

# Public Procurement Reform: How Far Have We Come?

Analysis of 10 Years Public Procurement Reform in Indonesia

Indonesia Corruption Watch  
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# List of Abbreviations

<b>AJI</b>	<i>Aliansi Jurnalis Independen / Alliance of Independent Journalists</i>
<b>ANRI</b>	<i>Arsip Nasional Republik Indonesia / The National Archives of the Republic Indonesia</i>
<b>APBD</b>	<i>Anggaran Pendapatan dan Belanja Daerah / Regional Revenue and Expenditure Budget</i>
<b>APBN</b>	<i>Anggaran Pendapatan dan Belanja Negara / National Revenue and Expenditure Budget</i>
<b>API</b>	<i>Application Programming Interface</i>
<b>APIP</b>	<i>Aparat Pengawas Internal Pemerintah / Government internal auditor</i>
<b>BA-BUN</b>	<i>Bagian Anggaran Bendahara Umum Negara / Budget Division of State Treasurer</i>
<b>BAPPENAS</b>	<i>Badan Perencanaan Pembangunan Nasional / National Development Planning Agency</i>
<b>BLP</b>	<i>Bagian Layanan Pengadaan / Procurement Service Division</i>
<b>BNPB</b>	<i>Badan Nasional Penanggulangan Bencana / National Disaster Management Agency</i>
<b>BPK</b>	<i>Badan Pemeriksa Keuangan / The Audit Board of the Republic of Indonesia</i>
<b>BPFK</b>	<i>Balai Pengamanan Fasilitas Kesehatan / Health Facility Security Center</i>
<b>BPKP</b>	<i>Badan Pengawasan Keuangan dan Pembangunan / Finance and Development Supervisory Agency</i>
<b>BPS</b>	<i>Badan Pusat Statistik / Statistics Indonesia</i>
<b>BUMD</b>	<i>Badan Usaha Milik Daerah / Regional State-Owned Enterprises</i>
<b>BUMN</b>	<i>Badan Usaha Milik Negara / National State-Owned Enterprises</i>
<b>COVID-19</b>	<i>Coronavirus Disease 2019</i>
<b>DIPA</b>	<i>Daftar Isian Pelaksanaan Anggaran / Budget Implementation List</i>
<b>DPA</b>	<i>Dokumen Pelaksanaan Anggaran / Budget Implementation Document</i>
<b>DKI</b>	<i>Daerah Khusus Ibukota / Special Capital Region</i>

<b>DPRD</b>	<i>Dewan Perwakilan Rakyat Daerah / Regional Parliament Or Council</i>
<b>FGD</b>	<i>Focus Group Discussion</i>
<b>FOI</b>	<i>Freedom of Information</i>
<b>HHI</b>	<i>Herfindahl-Hirschman Index</i>
<b>HPS</b>	<i>Harga Perkiraan Sendiri / Owner Estimation Price or Tender Value</i>
<b>IAIN</b>	<i>Institut Agama Islam Negeri / State Institute of Islamic Studies</i>
<b>ICC</b>	<i>see KPPU</i>
<b>ICW</b>	<i>Indonesia Corruption Watch</i>
<b>IDFoS</b>	<i>Institute for Development of Society, Bojonegoro</i>
<b>IDEA Yogyakarta</b>	<i>Perkumpulan Ide dan Analitika Indonesia, Yogyakarta</i>
<b>INKINDO</b>	<i>Ikatan Nasional Konsultan Indonesia / National Association of Indonesian Consultants</i>
<b>JV</b>	<i>Joint Venture</i>
<b>KBLI</b>	<i>Klasifikasi Baku Lapangan Usaha Indonesia/ Indonesia Standard Industrial Classification</i>
<b>KemenPPN/ Bappenas RI</b>	<i>Kementerian Perencanaan Pembangunan Nasional Republik Indonesia / Ministry of National Development Planning of the Republic of Indonesia</i>
<b>Kemensos RI</b>	<i>Kementerian Sosial Republik Indonesia / Ministry of Social Affairs of the Republic of Indonesia</i>
<b>Kemendikbud RI</b>	<i>Kementerian Pendidikan dan Kebudayaan Republik Indonesia / Ministry of Education and Culture of the Republic of Indonesia</i>
<b>Kemenkes RI</b>	<i>Kementerian Kesehatan Republik Indonesia / Ministry of Health of the Republic of Indonesia</i>
<b>KemenPUPR RI</b>	<i>Kementerian Pekerjaan Umum dan Perumahan Rakyat Republik Indonesia / Ministry of Public Works and Housing of the Republic of Indonesia</i>
<b>KemenkumHAM</b>	<i>Kementerian Hukum dan Hak Asasi Manusia / Ministry of Law and Human Rights of the Republic of Indonesia</i>
<b>KJI</b>	<i>Klub Jurnalis Investigasi / Investigation Journalist Club</i>
<b>KPK RI</b>	<i>Komisi Pemberantasan Korupsi Republik Indonesia / Corruption Eradication Commission of the Republic of Indonesia</i>
<b>K/L/D/I</b>	<i>Kementerian/Lembaga/Perangkat Daerah/Institusi / Ministries/Agencies/ Regional Office/Institutions</i>
<b>K/L/PD</b>	<i>Kementerian/Lembaga/Perangkat Daerah / Ministries/Agencies/Regional Office</i>

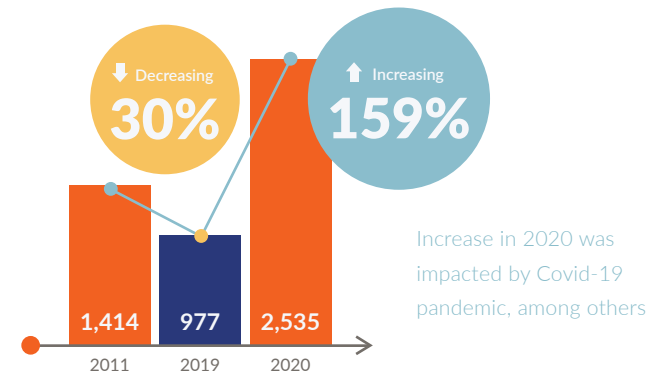
<b>KPPU</b>	<i>Komisi Pengawas Persaingan Usaha / Indonesia Competition Commission (ICC)</i>
<b>LKPP</b>	<i>Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah / National Public Procurement Agency (NPPA)</i>
<b>LPSE</b>	<i>Layanan Pengadaan Secara Elektronik / Electronic procurement service unit</i>
<b>MONEV TEPRA</b>	<i>Monitoring dan Evaluasi Tim Evaluasi Pengawasan Realisasi Anggaran / Budget Realization Supervisory and Evaluation Team, Monitoring and Evaluation Directorate</i>
<b>OCDS</b>	<i>Open Contracting Data Standard</i>
<b>OMS</b>	<i>Organisasi Masyarakat Sipil / Civil Society Organization (CSO)</i>
<b>PBJ</b>	<i>Pengadaan Barang dan Jasa / Procurement [of goods and services]</i>
<b>PFA</b>	<i>Potential Fraud Analysis</i>
<b>PHLN</b>	<i>Pinjaman Hibah Luar Negeri / Foreign Loans And Grants</i>
<b>PJU</b>	<i>Penerangan Jalan Umum / Public Lighting</i>
<b>PKL</b>	<i>Pedagang Kaki Lima / Street Merchants</i>
<b>PKS</b>	<i>Pelatihan Kantor Sendiri / Internal Office Training</i>
<b>PNS</b>	<i>Pegawai Negeri Sipil / Civil Servants</i>
<b>PPK</b>	<i>Pejabat Pembuat Komitmen / Procurement Official</i>
<b>PUSJAGA</b>	<i>Pusat Belajar Anggaran / Center of Budgeting Studies</i>
<b>PUSPAHAM</b>	<i>Pusat Kajian dan Advokasi Hak Asasi Manusia / Center for Human Rights Studies and Advocacy, Kendari</i>
<b>RUP</b>	<i>Rencana Umum Pengadaan / General Procurement Plan</i>
<b>SAKTI</b>	<i>Sekolah Anti Korupsi / Anti-Corruption Short Course</i>
<b>SBU</b>	<i>Sertifikat Badan Usaha/ Business Entity Certificate</i>
<b>SIKaP</b>	<i>Sistem Informasi Kinerja Penyedia / Supplier Performance Management System</i>
<b>SNI</b>	<i>Standar Nasional Indonesia / Indonesia National Standard</i>
<b>SiRUP</b>	<i>Sistem Informasi Rencana Umum Pengadaan / General Procurement Plan Information System</i>
<b>SOE</b>	<i>State-Owned Enterprise</i>

<b>SPIP</b>	<i>Sistem Pengendalian Internal Pemerintah / Government Internal Control System</i>
<b>SPPBJ</b>	<i>Surat Penunjukan Penyedia Barang/Jasa / Supplier Appointment Letter</i>
<b>SPSE</b>	<i>Sistem Pengadaan Secara Elektronik / National Electronic Procurement System</i>
<b>SRBGC</b>	<i>Sino Road and Bridge Group Corporation</i>
<b>ULP</b>	<i>Unit Layanan Pengadaan / Procurement Service Unit</i>
<b>UKM</b>	<i>Usaha Kecil dan Menengah / Small and Medium Enterprises (SMEs)</i>
<b>UKPBJ</b>	<i>Unit Kerja Pengadaan Barang/Jasa / Procurement Work Unit (formerly ULP)</i>
<b>UMKM</b>	<i>Usaha Mikro, Kecil dan Menengah / Micro, Small, and Medium Enterprises (MSMEs)</i>
<b>YASMIB</b>	<i>Yayasan Swadaya Mitra Bangsa, Makassar</i>
<b>YSNM</b>	<i>Yayasan Suara Nurani Minaesa, Manado</i>

## Tender Data Analysis in National Level for 2011-2020

### Competition and Market Opportunity

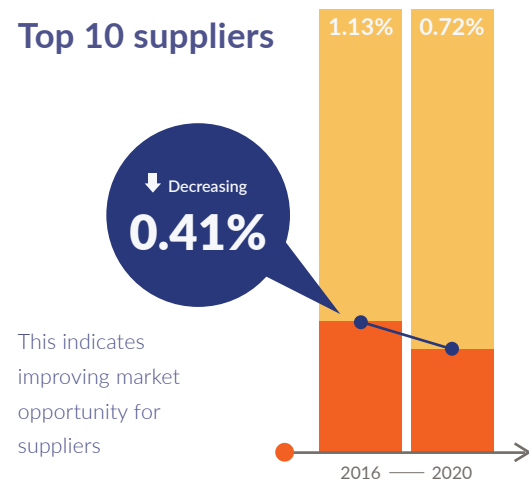
Chart of **market concentration level** in tendering



