

DECREE OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA
NUMBER 18 YEAR 2000
CONCERNING
GUIDELINES FOR THE IMPLEMENTATION OF THE PROCUREMENT OF
GOODS/SERVICES FOR
GOVERNMENT AGENCIES

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering : a. whereas for an effective and efficient implementation of the procurement of goods/services for government agencies based on the principles of fair competition, transparency, openness and a fair and reasonable treatment for all, with accountable results, seen from the physical and financial aspects as well as from the aspect of its benefit for the fluent implementation of governmental functions and public services, it is deemed necessary to complement the provisions concerning the implementation of the procurement of goods/services for government agencies as set forth in Presidential Decree Number 16 Year 1994 concerning the Implementation of the State Revenues and

Expenditures Budget as amended, lastly with Presidential Decree Number 6 Year 1999;

- b. for aforementioned purpose, it is necessary to stipulate Presidential Decree concerning Guidelines for the Implementation of the Procurement of Goods/Services for Government Agencies;

- In view of :
- 1. Article 4 Paragraph (1) and Article 23 of the 1945 Constitution;
 - 2. *Indische Comptabiliteitswet (Staatsblad 1925 No. 448)* as amended and supplemented, last time with Law Number 9 Year 1968 (State Gazette Year 1968 Number 53);
 - 3. Law Number 9 Year 1995 concerning Small-Scale Businesses (State Gazette of the Republic of Indonesia Year 1995 Number 75, Supplement to the State Gazette number 3611);
 - 4. Law Number 5 Year 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition (State Gazette of the Republic of Indonesia Year 1999 Number 33, Supplement to the State Gazette Number 3817);

5. Law Number 18 Year 1999 concerning Construction Services (State Gazette of the Republic of Indonesia Year 1999 Number 54, Supplement to the State Gazette Number 3833);
6. Law Number 22 Year 1999 concerning Regional Government (State Gazette of the Republic of Indonesia Year 1999 Number 60, Supplement to State Gazette Number 3839);
7. Law Number 25 Year 1999 concerning Financial Balance between the Central and Regional Governments (State Gazette of the Republic of Indonesia Year 1999 Number 72, Supplement to the State Gazette Number 3848);
8. Law Number 28 Year 1999 concerning State Administrators which are clean free from Corruption, Collusion and Nepotism (State Gazette of the Republic of Indonesia Year 1999 Number 75, Supplement to the State Gazette Number 3851);

HAS DECIDED:

To stipulate :

**PRESIDENTIAL DECREE CONCERNING THE
GUIDELINES FOR THE IMPLEMENTATION OF**

**THE PROCUREMENT OF GOODS/SERVICES FOR
GOVERNMENT AGENCIES.**

**CHAPTER I
GENERAL PROVISIONS**

Part One

Definitions

Article 1

Referred to in this Presidential Decree as:

1. Procurement of goods/services shall be the business or activities for the procurement of goods/services required by Government Agencies comprising: procurement of goods, Contracting Services, Consulting Services and other services.
2. Government Agencies shall be Ministries, Non-Ministerial Government Agencies, Secretariat of the Highest State Institution, High State Institutions, Regional Governments of Provinces, Regional Governments of Regencies/Municipalities, and other Government Agencies.
3. Head of office/work unit/project/sub-project manager/official of equivalent position/appointed shall be officials authorized and responsible for the

implementation of the procurement of goods/services within certain work units/ projects.

4. Procurement Committee shall be the Tender Committee or Direct Selection Committee or Direct Appointment Committee assigned to implement the procurement of goods/services by the head of office/work unit/project/sub-project manager/official of equivalent position/appointed.
5. Goods shall be objects in various forms and of various specifications comprising raw materials, semi-finished products, finished products, equipment, the specification of which are determined by the user of the goods/services.
6. Contracting Services shall be the handling of building or construction work or of other physical shape, the technical design and specifications of which are determined by the user of the goods/services and the process and implementation whereof are supervised by the user of the goods/services.
7. Consulting Services shall be the professional expert services in various fields in the context of efforts to achieve a certain, target the output of which is in the form of software and arranged systematically in accordance with the terms of reference determined by the user of services.
8. Other services shall be all types of work and or provision of services other than Consulting Services, Contracting Services and supply of goods.
9. Procurement documents shall be documents stipulated by the procurement committee as guidelines for the process of bid preparation and submission

by prospective providers of goods/services and the evaluation of bids by the procurement committee.

10. Contract shall be the agreement between the head of office/work unit/project/sub-project manager as the user of goods/services and the supplier or contractor or consultant as provider of goods/services in the context of the implementation of the procurement of goods/services.
11. Contract document shall be a written agreement along with the attachments thereof containing the terms and conditions that must be fulfilled by the parties concerned.
12. Domestic products shall be various types of goods/services produced in-country.
13. Small-Scale Businesses shall be small-scale economic activities of the people meeting the criteria stipulated in Law Number 9 Year 1995 concerning small-scale Businesses, including small-scale cooperatives.
14. Users of goods/services shall be heads of office/work unit/project/sub-project managers/other officials of equivalent positions/appointed as the owner of work assigning the provider of goods/services to carry out certain work to fulfill requirements for certain goods/services of the Government Agency concerned.
15. Providers of services shall be companies or business partners implementing the procurement of goods/services comprising contractors, suppliers, consultants, Small-Scale Businesses, cooperatives higher education

institutions, Government Science Agencies and Non-Government Organizations.

16. Guarantee Letter shall be a written guarantee issued by a commercial bank/other financial institution provided by the provider of goods/services to the head of office/work unit/project/sub-project manager/another official of equivalent position/appointed to guarantee the fulfillment of obligations of the provider of goods/services.
17. Partnership shall be a form of joint venture among several domestic or foreign companies/providers of goods/services, in which each of the parties concerned have clearly specified rights, obligations and responsibilities based on mutual agreement.
18. Technical guidelines shall be guidelines for implementing the provisions of this Presidential Decree, set forth in detail for clarity in the interpretation for all parties related to the procurement of goods/services namely the users of goods/services of Government Agencies (included planners, implementers and supervisors) and providers of goods/services and the community at large.

Part Two

Purpose and Objective

Article 2

- (1) The purpose of the stipulation of this Presidential Decree shall be to regulate users of goods/services (including planners, implementers and supervisors), and providers of goods/services in accordance with their respective duties, functions, rights and obligations as well as roles in the process of the procurement of goods/services for Government Agencies.
- (2) The objective of the procurement of goods/services shall be to obtain goods/services needed by Government Agencies in sufficient quantity, with accountable quality and at an accountable price, at a certain time and place, in an effective and efficient manner, in compliance with prevailing provisions and procedures.

Part Three

Basic Principles for the Procurement of Goods/Services

Article 3

The procurement of goods/services within Government Agencies must be implemented in line with the following principles:

1. Efficient, meaning that the procurement of goods/services must be conducted with the use of limited funds and resources in order to achieve the stipulated target in the shortest possible period of time and in an accountable manner.

