

## Covid-19 Spurs the Government to Expedite Procurement of Goods/Services

Under Presidential Regulation No. 16 of 2018 on Procurement of Goods or Services, the government is allowed to expedite the procurement of goods and services in an emergency. The objective of this regulation is to ensure that the Indonesian public receive immediate protection. In the event that goods or services must be sourced from third party providers, the Regulation allows the government to bypass a tender and through the Commitment Making Officer (*Pejabat Pembuat Komitmen*), directly appoint a provider that is closest to the affected area or other qualified providers (local providers will receive a preference) that can provide similar goods/services.

In light of the Covid-19 outbreak, the government has issued Presidential Instruction No. 4 of 2020 on Refocusing Activities, Budget Reallocation and Procurement of Goods and Services to Accelerate the Handling of Covid-19. This instruction amplifies the requirement under the regulation and orders all government institutions to speed up the procurement of goods and services that are needed to handle Covid-19.

### Procedure

Under the Regulation of the Government Procurement Policy Institute (“LKPP”) No. 13 of 2018 on Procurement of Goods or Services in an Emergency (“LKPP Regulation”), a procurement can be divided into three stages:

#### 1. Procurement planning

First, the government needs to identify the goods or services needed, analyse the available resources and then determine the procurement methods.

#### 2. Execution of the procurement

Once the government completes the first step, it will issue an appointment letter to the relevant provider. The relevant provider will then be required to attend a joint inspection and preparation meeting with the government.

Upon completion of the procurement, the provider must calculate the amount of the procured goods or services and handover such goods or services.

#### 3. Completion

Last, the government and the provider will enter into a contract, payment will be made and a post-procurement audit will be conducted.

### Goods/Services that can be Procured

Below we provide a reproduction of Annex II of the LKPP Regulation, which sets out the types of goods/services that can be procured in an emergency:

No	Types of Goods/Services	Description
1.	Goods	<ul style="list-style-type: none"> <li>- Goods required for cleaning rubles, repair dam and pioneering road/bridge/emergency dock.</li> <li>- Fossil fuel.</li> <li>- Clean water.</li> <li>- Dumpster.</li> <li>- Fast food (such as rice, bread, canned food, and other similar items).</li> <li>- Body bags, stretchers, ropes, gloves, formalin, and other evacuation equipments.</li> <li>- Public kitchen including emergency meal utensils.</li> <li>- Trousers, house dresses, t-shirts, school uniforms and shoes and other similar items.</li> <li>- Diapers, baby blankets, and mosquito nets.</li> <li>- <i>Sarung</i>, blankets, and pyjamas.</li> <li>- Sanitary pads.</li> <li>- Medicines.</li> <li>- Hygiene equipment.</li> <li>- Medical equipment.</li> <li>- Vaccines.</li> <li>- Tools and equipments for disease vector control.</li> <li>- Communication tools.</li> <li>- Tools and equipments to ensure supply of clean water.</li> <li>- Shelter-making equipments for temporary housing.</li> </ul>
2.	Construction work	<ul style="list-style-type: none"> <li>- Clean water quality treatment in disaster zone.</li> <li>- Sewage reparation/making and drainage.</li> <li>- Emergency toilet procurement.</li> <li>- Temporary or permanent housings.</li> <li>- Immediate restoration of vital facilities.</li> <li>- Emergency buildings, temporary buildings, semi-permanent and permanent buildings for emergency mitigation of water resource facilities affected by a disaster.</li> </ul>
3.	Consultancy services	<ul style="list-style-type: none"> <li>- Psychosocial services.</li> <li>- Water resource facilities reparation plan design making.</li> <li>- Epidemiologic investigations.</li> <li>- Inspection, medication, treatment, and isolation of affected people, including quarantine.</li> <li>- Prevention and immunisation of vulnerable members of the public.</li> <li>- Handling of germs and diseased-affected animals, plantations and objects.</li> <li>- Corpse management.</li> <li>- Socialisation to the society about plague mitigation effort.</li> </ul>

