

Country Name	<b>Capacity Development for Trade-related Administration in Indonesia</b>
Republic of Indonesia	

**I. Project Outline**

Background	<p>Indonesian economy continued to grow steadily after the Asian financial and economic crisis of 1997. However, the annual growth rate did not reach 7%, the level deemed necessary to create more employment opportunities and to reduce poverty. Foreign direct investment had not yet recovered to 29% of the pre-Asian crisis level. It was deemed to be a pivotal factor in the stagnated growth rate. In order to promote further economic growth, and to benefit from globalization through fully building competitiveness in the trade, it was considered essential to engage in regulatory reform of trade-related regulations, legal systems, and procedures for the improvement of the business environment. The reform was to expedite the movement of trading goods as well as its trade processing, through enhancing transparency and clarity for the business community as well as officials of the related institutions.</p>				
Objectives of the Project	<p>Through the reformation of trade-related systems, procedures, and public and private dialogue for interactive trade promotion, the project aims at improving the trade-related administration, thereby contributing to trade promotion in Indonesia.</p> <ol style="list-style-type: none"> <li>Overall Goal: Trade is facilitated in Indonesia.</li> <li>Project Purpose: Trade-related administration becomes more efficient and improved.</li> </ol>				
Activities of the Project	<ol style="list-style-type: none"> <li>Project site: the whole country of Indonesia</li> <li>Main activities: <ol style="list-style-type: none"> <li>Making recommendations for streamlining trade-related laws and regulations and establishment of the monitoring structure.</li> <li>Review of the database and its maintenance system.</li> <li>Improvement of trade-related procedures.</li> <li>Improvement of the legal system for trade promotion.</li> <li>Promotion of dialogue between the Government of Indonesia and the private trade-related sectors.</li> </ol> </li> <li>Inputs (to carry out the above activities) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Japanese Side</p> <ol style="list-style-type: none"> <li>Experts: 8 persons</li> <li>Trainees received in Japan: 20 persons</li> <li>Third-country training: 10 persons (Belgium and the Netherlands [European Commission, World Customs Organization and Rotterdam port])</li> <li>Equipment: PCs, color printer, copy machine, etc</li> <li>Local Cost: Payroll for local project staff, training, other management activities</li> </ol> </td> <td style="width: 50%; vertical-align: top;"> <p>Indonesian Side</p> <ol style="list-style-type: none"> <li>Staff allocated: 8 persons</li> <li>Facilities: Office space and workroom</li> <li>Local cost: Administrative and operational expenses</li> </ol> </td> </tr> </table> </li> </ol>			<p>Japanese Side</p> <ol style="list-style-type: none"> <li>Experts: 8 persons</li> <li>Trainees received in Japan: 20 persons</li> <li>Third-country training: 10 persons (Belgium and the Netherlands [European Commission, World Customs Organization and Rotterdam port])</li> <li>Equipment: PCs, color printer, copy machine, etc</li> <li>Local Cost: Payroll for local project staff, training, other management activities</li> </ol>	<p>Indonesian Side</p> <ol style="list-style-type: none"> <li>Staff allocated: 8 persons</li> <li>Facilities: Office space and workroom</li> <li>Local cost: Administrative and operational expenses</li> </ol>
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Project Period	(ex-ante) July 2009 – July 2012 (actual) July 2010 – June 2013	Project Cost	(ex-ante) 337 million yen, (actual) 338 million yen		
Implementing Agency	Coordinating Ministry for Economic Affairs (CMEA)				
Cooperation Agency in Japan	Customs and Tariff Bureau, Ministry of Finance, International Development Associates, Ltd.				

**II. Result of the Evaluation**

## &lt;Constraints on Evaluation&gt;

- Due to travel restrictions and lockdown measures raised during the COVID-19 Pandemic, data gathered during the ex-post evaluation was lower both in quantity and quality as on-site data collection and direct observation were not as feasible as planned. Nonetheless, mitigation measures were taken as follows; 1) rely more on existing monitoring data collected prior to COVID-19, 2) increase scope of desk-based review of administrative data, 3) use of remote data collection and analysis methods where available.

