

**REGULATION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA
NUMBER 16 OF 2018
ON
GOVERNMENT PROCUREMENT OF GOODS/SERVICES**

BY THE GRACE OF GOD ALMIGHTY

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

- a. that Government Procurement of Goods/Services has an important role in the implementation of national development for public service improvement and national and regional economic development;
- b. that to realize the Government Procurement of Goods/Services as referred to in letter a, it has been deemed necessary to regulate the Procurement of Goods/Services which provide maximum value for money and contribution through the increase of domestic product utilization, increase the role of Micro-, Small-, Medium Businesses, as well as a sustainable development;
- c. that Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services, as amended several times, most recently by Regulation of the President Number 4 of 2015 on the Fourth Amendment to Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services still contain shortcomings and have yet to accommodate the development of the Government's needs as regards the arrangement on proper Procurement of Goods/Services;
- d. that based on the considerations as referred to in letter a, letter b and letter c, it has been deemed necessary to establish Regulation of the President on Government Procurement of Goods/Services.

Observing:

1. Article 4 paragraph (1) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 1 of 2004 on State Treasury (State Gazette of the Republic of Indonesia of 2004 Number 5, Supplement to the State Gazette of the Republic of Indonesia Number 4355);
3. Law Number 30 of 2014 on Government Administration (State Gazette of the Republic of Indonesia of 2014 Number 292, Supplement to the State Gazette of the Republic of Indonesia Number 5601).

HAS DECIDED:

To establish:

REGULATION OF THE PRESIDENT ON GOVERNMENT PROCUREMENT OF GOODS/SERVICES.

**CHAPTER I
GENERAL PROVISION**

Article 1

Under this Regulation of the President, the following definitions are employed:

1. Government Procurement of Goods/Services, from this point onward is referred to as Procurement of Goods/Services, is a Procurement activity by Ministries/Institutions/Regional Apparatus funded by the APBN/APBD (state budget/regional budget) which the process starts from the identification of needs up until the handover of work results.
2. State Ministry, from this point onward is referred to as Ministry, is a government apparatus in charge of certain affairs within the government.
3. Institution is a Non-State Ministry organization and other budget-using institution that are established to carry out certain tasks in accordance with the 1945 Constitution of the Republic of Indonesia or other laws and regulations.
4. Regional Apparatus is an auxiliary element for Head of Region and Regional House of Representatives in organizing Government Affairs which falls under the authority of a Region.
5. Regional Government is the head of government as an element of Regional Governance who preside the implementation of government affairs which falls under the authority of an autonomous region.
6. The Policy Board for Government Procurement of Goods/Services (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah), from this point onward is referred to as LKPP, is a Government institution responsible for developing and formulating policies on Government Procurement of Goods/Services.
7. Budget User (Pengguna Anggaran), from this point onward is referred to as PA, is the official who holds the budget-using authority of State Ministries/Institutions/Regional Apparatus.
8. Proxy of Budget User on the Implementation of APBN (Kuasa Pengguna Anggaran pada Pelaksanaan APBN), from this point onward is referred to as KPA, is the official who obtain a power of attorney from a PA to implement a portion of budget using authorities and responsibilities of the State Ministry/Institution/Regional Apparatus in question.
9. Proxy of Budget User on the Implementation of APBD (Kuasa Pengguna Anggaran pada Pelaksanaan APBD), from this point onward is referred to as KPA, is the official who are authorized to implement a portion of the authorities of budget user in implementing a portion of duty and function of Regional Apparatus.
10. Commitment-Making Official (Pejabat Pembuat Komitmen), from this point onward is referred to as PPK, is an official who were given the authority to make a decision and/or take an action which may result with the spending of state expenditure budget/regional expenditure budget by PAs/KPAs.
11. Working Unit for the Procurement of Goods/Services, (Unit Kerja Pengadaan Barang/Jasa), from this point onward is referred to as UKPBJ, is a working unit at Ministries/Institutions/Regional Governments which became the center of excellence of Procurement of Goods/Services.
12. Selection Working Group (Kelompok Kerja Pemilihan), from this point onward is referred to as Pokja Pemilihan, is any human resource appointed by the head of the UKPBJ to manage the selection of Provider.
13. Procurement Official is an administrative official/functional official/personnel who has the duty to implement Direct Procurement, Direct Appointment and/or E-purchasing.
14. Work-Result Inspecting Official (Pejabat Pemeriksa Hasil Pekerjaan), from this point onward is referred to as PjPHP, is an administrative official/functional official/personnel who has the duty to inspect the result of any work on Procurement of Goods/Services.
15. Work-Result Inspecting Committee (Panitia Pemeriksa Hasil Pekerjaan), from this point onward is referred to as PPHP, is a team who has the duty to inspect the administration of any work-result on Procurement of Goods/Services.
16. Procurement Agent is an UKPBJ or Business implementing a portion or the whole work on Procurement of Goods/Services which was given the trust by Ministries/Institutions/Regional Apparatus as the employing party.
17. Self-Management Organizer is a team which organize activities using Self-Management method.

18. Manager of Procurement of Goods/Services (Pengelola Pengadaan Barang/Jasa) is a Functional Official who were given the complete duty, responsibility, authority and right by an authorized party to implement the Procurement of Goods/Services.
19. General Plan for the Procurement of Goods/Services (Rencana Umum Pengadaan Barang/Jasa), from this point onward is referred to as RUP, is the list of plan for the Procurement of Goods/Services which will be implemented by Ministries/Institutions/Regional Apparatus.
20. E-marketplace for the Procurement of Goods/Services is an electronic market provided to satisfy the government's needs for goods/services.
21. Electronic Procurement Service (Layanan Pengadaan Secara Elektronik) is an information technology management service to facilitate the implementation of Procurement of Goods/Services through electronic means.
22. Government Internal Oversight Officer (Aparat Pengawas Intern Pemerintah), from this point onward is referred to as APIP, is an officer who carry out oversight through audits, reviews, monitoring, evaluation and other oversight activities towards the organization of Government duties and functions.
23. Procurement of Goods/Supreme through Self-Management, from this point onward is referred to as Self-Management, is a method to obtain goods/services that are carried out by Ministries/Institutions/Regional Apparatus personally, other Ministries/Institutions/Regional Apparatus, mass organizations or community groups.
24. Mass Organization (Organisasi Kemasyarakatan), from this point onward is referred to as Ormas, is an organization established and formed by the community in a voluntary manner based on the similarity of aspirations, wills, interests, activities, and objectives to participate in the development for realizing the objective of the Unified Nation of the Republic of Indonesia which is founded upon the Pancasila.
25. Community Group is a community group which implement the Procurement of Goods/Services with the support of spending budget from the APBN/APBD.
26. Procurement of Goods/Services through Providers is the mechanism to obtain goods/services provided by Business.
27. Business is any individual person or business entity, either in the form of incorporated or unincorporated, which is established and resides or undertake activities within the jurisdiction of the Republic of Indonesia, either individually or jointly, through a business activity organizing agreement in various economic sectors.
28. Provider of Government Goods/Services, from this point onwards is referred to as Provider, is a Business which provide goods/services based on contract.
29. Goods are every object, both tangible or intangible, movable or immovable, which can be traded, used, exploited or utilized by the User of Goods.
30. Construction Works are the whole or a portion of activity which encompass the construction, operation, maintenance, demolition and reconstruction of a building.
31. Consultancy Service is a professional service which requires certain expertise in various scientific sectors prioritizing think processing.
32. Other Services are non-consultancy services or services which require equipment, special methodology and/or skill set in a well-known governance system in the business realm to finish any work.
33. Self-Estimated Price (Harga Perkiraan Sendiri), from this point onward is referred to as HPS, is an estimation of price of goods/services that are established by the PPK.
34. Research is an activity undertaken based on scientific rules and methods in a systematic manner to obtain information, data and explanation relating to the understanding and verification of validity and invalidity of an assumption and/or hypothesis in the sector of science and technology, as well as to prepare scientific conclusion for the purpose of scientific and/or technological advancement.

35. Electronic Purchasing, from this point onward is referred to as E-purchasing, is the procedure for purchasing goods/services through electronic catalog system.
36. Tender is a selection method to acquire Provider of Goods/Construction Works/Other Services.
37. Selection is a selection method to acquire Consultancy Service Providers.
38. International Tender/Selection is a selection of Goods/Services Provider with selection participants from domestic business and foreign business.
39. Direct Appointment is a selection method to acquire Providers of Goods/Construction Works/Consultancy Services in certain situations.
40. Direct Procurement of Goods/Construction Works/Consultancy Services is a selection method to acquire Providers of Goods/Construction Works/Consultancy Services with a maximum amount of IDR 200,000,000.00 (two hundred million rupiahs).
41. Direct Procurement of Consultancy Services is a selection method to acquire Consultancy Service Providers with a maximum amount of IDR 100,000,000.00 (one hundred million rupiahs).
42. E-reverse Auction is a repetitive price offering method.
43. Selection Document is a document stipulated by a Pokja Pemilihan/Procurement Official/Procurement Agent containing information and provisions which must be complied with by parties in the selection of Providers.
44. Contract for Procurement of Goods/Services, from this point onward is referred to as Contract, is a written agreement between PA/ KPA/PPK and Goods/Services Providers or Self-Management implementers.
45. Micro Business is a productive business owned by an individual person and/or a sole proprietorship which satisfies the criteria for Micro Business as referred to in Law on Micro-, Small-, Medium-Businesses.
46. Small Business is a stand-alone productive economical business undertaken by an individual person or a company that are not a subsidiary company or not a branch of company owned by, controlled by or become part of, both directly or indirectly, Medium Businesses or Big Businesses, and satisfy the criteria for Small Business as referred to in Law on Micro-, Small-, Medium- Businesses.
47. Medium Business is a stand-alone productive economical business, undertaken by an individual person or a company that are not a subsidiary company or not a branch of company owned by, controlled by or become part of, both directly or indirectly, with Small Businesses or Big Businesses and with amount of net asset or result of annual sales as referred to in Law on Micro-, Small-, Medium-Businesses.
48. Guarantee note (Surat Jaminan), from this point onward is referred to as Guarantee, is a written guarantee issued by Commercial Banks/Guarantee Companies/Insurance Companies/special financial institutions which undertake business activities in the sector of financing, guarantee and insurance to boost Indonesian exports in accordance with provisions of laws and regulations in the sector of Indonesia export financing institution.
49. Blacklist Sanction is a sanction imposed upon selection participants/Providers in the form of prohibition to participate in Procurement of Goods/Services at all Ministries/Institutions/Regional Apparatus for a certain period of time.
50. Sustainable Procurement is a Procurement of Goods/Services which intends to achieve an economically profitable benefit value not only for Ministries/Institutions/Regional Apparatus as its user but also for the society, as well as significantly minimize negative impacts towards the environment in all of its utilization cycle.
51. Consolidation of Procurement of Goods/Services is a Procurement of Goods/Services strategy which combines several similar Procurement of Goods/Services packages.
52. Force Majeure is a situation occurring beyond the will of parties to a contract and are cannot be predicted in advance, causing the obligations set out under the contract cannot be fulfilled.

53. Head of Institution is the Head of the LKPP.

Article 2

The scope of this Regulation of the President encompass:

- a. Procurement of Goods/Services at Ministries/Institutions/Regional Apparatus using expenditure budget from the APBN/APBD;
- b. Procurement of Goods/Services using expenditure budget from the APBN/APBD as referred to in letter a includes Procurement of Goods/Services that a portion or all of its fund are sourced from domestic loans and/or domestic grants received by the Government and/or Regional Government; and/or
- c. Procurement of Goods/Services using expenditure budget from the APBN/APBD as referred to in letter a includes Procurement of Goods/Services that partially or wholly funded by foreign loans and/or foreign grants.

