

Webinar

MAPS assessment of **Indonesia**

19 September 2024
16:30 Jakarta /
11:30 Paris



**Submit your questions via the
Zoom chat**

**English - Indonesian
interpretation is available**

*Kami menyediakan
Penerjemahan dalam Bahasa
Indonesia dan Inggris*



Opening remarks

Sarah Sadiqa

Deputy Chairman Strategy Development and Policy
National Public Procurement Agency

Michael Graeme Osborne

Procurement Hub Leader for Indonesia & Timor Leste
World Bank

Galiya Ismakova

Director PFP2
Asian Development Bank

Aamir Mir

Manager Project Procurement and FM
Islamic Development Bank



Findings and recommendations

Budi Permana

Senior Procurement Specialist
World Bank



Assessment of the Public Procurement System of the Republic of Indonesia using Methodology for Assessing Procurement System (MAPS)

Key Findings and Recommendations

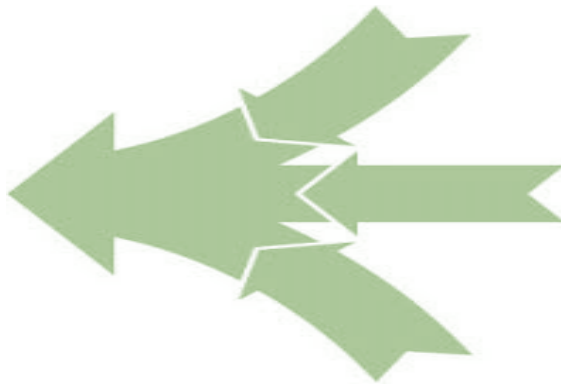
Budi Permana

Sr. Procurement Specialist, World Bank

19 September 2024



Context



Government of Indonesia

- MAPS assessment constitutes the first ever comprehensive review of the country's public procurement system that is conducted under the full ownership of the Government.
- Achieve sound and performing public procurement systems that enhance effectiveness of public expenditure and timely and quality delivery of public services.
- Improve country's business environment and increase use of country systems under IFIs funded project.

World Bank, ADB, and IsDB

- Support Government of Indonesia efforts to improve quality, and performance of public procurement systems and overall business environment.
- Increased use of country systems under IFIs funded projects.

Other Indonesian Stakeholders

- Engage actively in the country public procurement reforms.
- Improve country's business environment and increase public trust.
- Increase the systems openness, integrity, and allow for efficient public oversight.

Pillar I: Findings and recommendations

Key Strengths

- Adequate Legal and Regulatory Framework
- Availability of information on procurement legal framework on website
- Subject matter of procurement widely defined
- The level of transparency of procurement opportunities and information on advertised opportunities is notably high
- The procurement methods are well specified and include international bidding over specified financial thresholds
- The Legal framework clearly establishes the right of bidders to challenge decisions or actions of the public bodies using an “objection” process

Pillar I: Findings and recommendations

Key gaps

- **Procurement by State Owned Enterprises (SOEs) is not subject to Government public procurement regulation**
- **Barriers to participation**
- **Detailed guideline on application of Sustainable Public Procurement (SPP) and implementation is limited**

Recommended improvements

- To assess the impact of the separate procurement regime for procurement by SOEs, particularly in relation to competition, integrity and value for money outcomes
- Consider removing barrier to entry by changing the mandatory requirements on foreign business entities to establish business cooperation with national business entities
- Consider preparing and adopting a comprehensive SPP policy/strategy to implement SPP in support of national policy objectives, together with an implementation plan, including clear objectives, indicators and targets

Pillar II: Findings and recommendations

Key Strengths

- ✓ Public procurement system well-integrated PFM System
- ✓ A strong institution in charge of normative/regulatory function
- ✓ Substantive procurement training program and recognition of procurement as profession:
- ✓ Use of e-procurement is well established
- ✓ Open access to all procurement information

Pillar II: Findings and recommendations

Key gaps

- **Lack of interoperability between e-GP and treasury system**
- **Absence of a separate centralized procurement body**
- **Lack of monitoring procurement performance/data analytics**

