

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

PROCUREMENT POLICY ON FOREIGN LOAN/GRANT

Regional Forum on Successful Project Design and Implementation

Dwi Wahyuni Kartianingsih
Director for Business, Climate and
International Cooperation

National Public Procurement Agency
Republic of Indonesia

Outlines

- Procurement regulation on foreign loan/grant
- Role of LKPP/NPAA and EA
- Strategic Procurement Plan
- Advance action
- Key Takeaways

PROCUREMENT REGULATION ON FOREIGN LOAN/GRANT



- **Presidential Regulation 16 of 2018
Article 64**

The procurement regulation for projects funded by foreign loan/grant use presidential regulation 16 of 2018 unless otherwise stipulated in the foreign loan/grant agreement

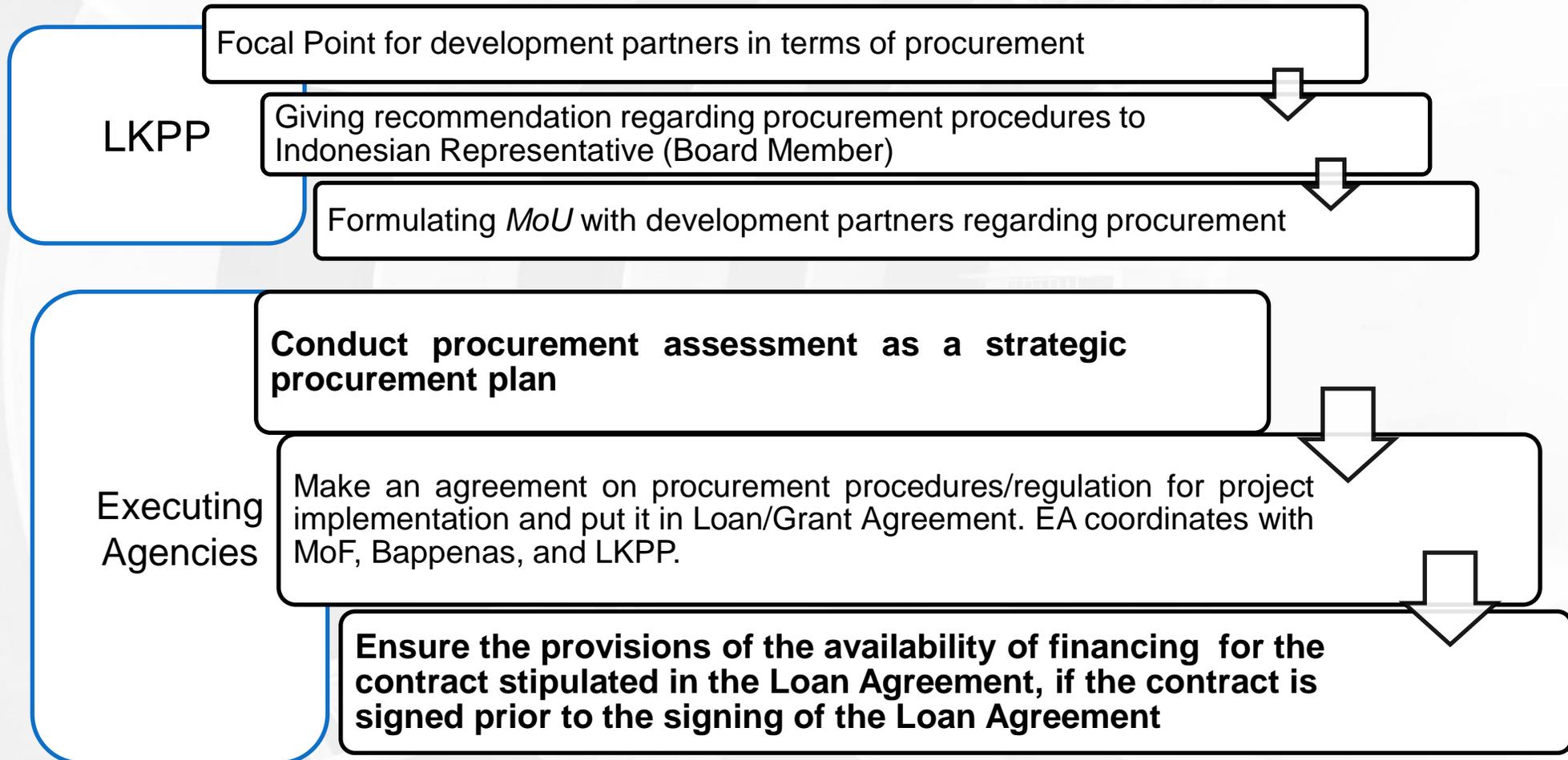
Process of Procurement for the activities funded by foreign loans can be carried out before foreign loan agreement is agreed (advance procurement)

- **NPPA Regulation 1 of 2022**

The scope of this regulation is the implementation of Article 63 and 64 (International Tender/Selection and Foreign Loan/Grant) Presidential Regulation 16 of 2018

ROLE OF NPPA & EA

Based on NPPA Regulation 1 of 2022





STRATEGIC PROCUREMENT PLAN

Based on NPPA Regulation 1 of 2022



Procurement whose funding source is from Foreign Loans/Foreign Grants is carried out in accordance with the needs based on appropriate procurement assessment which is to be issued as **strategic procurement plan**.

STRATEGIC PROCUREMENT PLAN

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**

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

Purpose

to expedite the procurement process and reduce the risk of project delays

How

by preparing strategic procurement plan, bidding document as well as conduct selection of supplier

Based on NPPA Regulation 1 of 2022

- Contracts are made after the enactment of the External Loan/Grant Agreement or Loan master agreement (MoU, Umbrella Agreement, Financial Protocol etc).
- In the event of signing a contract with the Supplier performed and the contract is effective or enforceable before signing the Loan/grant agreement, **EA must ensure that there are financing provisions for expenses for the contract**



KEY TAKEAWAYS



Executing Agency identifies needs and prepares strategic procurement plan for the purpose of successful project



Involve procurement personnel (*SDM Pengadaan*) from the very beginning of the project preparation



The agreed procurement regulations must be clearly stated in the loan/grant agreement, including if retroactive financing applied



Once the loan/grant agreement agreed by both parties, the provision of such a agreement prevails including procurement procedures





We'd like to hear from participants

1. Based on your experience, how you do advance procurement? From and until what stages of procurement process? Is there any regulation in your country that allow or support advance procurement until signing the contract prior to the signing of Loan Agreement?
2. What is your experience preparing strategic procurement plan which translates into procurement plan? How do you conduct market analysis and setting up procurement strategy?
3. Based on your experience, what about the human resource needed to prepare advance actions in procurement?

THANK YOU

Dwi Wahyuni Kartianingsih
Director for Business Climate
and International Cooperation
National Public Procurement
Agency of Indonesia