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Reform of Building Permit Policy in Indonesia: Analyzing the Challenges and Problem-Solving

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A B S T R A C T

The Indonesian government implemented a substantial change in building permit regulation through the transformation of the IMB (building permit) to PBG (building approval) as a result of the Omnibus Law on Job Creation Act. The policy reforms intend to increase investment and optimize the arrangement of buildings and environments to enhance disaster resilience and encourage sustainable development. During the implementation stage has resulted in several challenges such as lack of regulation and implementation guideline for district or city administrator, complexity of technical standard requirement for PBG, unclear technical recommendation letter from regional technical services, and insufficient PBG services related to human resources issues. This study aims to analyses the PBG implementation challenges experienced by the local government as well as the Indonesian community, to figure out the government's steps for tackling these public issues. Using multiple research methods including a literature review, a fishbone diagram, systems thinking, and SWOT analysis, this research finds the form of policy recommendation for effectively addressing the problems. This strategy includes intensive coordination with central government, in this case Kementerian PUPR, collaboration with licensing regional agencies, improvement support facilities to meet building standards, expanding monitoring of construction by enforcing penalties and strict sanctions, and setting up task force team to expedite the building permit approval, which could help boosting up local government income.

INTRODUCTION

The Omnibus Law Job Creation Act mandates building permit ownership as a fundamental requirement for business licenses, in conjunction with compliance with spatial planning and environmental documents (Santoso, 2021). In pursuit of improving the ease of doing business, the government has revised policies related to building permit governance, implementing Government Regulation (PP) Number 16 of 2021, which supersedes PP Number 36 of 2005. The updated regulation includes a policy that renames Building Construction Permits (IMB) to Building Approvals (PBG). The policy modification was prompted by the emergence of various public concerns related to the obstacles in IMB issuance within district governments, including noncompliance with administrative and technical requirements; prolonged and non-standard processing times; an extensive bureaucratic procedure; inconsistent retribution calculations; corrupt practices (KKN); and insufficient competence among administrators (Kumara et al., 2022).

Furthermore, recommendations for policy modifications involve implementing regulatory and governance reforms to support the adherence to technical standards for building construction, as outlined in the World Bank Group study, "Building Regulation for Resilience: Managing Risks for Safer Cities" (GFDRR & World Bank Group, 2017), which has also influenced governmental policy decisions. The enactment of PP Number 16 of 2021 represents a proactive governmental initiative aimed at enhancing investment facilitation and increasing the better arrangement of buildings and environments, thereby mitigating disaster risks and supporting the development of safer cities.

The government utilizes PBG and IMB documents as regulatory instruments for spatial development and utilization in the enforcement of building licensing policies (Fajrina & Silviana, 2023; Panggoa, 2012; Tasantab, 2016), while also providing a form of legal assurance that enhances the value of the building, which is owned by the community (Panggoa, 2012). This is a significant aspect of the relevance of PBG ownership for the community.

The recent chapter in the Building Approval (PBG) terminology is characterized by seven points of modification in PBG policy, as illustrated in Figure 1. The shift of the IMB issuing procedure to PBG has affected nearly all regencies and cities in Indonesia, as the policy is regulated and implemented as a top-down national mandate. The execution of the PBG policy, by PP Number 16 of 2021, affects both the community, as the policy's targeted beneficiaries, and the Local Government (Regency/City), as the policy's administrator.

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Figure 1. Building Approval Provisions
Source: Ministry of Finance (2021)

The Building Approval (PBG) policy, as a new policy, has resulted in new programs, services, and operational guidelines that need to be disseminated and understood by those responsible for implementing and using it— in this case, the policy implementers which consist of technical agencies and licensing agencies. When a new policy frequently involves new strategies, the implementing organisation may be required to change or even abandon old practices and engage in new activities (Brinkerhoff & Crosby, 2002). In many cases, the building's approval requires policy implementers to be trained in understanding the content of the policy and the necessary skills to effectively apply it. This training ensures that the implementers are equipped with the knowledge and competencies needed to navigate the complexities of the new policy, ultimately leading to more efficient and effective implementation in the local government territory.

Previous studies indicate a decline in PBG applications in various regions after the enactment of the PBG licensing policy, alongside a rise in public order disturbances associated with illegal constructions (Olvi, 2024; Rohalia & Meilani, 2023; Syarifah et al., 2022). Furthermore, it was determined that the execution of the PBG building permit policy faced challenges from the community's perspective, such as increased expenses to meet PBG requirements, insufficient dissemination, the expense of engaging an architect, and challenges in fulfilling the requirements (Farinda et al., 2024; Pratama, 2023; Rachmadiyanto, 2024). From the viewpoint of policy implementers, obstacles encompass human resources (HR) administrators, attributes of policy implementing institutions, strategies of the involved actors, and leadership factors or political will from executive entities (regional leaders) (Aries Syafrizal, 2021; Rohalia & Meilani, 2023). The issue is likely to manifest in several regions and cities across Indonesia, although with differing variations.