2. Effective, meaning that the procurement of goods/services must be in accordance with the needs stipulated and can provide the largest possible benefit in accordance with the goals determined by the government.
3. Competitive, meaning that the procurement of goods/services must be conducted through tender/selection and fair competition among providers of goods/services of equal standing and meeting certain requirements/criteria based on clear and transparent provisions and procedures.
4. Transparent, meaning that all provisions and information concerning the procurement of goods/services, including the required technical procurement administration, evaluation procedures, appointment of prospective providers of goods/services, shall be open to all interested participating providers of goods/services (participants of Tenders, Direct Selection, Direct Appointment) and to the public at large.
5. Fair/non-discriminatory, meaning the granting of equal treatment to all prospective providers of goods/services without the tendency to give advantage to certain parties, in any manner and under any pretext whatsoever.
6. Responsible, meaning that the target must be achieved physically, financially as well as benefit-wise for the sake of fluent performance of general government duties and public service in accordance with the principles prevailing in the field of procurement of goods/services.

Part Four

**The Government's General Policy
in the Procurement of Goods/Services**

Article 4

The Government's general policy in the procurement of goods/services constitutes:

1. Increasing the use of domestic products, national design and engineering with the aim of expanding job opportunities and the domestic industry in the context of stepping up international trade.
2. Enhancing the participation of Small-Scale Businesses Cooperatives, Non-Governmental Organizations and the local community in the procurement of goods/services.
3. Streamlining provisions and procedures for a more expedient decision making process in the procurement of goods/services.
4. Enhancing professionalism, independence and responsibility of heads of office/work unit/managers of projects/sub-projects and procurement committees, or other authorized officials.
5. Increasing State revenues through the taxation sector in the implementation of the procurement of goods/services for Government Agencies.
6. Developing the participation of national businesses in the implementation of the procurement of goods/services for Government Agencies.
7. Enforcing the implementation of the procurement of goods/services be processed or implemented within the territory of the Republic of Indonesia.

Part Five

**Code of Ethics for
the Procurement of Goods/Services**

Article 5

Users of goods/services of Government Agencies (including planners, implementers and supervisors), providers of goods/services and related parties involved in the implementation of the procurement of goods/services must comply with the code of ethics for the procurement of goods/services, namely:

1. To perform duties in an orderly manner, with a sense of responsibility to reach the target of a fluent and timely achievement of the objective for the procurement of goods/services.
2. To perform work in a professional, independent and honest manner, and maintain confidentiality of documents for the procurement of goods and services which should be kept confidential in order to prevent the occurrence of deviations in the procurement of goods/services.
3. To refrain from influencing one another either directly or indirectly, in order to prevent and avoid the occurrence of unfair competition.
4. To accept and be responsible for all decisions stipulated in accordance with the agreement between the parties.
5. To avoid and prevent the occurrence of disputes of interest between the parties concerned, either directly or indirectly in the process of the procurement of goods and services.

6. To avoid and prevent the occurrence of the wasting of and leakage in state funds in the process of the procurement of goods and services.
7. To avoid and prevent the misuse of authority and or performing joint activities for personal interest or the interest of a group or another party, directly or indirectly inflicting a loss to the state.
8. To refrain from accepting, offering or promising to give or receive a gift, any form of compensation to any party whatsoever which is known or can be suspected of being related to the procurement of goods/services.

Part Six

Scope of Validity of

Presidential Decree

Article 6

This Presidential Decree shall be valid for the following:

1. Procurement of goods/services the financing of which is partially or entirely charged to the State Revenues and Expenditures Budget and the Regional Revenues and Expenditures Budget (Provincial and Regional/Municipal Revenues and Expenditures Budget).
2. Procurement of goods/services for investment within Bank Indonesia, Pertamina (State Oil Company), State/Regional-Owned Enterprises, the financing of which is partially or entirely charged to the State/Regional Revenues and Expenditures Budget.

3. Procurement of goods/services partly or entirely financed from Offshore Loan/Grant (PHLN) in accordance with or not in violation of the guidelines and provisions for the procurement of goods/services of the party providing such loan/grant.

CHAPTER II

PROVISIONS FOR THE PROCUREMENT OF GOODS/SERVICES

Part One

Main Duties, Qualifications of the Parties Concerned, Classification and Appointment of Providers of goods/Services

Paragraph One

Qualifications and Main Duties of Heads of Office/Work Unit/ Project/ Sub-Project Managers

Article 7

- (1) Heads of office/work unit/project/sub-project managers/officials of equivalent position/appointed or other authorized officials must possess moral integrity, discipline, responsibility and technical as well as managerial qualifications to perform the duties entrusted to them.
- (2) The official, based on the qualification requirements set forth in paragraph (1) and after considering the recommendations of the relative work unit head, heads of office/work unit/project/sub-project managers/officials of equivalent

position/appointed, shall be designated with a decree signed by the Secretary-General of Ministry/Non-Ministerial Agency or Regional Secretary of Province/Region/Municipality or an official appointed on behalf of the Minister/head of Non-Ministerial Government Agency/Governor/Regent/Mayor/Director of State-Owned/Regional-Owned Enterprise or the manager of another State-Owned agency/institution.

- (3) The main duties of heads of office/work unit/project/sub-project managers/ other officials of equivalent position/appointed in the procurement of goods/services shall be as follows:
- a. to prepare project/activity implementation plans and schedules;
 - b. to appoint/assign committee for the procurement of goods/services;
 - c. to determine work packages and provisions regarding the obligation to use domestic products and enhancement of business opportunities for Small-Scale Businesses and Cooperatives, Non-Government Organizations and the local community;
 - d. to determine and ratify Self-Calculated Price (HPS), implementation procedure schedule as well as location of procurement formulated by the procurement committee;
 - e. to determine the amount of advance payment to which prospective providers of goods/services are entitled in accordance with the prevailing provisions;
 - f. to prepare and implement agreements/contracts with providers of goods/services;

- g. to report the implementation/settlement of the procurement to their respective agencies;
 - h. to monitor, direct and supervise the implementation of agreements/contracts concerned;
 - i. to submit project assets to the authorized official of the relevant agency after the project concerned is declared completed.
- (4) Heads of office/work unit/project/sub-project managers/officials of equivalent position/appointed shall be prohibited from entering into commitments if there are no budgeted funds available which would cause the budget limits available for the activities/project concerned to be exceeded.
- (5) Heads of office/work unit/project/sub-project managers/officials of equivalent position/appointed shall be administratively, physically, financially and functionally responsible for the procurement of goods/services implemented.