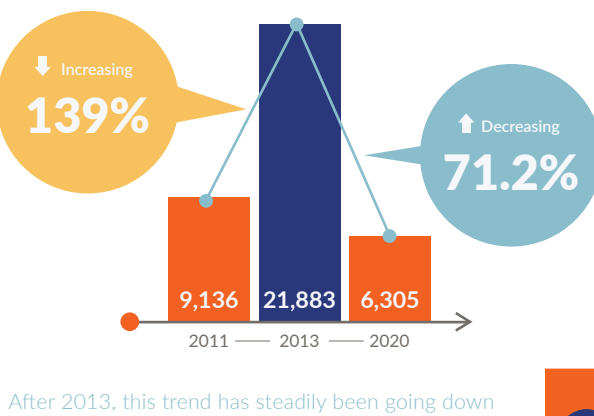
**Top 10 suppliers** still dominated by SOEs



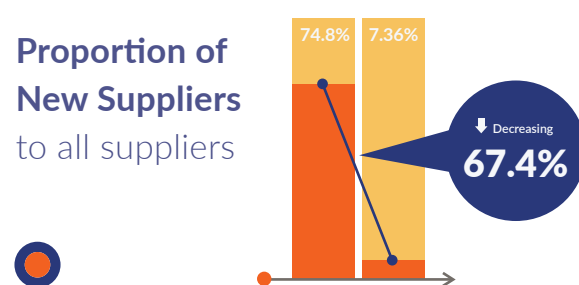
**Total contract value awarded to Top 10 suppliers**



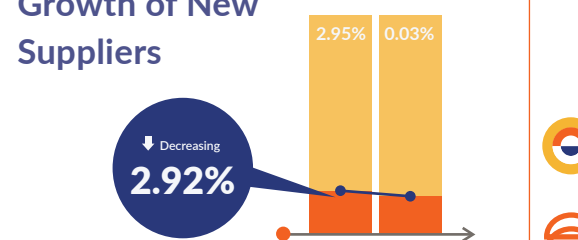
In the first 3 years (2011-2013) there was a positive trend both in national and subnational levels as tendering market opened up for **New Suppliers to win contracts**



**Proportion of New Suppliers to all suppliers**

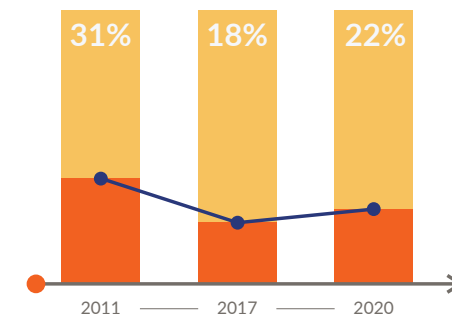


**Growth of New Suppliers**



### Internal Efficiency

**Percentage of Canceled Tenders**

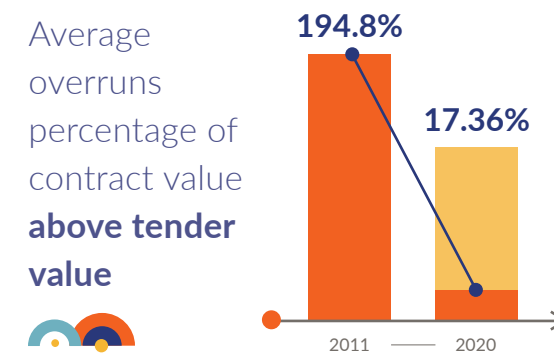


**Tender Duration** efficiency improved with faster tendering process

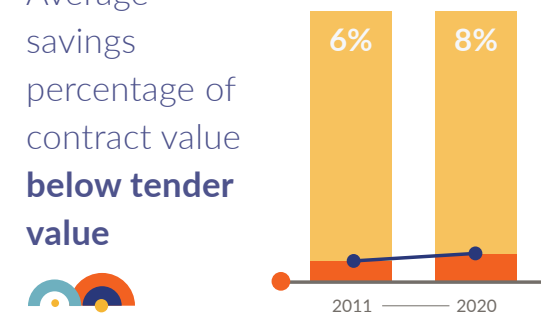


### Value for Money

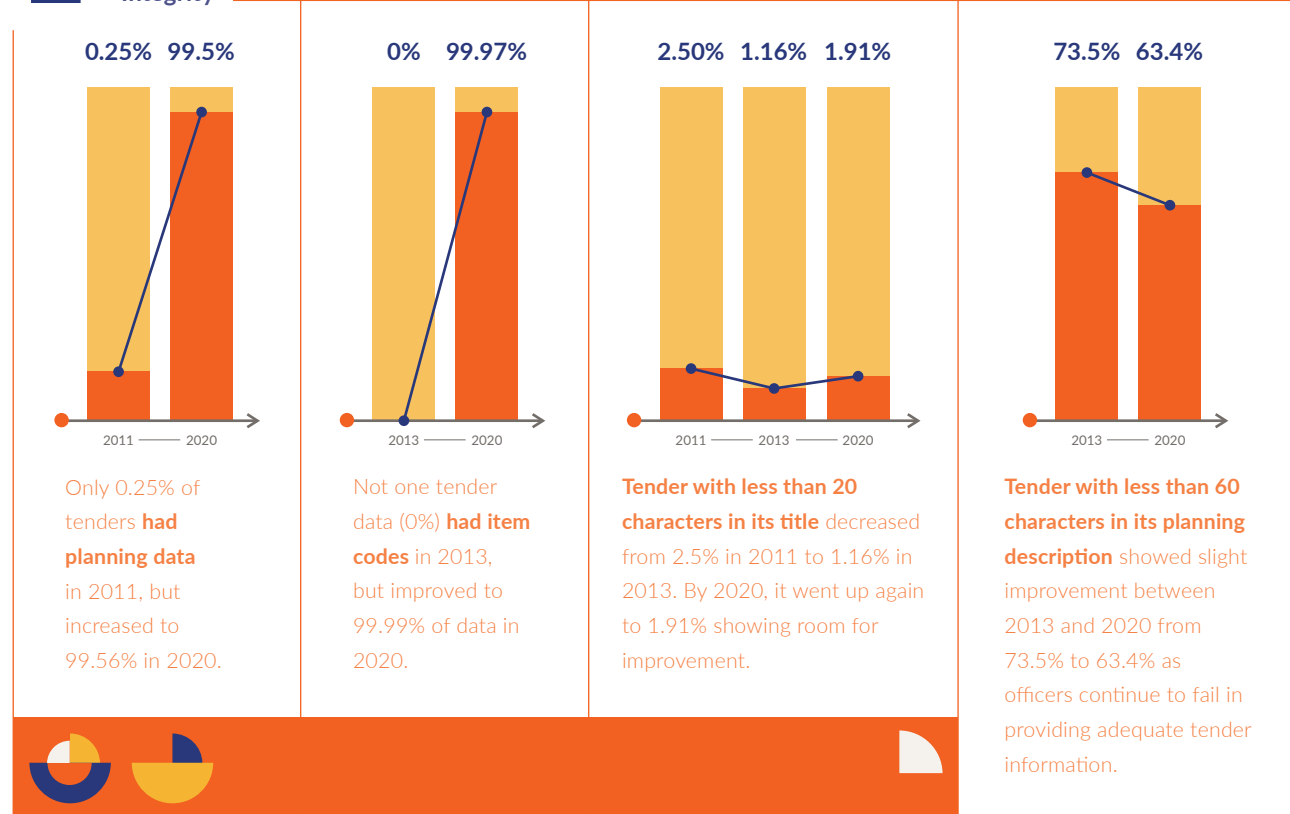
**Average overruns percentage of contract value above tender value**



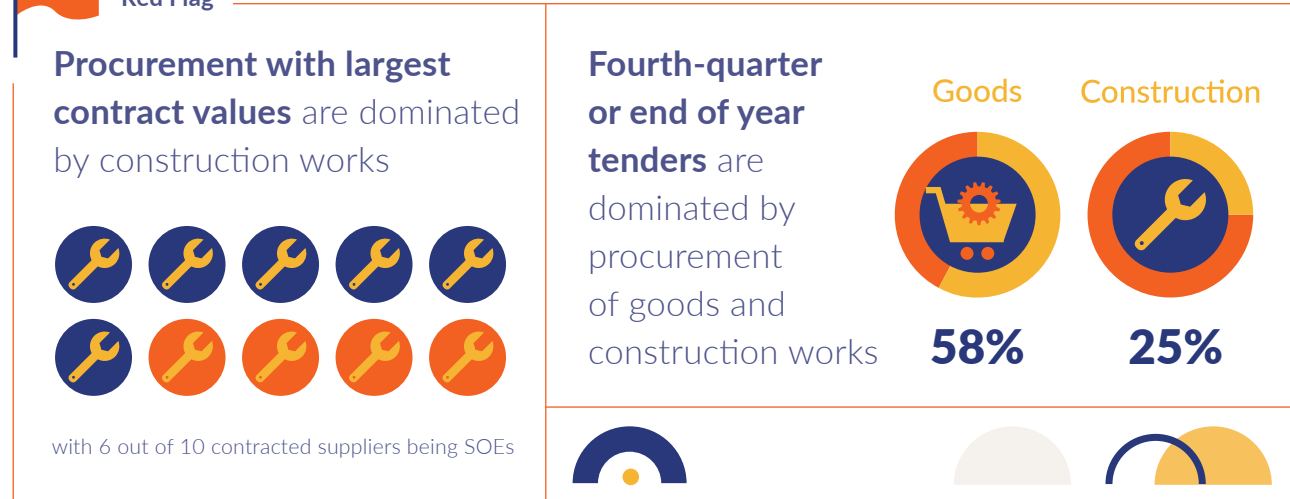
**Average savings percentage of contract value below tender value**



