



Prototypes for the Involvement of MSMEs in Sustainable Procurement at Central and Local Governments

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Alt Moabit 91, 10559 Berlin, Germany
www.seed.uno | info@seed.uno

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Authors: Ivy Londa, Ade Afrilian, Rizky Anugrah, LTKL, Camilla Shearman

Contact us: labs-policy-prototyping@seed.uno

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KEY MESSAGES

- The involvement of local MSMEs that provide sustainable goods and services in government procurement systems can drive the transition to a sustainable economy, provide job opportunities and local economic development, and accelerate the recovery from the Covid-19 pandemic
- Significant steps have been taken at a policy level to encourage the procurement of locally-produced and sustainable goods and services, however there remain gaps in implementation to ensure accessibility for MSMEs
- Digitisation offers an important opportunity to streamline application and registration procedures for MSMEs to procurement catalogues and systems, and to synchronise between national and local catalogues
- MSMEs still require capacity building to adhere to the standards and criteria of the goods and services required by government; there is a role of local governments and aggregators to play a role in doing so

I. INTRODUCTION

Ongoing commitments at the global and national levels towards sustainable development indicate that micro, small and medium enterprises (MSMEs) should be integrated into systems for sustainable procurement of goods and services at the local level. MSMEs can play an important role in climate change mitigation and adaptation activities, and contribute to the transition to a sustainable economy at the local level. Public procurement has the potential to offer regular and long-term transactions that provide the stability required by environmentally-friendly companies, who often struggle with short-term market perspectives and therefore instability. This is highly relevant particularly during the Covid-19 pandemic where most new businesses and entrepreneurs are financially vulnerable. Systematic initiatives and government intervention are therefore required to revitalize the business and entrepreneurial ecosystem.¹ Opportunities to direct public procurement to sustainable local products

and services are of great importance. The involvement of MSMEs can be expected to strengthen the collaboration between local governments and MSMEs in their regions to jointly stimulate recovery.

Goods and service procurement policies at the local level can direct local fiscal policy instruments that support the management of business sector to provide environmentally-friendly local job opportunities. In this case, government procurement of goods and services can be directed to support MSMEs that have adopted sustainable principles, namely: 1) applying aspects of environmental and social sustainability in their production processes, efficient use of resources, waste management, or biodiversity conservation; and 2) creating local job opportunities, particularly for often-marginalised populations such as youth, women and low-income households to integrate them into local and global value chains as suppliers, distributors or customers.

¹ Maritz, Alex, Aron Perenyi, Gerrit de Waal dan Christoph Buck. (2020). Kewirausahaan sebagai Pahlawan Tanpa Tanda Jasa selama Krisis Ekonomi Covid-19. <https://doi.org/10.3390/su12114612>

II. CHALLENGES FACED BY MSMEs

A significant challenge encountered by MSMEs is access to markets for their products and services, both domestic and export markets. Some of the constraining factors for them to access markets include their often informal and unregistered status, low business management acumen and capacity, and limited access to agglomerations or wider supply chains including industrial clusters.² The market challenges for MSMEs are widening, due to the lack of business model validation, promotions and use of marketing instruments that enable them to communicate the suitability of product-market with their target markets.

Various programs have been implemented to improve the capacity of MSMEs, including social enterprises. The reach of these programs outside of urban areas is, however, still limited. At the same time, there are significant opportunities for enterprises with social businesses models outside of Java, where they can support economic growth and decent job creation, and reduce the gaps in the distribution of business and work opportunities occurring outside Java.

Another frequent challenge for the growth of MSMEs is access to finance. Most MSMEs have limited or no access to credit and other forms of finance partly due to a lack of financing schemes that meet MSMEs' needs, poor financial management, high collateral requirements, and burdensome regulations.³ Findings of an Angel Investor Network study on Social Finance in Indonesia indicate that 70 per cent of the social enterprises in Indonesia are pre-seed and seed stages, with funding needs ranging from USD 10,000-150,000 (Rp 150 million – Rp 2 billion).⁴ However, few financing schemes are available in this range besides People's Business Credit, as application

procedures do not necessarily match the characteristics of social enterprises.

