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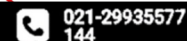
GOVERNMENT PROCUREMENT INNOVATION IN INDONESIA

ADB 12TH Business Opportunities Fair

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Manila, October 10, 2024



Outlines

- Digital Procurement Transformation:
 - a. Procurement system instrument;
 - b. Economy inclusion instrument.
- Expediting Procurement Readiness
- Next Step



**DIGITAL
PROCUREMENT
TRANSFORMATION**

INDONESIA'S AGENDA

ON PROCUREMENT

- 1 Ensure the Transparency on Procurement
- 2 Enhance the Efficiency on Government Spending
- 3 Increase Spending on MSMEs and Cooperative
- 4 Increase the use of Domestic Product
- 5 Accelerate of State/Regional Budget Realization



PROCUREMENT TRANSFORMATION

Transformation on Procurement is so relevant in 2023. World faced the challenge on climate change, geopolitical tensions, supply chain disruptions and digitalization (Procurement Magazine, March 2023)

Procurement Transformation

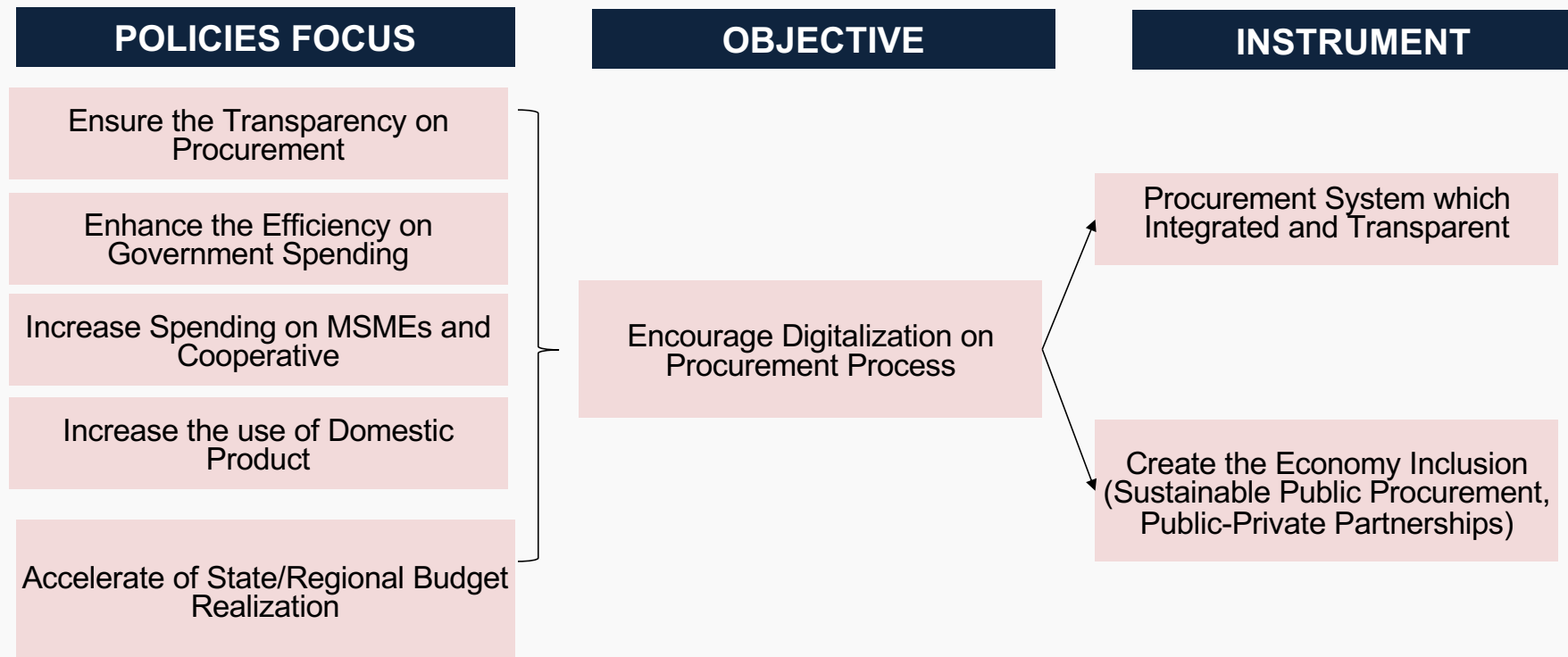
Process on increasing and procurement innovation, which objective to create:


- Value Creation
- Efficiency
- Innovation
- Sustainable Procurement Process
- Reduce Risk and Cost

Procurement Transformation can be success when involving **regulation aspect, human resource and institutional, increase on procurement process, integrity, and transparency.**

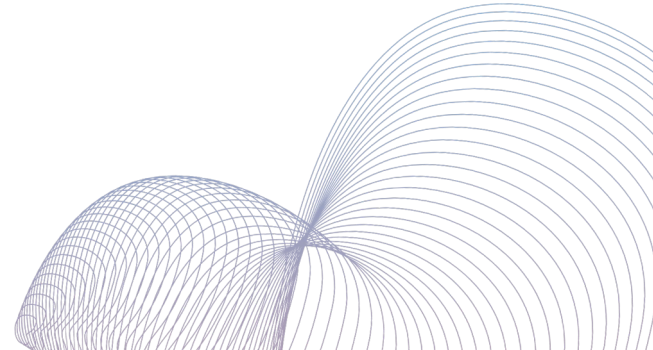
Procurement Digitalization

IN IMPLEMENTING GOV POLICIES



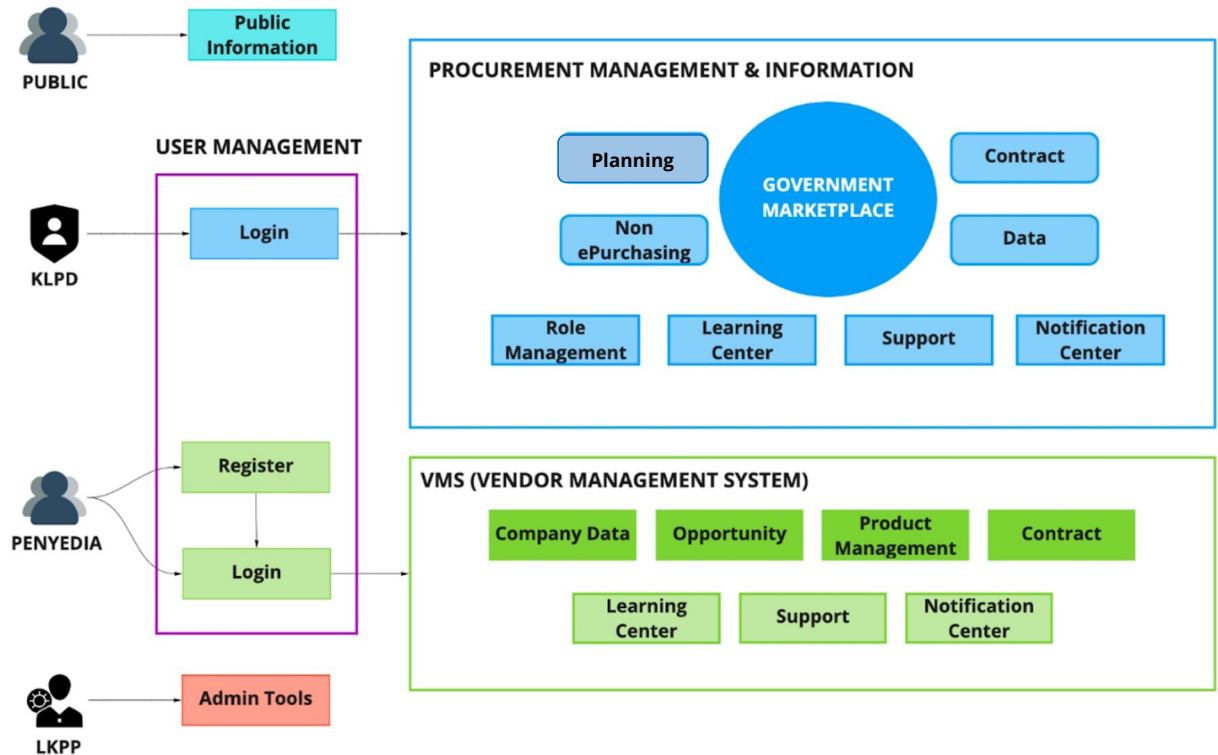


1. PROCUREMENT SYSTEM INSTRUMENT



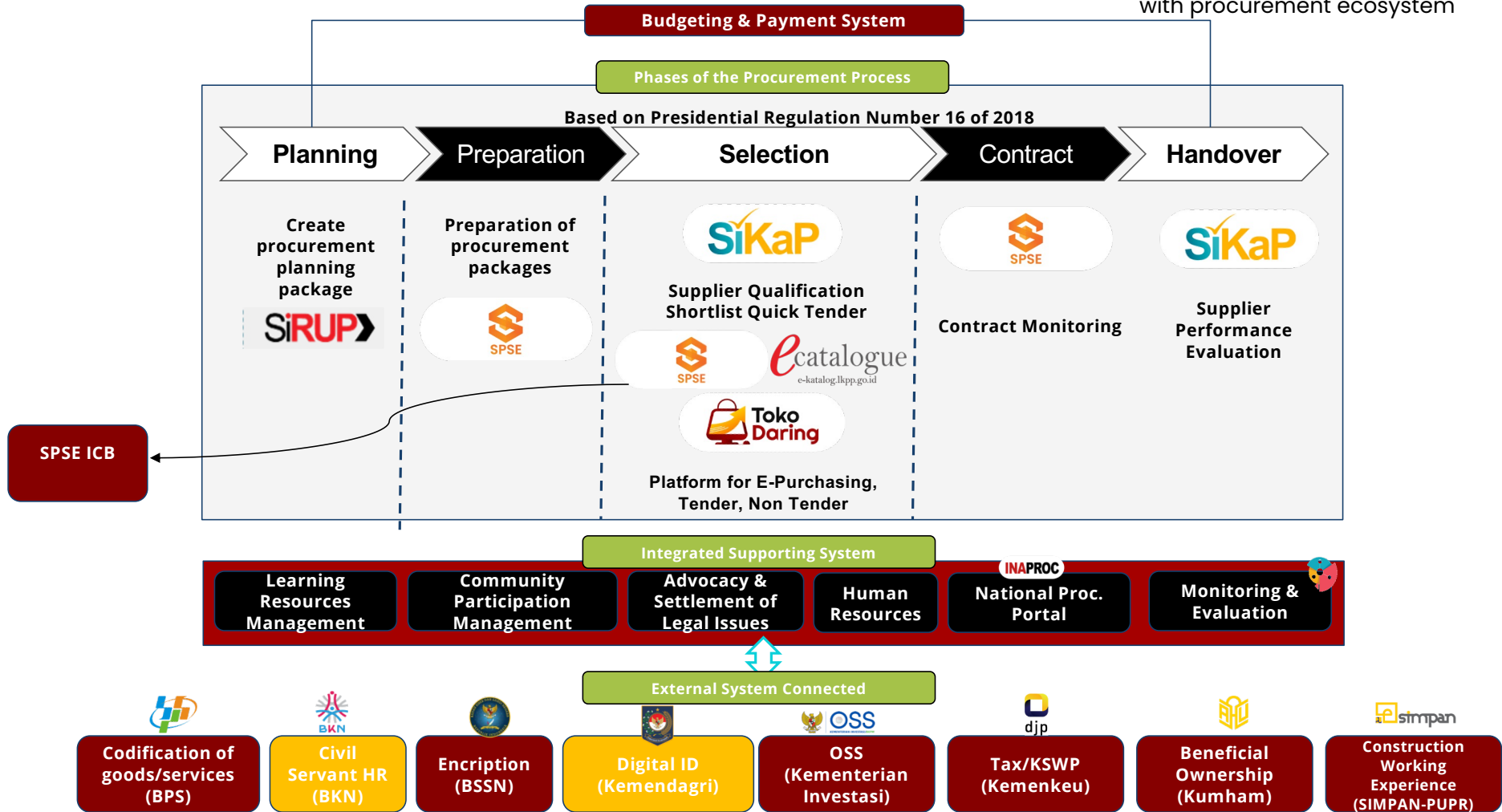
