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Sustainability of Infrastructure Development in Indonesia: A Legal Analysis of Price Adjustments in Construction Contracts

Author(s)

Riko Yanuar*

Universitas Pekalongan, Indonesia || rkyan.jkt@gmail.com

*Corresponding Author

Adi Saputro

Universitas Pekalongan, Indonesia || adi2110013@itpln.ac.id

S. Sami'an

Universitas Pekalongan, Indonesia || dosen.samian@gmail.com

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ABSTRACT

*This study examines the mechanism of price adjustments in construction contracts in Indonesia from philosophical, juridical, and practical perspectives. The background of this issue stems from fluctuations in construction material prices, which often threaten the sustainability of infrastructure projects. To address this issue, this study aims to analyze the philosophical foundations and legal doctrines underlying the price adjustment mechanism, evaluate the regulatory framework in Indonesia, and formulate recommendations to enhance the effectiveness of dispute prevention and resolution mechanisms. Employing a juridical-normative research method, this study analyzes the principle of contractual fairness and the doctrine of *rebus sic stantibus* as the foundation for price adjustments. The results show that Law Number 2 of 2017, Presidential Regulation Number 16 of 2018, and their implementing regulations have regulated the mechanism of price adjustments; however, their implementation still faces obstacles in the form of administrative complexity and transaction costs. To increase the effectiveness of this mechanism, the standardization of price adjustment clauses referring to international best practices, such as the FIDIC contract standards, is needed. In addition, optimization of a digital technology-based price information system, capacity building for stakeholders, and development of effective dispute resolution mechanisms, mainly through arbitration, are necessary. In conclusion, this study affirms that harmonising philosophical foundations, legal doctrines, adaptive regulations, and effective dispute prevention and resolution mechanisms is the key to optimizing price adjustments in construction contracts to support the investment climate and sustainable infrastructure development in Indonesia.*

Keywords: *Construction Contracts; Contractual Fairness; Dispute Resolution; Price Adjustments; Rebus Sic Stantibus.*

INTRODUCTION

Over the past decade, infrastructure development in Indonesia has demonstrated significant progress, reflecting the government's strong commitment to accelerating equitable development (Asranita & Badriyah, 2023). Nevertheless, this development pace faces a fundamental challenge within the construction industry: the increasingly escalating fluctuation of material prices and construction costs (Farini & Nugroho, 2019). These sporadic price fluctuations create instability and uncertainty, impacting not only profitability but also posing profound implications for the viability and sustainability of strategic national infrastructure projects. This situation is further complicated by global supply chain disruptions triggered by the COVID-19 pandemic, resulting in distortions to the overall cost structure and project schedules.

Within this complex constellation of issues, the price adjustment mechanism within construction contracts emerges as a crucial matter requiring comprehensive legal study. The complexity of price adjustments lies not only in the technicalities of calculations but also intersects with fundamental principles of contract law, namely *pacta sunt servanda*, contractual fairness, and the good faith of the parties involved. These principles, as elaborated in depth by Herdianto and Fakrulloh (2022), play a central role in maintaining the equilibrium of rights and obligations of the parties in a construction contract, thereby creating a fair and sustainable contractual regime.

Therefore, a comprehensive and in-depth elaboration of the price adjustment mechanism in construction contracts from a legal perspective is imperative.

The extreme volatility of global and domestic markets, exacerbated by geopolitical uncertainties, further underscores the urgency for adaptive and equitable price adjustment provisions in construction contracts. Without an adequate price adjustment mechanism, infrastructure projects are potentially vulnerable to serious problems, ranging from delays in completion and significant reductions in construction quality to the most extreme possibility of investor or contractor withdrawal due to massive and unforeseen financial losses (Chaudhary & Sharma, 2023). Meanwhile, in Indonesia, pricing strategies in construction contracts are still dominated by a cost-based approach, which is less responsive to market fluctuations (Mochtar, 2002). Nevertheless, hybrid market-based pricing models are gaining attention as a more promising alternative due to their ability to respond to market dynamics more agilely and accurately (Abeywickrama & Jayawardane, 2024).

Furthermore, divergent price adjustment formulas applied across construction projects, especially long-term contracts, represent a significant obstacle to implementing price adjustment mechanisms (Mishra et al., 2023). On the other hand, an evaluation of international standard contract documents by Ilma et al. (2021) indicates that the FIDIC (*Fédération Internationale des Ingénieurs-Conseils*) standard contracts tend to be more accommodative and balanced in managing the risk of price fluctuations compared to the national construction contract standards applicable in Indonesia. These empirical findings provide strong justification for thoroughly examining the gap between existing regulations and the practical realities and needs in the field, particularly within sustainable national infrastructure development.