These challenges are worsening with the impact of the COVID-19 pandemic, particularly on the demand side. A survey held by UNDP and the Economic and Social Research Institute of University of Indonesia (LPEM FEB UI) indicates that approximately 90 per cent of the MSMEs encounter lower market demand during the pandemic. More than 45 per cent of MSMEs encounter problems to obtain raw materials, and more than 80 per cent of the MSMEs have seen lower profit margins. The pandemic has also impacted the assets owned by companies, where more than 53 per cent of the MSMEs report a decline in assets.⁵

Public procurement markets offer an opportunity to restore purchasing power and address market access issues for MSMEs. This can also accelerate market recovery for MSME products and services following difficult pandemic years for business. The market recovery will encourage MSME businesses to revive and potentially recover job opportunities for the community as well as encouraging the mainstreaming of sustainable production and consumption practices.

² Asian Development Bank. (2020).

³ International Labour Organization. (2019). *Financing Small Business in Indonesia*. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_695134.pdf

⁴ Angel Investor Network. (2016). *Social Finance and Social Enterprises*. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_695134.pdf

⁵ UNDP and University of Indonesia. (2020). *Impact of Covid-19 Pandemic on MSMEs in Indonesia*. <https://www.id.undp.org/content/dam/indonesia/2021/docs/INS-Report%20Impact%20of%20COVID-19%20Pandemic%20on%20MSMEs%20in%20Indonesia.pdf>

III. POLICY BACKGROUND ON SUSTAINABLE PROCUREMENT FROM MSMEs

The Government of Indonesia has opened opportunities for MSMEs⁶ to take advantage of new market opportunities, particularly in supplying the goods and services needed by the central and local governments. Government procurement of goods and services includes procurement activity by Ministries/Regional Institutions/Agencies financed by the State Budget/Regional Budget, and covers a variety of activities, from the identification of needs to the handover of works.

Government procurement to support local economic development

Government procurement of goods and services plays an important role in the realisation of national and regional development, namely to (1) support the provision of public services and the development of the national and regional economy, (2) increase the maximum benefit value (value for money) and contribute to the use of local products, particularly MSMEs products, and (3) support sustainable development. Through instruments of government procurement of goods and services, significant measures can be made to harmonise government expenditures, and the financing can be used to benefit local and national economic development.

Efforts to extend MSME access to government procurement of goods and services are in line with government strategies of supporting MSMEs through #BanggaBuatanIndonesia national movement. The movement is expected to increase the demand for domestically produced goods and services, as emphasised in Article 4 Point c) of Presidential Regulation Number 12, 2021, on the Amendment to

Presidential Regulation Number 16, 2018, on Government Procurement of Goods/Services (Presidential Regulation 12/2021)⁷. According to the provision, Ministries, Institutions, or Local Governments shall allocate at least 40% of their budget to the products of domestic small enterprises and cooperatives.⁸ In addition, packages for the procurement of goods, construction works, or other services with a budget ceiling of up to Indonesian Rupiah 15 billion (approximately 950,000 euros at time of writing) are allocated for small enterprises and cooperatives.⁹

Procurement from MSMEs is also guided by the Ministry of State-Owned Enterprises.¹⁰ The relevant provisions require the application of policies, among others, to prioritise local products in accordance with the provisions on the local product use and to give opportunities to national and small-scale businesses. The Ministry of State-Owned Enterprises also initiated a platform called Digital Market (PaDi) aiming at uniting MSMEs to optimise, accelerate, and encourage efficient spending transactions of State-Owned Enterprises to the MSMEs, and also aiming at extending and facilitating MSME access to finance.