## &lt; Special Perspectives Considered in the Ex-Post Evaluation &gt;

Issues in the predetermined indicators in the project design

- The Project Purpose was set to be measured by the number of filing documents and the time to complete the given procedure. However, at the time of the terminal evaluation, it was not measured by the indicators, stating that the target might be eventually achieved if the recommended items were duly addressed. As such, no alternative indicators were proposed to provide any clear directions for the achievement at the time. It was obvious that, given the inherent complexity of trade administrative structure and issues and the aim of achieving efficiency compatible with substantial improvement of the preexisting procedure, the indicators did not amply cover the ground in the first place. Thus, the continuation of the post-project status was to be also verified through the achievement levels of listed tasks for streamlining trade-related laws and regulations and the monitoring structure as the Output 1 by the project.
- The Overall Goal was set to be measured by the satisfaction level of exporters and importers. Nonetheless, such a satisfaction survey was not structurally conducted to obtain a basic reference point up until 2020, and therefore a statistically significant, robust comparison between the ex-ante and the ex-post status at the ex-post evaluation was not possible.

**1 Relevance**

## &lt;Consistency with the Development Policy of Indonesia at the Time of Ex-Ante Evaluation&gt;

The project was consistent with the development policies of Indonesia at the time of ex-ante evaluation. In the National Medium-Term Development Plan (2004-2009) of Indonesia, the "realization of economic and social prosperity and welfare of people" was listed as one of the three pillars. As such, the improvement of the economy was positioned as one of the important policy themes to achieve the goal. In addition, the Government of Indonesia announced the "Policy Package for Improving the Investment Environment" in February 2006

and the “Economic Policy Package” in June 2007. It was determined to work on expeditions and simplification of customs declaration procedures in public customs services.

<Consistency with the Development Needs of Indonesia at the Time of Ex-Ante Evaluation>

The project was consistent with the needs of Indonesia at the time of ex-ante evaluation. A total of 692 regulations, including laws, government ordinances, and presidential ordinances, were uploaded on the website, although it lacked oversight assessment and its structure in terms of procedural efficiency to serve trade promotion. In supporting the construction of the National Single Window system, a survey was conducted on the time required for all import declarations. However, the updating of the trade rule book on the official database had been stagnant, and the survey had revealed that import processing time was longer compared to neighboring countries such as Thailand and Malaysia. There was still room for improving the administration.

<Consistency with Japan’s ODA Policy at the Time of Ex-Ante Evaluation>

The project was consistent with Japan’s ODA policy towards Indonesia. The “Country Assistance Program for Indonesia” (2004) positioned dynamic economic growth led by the private sector as a priority area. Specifically, to improve the investment environment, it was to assist to upgrade the economic-related regulatory system, including customs, etc.

<Evaluation Result>

In light of the above, the relevance of the project is high.

2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the time of Project Completion>

The Project Purpose was partially achieved by project completion. The project could identify issues in the trade-related procedure that was ill-defined and redundant to impede proper implementation, as there had not been ample explanation to avoid procedural confusion for the trade sector. Thus, it compiled “Traders’ Guide for Import-Export License Procedures” to ensure transparency in the trade procedures (Indicator 1). The above-mentioned result suggested that preexisting license applications might have been unnecessarily time-consuming and costly for the traders in the process. However, regarding the status of the time required to complete the procedures, it was not put forth whether it was effectively reduced through the project, in light of the basic reference data before project implementation (Indicator 2).

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The project effects have been continued since project completion. Although the website update was discontinued in 2015, the Indonesian National Single Window (INSW) has been mandated to develop a similar trade-related database system called the Indonesia National Trade Repository (INTR)<sup>1</sup>. Building on the efforts in the project to improve clarity and transparency in the trade administration, all 10 recommended items made at the time of the terminal evaluation in import control have been engaged or planned to be engaged. By the same token, out of 4 recommended items in export control, 3 items have been engaged. As a result of the preceding process of streamlining, it was reported that the time required to complete the procedure has been reduced to 5 days from 7 days on average since 2017.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal had been partially achieved at the time of the ex-post evaluation. As stated above in the “Special Perspectives Considered in the Ex-Post Evaluation,” there was no basic reference point to tie the result to the project. Yet, according to the first satisfaction survey for INSW conducted in 2020, the overall score was 4.10 on a scale of 1 to 5 (Indicator 1).

<Other Impacts at the time of Ex-post Evaluation>

No outstanding issues or ramifications were confirmed at the time of the ex-post evaluation.

