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National Strategic Development Plan to Enhance Transport and Logistics connectivity in Indonesia

Regional Policy Dialogue:
Transforming the Logistics Sector, UNESCAP and AITD
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OUTLINE

- **Introduction:** the ISSUES, PROBLEMS, and CHALLENGES in improving logistics system
- **National policy direction** on logistics system development and current status of its implementation
- **Strategic issues** on transport and logistics connectivity development
- **The new paradigm** to support Indonesia-National Logistics System development



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INTRODUCTION

LOCALLY ROOTED, GLOBALLY RESPECTED

The main issues and general problems



- As a vast equatorial archipelago country of 17,000 islands extending 5,150 kilometers east to west, between the Indian and Pacific Oceans, “the vast Indonesian archipelago is often known for being a **logistical nightmare**.”



Imbalancing of supply-demand



Lack of accurate data



Imbalancing of trading between Western and Eastern region of Indonesia



Empty back load, transport high cost



The logistics infrastructure performance (multimodal connectivity) is not yet optimal



Problem on physical distribution process



Collaborations amongst the logistics actors have not been effective & efficient.

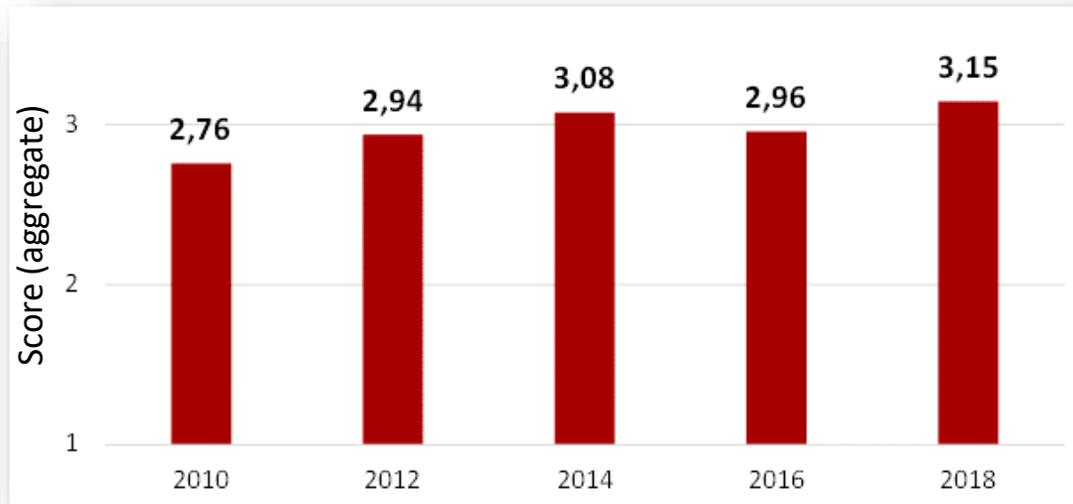


Bureaucratic-administration process

The challenges for improving logistics performance in Indonesia (1)