Procurement Digital Transformation

Ecosystem Design National Procurement Platform (Platform Pengadaan Nasional)



INDONESIA GOVERNMENT PROCUREMENT SYSTEM ARCHITECTURE DESIGN

End-to-end procurement system (planning, selection of suppliers, contract management,) and its integration with procurement ecosystem



Based on The National Medium-Term Development Planning (RPJMN) A.7.28



DIGITAL TRANSFORMATION

THROUGH GOVERNMENT MARKETPLACE

- 1 Upgrade e-catalogue and Toko Daring as one platform for e-purchasing
- 2 Activate marketplace feature, e.g. payment system, logistic, etc.
- 3 Increase SIKAP as Vendor Management System (VMS) to manage product and contract

STREAMLINING IN BUSINESS PROCESS

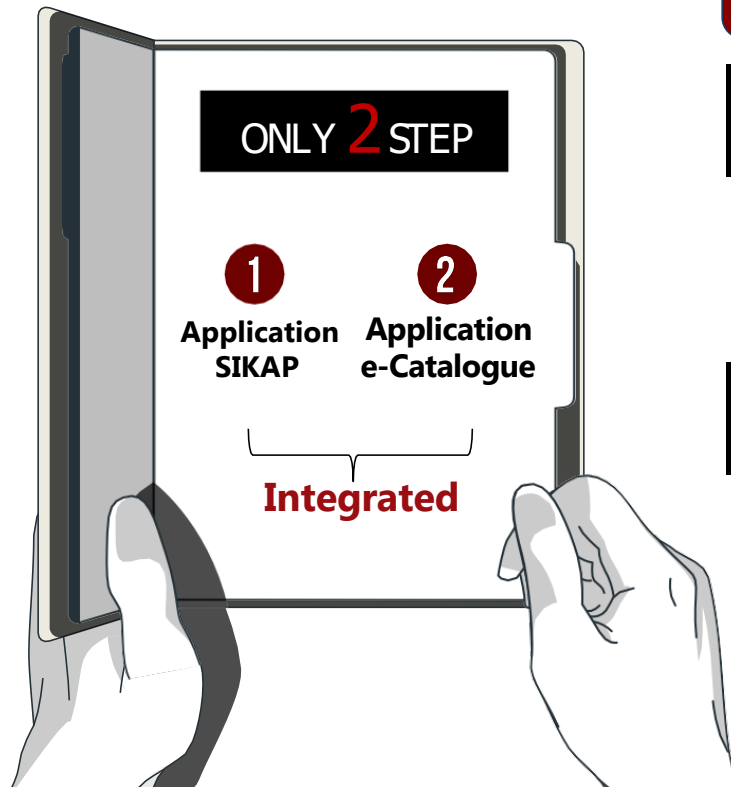
ON INTEGRATED PROCUREMENT DIGITALIZATION SYSTEM

STREAMLINING BUSINESS PROCESS OF E-CATALOGUE:

- 1 Registration
- 2 Product Display on E-Catalogue

ACCELERATING PRODUCT DISPLAY ON LOCAL E-CATALOGUE:

- 1 Registration of Supplier
- 2 Display



ACCOMPLISHMENT ON NATIONAL PROCUREMENT

	Realization of Domestic Product on Realization of Supplier	Realization of MSMEs Product on Realization of Supplier	Product Display on E-Catalogue	Value on E-Catalogue Transaction
2022	76%	36%	2,4M	5.48B
2023*	89%	34%	5,7M	7.38B
2024**	89%	36%	8,6M	9.64B

*Data per 11 August 2023

*1 USD = 15246.00 as per 24 August 2023

**Data per 26 July 2024

*1 USD = 16275.00 as per 26 July 2024



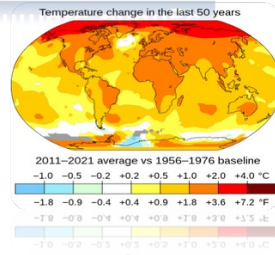
2. ECONOMY INCLUSION INSTRUMENT



SUSTAINABLE PUBLIC PROCUREMENT

Global Issue on Sustainability

Climate Change



Poverty Problem



Crisis Economy



Carbon Emission



Conference of the Parties (COP26)



G20 Presidency of Indonesia

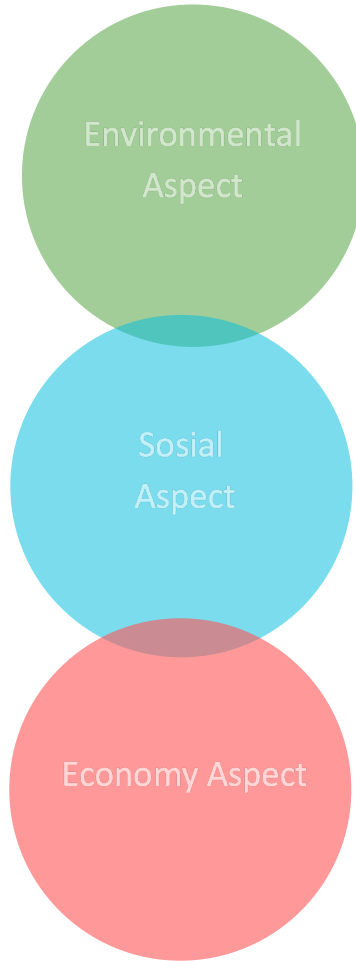
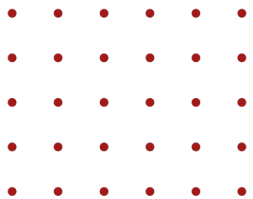