**Public Integrity**



**Red Flag**

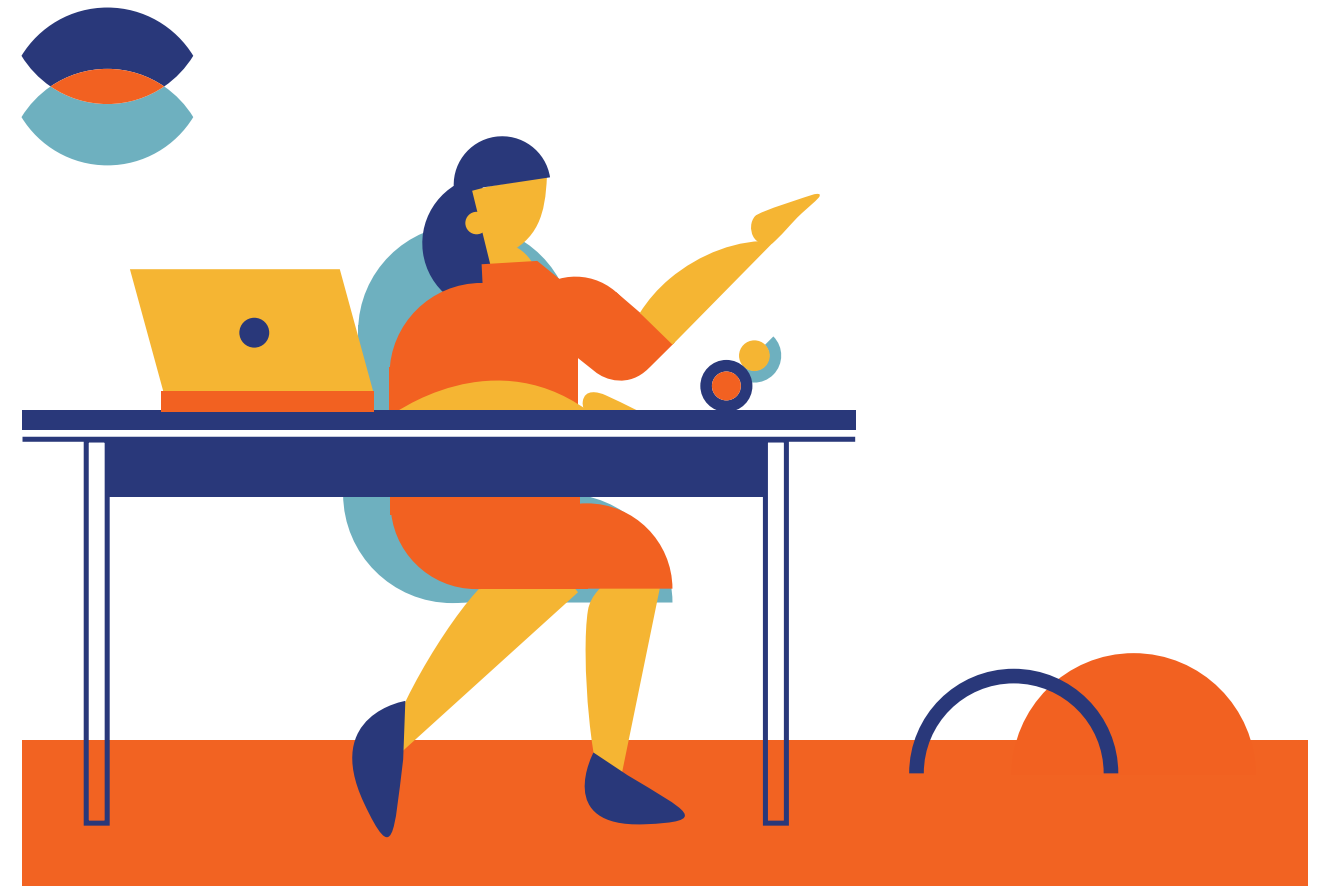


The government need to publish data in a standardized open format, such as the Open Contracting Data Standard (OCDS) to enable interoperability between government systems, promote development based on integrated databases, and opens participation opportunity for potential suppliers and the public.

**Opentender Data Use**

**Opentender Data Use**

<p><b>Academia</b> Opentender becomes valuable resource for teaching and research</p>	<p><b>Journalists</b> Opentenders helps to inspire ideas to write data-driven articles and provide starting point in investigative reporting</p>
<p><b>Civil Society Organizations (CSOs)</b> Opentender provides resources for internal and network capacity building, advocacy materials in monitoring of public service delivery, and basis for collaboration with journalists, governments, and universities.</p>	<p><b>Government Internal Auditors (APIP)</b> Opentender provides reference materials for post audit and probity audit that can improve effectiveness in identifying tenders.</p>





# Executive Summary

The data of the Indonesia Corruption Watch (ICW) from 2016, 2017, 2018, and 2019 reveal that corruption cases in public contracting account to an average of 40% cases annually. In 2019, this number reached 64%.

As part of its advocacy efforts to strengthen public oversight and increase transparency in public contracting in Indonesia, ICW analyzed ten years (2011-2020) of tender data; the data, collected from the Opentender.net, derived from 679 electronic procurement systems at Indonesia's central and local level government agencies.

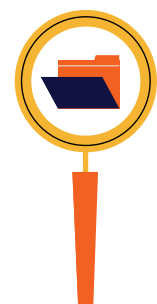
This report discusses public contracting trends/patterns according to the dimensions of market competition, efficiency, participation, and integrity. This report also explores the uptake of public contracting data that have been made available on the Opentender.net platform. The results of the study are expected to contribute to improving policy, availability, accessibility, and integration of public contracting

data and information in Indonesia. In addition, this study is envisioned to inform strategy development to increase public engagement with public contracting data and information. In turn, greater public participation will create transparent and accountable public contracting transformation.

The study has two limitations. First, because there were no available data of public procurement projects that employ e-purchasing, direct procurement, and direct selection methods, these methods were excluded from this study. Second, the study team could not gather data from contract signing and contract implementation stages – two of five public contracting stages in Indonesia (i.e., planning, tendering, awarding, contract signing, and contract implementation). Consequently, there may be discrepancy in the data of awarded companies and contracted companies.

The key findings from our quantitative and qualitative analysis are as follows.





## Findings From Procurement Data 2010-2020

In terms of **competition and market opportunity**, the data indicate that national and regional **market concentration** levels have the same trend. At the national level, market concentration in a tendering process from 2011 to 2019 dropped by 30% (from 1,414 to 977) but increased in 2020 by 159% (from 977 to 2,535). This finding shows that market opportunity improvement in Indonesia from 2011 to 2019 experienced a reverse in 2020. Two policies contributed to lower market competition level in the 2011-2019 period, namely the electronic procurement systems (SPSE) that began in 2010 and the General Information Systems Procurement (SiRUP) that was launched in 2012. Meanwhile, in 2020, the increase to 2,535 may be caused by the Covid-19 pandemic.

With regards to **Top 10 suppliers** in the past 10 years (2011-2020), the study found that at national level the market is dominated by state-owned enterprises (SOEs). Three out of 10 most awarded companies in 2011-2020 were SOEs. In that period, 9 out of 10 tenders with the highest contract value were also awarded to SOEs, including a regional government-owned enterprise under the DKI Jakarta provincial government. All of those enterprises in the national top 10 suppliers are in the construction services business.

This study then narrowed its analysis to the **number of contracts awarded to the national top 10 suppliers** in the last 5 years (2016 - 2020). The analysis results indicated better market opportunities. In the last 5 years, the percentage of tenders at the national level that were awarded to the top 10 suppliers decreased by 0.41% (from 1.13% to 0.72%).

Continuing on the context of competition and market opportunity, in the first three years (2011-2013) of the period where our data sample were derived, there was an increasing trend at both the national and subnational levels of **new awarded suppliers**. At the national level, there was an increase of 139% from 9,136 suppliers in 2011 to 21,883 suppliers in 2013. From 2013 to 2020, the trend slid, and the percent of new awarded suppliers declined by 71.2% (from 21,883 to 6,305). The similar downward trend was also found in the period of last 10 years (2011-2020) at both the national and subnational levels, with the percentage of new awarded suppliers at the national level declined by 67.4% (from 74.8% to 7.36%).

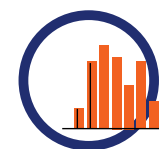
Nationally, the **growth of new suppliers** also decreased by 2.92% (from 2.95% to 0.03%). The increase in new suppliers in 2010-2013 was the result of the government's shift to a newly implemented electronic procurement policy. Meanwhile, the decrease in the number of new suppliers in public contracting that employs the tender method may be caused by other, emerging procurement methods.

In terms of internal **efficiency**, throughout 2011 to 2020, the percentage of **cancelled tenders** nationwide decreased from 31% in 2011 to 18% in 2017, and then increased slightly by 22% in 2020. The same trend was found among national agencies (ministries and government institutions) and regional levels (municipalities, districts, provinces). However, from the same period, government institutions had the highest percentage in the decline of cancelled tenders, namely by 20% (from 35% to 15%). The decrease in the percentage of cancelled tenders shows improvement in internal efficiency. One of the drivers of this improvement is the planning capacity of procurement committees made stronger by the series of training from Indonesia's National Procurement Policy Agency (NPPA). Meanwhile, increase in percentage of cancelled tenders in 2020 was an impact of Covid-19 pandemic, where the government had to re-focus the public budget to mitigate the impacts of the pandemic. As the result, some tenders were either postponed or terminated. In terms of the number of **days between tender announcement and tender award**, the study noted increased efficiency and that the number of days declined from 50 days (in 2011) to 40 days (2020). This improvement was contributed by, among others, the establishment of dedicated procurement units (formerly called a procurement service unit/ULP, now Public Procurement Working Unit/UKPBJ) to manage procurement activities in every public agency.

From the **value for money perspective**, data from the last 10 years show a decline in the **percentage of overruns**. At the national level, the percentage dropped from 194.87% in 2011 to 17.36% in 2020 (figure 3.33). A similar trend can be found at the agency level (figure 3.34). There are several government policies that were favorable to this achievement, including Presidential Decree No. 80/2003 and Presidential Decree 16/2018 that prohibit tender proposals from having a higher value than the tender value. Meanwhile, the **average percentage of saving** has increased in the last 5 years (2016-2020)—nationally, the number went from 6% to 8% (figure 3.37). A ministry is the type of public agency with the highest rate of savings in percentage in 2011-2020, namely between 10-12%, compared to districts, municipalities, provinces, and public institutions (figure 3.38).

In terms of **public integrity**, there were significant changes in the period 2011-2020 regarding the **percentage of tenders with linked procurement plans (RUP)** and the **percentage of tenders without detailed item codes** at both the national level and agency level. Nationally, in 2011, the tender that had planning document was 0.25% and the number increased to 99.56% in 2020. Furthermore, there was zero tender (0%) with procurement code in 2013, but in 2020 the percentage has reached 99.997% of tenders. This improvement was driven by several factors, including a policy, issued in 2011, that requires all government agencies to publish their RUPs, which would contain information on procurement code. In 2013, SiRUP was integrated with the SPSE ad as the result, RUP must be entered by the agency prior to initiating a tender process. With regards to the title and description of a public contracting project, there were no significant improvement made in the 2011-2020 period. Nationally, **the number of tenders with titles fewer than 20 characters** decreased from 2.5% on 2011 to 1.16% in 2013 but increased slightly to 1.91% in 2020 (figure 3.45). Improvement at the national level in 2013-2020 period could be seen on **tender description with fewer than 60 characters**, which decreased from 73.5% to 63.4% (figure 3.49). The improvement indicates better transparency, albeit not significant, as tender information has become more comprehensive.

Furthermore, on **red flags**, in the 2011-2020 period, **tenders with largest contract value** were dominated by construction work with 6 out of 10 contracted suppliers were SOEs. On the other hand, **procurement in the fourth quarter** nationally throughout 2011-2020 was dominated by procurement of goods (58%) and construction work (25%) and increased by 279% from 1,435 in 2011 to 3,755 tenders in 2020. Procurement of goods was prominent in the fourth quarter because it is likely easier to spend the remainder of public budget by purchasing public goods. In addition, the global Covid-19 pandemic contributed to an increase in procurement projects in the fourth quarter of 2020, where all government agencies were focused on responding to the pandemic. The central government at the time also issued a budget re-focusing policy and allowed each agency to stop or postpone an ongoing or planned procurement.



## Findings on the use of Opentender

With respect to the use of Opentender data, **academics** use the platform to gather teaching and research materials. There were at least 480 students that were exposed to the information and data available on Opentender in 2016-2018—half of them produced reports using Opentender data. **Journalists** utilize Opentender data to explore ideas for reporting and to treat the data as the starting point in an investigative reportage. Journalists reported that Opentender had helped them save the time they needed to prepare a report and drove them towards data-driven journalism.