Regulations related to price adjustments, expressly Law Number 2 of 2017¹ and Presidential Regulation Number 16 of 2018², have provided room for applying price adjustment mechanisms in construction contracts. However, at the implementation level, various systemic obstacles are still encountered. As Suherman and Mayangsari (2020) revealed, the price adjustment mechanism is often constrained by contractual provisions, especially in lump-sum contracts, which a priori do not allow for price adjustments or variations. Research by Teshome and Gangwar (2022) also supports this, affirming that price adjustment clauses play an essential role in mitigating the financial risks borne by contractors as a result of material price fluctuations. Nevertheless, Newcomb et al. (2012) highlight several challenges in implementing these clauses, particularly regarding uncertainties in determining reliable price indices and stakeholder resistance.

¹Law Number 2 of 2017 was amended by Article 52 of Government Regulation in Lieu of Law Number 2 of 2022, which was subsequently enacted with Law Number 6 of 2023.

²Presidential Regulation Number 16 of 2018 was amended by Presidential Regulation Number 12 of 2021.

Based on the background and issues outlined above, this research aims to conduct a comprehensive and in-depth analysis of the legal framework governing price adjustments in construction contracts in Indonesia. The primary focus of this study will be directed toward three essential aspects: an analysis of the regulations that form the legal foundation for the implementation of price adjustments, an investigation into the practical implementation of price adjustment clauses in the field, and the formulation of effective legal protection mechanisms for parties involved in construction contracts. Employing the juridical-comparative approach, this research will not only examine the normative aspects of existing regulations but will also explore best practices from other jurisdictions and identify obstacles to implementation in the field. Through this holistic and multidimensional research, concrete and applicable policy recommendations are expected to be produced to improve the existing legal framework, thereby fostering a conducive and sustainable investment climate in the Indonesian construction sector, which in turn will support the sustainability of national infrastructure development.

METHOD

This research employs a juridical-normative method, which systematically examines the legal norms governing price adjustments in construction contracts. The selection of this method is based on the substantial character of the problem, which requires a comprehensive analysis of the regulatory framework and its application in the practice of the Indonesian construction industry. Therefore, this research is descriptive-analytical in nature, seeking to comprehensively and systematically examine price adjustments in construction contracts in Indonesia, as well as identify gaps and their implications.

To achieve the research objectives, three main approaches are used: the statute approach, the conceptual approach, and the comparative approach (Qamar & Rezah, 2020). The statute approach examines the hierarchy, harmonization, and synchronization of various legal products governing price adjustment mechanisms, from the statutory level to technical implementing regulations. This approach is essential to ensure the coherence and consistency of regulations within the applicable positive legal framework. Meanwhile, the conceptual approach is used to study and analyze legal doctrines, legal principles, and fundamental principles underlying the regulation of price adjustments in construction contracts. Finally, the comparative approach is employed to explore best practices in implementing price adjustment mechanisms in other jurisdictions, providing a benchmark for evaluating the effectiveness of the Indonesian framework.

The research data sources are derived from primary and secondary legal materials. The primary legal materials that are the main objects of study include

Law Number 2 of 2017, Presidential Regulation Number 16 of 2018, and their implementing regulations. Meanwhile, secondary legal materials used include accredited construction law journals, academic literature in contract and construction law, dissertations, theses, and the results of previous research relevant to the research focus. Data is collected through library research by tracing, studying, and selecting legal materials relevant to the issues under study (Irwansyah, 2021).

Data analysis is done qualitatively by prioritizing a systematic and comprehensive legal interpretation of the collected legal materials (Sampara & Husen, 2016). This analysis involves a critical and in-depth study to evaluate the compliance between applicable legal norms and their implementation practices in the field, considering aspects of effectiveness, efficiency, legal certainty, and fairness for the parties involved in construction contracts. Through this comprehensive analysis process, it is hoped that various problems in implementing price adjustment clauses will be identified, and constructive answers will be provided to the research problems and objectives.