Recommended improvements

- Ensure an efficient level of interoperability between the SPSE and the SPAN so that the government could have a full end-to-end contract information from the start of procurement up to the contract closing
- Government to consider establishing a separate body in charge of consolidated procurement, framework agreements or specialized procurement
- Consider development of a performance measurement system including establishment of a set of KPIs to measure the overall public procurement system performance that focuses on both quantitative and qualitative aspects

Pillar III: Findings and recommendations

Key Strengths

- **Quality and performance of public procurement**
- **Compliance on quality control and payment**
- **Availability of capacity building programmes targeting private companies and MSMEs.**
- **Initiation of public consultation**

Pillar III: Findings and recommendations

Key gaps

- **Need for improving Procurement Planning**
- **Need for Improving Contracts Management**
- **Need for better engagement with the private sector**

Recommended improvements

- Develop a specific guidance and template for procurement strategy and approach for pre-bid cost estimate
- Enhanced data analytics dashboard for real-time monitoring and measurement of public procurement performance including on contract management
- Create a permanent virtual forum in LKPP website to allow private sector and interested public for continuous debates and information sessions

Pillar IV: Findings and recommendations

Key Strengths

- **Transparent and accountable financial management of budget implementation system**
- **External audit, Internal control system and financial reporting**
- **Strong provisions on prohibited practices on Procurement Ethics**
- **Procurement related Fraud, Corruption**

Pillar IV: Findings and recommendations

Key gaps

- CSOs involvement in general not consultative & lack of adequate programs to support capacity of CSO
- Lack of focus on procurement performance audit and lack of data on specialized procurement audit
- Effective sanctions and enforcement system and anti-corruption framework

Recommended improvements

- Government to consider enhancing inclusive consultative process while formulating changes to the public procurement system
- To issue written standard and procedures for procurement performance audit
- Corruption Eradication Commission (KPK) to consider publication of statistics on procurement related fraud and corruption and steps taken on systematic identification and mitigation of procurement related fraud and corruption

Lessons learned

- ✓ Data collection is one of challenges in carrying out assessment (lack of data from selected procuring agencies)
- ✓ The strategic action plan needs to be realistic, aligned with other reform initiatives, ensuring a balance of perspectives and including a good mix of 'quick wins', as well as medium and long-term initiatives

The way forward

Mr. Iwan Herniwan

Acting Chairman

National Public Procurement Agency/LKPP





THE WAY FORWARD

Iwan HERNIWAN, Acting Chairman of National Public Procurement Agency

AGENDA

THE WAY FORWARD

1. Accomplished Action from MAPS Key Recommended Action
2. Strategic Action Plan 2025 - 2029

Accomplished Action

Pillar I: Legal and Regulatory Framework



Key Recommended Action:

Consider conducting a study to assess the impact of the separate procurement regime for procurement by SOEs using public funds.

Accomplished Action:



Public Procurement Bill regulates a National Single Market

which includes provisions for the procurement of goods/services in State-Owned Enterprises (SOEs), Regional-Owned Enterprises (ROEs), and Village-Owned Enterprises (VOEs).

Pillar I: Legal and Regulatory Framework

Key Recommended Action:

Implement sustainable public procurement. Prepare strategy, action plan and practical guidelines.

Accomplished Action:



NPPA issued guidelines for the implementation of sustainable government goods and services procurement and a model procurement document for Sustainable Construction Works in 2023







NPPA issued a Selection Document Model for the Procurement of Wooden Furniture that complies with the legality and sustainability verification system through the Decision of the Deputy for Strategy and Policy Development of LKPP Number 1 of 2022

Pillar II: Institutional Framework and Management Capacity

Key Recommended Action:

Link between financial procedures and the procurement cycle

Accomplished Action:

-  **Integrated Procurement System** (SPSE, SAKTI (Budgeting and Payment System) – Ministry of Finance, SIPD – Ministry of Internal Affairs, Citizens Registry System – Ministry of Internal Affairs, Business Registry System – Ministry of Investment etc)
-  The migration of infrastructure from on-premise to Google Cloud Platform (GCP)
-  Centralization of the database and e-procurement application to improve data accuracy, increase system availability, and enhance information security
-  NPPA developed a national procurement **planning, transaction, and payment process** dashboard through LKPP Big Box and AMEL application

Pillar II: Institutional Framework and Management Capacity

Key Recommended Action:

Develop a performance monitoring and measurement mechanism including establishment of a set of KPIs to measure the overall performance of the public procurement system. The mechanism should focus on both quantitative and qualitative aspects, by way of incorporating and using data from different integrated e-Procurement Platforms.