The government's affirmation to extend opportunities for MSMEs in the procurement of goods and services is also strengthened through the issue of Government Regulation Number 7 Of 2021 on Facilities, Protection, and Development of Cooperatives and Micro, Small, and Medium Enterprises, as a derivative of Law Number 11 Of 2020 on Job Creation. Government Regulation No. 7/2021 mandates, amongst others, that ministries, government agencies and regional institutions shall allocate

6 The definition and criteria of MSMEs refer to Articles 1 and 6 of Law Number 20 of 2008 on MSMEs, and Article 4 of Government Regulation Number 7 of 2021 on Facilities, Protection and Development of Cooperatives and Micro, Small, and Medium Enterprises

7 Presidential Regulation Number 12 of 2021 on Amendment to Presidential Regulation Number 16 Of 2018 on Government Procurement of Goods/Services

8 Article 65 paragraph (2) and paragraph (3) of Presidential Regulation 12/2021

9 Article 65 paragraph (4) of Presidential Regulation 12/2021

10 Regulation of the Minister of State-Owned Enterprises Number PER-08/MBU/12/2019 on General Guidelines for the Procurement of Goods and Services for State-Owned Enterprises and Circular of the Minister of State-Owned Enterprises Number SE-10/MBU/08/2020 dated 26 August 2020 on Improving the Roles of Micro, Small and Medium Enterprises in the Procurement of Goods and Services for State-Owned Enterprises

a minimum of 40% of their budget to micro and small businesses and cooperatives, and indicates the need for procurement patterns and contract payments to these actors.

Presidential Regulation No. 18 Of 2020 on the National Medium Term Development Plan (RPJMN) of 2020-2024 also mandates that economic resilience for quality and equitable growth shall be strengthened by, among others, increasing the use of local products driven by the government procurement of goods and services. This is expected to extend opportunities for MSMEs to provide goods and services for domestic needs and reduce dependence on imports. The Government Work Plan of 2022 also includes one of the main activities to support the extending use of local products through *Bangga Buatan Indonesia* and *Beli Kreatif Lokal* movements.

The procurement market as an important opportunity for eco-inclusive MSMEs

The application of these policies can support MSMEs to scale their operations, and encourage them to ensure that their goods and services meet the standards required by the government, in terms of quality, quantity, time, cost, location, and provider. The policies can also be expected to improve the participation of MSMEs in the economy, including in research and development, creative industries, and in supporting the transition to a sustainable and inclusive economy.

“Environmentally-friendly” MSMEs in particular receive special attention due to their positive impact on developing the local economy, providing job opportunities and social impact to marginalised communities along the supply chain, contributing to sustainable resource management and use, participating in a

circular economy, and supporting biodiversity conservation.¹¹ Sustainable products and services are defined as those that uphold the principles of sustainability in utilising natural resources throughout their production cycle. By prioritising environmentally-friendly MSMEs in national and local procurement, Indonesia can move towards achieving the sustainable development targets.

Goods and services procurement policy at the national level must be followed by the provision and improvement of the relevant rules at the provincial, district and municipal levels. Local governments should include opportunities for local MSMEs in the procurement of goods and services in the annual work plans and budget in accordance with Government Regulation No. 7/2021. Regulations at the local level are also required to complete the guidelines for developing MSMEs to transform and meet the needs for sustainable procurement of goods and services.

To support the policy of giving opportunities to MSMEs to participate in sustainable goods and services procurement, the Ministry of National Development Planning/National Development Planning Agency, *Lingkar Temu Kabupaten Lestari*, *Instellar*, and *SEED* held a workshop on sustainable development, challenges encountered by MSMEs in accessing the goods and services procurement markets, and activities in district administrations to support the use of local products and sustainable development. The workshop concluded with the implementation of a hackathon designed to unite cross-sector participatory collaboration to ensure that the goods and services procurement markets can be accessed by local-based sustainable MSMEs.