Article 3

- (1) The Procurement of Goods/Services within this Regulation of the President encompass:
 - a. Goods;
 - b. Construction Works;
 - c. Consultancy Services; and
 - d. Other services.
- (2) Procurement of Goods/Services as referred to in paragraph (1) can be carried out in an integrated manner.
- (3) Procurement of Goods/Services as referred to in paragraph (1) is carried out through:
 - a. Self-management; and/or
 - b. Providers.

CHAPTER II

INTENTION, POLICY, PRINCIPLE AND ETHIC OF PROCUREMENT OF GOODS/SERVICES

Division One

Intention of Procurement of Goods/Services

Article 4

Procurement of Goods/Services intends to:

- a. generate the correct goods/services out of every money which were spent, as measured from the aspects of quality, number, cost, location and Provider;
- b. increase the use of domestic products;
- c. increase the participation of Micro Businesses, Small Businesses and Medium Businesses;
- d. increase the role of domestic business;
- e. support the implementation of research and utilization of goods/services as a result of research;
- f. increase the participation of creative industries;

- g. encourage economic equity; and
- h. encourage a Sustainable Procurement.

Division Two

Policies for Procurement of Goods/Services

Article 5

Policies for Procurement of Goods/Services encompass:

- a. increasing the quality of the Planning for Procurement of Goods/Services;
- b. implement a more transparent, open and competitive Procurement of Goods/Services;
- c. strengthen the institutional and human resource capacity of Procurement of Goods/Services;
- d. develop an E-marketplace for the Procurement of Goods/Services;
- e. use information and communication technologies, as well as electronic transactions;
- f. encourage the use of domestic goods/services and the Indonesian National Standard (Standar Nasional Indonesia/"SNI");
- g. provide chances to Micro Businesses, Small Businesses and Medium Businesses;
- h. encourage the implementation of researches and creative industries; and
- i. implement a Sustainable Procurement.

Division Three

Principles of Procurement of Goods/Services

Article 6

Procurement of Goods/Services implements the following principles:

- a. efficient;
- b. effective;
- c. transparent;
- d. open;
- e. competitive;
- f. fair; and
- g. accountable.

Division Four

Ethics of Procurement of Goods/Services

Article 7

- (1) All parties involved in Procurement of Goods/Services shall satisfy the following ethics rules:

- a. perform duties in an orderly manner with the responsibility to achieve targets, aims and accuracy of the purpose of Procurement of Goods/Services;
 - b. work in a professional, independent and maintain the confidentiality of information which by nature must be kept confidential to prevent misappropriation of Procurement of Goods/Services;
 - c. does not reciprocally influence each other, both directly or indirectly, which may cause an unfair business competition;
 - d. receive and be responsible for all decision that are in accordance with a written agreement between relevant parties;
 - e. avoid and prevent the occurrence of conflicting interests between relevant parties, both directly and indirectly, which causes an unfair business in the Procurement of Goods/Services;
 - f. avoid and prevent the waste and leak of state finance;
 - g. avoid and prevent abuse of authority and/or collusion; and
 - h. does not receive, does not offer or does not promise to provide or receive gratification, reward, commission, rebate and anything from or to anyone which is known or alleged to have connection with Procurement of Goods/Services.
- (2) Conflicting interest between relevant parties as referred to in paragraph (1) letter e, are in case of:
- a. Board of Directors, Board of Commissioners or primary personnel within a business entity concurrently acting as Board of Directors, Board of Commissioners or primary personnel within another business entity which participate in the same Tender/Selection;
 - b. planning/oversight consultants in Construction Works serve as the implementer of Construction Works they plan/oversees, except for the implementation of integrated work procurement;
 - c. construction management consultant acts as a planning consultant;
 - d. the executive board/manager of a cooperative concurrently acting as PPK/ Pokja Pemilihan/ Procurement Official in the implementation of Procurement of Goods/Services at Ministries/Institutions/Regional Apparatus;
 - e. PPK/Pokja Pemilihan/Procurement Officials, either directly or indirectly, control or operate Provider business entities; and/or
 - f. several business entities participating in the same Tender/Selection are controlled, either directly or indirectly, by the same party, and/or more than 50% (fifty percent) of its share ownership are controlled by the same shareholder.

CHAPTER III

PERFORMERS OF PROCUREMENT OF GOODS/SERVICES

Division One

Performers of Procurement of Goods/Services

Article 8

Party for the Procurement of Goods/Services are comprised of:

- a. PA;
- b. KPA;
- c. PPK;

- d. Procurement Official;
- e. Pokja Pemilihan;
- f. Procurement Agent;
- g. PjPHP/PPHP;
- h. Self-Management Organizer; and
- i. Providers.

Division Two Budget User

Article 9

- (1) PA as referred to in Article 8 letter a has the following duties and authorities:
 - a. take actions which causes the spending of expenditure budget;
 - b. enter into an agreement with another party within the limit of expenditure budget which has been established;
 - c. establish procurement planning;
 - d. establish and announce an RUP;
 - e. implement the Consolidation of Procurement of Goods/Services;
 - f. determine Direct Appointment for failed re-Tender/re-Selection;
 - g. appoint PPK;
 - h. appoint Procurement Official;
 - i. appoint PjPHP/PPHP;
 - j. appoint Self-Management Organizer;
 - k. establish technical team;
 - l. establish team of jury/team of expert for implementation through a Competition/Contest;
 - m. declare failed Tender/failed Selection; and
 - n. determine the winner of selection/Provider for the following selection method:
 - 1. Tender/Direct Appointment/E-purchasing for Procurement of Goods/Construction Works/Other Services packages with minimum Budget Ceiling value of more than IDR 100,000,000,000.00 (one hundred billion rupiahs); or
 - 2. Selection/Direction for Procurement of Consultancy Service packages with minimum Budget Ceiling value of more than IDR 10,000,000,000.00 (ten billion rupiahs).
- (2) PA for APBN management may delegate the authority as referred to in paragraph (1) to a KPA in accordance with provisions of laws and regulations.
- (3) PA for APBD management may delegate the authority as referred to in paragraph (1) letter a to letter f to a KPA.

Division Three Proxy of Budget User

Article 10

- (1) KPA in Procurement of Goods/Services as referred to in Article 8 letter b carries out the delegation pursuant to the delegation from PA.
- (2) Aside from the authorities as referred to in paragraph (1), a KPA has the authority to respond to the Objection Appeal (Sanggah Banding) of Construction Work Tender participants.
- (3) KPA may assign a PPK to carry out the authority as referred to in paragraph (1) which relates with:
 - a. take actions which causes the spending of expenditure budget; and/or
 - b. enter into an agreement with another party within the limit of expenditure budget which has been established.
- (4) KPA can be assisted by Manager of Procurement of Goods/Services.
- (5) In case of there are no eligible personnel to be appointed as PPK, KPA may concurrently act as PPK.

Division Four Commitment-Making Official

Article 11

- (1) PPK in Procurement of Goods/Services as referred to in Article 8 letter c has the following duties:
 - a. formulate procurement planning;
 - b. establish technical specifications/Terms of Reference (ToR);
 - c. establish draft contract;
 - d. establish HPS;
 - e. establish the amount of down payment which will be paid to Providers;
 - f. proposing amendment to activity schedule;
 - g. establish supporting team;
 - h. establish team or expert;
 - i. carry out E-purchasing for a minimum value of more than IDR 200,000,000.00 (two hundred million rupiahs);
 - j. establish a Goods/Services Provider Appointment (Surat Penunjukan Penyedia Barang/Jasa);
 - k. controlling the Contract;
 - l. report the implementation and settlement of activities to PA/ KPA;
 - m. submit the results of activity implementation works to PA/ KPA through a handover report (berita acara penyerahan);
 - n. deposit and maintain the integrity of the whole activity implementation documents; and
 - o. evaluate the performance of Providers.
- (2) Aside from performing the duties as referred to in paragraph (1), PPK carries out the delegation of authority duty from PA/KPA which encompass:
 - a. take actions which causes the spending of expenditure budget; and
 - b. enter into an agreement with another party within the limit of expenditure budget which has been established.

- (3) In carrying out the duties as referred to in paragraph (1), a PPK can be assisted by Manager of Procurement of Goods/Services.

Division Five Procurement Official

Article 12

Procurement Official in Procurement of Goods/Services as referred to in Article 8 letter d has the following duties:

- a. carry out preparation and implementation of Direct Procurement;
- b. carry out preparation and implementation of Direct Appointment for the procurement of Goods/Construction Works/Other Services with a maximum value of IDR 200,000,000.00 (two hundred million rupiahs);
- c. carry out preparation and implementation of Direct Appointment for the procurement of Consultancy Services with a maximum value of IDR 100,000,000.00 (one hundred million rupiahs); and
- d. carry out E-purchasing with a maximum value of IDR 200,000,000.00 (two hundred million rupiahs).

Division Six Selection Working Group

Article 13

- (1) Pokja Pemilihan in Procurement of Goods/Services as referred to in Article 8 letter e has the following duties:
- a. carry out preparation and implementation of Provider selection;
 - b. carry out preparation and implementation of Provider selection for electronic catalogue; and
 - c. determine the leader of selection/Provider for the following selection method:
 1. Tender/Direct Appointment for Procurement of Goods/Construction Works/Other Services packages with maximum Budget Ceiling value of IDR 100,000,000,000.00 (one hundred billion rupiahs); and
 2. Selection/Direction for Procurement of Consultancy Service packages with maximum Budget Ceiling value of IDR 10,000,000,000.00 (ten billion rupiahs).
- (2) Members of Pokja Pemilihan as referred to in paragraph (1) are comprised of 3 (three) persons.
- (3) In case of according to considerations on the complexity of Provider selection, members of the Pokja Pemilihan as referred to in paragraph (2) can be extended so long as they remain an odd number.
- (4) Pokja Pemilihan can be assisted by a team or expert.

Division Seven Procurement Agent

Article 14

- (1) Procurement Agent as referred to in Article 8 letter f can carry out Procurement of Goods/Services.

- (2) The implementation of a Procurement Agent's duty as referred to in paragraph (1) applies mutatis mutandis with the duty of Pokja Pemilihan and/or PPK.
- (3) The implementation of the duty of Pokja Pemilihan and/or PPK is carried out in accordance with provisions of laws and regulations.
- (4) Further provisions on Procurement Agent is regulated under a Head of Institution Regulation.

Division Eight

Work-Result Inspecting Official/Committee

Article 15

- (1) PjPHP as referred to in Article 8 letter g has the duty to inspect the administration of results of work of Goods/Construction Works/Other Services procurement which has a maximum value of IDR 200,000,000.00 (two hundred million rupiahs) and Consultancy Services which has a maximum value of IDR 100,000,000.00 (one hundred million rupiahs).
- (2) PPHP as referred to in Article 8 letter g has the duty to inspect the administration of results of work of Goods/Construction Works/Other Services which has a minimum value of more than IDR 200,000,000.00 (two hundred million rupiahs) and Consultancy Services which has a minimum value of more than IDR 100,000,000.00 (one hundred million rupiahs).

Division Nine

Self-Management Organizer

Article 16

- (1) Self-Management Organizer as referred to in Article 8 letter h is comprised of Preparation Team, Implementation Team and/or Oversight Team.
- (2) Preparation Team has the duty to formulate objectives, activity plans, implementation schedules and cost plans.
- (3) Implementation Team has the duty to periodically implement, record, evaluate and report the implementation of activities and the absorption of budget.
- (4) Oversight Team has the duty to oversee preparation, physical implementation or administration of Self-Management.

