



Optimizing the Program to Increase the Use of Domestic Products (P3DN) in Banten Province

Erman Anom

Alfa University College Malaysia & Esa Unggul University Indonesia

E-mail erman.anom@esanunggul.ac.id

Abstract

Background. The Increasing the Use of Domestic Products (P3DN) Program is one of the government's strategic efforts to encourage national economic growth through increasing the absorption of local products. Banten Province as one of the strategic areas in Indonesia has great potential in the development of domestic products, both from the industrial, MSME, and agricultural sectors.

Aims. This article aims to analyze the implementation of the P3DN program in Banten Province, the challenges faced, and formulate optimization strategies that can be carried out by local governments and related stakeholders.

Method. This study uses a descriptive qualitative approach with literature study methods, document analysis, and limited interviews with MSME actors, local government officials, and industrial estate managers in Banten Province

Conclusion. The P3DN program in Banten Province has great potential to be optimized given the abundant industrial and MSME resources. Through a collaborative approach, increased socialization, and facilitation of TKDN certification and local e-catalogs, the implementation of P3DN can run more effectively.

Implementation. Local governments need to take an active role as a catalyst for strengthening domestic products to have a positive impact on regional economic growth.

Keywords: P3DN, optimization, Banten, MSMEs, agriculture



© 2026 Author. This article is licensed under [the Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/), which permits use, sharing, adaptation, distribution, and reproduction in any media or format, as long as you give appropriate credit to the original author and the source.

INTRODUCTION

The P3DN program was launched as a mandate from Presidential Instruction No. 2 of 2022 concerning the Acceleration of Increasing the Use of Domestic Products and Micro, Small, and Cooperative Enterprises (MSMEs) Products. Through this program, the government encourages ministries/institutions, local governments, and SOEs to prioritize domestic products in the purchase of goods and services.

Banten Province has great potential to contribute to this program given its strategic position, close to DKI Jakarta, and has the largest industrial estate in Indonesia. In addition, the MSME sector in Banten also continues to grow, supported by a variety of superior local products. However, the implementation of the P3DN program still faces a number of challenges such as low levels of user awareness, limited market access, and lack of synergy between stakeholders.

State of the Art (SoTA)

Policy and Regulatory Studies on P3DN

Existing studies on the Program for Increasing the Use of Domestic Products (P3DN) primarily focus on national-level policy frameworks, regulatory effectiveness, and compliance mechanisms. Research by Purwanto et al. (2021) and Saragi (2023) emphasizes P3DN implementation through government e-procurement systems, particularly the LKPP e-catalog, highlighting administrative barriers and limited TKDN-certified products. These studies generally treat P3DN as a top-down policy instrument, with limited attention to regional differentiation.

P3DN and MSME Empowerment

Several scholars analyze P3DN in relation to MSME empowerment and industrial competitiveness, stressing the importance of TKDN certification, access to capital, and digital platforms (Nabela et al., 2023; Suryani et al., 2025). However, these studies tend to remain sectoral or institutional, without deeply examining the local governance role in facilitating MSME readiness for P3DN participation.

Regional and Political Economy Perspectives

Recent political economy analyses (Wicaksono & Wanusmawatie, 2025) critique P3DN from a dependency and investment policy perspective, discussing tensions between domestic protection and global trade pressures. Nonetheless, empirical insights at the provincial level, especially in industrially strategic regions, remain limited.

Position of the Current Article

This article situates itself within the intersection of public policy implementation, local economic development, and collaborative governance, focusing specifically on Banten Province—a region with the largest industrial estates and growing MSMEs. It advances the literature by shifting attention from national policy design to regional optimization strategies and stakeholder synergy.