Accomplished Action:



NPPA issued Circular Letter of the Head of LKPP Number 4 of 2021 regarding Procurement Governance Index which consists of indicators for the utilization of procurement systems, the qualification and competencies of procurement resources, and the maturity level of procurement organization/unit (ITKP)

Pillar III: Procurement Operations and Market Practices

Key Recommended Action:

Need for better engagement with the private sector. Enhance further capacity building programs for businesses and MSMEs.

Accomplished Action:



In 2023, NPPA conducted a training program for small businesses and this initiative led to 14% increase in the participation of small businesses in government goods and services procurement (*Source: LKPP Performance Report 2023*)

Pillar IV: Accountability, Integrity, and Transparency of the Public Procurement System

Key Recommended Action:

Coordination of controls and audits of public procurement

Accomplished Action:



NPPA developed an e-audit feature in e-catalog system (e-Katalog v6). This feature serves as a tool for monitoring electronic transactions and includes procurement transaction information that can identify fraud behavior

Digital Procurement Transformation

E-Audit LKPP Catalogue Ver.6

To ensure that the public procurement conducted in an accountable manner, LKPP works with GovTech Procurement launched “E- Audit” Feature in LKPP Catalogue Ver.6. LKPP also collaborates with Financial and Development Supervisory Board to release this feature.

E- Audit feature in LKPP Catalogue will be used by the Government Internal Auditors to monitor the procurement process in E-Catalogue.





Strategic Action Plan 2025 - 2029

Strategic Issues:

01

**Implementation
of the Public
Procurement
Law (RUU PBJ)**

02

**Acceleration
and
Strengthening
of the
implementation
of the Digital
Procurement
System**

03

**Acceleration of the
implementation of
Procurement
Institution as
Centers of
Excellence in
Procurement
Services**

04

**Reduction of
Government
Goods/Services
Procurement
Issues**

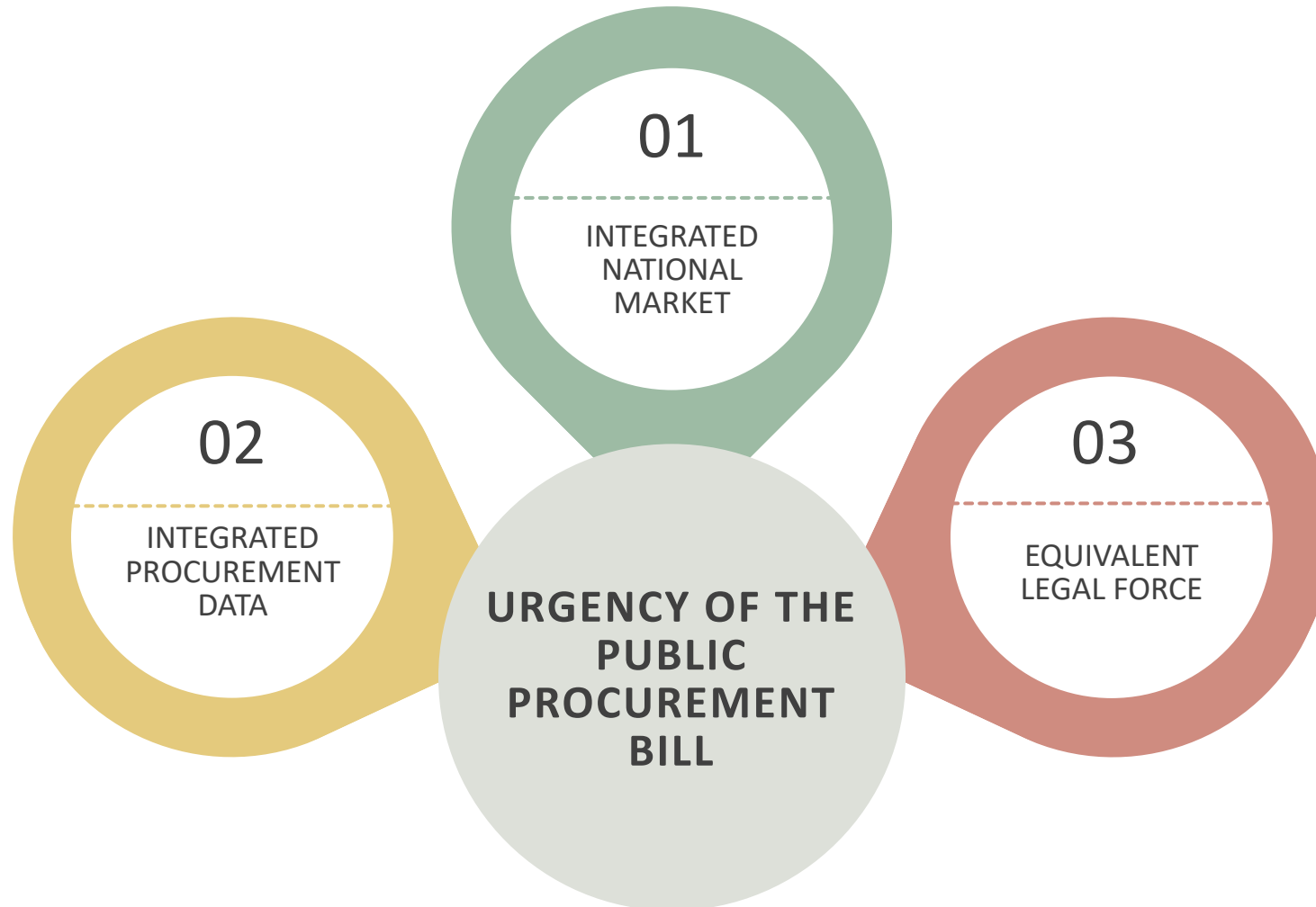
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**Mandate of
Presidential
Instruction
Number 2/2022**