Division Ten

Provider

Article 17

- (1) Providers as referred to in Article 8 letter i must satisfy the qualifications in accordance with the procured goods/services and in accordance with provisions of laws and regulations.
- (2) Providers as referred to in paragraph (1) are responsible for:
 - a. implementation of Contract;
 - b. quality of goods/services;
 - c. accuracy of calculation of amount or volume;

- d. timely submission; and
- e. accuracy of handover location.

CHAPTER IV PROCUREMENT PLANNING

Division One Procurement Planning

Article 18

- (1) Procurement planning encompass identification of needs, determination of goods/services, method, schedule and budget for Procurement of Goods/Services.
- (2) The planning of procurement funded from the APBN is carried out alongside the formulation process of Ministry/Institution Work Plans (Rencana Kerja Kementerian/Lembaga – “Renja K/L”) after the determination of Indicative Ceiling (Pagu Indikatif).
- (3) The Planning of Procurement funded from the APBD is carried out alongside the formulation process of Regional Apparatus Budget and Work Plans (Rencana Kerja dan Anggaran Perangkat Daerah – “RKA Regional Apparatus) after the memorandum of agreement on General APBD Policy and Provisional Budget Priority and Plafond (nota kesepakatan Kebijakan Umum APBD serta Prioritas dan Plafon Anggaran Sementara – “MoA on KUA-PPAS”).
- (4) Procurement planning is comprised of:
 - a. Procurement planning through Self-Management; and/or
 - b. Procurement planning through Providers.
- (5) Procurement planning through Self-Management encompass:
 - a. determination of types of Self-Management;
 - b. formulation of technical specification/ToR; and
 - c. formulation of estimation of costs/Cost Budget Plan (Rencana Anggaran Biaya/RAB).
- (6) The types of Self-Management as referred to in paragraph (5) letter a are comprised of:
 - a. Type I, namely Self-Management which is planned, implemented and overseen by Ministries/Institutions/Regional Apparatus as the person in charge of budget;
 - b. Type II, namely Self-Management which is planned and overseen by Ministries/Institutions/Regional Apparatus as the person in charge of budget, and are implemented by other Ministry/Institution/Regional Apparatus as Self-Management implementer;
 - c. Type III, namely Self-Management which is planned and overseen by Ministries/Institutions/Regional Apparatus as the person in charge of budget, and are implemented by Ormas as Self-Management implementer; or
 - d. Type IV, namely Self-Management which is planned by Ministries/Institutions/Regional Apparatus as the person in charge of budget and/or according to proposal from Community Groups, and are implemented and overseen by Community Group as Self-Management implementer.
- (7) The planning of procurement through Providers encompass:
 - a. formulation of technical specification/ToR;

- b. formulation of estimation of costs/RAB;
 - c. the bundling of Procurement of Goods/Services;
 - d. the Consolidation of Procurement of Goods/Services; and
 - e. formulation of supporting costs.
- (8) The result of the Procurement of Goods/Services planning as referred to in paragraph (4) is incorporated into an RUP.

Division Two

Technical Specifications/Terms of Reference

Article 19

- (1) In formulating technical specifications/ToR:
- a. should use domestic products;
 - b. should use SNI-certified products; and
 - c. should maximize the use of green-industry products.
- (2) In the formulation of technical specifications/ToR, it is possible to mention trademark towards:
- a. component of goods/services;
 - b. spare parts;
 - c. part of an existing system;
 - d. goods/services in electronic catalogue; or
 - e. goods/services at Express Tender.
- (3) The fulfillment of the use of domestic products as referred to in paragraph (1) letter a and SNI-certified products as referred to in paragraph (1) letter b are carried out as long as it is available and sufficient.

Division Three

The Bundling of Procurement of Goods/Services

Article 20

- (1) The bundling of Procurement of Goods/Services is carried out based on:
- a. output or result;
 - b. volume of goods/services;
 - c. availability of goods/services;
 - d. capability of Business; and/or
 - e. availability of expenditure budget.
- (2) In carrying out the bundling of Procurement of Goods/Services, it is prohibited to:
- a. combine or concentrate several bundles of Procurement of Goods/Services that are spread over several locations/regions and that according to its nature of work and level of efficiency, should be carried out in several locations/the respective region;
 - b. combine several bundles of Procurement of Goods/Services which according to its nature and

- type of work should be separated;
- c. several bundles of Procurement of Goods/Services having a scale of value that should be carried out by small businesses; and/or
 - d. splitting Procurement of Goods/Services into several bundles with the intention of avoiding Tender/Selection.

Division Four

Consolidation of Procurement of Goods/Services

Article 21

- (1) Consolidation of Procurement of Goods/Services is carried out at the stage of procurement planning, preparation of Procurement of Goods/Services through Providers and/or preparation of Provider selection.
- (2) Consolidation of Procurement of Goods/Services is carried out by PA/KPA/PPK and/or UKPBJ.

Division Five

Announcement of the General Plan for the Procurement

Article 22

- (1) Announcement of RUP of Ministries/Institutions are carried out after the determination of expenditure budget allocation.
- (2) Announcement of RUP of Regional Apparatus are carried out after a draft of Regional Regulation on the APBD has been mutually approved by the Regional Government and the Regional House of Representatives.
- (3) The announcement of RUP as referred to in paragraph (1) and paragraph (2) is carried out through the Procurement General Plan Information System application (aplikasi Sistem Informasi Rencana Umum Pengadaan/SIRUP).
- (4) The announcement of RUP through SIRUP as referred to in paragraph (3) can be added in the official website of Ministries/Institutions/Regional Governments, official public announcement board, newspapers and/or other media.
- (5) The announcement of RUP is re-performed in case of there are amendment/revision to procurement bundles or Budget Execution Checklists (Daftar Isian Pelaksanaan Anggaran/DIPA)/ Budget Execution Documents (Dokumen Pelaksanaan Anggaran/DPA).

CHAPTER V

PREPARATION FOR PROCUREMENT OF GOODS/SERVICES

Division One

Self-Management Preparation

Article 23

- (1) The preparation of Procurement of Goods/Services through Self-Management encompass the

determination of target, Self-Management Organizer, activity plan, implementation schedule and RAB.

- (2) The determination of Self-Management work target as referred to in paragraph (1) is stipulated by PAs/KPAs.
- (3) The determination of Self-Management Organizers are performed as follows:
 - a. Type I: the Self-Management Organizer is determined by PAs/KPAs;
 - b. Type II: Preparation Team and Oversight Team are determined by PA/KPA, while The Implementing Team is determined by Ministries/Institutions/other Regional Apparatus acting as Self-Management implementers;
 - c. Type III: Preparation Team and Oversight Team are determined by PA/KPA, while The Implementing Team is determined by head of an Ormas acting as Self-Management implementers; or
 - d. Type IV: Self-Management Organizers are determined by head of a Community Group acting as Self-Management implementers.
- (4) The activity plan as referred to in paragraph (1) is stipulated by PPKs while calculating expert staffs/equipments/certain materials that are carried out under a separate Contract.
- (5) The expert staffs as referred to in paragraph (4) can only be utilized in the implementation of Type I Self-Management and the number of expert staffs must not exceed 50% (fifty percent) from the number of Implementing Team members.
- (6) The results of preparation of Procurement of Goods/Services through Self-Management as referred to in paragraph (1) is incorporated into activity/sub-activity/output ToR.
- (7) The activity plan proposed by Community Groups is evaluated and stipulated by PPKs.

Article 24

- (1) The costs of Procurement of Goods/Services through Self-Management are calculated based on the components of Self-Management costs.
- (2) PAs may propose a Self-Management input/output cost standard to the minister responsible for government affairs in the state financial sector or the head of a region.

Division Two

Preparation for Procurement of Goods/Services through Providers

Article 25

Preparation for Procurement of Goods/Services through Providers by PPKs encompass the following activities:

- a. determining HPS;
- b. determining draft contract;
- c. determining technical specifications/ToR; and/or
- d. determining down payment, down payment guarantee, performance bond, maintenance bond, warranty certificate and/or price adjustment.

Article 26

- (1) HPS is calculated based on expertise and use accountable data.

- (2) HPS already calculate profit and overhead cost.
- (3) The value of HPS has transparent nature and are non-confidential.
- (4) The total of HPS is the result of HPS calculation plus Value-Added Tax (VAT).
- (5) HPS is used as:
 - a. tool to assess the reasonableness of bid price and/or the reasonableness of unit price;
 - b. basis to determine the upper threshold of legitimate bid price in the Procurement of Goods/Construction Works/Other Services; and
 - c. basis to determine the amount of Performance Bond value for any bid which value are 80% (eighty percent) lower than HPS value.
- (6) HPS does not serve as basis for calculating the amount of state loss.
- (7) The formulation of HPS is exempt for Procurement of Goods/Services with maximum Budget Ceiling of IDR 10,000,000.00 (ten million rupiahs), E-purchasing, and integrated work Tender.
- (8) The determination of HPS should be by no later than 28 (twenty eight) business days before the deadline for:
 - a. bid submission for selection with post-qualification; or
 - b. submission of qualification documents for selection with pre-qualification.

Article 27

- (1) Types of Contract of Procurement of Goods/Construction Works/Other Services are comprised of:
 - a. Lump sum;
 - b. Unit Price;
 - c. Mixture of Lump sum and Unit Price;
 - d. Turnkey; and
 - e. Framework Contract.
- (2) Types of Contract of Procurement of Consultancy Services are comprised of:
 - a. Lump sum;
 - b. Time-Based; and
 - c. Framework Contract.
- (3) Lump sum Contract as referred to in paragraph (1) letter a and paragraph (2) letter a is a contract with definitive and fixed scope of work and total price within certain time limit, with the following conditions:
 - a. all risks are wholly borne by Providers;
 - b. output-oriented; and
 - c. payment are based on the stage of product/output that are generated in accordance with the Contract.
- (4) Unit Price Contract as referred to in paragraph (1) letter b is a contract of Procurement of Goods/Construction Works/Other Services with fixed unit price for every unit or element of work with certain technical specifications over the completion of the whole work within the prescribed time limit with the following conditions:
 - a. volume or quantity of work volume remains a prediction upon the signing of Contract;
 - b. payment are based on joint measuring results over the realization of volume of work; and

- c. the final value of contracts are determined after the whole work has been completed.
- (5) Mixture of Lump sum and Unit Price Contract as referred to in paragraph (1) letter c is a Contract of Procurement of Goods/Construction Works/Other Services which combines Lump sum and Unit Price in 1 (one) contracted work.
- (6) Turnkey Contract as referred to in paragraph (1) letter d is a Contract of Procurement of Construction Work on the completion of the whole work within certain time limit with the following conditions:
 - a. the amount of price is definitive and fixed until the whole work has been completely performed; and
 - b. payment can be carried out based on phases as agreed upon in the Contract.
- (7) Framework Agreement as referred to in paragraph (1) letter e and paragraph (2) letter c may take the form unit price contract in certain period of time for goods/services whose volume and/or time of delivery cannot be determined at the time of signing of the Contract.
- (8) Time-Based Contract as referred to in paragraph (2) letter b is a Consultancy Service Contract for works whose scope are yet to be defined in detail and/or the required time to complete the work are yet to be ascertained.
- (9) Multi-Year Contract is a Contract of Procurement of Goods/Services which is funded by more than 1 (one) Budget Year and are carried out after securing an approval from authorize officials in accordance with provisions of laws and regulations, may take the form of:
 - a. works whose completion are more than 12 (twelve) months or more than 1 (one) Budge Year; or
 - b. works which provides greater benefits if contracted for a period of more than 1 (one) Budget Year and a maximum of 3 (three) Budget Years.