<Evaluation Result>

Therefore, the effectiveness/impact of the project is fair.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results	Sources
(Project Purpose) Trade-related administration becomes more efficient and improved.	Indicator 1: The number and volume of documents and information to be submitted for trade procedures.	Status of the Achievement: partially achieved (continued) (Project Completion) The project could identify 16 stipulations and 9 requirements in the trade-related procedure that was ill-defined and redundant to cause possible confusion in the process of the procedures. It compiled “Traders’ Guide for Import-Export License Procedures” as well as the “Trade Rule Book” database for the public on the website. It was difficult to verify whether the volume of documents was reduced or not, but the project contributed to it by providing structure to the previous procedure and making it more transparent. Therefore the indicator was judged to be partially achieved.  (Ex-post Evaluation) The Trade Rule Book Database on the website was last updated in 2015 and is no longer available since June 2021. The discontinuation of the website update was due to the limitation of resources in CMEA. However, the INSW has been developing a similar trade-related database system called INTR that contains a comprehensive set of data and can be viewed on a website. Not only does collecting rules and regulations in one database, but it also provides the following data and information: • Exchange rate	Terminal Evaluation Report  • Law No. 11 the Year 2020 on Job Creation • Presidential Decree No. 44 the Year 2018 on Indonesia National Single Window

<sup>1</sup> In line with Indonesia commitment on ASEAN Trade Repository (ATR) initiative as announced at the meeting of ASEAN Economic Ministers in 2009, Ministers recognized the need of ASEAN Trade Repository (ATR) that shall be a single reference point to provide the up-to-date, accurate information on all tariff and non-tariff measures within the region. Prior to that, the Government of Indonesia spearheaded to create the trade repository as technical team of INSW package feature into one system called “eService INSW” in 2008. It changed the name of the online system to “Indonesia National Trade Repository (INTR).”

Source: <https://insw.go.id/intr/>

		<ul style="list-style-type: none"> <li>Simulation of export and import</li> <li>Indonesian Regulation</li> <li>ASEAN Trade Repository</li> <li>References on port or airport, bank, and user</li> </ul> <p>The status of the recommended measures to improve clarity and transparency:          &lt;Import Control &gt; All recommended items have been already engaged or planned to be engaged. Some notable points are described as follows:</p> <ul style="list-style-type: none"> <li>The National Single Window Agency (Lembaga National Single Window/LNSW) as a non-echelon unit in charge of the INSW under the Ministry of Finance was established through Presidential Decree No. 44/2018. The INSW shall admit single data submission, examine, process, and decision making on the data for custom control as a dedicated system.</li> <li>SPS (sanitary and phytosanitary) and TBT<sup>2</sup> (technical barriers to trade) measures have been taken as abided by Article 3 PP 29/2021 on “implementation of the trade sector.”</li> <li>As per the improvement of surveyor’s verification on import goods, MoT Regulation No. 16 on “verification or technical tracing in foreign trade” issued in 2021 has ensured the progress.</li> <li>The Single Submission System is supposed to process applications for import/export licenses through INSW. Data sharing in and simplification of administrative documents have been ongoing.</li> </ul> <p>&lt;Export Control&gt; Out of 4 recommended items, 3 items have been already engaged. Some of the notable points are described as follows:</p> <ul style="list-style-type: none"> <li>Export restrictions such as export quotas and duties still are applied to ensure the availability of domestic supply. Nonetheless, the Government has generally committed to complying with WTO provisions in trade policy</li> <li>As described in section &lt;import control&gt; above, the INSW has been developed to be the “single umbrella” for trade administration. Furthermore, the issuance of the Omnibus Law on Job Creation to merge and simplify regulations has strengthened the function of INSW as a single umbrella with the implementation of commodity balance<sup>3</sup> and other relevant features.</li> </ul>	<ul style="list-style-type: none"> <li>Regulation of Ministry of Trade No. 16 the Year 2021 on Verification or Technical Tracing in Foreign Trade</li> <li>Government Regulation No.5/2021 on Implementation of Risk-Based Business Licensing</li> <li>Government Regulation 29/2021 on Implementation of the Trade Sector</li> <li>Interview with CMEA</li> </ul>				
	<p>Indicator 2: The time required to complete trade procedures</p>	<p>Status of the Achievement: partially achieved (continued) (Project Completion)</p> <p>As it did not refer to the quantitative data regarding the time required to complete the process before the project, whether it effectively reduced the time by project completion was not clear. However, comparing the year around project completion and the time of the ex-post evaluation through the survey, it was verified that time required to complete the procedures was reduced as described below. Therefore, the indicator was judged to be partially achieved.</p> <p>(Ex-post Evaluation)</p> <p>To complete the official trade procedures, it was reported requiring 7 days until 2016. However, it has been reduced to 5 days since 2017.</p> <p>In the background of the reduction, it is deemed that the provision regarding NPIK<sup>4</sup> (Special Importer Identity Number) was removed through MoT Regulation No. 50 in 2015. Import licensing was presumed to be simplified as mandated in PP 5/2021.</p>	<p>Terminal Evaluation Report</p> <p>Government Regulation No. 29 the Year 2021</p> <p>Interview with CMEA</p>				
<p>(Overall Goal) Trade is facilitated in Indonesia.</p>	<p>Indicator Satisfaction level of exporters and importers.</p>	<p>(Ex-post Evaluation) partially achieved</p> <p>The LNSW has been committed to conducting an annual satisfaction survey for the INSW service and website. The first survey was conducted in 2020 and the survey in 2021 is in progress. According to the survey in 2020 described below, INSW achieved a score of 4.10 (on a scale of 1 to 5). Specifically, regarding the INTR feature, it notably achieved 4.13 (classified as very good/satisfactory).</p> <table border="1" data-bbox="502 1758 1284 1825"> <tr> <th colspan="2">The Outline of the Satisfaction Survey in 2020:</th> </tr> <tr> <td>Objective</td> <td>To assess the satisfaction and expectation of users</td> </tr> </table>	The Outline of the Satisfaction Survey in 2020:		Objective	To assess the satisfaction and expectation of users	<p>Survey Kepuasan Pengguna Layanan Kementerian Keuangan RI: Lembaga National Single Window (2020) / User Satisfactory Survey of the Service of Ministry of Finance</p>
The Outline of the Satisfaction Survey in 2020:							
Objective	To assess the satisfaction and expectation of users						