¹¹ The specific definition of sustainable products and services can be found under the Ministry of Environment and Forestry Regulation Number: P.5/MENLHK/SETJEN/KUM.1/2/2019 on labelling of sustainable procurement (MEFR Regulation 5/2019)

IV. MSME DEVELOPMENT POLICY FRAMEWORK IN INDONESIA

The Government of Indonesia has a comprehensive regulatory framework to facilitate the development of MSMEs, among others through the Law No. 20 of 2008 on MSMEs, Law No. 11 of 2021 on Job Creation further elaborated through the Government Regulation No. 7 Of 2021 on Facility, Protection, and Development of Cooperatives and Micro, Small, and Medium Enterprises, and the Law and Presidential Regulation relating to long-term (20 years), medium-term (5 years) and annual-term national development planning. The government has also issued Presidential Regulation Number 2 of 2022 on National Entrepreneurship Development of 2021 - 2024, covering social entrepreneurship-related regulations.

The Ministry of Cooperatives and Small and Medium Enterprises being the leading institution in the development of MSMEs have applied various policy instruments to encourage the contribution and competitiveness of MSMEs by, among others, holding trainings, providing business assistance, entrepreneurship development, facilitating financial access, productivity improvement supported by the application of technology and innovation, facilitating market access, and facilitating business partnerships. The Ministry of Cooperatives and Small and Medium Enterprises is supported by other Ministries/Institutions mandated to develop MSMEs, including the Ministry of Industry, the Ministry of Trade, the Ministry of Villages and Underdeveloped Region Development, and the Ministry of Investment/Investment Coordinating Board.

Further programs to support MSMEs look specifically at the role of MSMEs in industries to develop local products all over the country, such as Master Plan of National Industrial Development of 2015-2035 and Master Plan of Acceleration and Expansion of Indonesian Economic Development (MP3EI) of 2011-

2025. The plans are also visible regionally, for example through 6 economic corridors: Sumatra Economic Corridor, Java Economic Corridor, Kalimantan Economic Corridor, Sulawesi Economic Corridor, Bali Nusa Tenggara Economic Corridor, and Papua Maluku Islands Economic Corridor. Efforts to develop Rural Economic Zones focus on developing eco-inclusive community businesses to create nature-based value-added products in several districts in Indonesia, such as Siak, Riau and Sintang, and West Kalimantan. There are significant opportunities to accelerate the inclusion of sustainability criteria in procurement policies. For example, sustainable procurement policies can offer short-term economic recovery to MSMEs from the Covid-19 Pandemic to support long-term sustainable development.

Cooperatives and MSMEs are catalysts that are able expand job opportunities and inclusive economic development. Provisions on the government roles to provide cooperatives and MSMEs with more facilities, protection and development have been further regulated by virtue of Government Regulation Number 7 Of 2021¹² among others: facilities, protection including the provision of legal assistances, development including the provision of places for promoting and developing MSMEs, procuring government goods/services, incubation, and the special allocation funds to facilitate, protect and develop MSMEs.

Furthermore, to facilitate, protect, and develop cooperatives and MSMEs, Government Regulation Number 7 Of 2021 also regulates business incentives and facilities in the framework of partnerships of the cooperatives and MSMEs. The incentives are provided to micro and small enterprises in the form of: a) regional tax reduction or relief; b) regional levy reduction or relief; c) providing capital assistance to micro, small enterprises, and/or cooperatives; d) assistance for research

¹² Government Regulation Number 7 Of 2021 on Facilities, Protection and Development of Cooperatives and Micro, Small and Medium Enterprises

and development for micro, small enterprises, and cooperatives; e) facilitating vocational trainings for micro, small enterprises, and/or cooperatives; and/or f) subsidised loan interests on program credits.

Despite these policy frameworks, locally-based MSMEs still face challenges in accessing

public procurement markets and are unable to fully tap into the opportunities provided for them at a local level. These challenges include a lack of information and easy procedures to access the opportunities, and issues around certification of the quality of their products and services.