Strategic Action Plan 2025 - 2029:

Strategic Plan Objectives	Strategic Plan	Indicators	
1. Improved performance and quality in the application of procurement governance as part of procurement transformation	1. Increased procurement performance quality (efficiency, compliance, and strategic procurement) to support national development goals	1.1	<ul style="list-style-type: none"> National Procurement Performance Index
	2. Improved quality in the application of procurement governance	2.1	<ul style="list-style-type: none"> Procurement Governance Implementation Index
2. Increased quality in the application of internal governance at NPPA	3. Improved quality in the application of internal governance at NPPA	3.1	<ul style="list-style-type: none"> Bureaucratic Reform Value

The Urgency of the Public Procurement Bill (Urgensi RUU PBJ)



Policy Transformation

The Substance of the Public Procurement Bill (Isi RUU PBJ)

Principles, Objectives, and Prohibitions

Effectiveness, Efficiency, Transparency, Openness, Competition, Fairness, and Accountability

Goods and Services in Procurement

- 1.Domestic Goods and Services, consisting of industrial and non-industrial products
- 2.Imported/Foreign Products

Procurement Actors/Implementing Agency

Expanding users in Procurement by accommodating State-Owned Enterprise, Banks, Financial Service Authority (OJK), and private sector entities funded by state

Suppliers/Vendors in Procurement

Facilities for Micro, Small, and Cooperative business suppliers/vendors, and sanctions for suppliers/vendors

Public Participation

Monitoring of Procurement Implementation, Participation in Policy Formulation, and Handling of Complaints