**Civil Society Organizations (CSOs)** reference Opentender data in their capacity building activities for both their internal staff and for organizations in their network; advocacy materials as part of the public service oversight process; and part of multi-party collaboration, including with journalists, governments, and universities. There were many findings and recommendations that CSOs submitted to the government that were followed-up and that informed process improvement, policy change, oversight cooperation establishment, and legal action. **Government internal audit officers (APIP)** use Opentender data as reference in their post audit material and probity audit activities. The respondents in this study reported that 100% of the data they had sampled based on Opentender's scores resulted in meaningful findings that they could follow-up with an audit process. Additionally, by using Opentender, within 20 days they could find up to 20-30 potential administrative breaches from just 10 findings of potential administrative breaches. Opentender has also saved significant time for an APIP officer to take data samples from several days to just 15-30 minutes.

According to a survey that was conducted to four groups of Opentender users, until 2020 the most used features in Opentender were the Top 10 Suppliers and red flags database. Google Analytics data shows that most Opentender visitors were in the age group of 18-34 years old with 51% of them accessing the platform via desktop and the rest using a mobile device. By region, from 2014 to 2020, Opentender users came from provinces and districts/municipalities, particularly North Sulawesi Province, South Sulawesi, Southeast Sulawesi, West Kalimantan, DI Yogyakarta, and East Java. In the last three months of 2020, Opentender users came from Indonesia's major islands, namely Java, Sumatra, Sulawesi, Kalimantan, and Papua.



## Recommendations

This study proposes several recommendations. First, in terms of **policy**, the NPPA and the Ministry of Law and Human Rights need to issue a joint decision letter or a joint regulation to strengthen suppliers' performance monitoring system by integrating the suppliers' track records data with the beneficial ownership data that are accessible to the public. To prevent market concentration, the Ministry of Cooperatives and SMEs need to focus on the economic recovery of the companies affected by Covid-19, especially micro, small, and medium enterprises as well as cooperatives. This focus is also in-line with the commitment to drive inclusive economic development. Furthermore, considering the large number of procurement contracts awarded to SOEs, leading to SOEs becoming the majority in top 10 suppliers, the Ministry of SOEs needs to promote budgeting transparency, **including in the procurement process of SOEs** as Indonesia's public bodies.

Second, to **improve data availability**<sup>1</sup>, this study encourages the government to disclose other types of public contracting data, such as data on bidders, contracting and contract implementation process, and the status of awarded SMEs and cooperatives. The government also needs to disclose public contracting data classifications, such as education and health.

Third, on **data accessibility**<sup>2</sup>, this study encourages for public disclosure of procurement projects that employ methods other than tender, namely e-purchasing, direct appointment, and direct procurement. Suppliers' performance data in SIKAP also need to be disclosed to allow the public to monitor the performance of suppliers that utilize public budget.

Fourth, this study also recommends **improvement of data quality**<sup>3</sup>. This can be done by, for example, disclosing segregated data on the status of awarded bidders—including the explicit identification of a business enterprise as micro, small, medium enterprise or a cooperative, creating codes or tags (identifier) to link construction and consultancy work under the same construction procurement packet, creating sector grouping in contracting documents, and requiring project titles and description to be more

<sup>1</sup> Data availability refers to data that are not yet disclosed/aggregated, processed, and published by the government

<sup>2</sup> Data accessibility refers to data that the government has made available but not disclosed to the public

<sup>3</sup> Improving the quality of data in this context means that the data are already available but do not have enough quality for in-depth analysis

informative. The government also needs to publish data in a standardized open format, such as the Open Contracting Data Standard (OCDS) format. Open format improves interoperability between government systems that manage public contracting data, promote national development based on integrated databases, and opens participation opportunity for potential suppliers and the public.



## Chapter

# 1.

## Introduction





## 1.1 Background

In 2018, Indonesia Corruption Watch (ICW) initiated various advocacy work to encourage public oversight and push for open contracting in the public sector in Indonesia. ICW has been doing so after studying about the vulnerability of public contracting to corruption. ICW's evidence show that in 2016<sup>4</sup>, 2017<sup>5</sup>, 2018<sup>6</sup>, and 2019<sup>7</sup> an average of 40 percent of corruption cases per year are in some way related to public contracting. In 2019, the number went even higher to 64 per cent.

While there are multiple factors that can contribute to fraudulent practices in the public sector, especially corruption in public contracting, one key factor that cannot be ignored is the lack of participatory oversight. The limited information that is accessible to the public has mainly been preventing greater scrutiny.

In order to shed more light to open contracting and therefore narrow the room for fraud and corruption, contracting information needs to be more transparent. Making contracting information available to the public means opening opportunities for citizen oversight. More than that, it may lead to improvements in terms of the quality of public service, accountability, efficiency, and fair competition between private firms.

To support transparent and accountable public contracting, ICW developed the Opentender platform<sup>8</sup> to point the public into the right direction when it comes to oversight. ICW also engage other groups in its oversight advocacy, such as other civil society organizations (CSOs) and local journalists<sup>9</sup>.

<sup>4</sup> ICW. 2016. Trends of Corruption Prosecution 2016. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2016> accessed on 13 January 2021.

<sup>5</sup> ICW. 2017. Trends of Corruption Prosecution 2017. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2017> accessed on 13 January 2021.

<sup>6</sup> ICW. 2018. Trends of Corruption Prosecution 2018. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2018> accessed on 13 January 2021.

<sup>7</sup> ICW. 2019. Trends of Corruption Prosecution 2019. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2019> accessed on 13 January 2021.

<sup>8</sup> red- [www.opentender.net](http://www.opentender.net) is a web-based tool that provides potential fraud analysis in Indonesia's public contracting. The platform's data source is the National Public Procurement Agency (NPPA). Nevertheless, to confirm fraudulent practices, further investigation is required.

<sup>9</sup> ICW. 2019. [Monitoring Governments Procurement Project with Open Tender](#) accessed on 13 January 2021.

Since the issuance of Presidential Regulation Number 54 of 2010 on Public Procurement, which contains stipulations on electronic procurement systems, millions of contracting data have been made available and some notable improvements are recognized – both in terms of regulation and system. Nevertheless, research on public contracting in Indonesia remains limited. ICW seeks to contribute and enrich the discussion in this area by conducting research on contracting information and use cases by the academia, journalists, CSOs, and the government, in this case government internal auditors.

This report brings public contracting trends/patterns linked to competition, efficiency, participation, and integrity and examines how data disclosed and made available on the Opentender platform are being used thus far.<sup>10</sup> This research is expected to contribute to better policy making and public contracting data in terms of availability, accessibility, and data integration. Moreover, the findings of this research are hoped to drive greater public participation in public contracting oversight to support a more transparent and accountable contracting.

## 1.2 Problem statements

This research was designed to address the following two key questions:

1. How does open contracting affect competition, efficiency, participation, and integrity of the contracting system?
2. What are the potential use cases for open contracting data that are published on the Opentender?

## 1.3 Objectives

This research aims to analyze and measure the impacts of open contracting and to identify its use case potential. This research seeks to provide evidence showing that open contracting may contribute to increasing fairness, efficiency, participation, and integrity of competition in contracting. Additionally, this research intends to recommend the strategies to develop Opentender, making the platform more intuitive for users whilst enabling the public to partake in public contracting oversight.

<sup>10</sup> Opentender.net is a tool developed by the Indonesia Corruption Watch to examine potential fraud of every public procurement project. Data are analyzed using five indicators of efficiency, participation, monopoly, contract value, and timing of procurement.

## 1.4 Research Period

This research was carried out for 9 months, from January to September 2021.

## 1.5 Methodology

This research was conducted using mixed methodology and employed qualitative and quantitative approaches. The quantitative approach was used to analyze contracting data that covered a period of one decade from 2011 to 2020 to learn the trends of public contracting in terms of quantity and quality during those years. Meanwhile, the qualitative approach was used to learn how contracting data on Opentender were used in the past and the potential use cases in the future for journalists, civil society actors, academia, and government officials.

## 1.6 Stages of Research

This research involved the following stages:

### 1.6.1. Data collection

Data collection stage was conducted as part of the quantitative analysis. We collected public contracting data from NPPA (the National Public Procurement Agency hereinafter referred to as "LKPP") from the 2011 to 2020 period.

As part of data collection, we then carried out a data quality check, data cleaning, and subsequently confirmed the cleaned data to LKPP.

### 1.6.2. Literature study

To provide context to the data, we analyzed policy changes that affected public contracting throughout the same period of 2011–2020. We also attempted to link our analysis with the social and political background with which transparency and anti-corruption movements were set against during the period.

### 1.6.3. Focused Group Discussion (FGD)

As part of the qualitative analysis, we arranged an FGD with journalists and civil society organizations that have been using Opentender since 2014.

During the FGD, we explored the experience of 15 informants who represented eight regions (the provinces of DKI Jakarta, North Sulawesi, Southeast Sulawesi, South Sulawesi, DI Yogyakarta, and West Kalimantan; and regencies of Bojonegoro and Blitar in East Java). They consisted of eight journalists from eight different media organizations and seven representatives of civil society organizations.

### 1.6.4. Interviews

To complement the qualitative data, we conducted in-depth, individual interviews with academics and government's internal auditors who have been using Opentender since 2016. The informants represented two regions in Indonesia.

### 1.6.5. Data Analysis

The data analysis stage was distinguished into two parts. First was the quantitative analysis on public contracting data 2011–2020, specifically public contracting where the tendering method was used.

The second part was the qualitative analysis to learn more about the data's use cases by journalists, civil society organizations, academics, and public officials. The analysis was also used to confirm the findings that had been generated during quantitative analysis.

### 1.6.6. Data Verification and Validation

To confirm our findings, we verified and validated our data with every data source, including the individuals involved as informants in this research.

To validate the results of our quantitative analysis, we reverted to LKPP as the owner of data that had been used in the analysis.

To validate the results of qualitative analysis, we distributed confirmation forms to our informants. They were asked to peruse the information therein and to provide their signature to indicate confirmation.

#### 1.6.7. Report Writing and Revisions

The research report was written and revised based on the validated data and information from multiple sources mentioned in stage 1.5.6.

#### 1.6.8. Feedback

We requested feedback from LKPP on our report, considering the agency's position as the owner of our primary data. The goal was to ensure that the data we had used, and the findings derived from them were appropriate.

#### 1.6.9. Report Finalization

We finalized the research report based on the final feedback from LKPP.

## 1.7 Scope and Limitation of Research

### Scope of Research

This research focused on public contracting data in the period of 2011–2020 that were available on Opentender with LKPP as the data source. The units of analysis were national-level contracting and distinguished by type of government agency (ministry, institution, province, regency, and municipality – together referred to as “buyers”), specifically the Indonesian Ministry of Education and Culture (MoEC), the Ministry of Social Affairs (MoSA), the National Disaster Management Agency (NDMA), and the Special Capital Region of Jakarta (DKI Jakarta). The national level data comes from 679 national and subnational e-procurement systems.