Paragraph Two

Qualifications and Main Duties of the Procurement Committee

Article 8

- (1) The Procurement Committee must meet the following qualifications:
- a. possessing moral integrity, discipline and responsibility in performing his duties;
 - b. having an understanding of the entire work to be offered;

- c. having an understanding of certain types of work falling under the duty of the procurement committee concerned;
 - d. having an understanding of and mastering the contents of procurement documents/methods and procurement procedures by virtue of this Presidential Decree and technical implementation guidelines thereof;
 - e. not having family relationship with the heads of office/work unit/project/sub-project managers/officials of equivalent position/appointed;
 - f. priority shall be given to those having completed a professional training in the field of procurement of goods/services.
- (2) The duties, authority and responsibilities of the procurement committee shall be stipulated as follows:
- a. to formulate schedule and stipulate implementation methods and location of procurement;
 - b. to prepare procurement documents, pre-qualification documents, including bid criteria and evaluation system and other procurement documents;
 - c. to announce the procurement of goods/services through printed media and official notice boards, and if possible through electronic media;
 - d. to prepare an initial list of prospective participants supplying goods/services who meet classification (business field and sub-field)

- and qualification requirements for being invited to participate in procurement and if necessary being requested to show authenticity of their respective qualifications and classifications;
- e. to invite other prospective tender participants to participate in pre-qualification, in the event that the total number of tender having registered and meeting the requirements in the initial pre-qualification, is less than three candidates;
 - f. to provide clarification on procurement documents including conditions of bids, of bid submission methods and evaluation systems contained in the minutes on explanation;
 - g. to open bids and draw up minutes of the bid opening;
 - h. to evaluate the bids submitted, conduct clarification and determine the rank order or prospective winners of the tender, conduct negotiations direct selection/direct appointment and draw up minutes of such activities;
 - i. to prepare reports on the procurement process and results to the users of goods/services namely the heads of office/work unit/project/sub-project managers/officials of equivalent position/ appointed.
- (3) The mandate of the procurement committee shall terminate after the provider of goods/services is appointed by the user of the goods/services and or upon the expiration of its mandate.

Paragraph Three

**Classification of
Providers of goods/Services**

Article 9

- (1) Providers of goods/services related to and participating in the procurement of goods/services must meet the following requirements, among other things:
- a. possessing expertise, experience, technical and managerial skills in the field of business, which can be proven among other things, by qualification/classification/certification issued by a relevant company/professional association;
 - b. possessing manpower, capital, equipment and other facilities required in the procurement of goods/services;
 - c. possessing legal capacity to sign legal contracts;
 - d. not being under the custody of a court, not being bankrupt, business activities not being suspended, and or not being under a criminal sanction;
 - e. as taxpayer having fulfilled tax obligations for the previous year;
 - f. not having been imposed a sanction based on a court decision for action related to good professional/individual performance;
 - g. not having given a false statement concerning the qualification, classification and certification in possession.

- (2) Specifically for the qualification of suppliers of Consulting Services, the following requirements must be met by experts to be assigned to execute work of Consulting Services:
- a. possessing Taxpayer Registration Number (NPWP) and evidence on the payment of taxes, for taxpayers;
 - b. graduate of a state or private university having passed state examination or accredited, or of an accredited overseas university, to be proven by a copy of the certificate concerned;
 - c. possessing experience in his field in accordance with the work experience letter contained in the curriculum vitae which must be written accurately and truly, signed by the person concerned and acknowledged by the company's person in charge;
 - d. experts of Non-Government Organizations shall possess experience and expertise in their respective fields to be contained in the work experience and or curriculum vitae signed by the person concerned and shall meet other requirements stipulated by the heads of office/work unit/project/sub-project managers/officials of equivalent position/appointed.

Paragraph Four

Classification of

Providers of goods/Services

Article 10

- (1) Classification of suppliers of services for contracting services shall be as follows:
- a. Small-Scale Businesses and Small Cooperatives for procurements with a value of up to and including Rp.1.000.000.000,00 (Rupiah one billion);
 - b. Medium-Scale Companies/Cooperatives for procurements with a value exceeding Rp.1.000.000.000,00 (Rupiah one billion) up to and including Rp.10.000.000.000,00 (Rupiah ten billion);
 - c. Large Companies/Cooperatives for procurements with the value of:
 - (i) above Rp.10.000.000.000,00 (Rupiah ten billion);
 - (ii) above Rp.25.000.000.000,00 (Rupiah twenty five billion) shall be required to cooperate with Small-Scale Businesses/Small Cooperatives or Medium-Scale Companies/Cooperatives in the Province/Regency/ Municipality of the region concerned;
 - d. Foreign companies shall be permitted to carry out work with a value of above Rp.25.000.000.000,00 (Rupiah twenty five billion) and shall be obligated to cooperate with national companies in the form of partnerships, sub-contracts and others;
 - e. As suppliers of contracting services carrying out work with a value of up to and including Rp.10.000.000.000,00 (Rupiah ten billion) shall be given priority to local Small-Scale Businesses/Cooperatives or Medium-Scale Companies/ Cooperatives.

- (2) Classification of other providers of goods/services shall be as follows:
- a. Small-Scale Businesses and Small-Scale Cooperatives for procurements with a value of up to and including Rp.500.000.000,00 (Rupiah five hundred million);
 - b. Medium-Scale Companies/Cooperatives for procurements with a value exceeding Rp.500.000.000,00 (Rupiah five hundred million) up to and including Rp.4.000.000.000,00 (Rupiah four billion);
 - c. Large Companies/Cooperatives for procurements with a value:
 - (i) above Rp.4.000.000.000,00 (Rupiah four billion);
 - (ii) above Rp.10.000.000.000,00 (Rupiah ten billion) shall be obligated to cooperate with Small-Scale Businesses or Medium-Scale Businesses/Cooperatives in the Province/Regency/Municipality of the region concerned;
 - d. Other providers of goods/services as suppliers to carry out work with a value of up to and including Rp.4.000.000.000,00 (Rupiah four billion) shall be given priority to local Small-Scale Businesses/Small-Scale Cooperatives or Medium-Scale Companies/Cooperatives.
- (3) Classification of suppliers of consulting services shall be as follows:
- a. Small-Scale Businesses for procurements with a value of up to and including Rp.200.000.000,00 (Rupiah two hundred million);
 - b. Medium-Scale Companies for procurements with a value exceeding Rp.200.000.000,00 (Rupiah two hundred million) up to and including Rp.1.000.000.000,00 (Rupiah one billion);

- c. Large Companies for procurements with a value:
 - (i) exceeding Rp.1.000.000.000,00 (Rupiah one billion);
 - (ii) exceeding Rp.2.000.000.000,00 shall be obligated to cooperate with Small-Scale Businesses/Cooperatives or Medium-Scale Businesses/Cooperatives in the Province/Regency/Municipality concerned;
- d. Foreign Companies shall be permitted to carry out work with a value exceeding the value of Rp.2.000.000.000,00 (Rupiah two billion) and are obligated to cooperate with national companies in the form of partnerships, sub-contracts and others;
- e. As providers of services carrying out Consulting Services with a value of up to and including Rp.1.000.000.000,00 (Rupiah one billion) shall be given priority to local Small-Scale Businesses/Cooperatives or Medium-Scale Businesses/ Cooperatives.

