

# Data Management Center

in partnership with the OECD Development Assistance Committee (DAC) Network on Governance (GovNet)

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**Organisation:** Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

**Country:** Indonesia

**Level of government:** Central government

**Sector:** Economic affairs

**Type:** Digital

**Launched in:** 2002

**Overall development time:** 10 year(s)

**Link to the innovation's website**

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# Description

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The Data Management Center in the Ministry of Public Works is an e-procurement system to procure goods and services using information technology (IT) and electronic transactions in accordance with existing regulations.

From 2002, information regarding the procurement of goods and services for the Ministry is required to be processed electronically using the internet to support transparency in the procurement of goods and services.

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## Why the innovation was developed

- Every year around 70 per cent of the Ministry of Public Works' funds are tendered. Between 2011 and 2013, the financial volume for tendering from the Ministry was IDR 47 trillion which were used for financing building construction, bridges, and highways. The ministry's budget covers all of Indonesia's territory, both at central and regional level.
  - Since Indonesia is a large archipelagic country, the practical implementation of bidding processes pose significant challenges: access to sites, transportation and/or communication can be limited. Therefore, the bidding process implemented by many regional governments, particularly in remote regions cannot be easily monitored by the central government.
  - There was general concern with the transparency, fairness, effectiveness and efficiency of the previous procurement process. Public scrutiny has highlighted dissatisfaction with the procurement process. To exemplify one of the grievances, previously backdoor channels allowed some bidders to change procurement or bidding documents after the bidding was closed and documents had been submitted.
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## Objectives

Enhance public trust, Enhance transparency, Improve effectiveness, Improve efficiency

- To solve the problems mentioned above it was necessary to improve effectiveness, efficiency, enhance transparency and accountability in the implementation of bidding processes. In response a fairer and more transparent procurement process facilitated by central government should be developed.
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## Main beneficiaries

Businesses, Civil Society, General population, Government bodies, Government staff

- Service providers benefit from more a transparent, fair, effective and efficient procurement process. Through an online account, the service providers can follow their tender process in the Ministry of Public Works regardless of location across Indonesia.
- The leadership of the Ministry of Public Works benefits through simplification of their oversight function for tender processes for public procurements.
- Society as a whole benefits through budget transparency. There is a direct link between the implementation of e-procurement and the quality of infrastructure (roads, bridges, clean water, etc.).

# Results

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## Efficiency

- As the majority of processes are now performed online transportation costs were significantly reduced.
  - A number of processes which were previously done face to face have been replaced by an online system e.g. searching for tender package information; registration; submission of documents; etc.
  - Previously under the manual bidding processes, it was necessary to physically print or photocopy all documents. Using e-procurement, the cost of documents printing becomes zero as the documents are submitted online.
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## Service quality

### Accessibility:

- A wider range of potential bidders can take part in official tenders for the Ministry of Public Works now, since they are no longer deterred by long geographical distances and untransparent face-to-face encounters.
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## User satisfaction

- Through a fairer, more transparent and accountable bidding process, the end result – that is infrastructure development – will be achieved at higher quality, leading to higher satisfaction of the population. In general terms, the accessibility of real-time data also ensures easier monitoring of the tendering process, hence deterring cronyism and corrupt practises.

# Development

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## Design

Every year, the needs for bidding implementation at the Ministry of Public Works are very high. Around 70 percent of the ministry's fund allocation are tendered. Between 2011 and 2013, the financial volume for tendering from the ministry was 47 trillion Indonesian Rupiah. Given this high volume of funds being tendered, the Management of the Ministry of Public Works initiated this innovation by using legislative regulatory power.

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## Testing

- INFORMATION MISSING
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## Implementation

### Tools used:

- Regulations - several internal regulations from the Ministry to regulate and support the implementation of the e-procurement system. These regulations were stipulated through Ministerial regulations and decrees and reflected the commitment from the ministry's leadership.
- Progressive implementation - there were two implementation phases, first, the development of the e-system and secondly, the replication and adaption of the e-system during the roll out to the provinces/regions. During the initial phase of developing the e-solution, staff training helped to ensure the system would be fully workable once implemented. Broader training in using e-systems and online solutions were also offered.
- Socialisation - gradual socialisation developed government officials' and service providers' knowledge and understanding of the new system.
- Division of tasks: fair and equitable division of tasks for the development, implementation and roll-out of the new system amongst senior management within the Ministry for Public Works.
- Acceleration of access code registration: Once the system was developed, filling out of general data for future bidders was the next step. This meant the filling out of basic information and data without specific tender-related documents: this data is the basis for any future individual tender. For the purpose of effectiveness and effectivity, the process of access code registry for committees/working groups and service providers was carried out online. This was both cost and time-saving, since in the past access code registration for tenders was only done in person i.e. one had to travel to Jakarta to gain the code.

### Resources used:

- Financial Resources - the e-procurement implementation is financed through the state budget without foreign assistance. Below are the 2013 implementation costs:
    - System Nurturement - IDR 300 million
    - System Enhancement - IDR 400 million
    - Bandwidth internet subscription(450 MB) - IDR 4 600 million
    - Training for staff - IDR 30 million
    - Training for committee - IDR 3.2 billion
    - Construction Nurturement - IDR 1.2 billion
    - Total amount - IDR 9.73 billion
  - Technical Resources - ICT
  - Human Resources: the Data Management Center is responsible for the development, updating and servicing of the e-procurement system.
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## Diffusion

- In 2004 the Head of the Data Management Center presented the e-procurement initiative to the Surabaya City Government. He explained how e-procurement had been applied at the Ministry of Public Works through an internal regulation, a Ministerial Decree. In 2005, the Surabaya City Government also issued an internal regulation on the application of e-procurement (Mayor's Decree) because at the time there existed no national legal umbrella on e-procurement.
  - In 2006 representatives from the Ministry of Communication and Informatics initiated an initiative to replicate the Ministry of Public Works' e-procurement system and in the same year set up e-government procurement (SePP).
  - Between 2005 and 2006, the Ministry of Pulic Works e-procurement team was involved in the discussion on e-procurement implementation at national level coordinated by the Agency for National Planning and Development.
  - In 2008 the national level started to push for the application of e-procurement throughout Indonesia based on Presidential Regulation No. 54/2010 on the Procurement of Government's Goods and Services. Article 131 of the Presidential Regulation No. 54/2010 states that Ministries, Institutions, and Regions are obliged to implement electronic procurement for part/whole of work packages during 2012.
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## Challenges and solutions

# Lessons Learned

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## Lessons Learned

- Management commitment was an essential issue in the success of the e-procurement system in the Ministry of Public Works. This commitment was developed by issuing regulations such as ministerial circular letter requiring the implementation of e-Procurement for all packages or works all over Indonesia under the ministry's coordination.
- The gradual application of the system ensured the sustainability of learning processes for users as the key to the success of its implementation. During the learning process, a transfer of knowledge took place which proved highly beneficial for the implementation phase.
- Careful socialisation of the new system and provision of sustainable technical guidance as well as involvement of all parties is a must to improve knowledge and understanding of users who will support the implementation of the e-procurement.
- Utilisation of information technology (IT) and digital transactions in the provision of services can shorten service procedures, make service processes easier, and also reduce service costs which in the long term leads to improvement of public services.
- The real time e-procurement implementation data proved beneficial for conducting monitoring and evaluation by policy makers of the Ministry of Public Works.

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## Conditions for success

- Due to support on the national level through the issuing of presidential decrees on e-procurement, awareness of the need and benefits of e-procurement processes has risen and thus significantly simplified the implementation of this innovation.