of an anti-bribery management system, and membership in construction business

associations registered with LPJK. Annual sales are supported by valid work contracts, while financial capability is assessed based on total equity, converted into rupiah at the Bank Indonesia exchange rate. For construction workers, the requirements include the number of workers, their qualifications, and competency certificates in the construction sector.



Figure 4.3 Example of a Construction Competency Certificate (SKK)

Article 88, paragraph 2 clarifies that the construction workforce includes: 1) the Business Entity Responsible (PJB), 2) the Technical Responsible of the Business Entity (PJTBU), and/or 3) the Subclassification Responsible of the Business Entity (PJSBU). These individuals must be employed full-time by the business entity and are

prohibited from holding positions in other business entities, as stated in Article 88, paragraph 3. Additionally, Article 89, paragraph 2 mandates that construction equipment must be provided by the business entity within 30 calendar days following the issuance of the construction SBU.



Figure 4.4 Association Membership Badge of Construction Service Business Entity (BUJK)

In this study, the researcher examines a foreign investment construction service business

entity (BUJK PMA) operating in the general construction sector, with the KBLI code 41012 and

the office building sub-classification BG002. To qualify for large-scale status, the BUJK PMA must meet the minimum annual sales requirement of IDR 50 billion and a financial capability of IDR 25 billion, as outlined in Articles 90 and 91, paragraph 2, letter C of Government Regulation No. 5 of 2021. Furthermore, for the availability of construction labor, the expertise of the PJTBU and PJSKB in the office building sub-classification requires certifications in civil engineering or architecture, along with an ASEAN Architect or ASEAN Chartered Professional Engineer certification. The necessary construction equipment includes tower cranes, truck cranes, and various other heavy machinery. Regarding the implementation of an anti-bribery management system (SMAP), the BUJK PMA must comply with established criteria, such as possessing an SMAP certification or applicable documentation, with a document completion deadline based on the business entity's qualifications.

According to Article 102 of Government Regulation No. 5 of 2021 and Articles 2 (3) and (4) of Ministerial Regulation PUPR No. 8 of 2022, the submission of SBU and SKK construction certifications is processed through the OSS institution, which involves multiple stages: application, payment of fees, verification and

validation, and approval or rejection of the application. Article 4 of Ministerial Regulation PUPR No. 8 of 2022 specifies that the SBU application is submitted to the Minister via the LSBU, covering new applications, extensions, and data updates. Applicants must provide the relevant data through the integrated OSS system. Article 5 of Ministerial Regulation PUPR No. 8 of 2022 states that LSBU will review the completeness of the documents. Based on the maximum service standard, the verification of the applicant's data completeness shall be conducted within a maximum of 15 working days. If any deficiencies are found, LSBU will notify the applicant to rectify them within 5 days. However, in practice, this process can extend up to 2 months, leading to complaints from both local and foreign business actors, as highlighted by legal consultant Gesiu Nicholas Manurung.

This situation reveals a gap between the maximum service standard and its actual implementation. While the certification process should take no more than 15 days, and in some cases, can be completed in just 1 day, the reality is that the review of data and document completeness often takes up to 2 months. This delay has led to dissatisfaction, particularly among foreign investment construction service business entities (BUJK PMA).

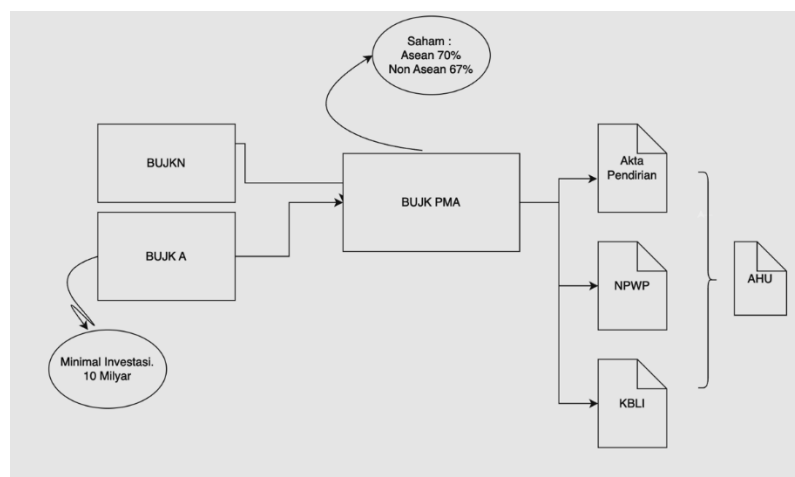


Figure 4.5 Flow of Establishment of BUJK PMA

The Impact of the Omnibus Law on Investment Growth in the Construction Services Sector