LITERATURE REVIEW

The government launched a program to increase the use of domestic products (P3DN). The Increasing the Use of Domestic Products (P3DN) Program is one of the Government's efforts to encourage people to use domestic products more than imported products. P3DN needs to be continuously encouraged in the context of national economic recovery. The optimization of the P3DN program is expected to ensure the independence and stability of the national economy. As an instrument for the implementation of P3DN, the Government has issued Government Regulation No. 29 of 2018 and amended Government Regulation No. 28 of 2021 concerning the Implementation of the Industrial Sector which regulates the Domestic Component Level (TKDN) policy. This program is not only aimed at the Indonesian people but also requires government agencies to maximize the use of domestic production in procurement activities of goods/services financed by the State Budget. Procurement is the process by which an organization obtains goods and services to meet the internal and/or external needs of the organization. Therefore, almost all organizations, both organizations engaged in the business sector (profit organizations), non-profit sectors, and the government sector, carry out the procurement process to meet the needs in carrying out their respective activities. (Barjatulah and Arif, 2024).

P3DN Policy: The government's systematic efforts to prioritize domestic products in government and SOE spending.

1. Local Economic Development Theory: Increasing the production capacity and consumption of local products can create a multiplier effect on the regional economy.
2. Collaborative Governance Theory: Collaboration between the government, the business world, and the community is the key to the success of development programs.

P3DN is also closely related to investment policy, both from foreign and domestic capital. Policies that encourage investment in the industrial sector and micro, small, and medium enterprises (MSMEs) as pillars of the national economy are essential to ensure the sustainability of economic growth. The increasing availability of capital and technical capabilities allows adequate domestic industries to compete in the global market and create jobs (Wicaksono and Wanusmawatie, 2025).

These small and medium enterprises are defined in Law No. 9/1995 and Presidential Instruction No. 11/1999. In Law No. 9/1995 on small businesses, it is formulated that a small business is not a large business branch and has sales below Rp. 1 billion per year and assets outside the land and buildings below Rp. 200 million,- While medium businesses are formulated based on Presidential Instruction No. 11/1999 which allows medium businesses only on the basis of the criteria of assets outside the land and buildings between Rp. 200 million,- up to Rp. 10 billion. Meanwhile, BPS, which collects data periodically, differentiates the size of this business sector based on the number of workers, namely for micro businesses it is 1s/d4 workers, small businesses are 5 to workers, and medium enterprises are 20- workers (Pawitan et al., 2011). .

The short-term strategy is related to the implementation of strict health protocols, providing opportunities and encouragement of digital services to support MSMEs, socializing business actors' associations, simplifying administrative processes, and efforts to encourage changes in business strategies. The long-term strategy is related to efforts to prepare a roadmap for MSME development, build digital technology as a platform in the MSME business process, develop a modern MSME business model, and encourage collaboration between the government and corporations in empowering MSMEs. The government has taken extraordinary policy strategies and steps in order to save the national economy and financial system stability through various relaxation policies related to the implementation of the State Revenue and Expenditure Budget (APBN), especially by increasing spending for health and economic recovery. In the aspect of business licensing, the government has a major role in providing ease of service by simplifying procedures and types of business licensing with a one-stop integrated service system and waiving licensing fees for Micro Businesses and providing licensing fee waivers for Small Businesses. (Purwanto et al., 2021).

The novelty of this article lies in several key contributions:

1. **Regional-Specific Optimization Focus.** Unlike previous studies that analyze P3DN at the national or sectoral level, this research provides a contextualized provincial analysis, revealing how local characteristics (industrial zones, MSMEs, agriculture, fisheries) shape P3DN outcomes.
2. **Integration of Collaborative Governance Approach.** The article explicitly applies collaborative governance theory to P3DN implementation, emphasizing coordination among local governments, MSMEs, SOEs, academics, and industrial estate managers—an approach rarely operationalized in earlier P3DN studies.
3. **Practical Optimization Framework.** This study formulates actionable optimization strategies, such as local e-catalog strengthening, TKDN certification facilitation, incentive mechanisms, and the establishment of a regional P3DN coordination forum, moving beyond normative policy evaluation.
4. **Empirical Insight from Local Stakeholders.** Through limited interviews with MSMEs and local officials, the article enriches the literature with ground-level perspectives, complementing document-based policy analysis.