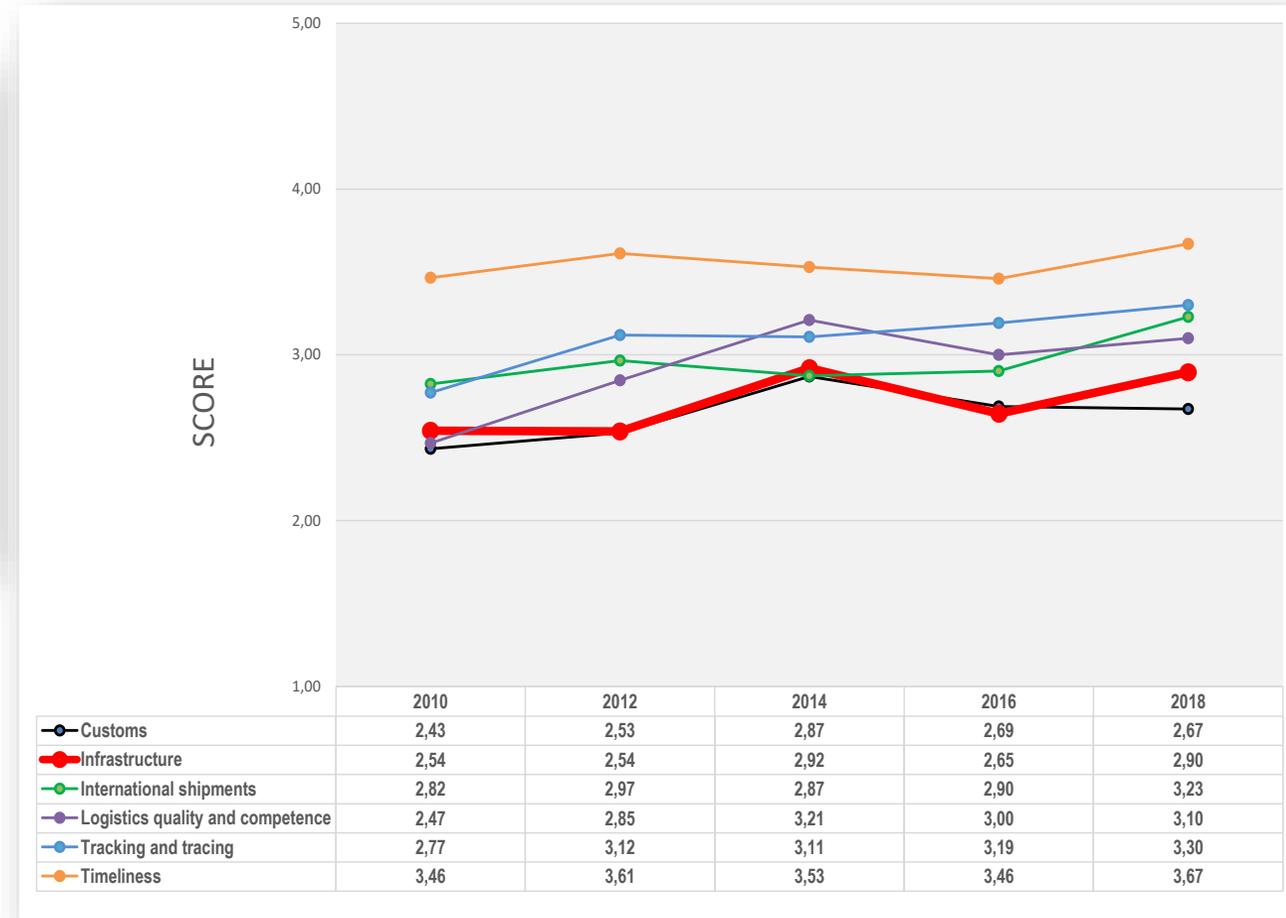


- Indonesia Logistic Performance Index during the last decade (2010-2020)



Source: World Bank, from 2010 to 2018

The INFRASTRUCTURE and CUSTOMS are needed to improve



The challenges for improving logistics performance in Indonesia (2)



- The Performance of Infrastructure

Descriptions	2010	2015	2019
GDP per capita (US \$)	3,167	3,329	4,135
Score of infrastructure (overall)*	3.6	4.2	4.7
Rank	90	41	72
Number of country	139	138	141

Source: World Economic Forum, 2010 to 2019.

Note: * 1 = lowest score, 7 = highest score

The Indonesian logistics cost is still 24% to GDP or equivalent to IDR 3,560 trillion and becomes the most expensive compared to other ASEAN countries.