The main objective of the PBG policy, which is to encourage investment facilities and enhance the systematic arrangement of building structures and the environment, is not being effectively achieved for the intended target group. It is essential to analyse the challenges associated with the implementation of the PBG policy, considering that this policy has been in effect for three years by the Regency/City Regional Government. Addressing this issues is crucial for the successful furtherance of the PBG policy in the coming years. Policy evaluation is necessary to generate insights into the policy's outcomes (Dunn, 1994). Policy evaluation is required at least two to three years post-implementation to gather adequate data and mitigate the influence of transient information (INTOSAI, 2019). The implementation evaluation intends to assess the execution of a policy in alignment with the prescribed policy implementation guidelines (Agustino, 2008).

As a result of a bibliometric analysis conducted using VOSviewer based on the Scopus database and a literature review from the Google Scholar database, it is indicated that this study addresses a previously underexplored knowledge gap on the evaluation of building permits policy with a focus on practical implementation and problem-solving, both worldwide and nationally.

This study will take a deeper examination of the problems during the implementation of PBG issuance following the enactment of PP Number 16 of 2021, using various methodologies to assess the policy implementation process, including a literature review, fishbone diagram analysis, and systems thinking using Causal Loop Diagrams. A systematic review approach aims to consolidate and summarize findings on building permit policy concerns from prior research, providing a comprehensive and balanced resource for policymakers (Siswanto, 2010). The issue arises as the consequences of changes in new policy require alternative policy ideas or optimal strategies to address them, which are expected to enhance and optimise policy performance, hence ensuring the effective realization of the policy's fundamental objectives.

The topic of building permit policy has rarely been extensively explored in international research publications. The primary theme of building permits has a strong connection with urban planning and housing. In the field of building permits, studies generally focus on the development of information technology systems, environmental considerations, and the technical aspects of completing permit criteria, occasionally ignoring the evaluation of policy. Current literature and research in international publications extensively analyze initiatives to digitally transform building permit services through information technology systems, aiming to enhance public service effectiveness while considering environmentally sustainable development aspects. Some of the articles found related to building permits in international publications are summarized in Table 1.

Table 1. Building Permits Article in International Publication

No.	Author	Title	Research Information
1	Natalia Thomas Alvares, Lamine Mahdjoubi	Testing the effectiveness, of a web-based portal system for the building control sector	The use of a web-based portal system in the building supervision sector enhances users' capacity to meet compliance with building regulation standards.(Thomas-Alvarez & Mahdjoubi, 2013)
2	Marylana Azyyati Marzukhi, Azfarnizam	Effectiveness of Building Plan Approval.	A significant issue in the submission of building approvals is the delay. The

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No.	Author	Title	Research Information
	Jaafar, Oliver Ling Hoon Leh	Case Study: Subang Jaya Municipal Council, Selangor	study revealed the ineffectiveness of the building approval process attributed to incomplete document submissions to the OSC (One Stop Centre), insufficient knowledge among PSP (Professional Submitting Person) officers, and the incompetence of staff managing the building approval submission process. (Marzukhi et al., 2019).
3	Mona Mahrous Abdel Wahed, Tarek Saeed Ismail	An online system for issuing building permits in light of e-government in Egypt.	The implementation of a digital building permit system has expedited the approval procedure and transformed governmental service delivery by enhancing efficiency and timeliness. (Abdel Wahed & Ismail, 2022)
4	N Irwan, A R Rasyid , M Sobarsyah	Housing in Gowa Regency: Analysis of Building Approval Based on the Results of Development Impact Assessment on Surrounding Biodiversity	To mitigate the effects of development on the surrounding environment, developers must obtain environmental licenses that guarantee the implementation of environmental management initiatives (UKL-UPL) or conduct an Environmental Impact Analysis. (Irwan et al., 2023)

Source: Researcher (2024)

The findings from the identification and mapping of international journals indexed in Scopus, utilizing bibliometric analysis with VOSviewer software, reveal that research on the evaluation of building permit regulations is still under-represented in international academic literature. Two concerns regarding policies in the Scopus database, namely fiscal policy and urban policy, remain unexamined and are situated far from the central focus on construction permits, as shown in Figure 2.