Procurement Dispute Resolution

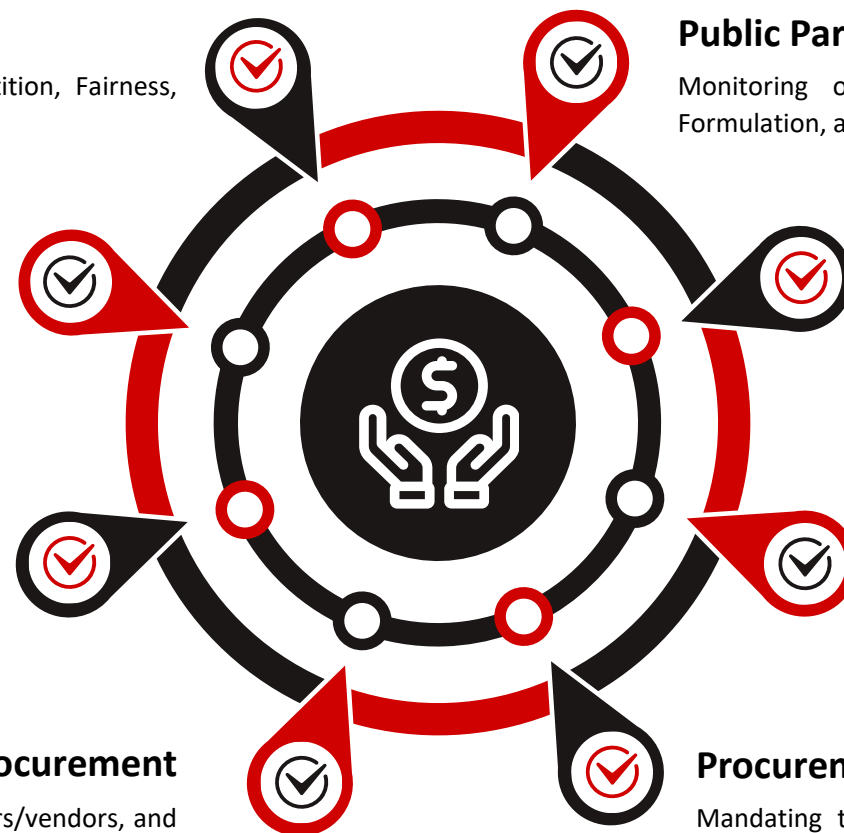
- 1.Pre-contract dispute resolution is carried out before contract is signed
- 2.Contract performance dispute resolution is conducted after the contract is signed

Digital Procurement Transformation

Digital Procurement System, Procurement Data Standardization, Procurement Data Integration