No	Types of Goods/Services	Description
4.	Other services	<ul style="list-style-type: none"><li>- Rent/lease of housings/rooms for command disaster alert post.</li><li>- Rent for transportation facilities, except for buying rafts and boats.</li><li>- Simultaneous aid (cash) for emergency repairs for damaged/totally damaged housing.</li><li>- Procurement of goods and services/renting materials, equipments for smoke disaster emergency mitigation from forest or land fire, including air and land extinguishing.</li><li>- Procurement of goods and services/renting materials, equipments for drought disaster emergency handling.</li><li>- Procurement of goods and services/renting materials, equipments to handle extraordinary events.</li><li>- Procurement of goods and services/renting for aerial photographs in an emergency disaster handling effort.</li><li>- Procurement of goods and services/renting for emergency aid distribution including personnel, tools and logistics to handle emergencies.</li></ul>

Besides proving that the supplied goods/services are necessary, businesses who intend to offer their goods/services must also prove that their prices are reasonable.

#### KPPU's View

As expected, a direct appointment without a tender/selection process may trigger anti-competition risks. In response to this, Indonesian competition authority, KPPU, issued a press release No. 16/KPPU-PR/III/2020 on 24 March 2020, stating that a direct appointment to procure goods/services to combat Covid-19 will be exempted. That being said, a cartel or price-fixing, as well as hoarding of personal protective equipment for medical personnel, other medical devices and staple foods will not be tolerated.

## Contacts



**HMBC Rikrik Rizkiyana**  
Partner

D +62 21 2555 7855  
F +62 21 2555 7899  
[rikrik.rizkiyana@ahp.id](mailto:rikrik.rizkiyana@ahp.id)



**Farid Fauzi Nasution**  
Partner

D +62 21 2555 9998  
F +62 21 2555 7899  
[farid.nasution@ahp.id](mailto:farid.nasution@ahp.id)

## Our Regional Contacts

### RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**

T +65 6535 3600  
sg.rajahtannasia.com

### CHRISTOPHER & LEE ONG | *Malaysia*

**Christopher & Lee Ong**

T +60 3 2273 1919  
F +60 3 2273 8310  
www.christopherleeong.com

### R&T SOK & HENG | *Cambodia*

**R&T Sok & Heng Law Office**

T +855 23 963 112 / 113  
F +855 23 963 116  
kh.rajahtannasia.com

### RAJAH & TANN | *Myanmar*

**Rajah & Tann Myanmar Company Limited**

T +95 1 9345 343 / +95 1 9345 346  
F +95 1 9345 348  
mm.rajahtannasia.com

### RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP  
Shanghai Representative Office**

T +86 21 6120 8818  
F +86 21 6120 8820  
cn.rajahtannasia.com

### GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

**Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)**

T +632 8894 0377 to 79 / +632 8894 4931 to 32  
F +632 8552 1977 to 78  
www.cagatlaw.com

### ASSEGAF HAMZAH & PARTNERS | *Indonesia*

**Assegaf Hamzah & Partners**

**Jakarta Office**

T +62 21 2555 7800  
F +62 21 2555 7899

**Surabaya Office**

T +62 31 5116 4550  
F +62 31 5116 4560  
www.ahp.co.id

### RAJAH & TANN | *Thailand*

**R&T Asia (Thailand) Limited**

T +66 2 656 1991  
F +66 2 656 0833  
th.rajahtannasia.com

### RAJAH & TANN LCT LAWYERS | *Vietnam*

**Rajah & Tann LCT Lawyers**

**Ho Chi Minh City Office**

T +84 28 3821 2382 / +84 28 3821 2673  
F +84 28 3520 8206

**Hanoi Office**

T +84 24 3267 6127  
F +84 24 3267 6128  
www.rajahtannlct.com

### RAJAH & TANN | *Lao PDR*

**Rajah & Tann (Laos) Co., Ltd.**

T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

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