There are five methods recognized in Indonesia's public contracting system (e-purchasing, direct procurement, direct appointment, quick tendering, and tendering/selection)<sup>11</sup>, but this research focused only on the tendering

<sup>11</sup> Presidential Regulation Number 16 of 2018 on Public Procurement. Articles 38 dan 41

method in goods or construction procurement and in the procurement of consultancy or other types of services.

Of the five phases in public contracting (planning, tendering, award, contract, and implementation)<sup>12</sup>, this research focused on the first three of that cycle: planning, tendering, and award.

In our qualitative analysis, the informants we had selected have been using Opentender since 2014. They represented journalists, civil society actors, academics, and government's internal auditors.

### Research Limitation

The fact that not all information concerning public contracting is available defined the limitations of this research. Contracting data relating to e-purchasing, direct procurement, and direct appointment methods were not available and therefore were excluded from this research.

This research focused on public contracting data where tendering and quick tendering methods had been used. The data on both methods were contained in the same dataset and they were identified based on the indication provided in the selection method field. The quick tendering method is unique from the tendering method in that a procuring entity that chooses this method does not organize an open tender. In a case where this method is applied, the electronic procurement system will automatically issue an invitation to tender to eligible suppliers, based on tender criteria, that are registered in the Suppliers' Performance Information System (SIKaP) – LKPP's vendor management system.

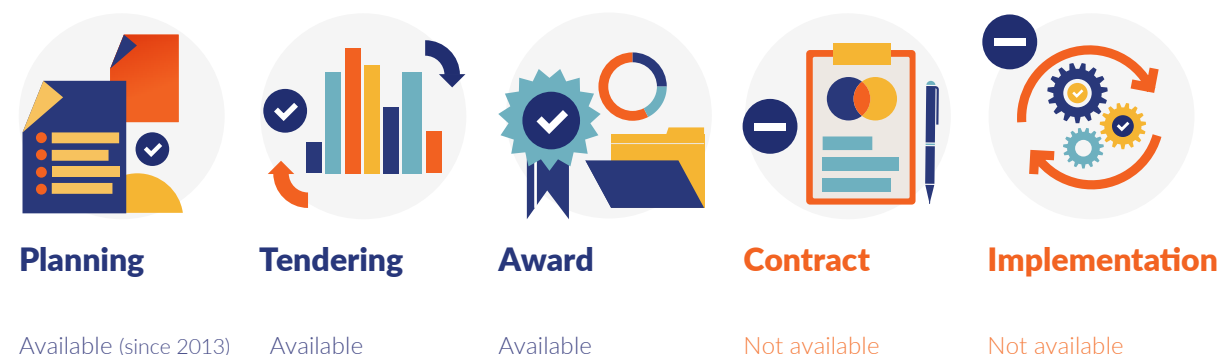
Therefore, the process to select supplier(s) in a quick tendering process is automated by system and does not involve manual evaluation of bids. This mechanism affects one of the indicators that we used in measuring the impacts of public contracting; the tender duration which is the number of days between tender announcement and tender award. Given that the difference in duration between tendering and quick tendering methods was significant, we then distinguished our duration analysis by type of tendering method.

<sup>12</sup> Open Contracting Partnership, The Contracting Process, [https://standard.open-contracting.org/latest/en/getting\\_started/contracting\\_process/](https://standard.open-contracting.org/latest/en/getting_started/contracting_process/) accessed on 2 January 2021





Of the five stages of public contracting in Indonesia as mentioned above, the Opentender does not store data concerning the last two stages, namely contract and implementation. There is potential data discrepancy between suppliers that are awarded in a contracting process and the actual companies that enter into a contract with a procuring entity. In this research, we focused our analysis on just three stages from planning to award.



During qualitative data collection where informants were involved, our FGD was attended by just two groups of informants, namely journalists and civil society actors. Additionally, we conducted in-depth interviews with the informants that represented the two other groups of academia and public officials. In-depth interview was chosen as a data collection technique considering the limited number of users from the two latter groups of informants at the time of this research.

## 1.8 Data Analysis Techniques

### 1.8.1 Quantitative

The data that we used were from the period of 1 January 2011 to 31 December 2020 with LKPP as the data source. The data consisted of three information clusters:

1. General procurement plan (planning).
2. Announcement (tendering).
3. Completed tender (award).

The three clusters were then analyzed using the Open Contracting Data Standard (OCDS) guidelines: *Redflags to OCDS Mapping*<sup>13</sup>, Use case guide: *Indicators linked to OCDS*<sup>14</sup>, and *Procurement Market Indicators*<sup>15</sup>. Informed by these guidelines, we identified five dimensions and 16 indicators to analyze, as specified in the following table.

<sup>13</sup> Open Contracting Partnership. Redflags to OCDS Mapping. <https://www.open-contracting.org/resources/red-flags-integrity-giving-green-light-open-data-solutions/> accessed on 2 January 2021.

<sup>14</sup> Open Contracting Partnership. Use case guide: Indicators linked to OCDS. <https://www.open-contracting.org/resources/using-it/> accessed on 2 January 2021.

<sup>15</sup> Open Contracting Partnership. Indicator to Diagnose the Performance of a Procurement Market. <https://www.open-contracting.org/resources/indicators-to-diagnose-the-performance-of-a-procurement-market/> accessed on 2 January 2021.

Table 1.1 Research Dimensions and Indicators

No	Dimension	Indicator
1	Market competition and opportunity	Market concentration
		Top 10 Supplier with Largest Contracted Total
		Percent of Contracts Awarded to Top 10 Suppliers
		Number of New Awarded Suppliers (New Suppliers)
		Percent of New Suppliers to All Suppliers
2	Internal efficiency	Percent of Cancelled Tenders
		Days Between Tender Start Date and Award Date
		Percentage of Overruns
		Percentage of Saving
		Percent of Tenders with Linked Procurement Plans
3	Value for Money	Percent of Tenders with Fewer than 20 Characters in Title
		Percent of Tenders with Fewer than 60 Characters in the Description
		Percent of Tenders Without Item Codes or Item Description
		Procurement with Highest Contract Value
4	Public Integrity	Procurement in the Fourth Quarter
5	Red Flag	

### 1.8.2 Qualitative

The data that were used in our qualitative analysis derived from ICW's reports and training activities on investigation and use of Opentender, FGD, and in-depth interviews. The FGD was conducted to gain insights from civil society actors and journalists, while in-depth interviews were carried out to learn from academics and public officials, specifically internal auditors. The qualitative data that were captured during those sessions were typed and clustered by type of informants. We then interpreted the data and confirmed our findings with the informants.

## 1.9 Validation and Triangulation

To validate this research, we carried out separate validation process for each of our datasets:

### 1.9.1. Quantitative

Data validation was accomplished by examining data patterns and confirming

them to LKPP. We continued to the analysis stage after we were able to establish that the data were reasonably solid. We also confirmed our analysis to LKPP and other relevant agencies.

### 1.9.2. Qualitative

To validate the qualitative data that we gained from informants, we compiled interview transcripts with academics, government's internal auditors, and ICW. We requested the informants to read through the transcripts and provided their signature to indicate approval. With respect to our FGD informants, we distributed the FGD transcript to the civil society actors and journalists. We then applied the same process where our informants confirmed that we had captured all information appropriately and signed a consent form as approval.

## 1.10 Structure of Report

This report consists of four chapters:

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- Chapter I. Introduction**, containing background and motivation of research, problem statements, research objectives, research stages, methodology, scope and limitation of research, type and source of data, data analysis techniques, validation and triangulation, report structure information, and profile of respondents/informants.

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  - Chapter II. Overview**, containing information on the regulatory framework of public contracting, how public contracting is administered, types of contracting, recognized methods in public contracting, and on Opentender.

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  - Chapter III. Analysis**, containing overview, technical analysis on our quantitative data based on five identified dimensions (market competition and opportunity, internal efficiency, value for money, public integrity, and red flag), and analysis on use cases as well case studies on user engagement.

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  - Chapter IV. Conclusions and Recommendations**, containing the conclusions and recommendations of this research concerning the impacts of Opentender on 1) improving public contracting policies and implementation as well as the platform's use for government agencies, especially LKPP, and 2) improving the platform's interface and data presentation as well as citizens' use of Opentender to allow them to be more engaged in public contracting oversight.
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# Chapter

# 2.

# Overview



## 2.1 Regulatory Framework of Public Contracting

To date, there is no dedicated law that governs the public contracting system in Indonesia. The legal basis of Indonesia's public contracting began with a Presidential Decree that was later amended to a Presidential Regulation (PR).

Figure 2.1 Public contracting regulations

Source: compiled, team analysis



The first regulation on public contracting was issued by then President Abdurrahman Wahid, namely Presidential Decree No. 18 of 2000<sup>16</sup>. Several amendments were made to the decree and in 2010 PR 54/2010 was issued<sup>17</sup>. The first PR had several amendments by virtue of PR 35/2011<sup>18</sup>, PR 70/2012<sup>19</sup>, PR 172/2014<sup>20</sup>, and PR 4/2015<sup>21</sup>, respectively for the first, second, third, and

fourth amendment. In 2018, the government issued PR 16/2018 on Public Procurement,<sup>22</sup> which became the new overarching regulation on public contracting. Unlike previous regulations that expounded public contracting, PR 16/2018 provided just the general overview of the system and detailed provisions are provided in the PR's implementing regulations that are formulated and issued by LKPP as an Institutional Regulation<sup>23</sup>. Most recently, in February 2021, the government issued PR 12/2021<sup>24</sup> on the amendment to PR 16/2018.

There are several purposes that public procurement serves according to PR 16/2018, specifically to generate goods/services that are proportionate to the expended budget in terms of quality, quantity, time, costs, location, and suppliers<sup>25</sup>. To that end, public contracting adheres to the principles of efficiency, effectiveness, transparency, openness, competitiveness, fairness, and accountability<sup>26</sup>.

Moreover, PR 16/2018 defines “public contracting” as the activities of procuring goods/services that are administered by ministries/institutions/ regional apparatuses, funded by the state budget/regional budget, in which the process entails from needs-identification up to the delivery of the goods/ services<sup>27</sup>.

<sup>16</sup> Presidential Decree No 18 of 2000 on the Guideline of Public Procurement for Government Agencies. <https://peraturan.bpk.go.id/Home/Details/57747/keppres-no-18-of-2000#:~:text=KEPPRES%20No.%2018%20of%202000,Instansi%20Pemerintah%20%5BJDIH%20BPK%20RI%5D> accessed on 11 February 2021.

<sup>17</sup> Presidential Regulation No 54 of 2010 on Public Procurement. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-54-of-2010> accessed on 11 February 2021.

<sup>18</sup> JDIH LKPP. Presidential Regulation No 35 of 2011 on the Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-35-of-2011> accessed on 11 February 2021.

<sup>19</sup> JDIH LKPP. Presidential Regulation No 70 of 2012 on the Second Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-70-of-2012> accessed on 11 February 2021.

<sup>20</sup> JDIH LKPP. Presidential Regulation No 172 of 2014 on the Third Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-172-of-2014> accessed on 11 February 2021.