- The ratio of logistics costs to GDP of ASEAN countries

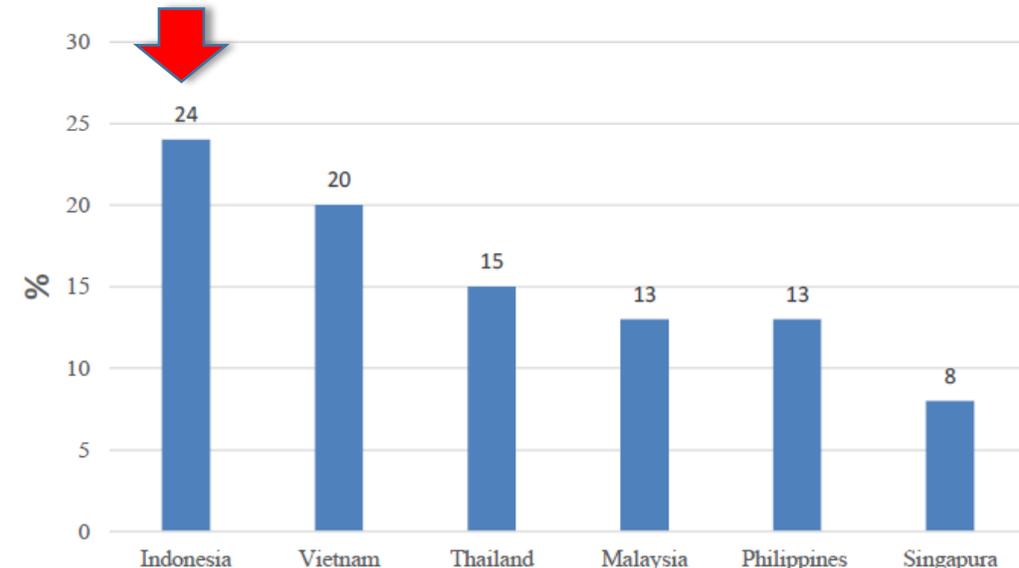


Figure 3. 1 The ratio of logistics costs to GDP of ASEAN countries

Source: <https://katadata.co.id/yulawati/berita/5e9a4213d7e7c/jokowi-keluhkan-mahalnya-biaya-logistik-di-indonesia>