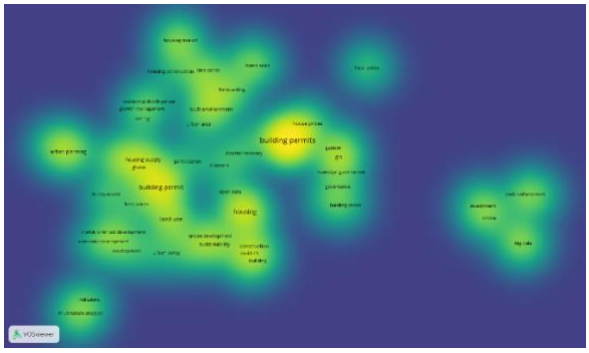

Figure 2. Density Visualization on VOSviewer related to Building Permits process by Researcher, 2024

Besides conducting literature mapping for overseas publications, researchers also searched for local journal articles addressing building approval policies (PBG) across several domains, including socio-political, legal, technical, and economic elements. Numerous articles address the transition in IMB policy to PBG from a contextual legal and policy standpoint (Situngkir, 2021; Wijaya & Syafhendry, 2023), the implementation of E-government in PBG (Aminudin et al., 2024), the impact of SIMBG utilization on the quality of PBG services (Ismail, 2021; Puspitasari, 2022; Syarifah et al., 2022), the implementation of PBG policies (Aries Syafrizal, 2021; Farinda et al., 2024; Rohalia & Meilani, 2023), among others. The literature reviews were conducted in many regions of Indonesia, revealing differing outcomes based on the legal background, policy, digitalization of public services, and execution of PBG regulations.

METHOD

This research methodology uses a qualitative descriptive approach based on a literature analysis to examine the issue of building permit policy and practices in Indonesia. Only credible and reliable sources, including government papers, academic journals, and policy research institutions, were utilized in order to mitigates the possibility of misinformation. This method was chosen to offer a comprehensive evaluation of the building permit policy, based on theoretical frameworks, prior empirical studies, and relevant literature. By capturing diverse perspectives and empirical evidence, literature review enhances the robustness of policy analysis.

The literature review was undertaken through database searches and reference indexes to identify the problems and their roots. Google Scholar and Scopus databases that were utilized to collect scientific data. In the search of international journals, based on the Scopus database found 876 documents related to the keyword building permit. Subsequently, restrictions and filters were applied to limit the research to building permits in the form of English journal articles within the fields of Social Sciences; Economics, Econometrics, and Finance; and Arts and Humanities as a data tracing protocol for journal mapping in Scopus. Additionally, concerning the specific theme of building approval (PBG) from the Google Scholar (GS) database, the publication timeframe of national journal is restricted between 2021 and 2024. This was undertaken with the understanding that the topic of Building Approval (PBG) is a novel idea in Indonesia, launched in 2021, previously referred to as Building Permit (IMB). Consequently, through Google Scholar data base, an extensive range of publications and papers relevant to the policy problem were acquired.

This study used multi-method problem identification methodologies, including a bibliographic literature review, a fishbone diagram, and systems thinking. A SWOT analysis was performed following the study as part of the strategic analysis methodology. The phases of this study have been defined according to the research approach shown in Figure 3.

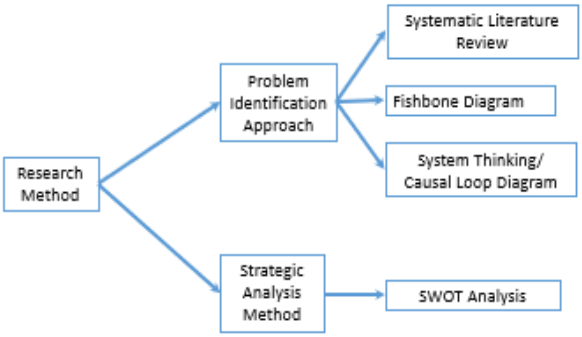

Figure 3. Research Method Diagram

RESULTS AND DISCUSSION

Analysis of Problems in Implementing Building Permit Regulation

To gain an improved understanding of the difficulties faced in implementing building permit regulations, several analytical methods may be applied as follows:

1. **Problem-Solving Using Literature Review**

Firstly, a literature evaluation was performed to collect and summarize numerous essential topics related to the empirical conditions of PBG building permit policy implementation, based on several prior research studies. The primary legal issues at the Regency/City level, along with the preparedness of the Regency/City Government to formulate policy implementation tools, faced considerable obstacles in practice. This impacts the quality of public services in the implementation of PBG policies for the community. The literature review method seeks to assess historical challenges in the execution of PBG informed by previous studies.