RESULTS AND DISCUSSION

A. Philosophical Foundations and Legal Doctrines in Price Adjustments within Construction Contracts

Within the construction contract law realm, the price adjustment mechanism reflects not merely a technical, contractual issue but is also founded upon fundamental philosophical considerations and legal doctrines. As a philosophical foundation, the principle of contractual fairness becomes essential in formulating and implementing price adjustment clauses. Contractual fairness, in this context, necessitates a dynamic equilibrium of rights and obligations between the parties. This principle is crucial in construction projects that are often long-term and involve technical complexities, which also include proportional risk allocation, particularly in the face of significant fluctuations in material prices, as revealed by Susanti and Nurdiana (2020), who found that changes in material prices are the main factor causing cost overruns in Indonesia. This condition is exacerbated by policy changes and other external factors that are difficult to predict accurately at the agreement's inception.

As a reflection of the principle of contractual fairness, the concept of justice as fairness, initiated by Rawls (2001), offers a valuable perspective in formulating price adjustment clauses. Although the veil of ignorance is more often applied in a broader scope, the spirit of impartiality championed by Rawls (1971) is relevant as a foundation for formulating fair and balanced price adjustment clauses. By adopting the perspective of the veil of ignorance, the parties are encouraged to formulate clauses that can anticipate and accommodate various possible changes

in circumstances proportionally. Thus, the price adjustment mechanism can be articulated as an instrument for distributing risks more fairly and ensuring a balance of interests between the parties amid dynamic changes (Mochtar, 2010).

In positive law, the doctrine of *rebus sic stantibus* provides legal justification for the price adjustment mechanism in construction contracts (Oloruntimehin, 2023). As an antithesis to the rigidity of the principle of *pacta sunt servanda*, the *rebus sic stantibus* doctrine recognizes that fundamental, unanticipated changes in circumstances beyond the control of the parties may serve as a basis for reviewing or adjusting the contents of the contract (DiMatteo, 2023). In construction contracts, the price adjustment clause manifests the *rebus sic stantibus* doctrine, allowing the contract price to be modified if there is an extraordinary surge in material prices or a change in regulations that materially impacts project costs. Therefore, *rebus sic stantibus* functions as a vital legal instrument to prevent injustice triggered by extreme circumstances changes and maintain the continuity of construction contracts.

While providing flexibility, applying the *rebus sic stantibus* doctrine in the price adjustment mechanism must be carried out prudently and based on good faith. In price adjustments, the parties must refer to objective, transparent, and verifiable data and parameters, such as price indices released by credible institutions. This step is essential to prevent the abuse of price adjustment clauses for unilateral gain and to ensure that price adjustments accurately reflect the actual changes in circumstances. Furthermore, price adjustment clauses must be formulated clearly and in detail, explicitly regulating the conditions that can trigger adjustments, the calculation formula used, and the procedures for submitting and approving price adjustments.

By enforcing these principles, the price adjustment mechanism is expected to operate effectively to realise contractual fairness and maintain project sustainability. The harmonization between the principle of contractual fairness and the *rebus sic stantibus* doctrine forms a comprehensive theoretical framework for formulating and implementing price adjustment clauses in construction contracts. This framework not only provides philosophical and legal justification for the existence of price adjustment clauses but also offers normative guidance for their application in the field.

B. Regulatory Framework for Price Adjustments in Indonesian Construction Contracts

In response to the dynamics of price fluctuations and the complexity of construction projects, Indonesia has promulgated regulations that serve as the legal umbrella for implementing price adjustment mechanisms in construction

contracts. Law Number 2 of 2017, Presidential Regulation Number 16 of 2018, and their implementing regulations are the primary references for implementing price adjustments. Article 88 of Law Number 2 of 2017 mandates dispute resolution prioritizing deliberation to reach a consensus, which indicates the importance of adequate dispute resolution arrangements. Meanwhile, Article 37 of Presidential Regulation Number 16 of 2018 provides a more specific legal corridor regarding the mechanism of price adjustments, especially for multi-year contracts with unit-price or time-based assignment contracts. This regulation also requires explicitly including provisions and requirements for price adjustments in the tender documents and/or their amendments. Thus, these two parent regulations lay the essential legal foundation for the systematic and accountable implementation of price adjustments in Indonesian construction projects.

As a more technical regulation, Presidential Regulation Number 16 of 2018 details the conditions that can trigger the application of price adjustment clauses. This regulation establishes several triggering conditions, including changes in government policies that significantly impact construction costs, exchange rate fluctuations that exceed a certain threshold, and price indices agreed upon in the contract. By establishing these triggering conditions, the regulation seeks to objectively identify factors beyond the parties' control that could disrupt the contractual balance. In addition, the regulation also comprehensively regulates the procedures for submitting and approving price adjustments designed with a check and balance mechanism, which involves the documentation of price changes, verification by competent parties, and final approval based on a thorough analysis. Examining these triggering conditions and price adjustment procedures provides an in-depth understanding of how the regulation ensures objectivity and transparency.