V. KEY STAKEHOLDERS IN INVOLVING MSMEs IN THE PROCUREMENT OF GOODS AND SERVICES

Multiple stakeholders are involved in increasing MSME access to government procurement of goods and services, including:

1. Central government as policy maker and facilitator at the national level to support strengthening the procurement ecosystem, MSMEs, and the sustainability thereof. The National Goods and Services Procurement Policy Institution (LKPP) and the Ministry of Home Affairs are core actors that facilitate the procurement ecosystem. The Ministry of Cooperatives and Small and Medium Enterprises, the Ministry of Industry, the Ministry of Tourism and Creative Economy, and the Ministry of Trade support the strengthening of MSME ecosystem. The Ministry of Environment and Forestry supports the sustainability ecosystem. The Ministry of National Development Planning/National Development Planning Agency supports the national development planning that directs programs and activities to strengthen the procurement ecosystem and MSMEs. Government programs that support the development of MSMEs include business assistance through the Integrated Business Service Centre of Cooperatives and MSMEs (PLUT-KUMKM) of the Ministry of Cooperatives and Small and Medium Enterprises, LIPI Iptekda programs that support the application of technology by SMEs, and the #BanggaBuatanIndonesia campaigns that promote the consumption of local products.

2. Local governments as policy makers and facilitators at the provincial, district and municipal levels to support the strengthening

of the procurement ecosystem, MSMEs and sustainability. Local governments are also the main administrators for MSMEs. One of the programs implemented by local governments for capacity building of MSMEs is PLUT-KUMKM, managed by regional organizations dealing with MSMEs. The development of PLUT-KUMKM is supported by the Ministry of Cooperatives and Small and Medium Enterprises particularly in the development and revitalization of PLUT-KUMKM, capacity building of mentors and mentoring standards.

3. Development partners of the central and regional governments specifically support the mainstreaming of sustainable procurement of goods and services. At the district/municipal level, the National Association of District Administrations (APKASI) has cooperated with Lingkar Temu Kabupaten Lestari (LTKL) to mainstream sustainability into regional development models particularly at the district level. LTKL is committed to applying sustainable land use models that protect the environment and improve community welfare through partnerships and collaborations. Currently, the collaborations between APKASI and LTKL covers 12 districts in 6 provinces in Indonesia, including Kabupaten (District) Musi Banyuasin, Aceh Tamiang, Siak, North Labuhanbatu, Rokan Hulu, Batanghari, Sanggau, Sintang, Kapuas Hulu, Sigi, Gorontalo, Bone Bolango. Nine of them are active member districts in the collaboration scheme. Collaborations to improve entrepreneurship and accelerate development also include incubation and acceleration centres such as Instellar, host of SEED Hub Indonesia.

4. MSMEs, goods and services providers, including those producing goods and services that apply sustainable principles. Some of the MSMEs already applying sustainable principles are FAM Organic, Komodo Water, Mycotech, Neurafarm, Perfect Fit, PT Seaweed Tama Biopac Indonesia, Rahsa Nusantara, Sampangan, Sefactor Deos Maks, and SukkhaCitta.

5. Civil society, consumers who use the products and services provided by MSMEs, and simultaneously, civil society organizations acting as partners in developing MSMEs, and partners in sustainable procurement of goods and services, such as KEHATI and AMAN.