Paragraph Five

Officials Authorized to Appoint

Providers of goods/Services

Article 11

Officials authorized to appoint providers of goods/services shall be as follows:

1. Heads of office/work unit/project/sub-project managers/officials of equivalent position/appointed for Tenders or Direct Selections or Direct Appointments,

for the value of up to and including Rp.50.000.000.000,00 (Rupiah fifty billion). Such appointments shall not require the approval of the Minister/head of Non-Ministerial Agency/Echelon I official/Governor/ Regent/Mayor/direct superior Official concerned.

2. Minister/head of Non-Ministerial Agency for Tenders or Direct Selections or Direct Appointments, financed from funds originating from the Revenues and Expenditures Budget with a value exceeding Rp.50.000.000.000,00 (Rupiah fifty billion).
3. Governor for Tenders or Direct Selections or Direct Appointments, financed from funds originating from the Provincial Regional Revenues and Expenditures Budget with a value exceeding Rp.50.000.000.000,00 (Rupiah fifty billion) and the aforementioned appointment shall not require the approval of the Minister of Home Affairs.
4. Regent/Mayor for Tenders or Direct Selection or Direct Appointment financed from Regency/Municipality Regional Revenues and Expenditures Budget and with a value exceeding Rp.50.000.000.000,00 (Rupiah fifty billion), and aforementioned appointment shall not require the approval of the Governor or Minister of Home Affairs.
5. The management of Bank Indonesia, Pertamina (State Oil Company), State-Owned Enterprises, Regional-Owned Enterprises, and other State-Owned entities for Tenders and Direct Selections and Direct Appointments with a value exceeding Rp.50.000.000.000,00 (Rupiah fifty billion) and

aforementioned appointment shall not require the approval of the Minister of Home Affairs or the Governor or the Regent.

Part Two

Methods/Systems for the Procurement of

Contractor Goods/Services

and other Services

Paragraph One

Methods for the Procurement of Contractor Goods/Services

and other Services

Article 12

- (1) The procurement of Contractor Goods/Services and other services shall be conducted in a way open to the public with broad announcement through the printed media and notice official boards and if possible through the electronic media, enabling interested and qualifying public/business circles to participate.
- (2) The procurement of Contractor Goods/Services and other services shall be implemented through the following means:
 - a. Tenders shall be a series of activities to meet the needs for goods/services by creating fair competition among similar providers of goods/services meeting the requirements, in accordance with

certain methods and procedures stipulated and followed by related parties with the observance of the basic principles resulting in the selection of the best supplier of services;

- b. Direct Selection shall be in case the Tender methods being difficult to be executed or do not guarantee the achievement of the target, implemented using the method of comparing bids of a number of providers of goods/services meeting requirements by requesting their price quotation or competitive negotiation, conducted both from the technical as well as from the price aspect, resulting in a reasonable price and technical accountability.
- c. Direct Appointment shall be the procurement of goods/services the supplier of which will be appointed by the head of office/work unit/project/sub-project manager/official of equivalent position/appointed and shall be conducted for the following:
 - i. procurement of goods/services on small scale; or
 - ii. procurement of goods/services of which after re-tender only one participant met the requirements; or
 - iii. procurement of urgent specific nature after having obtained the approval of the Minister/head of Non-Ministerial Agency/Governor/Regent/Mayor/Board of Directors of the State/Regional-Owned Enterprise; or
 - iv. sole provider of goods/services;

- d. Self-management shall be the execution of work planned, executed and supervised independently, using its own manpower, equipment or contracted wagers.

Paragraph Two

System for Submission of Bid Documents for the Procurement of Contractor Goods/Services and other Services

Article 13

- (1) The procurement committee may choose one of the three systems for the submission of bid documents which must be stipulated in the tender document, namely:
 - a. One-envelope;
 - b. Two-envelope;
 - c. Two-stage;
- (2) One-Envelope System shall be the entire bid documents consisting of administrative and technical requirements and price calculation, be put in one sealed envelope and submitted to the procurement committee.
- (3) Two-Envelope System shall be the administrative and technical requirements be put in sealed envelope I, whereas the bid price be put in envelope II, envelopes I and II be further put in one envelope and submitted to the procurement committee.

- (4) Two-Stage System shall be the administrative and technical requirements be put in sealed envelope I, whereas the bid price be put in sealed envelope II, the submission of which be conducted in two stages separately and at different times.

Paragraph Three
System for the Evaluation of Bids
for the Procurement of
Contractor Goods/Services
and other Services

Paragraph 14

- (1) The procurement committee may choose one of the three bid evaluation systems to be stipulated in the tender document, namely:
- a. Disqualification;
 - b. Point;
 - c. Economic Useful Life Cost Evaluation.
- (2) Disqualification System shall be the evaluation of bids by examining and comparing bid documents in the context of the fulfilment of requirements stipulated in the procurement documents and the order of the evaluation process shall be administrative and technical requirements and price fitness.
- (3) Point System shall be the evaluation of bids by giving a certain number for each element evaluated based on the criteria and merit stipulated in the

procurement documents, further comparing the total number of points of each bidder to those of other bidders.

- (4) Economic Useful Life Cost Evaluation shall be the evaluation of bids by granting points to technical and price elements evaluated based on the economic useful life of goods offered in accordance with the criteria and values stipulated in the procurement documents, the values of the elements further converted into certain currency units and compared to the total of each bidder to that of other bidders.

Paragraph Four

Schedule and Procedures for the Procurement of

Contractor Goods/Services and Other Services

Article 15

- (1) The tender process for the procurement of goods/services shall commence as from the time of announcement of procurement and shall last until a winner is appointed by not sooner than 36 (thirty six) work days and by not later than 45 (forty five) work days.
- (2) Related parties in the procurement of goods/services shall be obligated to implement the provisions and procedures stipulated in the procurement documents consistently.
- (3) Heads of office/work unit/project/sub-project manager/officials with equivalent position/appointed, procurement committee and or other

authorized officials shall be prohibited from making changes to the Tender documents regulating the conditions, criteria and bid evaluation procedures and or accept changes/bid proposals from bidders in any form and manner whatsoever after the commencement after the tender submission stage.