The findings from the literature review drawn from published scientific publications indicate that the challenges in executing PBG policies are as follows:

a. The issue of lack of regulations and guidelines from the district/city administration concerning PBG

Previous research indicated that the challenges to implementing PBG regulations resulted from the absence of a legal framework that would authorize the Regency/City Regional Government to charge PBG retribution in their jurisdictions. Numerous previous studies published in scientific journals, along with research conducted by Wijaya & Syafhendry, (2023) and (Olvi, 2024), address the absence of regional-level regulations concerning the legal foundation for the obtaining of PBG retribution, which restricts the execution of PBG policies in Indonesia. Data from 2023 indicates that 418 districts and cities initiated the drafting of Regional Regulations concerning PBG, although only 62 Regional Regulations were established (Wijaya & Syafhendry, 2023) and the absence of the Regional Regulation impacts the issuance of PBG permits (Olvi, 2024).

b. The Issue of Complex Technical Standard Requirements

PBG may be granted by the Regency/City Regional Government if the buildings comply with the technical standards for building construction outlined in PP Number 16 of 2021. In truth, people struggle to meet the requirement of complex technical building standards. The community encounters several challenges, including the high expenses associated with meeting PBG technical standards, which require the applicants to engage with professional architects and consultants (Farinda et al., 2024).

c. The Unclear Technical Recommendation Letter

This issue is related to the uncompleted technical requirement that has not been issued by other Technical Services, including Spatial Approval Documents such as KRK (Keterangan Rencana Kabupaten) or PKKPR (Persetujuan Kesesuaian Kegiatan Pemanfaatan Ruang), and environmental documents such as SPPL, UKL/UPL, AMDAL, and ANDAL Lalin from the Environmental Agencies and Transportation Agencies Services. This has delayed the issue of the Performing PBG, resulting in a delay that exceeds the stipulated timeframe of 29 days (Rachmadiyanto, 2024). The number of technical requirements that need to comply with technical standards creates a significant obstacle in completing the submission of PBG (Suhermawaty, 2023).

d. The Issue of PBG Insufficient Service

PBG services require the implementation of policies through procedures, including ASN operators and supervisors, who will evaluate and validate PBG applications through SIMBG system. The problems encountered in PBG public services caused by two factors consist of SIMBG, which frequently malfunctions has become primary source of complaints from both the public and the policy implementers of the Regency/City Government (Suhermawaty, 2023). SIMBG is a web-based information system established and controlled directly by the Ministry of PUPR, utilized nationwide by the Technical Service and Licensing Service for processing the PBG applications at the Regency/City level. The other factor is the inadequate of human resources executing PBG policies both in qualifications and quantity, which impact to the insufficient response to public complaints (Aminudin et al., 2024; Olvi, 2024; Riau et al., 2024; Suhermawaty, 2023).

2. **Problem-Solving Technique Using Fishbone Analysis**

Secondly, besides the literature review, the study uses the fishbone method as well, to identify the root causes of issues that frequently occur during the implementation of PBG at Regency/City Government. The challenges of implementing PBG regulations are illustrated by the fishbone design shown in Figure 4.

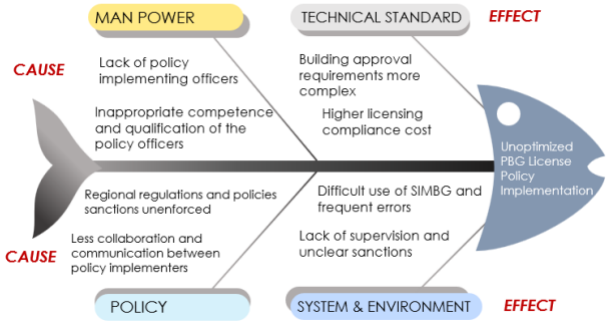

Figure 4. Fishbone Diagram of Unoptimized PBG Implementation

According to the fishbone diagram, various issues with the inefficient execution of the PBG license policy may be identified, which are elaborated in the following main problems:

a. Compliance of the Technical Standards Issue

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The issue arises from the transition of IMB nomenclature to PBG, particularly with the fulfillment of more complex technical criteria and standards. In the context of PBG permit, this may be linked to the lack of awareness from public regarding the procedure, resulting in difficulties in the submission of PBG applications (Wardiha, 2024) and the costs to fulfil the requirements of technical standards which required the involvement of expert architects and consultants as the responsible person for the technical standards in the PBG application (Farinda et al., 2024).

b. Human Resources Issues

Several obstacles emerge during the implementation of the PBG policy, due to the human resources involved, particularly the PBG Administrator, comprising both civil servants (ASN) and non-ASN persons. It is found that the number of ASN workers is insufficient. The implementation of PBG policies necessitates the involvement of policy execution bodies, including SIMBG Operators, Supervisors, the SIMBG Secretariat, Building Inspectors (Penilik Bangunan), Technical Assessment Teams (TPT), and Building Expert Professional Teams (TPA). The necessity for ASN and non-ASN experts to occupy these positions is inadequate at the technical service institution level within the District/City (Syarifah et al., 2022).