Furthermore, the regulation of price adjustments in Indonesia adopts a calculation formula designed to accommodate the complexity of contemporary construction projects. The calculation formula accommodates and considers various cost components, such as materials, labour, and equipment, with a weighting system tailored to the specific characteristics of each project. As revealed by [Pokharel and Marasini \(2022\)](#), this flexible yet measurable approach plays a crucial role in mitigating financial risks for both project owners and contractors, especially in long-term projects vulnerable to price fluctuations. Similarly, [Chauvet and Kim \(2021\)](#) assert that an effective price adjustment mechanism not only responds directly to cost changes but also functions to minimize the impact of economic uncertainty on construction contracts. Thus, through adopting a comprehensive formula, the regulation of price adjustments in Indonesia strives to create an adaptive and equitable mechanism.

Although the existing regulatory framework provides a comprehensive foundation, its implementation in the field has obstacles. The increasing complexity of projects and the ever-changing dynamics of the construction industry demand adaptive regulations that can still provide legal certainty for all stakeholders. Therefore, periodic evaluation of the effectiveness of price adjustment regulations involving all stakeholders is necessary.

Thus, the regulatory framework for price adjustment also accommodates aspects of legal protection and dispute resolution mechanisms. Law Number 2 of 2017 and Presidential Regulation Number 16 of 2018 provide a legal basis for the parties to resolve disputes related to price adjustments, prioritizing deliberation to reach a consensus. If a resolution through deliberation is not achieved, the parties can pursue alternative avenues such as mediation, arbitration, or litigation. This tiered dispute resolution mechanism demonstrates the regulation's commitment to ensuring legal certainty and protecting the parties' rights in construction contracts. Through responsive regulations and consistent implementation, it is hoped that price adjustments can function optimally as an instrument for realizing contractual fairness and supporting the sustainability of the construction industry in Indonesia.

C. Dispute Prevention and Resolution Mechanisms in the Implementation of Price Adjustments in Construction Contracts

The successful implementation of price adjustment clauses in construction contracts is determined not only by the clarity of regulations and the sophistication of calculation formulas but also depends heavily on the effectiveness of dispute prevention and resolution mechanisms. Although the ideal formulation of clauses, referring to the principles of contractual fairness and the spirit of the veil of ignorance as previously described, can minimize the potential for disputes, the reality in the field shows that disputes in applying the price adjustment system may still occur. Differences in the interpretation of contract clauses, disagreements regarding the data and price indices used, and allegations of clause misuse for unilateral gain are among the factors that trigger disputes (Hasyim et al., 2023). The complexity of this issue is exacerbated by the findings of Hardjomuljadi (2015), which indicate that a lack of comprehensive understanding of EPC/Turnkey contracts in Indonesia often leads to conflicts, especially related to an unbalanced allocation of risks between the parties. Therefore, a comprehensive strategy that includes efforts to prevent disputes at an early stage and an effective and efficient dispute resolution mechanism if disputes are unavoidable is needed.

As a preventive measure, the standardization of price adjustment clauses in construction contracts, while still considering the uniqueness of each type of

project, becomes a necessity. The FIDIC contract standards, especially the Red Book and Yellow Book, can be a valuable reference in this context. FIDIC provides more detailed and comprehensive price adjustment clauses, regulating in detail the types of costs that can be adjusted, specific calculation formulas, and clear submission procedures (Chammout et al., 2024). These standard clauses must contain unambiguous definitions of the conditions that trigger price adjustments, transparent and easily verifiable calculation formulas, and structured submission and approval procedures. Furthermore, the standard clauses must ensure that the price adjustment mechanism included in the contract system has fulfilled the principles of contractual fairness and provides proportional space for the parties to conduct constructive negotiations. By adopting and adapting the price adjustment clauses from FIDIC, it is hoped that contract standards in Indonesia can be more accommodating to price fluctuations and minimize the potential for disputes. Through this step, the contract system can be strengthened.