VI. EXISTING EFFORTS: DIGITISATION AND CATALOGUING

MSME participation in the government procurement of goods and services consists of direct and indirect procurement. Direct procurement can be implemented through direct procurement, direct appointment, tender, quick tender, e-purchasing through (National, Sectoral and Local) electronic catalogue, while indirect procurement is allocated for large scale businesses where MSMEs can become suppliers, subcontractors and distributors. The involvement of MSMEs in government procurement of goods and services can be made through direct electronic procurement, indirect procurement defence, and e-catalogue. The Ministry of Small and Medium Enterprises and Local Governments improve the participation of small businesses and cooperatives by listing the goods and services of small businesses and cooperatives in electronic catalogues.¹³

Electronic Direct Procurement

Direct electronic procurement is made through Electronic Procurement Service (LPSE) application and Provider Performance Information System (SiKAP) intended for the procurement at a cost of Rp. 50 million to Rp. 200 million. The procedure for MSMEs is to register their business through the LPSE website or application. MSMEs can then fill a business profile on SiKAP. Registration stages and procurement selection documents are accessible via <http://inaproc.id/unduh>. To support MSMEs to choose an appropriate procurement category and types of goods

and services that the government requires, the General Procurement Plan Information System (SiRUP) portal provides information via <https://sirup.lkpp.go.id/sirup/ro>. If an MSME is chosen as a provider, then there will be a notification via the Electronic Procurement System (SPSE) account or email registered in the SPSE's account.

Procurement Defence

Procurement Defence is an application managed by LKPP in collaboration with trade organizers through an electronic system (e-marketplace). The application is used by ministries, regional institutions, and agencies for the direct procurement of local products/services of the MSMEs with a maximum cost of Rp. 50 million (Circular of the Head of LKPP Number 31 Of 2020 on Implementation of Procurement Defence Program). To become a provider, a MSME has to register their business with an aggregator that is a partner of LKPP: the list of aggregators is on the <https://belapengadaan.lkpp.go.id/page>.

E-catalogue

The e-catalogue is an electronic information system that contains information in the form of lists, types, technical specifications, prices and other information relating to certain goods/services from various providers of government goods/services, including MSMEs. Products in the e-catalogue have been curated by LKPP and are accessible at <https://e-katalog.lkpp>.

¹³ Article 65, Presidential Regulation Number 12 Of 2021 on Amendment to Presidential Regulation Number 16 Of 2018 on Government Procurement of Goods/Services

[go.id](https://e-katalog.lkpp.go.id). Before registering as a provider in the e-catalogue, a MSME has to ensure that they are providing the types of goods and services required via SiRUP. After their products or services are confirmed as appropriate, the MSME can proceed to the registration process

by product category at <https://e-katalog.lkpp.go.id/pengumuman>. Submission of goods upon procurement is subject to certification and special standards according to the provisions. Local products of MSMEs are a priority.

VII. PROPOSED POLICY SOLUTIONS

Challenges in the sustainable procurement of goods and services relate to creating a more supportive environment for MSMEs to participate in sustainable production and find a more definite market reach for their products. The roles of the LTKL district members can be to form a conducive ecosystem not only in terms of norms, standards, procedures and criteria (NSPK) of goods and services procurement policies, but also concrete support for MSMEs to integrate sustainable practices and for the government procurement market of goods and services to respond to the growth of local-based sustainable MSMEs.

The SEED Practitioner Labs for Sustainable Procurement in Indonesia, held together with Instellar, LTKL, and APKASI, connect sustainable development to the challenges encountered by MSMEs in accessing the procurement market, and the opportunity of procuring goods and services in district administrations to support the use of local products and sustainable development. The Lab identified the following challenges, policy gaps, and design criteria for solutions.

CHALLENGES	<ul style="list-style-type: none"> Indonesia has regulations and policies on sustainable procurement of goods and services (Pebarjas), but the implementation thereof is not yet integrated and not in accordance with the functions. Policies of the procurement of goods and services by the central government and local governments are not consistent. Synchronisation between central and regional catalogues is required.
PROBLEM STATEMENT	<ul style="list-style-type: none"> How to build an integrated system between K/L/Local Governments that facilitates access to information and administration of MSMEs to be involved in procurement procedures (Pebarjas). How to develop a database of MSMEs in accordance with the standards for the procurement of goods and services at the national and regional levels. How to build a product certification system and develop the capacity of MSMEs.
POLICY GAP	<ul style="list-style-type: none"> MSME Capacity building to access sustainable procurement of goods and services. More informative and transparent awareness building process of the procurement program of goods and services.
SOLUTION DESIGN CRITERIA	<ul style="list-style-type: none"> Access – to provide facilities to get information from the entire programs and processes in Pebarjas. Procedures – suitable time between procurement programs, payment terms and registration and reporting administration processes that are understandable by MSMEs. Integration – an integrated system to prevent overlapping and repeated processes of the Pebarjas. Certification – a certification system for products and services of the MSMEs for Pebarjas.