METHODS

This study uses a descriptive qualitative approach with literature study methods, document analysis, and limited interviews with MSME actors, local government officials, and industrial estate managers in Banten Province.

DISCUSSION

Despite extensive discussions on P3DN, several research gaps are identified and addressed by this study:

1. **Lack of Provincial-Level Empirical Studies.** Previous research largely overlooks how P3DN operates at the regional level, particularly in provinces with strong industrial bases. This study fills that gap by examining Banten Province as a strategic case.
2. **Insufficient Analysis of Local Government as Policy Catalyst.** Existing literature often treats local governments as policy implementers rather than active catalysts. This article highlights their strategic role in socialization, facilitation, monitoring, and incentive provision.

3. Limited Focus on TKDN Certification Barriers for MSMEs. While TKDN is frequently mentioned, few studies analyze the practical difficulties MSMEs face in obtaining certification. This research explicitly identifies certification cost, complexity, and information gaps as critical bottlenecks.
4. Weak Integration Between Industrial Estates and MSMEs. Prior studies rarely explore synergy failures between large industries and local MSMEs. This article underscores the absence of structured coordination mechanisms and proposes institutional solutions.

Potential of Domestic Products in Banten

1. Cilegon, Serang, and Tangerang Industrial Areas
2. MSME sector: bamboo handicrafts, Banten batik, processed foods typical of Agricultural and Fishery Products

Challenges of P3DN Implementation in Banten

1. Limited information on the list of TKDN certified products.
2. Low awareness and commitment of local government goods and services users.
3. Lack of assistance for MSMEs to obtain TKDN certificates.
4. Administrative and bureaucratic constraints in the procurement of goods/services.
5. The lack of synergy between the government, SOEs, and local business actors.

Optimization Strategy

Increased Socialization and Education

1. Through workshops, webinars, and social media about the importance of P3DN and TKDN certification procedures.
TKDN Certification Facilitation for MSMEs
Cost assistance and technical assistance in the management of certificates.
2. Local E-Catalog Optimization
Encourage the procurement of local government goods and services using products available in local e-catalogs.
3. Synergy between Stakeholders

The establishment of a P3DN coordination forum between the government, business associations, academics, and MSME actors.

4. Incentive

Awards and fiscal incentives for business actors who consistently support P3DN.

5. Periodic Monitoring and Evaluation. • Supervision of the realization of domestic product spending and open publication of reports.

Optimization of the P3DN Program (Increasing the Use of Domestic Products)

P3DN is regulated in Presidential Regulation No. 12 of 2021 concerning the Procurement of Government Goods/Services. It aims to increase the absorption of domestic products in various projects and government spending. There are still many obstacles in implementation: from limited socialization, the lack of availability of TKDN-certified products, to low stakeholder commitment. Main Problems. Lack of TKDN-verified local product data. Low awareness of government agencies and SOEs. The TKDN certification process is considered complex. Limited access to information for small and medium industries (SMEs) and small and medium enterprises (SMEs).

Optimization Strategy.

Strengthening Regulation and Supervision. Affirmation of the obligation to use domestic products in every government procurement. The application of administrative sanctions for violations of P3DN implementation. Routine audit of the use of domestic products in strategic projects.

Digitization and Integration of Domestic Product Data. Strengthening and improving the LKPP e-Catalog platform to make it more friendly for SMEs/SMEs. Integration of TKDN data in the government procurement dashboard to facilitate decision-making. TKDN Assistance and Certification. Simplifying the TKDN certification process, especially for SMEs. Provision of technical assistance and incentives for local business actors.

National Campaign and P3DN Education. Massive socialization to ministries, institutions, SOEs, and local governments. Collaboration with the media to build a positive image of local products. Involvement of business associations, academics, and communities. Multi-stakeholder synergy. Cooperation across ministries, institutions, and the private sector.

Optimization of national business forums to bring together local business actors with users of government goods/services.

