IsDB, e-GP and Indonesia

E-Procurement Forum: Moving Forward with E-Procurement
December 2016, Berlin, Germany

Project Procurement (PPR) Division
Operations Policy And Services Department (OPSD)
Islamic Development Bank
1. Indonesia at a Glance

2. IsDB and Indonesia

3. E-GP of Indonesia

4. IsDB and Pilot Program on e-GP in Indonesia

5. Lesson Learned, Challenges and the Way forward
1. Indonesia at a Glance
Indonesia at a Glance

- Land 1,919,440 km²
- 17,508 islands
- 34 Provinces
- 497 cities
- Population 255 million
- Density 134/km²
- Economic
  - GDP $861.9 billion
  - Growth 5.02%
  - Poverty headcount 10.86%
## Indonesia at a Glance

### Central Government Budget

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Budget (billion USD)</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>168.3</td>
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<tr>
<td>2014</td>
<td>184.2</td>
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<tr>
<td>2015</td>
<td>203.9</td>
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<td>2016</td>
<td>155.4</td>
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**Volume Procurement:**

30% - 40% equivalent with 60 – 81 billion USD
Indonesia at a Glance

Current Issues

1. **Inefficiency of State Budget Management:** The government estimates that certain amount of state budget lost every year about 20% – 30% due to inefficiency associated with the procurement processes.

2. **Corruption Cases:** Corruption Eradication Commission (KPK) stated 80% of all corruption cases are associated with misused of public procurement.

3. **International and National Competitiveness:** (i) Lack of capacity and opportunity to participate in national economy (small and medium enterprises), (ii) Lack of capacity and opportunity to participate in international market.

4. **High Cost Economy:** Lack of competitiveness due to market asymmetric information and closed market.
2. IsDB and Indonesia
IsDB and Indonesia

<table>
<thead>
<tr>
<th>No</th>
<th>Sector</th>
<th>Amount (million USD)</th>
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<tbody>
<tr>
<td>1</td>
<td>Agriculture</td>
<td>534.76</td>
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<tr>
<td>2</td>
<td>Health</td>
<td>63.97</td>
</tr>
<tr>
<td>3</td>
<td>Education</td>
<td>624.35</td>
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<td>4</td>
<td>Transportation</td>
<td>152.55</td>
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<tr>
<td>5</td>
<td>Energy</td>
<td>330</td>
</tr>
<tr>
<td>6</td>
<td>Water and Sanitation</td>
<td>100</td>
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<td></td>
<td><strong>Grand Total</strong></td>
<td><strong>1,806</strong></td>
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Totally 16 Active Projects

Wednesday, December 13, 2016
3. E-GP of Indonesia
E-GP of Indonesia

Presidential Decree

- **2003**: Introduce electronic procurement for tender announcement
- **2010**: Mandate e-procurement system in all government administrations by 2012
- **2012**: Harmonize National Procurement System with International Regulation
- **2015**: Mandate LKPP as National Public Procurement Agency
Development of E-Procurement

- 2008: Piloting e-Tendering
- 2012: e-Catalogue Piloting
- 2013: Piloting Vendor Management System, Piloting e-Contracting
- 2016: LPSE Cloud, e-Reverse Auction

E-GP of Indonesia
637 Electronic Procurement Service Units (LPSE) established
Ministries/Agencies: 54 LPSE,
Provincial: 34 LPSE, City/District: 492 LPSE
State-Owned Enterprise: 4 LPSE
University: 40 LPSE, Other Institution: 13 LPSE
E-GP of Indonesia

Road Map e-procurement of LKPP

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<tbody>
<tr>
<td>e-Tendering</td>
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<td>e-Reverse Auction</td>
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<td>Vendor Management</td>
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<td>System &amp; Blacklist</td>
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<td>e-Procurement Plan</td>
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<td>e-Monitoring evaluation</td>
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<td>E-contract</td>
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<td>E-Catalogue</td>
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<td>E-Tendering (SPSE) for ICB</td>
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- SPSE 3.6, SPSE 4
- Reverse Auction
- Data Centralization Management
- Vendor Performance Dashboard
- Package Review
- e-Budget Interconnection
- Procuring Entity Dashboard
- Procurement Performance
- e-Payment Interconnection
- E-contract
- Catalogue Management
- Consultant Selection – International firms shortlisted
4. IsDB and Pilot Program on e-GP in Indonesia
IsDB and Pilot Program on e-GP in Indonesia

MDBs and e-GP in Indonesia

IDB issued its No-objection on using e-GP for selection of consultant under national shortlist firms and procurement of goods and works under national competitive bidding.

The World Bank issued its No-objection on using e-GP for procurement of works under NCB and produced harmonized electronic model bidding document for procurement of works under NCB.

The Asian Development Bank issued its No-objection on using e-GP for procurement of works under NCB and selection of consultant with international shortlisted firms.
IsDB and Pilot Program on e-GP in Indonesia

Review the compliance of application of e-GP in Indonesia with the procurement policy and procedures of IDB

① Using of IsDB’s SBDs (interim period)

② Addition of IDB’s Fraud and Corruption Policy/definitions to system

③ Addition of IDB’s requirement on the Eligibility of the firms to the system

④ Using of Bid Security is Mandatory
Public Bid Opening option is to be activated in the system

⑤ Off-line advertisement in nation-wide circulated media in addition to online advertisement on LPSE website
5. Lesson Learned, Challenges and Wayforward
**Lesson Learned, Challenges and Way forward**

### Challenges

1. Technological limitations:
   - Limitation in Bandwidth
   - Stability of the Internet Connections
   - Technical Capacity of the End-users

2. Introducing of SPSE version 4
   - Full e-procurement system

3. Introducing of SPSE – ICB

### Way forward

1. Prepare and draft an e-GP Strategy for the Bank
2. Consideration of e-Procurement in the revised Bank’s Procurement Guidelines
3. Join to the MDB’s e-GP Working Group
4. Capacity Building Program for e-Procurement internally for Bank’s professional staffs and externally for MCs
Thank You

Project Procurement Division
Operation Policy and Services Department
www.isdb.org

prepared by Enggar Prasetyaningsih
Project Procurement Analyst
eprasetyaningsih@isdb.org