The other obstacle is the ASN's competencies and credentials are presently inadequate. PBG policy executors requires individuals with technical expertise, particularly in engineering, architecture, environmental science, spatial planning, and other related disciplines to construction. Unfortunately, the competencies possessed by mostly ASN within the District/City Government Technical Service are not consistently competent or align with their educational qualifications. The ongoing postponement of PBG services is caused by inadequate responses about consultation and building inspection operations (Aminudin et al., 2024; Rachmadiyanto, 2024; Syarifah et al., 2022).

c. Challenges in Policy Assistance

This problem occurs since the PBG policy is one of top-down and regulatory policy, which effect to the lacks of legislative basis for regional policies, that leading to minimum involvement from implementing institutions at the Regency/City level. This can be caused by the following factors, the first is due to the absence of regional legislation regarding PBG penalties as law enforcement and the need of the establishment of more comprehensive and detailed instruction of implementing regulations than those outlined in PP Number 16 of 2021 (Olvi, 2024; Pratama, 2023; Syarifah et al., 2022; Wijaya & Syafhendry, 2023). These limitation may also be influenced by the political will of the regional leaders, which affects the response of each Regency/City Government to policies (Aminudin et al., 2024).

The second factor is the collaboration among regional agencies has not been optimized, as the completion of PBG requirements and the issue of PBG requires the involvement of not only technical services but also licensing, environmental, spatial planning, transportation services, and other pertinent regional government entities. The constraints on coordination impact the PBG issueance and leading to extended delays, especially for adherence to technical standards and monitoring (Rachmadiyanto, 2024; Santoso, 2021; Suhermawaty, 2023).

d. System and environmental issues

The condition occurs when the PBG policy is inefficient due to the centralized information system and the community's environmental factors. This may be related to the SIMBG factors which suffers from errors and maintenance issues from the Ministry of PUPR. Local communities expressed complaints and dissatisfaction due to delays in the application process and the issue of PBG, which were attributed to the maintenance of the SIMBG information system by its owner, the PUPR Ministry (Suhermawaty, 2023). Moreover, the inspection and sanctions remain ineffective, it means that the effective policy implementation requires continuous monitoring and strict enforcement of sanctions throughout the community (Wulandari, 2023).

3. Problem Solving Using System Thinking Method (Causal Loop Diagram)

Thirdly, the system thinking method is used for this study as a comprehensive framework for understanding the dynamics of causation and feedback interactions in everyday issues. Comprehending cause and effect enables us to examine, categorize, and elucidate the temporal and spatial modifications in common issues (Haraldsson, 2004). A Causal Loop Diagram (CLD) is an excellent method for graphically illustrating the feedback relationship among elements. The CLD model is extensively utilized in problem-solving through a systems approach that accounts for the dynamic complexity of the system or facilitates the dynamic systems methodology (Pornphol & Chittayasothorn, 2013)

The established causal loop can identify the critical variables responsible for the issues, enabling the formulation of intervention measures to mitigate or prevent future impacts (Sterman, 2000). A systematic approach is anticipated to facilitate a more comprehensive examination of the implementation of PBG regulations from both community and government perspectives. The issue of PBG policies utilizing systems thinking through Causal Loop Diagram (CLD) modeling is illustrated in Figure 5.

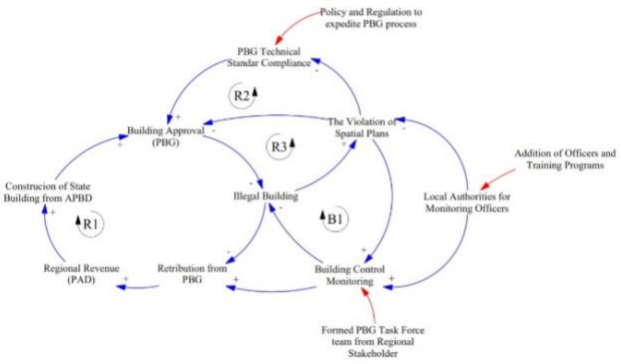

Figure 5. CLD of PBG Policy Problem Identification

Problems can be recognized by establishing loops, each representing a topic of interconnected issues. The ideal execution of PBG licensing policies can be observed from two perspectives: the perspective of the policy implementers within the Government as well as that of the policy beneficiaries in the Community. Policy implementers face various challenges influenced by three factors:

1. Building monitoring remains poor (Loop B1)

   The Causal Loop Diagram demonstrates that increased building inspection correlates with a decrease in the construction of illegal buildings. The focus is on enhancing building monitoring to ensure the successful implementation of building and environmental arrangements that align with

the objectives of the PBG policy (Peraturan Pemerintah RI, 2021).

The implications indicate that building monitoring must be optimized to ensure the effective implementation of the PBG building permit regulation (Wulandari, 2023). Monitoring is the responsibility of the District/City Regional Government. Technical agencies adopting PBG building permit rules should address an urgent need for intervention regarding human resources, both in terms of competence and quantity (Riau et al., 2023; Syarifah et al., 2022)

2. Violation of Spatial Planning (Loop R3)

The increasing number of unauthorized buildings leads to a rise in spatial planning violations. IMB and PBG perform a significant control role in spatial planning, which is crucial for sustainable development (Fajrina & Silviana, 2023).