- (4) The procurement committee shall conduct arithmetic corrections and clarification, however it may not alter the substance of the bid concerned.
- (5) The procurement committee shall determine the order of prospective providers of goods/services out of the 3 (three) best bidders meeting requirements and shall recommend the same to the authorized official.
- (6) Based on the procurement committee's recommendation, the authorized official concerned shall appoint the provider of goods/services in the Tender, Direct Selection, Direct Appointment with the lowest quoted price of a responsive bid.
- (7) Participants appointed as winner shall be required to accept such decision, and if the first appointed provider of goods/services withdraws, the bid bond appertaining to the bid of the participant concerned shall become the state's property.
- (8) In the event that the first appointed provider of goods/services withdraws, the second best prospective provider of goods/services shall be appointed, and so forth, with the bid price of the provider of goods/services concerned, insofar as such bid price does not exceed the available funds (ceiling).
- (9) Tender participants withdrawing prior to the expiration of bid validity shall be subject to sanction in the form of disbursement of bid bond and they shall not

be permitted to participate in the procurement of goods/services within their operational area for 1 (one) year.

(10) Heads of office/work unit/project/sub-project managers/officials in equivalent position/appointed are obligated to:

- a. keep and maintain all documents related to the implementation of the procurement of goods/services including all minutes of meeting;
- b. provide information to all participants in the procurement of goods/services if their respective bids are rejected. or the Tender/procurement is declared unsuccessful.

(11) In the event that heads of office/work unit/project/sub-project managers/officials in equivalent position are in disagreement with the recommendations of the procurement committee, the heads of office/work unit/project/sub-project managers/officials in equivalent position/appointed shall resolve their controversy with the committee to reach a final decision, in the form of:

- a. agreeing with recommendation of the procurement committee; or
- b. requesting the procurement committee to re-evaluate according to the provisions in the procurement documents; or
- c. reaching a decision mutually agreed upon.

PART THREE

METHODS/SYSTEM FOR THE PROCUREMENT OF CONSULTING

SERVICES

Paragraph One

Preparations for the Implementation of Procurement of Consulting Services

Article 16

- (1) Heads of office/work unit/project/sub-project managers or authorised officials shall prepare Work Reference Plan (KAK) and shall form a procurement committee.
- (2) The procurement committee shall formulate self-calculated price (HPS) and tender documents for the procurement of consulting services including the Work Reference Plan (KAK), administrative, technical, financial requirements, procurement methods, bid document submission methods, bid evaluation methods, and applicable contract system.

Paragraph Two

Methods for the Procurement of Consulting Services

Article 16

- (1) The procurement of consulting services shall be implemented by applying one of the following methods:
 - a. General selection;
 - b. Direct selection;
 - c. Direct appointment.
- (2) General selection shall be selection the participants of which shall be selected through a pre-qualification process, conducted publicly through the

- printed media and official announcement boards, and if possible through the electronic media, enabling consultants meeting requirements to participate;
- (3) Direct selection shall be the procurement of consulting services the participants of which shall be selected directly by comparing the bids of several providers of services meeting requirements and conducting competitive negotiation, both technical and price, thus obtaining a feasible and technically accountable price;
- (4) Direct appointment shall be the procurement of consulting services the providers of which shall be appointed by the heads of office/work unit/project/sub-project managers or officials of equivalent rank/appointed and it shall be applied for the following:
- a. Procurement of consulting services with a value of up to and including Rp.50,000,000 (Rupiah fifty million);
 - b. Procurement which after a Re-tendering is conducted only 1 (one) participant complies with the requirements;
 - c. Procurement of urgent/special nature after having obtained the approval of the Minister/Head of Non-Ministerial Government Agency/Governor/Regent/Mayor/Board of Directors of the State-/Regional-Owned Enterprise concerned;
 - d. Sole providers of services.

Paragraph Three

Method for the Submission of Bids for the Procurement

of Consulting Services

Article 18

The procurement committee may choose 1 (one) out of the following 3 (three) methods for the submission of bid documents which must be determined in the procurement documents, namely:

1. One-envelope System;
2. Two-envelope System;
3. Two-stage System.

Paragraph Four

System for the Evaluation of Bids for the Procurement of Consulting Services

Article 19

(1) The procurement committee may select 1 (one) out of the following 5 (five) systems of bid evaluation which must be determined in the tender documents, namely:

1. Quality Evaluation System;
2. Quality and Cost Evaluation System;
3. Budget Ceiling Evaluation System;
4. Lowest Cost Evaluation System;
5. Direct Appointment Evaluation System.

- (2) Quality Evaluation System shall be the evaluation of the procurement of consulting services based on the quality of the best technical bid, followed by technical and cost clarification and negotiation;
- (3) Quality and Cost Evaluation System shall be the evaluation of procurement of consulting services based on the combined value of the best technical and cost proposal, correction followed by technical and cost clarification;
- (4) Budget Ceiling Evaluation System shall be the evaluation of the procurement of consulting services based on the best technical proposal quality submitted by a bidder whose corrected cost proposal is lower than or equal to the budget ceiling;
- (5) The Lowest Cost Evaluation System shall be the evaluation of the procurement of consulting services based on the lowest corrected cost proposal of a consultant whose technical bid value exceeds the determined technical requirement benchmark;
- (6) Direct Appointment Evaluation System shall be the evaluation of the procurement of consulting services based on the evaluation of technical and cost proposals of the appointed consultant, followed by technical and cost clarification and negotiation.

CHAPTER III

UTILISATION OF DOMESTIC PRODUCTS, PARTICIPATION OF LOCAL SMALL-SCALE BUSINESSES/COOPERATIVES

Part One

Procurement of Goods/Services Financed from Domestic Funds

Article 20

- (1) Government Agencies shall be required to:
 - a. Maximise the utilisation of domestic goods/services, including national design and engineering in the procurement of goods/services;
 - b. Involve national consultants and providers of goods/services;
- (2) In the preparation of the procurement of goods/services, starting from the phases of study, design, preparation of tender documents, and the agreement/contract for the procurement of good/services must already indicate the following matters:
 - a. Application of the Indonesian National Standard (SN) or other prevailing standard and/or equivalent international standard stipulated by the respective agency;
 - b. Utilisation of domestic products in accordance with the capacity of national industries;
 - c. Employment of domestic experts and or providers of goods/services.
- (3) Procurement of imported goods shall be conducted in the following events:
 - a. The goods concerned are not yet produced domestically, and or;
 - b. The technical specification of domestically produced products does not meet requirements or their delivery time does not meet stipulated provisions, and/or;

- c. The proposed price of the domestic product concerned is higher than that of imported goods/services, notwithstanding that additional rice preference has been taken into account;
- (4) For the implementation of the provisions as referred to in paragraph (3), providers of the services concerned shall maximally utilise domestic services including among other things: insurance, transportation, forwarding, banking and maintenance as well as other similar services.
- (5) Offshore providers of goods/services shall be obligated to cooperate with national providers of goods/services in the forms of partnership, sub-contracts or other forms of cooperation.