Investment is a key indicator of economic growth, as it boosts production activities for companies and household consumption, while also supporting economic recovery and infrastructure development. An increase in GDP signifies support for government development initiatives. Clear and transparent regulations are essential for providing legal certainty, and these regulations should promote investment by ensuring fair treatment, transparency, and integrated services. To assess the impact of the Omnibus Law on investment in the construction

services sector, the researcher interviewed Mr. Manlian Ronald Adventus Simanjutak, a member of LPJK. According to him, the changes have made the provision of construction services and businesses more structured and integrated, which has improved the quality of the construction workforce, although the full economic impact has yet to be realized. While the current regulations are expected to boost foreign investment, some laws, such as those related to Architects and Engineering, have not been fully harmonized. However, changes to these regulations are anticipated to enhance quality. Although there are no significant obstacles, language issues can

sometimes present challenges. Data on foreign investment in the construction services sector reveals substantial year-on-year growth.

Table 4.1 Realization of Foreign Direct Investment (FDI) in Construction Services

No.	Year	Realization
1.	2017	\$224.706.600
2.	2018	\$248.148.900
3.	2019	\$161.617.500
4.	2020	\$189.502.200
5.	2021	\$93.401.000
6.	2022	\$165.265.100
7.	2023	\$281.784.200
8.	2024.	\$649.318.000

Source: Directorate of Data & Information, BKPM

According to data from the Directorate of Data & Information at BKPM, as of November 11, 2024, foreign investment (PMA) in the construction services sector has shown fluctuations over the past decade. However, there has been a notable increase in both the number of projects and PMA investments in the sector over the past five years (2021-2024). In 2021, the total investment reached \$93,401,000, which rose to \$165,265,100 in 2022. In 2023, the

investment saw a substantial jump, totaling \$281,784,200. The most significant growth occurred in 2024, where, up to the time of this study, the total investment reached \$649,318,000. Additionally, the researcher gathered data on the number of BUJK PMA entities registered by the Construction Service Development Agency (LPJK) as of November 11, 2024, which will be presented below.

Table 4.2 Number of BUJK PMA Entities

No.	Year	BUJK PMA
1.	2019	223
2.	2020	232
3.	2021	243
4.	2022	225
5.	2023	278
6.	2024	315

Source: Construction Service Development Agency (LPJK)

The data in Table 4.2 reveals fluctuations in the number of BUJK PMA entities throughout the study period. However, a clear correlation can be observed between Tables 4.1 and 4.2, especially in 2024. The year 2024 is marked by the highest investment realization in the past five to eight years (as seen in Table 4.1), which aligns with the highest number of BUJK PMA entities in the past six years (as shown in Table 4.2). This suggests that the growth in investment in the construction services sector is closely linked to the increase in the number of BUJK PMA entities. According to an article by Dwitri Waluyo on Indonesia.go.id (August 7, 2024), Indonesia's construction services sector has made

positive strides, with the country's national competitiveness rising to 27th place, up by seven positions from 2023. Indonesia is now ranked third in Southeast Asia, following Singapore and Thailand. Major infrastructure projects such as the Trans-Sumatra toll road, the development of Patimban Port, and the Nusantara Capital City (IKN) project have played a key role in driving this growth. The investment dip in 2021, as noted in Table 4.1, was primarily due to the effects of the global pandemic, not regulatory changes, as outlined in a study by the State-Owned Enterprises institution Danareksa.

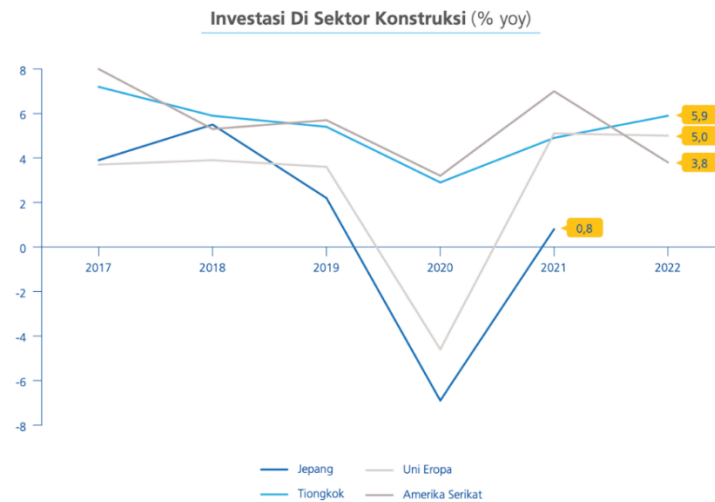


Chart 4.1 PMA Construction Sector Data from Danareksa Research Institute

Source: Danareksa Research Institute accessed via

<https://danareksa.co.id/storage/2022/other/6375b86405b89.pdf>

Data from various countries, including Japan, the European Union, China, and the United States, show a simultaneous decline in investment in the construction sector. The global pandemic led to

delays in numerous projects that had been scheduled across the globe. Meanwhile, the anticipated growth of the construction services sector from 2020 to 2030 is illustrated in the following chart:

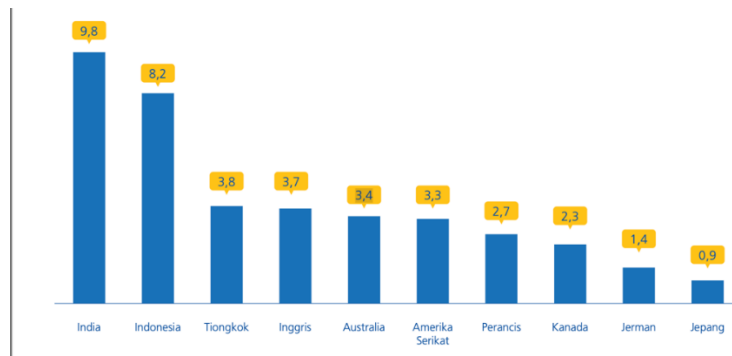


Chart 4.2 Projected Growth of the Construction Sector 2020 – 2030

Source: Danareksa Research Institute accessed through

<https://danareksa.co.id/storage/2022/other/6375b86405b89.pdf>

According to the data, Indonesia's construction industry is expected to grow rapidly at around 8.2%, making it the second-fastest growing industry in Asia, after India. This growth is fueled by major projects like the development of the New Capital City (IKN) and government infrastructure. The current regulations governing foreign investment in the construction sector have proven effective, as shown by significant year-over-year growth. Changes in regulations, such as the

Omnibus Law, have positively influenced investments in the construction services sector, as reflected in the investment boost in 2024. However, this positive trend could be undermined if law enforcement and bureaucratic performance fail to function properly. Legal certainty remains a key factor in sustaining a stable investment climate in Indonesia. If the government addresses this issue seriously, regulatory changes and social dynamics can be managed effectively by investors.

Mechanism and Procedures for Licensing BUJK PMA

Based on the research, the licensing process for foreign investors starts with the establishment of a "Joint Venture" between BUJKN and BUJKA in the construction sector. Following this, the company's deed of establishment is created and submitted for approval to the Minister of Law and Human Rights. As noted by Ms. Ani from LPJK, BUJKA wishing to invest in the construction sector must meet large qualification requirements. Once the deed of establishment is legalized, the company must register for a construction business license through the OSS system. Regarding capital structure, regulations specify that foreign ownership for ASEAN BUJKA is limited to 70%, while for non-ASEAN BUJKA, it is set at 67%. After obtaining the Business Identification Number (NIB), BUJK PMA must apply for the Business Entity Certificate (SBU) to verify the standard certificate. According to Article 99 of Government Regulation No. 5 of 2021, the required documents for construction business certification include the Construction SBU, Construction SKK, and a License. Articles 81 and 100 stress that the SBU is mandatory for BUJKs to operate within the construction services sector.

Article 100, paragraph 3 specifies that to obtain the Construction SBU, BUJK must submit the application to the Ministry of Public Works and Public Housing (PUPR) via the Business Entity Certification Institute (LSBU). LSBU is responsible for organizing certification for construction service business entities, accredited by BUJK associations licensed by LPJK. As explained by Ms. Ani, the Construction SBU is submitted through OSS using Single Sign-On (SSO) access on the PB-UMKU menu, integrated with the SIJK system. According to Ministerial Regulation PUPR No. 8 of 2022, the SBU application involves submitting documents such as annual sales data, financial capability, availability of construction workers, equipment, anti-bribery management systems, and membership in BUJK associations registered with LPJK. LSBU reviews the document completeness and notifies applicants of any deficiencies, which must be corrected within five days. Ms. Ani also explained that once all documents are verified by LSBU, both the applicant and LSBU will sign a certification agreement. Afterward, LSBU issues an invoice for certification fees, which the applicant must pay within seven days and upload proof of payment through the ministry's licensing portal. If not, the

application is considered canceled, as per Article 6 of Ministerial Regulation PUPR No. 8 of 2022.