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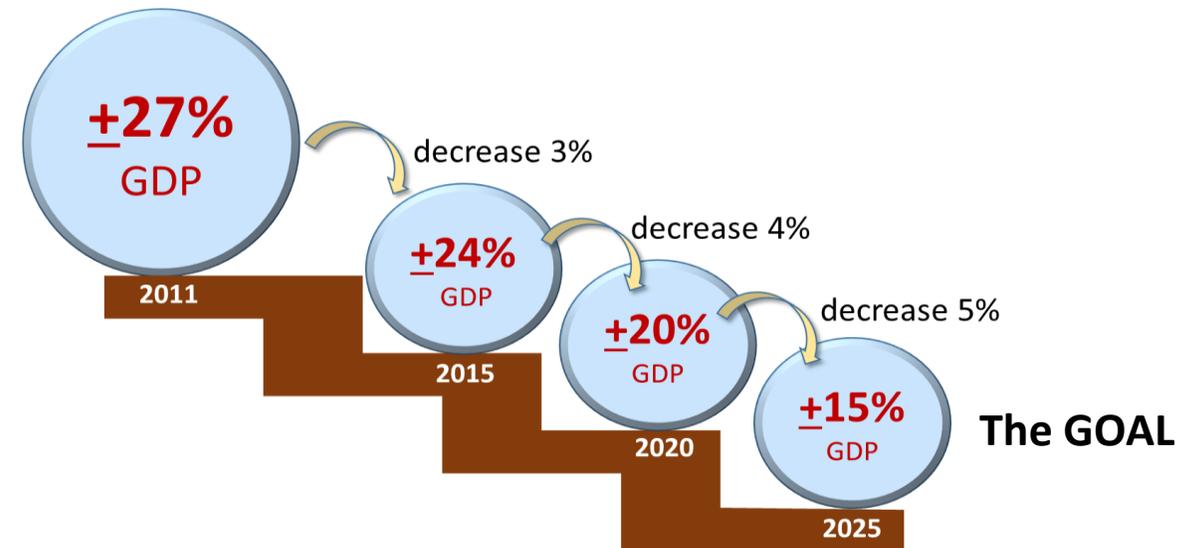
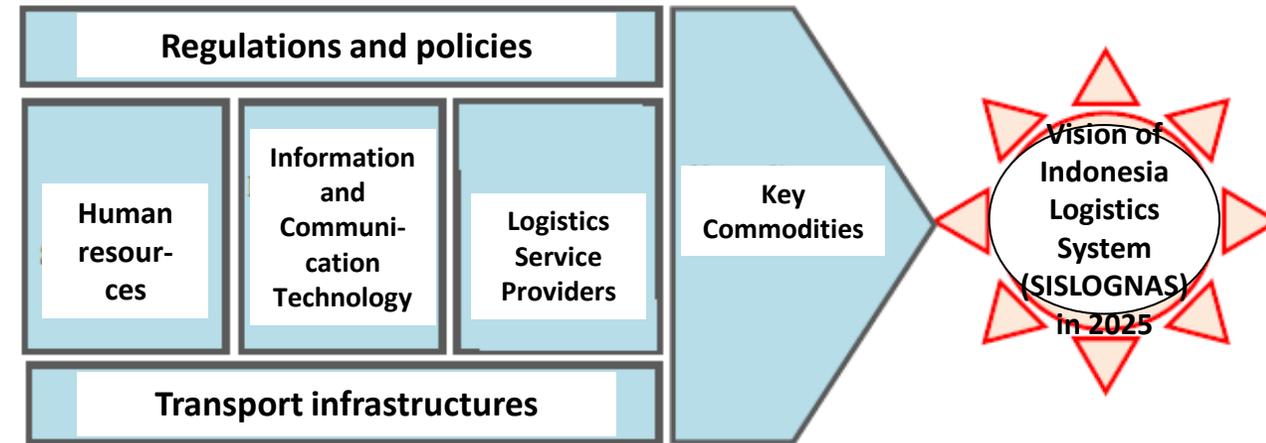
NATIONAL POLICY DIRECTION ON LOGISTICS DEVELOPMENT

LOCALLY ROOTED, GLOBALLY RESPECTED

Policy Direction on Indonesia National Logistics System Development (SISLOGNAS)



- The main role of the SISLOGNAS is to provide direction and guidelines for Governments (Central and Local) and Business sector to build an **effective** and **efficient** logistics system.
- The SISLOGNAS includes 7 key drivers (**key commodities, infrastructures, logistics service providers, human resources, ICT, regulation, and institutions**), that needs to be developed and realized immediately.



Problem and Strategic Issues In SISLOGNAS Implementation



- **Legal status** of the SISLOGNAS is still under the Presidential regulation
- **Disharmonization** of policies amongst sectors
- Institutional **dualism** in logistics **coordination (2 Coordinating Ministries)**
- The absence of **monitoring** and **evaluation** instruments for the performance indicators of SISLOGNAS implementation

Summary on Action Plan of SISLOGNAS

No.	Key drivers	Number of action plan
1	Key commodity	2
2	Transportation infrastructure	11
3	Regulation and policy	4
4	Human resource management	2
5	Information and communication technology	4
6	Logistics service providers and actors	3
7	Institutional	2
	Total	28

Transportation Infrastructure is a development priority to support the **CONNECTIVITY DEVELOPMENT** as part of **SISLOGNAS** implementation



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STRATEGIC ISSUES ON TRANSPORT AND LOGISTICS CONNECTIVITY DEVELOPMENT

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The Vary Regional Typology with the Specific and Complex Problems



Jakarta and Surabaya Metropolitan



Populated Density Cities:

- Space conflict
- Traffic congestion

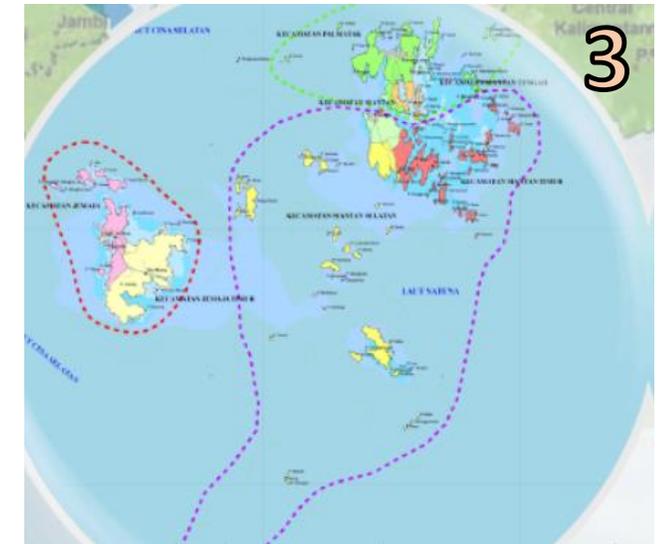
Entikong, West Kalimantan



Land boarder-crossing area:

- Lack of adequate infrastructure
- Limited services for international trading (ex-im)

Anambas Island Regency



An archipelago and remote area:

- Natural constraints (high tide season)
- Lack/deficit of local basic commodities
- Lack of adequate infrastructure

Summary on Problems and Strategic Issues in the Perspective of SISLOGNAS Key Drivers



No	Key drivers of SISLOGNAS	Populated city (Jakarta dan Surabaya)	Cross border area (Entikong, West Kalimantan)	Remote area (Anambas Island Regency)
1	Key commodity	The production and consumption of all commodities is almost concentrated in those big cities in Java islands	A gap between supply and demand for fresh fisheries in Malaysia	The local agricultural commodities supply is very limited.
2	Logistics service providers	Limited land to support business development and urban logistics services such as warehousing, distribution center facilities.	No logistics service providers such as freight forwarding that play a role in streamlining logistics processes	There are very few logistics service providers so that business competition is almost not exist.
3	Transportation infrastructure	Both cities face the road traffic density competing with passenger transport modes.	Cross-border trade is not only related to one country's transportation infrastructure (for example Indonesia's infrastructure as an exporting country) but is also influenced by regulatory aspects of neighboring countries including regional agreements	Land accessibility is very low due to geographical and topographic constraints; Port performance is still low; Limited freight mode transportation to support the distribution of cargoes from port to end location.

...continued



No	Key drivers of SISLOGNAS	Populated city (Jakarta dan Surabaya)	Cross boarder area (Entikong, West Kalimantan)	Remote area (Anambas Island Regency)
4	Information and communication technology	IT utilization in the logistics business has not been optimal and there are differences in system quality among the logistics service providers.	Applying ICT more broadly	IT has not been optimally utilized to support the logistics business at the local level.
5	Human resources	Low competence in managing urban logistics especially for local logistics service providers.	It needs an improvement on the human resources for logistics and supply chain experts, both in the private sector working in cross-border areas and government institutions	Human resources competence in ports is very low. Limited human resources with educational backgrounds in logistics.
6	Regulation and policy	The business of logistics services faces the complexity in permits or licensing from local government, meanwhile city spatial planning regulations have not fully accommodated the need for the development of urban logistics activities.	Overlapping regulations and programs related to border development	Local regulation support related to logistics business services is not established yet.
7	Institutional	Coordination among stakeholders at the city government level is still low in managing the urban logistics problems.	ineffectiveness and inefficiency for stakeholder coordination	There is no clarity related to local institutions which will responsible to coordinate the activities of logistics development in the local.