Part Two

Procurement of Goods/Services Financed from

Offshore Loans/Grants

Article 21

- (1) Endeavours should be made to ensure the participation of national providers of goods/services to the largest possible extent in the procurement of goods/services conducted through international tenders;
- (2) The procurement of goods/services financed from export credit loans or other credits shall be conducted in fair competition under conditions which are the most beneficial to the state, seen from the technical and price aspects, by using domestic components and national providers of services;

- (3) In the event that offshore loans/grants are granted under the condition that the procurement of goods/services can only be conducted in the donor country concerned, maximal efforts must be made to enable the utilisation of domestically produced goods/services and the involvement of national providers of goods/services.

Part Three

Price Preferences

Article 22

- (1) Price preference must be given for domestic products and national providers of services in the procurement documents/contracts concerned;
- (2) The extent of price preference for domestic products shall be not more than 15% (fifteen per cent) above the imported goods bid price, excluding the import duties.
- (3) The extent of price preference for contracting work services rendered by national contractors shall be 7.5% (seven point five per cent) above the lowest bid price quoted by a foreign contractor.

Part Four

Utilisation of Domestic Products

Article 23

- (1) The procurement of goods/services should be conducted with reference to the inventory list of goods/services classified as domestic products based on

certain criteria, in accordance with the field, sub-field, type and group of goods/services required by government agencies;

- (2) The inventory list and dissemination of information as intended in paragraph (1) of this article shall be stipulated by the Ministry in charge of Industry and Trade.

Part Five

Participation of Small-Scale Businesses/Co-operatives

Article 24

- (1) In the process of project/activity planning and budgeting, the Government Agency concerned shall direct and stipulate the extent of procurement of goods/services for Small-Scale Businesses/Co-operatives;
- (2) The Ministry in charge of co-operatives and small- and medium-scale businesses shall coordinate the empowerment of Small-Scale Businesses/Co-operatives in the context of procurement of goods/services in all government agencies;
- (3) The head of the agency in charge of co-operatives and small- and medium-scale businesses, in co-operation with related agencies in the Provinces/Regencies/Municipalities concerned shall disseminate information regarding business opportunities for co-operatives and small- and medium-scale businesses in the context of plans for conducting procurement of goods/services for government agencies within their jurisdiction and shall prepare a Directory of Business Opportunities for

Small-Scale Businesses/Co-operatives to be distributed to Small-Scale Businesses/Co-operatives through the related company associations.

CHAPTER IV

PROTESTS/OBJECTIONS AND UNSUCCESSFUL TENDER/RE-TENDERING

Part One

Protests and Objections by Tender Participants/Prospective

Providers of Goods/Services

Article 25

Tender participants/prospective providers of goods/services feeling they have been caused to suffer loss either severally or jointly with other participants may file a protest or objection to the head of office/work unit/project/sub-project manager/appointed official concerned in the following events:

1. Deviation from the provisions and procedure set forth in the procurement document concerned;
2. Certain conspiracy with the aim of preventing fair competition;
3. Misuse of authority by the procurement committee and or other authorised officials;
4. Practice or occurrence of elements of corruption, collusion and nepotism among the participants themselves or between participants and members of the procurement committee and or with authorised officials;

Part Two

Unsuccessful Tender and Re-Tendering

Article 26

- (1) A tender shall be declared unsuccessful by the procurement committee in the following events:
 - a. The total number of providers of services meeting requirements to be invited is less than 3 (three) participants or the total number of providers of goods/services submitting their respective bids is less than 3 (three) participants, or there are no bids meeting administrative and technical requirements;
 - b. Lowest bid price is higher than the available budget (ceiling).
- (2) A tender shall be declared unsuccessful by the head of office/work unit/project/sub-project manager/appointed official or other authorised official concerned in the following events:
 - a. The objection filed by a provider of goods/services is proven to be justified and is acceptable by the authorised official concerned;
 - b. The tender is implemented not in compliance with or in deviation of the stipulated procurement documents.
- (3) In the event that a tender fails, the procurement committee shall forthwith conduct re-tendering;
- (4) In the event that a re-tendering fails, the head of office/work unit/project/sub-project manager or another official of equivalent rank/appointed shall forthwith instruct the procurement committee to continue such process for the procurement of goods/services by repeated price quotation or competitive

negotiation or direct appointment by conducting technical and price negotiation;

CHAPTER V
AGREEMENT/CONTRACT FOR THE PROCUREMENT OF
GOODS/SERVICES

Part One

Contents of the Contract

Article 27

The contract concerned shall at least set forth the following provisions:

- a. The main work contracted with a clear specification of the type and volume of the contracted goods/services;
- b. The rights and obligations of the parties to the contract concerned;
- c. Value or price of work contract, along with terms of payment;
- d. Conditions and clear and detailed technical specification;
- e. Place of and time frame for completion/delivery with a specific schedule for completion/delivery and terms of delivery;
- f. Guarantee for the technical/work completed;
- g. Sanctions in the event that the parties concerned fail to fulfil their respective obligations;
- h. Dispute settlement;

Part Two

Contract System

Article 28

- (1) The procurement of goods/services can be implemented by applying the following contract systems:
 - a. Lump Sum;
 - b. Unit price;
 - c. Turn-key;
 - d. Long-term;
 - e. Joint Procurement;
 - f. Percentage.
- (2) Lump Sum Contract shall be contract for the procurement of good/services for the completion of the entire work within a determined time frame for a determined and fixed amount with all potential risks in the process of such work completion being borne by the provider of goods/services concerned.
- (3) Unit Price Contract shall be contract for the procurement of goods/services for the completion of the entire work concerned within a certain time frame based on a determined and fixed price unit for each unit/work element with certain technical specification, in which the work volume is only a preliminary estimate, whereas payment shall be made based on the results of a jointly conducted assessment of the work volume actually performed by the provider of services concerned.
- (4) Turn-Key Contract shall be contract for the procurement of contracting goods/services for the completion of the entire work within a certain time

frame for a determined and fixed price up to the time the entire building/construction, equipment and main network as well as its supporting facilities function properly in accordance with the determined performance criteria.

- (5) Long-term contract shall be work implementation contract binding the budget for a period of more than 1 (one) budget year conducted upon the approval of the Minister of Finance for the procurement financed by the State Revenue and Expenditure Budget, Governor for the procurement financed by the Regional Revenue and Expenditure Budget of a Province, Regent/Mayor for the procurement financed by the Regional Revenue and Expenditure Budget of a Regency/Municipality.
- (6) Joint Procurement Contract shall be contract between several work units or projects and a certain provider of goods/services for the completion of certain work within a certain time frame in accordance with clearly specified joint activities of each of the work units concerned and joint financing set forth in a mutual agreement.
- (7) Percentage Contract shall be contract for the performance of consulting services in the construction field or certain contracting work, in which the consultant concerned receives compensation for his services based on a certain percentage of the value of such construction/contracting work.
- (8) In the efforts of improving the efficiency and effectiveness of the procurement of goods/services, and or the competing power of State-Owned/Regional Government-Owned Enterprises, every Head of the Government Agencies

may develop practices or application of the system of goods/services procurement contract as referred to in paragraph (1) up to and including paragraph (7), in accordance with the conditions and demands for the implementation of duties as well as the characteristics of the required goods/services types, by taking into account the basic principles and policies of the Government in the procurement of goods/services as referred to in CHAPTER I Articles 2, 3 and 4 of this Presidential Decree.