Article 28

- (1) the form of Contracts are comprised of:
 - a. proof of purchase/payment;
 - b. receipts;
 - c. Work Order (Surat Perintah Kerja/SPK);
 - d. agreement; and
 - e. purchase order.
- (2) Proof of purchase/payment as referred to in paragraph (1) letter a is used for Procurement of Other Goods/Services with a maximum value of IDR 10,000,000.00 (ten million rupiahs).
- (3) Receipt as referred to in paragraph (1) letter b is used for Procurement of Other Goods/Services with a maximum value of IDR 50,000,000.00 (fifty million rupiahs).
- (4) SPK as referred to in paragraph (1) letter c is used for Procurement of Consultancy Services with a maximum value of IDR 100,000,000.00 (one hundred million rupiahs), Procurement of Other Goods/Services with a minimum value of more than IDR 50,000,000.00 (fifty million rupiahs) up to the maximum value of IDR 200,000,000.00 (two hundred million rupiahs), and Procurement of Construction Works with a maximum value of IDR 200,000,000.00 (two hundred million rupiahs).
- (5) Agreement as referred to in paragraph (1) letter d is used for Procurement of Goods/Construction Works/Other Services with a minimum value of more than IDR 200,000,000.00 (two hundred million rupiahs) and for Procurement of Consultancy Services with a minimum amount of more than IDR 100,000,000.00 (one hundred million rupiahs).
- (6) Purchase order as referred to in paragraph (1) letter e is used for Procurement of Goods/Services through E-purchasing or purchase through online shops.

- (7) Further provisions as regards the form of contract as referred to in paragraph (1) and Contract supporting documents are regulated under regulation of the minister responsible for government affairs in the state finance sector and/or the minister responsible for government affairs in the interior sector.

Article 29

- (1) Down payment can be granted for preparation of work implementation.
- (2) Down payment as referred to in paragraph (1) is granted under the following conditions:
- a maximum of 30% (thirty percent) of contract value for small businesses;
 - a maximum of 20% (twenty percent) of contract value for non-small businesses and Consultation Service Providers; or
 - a maximum of 15% (fifteen percent) of contract value for Multi-Year Contract.
- (3) The provision of down payment is incorporated into the draft contract which is contained within Selection Documents.

Article 30

- (1) Guarantee for Procurement of Goods/Services are comprised of:
- Bid Bond;
 - Objection Appeal Bond;
 - Performance Bond;
 - Down payment Guarantee; and
 - Maintenance Bond.
- (2) Bid Bond as referred to in paragraph (1) letter a and Objection Appeal Bond as referred to in paragraph (1) letter b are only for procurement of Construction Works.
- (3) Guarantee as referred to in paragraph (1) may take the form of bank guarantee or surety bond.
- (4) The form of Guarantee as referred to in paragraph (3) is:
- unconditional;
 - easy to cash in; and
 - must be cashed in by issuer of guarantee by no later than 14 (fourteen) business days after the receipt of a cash-in order from Pokja Pemilihan/PPK/Parties granted with power of authority.
- (5) Procurement of Consultancy Services does not require Bid Bond, Objection Appeal Bond, Performance Bond and Maintenance Bond.
- (6) Guarantee from Commercial Banks, Guarantee Companies, Insurance Companies, special financial institutions which undertake business activities in the sector of financing, guarantee and insurance to boost Indonesian exports in accordance with provisions of laws and regulations in the sector of Indonesia export financing institution can be used for every type of Guarantee.
- (7) Guarantee Companies, Insurance Companies and special financial institution which undertake business activities in the sector of financing, guarantee and insurance to boost Indonesian exports in accordance with provisions of laws and regulations in the sector of Indonesia export financing institution as referred to in paragraph (6) are Guarantee Issuer Companies which has business license and suretyship product recordation at the Financial Services Authority.

Article 31

- (1) Bid Bond as referred to in Article 30 paragraph (2) is enforced for minimum total HPS value of more than IDR 10,000,000,000.00 (ten billion rupiahs).
- (2) The amount of Bid Bond as referred to in paragraph (1) is set between 1% (one percent) to 3% (three percent) of total HPS value.
- (3) For integrated Construction Works, the amount of Bid Bond as referred to in paragraph (1) is set between 1% (one percent) to 3% (three percent) of Budget Ceiling value.

Article 32

- (1) The amount of Objection Appeal Bond as referred to in Article 30 paragraph (2) is set at 1% (one percent) of total HPS value.
- (2) For integrated Construction Works, the amount of Objection Appeal Bond as referred to in Article 30 paragraph (2) is set at 1% (one percent) of Budget Ceiling value.

Article 33

- (1) Performance Bond as referred to in Article 30 paragraph (1) letter c is implemented for Contract of Procurement of Goods/Construction Works/Other Services with a minimum value of more than IDR 200,000,000.00 (two hundred million rupiahs).
- (2) Performance Bond as referred to in paragraph (1) is not required in case of:
 - a. Procurement of Other Services to which the Provider's assets is already controlled by the User; or
 - b. Procurement of Goods/Services through.
- (3) The amount of Performance Bond is as follows:
 - a. for a corrected bid value between 80% (eighty percent) to 100% (one hundred percent) of HPS value, the Performance Bond is set at 5% (five percent) of contract value; or
 - b. for a corrected bid value below 80% (eighty percent) of HPS value, the Performance Bond is set at 5% (five percent) of total HPS value.
- (4) The amount of Performance Bond for integrated work is as follows:
 - a. for bid value between 80% (eighty percent) to 100% (one hundred percent) of Budget Ceiling Value, the Performance Bond is set at 5% (five percent) of contract value; or
 - b. for bid value below 80% (eighty percent) of Budget Ceiling Value, the Performance Bond is set at 5% (five percent) of Budget Ceiling value.
- (5) Performance Bond is valid until the handover of work on the Procurement of Goods/Other Services or the provisional handover of Construction Works.

Article 34

- (1) Down Payment Guarantee as referred to in Article 30 paragraph (1) letter d is handed over by Providers to PPKs in the same amount of the down payment.
- (2) The value of Down Payment Guarantee as referred to in paragraph (1) can be gradually reduced in a proportional manner in accordance with the remaining down payment that are received.

Article 35

- (1) Maintenance Bond as referred to in Article 30 paragraph (1) letter e is implemented for Construction Works or Other Services that require maintenance period, in case of Providers receiving retention money upon the provisional hand over).
- (2) Maintenance Bond as referred to in paragraph (1) is returned 14 (fourteen) days after the completion of maintenance period.
- (3) The amount of Maintenance Bond is set at 5% (five percent) of contract value.

Article 36

- (1) Warranty Certificate is granted towards the use worthiness of goods until a certain timeframe in accordance with the provisions in the Contract.
- (2) Warranty Certificate as referred to in paragraph (1) is issued by manufacturers or parties who were lawfully appointed by manufacturers.

Article 37

- (1) Price adjustment is performed under the following provisions:
 - a. is implemented towards Multi-Year Contract having the type of Unit Price Contract or Time-Based Contract in accordance with provisions and requirements which has been incorporated into Selection Documents and/or amendment to Selection Document; and
 - b. procedures for the calculation of price settlement must be clearly incorporated in Selection Documents/amendment to Selection Document which is an integral part of a Contract.
- (2) Requirements and procedures for the calculation of price adjustment as referred to in paragraph (1) are comprised of:
 - a. price adjustment is implemented in Multi-Year Contracts having implementation period of more than 18 (eighteen) months;
 - b. price adjustment as referred to in letter a is implemented starting from the 13th (thirteenth) month after the commencement of works;
 - c. price adjustment also applicable for all payment activities/items aside from the component of profit, overhead cost and unbalanced unit price as set out in the bid;
 - d. unit price adjustment is implemented in accordance with the implementation schedule set out in the Contract;
 - e. unit price adjustment for component of works originating from foreign countries should use the price adjustment index from the country of origin of the goods in question;
 - f. types of new work with new unit price as a result of contract addendum can be granted with price adjustment starting from the 13th (thirteenth) month after the signing of the contract addendum in question; and
 - g. the index used in case of delayed implementation of Contract caused by the Providers' fault is the lowest index between the schedule of the contract and the realization of work.

Article 38

- (1) Method to select Providers of Goods/Construction Works/Other Services are comprised of:
 - a. E-purchasing;
 - b. Direct Procurement;
 - c. Direct Appointment;

- d. Express Tender; and
 - e. Tender.
- (2) E-purchasing as referred to in paragraph (1) letter a is performed for Goods/Construction Works/Other Services that has been incorporated into electronic catalogue.
 - (3) Direct Procurement as referred to in paragraph (1) letter b is performed for Goods/Construction Works/Other Services having a maximum value of IDR 200,000,000.00 (two hundred million rupiahs).
 - (4) Direct Appointment as referred to in paragraph (1) letter c is performed for Goods/Construction Works/Other Services in certain circumstances.
 - (5) Criteria of Goods/Construction Works/Other Services for certain circumstances as referred to in paragraph (4) encompass:
 - a. organizing the preparation of sudden activities to follow up on an international commitment attended by the President/Vice President;
 - b. goods/services having confidential nature for State interests which encompass intelligent, witness protection, the security of President and Vice President, Former President and Former Vice President and their families, as well as head-of-state/head-of-government level state guests, or other goods/services having confidential nature in accordance with provisions of laws and regulations;
 - c. building Construction Work which is a unity of construction system and a unity of responsibility for risks of building failure that as a whole cannot be planned/calculated beforehand;
 - d. Goods/Construction Works/Other Services that can only be provided by 1 (one) capable Business;
 - e. procurement and distribution of superior seeds which encompass seeds of rice, corn and soybean, as well as fertilizers which encompass Urea, NPK and ZA to farmers in order to ensure the availability of seeds and fertilizers in an accurate and prompt manner for implementing the improvement of food security;
 - f. public utility, facility and infrastructure works in residential neighborhood for Low-Income Citizens performed by the relevant developers;
 - g. Goods/Construction Works/Other Services that are specific and can only be performed by patent holders, parties which already secure a license from patent holders or parties winning the tender to secure a license from the government; or
 - h. Goods/Construction Works/Other Services which experience failure after undergoing re-Tendering.
 - (6) Express Tender as referred to in paragraph (1) letter d is performed in case of:
 - a. the work specification and volume can already be determined in detail; and
 - b. the Business has been qualified in the Provider Performance Information System.
 - (7) Tender as referred to in paragraph (1) letter e is performed in case of the Provider selection methods as referred to in paragraph (1) letter a to letter d cannot be employed.

Article 39

- (1) The method to evaluate Good/Construction Work/Other Service Provider offers is performed with:
 - a. Value System;
 - b. Life-Cycle Cost Analysis; or
 - c. Lowest Price.
- (2) Value System evaluation method is used for Procurement of Goods/Construction Works/Other

Services which calculate technical and price evaluation.

- (3) Life-Cycle Cost Analysis evaluation method is used for Procurement of Goods/Construction Works/Other Services which calculate the factor of economic life cycle, price, operational cost and residual value within a certain operational period.
- (4) Lowes Price evaluation method is used for Procurement of Goods/Construction Works/Other Services in case of the price becomes basis to determine a winner between bids which satisfies technical requirements.