To acquire the Construction SKK, the applicant (BUJK PMA) must pass a competency test conducted by a construction certification body. The SBU and SKK application processes are handled through OSS, in line with Article 103, paragraph (1) of Government Regulation No. 5 of 2021 and Article 2, paragraphs (3) and (4) of Ministerial Regulation PUPR No. 8 of 2022. The process involves submitting the application, paying the fees, verifying and validating documents, and receiving notification of approval or rejection. Article 101 of Government Regulation No. 5 of 2021 mandates that the Construction SKK, issued after a competency test according to standards, is valid for five years with the possibility of renewal. The research findings show a correlation between empirical and normative outcomes, but issues were identified in the long duration for verifying data completeness and certification documents by LSBU, which can extend to two months. According to the Maximum Service Standard, the certification process should only take 15 days, or even one day. This inconsistency creates uncertainty about the timing of the certification process, which could impact business operators, especially BUJK PMA, and undermine confidence in the regulations designed to foster an investment-friendly environment. This issue arises because Articles 5 and 6 of Ministerial Regulation PUPR No. 8 of 2022 do not specify a deadline for LSBU's document review, leading to legal uncertainty in the licensing process. However, the OSS system is expected to improve efficiency with clear procedures, flexible application submission, cost transparency, and reduced potential for illegal charges.

The OSS system illustrates government transparency in the licensing process, providing applicants with easy access to information and ensuring a fair process free from discrimination. The regulations governing BUJK PMA establishment are structured clearly, detailing procedures for license applications, document verification, and approval or rejection mechanisms, including specific business technical criteria. Although the current regulations on licensing procedures meet most ideal standards, such as clear procedures, reasonable fees, and transparency, one area—completion speed—has not been fulfilled. This is due to the lack of a set timeframe for reviewing documents in Articles 5 and 6 of Ministerial Regulation PUPR No. 8 of 2022.

The Impact of the Omnibus Law on Investment Growth in the Construction Services Sector

Regulations play a vital role in promoting investment by ensuring legal certainty, which encompasses fair treatment, transparency, and integrated services. This study examines the effect

of Law No. 6 of 2023 on the growth of investment in Indonesia's construction services sector, using the most recent investment data. According to data from BKPM, during the first half of 2024, the construction sector saw a total investment of IDR 19.7 trillion, with domestic investment (PMDN)

contributing IDR 12.8 trillion and foreign investment (PMA) reaching \$464.8 million. The data further reveals that in 2024, the number of BUIK PMA entities reached 315, marking the highest number in recent years. Based on these figures, 2024 stands out as the most successful year for investment in the construction services sector. Economic factors, human resources, and regulatory changes, including the Omnibus Law, have all played a role in shaping investment levels. The notable increase in the number of BUIK PMA entities and investment realization in 2024 suggests that the law has had a direct or indirect impact. Rizal Calvary Marimbo points out that licensing procedures have been a major obstacle to investment, particularly highlighting their influence on investment realization in 2019.

In 2018, legal expert Ahmad Fikri Assegaf emphasized that the complex licensing processes

and delays beyond the prescribed timeframes were significant barriers for foreign investors in Indonesia. This aligns with La Porta's findings in his "Law and Finance" study, which underscores the importance of a strong legal system and effective law enforcement in fostering the development of financial markets and investments. Foreign direct investment (FDI) in the construction services sector is particularly dependent on legal stability and regulatory predictability. Therefore, the rise in investment in 2024 reflects improved regulatory certainty, particularly regarding licensing. This is further evidenced by the increase in the number of BUIK PMA entities that year. As such, Law No. 6 of 2023 on Job Creation has contributed to creating a more investment-friendly environment, especially in the construction services sector. The growth in both investment and BUIK PMA entities supports the alignment of this law with investment law theory.

CONCLUSION

Based on the conducted research, it can be concluded that the licensing procedures for foreign investors in the construction services sector, particularly for the establishment of Foreign Investment Construction Service Business Entities (BUIK PMA), comply with both practical application and the existing regulations. The licensing process, which includes the creation of a Joint Venture, submission of the company's deed of establishment, fulfilling licensing requirements through the Online Single Submission (OSS) system, and obtaining the Business Entity Certificate (SBU), is clearly outlined in Government Regulation No. 5 of 2021 and other applicable regulations. While these regulations are well-structured, there are administrative shortcomings, particularly the lack of

a clear timeline for verifying document completeness, which can lead to legal uncertainty for applicants, especially foreign investors. Additionally, the impact of Law No. 6 of 2023 on investment growth in the construction services sector has yielded positive outcomes. In 2024, investment in construction services reached \$649,318,000, and the number of BUIK PMA entities grew to 315. This demonstrates that the regulation has effectively fostered investment growth, with the simplification of the licensing process being a key factor in attracting foreign direct investment. In conclusion, this regulation has contributed to a more favorable investment climate, in line with investment theory, and has the potential to support sustained economic growth.

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