Part Three

Signing of Contract

Article 29

- (1) The parties concerned shall sign a contract within 14 (fourteen) work days as from the issuance of a decision on the appointment of the provider of goods/services and after the provider of goods/services concerned submits a performance bond in the amount which is equivalent to 3% (three per cent) up to 5% (five per cent) of the contract value to the head of office/work unit/project/sub-project manager or an official of equivalent rank/appointed.
- (2) Contracts/commitments with a value of up to and including Rp.50,000,000 (Rupiah fifty million) shall be implemented based on a Work Order (SPK) without performance bond as intended in paragraph (1).
- (3) The parties concerned should use the standard contract or sample Work Order (SPK) issued by the head of the agency concerned as much as possible.

- (4) Contract documents for the procurement of goods/services which are complex and or have the value of more than Rp. 50,000,000,000.00 (Rupiah fifty billion) shall be signed by the head of office/work unit/project/sub-project manager or another official of equivalent rank/appointed upon obtaining the opinion of a professional expert on contract law.

Part Four

Rights and Obligations of the Parties in Contract Implementation

Article 30

- (1) Upon signing of the contract concerned, the head of office/work unit/project/sub-project manager or an official of equivalent rank/appointed shall conduct forthwith a site visit jointly with the provider of goods/services concerned and shall draw up Minutes of the Site visit regarding the condition of the site/site hand-over.
- (2) The provider of goods/services concerned shall be entitled to receive advance payment from the user of goods/services, the amount of which shall be determined in the procurement document in accordance with prevailing provisions.
- (3) The provider of goods/services shall be prohibited from transferring their respective responsibilities for a part of or the entire main work by sub-contracting the same to third parties in any manner and for any reason whatsoever, unless it is sub-contracted to a provider of specialist goods/services;

- (4) Violations of the prohibitions set forth in paragraph (3) shall be subject to sanction in the form of fine the form and amount of which shall be in accordance with the provisions stipulated in the contract..

Part Five

Advance Payment and Work Performance

Article 31

- (1) Advance payment shall be paid to the provider of goods/services concerned in the amount determined in the contract, in accordance with the prevailing provisions.
- (2) Payment shall be made based on work performance which shall be evaluated based on the monthly certificate or term system, by taking into account the advance payment instalment and tax liabilities.
- (3) Payment shall be made in the Rupiah currency or another currency in accordance with the value or price indicated in the contract concerned.

Part Six

Contract Amendments

Article 32

Contract amendments shall be made based on mutual consent of the parties concerned if changes occur in the scope of work, work implementation method, in accordance with the prevailing provisions.

Part Seven

Contract Termination and Cancellation

Article 33

- (1) Contract shall be terminated if events out of the control of the parties concerned occur in performing their contract obligations, caused by war, riots, civil war, insofar as such events are related to the Unitary State of the Republic of Indonesia, unrest and turbulence as well as natural disaster declared officially by the government, or situations specified in the contract document;
- (2) A contract may be cancelled if the parties concerned default and/or fail to meet fulfil their respective obligations and responsibilities stipulated in the Contract Document:
 - a. Cancellation of contract caused by the default of the provider of goods/services concerned shall be subject to sanctions in accordance with the stipulations of the contract, in the form of the following:
 - (i) The performance bond shall become the state's property;
 - (ii) The remaining portion of the advance payment must be paid in full by the provider of goods/services concerned;
 - (iii) Payment of penalty and compensation for loss to the state;
 - (iv) Inclusion in the black list for a certain period of time.
 - b. Contract cancellation caused by the default of a user of goods/services shall be subject to sanction in the form of the obligation to pay compensation for losses suffered by the provider of

goods/services concerned specified in the contract document and prevailing laws and regulations.

- (3) The Contract shall be null and void or shall be cancelled in the event that the parties are proven of conducting collusion, fraud and or corruption both in the procurement process and in the contract implementation.

Part Eight

Project Hand-Over

Article 34

- (1) Upon completion of 100 percent of the project concerned in accordance with the provisions of the contract, the provider of goods/services concerned shall submit a written request to the head of office/work unit/project/sub-project manager or official of equivalent rank/appointed concerned for project hand-over.
- (2) The head of office/work unit/project/sub-project manager or official of equivalent rank/appointed shall evaluate the result of the work completed, either partially or entirely, and shall instruct the provider of goods/services concerned to correct deficiencies and or replace the work/procurement which does not comply with the Contract Document concerned;
- (3) The head of office/work unit/project/sub-project manager or official of equivalent rank/appointed shall accept the work hand-over after the entire work result is implemented in accordance with the Contract Document concerned;

- (4) The provider of goods/services shall be obligated to maintain the work result during the maintenance period, in order to maintain it in the same condition as at the time of the hand-over and can obtain retention payment by submitting the maintenance guarantee.
- (5) Upon the expiration of the maintenance period, the head of office/work unit/project/sub-project manager or official of equivalent rank/appointed shall return the maintenance guarantee to the provider of goods/services concerned.

Part Nine

Dispute Settlement

Article 35

- (1) In the event that a dispute arises between the user of goods/services and the provider of goods/services, both parties concerned shall settle such dispute in Indonesia amicably, through mediation, arbitration, or through the court, in accordance with the provisions stipulated in the Contract Document in accordance with the law prevailing in Indonesian.
- (2) Decisions made regarding dispute settlement by choosing one of the aforementioned means shall be binding and all costs incurred for such dispute settlement shall be for the account of the parties concerned as stipulated in the contract document concerned.

CHAPTER VI

GUIDANCE AND SUPERVISION

Part One

Guidance

Article 36

- (1) The relevant Government Agencies shall be obligated to disseminate and provide intensive technical guidance to all planning, implementing and supervising officials in their respective related agencies in order to ensure that this Presidential Decree is comprehensible and can be implemented in a proper and accurate manner.
- (2) The respective Government Agencies shall be responsible for supervision in the implementation of the procurement of goods/services including efforts for an increased utilisation of domestic products, expansion of business opportunities for Small-Scale Businesses/Co-operatives.
- (3) Heads of office/work unit/project-sub-project managers/officials of equivalent rank/appointed shall be required to submit quarterly reports on the cumulative realisation of the procurement of goods/services to the head of their respective agencies;
- (4) The relevant Government Agencies shall publicly announce the plans for the procurement of goods/services at the beginning of each Budget Year and quarterly reports on the progress in the implementation thereof.
- (5) The Heads of Government Agencies concerned shall grant exemption from the payment of all forms of duty payments to Small-Scale Businesses and Co-operatives related to business license in the context of the procurement of goods/services for Government Agencies.