Implications: this affects the inability to accomplish one of the objectives of the PBG strategy, specifically the alignment of development with concerns regarding the environment, commonly referred to as sustainable development. PBG can serve as a regulatory mechanism in development initiatives within a region, promoting stakeholders to implement sustainable development principles, including minimizing energy consumption, controlling construction waste, lowering carbon emissions, and fostering better living environments (Sanjaya, 2024).

3. Effect on Regional Revenue (PAD) (Loop R1)

The implementation of PBG policy entails a PBG retribution paid by applicants which serves as a potential source of local regional income (PAD) intended toward annual targets (Santoso, 2021). The CLD indicates that, from the point of view of the regional government, the rise in PBG permits will lead to a boost in local revenue (PAD), which, in turn, will stimulate an increase in the construction or maintenance funding of state buildings within the Regency/City area.

This contradicts practical evidence from the field, which indicates that the introduction of the PBG policy has led to a decrease in PAD revenues in various districts and cities (Olvi, 2024).

On the other side, from the community perspective as the target of policy, it is affected by issue of Compliance with complex technical standards (Loop R2). From the community's perspective as the target of the PBG policy, several requirements differ from the previous IMB policy; specifically, PBG is acquired only after receiving a statement of compliance of building technical standards from the Regional Government, by its authority (Situngkir, 2021). The specifications of the PBG technical requirements seek to provide safety, health, comfort, and convenience building for society.

The implications indicate a misalignment with the process's simplicity, which is a primary objective of the PBG licensing policy. The community perceives that the requirements are escalating difficult and must align with technical standards, posing a challenge in the submission of PBG permit application (Suhermawaty, 2023).

Consequently, according to the Causal Loop Diagram, three activities must be undertaken by local governments to enhance PBG services, including the following interventions:

a. Establish policies and regulations to accelerate the PBG process;
b. Increase personnel and implement a training program;
c. Form a PBG Task Force comprising regional stakeholders.

SWOT Analysis in Determining Alternative Policies for PBG Implementation

After analyzing various problem-based approaches, internal and external factors were obtained. To overcome the problems that occur during the implementation of PBG policy, it is essential to identify and study thoroughly each obstacle that supports to find the best problem-solving solution that can be resolved ed as an alternative form of policy. SWOT analysis is one of the tools used for strategic management in assessing a policy (Debnath et al., 2022). By identifying Strengths, Weaknesses, Opportunity, and Threat, the SWOT matrix of the conditions of the PBG policy problems can be described in Table 2.

Table 2. SWOT Matrix on PBG Policy Problems in Indonesia

	Strength	Weakness
Factor Internal	• Utilization of SIMBG Information Technology to facilitate digital services. • Local government support in determining regional policies to accelerate the PBG process • PAD potential will increase if more buildings are being regulated (PBG issuance increases). • PBG support as legal evidence of building construction. • Encourage sustainable development by fulfilling spatial and environmental aspects.	• PBG retribution regulations are not yet available in the Regency/City areas • SIMBG System Disruptions occur frequently. • The cost of meeting technical standards burdens society. • The requirements for meeting technical standards are numerous and complex. • The Competence and Capacity of ASN Policy Implementers is not yet optimal • Building supervision and sanctions are not yet optimal. • The public does not yet understand the technical requirements and use of SIMBG. • PAD declined due to decreased PBG issuance. • Lack of collaboration between Technical Services regarding fulfillment of PBG technical requirements.
	Opportunity	**Threat**
Factor External	• The integration of SIMBG with OSS in issuing business permits requires business actors to have PBG.	• SIMBG is often hampered by errors and system maintenance by the PUPR Ministry

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	Strength	Weakness
	• The IAI Licensed Architects Association can contribute to providing technical assistance for planning services for Low-Income Communities (MBR). • Central Government Policy in supporting ease of licensing and solutions to PBG obstacles for communities in Districts/Cities. • Potential for Increasing Investment and PAD for regions with PBG licensing Acceleration Policies • PBG documents as a requirement for construction loan approval.	• The Central Government's policy of limiting the use of space by issuing LP2B and LSD policies thus limiting development activities in the regions. • Sanctions of warning from the PUPR Ministry for Regency/City Governments that do not optimally serve PBG Licensing • The escalation of illegal buildings has caused Building disorder • Business permits cannot be extended without PBG • Administrative Sanctions for Illegal Building Owners

Source: Researcher, (2024)