<sup>2</sup> The WTO Agreement on Technical Barriers to Trade (the "TBT Agreement") entered into force on 1 January 1995 as one of the WTO agreements under Annex 1A of the Agreement Establishing the WTO. The Agreement aims to ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade.  
Source: [https://www.wto.org/english/res\\_e/publications\\_e/tbttotrade\\_e.pdf](https://www.wto.org/english/res_e/publications_e/tbttotrade_e.pdf)

<sup>3</sup> Referred by MoT in the issuance of import and export permits as a replacement for the Letter of Recommendation which is currently issued by sectoral ministries. At the time of the ex-post evaluation, it was being planned to be open for the public through the INSW portal, pertaining to the information of supply and demand of commodities for public consumption and industry needs. Therefore, it was being expected to improve simplification, transparency, and consistency of trade goods control regulation.

<sup>4</sup> NPIK was utilized to monitor certain traded commodities such as crystallized sugar, raw sugar, electronics, rice for industry use and, textile. Without NPIK, the trade administrative control is handled through approval from MoT.

			regarding service performance of three services provided by INSW: permit tracking, document tracking, and INTR.	Indonesia: National Single Window Agency (2020)
	Data Collection Method		<ul style="list-style-type: none"> <li>Conducted the interview survey from July 2019 to July 2020 in 3 selected provinces: Jakarta, Surabaya, and Medan.</li> <li>The sampling method used is a non-probability sampling from a long list of users by INSW (purposive sampling)</li> </ul>	
	Type/Number/Proportion of Respondents (A total of 125 respondents)		Central government: 4 (3.20%) National private companies: 51 (40.80%) International private companies: 69 (55.20%) State-Owned Enterprises: 1 (0.80%)	

### 3 Efficiency

The project cost was as planned (ratio against the plan: 100%). And the project period was within the plan (ratio against the plan: 97 %). The outputs were produced as planned. Therefore, the efficiency of the project is high.

### 4 Sustainability

#### <Policy Aspect>

The Government of Indonesia has committed to the development of INSW to improve and expand features for the efficiency of trade-related administration. It is designed to ensure one-time electric submission for export/import applications. That means that applicants would only need to access the INSW portal at their disposal at any given time. It is expected to eliminate redundant and cumbersome information and to streamline the trade procedures as much as possible. In this context, the recent Omnibus Law on Job Creation in 2020 was notable in the sense that the governmental commitment to comprehensive regulatory reform: “Ease of Doing Business” to serve the business sector. As such, in the line with trade administration, Government Regulation No. 29/2021 on Implementation of Trade Affairs was issued. Furthermore, to implement the regulation, the MoT issued the Regulation of Ministry of Trade No. 19 and No. 20, specifically for the international trade policy and the regulations to meet the legal connotation stated above.