Streamlining administrative procedures and optimizing digital technology-based price information systems are crucial in preventing disputes. Integrating real-time material price data into an e-procurement platform, supported by artificial intelligence-based predictive analytics, provides an objective database for price adjustments and increases transparency and accountability. In this context, Indonesia can adopt the best practices of Singapore, which through the Building and Construction Authority (BCA) has developed an integrated and up-to-date price information system (Ofori et al., 2022). With the support of technology, submitting, verifying, and approving price adjustments can be carried out more efficiently and avoid complicated and convoluted bureaucratic processes. Transparency of data and easy access to such information, which reflects on the implementation constraints in the form of price index uncertainty that still occurs in Indonesia, will minimize the potential for disputes caused by information asymmetry between the parties.

Proactive risk management also plays an important role in preventing disputes related to price adjustments. From the beginning of project planning, the parties must collaboratively identify potential risks related to price fluctuations, including risks originating from external factors such as global economic turmoil or unexpected policy changes. The results of this risk identification must then be analyzed in depth to determine appropriate mitigation strategies. For example, the use of hedging instruments for certain commodities, diversification of material supply sources, or adopting the practice in the United States of using RSMeans data as a reference for price indices may be options worth considering (Hassan & Bhatia, 2022). By implementing comprehensive and integrated risk management, the parties can minimize exposure to the risk of extreme price fluctuations and build a more solid foundation for the smooth execution of the contract.

In addition, strengthening the capacity of the parties through intensive training and outreach regarding contract interpretation, especially related to price adjustment clauses and risk allocation, is crucial to minimize the potential for disputes due to misunderstandings or differences in perception. A comprehensive understanding of the rights and obligations of each party, as well as the agreed-upon price adjustment mechanism, will build a solid foundation for harmonious contract execution. This training and outreach must also include technical aspects related to calculating price adjustments, using data and price indices, and submission and approval procedures. Reflecting on implementation constraints in the form of resistance from the parties, there is also a need for outreach that explains the long-term benefits of price adjustment clauses in maintaining contract continuity and mitigating the risk of losses.

If disputes related to price adjustments are unavoidable, an effective and efficient dispute resolution mechanism becomes the cornerstone for maintaining the sustainability of construction projects. In this context, alternative dispute resolution (ADR) should be prioritized, given the characteristics of the construction industry, which requires fast and cost-effective dispute resolution (Fitriyanti & Adly, 2022). Strengthening the capacity of construction mediators in terms of numbers and competence is an urgent step to ensure that mediation can become the primary choice in the early stages of dispute resolution. If mediation reaches an impasse, the parties can pursue construction arbitration, which is now increasingly specialized. FIDIC itself provides guidelines and model clauses for arbitration that can be adopted in construction contracts in Indonesia. The development of a more established construction arbitration system, including the availability of arbitrators who are not only experts in the legal field but also have a deep understanding of the technical and business aspects of construction, such as that implemented in Australia with the Australian Standard General Conditions of Contract (AS 4000-1997), will improve the quality of arbitral awards and ensure fairness for the parties (Evans, 2015).

Although out-of-court settlement is preferred, the efficiency of the judicial system in handling construction disputes still needs to be improved. Establishing a special court for construction disputes, with judges with specialization and experience in construction law, is a progressive step that deserves consideration. With a special court, the dispute resolution process is hoped to proceed more quickly, with a more standardized timeline, and produce more consistent and predictable decisions. Furthermore, the development of a comprehensive and coherent jurisprudence related to price adjustments in construction contracts, which can also overcome implementation constraints in the form of administrative complexity and transaction costs, will be a valuable guide for practitioners and

contribute to legal certainty in the construction industry in Indonesia. Through an effective combination of dispute prevention and resolution, it is hoped that the implementation of price adjustment clauses can run optimally, providing maximum benefit to all parties and supporting a conducive investment climate in the construction sector. Ultimately, these efforts can create a more effective, efficient dispute resolution system and contribute to sustainable infrastructure development.

CONCLUSIONS AND SUGGESTIONS

Based on the findings and discussion outlined above, it can be concluded that the price adjustment mechanism in construction contracts in Indonesia is a crucial instrument based on fundamental philosophical considerations and legal doctrines. The principle of contractual fairness, reflected in the concept of justice as fairness, inspires the formulation of price adjustment clauses to create a dynamic balance of rights and obligations between the parties, especially in the face of price fluctuations and unforeseen changes in conditions. In positive law, the doctrine of *rebus sic stantibus* provides legal legitimacy for price adjustments when fundamental, unanticipated changes in circumstances occur beyond the parties' control. Thus, the price adjustment mechanism functions not only to maintain the continuity of the contract but also to achieve substantive justice in construction contracts.