<sup>21</sup> JDIH LKPP. Presidential Regulation No 4 of 2015 on the Fourth Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-4-of-2015> accessed on 11 February 2021.

<sup>22</sup> JDIH LKPP. Presidential Regulation No 16 of 2018 on Public Procurement. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-16-of-2018> accessed on 10 February 2021.

<sup>23</sup> JDIH LKPP. Regulation Index. <https://jdih.lkpp.go.id/regulation/index>. Accessed on 10 February 2021.

<sup>24</sup> JDIH LKPP. Presidential Regulation No 12 of 2021 on the Amendment to Presidential Regulation No 16 of 2018 on Public Procurement. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-12-of-2021> accessed on 1 March 2021.

<sup>25</sup> Presidential Regulation Number 16 of 2018 on Public Procurement. Article 4 letter a.

<sup>26</sup> Ibid. Article 6

The regulation also defines the following procuring entities:

1. State Ministry, or Ministry, refers to a government apparatus in charge of certain government affairs<sup>28</sup>.
2. Institution refers to a non-State Ministry organization and other institutions using the budget, which is formed to carry out certain tasks under the 1945 Constitution of the Republic Indonesia or other legislations<sup>29</sup>.
3. Regional Apparatus refers to a supporting element of the Head of Region and the Regional House of Representatives that carries out Government Affairs under the authority of a Region<sup>30</sup>.
4. Local Government refers to a head of region that administers Local Government and who leads the implementation of government affairs under the authority of an autonomous region<sup>31</sup>.

According to PR 16/2018, the public procurement intended by the regulation entails<sup>32</sup>:

1. Procurement within Ministries/Institutions/Regional Apparatuses that is funded by the State Budget/Regional Budget;
2. Procurement that is partially or entirely funded by domestic loans and/or domestic grants received by the Government and/or Local Government;
3. Procurement that is partially or entirely funded by offshore loans or grants.

Considering the above definitions, we can conclude that the procurement process administered by a national state-owned enterprise (BUMN, hereafter national SOE) and a regional state-owned enterprise (BUMD, hereafter regional SOE) is not governed by the PR.

<sup>27</sup> Ibid. Article 1 Paragraph 1.

<sup>28</sup> Ibid. Paragraph 2.

<sup>29</sup> Ibid. Paragraph 3.

<sup>30</sup> Ibid. Paragraph 4.

<sup>31</sup> Ibid. Paragraph 5.

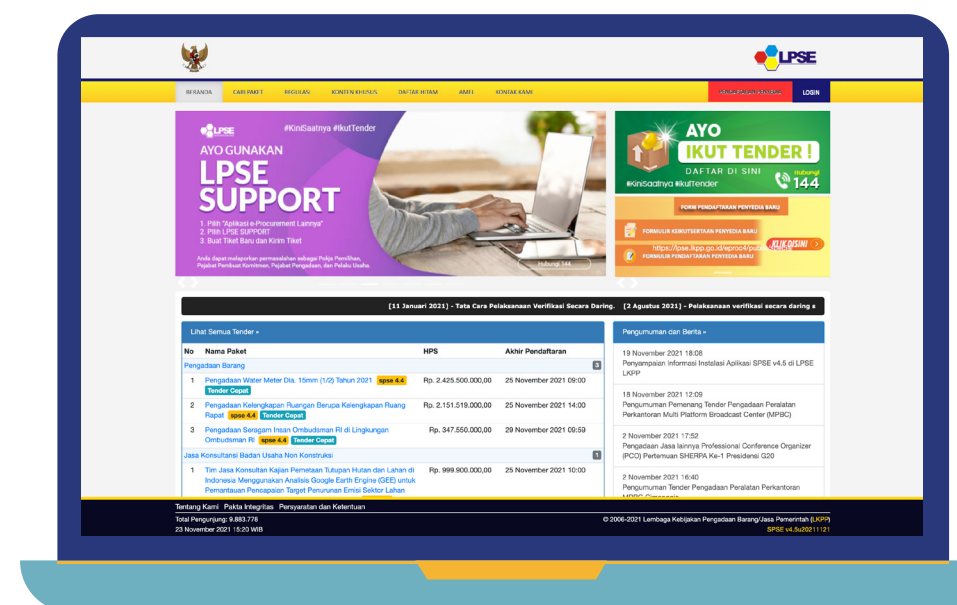
<sup>32</sup> Ibid. Article 2.

Notably, the regulatory amendments from time to time demonstrated the government's efforts to make public contracting more effective, efficient, accountable, and transparent. The key changes brought about by the amendments over the years are:

### 1. The development of Electronic Procurement System (SPSE)

The system was developed by the Center for Public Procurement Policy Development under the National Development Planning Agency (hereafter referred to as "Bappenas") in 2006 based on the Presidential Instruction Number 5 of 2004 concerning the Acceleration of Corruption Eradication<sup>33</sup>.

In 2007, the government began to develop an electronic procurement system under the Electronic Procurement Service Unit (LPSE) in the Bappenas and the National Education Ministry. In this nascent stage, there was only a single LPSE server located in Jakarta, serving the [www.pengadaannasional-bappenas.go.id](http://www.pengadaannasional-bappenas.go.id) system that was managed by Bappenas<sup>34</sup>. The system was the embryo of the electronic procurement system that is currently used by all government buyers.



<sup>33</sup> National Public Procurement Agency. <http://www.lkpp.go.id/v3/#/read/802> accessed on 22 Feb 2021.

<sup>34</sup> Ibid.

## 2. The establishment of LKPP (National Public Procurement Agency)

LKPP was officially founded in December 2007<sup>35</sup>. The Agency was the result of the transformed Center for Public Procurement Policy Development, previously under the coordination of the Indonesian Ministry of National Development Planning/Bappenas<sup>36</sup>. LKPP is responsible for the development, formulation, and enactment of public procurement policies<sup>37</sup>, including the management and upgrade of the SPSE and the LPSE.

## 3. The establishment of a Procurement Service Unit (ULP) and the Procurement Work Unit (UKPBJ)

Presidential Decree 80/2003 defines the parties that implement a procurement project as a procurement committee, which answers to a Procurement Official. At this time, public procurement was considered an ad-hoc function and a temporary committee would be formed to handle every procurement project<sup>39</sup>.

However, there were weaknesses to this model that eventually led to poor public contracting performance in government agencies at national and local levels. An ad-hoc procurement organization<sup>40</sup>: (1) is susceptible to outside influence and intervention; (2) inconsistent in terms of the level of capability and competency between different committees; (3) lacks measure and control of professionalism; (4) lacks focus, as committee members also have other responsibilities; (5) ineffectively cumulates the expertise, experience, and skills of committee members; (6) offers no career path in public procurement; (7) exercises poor management of archiving, documentation, and information.

To address this issue, PR 54/2010 on Public Procurement (last amended by PR 4/2015 concerning the Fourth Amendment to PR 54/2010

<sup>35</sup> JDIH LKPP, Presidential Regulation No 106 of 2007 on the National Public Procurement Agency. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-106-of-2007> accessed on 20 February 2021.

<sup>36</sup> National Public Procurement Agency, <http://www.lkpp.go.id/v3/#/read/802> accessed on 22 February 2021.

<sup>37</sup> JDIH LKPP, Presidential Regulation No 106 of 2007 on the National Public Procurement Agency. Article 3. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-106-of-2007> accessed on 22 Feb 2021.

<sup>38</sup> Presidential Decree No. 80 of 2003 on Public Procurement Implementation Guideline.

<sup>39</sup> LKPP, Kajian Akademis Unit Layanan Pengadaan, pg. 1. [http://www.lkpp.go.id/v3/files/attachments/5\\_WyeeJHqVeXfZSfWhupCsBlsYiZdzdKFv.pdf](http://www.lkpp.go.id/v3/files/attachments/5_WyeeJHqVeXfZSfWhupCsBlsYiZdzdKFv.pdf) accessed on 20 February 2021.

<sup>40</sup> LKPP, Kajian Akademis Unit Layanan Pengadaan (Academic Study on Procurement Service Unit) pg. 1. [http://www.lkpp.go.id/v3/files/attachments/5\\_WyeeJHqVeXfZSfWhupCsBlsYiZdzdKFv.pdf](http://www.lkpp.go.id/v3/files/attachments/5_WyeeJHqVeXfZSfWhupCsBlsYiZdzdKFv.pdf) accessed on 20 February 2021.

on Public Procurement) mandates the establishment of a permanent procurement service unit – the unit may be a standalone organization or attached to an existing unit<sup>41</sup>.

In 2018, the government introduced the nomenclature Procurement Work Unit (hereafter, “UKPBJ”) to replace “ULP”<sup>42</sup>. UKPBJ is defined as a working unit within a Ministry/Institution/Local Government that is envisaged to be the center of excellence of public procurement<sup>43</sup>. UKPBJ blends the functions of its predecessor and LPSE and is enriched with other functions. Overall, an UKPBJ is responsible for public contracting management, LPSE management, human resource and organizational development, procurement assistance service, and procurement consulting and technical assistance. It also acts as a procurement agent and administers procurement consolidation<sup>44</sup>.

## 4. E-tendering

Article 131 paragraph 1 of PR 54/2010 on Public Procurement stipulated that government buyers must carry out electronic procurement for some or entire work packages in the 2011 fiscal year. Electronic procurement and its technical implementation are regulated by the Head of LKPP Regulations Number 1 of 2010 concerning Electronic Procurement Service Unit (LPSE), Number 1 of 2011 concerning e-Tendering, and Number 2 of 2010 concerning the Standard of Electronic Procurement Documentation<sup>45</sup>.

E-tendering is an open supplier selection method that can be participated by all suppliers registered in the electronic procurement system<sup>46</sup>.

<sup>41</sup> Presidential Regulation Number 54 of 2010 on Public Procurement. Article 14.

<sup>42</sup> Presidential Regulation Number 16 Of 2008 on Public Procurement. Article 75.

<sup>43</sup> Ibid. Article 1 Paragraph 11.

<sup>44</sup> Ibid. Article 75 Paragraph 2.

<sup>45</sup> LKPP. <http://www.lkpp.go.id/v3/#/read/799> accessed on 20 February 2021

<sup>46</sup> Ibid.



The e-tendering consist of<sup>47</sup>:

1. E-tendering to select suppliers for construction work/other services;
2. Quick tendering to select suppliers for construction work/other services;
3. E-selection to select suppliers of consultancy work; and
4. Quick selection to select suppliers of consultancy work.

E-tendering entails the entire process from tender announcement to tender award<sup>48</sup>. This method uses the Electronic Procurement System (SPSE) administered by the LPSE<sup>49</sup>.

### 5. E-purchasing dan E-catalogue

Aside from e-tendering, electronic procurement may also utilize the e-purchasing method, where the purchased goods/services are selected from an electronic catalogue system (e-catalogue)<sup>50</sup>.

E-purchasing has the following purposes<sup>51</sup>:

1. To establish a direct selection process of goods and services using an electronic catalogue, that allows all ULPs/Procuring Officials to choose the best goods and services for their needs; and
2. To improve procurement efficiency in terms of time and cost for both suppliers and buyers.