#### <Institutional/Organizational Aspect>

By the time of the ex-post evaluation, CMEA underwent substantial organizational reforms in 2015 and 2020. Also, the LNSW was established as a non-echelon unit under the Ministry of Finance (MoF) in 2018. The changes however have no substantial effect on the role of CMEA in the trade sector. The responsibilities have been retained in terms of inter-ministerial coordination and oversight on policies and programs in the all-encompassing economic sector. Although the management authority of the INSW has been transferred to MoF, CMEA’s role as a member of the Board of Directors to supervise the INSW remains the same.

#### <Technical Aspect>

According to the survey result, workshops and/or training related to the promotion of trade have been conducted every year. In 2019, CMEA and MoT co-hosted 2 workshops for concerned officials titled: “Training Program on WTO Law and Dispute Settlement for Indonesian Government Official” and “Post Border and Product Market Surveillance Regime.” On the other hand, however, materials and documented guidelines provided by the project have not been amply utilized by CMEA after the project completion, as a hardcopy of those documents went astray during relocations of the office. Thus, CMEA has not been fully aware of the recommendations and the implications directed by the project.

#### <Financial Aspect>

According to the survey result, a budget has been allocated to the CMEA since 2015 for inter-ministerial coordination in trade affairs, also for the formulation of policy recommendations for trade promotion: 5 billion Indonesian Rupiah (IDR) (2015), 2.5 billion IDR (2016), 3.5 billion IDR (2017), 2.5 billion IDR (2018), 2.35 billion IDR (2019), 818 million IDR (2020). Up until 2020, the budget for trade facilitation has been fully disbursed from the state budget without any other financial support. Although the budget for 2020 was significantly lowered due to focusing on the emergency measures to respond to the COVID-19 pandemic, the budget allocation is expected to bounce back to 2 billion IDR.

#### <Evaluation Result>

In light of the above, slight problems have been observed in terms of the technical aspect. Therefore, the sustainability of the effectiveness through the project is fair.

### 5 Summary of the Evaluation

The project partially achieved the Project Purpose and the Overall Goal. It was deemed that the capacities being enhanced have positively affected streamlining the trade procedure. As for sustainability, although there is room for improvement to further respond to the ever-changing economic climate in the business sector, the executing agencies remain proactive in streamlining the trade administration as a national priority.

Considering all of the above points, this project is evaluated to be satisfactory.

## III. Recommendations & Lessons Learned

### Recommendations for Implementing Agency:

In order to further enhance the sustainability of the project as well as the impact in light of new regulations and the plan of system development in the prospect of improving trade administration and trade promotion, it is recommended that concerned agencies such as CMEA and MoT should hold regular public-private dialogue with the concerned business sector to appreciate their feedback, specifically on INSW portal so that they can get a clearer direction as to how to upgrade the user-friendliness and further efficiency for improvement.

### Lessons Learned for JICA:

The survey result shows that the counterpart did not use the essential deliverables of the project in which a set of recommendations and guidelines for licensing traders were included. It was mainly because the materials were not easy for, especially newly posted staff to use as a reference since they were not made aware of such materials and the contents. And it was difficult for them to look into the archive

materials when it is necessary for the concerned agencies after project completion. Thus, as it was deemed that the interests of multiple ministries are at stake and inter-ministerial coordination is inevitably required going forward, JICA should instruct that the essential points of the materials should be edited concisely and cataloged in a user-friendly manner so that the key contents can be more effectively disseminated. Also, the project should have deliberately put forward the main points of the materials to be the subject of discussion of all parties concerned during project implementation so that the Indonesian side could have internalized them on how best to realistically utilize as the circumstances demand.



Assistant Deputy of Trade Facilitation and the team from CMEA in discussion with the LNSW to improve the governance of import and export through database system in strategic food and health sectors.

Source: Official Website INSW  
<https://insw.go.id/foto/detail-foto>



Socialization of International Trade Policy of Export (Regulation of Ministry of Trade No. 18 the Year 2021 on Prohibited Export Goods and Prohibited Import Goods) on 8 October 2021

Source: Official Website of Directorate General of Foreign Trade,  
 Ministry of Trade  
[http://ditjendaglu.kemendag.go.id/index.php/home/detail\\_news/495](http://ditjendaglu.kemendag.go.id/index.php/home/detail_news/495)