Article 40

- (1) The method to submit bidding documents in the selection of Good/Construction Work/Other Service Providers is performed with:
 - a. 1 (one) file;
 - b. 2 (two) file; or
 - c. 2 (two) stage.
- (2) One file method is used for Procurement of Goods/Construction Works/Other Services which uses the Lowest Price evaluation method.
- (3) Two file method is used for Procurement of Goods/Construction Works/Other Services which firstly require a technical assessment.
- (4) Two stage method is used for Procurement of Goods/Construction Works/Other Services having the following characteristics:
 - a. its technical specifications still cannot be determined with certainty;
 - b. have several alternative system usage and different technology application design;
 - c. allows for the modification of technical specifications according to the submitted technical bids; and/or
 - d. require technical equalization.

Article 41

- (1) The method to select Consultancy Service Providers are comprised of:
 - a. Selection;
 - b. Direct Procurement; and
 - c. Direct Appointment.
- (2) Selection as referred to in paragraph (1) letter a is performed for Consultancy Services having a minimum value of more than IDR 100,000,000.00 (one hundred million rupiahs).
- (3) Direct Procurement as referred to in paragraph (1) letter b is performed for Consultancy Services having a maximum value of IDR 100,000,000.00 (one hundred million rupiahs).
- (4) Direct Appointment as referred to in paragraph (1) letter c is performed for Consultancy Services in certain circumstances.
- (5) Criteria of Consultancy Services in certain circumstances as referred to in paragraph (4) encompass:
 - a. Consultancy Service which can only be performed by 1 (one) capable Business;
 - b. Consultancy Service which can only be performed by 1 (one) registered copyright holder or parties which already secure a license for copyright holders;
 - c. Consultancy Service in the legal sector encompass legal consultants/advocacy or procurement

of unplanned arbitrators, to deal with lawsuits and/or legal demands from certain parties with the nature of its work implementation and/or defense must be prompt are cannot be postponed; or

- d. Repeat order for the same Consultancy Service Provider.
- (6) In case of a Direct Appointment being undertaken for Consultancy Service Providers as referred to in paragraph (5) letter d, a maximum limitation of 2 (two) time are granted.

Article 42

- (1) The method to evaluate Consultancy Service Provider bids are performed with:
 - a. Quality and Cost;
 - b. Quality;
 - c. Budget Ceiling; or
 - d. Lowest Cost.
- (2) Quality and Cost evaluation method is used for works which the scope of work, type of expert and work completion period can be described with certainty in the KAK.
- (3) Quality evaluation method is used for works which the scope of work, type of expert and work completion period cannot be described with certainty in the KAK or for Individual Consultancy Service works.
- (4) Budget Ceiling evaluation method is only used in the scope of simple work which can be described with certainty in the KAK and the bid must not exceed the Budget Ceiling.
- (5) Lowest Cost evaluation method is only used for standard or routine works having an established work implementation practice and standard.

Article 43

- (1) The method to submit bidding documents in the selection of Consultancy Service Provider through Direct Procurement and Direct Appointment uses the one file method.
- (2) The method to submit bidding documents in the selection of Consultancy Service Provider through Selection uses the two file method.

Article 44

- (1) Qualification is the evaluation of competencies, business capabilities and fulfillment of requirements as a Provider.
- (2) Qualification is performed by way of post-qualification or pre-qualification.
- (3) Post-qualification is performed at the implementation of the following selection:
 - a. Tender of Goods/Construction Services/Other Services for non-complex Procurement; or
 - b. Selection of Individual Consultancy Service.
- (4) Qualification at post-qualification as referred to in paragraph (3) is undertaken simultaneously with the implementation of bidding evaluation by using the elimination system method.
- (5) Pre-qualification is performed at the implementation of the following selection:
 - a. Tender of Goods/Construction Services/Other Services for complex Procurement;
 - b. Selection of Business Entity Consultancy Service; or
 - c. Direct Appointment of Procurement of Goods/Construction Works/Business Entity Consultancy

Services/Individual Consultancy Services/Other Services.

- (6) Qualification at pre-qualification as referred to in paragraph (5) is undertaken before the entry of bidding by using the following method:
 - a. elimination system for Providers of Goods/Construction Works/Other Services; or
 - b. weightage system with threshold for Consultancy Service Providers.
- (7) the results of pre-qualification generates:
 - a. list of participants of Tender of Goods/Construction Services/Other Services; or
 - b. short list of participants of Consultancy Service Selection.
- (8) In case of Business has been qualified in the Provider Performance Information System, a verification of qualification is not required.
- (9) Pokja Pemilihan is prohibited to add discriminative and unobjective qualification requirements.
- (10) Complex Procurement of Goods/Services as referred to in paragraph (5) letter a is the Procurement of Goods/Construction Services/Other Services that have high risks, require advanced technologies, use specially designed tools and/or difficult to technically define how to fulfill the needs and objectives of Procurement of Goods/Services.

Article 45

The election schedule for each phase shall be determined by the amount of time sufficient for Pokja Pemilihan and the participants in accordance with the work.

Article 46

Selection Document includes:

- a. Qualification Document; and
- b. Tender/Selection/Direct Appointment/Direct Procurement Document.

CHAPTER VI

IMPLEMENTATION OF PROCUREMENT OF GOODS/SERVICES THROUGH SELF-MANAGEMENT

Division One

Implementation

Article 47

- (1) The implementation of Self-Management type I shall be conducted with the following provisions:
 - a. PA/KPA may utilize other Ministry/Institution/Regional Apparatus employees and/or experts;
 - b. Utilization of experts must not exceed 50% (fifty percent) from the amount of Implementation team; and
 - c. In the event of the need in Procurement of Goods/Services through Provider, it shall be implemented in accordance with the provisions in this Regulation of the President.
- (2) The implementation of Self-Management type II shall be conducted with the following provisions:
 - a. PA/KPA shall conduct a work agreement with the other Ministry/institution/Regional Apparatus

Self-Management implementers; and

- b. PPK shall sign the Contract with the Head of Self-Management Implementation Team in accordance with the work agreement as referred to in letter a.
- (3) The implementation of Self-Management type III shall be conducted in accordance with the Contract between PPK and the head of Ormas.
- (4) The implementation of Self-Management type IV shall be conducted in accordance with the Contract between PPK and the head of Community Groups.
- (5) For the implementation of Self-Management type II as referred to in paragraph (2), type III as referred to in paragraph (3), and type IV as referred to in paragraph (4), the value of the work contained in the Contract includes the needs of the goods/services obtained through the Provider.

Division Two

Self-Management Payment

Article 48

Self-Management payment shall be conducted in accordance with the laws.

Division Three

Supervision and Accountability

Article 49

- (1) Implementation Team shall report the progress on the implementation of Self-Management and the utilization of finance periodically.
- (2) Implementation Team shall submit the result of the Self-Management work to PPK with Official Report of Transfer.
- (3) The implementation of Self-Management shall be supervised by Supervisory Team.

CHAPTER VII

IMPLEMENTATION OF PROCUREMENT OF GOODS/SERVICES THROUGH PROVIDER

Division One

Implementation of Provider Selection

Article 50

- (1) Implementation of the election through Tender/Selection comprises of the following stages:
 - a. Qualification Implementation;
 - b. Announcement and/or Invitation;
 - c. Registration and Election Document Pickup;
 - d. Explanation;
 - e. Bidding Document Submission;

- f. Bidding Document Evaluation; and
 - g. Objection.
- (2) Other than the provisions as referred to in paragraph (1) for the implementation of the election of Construction Works shall include Objection Appeal Bond stage.
 - (3) The implementation of the election as referred to in paragraph (1), for the Selection of Consultation Service, clarification and negotiation shall be conducted on the technical and cost offer after the end of the objection period.
 - (4) The implementation of election through Quick Tender shall be conducted under the following provisions:
 - a. participant has been qualified in Provider Performance Information System;
 - b. participant shall submit an bid price only;
 - c. the bid price evaluation shall be undertaken through application; and
 - d. determination of the winner shall be based on the lowest bid price.
 - (5) The implementation of E-purchasing must be conducted for the goods/services related to the fulfilment of national's needs and/or strategic determined by ministry, head of institution, or head of region.
 - (6) The implementation of Direct Appointment shall be carried out by inviting 1 (one) chosen Business, accompanied with a technical or cost negotiation.
 - (7) The implementation of Direct Procurement shall be conducted as follows:
 - a. Direct purchase/payment to the Provider for the Procurement of Other Goods/Services using proof of purchase or receipt; or
 - b. request for offer which is accompanied by a clarification as well as technical and price negotiation to Business for Direct Procurement using SPK.
 - (8) Election may be implemented immediately after the RUP has been announced.
 - (9) For goods/services which contract shall be signed in the beginning of the year, the election may be implemented after:
 - a. the determination of Budget Ceiling K/L; or
 - b. the approval of RKA regional apparatus in accordance with the provisions of laws.
 - (10) The implementation of election as referred to in paragraph (9) shall be carried out after RUP has been announced through SIRUP application.
 - (11) Price offering may be conducted through a repetitive price offering method (E-reverse Auction).

Division Two

Failed Tender/Selection

Article 51

- (1) Prequalification shall fail in the event of:
 - a. after the granting of time extension, no participant submits the qualification document; or
 - b. the number of participants passing the prequalification is less than 3 (three) participants.
- (2) Tender/Selection shall fail in the event of:
 - a. any mistake in the evaluation process;
 - b. no participants submitting bidding documents after the granting of time extension;

- c. no participants passed the bidding evaluation;
 - d. a mistake is found in Selection Document or not in accordance with the provisions in this Regulation of the President;
 - e. all of the participants are involved in Corruption, Collusion and Nepotism (KKN);
 - f. all of the participants are involved in unhealthy business competition;
 - g. all of the Tender of Goods/Construction Works/Other Services price offering are above HPS;
 - h. cost negotiation in the Selection is not met; and/or
 - i. KKN involves Pokja Pemilihan/PPK.
- (3) Failed prequalification as referred to in paragraph (1) and failed Tender/Selection as referred to in paragraph (2) letter a to letter h shall be determined by Pokja Pemilihan.
- (4) Failed Tender/Selection as referred to in paragraph (2) letter I shall be determined by PA/KPA.
- (5) The follow-up from failed prequalification as referred to in paragraph (1), Pokja Pemilihan shall immediately conduct a re-prequalification with the following provisions:
- a. after the re-prequalification, if the number of passed participants are 2 (two), the Tender/Selection process shall be continued; or
 - b. after the re-prequalification, if the number of passed participants is 1 (one), it shall be followed by Direct Appointment process.
- (6) The follow-up of the failed Tender/Selection as referred to in paragraph (2), Pokja Pemilihan shall immediately conduct:
- a. re-offering evaluation;
 - b. submission of re-offering; or
 - c. Re-Tender/Selection.
- (7) The re-offering evaluation as referred to in paragraph (6) letter a shall be conducted in the event of a mistake in the evaluation of the offer.
- (8) Submission of a re-offering as referred to in paragraph (6) letter b shall be conducted for the failed Tender/Selection as referred to in paragraph (2) letter d and letter h.
- (9) Re-Tender/Selection as referred to in paragraph (6) letter c shall be conducted for the failed Tender/Selection as referred to in paragraph (2) letter b, letter c, letter e, letter f, letter g, and letter i.
- (10) In the event that the Re-Tender/Selection as referred to in paragraph (9) may fail, Pokja Pemilihan with the approval of PA/KPA shall conduct Direct Appointment with the following criteria:
- a. needs that cannot be delayed; and
 - b. not enough time to implement the Tender/Selection.