Table 3. SWOT Strategy Analysis of PBG Policy Problems in Indonesia

	Strength	Weakness
Opportunity	SO Strategy • The Central Government, the Ministry of PUPR, and BKPM are improving coordination regarding the integration and updating targets for the SIMBG and OSS systems to facilitate supervision at the Regency/City level. • Periodic data synchronization with the Licensing Service regarding Business Actors without PBG ownership. • PBG Technical Assistance Policy for Low-Income Communities (MBR), Religious, and Non-Commercial, in collaboration with the Architects Association and Local Government • Expansion of the scope and intensity of supervision of buildings in the district/city area • District/City Government Policy regarding the acceleration of PBG licensing with the collaboration of Regional Government Agencies, consisting of Spatial Planning (DPUTR), Environmental Agencies (DLH), Transportation Agencies (DISHUB), and Licensing Services (DPMPTSP). • Collaboration with Banking in delivering PBG dissemination to both developers and business actors.	WO Strategy • The policy of providing integrated technical requirements fulfilment facilities collaboration between the Technical and Licensing Services to facilitate PBG applicants • Determination of price standards for licensed architectural services or consultants with maximum and minimum limits at the district/city level. • Procurement of SIMBG operators who have adequate qualifications and competencies • Enforcement of administrative sanctions against building owners who do not have PBG permits in the Regency/City area • Innovation in collaboration with the IAI Architects Association to accelerate architect certification in the Regency/City area. • Increasing the capacity of ASN in implementing the duties and functions of verifying application documents at SIMBG. • Innovation in providing PBG issuance facilitation services for Low-Income Communities (MBR) and non-commercial communities.
Threat	ST Strategy • Periodic coordination between the PUPR Ministry and the Regional Government according to regional areas to minimize SIMBG errors and public complaints regarding SIMBG disruptions. • Disseminations related to LSD and LP2B policies along with solutions to obstacles related to spatial utilization issues to minimize violations of spatial planning during development activities in the Regency/City area. • Collaboration in enforcing administrative sanctions between technical agencies and the Regional Regulation Enforcement	WT Strategy • Provision of bank data of technical design drawings or prototypes for residential functions (non-commercial simple houses) to minimize complaints about expensive architectural service fees. • Policy for handling violations of regional spatial utilization by collaborating with Regional Regulation Enforcement Officers (SATPOL PP) • Periodic socialization in district/city areas by the relevant local government to maximize the delivery of information related to PBG to all levels of society.

Strength	Weakness
Officer (SATPOL PP) to minimize disturbances of public order due to illegal construction activities • The policy of establishing a task force for handling business actor licensing involves cross-stakeholders (Technical Service and Licensing Service)	

Source: Researcher(2024)

Table 4. SWOT Weighting and Assessment for IFAS and EFAS Score

Internal Factors (X)				
No	Strength	Weight	Rating	Score
1	Utilization of SIMBG Information Technology to facilitate digital services	0.05	4	0.22
2	Local government support in determining regional policies to accelerate the PBG process	0.08	5	0.41
3	PAD potential will increase if more building has PBG document	0.08	5	0.41
4	PBG document as legal evidence of building construction	0.08	4	0.33
5	Encourage sustainable development by fulfilling spatial and environmental aspects	0.05	4	0.22
	Sub-Total			**1.59**
No	Weakness	Weight	Rating	Score
6	PBG retribution regulations are not yet available in the Regency/City areas	0.05	1	0.05
7	SIMBG System Disruptions occur frequently	0.08	2	0.16
8	The cost of meeting technical standards burdens society	0.08	1	0.08
9	The requirements for meeting technical standards are numerous and complex.	0.08	1	0.08
10	The Competence and Capacity of ASN Policy Implementers is not yet optimal	0.05	2	0.11
11	Building supervision and sanctions are not optimal	0.08	2	0.16
12	The public does not understand the technical requirements and the use of SIMBG	0.07	1	0.07
13	PAD decline due to decreased PBG issuance	0.08	2	0.16
14	Lack of collaboration between Technical Services regarding the fulfillment of PBG technical requirements	0.05	3	0.16
	Sub-Total	1.00		**1.05**
External Factors (Y)				
No	Opportunity	Weight	Rating	Score
1	Integration of SIMBG with OSS in issuing business permits that require PBG to be owned by business actors	0.12	4	0.49
2	The IAI Licensed Architects Association can contribute to providing technical assistance for planning services for MBR.	0.08	4	0.33
3	Central Government Policy in supporting ease of licensing and solutions to PBG obstacles for communities in Districts/Cities	0.10	5	0.51
4	Potential for Increasing Investment and PAD for regions with PBG licensing Acceleration Policies	0.10	4	0.41
5	PBG documents as a requirement for community banking needs	0.08	4	0.33
	Sub-Total			**2.06**

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No	Threats			
6	SIMBG is often hampered by errors and system maintenance by the PUPR Ministry	0.08	2	0.16
7	The Central Government's policy of limiting the use of space by issuing LP2B and LSD policies thus limiting development activities in the regions.	0.08	1	0.08
8	Sanctions of warning from the PUPR Ministry for Regency/City Governments that do not optimally serve PBG Licensing	0.10	3	0.31
9	The proliferation of illegal buildings that do not have PBG has caused BG disorder	0.08	2	0.16
10	Business permits cannot be extended if you do not have a PBG	0.08	1	0.08
11	Administrative Sanctions for Illegal BG Owners	0.08	2	0.16
	Sub-Total	1.00		**0.96**

Source: Researcher (2024)

Furthermore, the factors that influence the condition of the PBG building permit policy problem in Indonesia, which are obtained through various approach methods, are then analyzed using SWOT strategy analysis. The results of the formulation of alternative policies are described in Table 3.