VIII. RECOMMENDATIONS

Based on the discussions in the workshop and policy hackathon, participants recommended several solutions:

1. Improving the procurement (Pebarjas) system at the national level

The procurement market is expected to be accessible with a “one stop shop” system where the MSMEs who have registered their business in the goods and services procurement system do not necessarily have to re-register when they apply for government procurement of goods and services. The suggestion is to use a marketplace, where one registration account can be used for the next procurement of goods and services. The recommendation aims at improving the platform provided by LKPP by developing criteria of products provided by MSMEs with sustainable criteria to provide market certainty.

2. Friendly Pebarjas Movement of MSMEs at the Regional Level

The involvement of local MSMEs is a key factor in efforts to improve the economy and provide job opportunities at the local level. Local Governments should make a movement to invite MSMEs to access sustainable markets in the General Procurement Plan (RUP) for the procurement of goods and services of local governments. The movement includes the involvement of local MSMEs in the socialization of the RUP for the procurement of goods and services of local governments, the improvement of MSME capacity in preparing the business administration required in the system, the optimisation of preparation of local MSME products through multi-party collaboration and supports in the licensing system, as well as the certainty of Local Procurement Catalogues to clarify the availability of local MSME products.

3. Develop Clear Implementation Rules

K/L can be expected to issue implementation rules or circulars containing obligations to procure sustainable goods and services involving MSMEs to support the achievement

of national priorities for strengthening entrepreneurship, MSMEs and cooperatives as contained in the RPJMN of 2020-2024. The Ministry of National Development Planning/ National Development Planning Agency can prepare NSPK or other guidelines that can be followed up to the regional level as guidance in the planning and budgeting system, covering the government procurement of goods and services. Local governments can also complete implementation rules at the local level in relation to policies of the procurement of goods and services that prioritise local MSMEs in the regions.

4. Optimising the Roles of Aggregators in the Procurement of Goods and Services

Aggregators can act as an umbrella for MSMEs in accessing the goods and service procurement system by creating catalogues containing a list of needs and MSME products, and providing a more integrated evaluation of MSME performance, such as a Vendor Management System. To facilitate the roles of the aggregators, special types of contracts enabling cooperation between aggregators and MSMEs are required for recognition in the existing procurement system of goods and services.

5. Integrated Technical Guidelines for Environmentally-Friendly and Socially-Friendly Procurement of Goods and Services

Real-time synchronisation between central and regional catalogues as well as integrated development of technical guidelines can promote the procurement of goods and services in regions that meet environmentally-friendly and socially-friendly criteria. The standardised criteria will facilitate the participation of MSMEs and the selection of the governments in the procurement of goods and services according to their needs.

6. Improving the Roles and Capacity of MSMEs in the Procurement of Goods and Services

The standardised criteria relating to environmentally-friendly and socially-friendly procurement of goods and services can become the basis for capacity building of MSMEs. The improvement can be provided in the form of capacity building and assistance for MSMEs to develop environmentally-friendly businesses and practices to meet predetermined criteria.

7. Developing a Digital Application System

The provision of a digital application system that connects with existing applications, for example with the government application system, and marketplace integrated with the procurement system for goods and services can stimulate sustainable development. With a digital application system, the procurement system becomes more transparent so as to improve accessibility, accountability and sustainable procurement practices that can improve the efficiency of central and local government budgets in the mid- to long-term.



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