Division Three

Contract Implementation

Article 52

- (1) Contract Implementation includes:
- a. Determination of Goods/Services Provider Appointment Letter;
 - b. Contract Signing;
 - c. The giving of Down Payment

- d. Work Performance Payment;
 - e. Contract Amendment;
 - f. Price Adjustment;
 - g. Termination of Contract or the End of Contract;
 - h. Discontinuation of Contract;
 - i. Handover of Work Result; and/or
 - j. Handling of Incidents of Force Majeure.
- (2) PPK is prohibited to initiate a contractual agreement or to sign a Contract with the Provider, in the event of the expenditure budget is still not available or insufficient which may result in exceeding the expenditure budget limit available for activities financed by APBN/APBD.

Division Four

Work Performance Payment

Article 53

- (1) Work performance payment shall be granted to the Provider after it has been deducted with the installment of refund of down payment, retention, and penalty.
- (2) Retention as referred to in paragraph (1) is set for 5% (five percent) which is used as the Construction Maintenance Guarantee or Other Maintenance Service Guarantee that requires a period of maintenance.
- (3) In the event that the Provider submits part of the work to a subcontractor, the payment request shall be accompanied with the proof of payment to the subcontractor in accordance with the realization of the work.
- (4) Work performance payment may be given in the form of:
 - a. monthly payment;
 - b. payment based on the completion stage of work/phases; or
 - c. payment simultaneously after the completion of work.
- (5) The payment may be implemented before the work performance for the Procurement of Goods/Services due to the nature of the payment that shall be conducted before the goods/services are received, after the Provider submits the guarantee for the payment to be made.
- (6) Payment may be implemented for equipment and/or unarranged materials which become a part of the work on the work site and have been included in the Contract.
- (7) Provisions concerning the pre-work performance payment as referred to in paragraph (5) shall be in accordance with the provisions of laws and regulations.

Division Five

Contract Amendment

Article 54

- (1) In the event of any discrepancy between the field conditions at the time of implementation with the picture and/or the technical/KAK specifications as determined in the Contract document, PPK with the Provider may conduct an amendment to the contract, which includes:

- a. increase or decrease the volume contained in the Contract;
 - b. increase and/or reduce the type of activities;
 - c. changing technical specifications according to field conditions; and/or
 - d. changing the implementation schedule.
- (2) In the event that a change to the contract as referred to in paragraph (1) results in an increase in the value of the contract, the amendment to the contract shall be implemented with the provision that the addition of the final contract value shall not exceed 10% (ten percent) of the price stated in the initial Contract.

Division Six

Force Majeure Situation

Article 55

- (1) In the event of a force majeure, the implementation of the Contract may be terminated.
- (2) In the event that the implementer and Contract are resumed, the parties may conduct an amendment to the contract.
- (3) Extension time for the Contract settlement due to majeure circumstances may pass the Fiscal Year.
- (4) The follow up after the occurrence of force majeure shall be arranged in the Contract.

Division Seven

Contract Completion

Article 56

- (1) In the event that the Provider fails to complete the work until the end of the Contract implementation, however the evaluation of PPK shows that the Provider is able to complete the work, PPK shall provide the Provider with the opportunity to complete the work.
- (2) The granting of opportunity to the Provider to complete the work as referred to in paragraph (1) shall be contained in the addendum of the contract in which regulate the completion time of the work, the imposition of sanction of late penalties to the Provider, and the extension of the Performance Bond.
- (3) The granting of opportunity to the Provider to complete the work as referred to in paragraph (1), may exceed the Fiscal Year.

Division Eight

Handover of Work Result

Article 57

- (1) After the work is completed 100% (one hundred percent) in accordance with the provisions set out in the Contract, the Provider shall submit a written request to PPK for the handover of the goods/services.
- (2) PPK shall conduct an inspection on the delivered goods/services.
- (3) PPK and Provider shall sign the Official Handover Report.

Article 58

- (1) PPK shall deliver the goods/services as referred to in Article 57 to PA/KPA.
- (2) PA/KPA shall request PjPHP/PPHP to perform administrative inspection on the goods/services to be handed over.
- (3) The results of the examination as referred to in paragraph (2) shall be poured into the Official Report.

**CHAPTER VIII
SPECIAL PROCUREMENT****Division One****Procurement of Goods/Services in the Event of Emergency Management****Article 59**

- (1) Emergency handling shall be conducted for the safety/protection of the public or Indonesian citizens residing within the country and/or abroad which implementation cannot be delayed and must be carried out immediately.
- (2) Emergency situations include:
 - a. natural disasters, non-natural disasters, and/or social disasters;
 - b. implementation of search and rescue operations;
 - c. damage to facilities/infrastructure that may disrupt public service activities;
 - d. natural disasters, non-natural disasters, social disasters, the development of political and security situation abroad, and/or the enforcement of foreign government policies that have a direct impact on the safety and the order of Indonesian citizens abroad; and/or
 - e. granting of humanitarian assistance to other affected countries.
- (3) The determination of an emergency situation as referred to in paragraph (2) letter a shall be carried out in accordance with the provisions of laws and regulations.
- (4) The emergency situation as referred to in paragraph (2) letter a includes emergency alert, emergency response, and emergency transition to recovery.
- (5) For the handling of emergencies as referred to in paragraph (2), PPK shall designate the nearest Provider which carries out similar Procurement of Goods/Services or other Business which is deemed capable and qualified to carry out similar Procurement of Goods/Services.
- (6) Emergency handling may be implemented by the utilization of permanent construction, in the case of the transfer of permanent job is still within the time of emergency.
- (7) The handling of emergencies that may only be overcome with permanent construction, the completion of work may pass the time of the emergency situation.

Division Two**Procurement of Goods/Services in Overseas****Article 60**

- (1) Procurement of Goods/Services that are implemented outside the country shall be in accordance with the provisions in this Regulation of the President.
- (2) In the event of the provisions in the Regulation of the President as referred to in paragraph (1) cannot be implemented, the implementation of the Procurement of Goods/Services shall be adjusted to the provisions of Procurement of Goods/Services in the related country.
- (3) Further provisions on the procedure of Procurement of Goods/Services in Overseas shall be regulated by the ministry who implement the government affairs in the overseas sector after consulting with LKPP.

Division Three

Exemptions

Article 61

- (1) Exempted from the provisions of this Regulation of the President are:
 - a. Procurement of Goods/Services to the Public Service Agency;
 - b. Procurement of Goods/Services carried out based on tariffs published widely to the public;
 - c. Procurement of Goods/Services carried out in accordance with the established business practices; and/or
 - d. Procurement of Goods/Services regulated with the provisions of other legislation.
- (2) Procurement of Goods/Services at the Public Service Agency shall be regulated separately with the Regulation of the Head of Public Service Agency.
- (3) Further provisions on exemption in Procurement of Goods/Services as referred to in paragraph (1) letter b, paragraph (1) letter c, and paragraph (1) letter d shall be regulated by Regulation of the Head of Institution.

Division Four

Research

Article 62

- (1) Research shall be conducted by:
 - a. PA/KPA to Ministry/Institution/Regional Apparatus as the implementer of the research; and
 - b. research implementer.
- (2) Implementer of the research as referred to in paragraph (1) letter a is authorized to:
 - a. determine a strategic research plan which refers to the national research development;
 - b. determine an annual research program which refers to the strategic research plan and/or to support the formulation and arrangement of national development policies; and
 - c. conduct a quality assurance of research implementation.
- (3) The implementer of the research as referred to in paragraph (1) letter b includes:
 - a. Individual/group of individuals including State Apparatus/Non-State Apparatus
 - b. Ministry/Institution/Regional Apparatus;
 - c. Universities;

- d. Mass Organization; and/or
 - e. Business entity.
- (4) The implementer of the research as referred to in paragraph (3) shall be determined according to the result of competition or appointment.
 - (5) Competition as referred to in paragraph (3) shall be implemented through the selection of research proposal.
 - (6) Appointment as referred to in paragraph (4) shall be determined by the research implementer for a special research.
 - (7) The research may utilize budget expenditure and/or facilities from 1 (one) or more than 1 (one) research implementer.
 - (8) The research may be conducted with a research contract for 1 (one) Fiscal Year or more than 1 (one) Fiscal Year.
 - (9) Research implementation payment may be implemented gradually or at once in accordance with the research contract.
 - (10) Payment as referred to in paragraph (9) shall be conducted based on the output product in accordance with the research contract.
 - (11) Further provisions on the research shall be regulated in a ministry regulation that implement the government affairs in research, technology, and higher education field.

Division Five

International Tender/Selection and Foreign Loan Funds or Foreign Grants

Article 63

- (1) International Tender/Selection may be implemented for:
 - a. Procurement of Construction Works with a value of at least above Rp1,000,000,000,000.00 (one trillion rupiah);
 - b. Procurement of Other Goods/Services with a value of at least above Rp50,000,000,000.00 (fifty billion rupiahs);
 - c. Procurement of Consulting Services with a value of at least above Rp25,000,000,000.00 (twenty-five billion rupiahs); or
 - d. Procurement of Goods/Services financed by Export Credit Insurance Company or Private Foreign Creditors.
- (2) International Tender/Selection shall be implemented for the value less than the limit as referred to in paragraph (1) letter a, letter b, and letter c, in the absence of a capable and eligible domestic Business.
- (3) Foreign business entity which takes part in International Tender/Selection as referred to in paragraph (1), shall conduct a cooperation with the national business entity in the form of consortium, subcontract, or other forms of cooperation.
- (4) Foreign business entity which implements the Procurement of Goods/Construction Works, shall cooperate with the domestic industry in the manufacture of spare parts and the implementation of after-sales service.
- (5) Procurement of Goods/Construction Works/Consulting Services/Other Services undertaken through an International Tender/Selection shall be announced on the website of the Ministry/Institution/Regional Government and the international community website.

- (6) Selection Document through International Tender/Selection shall be written in at least 2 (two) languages, Indonesian and English.
- (7) In the event of a different interpretation of the Selection Document as referred to in paragraph (6), the document written in Indonesian shall become the reference.
- (8) Contract Payment through International Tender/Selection may use the rupiah currency and/or in accordance with the provisions of laws.

Article 64

- (1) Procurement of Goods/Services for the activities which fund is sourced from foreign loans or foreign grants shall be in accordance with the provisions regulated in this Regulation of the President, unless otherwise regulated in the foreign loans agreement or foreign grants agreement.
- (2) The process of the Procurement of Goods/Services for the activities which fund is sourced from foreign loans may be implemented before the foreign loans agreement is settled (advance procurement).
- (3) In formulating the agreement as referred to in paragraph (1) may be consulted to LKPP.

CHAPTER IX

SMALL BUSINESS, DOMESTIC PRODUCTS, AND SUSTAINABLE PROCUREMENT

Division One

Small Business Roles

Article 65

- (1) Small business consists of Micro and Small Business.
- (2) In Procurement of Goods/Services, PA/KPA shall expand the role of small business.
- (3) Packaging shall be conducted by setting as many packages for small businesses without neglecting the principles of efficiency, fair business competition, unity of the system, and the quality of technical skills.
- (4) The value of the package of Procurement of Goods/Construction Works/Other Services is at most Rp2,500,000,000.00 (two billion five hundred million rupiah), reserved and designated for small businesses, except for work packages that require technical capabilities that small businesses cannot fulfill.
- (5) LKPP and Ministry/Institution/Regional Government shall expand the role of small businesses by listing goods/services of small business production in an electronic catalog.
- (6) Non-small business Provider which carries out the work may undertake business cooperation with small businesses in the form of partnerships, subcontracts, or other forms of cooperation, if there is a small business that has the capability in the related field.