Incentives. Priority of tenders for TKDN-certified products. Provision of tax discounts or financing facilities for industries active in P3DN.

Targets and Success Indicators. At least 60-70% of government spending uses domestic products. Increase in the number of TKDN-certified domestic products. Decrease in the number of imports of consumer goods. Improving the welfare of local industry players.

Positive Impact

1. Strengthening the national economy and industrial independence.
2. Increased absorption of domestic labor.
3. Increasing the added value of national products.
4. Expanding the SME/SME market to strategic sectors.

Program P3DN

1. The Issue of Cheap Chinese Goods
2. Tariff War Issues
3. PS President Instructs Changes to TKDN Regulations to be More Flexible and Realistic
4. The Ministry of Industry and Industry appreciates the issuance of a new Presidential Regulation on Government PBJ. The Presidential Regulation is Presidential Decree No. 46 of 2025 concerning the second amendment to Presidential Decree No. 16 of 2018 concerning Government PBJ.

CONCLUSION

The P3DN program in Banten Province has great potential to be optimized given the abundant industrial and MSME resources. Through a collaborative approach, increased socialization, and facilitation of TKDN certification and local e-catalogs, the implementation of P3DN can run more effectively. Local governments need to take an active role as a catalyst for strengthening domestic products to have a positive impact on regional economic growth.

This study fills an important gap in P3DN literature by offering a province-level, collaborative governance-based analysis that bridges policy intent and local implementation realities, thereby

contributing both theoretically and practically to domestic product utilization strategies in Indonesia.

RECOMMENDATIONS

1. The Banten Provincial Government needs to establish a special Governor's Regulation on the implementation of P3DN.
2. Relevant agencies are obliged to provide routine technical guidance for business actors.
3. Expanding the scope of local e-catalogs to the village and sub-district levels.
4. Encouraging collaboration of universities in Banten for research and assistance in product certification.

BIBLIOGRAPHY

- Arief, S., Latifah, L., Susanti, A., Wahyono, E., & Sofianto, A. (2024). Strategy to Increase Domestic Use (P3DN) and MSMEs in the Central Java Provincial Government. *Regional Policy Analysis*, 1(1), 13-97.
- Kamesworo, S. *Analysis of the Development Strategy of the Center for Increasing the Use of Domestic Products of the Ministry of Industry* (Doctoral dissertation, IPB University).
- Nabela, I., Suwarni, S., & Anzori, A. (2023, December). Opportunities and Constraints of E-Catalog Providers After the Implementation of the Tkdn Policy (Domestic Component Level). In *National Seminar on Economics Management, Business and Accounting* (pp. 137-144).
- Pawitan, G., Chandra, A. I., & Munthe, A. G. (2011). Performance Profile of Competitive Advantages of Small and Medium Manufacturing Industries in West Java and Banten in the Era of the Implementation of the CHINA-ASEAN Free Trade Area. *Research Report-Humanities and Social Science*, 1.
- Purwanto, E. D., Harsoyo, H., & Winarni, A. T. (2021). Analysis of the implementation of increasing the use of domestic products (P3DN) in the health sector in e-procurement through e-catalog to encourage the utilization of domestic products and realize an independent Indonesia. *Journal of Media Administration*, 6(2), 56-80.
- Saragi, J. E. M. (2023). *Strategy to Increase the Use of Domestic Products in the Procurement of Goods/Services at the Government Goods/Services Procurement Policy Institution* (Doctoral dissertation, Polytechnic STIA LAN Jakarta).
- Suryani, E., Nugroho, K. S., & Cadith, J. (2025). E-Purchasing: The Government's Concrete Steps in Supporting the Domestic Product Utilization Increase Program (P3DN). *Moderate: Scientific Journal of Government Science*, 11(1), 139-164.
- Wicaksono, P. A., & Wanusmawatie, I. (2025). The Dialectic of State and Dependence: A Political Economy Analysis on the Policy of Increasing the Use of Domestic Products in Indonesia. *Indonesian Journal of Intellectual Publication*, 5(3), 207-220.