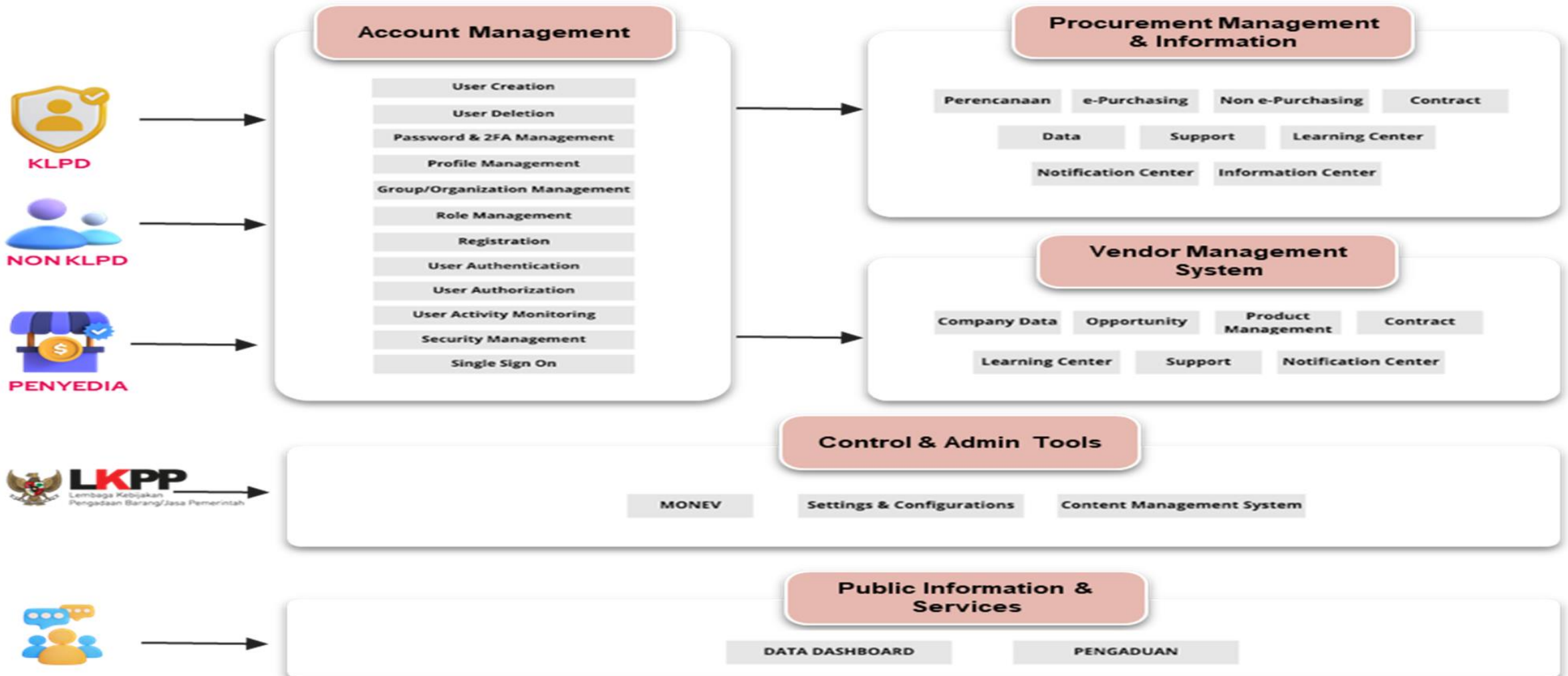
Procurement Management

Mandating the use of domestic products by users, human resources, sustainable procurement, procurement innovation, and international procurement