An electronic catalogue is a system that contains information pertaining goods and services, from list of items, types, technical specifications, level of local content identification, status as domestic or foreign products, compliance to the Indonesia National Standard (SNI), status as green industry products, country of origin, price, supplier, and other relevant information<sup>52</sup>.

<sup>47</sup> LKPP. Head of LKPP Regulation No 1 of 2015 on E-Tendering. Article 3 [http://www.lkpp.go.id/v3/files/attachments/5\\_KqHqRSuGxMyLFdUzOviUyQTMBBiJzIta.pdf](http://www.lkpp.go.id/v3/files/attachments/5_KqHqRSuGxMyLFdUzOviUyQTMBBiJzIta.pdf) accessed on 20 February 2021.

<sup>48</sup> LKPP, <http://www.lkpp.go.id/v3/#/read/799> accessed on 20 February 2021.

<sup>49</sup> Ibid

<sup>50</sup> Ibid

<sup>51</sup> Ibid

<sup>52</sup> JDIH LKPP. Head of LKPP Regulation No 11/2018 on Electronic Catalogue. Article 1 Paragraph 3 <https://jdih.lkpp.go.id/regulation/peraturan-lkpp/peraturan-lkpp-nomor-11-of-2018> accessed on 20 February 2021.

### 6. Blacklist

As a method of sanction, the blacklist has been applied since 2011<sup>53</sup>. This sanction is imposed on suppliers and a blacklisted entity is prohibited from participating in the public procurement market and for any buyers for a certain period<sup>54</sup>.

The blacklist may be invoked due to the following violations committed by a supplier<sup>55</sup>:

1. Supplier submits documents containing false/incorrect information to meet the requirement specified in Bidding Documentation;
2. There is reasonable indication that a supplier colludes in price-fixing with other bidder(s);
3. There is reasonable indication that a supplier is engaged in corruption, collusion, and/or nepotism practices;
4. Supplier withdraws for reasons that are deemed unacceptable by the Procurement Officer/Selection Committee/Procurement Agent;
5. Supplier withdraws or refrains from signing a catalogue contract;
6. Supplier, after being awarded and receiving Supplier Designation Letter (SPPBJ), withdraws prior to contract signing for reasons that are deemed unacceptable by the Procuring Official;
7. Supplier fails to implement a contract, to fulfill its contractual obligations, or to have its contract unilaterally terminated by the Procuring Official because of the supplier's negligence/poor performance; or
8. Supplier fails to appropriately fulfill its contractual obligation during the maintenance phase.

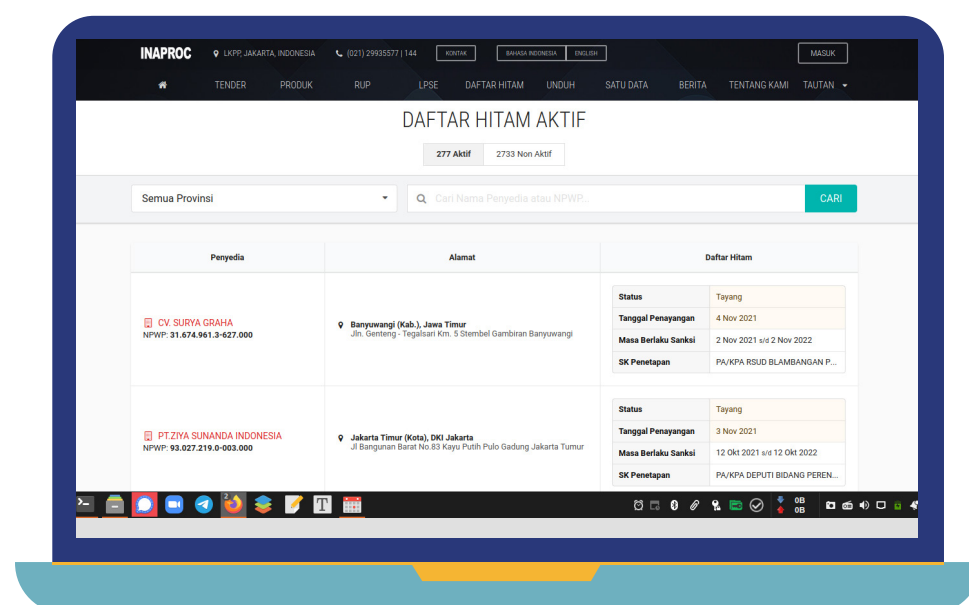
<sup>53</sup> JDIH LKPP. Head of LKPP Regulation No 7 of 2011 on the Technical Guideline of Blacklist Implementation <https://jdih.lkpp.go.id/regulation/peraturan-kepala-lkpp/peraturan-kepala-lkpp-nomor-7-of-2011> accessed on 20 February 2021.

<sup>54</sup> Presidential Regulation Number 16 of 2018 on Public Procurement. Article 1 Paragraph 49.

<sup>55</sup> JDIH LKPP. LKPP Regulation Number 17 of 2018 on Blacklist Sanction in Public Procurement. Article 3. <https://jdih.lkpp.go.id/regulation/peraturan-lkpp/peraturan-lkpp-nomor-17-of-2018> accessed on 20 February 2021.

The blacklisting mechanism is set out as follows<sup>56</sup>:

1. The blacklist imposed on a supplier's head office also applies to its branch/representative offices.
2. The blacklist imposed on a supplier's specific branch/representative offices also applies to other branch/representative offices and the head office of the supplier.
3. The blacklist imposed on a holding company does not apply to its subsidiaries.
4. The blacklist imposed on a subsidiary does not apply to its holding company.



## 7. General Procurement Plan (SiRUP)

A General Procurement Plan (RUP) is developed by a government buyer to inform the entity's procurement activities for the year<sup>57 58</sup>. To disclose

<sup>56</sup> Ibid. article 5

<sup>57</sup> JDIH LKPP. LKPP Regulation Number 12 of 2011 on Public Procurement Planning Guidance, <https://jdih.lkpp.go.id/regulation/peraturan-kepala-lkpp/peraturan-kepala-lkpp-nomor-12-tahun-2011> accessed on 20 February 2021.

<sup>58</sup> JDIH LKPP. Presidential Regulation Number 70 of 2012 on Second Revision of Presidential Regulation Number 54/ 2010 on Public Procurement, article 25, <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-70-tahun-2012> accessed on 20 February 2021

RUP, LKPP has developed General Procurement Plan Information System (SiRUP) that can be used by each government buyer<sup>59</sup>.

A General Procurement Plan should at least contain the following information<sup>60</sup>:

Table 2.1 Information Contained in a General Procurement Plan (RUP)

RUP for In-House Procurement	RUP for procurement through a Supplier
1. Name and address of Budget User/Proxy of Budget User;	1. Name and address of Budget User/Proxy of Budget User;
2. Title of packages under in-house procurement	2. Title of packages;
3. Types of in-house procurement	3. Needs for local products;
4. Name of in-house procurement operator;	4. Information on package allocation for small and medium/large enterprises;
5. Job description;	5. Job description;
6. Job volume;	6. Job volume;
7. Job location;	7. Job location;
8. Source of fund;	8. Source of fund;
9. Projected total amount of in-house procurement	9. Total cost projection;
10. Estimated timeline of in-house procurement	10. Technical specification/ToR;
	11. Method to select supplier; and
	12. Estimated timeline of procurement

RUP is published on SiRUP based on the following rules<sup>61</sup>:

- a. A ministry/institution's RUP is disclosed subsequent to budget appropriation;
- b. RUP of a regional apparatus is disclosed subsequent to the adoption of a Local Regulation on APBD by the local government and parliament.
- c. RUP is disclosed where changes/revisions are made to information on procurement packages or information contained in the government's Budget Implementation List (DIPA)/Budget Implementation Document (DPA).

<sup>59</sup> JDIH LKPP. LKPP Regulation Number 13/ 2021 on Publishing Public Procurement Planning, article 6, <https://jdih.lkpp.go.id/regulation/peraturan-kepala-lkpp/peraturan-kepala-lkpp-nomor-13-tahun-2021> accessed on 20 February 2021.

<sup>60</sup> JDIH LKPP. LKPP Regulation Number 7 of 2018 on Public Procurement Planning Guidance, Article 28 Paragraphs 2 dan 3 <https://jdih.lkpp.go.id/regulation/peraturan-lkpp/peraturan-lkpp-nomor-7-of-2018> accessed on 20 February 2021.

<sup>61</sup> Ibid. article 29



The objects of public contracting in Indonesia are differentiated into the following four categories<sup>62</sup>:

- Goods, referring to tangible and intangible, movable and immovable assets that are tradable, usable, or have any utilization value for their Users.
- Construction Work, referring to the entire or some parts of activities in construction, operations, maintenance, demolition, and re-construction of a structure.
- Consultancy Service, referring to a professional service that requires intellectual expertise and capability in a certain field. A consultant may be an individual consultant or a business entity providing consultancy service<sup>63</sup>.
- Other services, referring to non-consultancy work or services that require certain equipment, methodology, and/or skills within a management system that are widely recognized in an industry and are needed to complete a work.

<sup>62</sup> Presidential Regulation Number 16 of 2018 on Public Procurement. Article 3 Paragraph 3.

<sup>63</sup> Ibid. Article 1 Paragraph 31.

In procuring goods and services, buyers may select from broadly two methods<sup>64</sup>:

### Procurement using a supplier,



where the goods/services are supplied by a company<sup>65</sup>.

### In-house procurement



where the supply of goods/services is arranged independently by the buyer (a ministry/institution/ regional apparatus) or an operator (ministry/institution/ regional apparatus/community-based organizations/ community groups)<sup>66</sup>.

<sup>64</sup> Ibid. Article 18 Paragraph 4.