Paris Climate Agreement



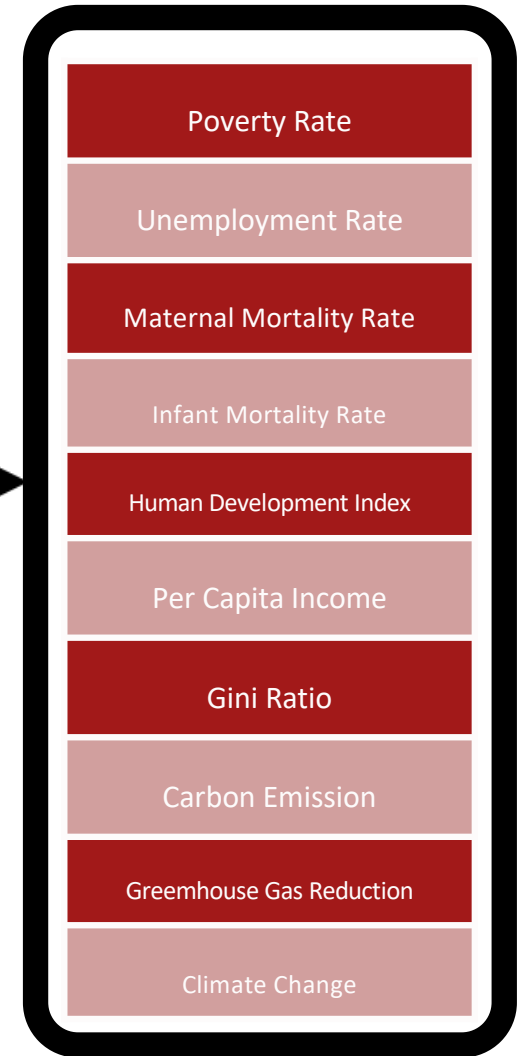
S/GPP Orientation

Government Procurement of Goods/Services Encourages the Achievement of Development Goals



- Reduction of negative impacts on health, air quality, soil quality, water quality use
- Resources in accordance with statutory provisions
- Use of Domestic Products/Natinal Contribution Value
- Increased Participation of MSMEs and Cooperatives
- Small Business Empowerment
- Guarantee of fair working conditions
- Empowerment of local communities/businesses
- Equality and diversity