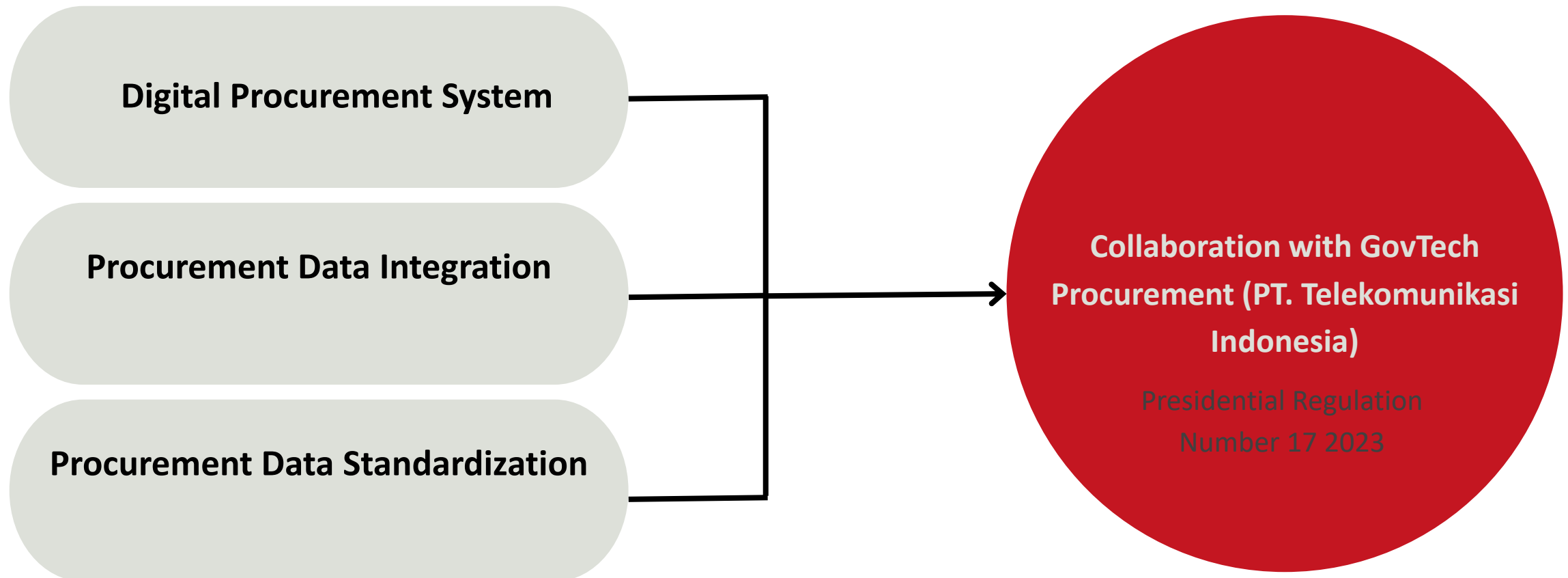
Digital Procurement Transformation Plan

National/Centralized Procurement Platform

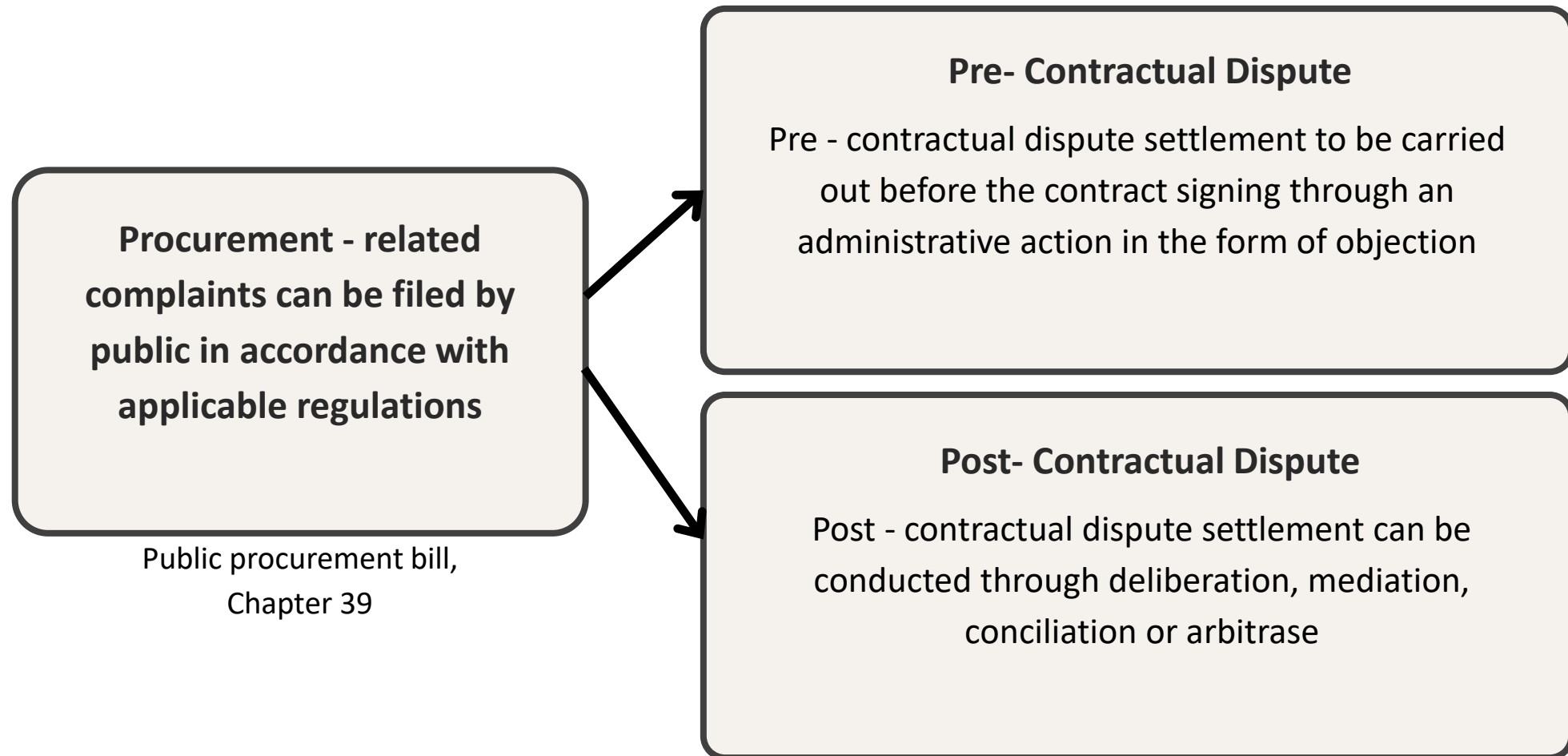


Digital Procurement Transformation

Data-Driven Policy Making and Procurement Market Integration



Procurement Dispute Settlement



Public Participation

Monitoring of procurement
projects fulfillment

1

Involved in Policy Development

2

Costs of Community
involvement

3

Complaint Handling

4



THANK YOU

Q&A and closing

Nicolas Penagos

Head of the MAPS Secretariat



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assessment at:**

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MAPS