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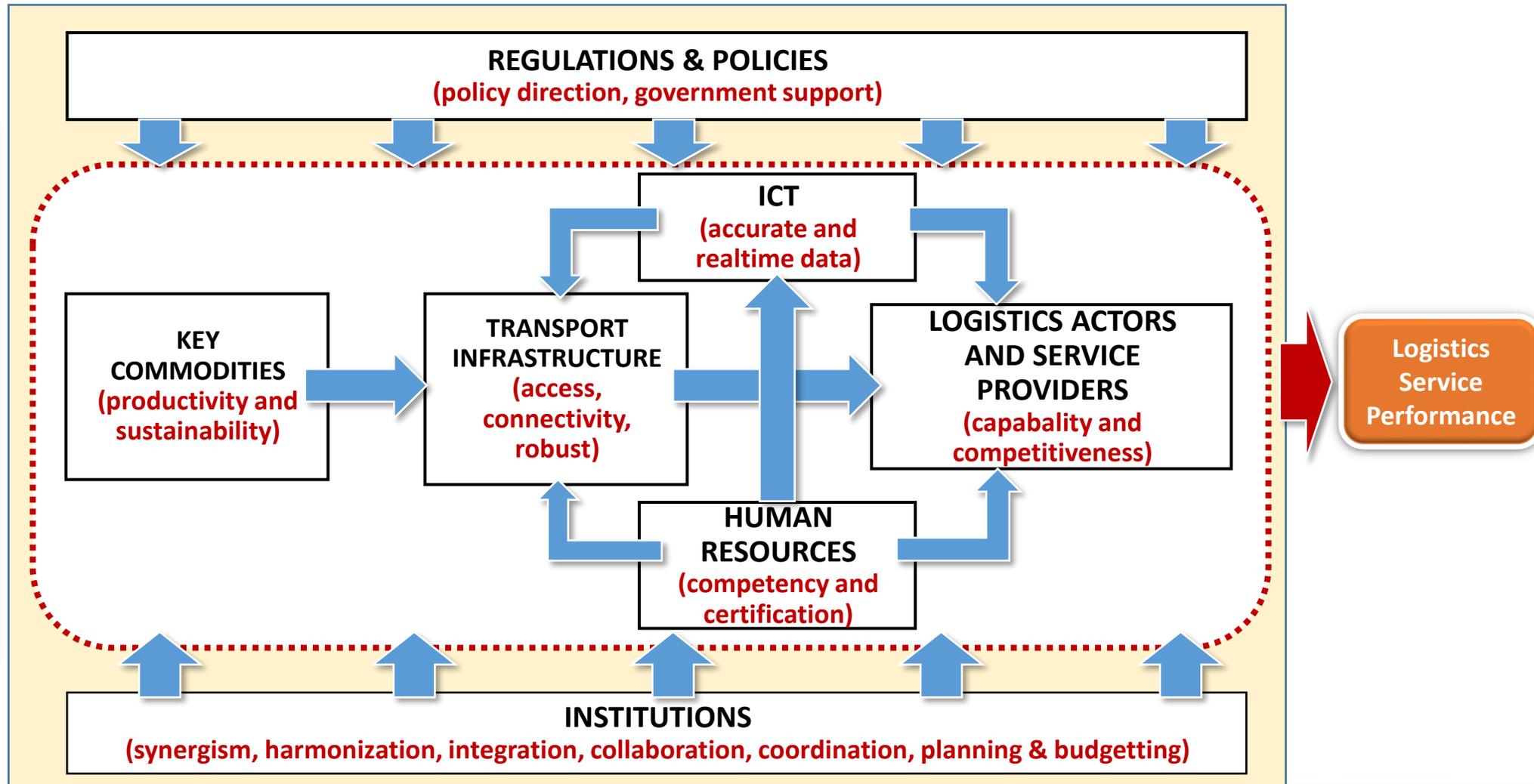
THE NEW PARADIGM OF NATIONAL LOGISTICS SYSTEM (*PROPOSED IDEA*)

LOCALLY ROOTED, GLOBALLY RESPECTED

Framework of Indonesia National Logistics System Development (*proposed idea*)



Based on all related stakeholders (Government, Privates/Industries, Academicians) perspective → the current National Indonesia Logistics System (SISLOGNAS) is **needed to be reformulated** due to the future global-dynamic trends and challenges in order to improve the logistics service performance.





***Thank
you***