- Value for Money on a whole life basis
- Economic life cycle cost

Presidential Regulation No. 16 of 2018 on Government Procurement of Goods/Services



New Initiative: Public Private Partnerships (PPP)

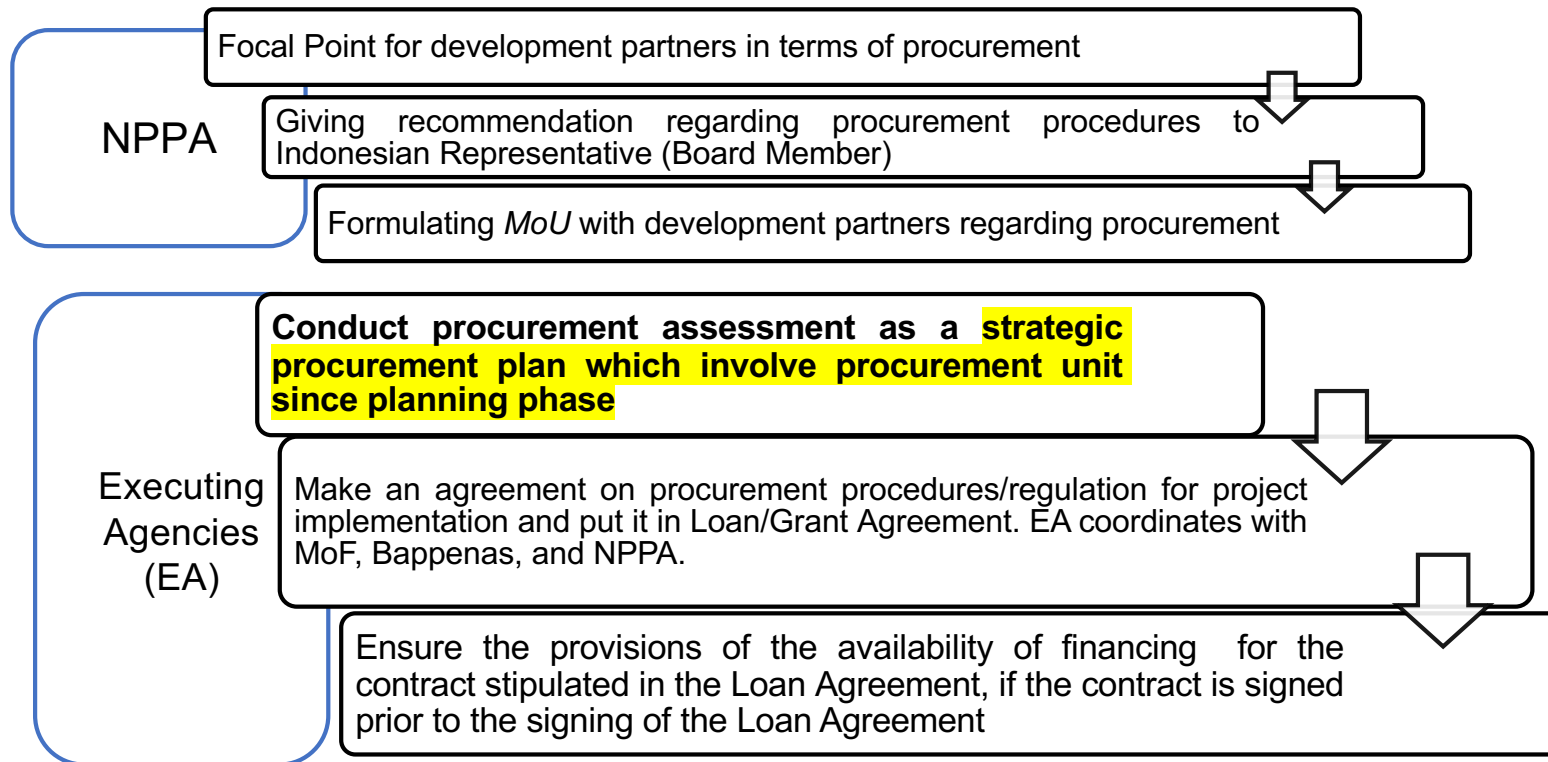
- Improved policy on procurement of PPP, attracting more qualified investors
- For
 - infrastructure (such as: clean/drinking water infrastructure, digital infrastructure, ports, airports, etc); and
 - social infrastructure (such as: hospital development incl O&M, development of rehabilitation centers incl O&M, street lighting infrastructure, etc)