In selecting the best strategy to be taken as a strategic step by the Government in resolving the obstacles and improving the implementation of PBG policies, weighting, and assessment are carried out on each internal and external factor that has been described in Table 4.

From the weighting and assessment, the IFAS (Internal Factor Analysis Summary) and EFAS (External Factor Analysis Summary) values are obtained, the results of which will determine the proper action in solving the problem of PBG building licensing policies in Indonesia. Accordingly from Table 4, the internal factor (x) is obtained as 0.54 which is a reduction from the subtotal assessment of Strength (1.59) minus Weakness (1.05). For the external factor (y), a value of 1.10 is obtained which is a reduction from the subtotal assessment of Opportunity (2.06) minus Threat (0.96). From this assessment, the positive coordinates (x, y) are obtained, namely (0.54,1.10). Based on the results of the SWOT analysis, it is concluded that the exact strategic step to be taken by the Government is the SO (Strength-Opportunity) strategy according to the SWOT matrix depicted in Figure 6.

From the results of SWOT, the best strategy that can be taken by the Government to enhance the PBG policy implementation is by applying several alternative policies as follows:

1. The Central Government, in this case, the Ministry of PUPR and BKPM, is improving coordination regarding the integration and updating targets of the SIMBG and OSS systems to facilitate supervision at the Regency/City level by the Regional Government.
2. Periodic data synchronization with the Licensing Service regarding Business Actors without PBG ownership.
3. PBG technical assistance policy for Low-Income Communities (MBR), religious, and non-commercial, in collaboration with the architect's association and local Government.
4. Expansion of the scope and intensity of supervision of building arrangement in the Regency/City area.
5. Regency/City level policy regarding the acceleration of PBG with collaboration between related Technical Agencies at the regional level such as Spatial Planning Agencies (DPUTR), Environmental Agencies (DLH), Transportation Agencies (DISHUB), and Licensing Agencies (DPMPTSP).
6. Collaboration with banks or financial institutions in delivering PBG dissemination to both developers and business actors.

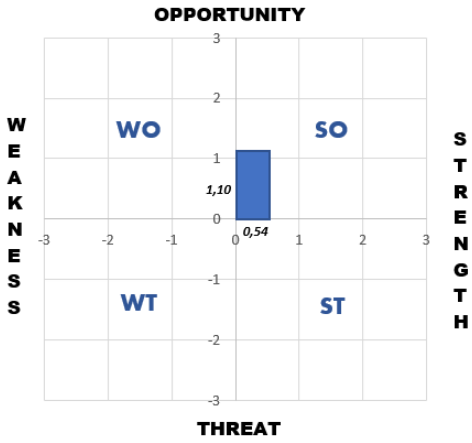

Figure 6. SWOT Matrix for Determining Policy Strategy

CONCLUSION

The transition from the IMB to the PBG building permit policy has unveiled several challenges across Indonesia, including the lack of local regulations for PBG procedures, inefficient performance of the SIMBG website, regulatory complexities, delays in permit issuance, and insufficient stakeholder awareness. These issues, both internal and external, have hindered the effective implementation of the PBG policy at the regency and city levels. To ensure the successful advancement of the PBG policy, it is essential to address these challenges comprehensively.

To tackle these issues, a multimethod approach utilizing problem-based learning and SWOT analysis has been recommended. By assessing internal and external factors, strategies can be developed that leverage strengths and opportunities while mitigating weaknesses and threats. This collaborative approach among various stakeholders, including the central government, local authorities, and relevant associations, is crucial for streamlining the permitting process and enhancing the overall effectiveness of the PBG policy. Encouraging coordination and partnerships will facilitate a more efficient execution of policies and foster sustainable progress in the future.

However, the study acknowledges limitations in the applicability of its recommendations across different regions due to varying local contexts and socio-economic conditions. The reliance on qualitative data from a limited number of case studies may restrict the generalizability of the findings. Additionally, the focus on streamlining processes may overlook deeper systemic issues within local governance, and potential resistance from stakeholders could hinder participation. The proposed innovative methods may also require significant investment, which may not be feasible for all local entities, particularly in economically disadvantaged areas. External factors such as political changes and economic fluctuations further complicate the implementation of these strategies.

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