- (6) Government Agencies shall be prohibited from collecting any payments in any form whatsoever in the context of procurement of goods/services for Government Agencies.

Part Two

Supervision

Article 37

- (1) Heads of office/work unit/project/sub-project managers or officials of equivalent rank/appointed shall, promptly upon their appointment, prepare the organisational structure, explicit job and function description, implementation policy, work plan reflecting activities which must be implemented, employment status, objectives that must be achieved, work implementation and procedures in writing, and shall submit the same to their respective direct superiors and to the internal supervisory unit of the agency concerned;
- (2) Heads of office/work unit/project/sub-project managers or officials of equivalent rank/appointed shall be required to prepare records and financial and work reports for each activity/project, regarding the progress made as well as the impediments encountered in the implementation of their respective duties and these shall be submitted to their respective direct superiors and to the supervisory unit of the agency concerned.
- (3) The relevant Government Agencies shall be required to conduct supervision on heads of office/work unit/project/sub-project managers/officials of

equivalent rank/appointed and procurement committee in their respective agencies, and shall assign functional supervisory administration to conduct examination in accordance with the prevailing provisions;

- (4) The internal supervisory unit of Government Agencies shall conduct supervision on activities/projects, shall receive and follow up complaints by members of the community related to issues or deviations in the implementation of the procurement of goods/services, and shall then report on the results of their examination to the minister/head of the agency concerned, by submitting copies to the Chairperson of the Agency for Finance and Development Supervision (BPKP).

Part Three

Follow-up in Supervision

Article 38

- (1) Parties proven to be in violation of the provisions and procedures for the procurement of goods/services shall be subject to sanctions in the form of the following actions:
 - a. Administrative;
 - b. Claim for indemnity/civil suit;
 - c. Criminal legal action;
- (2) Heads of office/work unit/project/sub-project managers/officials of equivalent rank/appointed and members of the procurement committee proven as violating the provisions of this Presidential Decree and the technical

implementing guidelines thereof stipulated by authorised officials shall be subject to action and sanctions in accordance with Government Regulation Number 30 Year 1980 concerning Disciplinary Rules for Civil Servants and or criminal sanctions by virtue of prevailing laws and regulations;

- (3) The following acts or actions of providers of goods/services can be subject to sanctions:
- a. Making efforts for influencing the procurement committee/authorised official in any form and by any means whatsoever, either directly or indirectly in order to fulfil their intention which is contradictory to the provisions and procedure determined in the procurement documents/contract, and or the provisions of the prevailing laws and regulations;
 - b. Engage in conspiracy with other providers of goods/services with the aim of setting the bid price outside the procurement implementing procedure resulting in the reduction/impediment/ limitation and or elimination of a fair competition and or causing harm to other parties;
 - c. Prepare and/or submit false documents and or other information in order to meet the requirements for the procurement of goods/services stipulated in the procurement documents;
 - d. Resign due to various reasons which cannot be accounted for and/or are not acceptable to the procurement committee;
 - e. Are unable to complete their respective work in accordance with the contract in a responsible manner;

- f. Transfer the performance of main work and or the entire work to another party;
- (4) Actions and acts as intended in paragraph (3) shall be subject to sanctions by virtue of prevailing laws and regulations which shall be preceded by the action of not inviting providers of goods/services involved to participate in the procurement of goods/services for the Government Agency concerned.
- (5) The follow up in supervision as intended in paragraph (4) shall be reported by the heads of office/work unit/project/sub-project managers or other authorised officials to:
- a. Minister/Head of the Non-Ministerial Agency/Governor/Regent/Mayor/Board of Directors of the State-/Regional-Owned Enterprise concerned;
 - b. Authorised official issuing business license to the provider of goods/services concerned;
 - c. Company/professional association issuing certificate to the provider of goods/services concerned;
- (6) Large-/Medium Scale businessmen proven to have misused the opportunity and or facilities granted to local Small-Scale Businesses/Co-operatives shall be subject to sanctions stipulated in Law Number 9 Year 1995 concerning Small-scale Businesses.

Part Four

Sanctions for Delay

Article 39

- (1) In the event of a delay in the work completion due to the negligence of the provider of goods/services, the provider of goods/services concerned shall be subject to a penalty for delay in the amount of not less than 1 o/oo (one per thousand) per day of the contract value or a certain part of the contract in accordance with the work characteristics and not more than the amount of the performance bond concerned.
- (2) Planning Consultants who, due to their inaccuracy, cause loss to users of goods/services shall be subject to sanctions in the form of obligation to prepare a new plan at the expense of the consultant concerned, and or claiming compensation for the loss incurred.
- (3) In the event that a delay occurs in the work/payment concerned due solely to the fault or negligence of the user of goods/services (heads of office/work unit/project/sub-project managers or other authorised officials), the user of goods/services concerned shall pay compensation for the losses suffered by the provider of goods/services concerned in an amount stipulated in the contract in accordance with the provisions of the prevailing laws and regulations.

CHAPTER VII

TRANSITORY PROVISIONS

Article 40

- (1) The making of certificates and the classification of providers of goods/services for contracting services and procurement of other goods/services as well as consulting services shall be determined by the relevant company/professional association.
- (2) In the event that the relevant company/professional association has not yet issued the certificates and classification of providers of goods/services as intended in paragraph (1), the provisions of Presidential Decree Number 16 Year 1994 concerning the Implementation of State Revenue and Expenditure Budget as has been amended, currently by Presidential Decree Number 6 Year 1999 concerning this matter shall still be applicable.

CHAPTER VIII

CLOSING

Article 41

- (1) Matters not or insufficiently stipulated in this Presidential Decree shall be further stipulated in the Technical Guidelines for the Procurement of Goods/Services based on a Joint Decree of the State Minister for Development Supervision and State Administration Reform/Chairperson of the National Development Planning Agency (Bappenas) and the Minister of Finance;
- (2) As this Presidential Decree's comes into force, all provisions on the procurement of goods/services stipulated in Presidential Decree Number 16 Year 1994 concerning the Implementation of State Revenue and Expenditure

Budget as has been amended, currently by Presidential Decree Number 6 Year 1999 and the technical guidelines for the implementation thereof which are not in accordance with or are contradictory to the provisions of this Presidential Decree shall be revoked and declared no longer applicable;

Article 42

Effectiveness of Presidential Decree

This Presidential Decree shall become effective as of the date its promulgation.

For public cognizance, hereby ordering this Presidential Decree to be announced in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

on February 21, 2000

THE PRESIDENT OF THE REPUBLIC OF
INDONESIA

Sgd

ABDURRAHMAN WAHID

Promulgated in Jakarta

On February 21, 2000

Acting STATE SECRETARY OF THE REPUBLIC OF INDONESIA,

sgd

BONDAN GUNAWAN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

YEAR 2000 NUMBER 15

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Lambock V. Nahattands