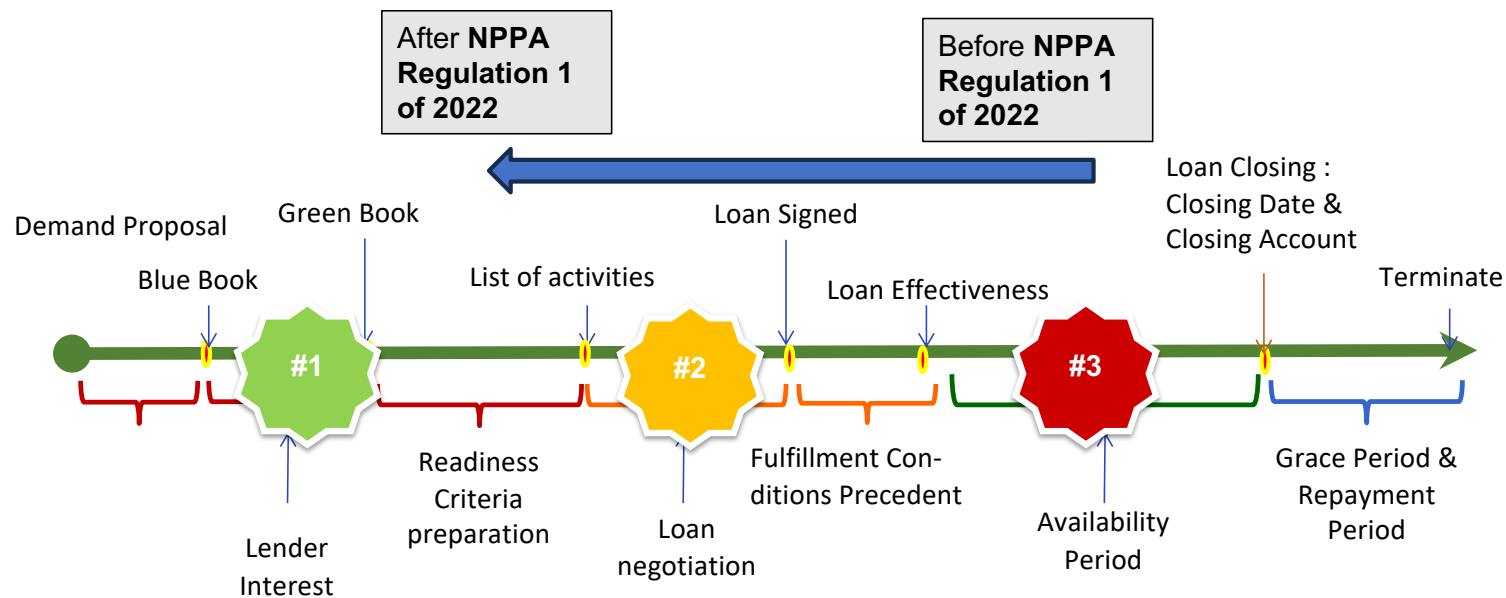
**EXPEDITING
PROCUREMENT
READINESS
(FOREIGN FUNDED PROJECT)**

ROLE OF NPPA & EA

Based on NPPA Regulation 1 of 2022



Procurement Readiness in Foreign Lending Project Cycle



Note:
The process and procedures for foreign loans and grant receipts are regulated in Government Regulation 10 of 2011 and Regulation of The Minister of National Development Planning 4 of 2011

GENERAL PROVISION **for** **FOREIGN SUPPLIERS PARTICIPATION**

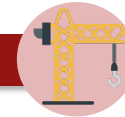
CRITERIA

1. There is no national business actor who is capable and meets the requirements
2. Unavailability of required goods/services in domestic market
3. Insufficient competition in domestic market

THRESHOLDS

CONSTRUCTION WORKS

> USD 62.5 M



CONSULTING SERVICES

> USD 1.6 M



OTHER SERVICES

> USD 3.1 M



GOODS

> USD 3.1 M



- *
 - ICB can be implemented for a value less than the thresholds with certain criteria
 - ICB is conducted based on the needs outlined in the strategic procurement plan, resulting in criteria on the left side
 - ICB requires partnership with local suppliers in the form of JO or Subcontract (except direct appointment)

STRATEGIC PROCUREMENT PLAN for ICB

01 Why

Proving the condition that:

1. Unavailability of goods/services or business actors needed in the domestic market; or
2. There is not enough competition for these goods/services in the domestic market
3. Availability of domestic products in the PHLN project

02 What

Develop and determine procurement assessment as a strategic procurement plan **in order to increase efficiency and effectiveness, improve procurement quality, reduce risk and achieve VfM**

03 Who

Executing Agencies

04 When

started on the increased preparation of activities that have been included in the List of Medium-Term Planned Foreign Loan (Blue Book) up to before inclusion of project in the List of Activities (Daftar Kegiatan).

05 How

- Identification of needs
- Research and market analysis
- Procurement strategic analysis and selection method
- Identification and risk mitigation
- Identification of potential use of local products and/or national business actors

06 Whom

Involving competent Parties such as: Human Resources for Government Procurement of Goods/Services, Procurement Agents, and/or required experts

ADB Financed Contracts in Indonesia

Indonesia: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	Goods, Works, and Related Services	
	Amount (\$ million)	% of ADB Total
2022	1,209.45	7.41
2023	2,343.92	16.76
Cumulative (as of 31 Dec 2023)	31,656.13	12.13

Item	Consulting Services	
	Amount (\$ million)	% of ADB Total
2022	6.32	1.14
2023	12.13	2.29
Cumulative (as of 31 Dec 2023)	937.62	5.85

Item	Total Procurement	
	Amount (\$ million)	% of ADB Total
2022	1,215.76	7.20
2023	2,356.06	16.23
Cumulative (as of 31 Dec 2023)	32,593.74	11.76



NEXT STEP



NEXT STEP : INDONESIA PROCUREMENT LAW



Government Procurement Presidential Regulation
(now)



Public Procurement Law (next)

Improvement area :

1. Procurement data integration
2. Public procurement user scope
3. Protection, strengthening and facilitation of micro, small enterprises and cooperative
4. Expanding the use of local product
5. Arrangements for resolving procurement objections

THANK

YOU!

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