Division Two

Utilization of Domestic Products

Article 66

- (1) Ministry/Institution/Regional Apparatus shall use domestic products, including national design and engineering.
- (2) The obligation to use domestic products as referred to in paragraph (1) shall be conducted if there are participants who offer goods/services with Domestic Component Level (Tingkat Komponen Dalam Negeri—TKDN) plus the Company Utilization Point Rating (Bobot Manfaat Perusahaan—BMP) of at least 40% (forty percent).
- (3) Calculation of TKDN and BMP as referred to in paragraph (2) shall be conducted in accordance with the provisions of laws.
- (4) The provisions as referred to in paragraph (2) and paragraph (3) shall be included in the RUP, technical specifications/KAK, and the Selection Document.
- (5) Procurement of imported goods may be conducted, in the case of:
 - a. the goods cannot be produced domestically; or
 - b. domestic production volume is not able to meet the needs.
- (6) LKPP and/or Ministry/Institution/Regional Government shall multiply the inclusion of domestic products in the electronic catalog.

Article 67

- (1) Price preference is an incentive for domestic products in the Provider's election in the form of acceptable over price.
- (2) The price preference shall apply to Procurement of Goods/Services valued at least above Rp1,000,000,000.00 (one billion rupiah).
- (3) Price preference shall be granted to goods/services that have TKDN of at least 25% (twenty five percent).
- (4) The price preference for goods/services shall be 25% (twenty five percent) maximum.
- (5) The price preference for Construction Works conducted by national business entities shall be at most 7.5% (seven point five percent) above the lowest bid price of foreign business entities.
- (6) The price preference shall be taken into account in the evaluation of the bid price that has met the administrative and technical requirements.
- (7) Determination of the winner shall be based on the lowest price order of Final Evaluation Result (Hasil Evaluasi Akhir—HEA).
- (8) HEA shall be calculated by the formula $HEA = (1 - KP) \times HP$ with:
KP = TKDN x highest preference
KP is the Coefficient of Preference
HP is the Bid price after the arithmetic correction.
- (9) In the event that there are 2 (two) or more offers with the same lowest HEA, the bargainer with the larger TKDN shall be designated as the winner.

Division Three

Sustainable Procurement

Article 68

- (1) Procurement of Goods/Services shall be carried out by taking into account the sustainability aspects.

- (2) The sustainability aspects as referred to in paragraph (1) include:
- economic aspects, including the cost of producing goods/services throughout the life of the related goods/services;
 - social aspects, including empowerment of small businesses, guarantees of fair working conditions, empowerment of local communities/businesses, equity, and diversity; and
 - environmental aspects, including the reduction of negative impacts on health, air quality, soil quality, water quality, and use of natural resources in accordance with the provisions of laws.
- (3) Sustainable Procurement shall be implemented by:
- PA/KPA in planning and budgeting the Procurement of Goods/Services;
 - PPK in preparing technical specifications/KAK and contract drafting in Procurement of Goods/Services; and
 - Pokja Pemilihan/Procurement Official/Procurement Agents in preparing the Selection Document.

CHAPTER X

PROCUREMENT OF GOODS/SERVICES IN ELECTRONIC MANNER

Division One

Procurement of Goods/Services in Electronic Manner

Article 69

- Implementation of Procurement of Goods/Services electronically shall utilize a system information consisting of Sistem Pengadaan Secara Elektronik (SPSE) and supporting system.
- LKPP shall develop SPSE and supporting system.

Article 70

- Procurement of Goods/Services electronically shall utilize E-marketplace.
- E-marketplace of Procurement of Goods/Services shall provide technical infrastructure and supporting transaction service for Ministry/Institution/Regional Government and Provider in the form of:
 - Electronic Catalog;
 - Online Store; and
 - Provider Selection.
- LKPP shall own the authority to develop, guide, maintain, and supervise the implementation of E-marketplace of Procurement of Goods/Services.
- In order to develop and maintain the E-marketplace of Procurement of Goods/Services, LKPP may cooperate with UKPBJ and/or Business.
- In order to develop E-marketplace as referred to in paragraph (4), LKPP shall formulate and determine a development roadmap for E-marketplace of Procurement of Goods/Services.

Article 71

- The scope of SPSE consists of:

- a. Procurement Planning;
 - b. Procurement Preparation;
 - c. Provider Selection;
 - d. Contract Implementation;
 - e. Handover of Work;
 - f. Provider Management; and
 - g. Electronic Catalog.
- (2) SPSE as referred to in paragraph (1) has interconnection with the information system of planning, budgeting, payment, asset management, and other information systems related to SPSE.
- (3) SPSE supporting systems include:
- a. National Procurement Portal;
 - b. Human Resources Procurement of Goods/Services Management;
 - c. Management of advocacy and settlement of legal issues;
 - d. Community participation management;
 - e. Management of learning resources; and
 - f. Monitoring and Evaluation.

Article 72

- (1) Electronic catalog may be in the form of national electronic catalog, sectoral electronic catalog, and local electronic catalogs.
- (2) The electronic catalog as referred to in paragraph (1) shall contain information in the form of list, type, technical specification, TKDN, domestic product, SNI product, green industry product, country of origin, price, Provider, and other information related to goods/services.
- (3) The selection of products listed in the electronic catalog shall be carried out by the Ministry/Institution/Regional Government or LKPP.
- (4) Selection of electronic catalog product shall be implemented by the method of:
- a. Tender; or
 - b. Negotiation.
- (5) Further provisions concerning the management of electronic catalog as referred to in paragraph (1) shall be governed by a Regulation of the Head of the Institution.

Division Two

Electronic Procurement Service

Article 73

- (1) Ministry/Institution/Regional Government shall carry out the function of electronic procurement services.
- (2) The function of electronic procurement services as referred to in paragraph (1) includes:
- a. management of all Procurement of Goods/Services and infrastructure information systems;
 - b. implementation of the registration and verification of all the users of Procurement of

- Goods/Services information systems; and
- c. development of information systems needed by stakeholders.
- (3) LKPP shall establish the service standards, capacity, and information security of SPSE and supporting systems.
- (4) LKPP shall conduct coaching and supervision of the electronic procurement services.
- (5) Further provisions on the function of electronic procurement services as referred to in paragraph (2) shall be governed by the Regulation of the Head of the Institution.

CHAPTER XI

HUMAN RESOURCES AND INSTITUTIONS

Division One

Human Resources of Procurement of Goods/Services

Article 74

- (1) Human Resources of Procurement of Goods/Services include:
- a. Manager of Procurement of Goods/Services within the Ministry/Institution/Regional Government;
- b. State Apparatus/Indonesian National Army/State Police of the Republic of Indonesia within the Ministry of Defense and Police of the Republic of Indonesia; and/or
- c. personnel other than those mentioned in letter a and letter b.
- (2) Human Resources of Procurement of Goods/Services as referred to in paragraph (1) letter b and paragraph (1) letter c shall have the competence in the field of Procurement of Goods/Services.
- (3) Human Resources of Procurement of Goods/Services as referred to in paragraph (1) shall be located in UKPBJ.
- (4) Based on the consideration of the size of the workload or the range of control of the organization, the Human Resources of Procurement of Goods/Services as referred to in paragraph (1) acting as PPK, Procurement Officials, PjPHP/PPHP may be located outside the UKPBJ.

Division Two

Procurement of Goods/Services Institutional

Article 75

- (1) Ministry/Head of Institution/Head of Region shall form UKPBJ who has the duty to implement the support of procurement of goods/services at the Ministry/Institution/Regional Government.
- (2) In order to implement the duty of UKPBJ as referred to in paragraph (1), UKPBJ shall have the following functions:
- a. managing Procurement of Goods/Services;
- b. managing electronic procurement services;
- c. developing Human Resources and Institutional Procurement of Goods/Services;
- d. implementation of mentoring, consultation, and/or technical guidance; and

- e. implementation of other duties given by ministry/head of institution/head of region.
- (3) UKPBJ as referred to in paragraph (1) shall be in a structural form and shall be determined in accordance with the provisions of laws.
- (4) The function of electronic procurement service management as referred to in paragraph (2) letter b, may be carried out by a separate work unit.

CHAPTER XII

SUPERVISION, COMPLAINTS, SANCTIONS, AND LEGAL SERVICES

Division One

Internal Supervision

Article 76

- (1) Ministry/head of institution/head of region must conduct a supervision on Procurement of Goods/Services through the internal control apparatus at the respective Ministry/Institution/Regional Government.
- (2) Supervision as referred to in paragraph (1) may be conducted through audit, review, monitoring, evaluation, and/or implementation of whistleblowing system.
- (3) Supervision of Procurement of Goods/Services as referred to in paragraph (2) shall be from the planning, preparation, Provider selection, Contract implementation, and handover of work.
- (4) The scope of supervision of Procurement of Goods/Services includes:
 - a. the fulfillment of the maximum value of benefits;
 - b. regulatory compliance;
 - c. attainment of TKDN;
 - d. utilization of domestic products;
 - e. provisioning and designation of packages for small businesses; and
 - f. Sustainable Procurement.
- (5) Supervision as referred to in paragraph (4) may be undertaken along with the relevant technical ministry and/or institution having the task of administering government affairs on the supervision of state/regional finance and national development.
- (6) The results of supervision shall be used as a means of controlling the implementation of Procurement of Goods/Services.

Division Two

Public Complaints

Article 77

- (1) Public shall submit complaints to APIP accompanied by a factual, credible, and authentic proof.
- (2) Law-enforcement Apparatus shall forward the public complaints to APIP for a follow-up.
- (3) APIP as referred to in paragraph (1) and paragraph (2) shall conduct a follow up in regards of the complaints according to their authority.

- (4) APIP shall report the results of the follow-up complaint to the ministry/head of institution/head of the region.
- (5) Ministry/head of institution/head of the region shall report to the authorized agency, in the case of an indication of corruption, collusion, and nepotism which is detrimental to the state's finances.
- (6) Ministry/head of institution/head of region shall facilitate the public in conducting supervision on the implementation of Procurement of Goods/Services.
- (7) LKPP shall develop a complaint system on Procurement of Goods/Services.

Division Three

Sanctions

Article 78

- (1) The actions or measures conducted by the electoral participants which shall subject to sanctions in the implementation of the Provider selection are:
 - a. submitting false/incorrect documents or information to meet the requirements determined in the Selection Document;
 - b. any indication to conduct a conspiracy with other participants to set the bid price;
 - c. any indication to conduct KKN in Provider selection; or
 - d. resigning for reasons that cannot be accepted by the Procurement Official/ Pokja Pemilihan/Procurement Agents.
- (2) The actions or measures taken by the winner of the election who has received the SPPBJ that may be subject to sanction is if the winner of the election resigns before the signing of the Contract.
- (3) The actions or measures of the Provider that shall subject to sanctions are:
 - a. does not execute the Contract, does not complete the work, or does not perform the obligations in the maintenance period;
 - b. causing a building failure;
 - c. submitting a bond that cannot be cashed;
 - d. making a mistake in calculating the volume of work result based on the audit result;
 - e. delivering goods/services which quality is not in accordance with the Contract based on the audit results; or
 - f. late in completing works in accordance with the Contract.
- (4) The actions or measures as referred to in paragraph (1), paragraph (2), and paragraph (3) shall be imposed:
 - a. withdrawal from the selection sanction;
 - b. bond disbursement sanction;
 - c. Blacklist Sanction;
 - d. sanction in the form of compensation; and/or
 - e. sanction in the form of fines.
- (5) Violations of the provisions as referred to in:
 - a. paragraph (1) letter a to letter c shall be subject to sanction of withdrawal, Bid Bond disbursement sanction, and Blacklist Sanction for 2 (two) years;

- b. paragraph (1) letter d shall be subject to Bid Bond disbursement sanction and Blacklist Sanction for 1 (one) year;
- c. paragraph (2) shall be subject to Bid Bond disbursement sanction and Blacklist Sanction for 1 (one) year;
- d. paragraph (3) letter a shall be subject to sanction of disbursement of the Performance Bond or sanction of disbursement of Maintenance Bond, and Blacklist Sanction for 1 (one) year;
- e. paragraph (3) letter b to letter e shall be subject to a compensation sanction in the amount of the losses incurred; or
- f. paragraph (3) letter f shall be subject to late penalties sanction.