Furthermore, Law Number 2 of 2017, Presidential Regulation Number 16 of 2018, and their implementing regulations have provided a comprehensive legal basis for price adjustments in construction contracts in Indonesia. These regulations stipulate the conditions that can trigger price adjustments, the procedures for submission and approval, and the calculation formulas used. Analysis of these regulations indicates that the Indonesian government recognizes the importance of price adjustment mechanisms in maintaining balance and fairness in construction contracts. Nevertheless, implementing these regulations in the field still faces several obstacles, including uncertainty of price indices, complexity of administrative procedures, and resistance from the parties. The current price adjustment clauses do not fully adopt international best practices, such as those in the FIDIC contract standards.

Furthermore, the effectiveness of the price adjustment mechanism depends on the clarity of the regulations and the availability of comprehensive dispute prevention and resolution mechanisms. Standardization of price adjustment clauses, utilization of information technology for data transparency, and capacity building of the parties are crucial preventive measures. In addition, alternative dispute resolution mechanisms, such as mediation and arbitration, are preferred in resolving construction disputes compared to litigation in court. With synergy between a solid

foundation of philosophical and legal doctrines, adaptive regulations, and effective dispute prevention and resolution mechanisms, implementing price adjustment clauses can function optimally, thereby supporting a conducive investment climate and contributing to sustainable infrastructure development in Indonesia.

Based on the above conclusions, several strategic steps are recommended to optimize the price adjustment mechanism in construction contracts in Indonesia and strengthen the investment climate in the infrastructure sector. *First*, regulatory harmonization needs to be pursued comprehensively. Vertical and horizontal synchronization of various legal instruments, ranging from Law Number 2 of 2017 and Presidential Regulation Number 16 of 2018 to their implementing regulations, must be ensured to guarantee consistency and coherence between regulations. In addition, standardization of price adjustment clauses by adopting international best practices, such as those implemented in the FIDIC contract standards, needs to be considered while still considering the characteristics and specific needs of construction projects in Indonesia. Streamlining administrative procedures while prioritising accountability and transparency is also key to increasing the efficiency and effectiveness of implementing price adjustment clauses.

Second, capacity building for construction industry players needs to be prioritized. Continuous training and outreach programs on contract management should be promoted, particularly regarding the interpretation and implementation of price adjustment clauses. This training must include technical calculation aspects, understanding of relevant regulations, and dispute prevention and resolution strategies. Competency certification in the field of price adjustments, which is nationally recognized, can be an instrument to ensure that parties involved in construction contracts have adequate qualifications. Furthermore, establishing a communication and collaboration forum among stakeholders involving the government, contractors, consultants, and academics must be encouraged to build mutual understanding, align perceptions, and facilitate the exchange of information and best practices related to price adjustments.

Third, developing an integrated and digitally-based price information system is a non-negotiable step. The government must build and maintain a digital platform that provides real-time construction material price data, integrated with the e-procurement system, and supported by artificial intelligence-based predictive analytics. This platform will not only serve as an objective and transparent database for price adjustments but can also be used to monitor price trends and identify potential risks of price fluctuations early on. To ensure data reliability, the platform must be supervised by a credible and independent institution and involve the active participation of construction industry players in data updates.

Fourth, strengthening dispute prevention and resolution mechanisms needs to be done holistically. In addition to standardizing clauses and building capacity as previously outlined, developing effective and efficient alternative dispute resolution mechanisms is necessary. The capacity of construction-specific mediators and arbitrators must be increased, both in quantity and quality, by providing adequate training and certification. Formulating arbitration clauses that refer to international standards, such as those provided by FIDIC, can be a viable option. In the long term, establishing a specialized construction court with judges specializing in construction law and technical aspects needs to be further explored to improve the judicial system's efficiency in handling construction disputes.

Fifth, strengthening the monitoring and evaluation mechanism is crucial to ensure the effectiveness of price adjustment implementation. Establishing an independent body tasked with monitoring the implementation of price adjustment clauses, conducting regular audits, and periodically evaluating the effectiveness of regulations is highly recommended. This body must be given sufficient authority to conduct investigations, provide recommendations for improvement, and follow up on findings in the field. The monitoring and evaluation results must serve as a basis for continuously improving regulations and price adjustment mechanisms so that they are aligned with the dynamics of the construction industry and the needs of stakeholders. Thus, the price adjustment mechanism is hoped to function optimally, provide legal certainty, and encourage a conducive investment climate for sustainable infrastructure development in Indonesia.

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