Article 79

- (1) The imposition of Blacklist Sanction as referred to in Article 78 paragraph (5) letter a shall be stipulated by PA/KPA on the proposal of the Procurement Officials/Pokja Pemilihan/Procurement Agents.
- (2) The imposition of Blacklist Sanction as referred to in Article 78 paragraph (5) letter b shall be stipulated by PA/KPA on the proposal of the Procurement Officials/Pokja Pemilihan/Procurement Agents.
- (3) The imposition of Blacklist Sanctions as referred to in Article 78 paragraph (5) letter c and Article 78 paragraph (5) letter d shall be stipulated by PA/KPA on the proposal of PPK.
- (4) The imposition of late penalties sanction referred to in Article 78 paragraph (5) letter f shall be stipulated by the PPK in the Contract amounting to 1‰ (one permil) of the contract value or the part value of the contract for each day of delay.
- (5) The value of the contract or part value of the contract as referred to in paragraph (4) shall exclude the value added tax (Pajak Pertambahan Nilai—PPN).
- (6) Blacklist Sanction as referred to in paragraph (1) to paragraph (3) shall become effective from the date of the stipulation.

Article 80

- (1) The actions or measures of selection participants which shall subject to sanctions in the catalog process include:
 - a. submission of false/incorrect documents or information to meet the requirements specified in the Selection Document;
 - b. indication of a conspiracy with other participants to set the bid price;
 - c. indication of conducting KKN in Provider selection;
 - d. resigning for reasons that cannot be accepted by Pokja Pemilihan/Procurement Agent; or
 - e. resigning or not signing the catalog contract.
- (2) The actions or measures of the Provider that shall be subject to sanctions in the E-purchasing process is in the form of not fulfilling the contractual obligations in the electronic catalog or mail order.
- (3) The actions or measures as referred to in paragraph (1) and paragraph (2) shall be subject to:
 - a. withdrawal from the selection sanction;
 - b. Blacklist Sanction;
 - c. sanction of suspension in the E-purchasing transaction system; and/or
 - d. Provider exclusion sanction from the electronic catalog.
- (4) Violations of the provisions as referred to in:

- a. paragraph (1) letter a to letter c shall be subject to withdrawal from the selection sanction and Blacklist Sanction for 2 (two) years;
 - b. paragraph (1) letter d and letter e shall be subject to 1 (one) year Black Sanction;
 - c. paragraph (2) for mail order violation shall be subject to sanction of suspension in E-purchasing transaction system for 6 (six) months; or
 - d. paragraph (2) for the violation of contract in electronic catalog shall be subject to Provider exclusion sanction from the electronic catalog for 1 (one) year.
- (5) The imposition of sanctions as referred to in paragraph (4) shall be stipulated by the Ministry/Institution/Regional Apparatus on the proposal of the Pokja Pemilihan/Procurement Official/Procurement Agent and/or PPK.

Article 81

In the event of any violation as referred to in Article 78 paragraph (1) letter a to letter c and Article 80 paragraph (1) letter a to letter c, UKPBJ shall file a criminal lawsuit.

Article 82

- (1) Administrative sanction shall be imposed to PA/KPA/PPK/Procurement Official/Pokja Pemilihan/PjPHP/PPHP who neglect their duties.
- (2) The granting of administrative sanction as referred to in paragraph (1) shall be executed by Staffing Officer/authorized officer in accordance with the provisions of the laws.
- (3) Sanctions for mild, moderate or severe discipline shall be imposed on PA/KPA/PPK/Procurement Officials/Pokja Pemilihan/PjPHP/PPHP who are proven to violate the integrity pact based on the decree of Business Competition Supervisory Commission, General Court, or State Administration Court.

Division Four National Blacklist

Article 83

- (1) PA/KPA shall submit the identity of the election participants/Provider who are imposed to Blacklist Sanction to the work unit which performs electronic procurement service functions, to be displayed in the National Blacklist.
- (2) LKPP shall implement National Blacklist.

Division Five Legal Services for Procurement of Goods/Services

Article 84

- (1) Ministry/Institution/Regional Government must provide legal services to Procurement of Goods/Services Business in facing legal problems related to Procurement of Goods/Services.
- (2) Legal services as referred to in paragraph (1) shall be granted since the investigation process until the court decision stage.

- (3) Procurement of Business as referred to in paragraph (1) shall be exempted for Provider, Ormas, self-management community groups, and Business acting as Procurement Agents.

Division Six

Contract Dispute Settlement

Article 85

- (1) Settlement of contract disputes between PPK and the Provider in the execution of the Contract may be carried out through a contract dispute, arbitration, or court settlement service.
- (2) LKPP shall conduct a contract dispute settlement service as referred to in paragraph (1).

CHAPTER XIII

OTHER PROVISIONS

Article 86

- (1) Ministry/head of institution may conduct a follow up on the implementation of this Regulation of the President for procurement financed by APBN with the regulation of minister/regulation of head of institution.
- (2) The Regional Head may conduct a follow up on the implementation of this Regulation of the President for procurement financed by APBD with the regional regulation/regulation of the head of region.

Article 87

- (1) LKPP shall develop a system and policy on Procurement of Goods/Services in accordance with the developments and needs, taking into account the objectives, policies, principles and ethics of the Procurement of Goods/Services.
- (2) The results of system and policy development as referred to in paragraph (1) shall be stipulated in the Regulation of the Head of Institution.

CHAPTER XIV

TRANSITIONAL PROVISION

Article 88

Upon the effective enforcement of this Regulation of the President:

- a. Pokja Pemilihan/Procurement Officials must be appointed by Manager of Procurement of Goods/Services as referred to in Article 74 paragraph (1) letter a no later than 31 December 2020;
- b. PPK/Pokja Pemilihan/Procurement Officials appointed by State Apparatus/TNI/Polri as referred to in Article 74 paragraph (1) letter b must secure a certificate of competence in Procurement of Goods/Services field no later than 31 December 2023;
- c. PPK/Pokja Pemilihan/Procurement Officials appointed by other personnel as referred to in Article 74 paragraph (1) letter c must secure a certificate of competence in Procurement of Goods/Services field no later than 31 December 2023;
- d. PPK/Pokja Pemilihan/Procurement Official must secure Basic Level Competence Certificate (Sertifikat

Keahlian Tingkat Dasar) in Procurement of Goods/Services field as long as not having the certificate of competence in Procurement of Goods/Services field until 31 December 2023.

Article 89

Upon the enforcement of this Regulation of the President:

1. Procurement of Goods/Services which preparation and implementation are conducted before 1 July 2018, may be implemented in accordance with Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services as amended several times, most recently by Regulation of the President Number 4 of 2015 on Fourth Amendment to the Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services.
2. The contract signed according to Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services as amended several times, most recently by Regulation of the President Number 4 of 2015 on Fourth Amendment to the Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services, shall remain valid until the end of the Contract.

Article 90

- (1) Procurement of Defense and Security Equipment shall be conducted in accordance with the provisions of the laws and regulations in the field of defense industry.
- (2) In the event that the Regulation of the President concerning the requirements and procedures for the Procurement of Defense and Security Equipment is not yet available, the Procurement of Defense and Security Equipment shall be conducted in accordance with the provisions of this Regulation of the President.

CHAPTER XV CLOSING PROVISION

Article 91

- (1) Further provisions on:
 - a. type and description of goods/services as referred to in Article 3;
 - b. procurement of business as referred to in Article 8;
 - c. Procurement Agent as referred to in Article 14;
 - d. procurement planning as referred to in Article 18;
 - e. Consolidation of Procurement of Goods/Services as referred to in Article 21;
 - f. Self-Management preparation as referred to in Article 23, and the implementation of Self-Management as referred to in Article 47;
 - g. preparation of Procurement of Goods/Services through Provider as referred to in Article 25;
 - h. type of Procurement of Goods/Services Contract as referred to in Article 27;
 - i. the method of selecting the Provider/Construction Works/Other Services as referred to in Article 38, and Consultancy Services as referred to in Article 41;
 - j. the method of evaluating the offering of Provider/Construction Works/Other Services as referred to in Article 39, and Consultancy Services as referred to in Article 42;
 - k. the method of submitting selection documents in the selection of Provider/ Construction Works/Other Services as referred to in Article 40, and Consultancy Services as referred to in

Article 43;

- l. Provider qualification as referred to in Article 44;
- m. Provider selection schedule as referred to in Article 45;
- n. Provider selection documents as referred to in Article 46;
- o. implementation of Procurement of Goods/Services through Provider as referred to in Articles 50 to Article 58;
- p. Procurement of Goods/Services in the handling of emergencies as referred to in Article 59;
- q. the exemption as referred to in Article 61;
- r. International Tender/Selection as referred to in Article 63;
- s. electronic catalog as referred to in Article 72;
- t. Human Resources Procurement of Goods/Services as referred to in Article 74;
- u. Institutional Procurement of Goods/Services as referred to in Article 75;
- v. sanctions as referred to in Article 78 to Article 82;
- w. The National Blacklist as referred to in Article 83;
- x. contract dispute settlement service as referred to in Article 85; and
- y. system and policy development in Procurement of Goods/Services as referred to in Article 87,

shall be stipulated by Regulation of the Head of Institution no later than 90 (ninety) days since this Regulation of the President is established.

- (2) Further provisions on the form of Contract and Contract supporting documents as referred to in Article 28 for the financing sourced from APBN, and the granting of opportunity to Provider to complete the work as referred to in Article 56 shall be determined with the regulation of minister which carries the government affairs in state finance no later than 90 (ninety) days since this Regulation of the President is established.
- (3) Further provisions on the Contract supporting documents as referred to in Article 28 for the financing sourced from APBD, and the granting of opportunity to Provider to complete the work as referred to in Article 56 shall be determined with the regulation of minister which implements the government affairs within the country no later than 90 (ninety) days since this Regulation of the President is established.
- (4) Further provisions on the guidelines and procedures for Procurement of Goods/Services Overseas as referred to in Article 60 shall be stipulated by the regulation of minister which administers government affairs in the foreign affairs no later than 90 (ninety) days since this Regulation of the President is established.
- (5) Further provisions on the research as referred to in Article 62 shall be stipulated by the regulation of minister that carries out government affairs in the field of research and higher education no later than 90 (ninety) days since this Regulation of the President is established.

Article 92

The Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services as amended several times, most recently by Regulation of the President Number 4 of 2015 on Fourth Amendment to the Regulation of President Number 54 of 2010 on Government Procurement of Goods/Services, is repealed and declared invalid.

Article 93

Upon the effective enforcement of this Regulation of the President, all of the implementation of the

Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services as amended several times, most recently by Regulation of the President Number 4 of 2015 on Fourth Amendment to the Regulation of the President Number 54 of 2010 on Government Procurement of Goods/Services, is declared to remain valid as long as it is not contradictory and/or has yet to be replaced with the provisions in this Regulation of the President.

Article 94

This Regulation of the President comes into force from the date of its promulgation.

For public cognizance, it is hereby ordered that this Regulation of the President be promulgated in the State Gazette of the Republic of Indonesia.

Established in Jakarta,

On 16 March 2018

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Signed.

JOKO WIDODO

Promulgated in Jakarta,

On 22 March 2018

MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

Signed.

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2018 NUMBER 33

DISCLAIMER

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