<sup>65</sup> Ibid. Article 1 Paragraph 26

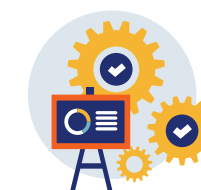
<sup>66</sup> Ibid. Article 1 Paragraph 23

Table 2.2 Procurement through a Supplier

Type	Goods/Services Procured	Budget cap	Criteria
E-purchasing	Goods/construction work/ other services	None	Goods/construction work/other services that are already listed in the e-catalogue <sup>67</sup>
Direct procurement	Goods/construction work/ other services/consultancy service	goods/construction work/other services with total value of no more than Rp200,000,000 (two hundred million rupiah) <sup>68</sup>  Consultancy service: value does not exceed Rp100,000,000 (one hundred million rupiah) <sup>69</sup>	
Direct appointment	Goods/construction work/ other services /consultancy service	None	May be used under certain circumstances elaborated in article 38 paragraph 5 and article 41 paragraph 5 of PR 16/2018
Quick tender	Goods/construction work/ other services	None	Job specification and volume must be determined in advanced and in detail.  Companies that are eligible to participate are companies qualified in the supplier performance management system (SIKaP) <sup>70</sup>
Tender	Goods/construction work/ other services	None	May be used where other methods of selection have been exhausted <sup>71</sup>
Selection	Consultancy service	For work value of at least above Rp100,000,000 (one hundred rupiah) <sup>72</sup>	

<sup>67</sup> Ibid. Article 38 Paragraph 2<sup>68</sup> Ibid. Article 38 Paragraph 3<sup>69</sup> Ibid. Article 41 Paragraph 3<sup>70</sup> Ibid. Article 38 Paragraph 6<sup>71</sup> Ibid. Article 38 Paragraph 7<sup>72</sup> Ibid. Article 41 Paragraph 2

Meanwhile, in-house procurement is further broken down into the following four typologies<sup>73</sup>:



**Type I** refers to in-house procurement that is planned, implemented, and controlled by the buyer as the party responsible the budget;



**Type II** refers to in-house procurement that is planned and controlled by the buyer as the party responsible for the budget, and implemented by another ministry/institution/regional apparatus as procurement operator;



**Type III** refers to in-house procurement that is planned and controlled by a buyer as the party responsible for the budget and is implemented by a civil society organization as procurement operator;



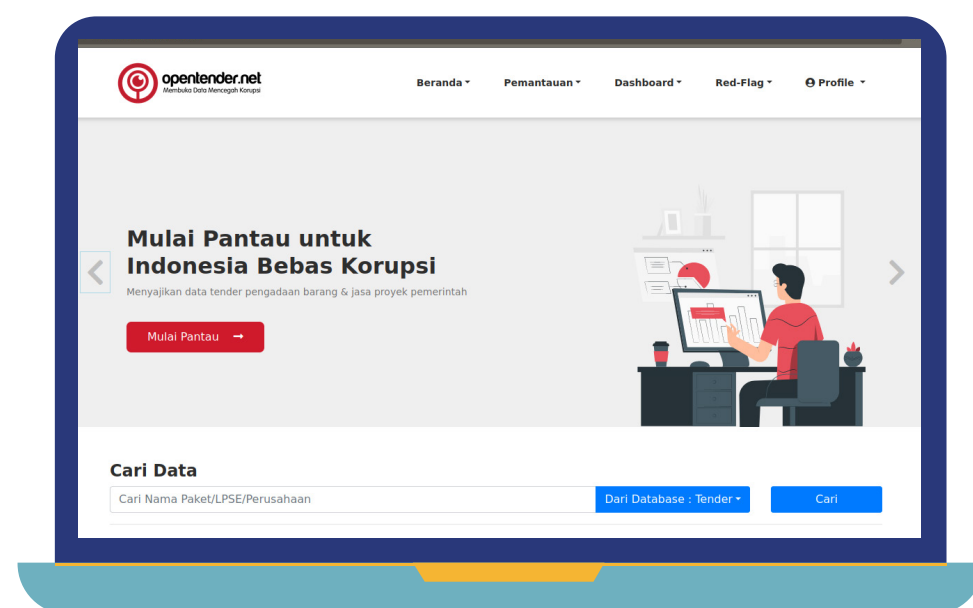
**Type IV** refers to in-house procurement that is planned by a buyer as the party responsible for the budget and/or planned based on the proposal of a community group, and implemented by the community group as the procurement operator.

<sup>73</sup> Ibid. Article 18 Paragraph 6

## 2.2 Opentender.net

Opentender is a platform developed initially in 2010 by the Indonesia Corruption Watch<sup>74</sup>. The platform is designed to provide public contracting information and the related risks of fraudulent practices.

All data that is disclosed on Opentender came from LKPP. The data are then processed and analyzed using Potential Fraud Analysis (PFA) indicators that ICW developed (see table below). To maintain data integrity, ICW discloses all data from LKPP as is, and only adds information about the risk potential of every procurement project based on PFA indicators<sup>76</sup>.



<sup>74</sup> Informant 3. CSO. Online interview. 3 February 2021.

<sup>75</sup> ICW. Opentender.net. <https://www.opentender.net/#/apa-opentender> accessed on 15 February 2021.

<sup>76</sup> Ibid.

Table 2.3 The development of Opentender

	Spreadsheet	Opentender V1	Opentender V2	Opentender V3
Published	2010	March 2013	December 2017	December 2019
Data contained	<ul style="list-style-type: none"> <li>Tender information</li> <li>Tender participants</li> </ul>	<ul style="list-style-type: none"> <li>Tender information</li> <li>Tender participants</li> </ul>	<ul style="list-style-type: none"> <li>Tender information</li> <li>Tender participants</li> </ul>	<ul style="list-style-type: none"> <li>Tender information</li> <li>Quick tender information</li> <li>E-purchasing</li> <li>Tender participants</li> </ul>
PFA Indicators	<ul style="list-style-type: none"> <li>Contract value</li> <li>Number of awarded contracts</li> </ul>	<ul style="list-style-type: none"> <li>Contract value</li> <li>Contract value compared to Tender value</li> <li>Number of awarded contracts</li> <li>Number of bids</li> <li>Procurement process initiated in the fourth quarter of the year for construction work</li> </ul>	<ul style="list-style-type: none"> <li>Contract value</li> <li>Contract value compared to Tender value</li> <li>Number of awarded contracts</li> <li>Number of bids</li> <li>Procurement process initiated in the fourth quarter of the year for construction work</li> </ul>	<ul style="list-style-type: none"> <li>Contract value</li> <li>Contract value compared to Tender value</li> <li>Number of awarded contracts</li> <li>Number of bids</li> <li>Procurement process initiated in the fourth quarter of the year for construction work</li> </ul>
Platform features	-	<ul style="list-style-type: none"> <li>Top 10</li> <li>Tender Database</li> <li>Charts</li> <li>Articles</li> </ul>	<ul style="list-style-type: none"> <li>Top 10</li> <li>Tender Database</li> <li>Charts</li> <li>Reports</li> <li>Articles</li> </ul>	<ul style="list-style-type: none"> <li>Top 10</li> <li>Tender and e-purchasing database</li> <li>Charts</li> <li>User sign-in</li> <li>Articles</li> </ul>
Functions	Using excel formulas	<ul style="list-style-type: none"> <li>Dashboard</li> <li>Filter and package search function</li> <li>Sorting dan pagination</li> <li>Export to XLS</li> </ul>	<ul style="list-style-type: none"> <li>Dashboard</li> <li>Filter and package search function</li> <li>Sorting dan pagination</li> <li>Export to open formats</li> <li>Geotagging OpenStreetMap API</li> </ul>	<ul style="list-style-type: none"> <li>Dashboard</li> <li>Filter and package search function</li> <li>Sorting dan pagination</li> <li>Export to XLS</li> <li>User sign-in to upload reports, comments, visual documentation from monitoring activities, up/down vote</li> </ul>
Backend	-	PHP, Javascript and Drupal	CodeIgniter framework	Django framework

To assess fraud potential, the following five indicators are used throughout the different versions of Opentender<sup>77</sup>:

1. Contract value – the greater the value, the higher the fraud risk.
2. Monopoly – assessed based on the number of awards won by certain companies in one fiscal year; the risk of fraud increases when the number of awards won by certain companies is higher.
3. Saving – this indicator compares a contract's value and value of owner estimation (tender value). Based on its previous studies, ICW has noticed a pattern of fraud where the indication of a collusion is higher when the values of both items are separated by a small margin.
4. Participation – assessed based on the number of bids; a higher risk is recognized when the number of bidders is low.
5. Timing – procurement projects initiated in the fourth quarter of a fiscal year generally have higher risk of fraud; oftentimes, a procurement project that is carried out towards the end of the year is motivated by the need to absorb the available budget, which may lead to hasty public contracting implementation.

Based on the five indicators, ICW assigns a risk score in the range between 1 and 20, where higher PFA scores indicate higher risk of fraud<sup>78</sup>.

## 2.3 Indicators of quantitative assessment

To examine procurement data from 2011 to 2020, we used five dimensions and 16 indicators derived from the Open Contracting Data Standard (OCDS): *Red Flags to OCDS Mapping*<sup>79</sup>, Use case guide: *Indicators linked to OCDS*<sup>80</sup>, *Procurement Market Indicators*<sup>81</sup>, and *Opentender red flag*<sup>82</sup>. The following section discusses those dimensions and indicators.

<sup>77</sup> Ibid.

<sup>78</sup> Ibid.

<sup>79</sup> Open Contracting Partnership. Redflags to OCDS Mapping. <https://www.open-contracting.org/resources/red-flags-integrity-giving-green-light-open-data-solutions/> accessed on 2 January 2021.

<sup>80</sup> Open Contracting Partnership. Use case guide: Indicators linked to OCDS. <https://www.open-contracting.org/resources/using-it/> accessed on 2 January 2021.

<sup>81</sup> Open Contracting Partnership. Indicator to Diagnose the Performance of a Procurement Market. <https://www.open-contracting.org/resources/indicators-to-diagnose-the-performance-of-a-procurement-market/> accessed on 2 January 2021.

<sup>82</sup> Opentender.net. <https://www.opentender.net/#/apa-opentender> accessed on 22 February 2021.

## Competition<sup>83</sup> and Market Opportunity<sup>84</sup>

This dimension is used to understand the level of competition in a public procurement market associated with a government agency and identify highly concentrated markets.<sup>85</sup> This dimension has the following indicators:

### 1. Market concentration<sup>86</sup>

Using this indicator, we were able to determine supplier concentration in a market. We used the Herfindahl-Hirschman Index (HHI) formula that gives a calculation result in a range between 0 to 10,000. A market with an HHI of less than 1,500 is considered to be a competitive market, an HHI of 1,500-2,500 to be a moderately concentrated (moderately competitive) market, and an HHI of 2,500 and greater to be a highly concentrated market (not competitive)<sup>87</sup>. The HHI formula is as follows

Applied to each market:

$$HHI = \sum MS^2 \quad MS = \frac{\text{Total value awarded for each firm}}{\text{Total value awarded in the market}} * 100$$

### 2. Top 10 Suppliers

This indicator was used to determine the largest players/companies in the public procurement market<sup>88</sup>. They are identified based on two primary indicators:

- Top suppliers based on the number of awards won (top 10 suppliers with the highest number contracted)
- Top suppliers based on contract value (top 10 suppliers with largest contracted total)

<sup>83</sup> Open Contracting Partnership. Indicator to Diagnose the Performance of a Procurement Market. <https://www.open-contracting.org/resources/indicators-to-diagnose-the-performance-of-a-procurement-market/> accessed on 2 January 2021.

<sup>84</sup> Open Contracting Partnership. Use case guide: Indicators linked to OCDS. <https://www.open-contracting.org/resources/using-it/> accessed on 2 January 2021.

<sup>85</sup> Open Contracting Partnership. Indicator to Diagnose the Performance of a Procurement Market. <https://www.open-contracting.org/resources/indicators-to-diagnose-the-performance-of-a-procurement-market/> accessed on 2 January 2021.

<sup>86</sup> Investopedia. Herfindahl-Hirschman Index. <https://www.investopedia.com/terms/h/hhi.asp> accessed on 18 February 2021.

<sup>87</sup> Ibid.

<sup>88</sup> Open Contracting Partnership. Use case guide: Indicators linked to OCDS. <https://www.open-contracting.org/resources/using-it/> accessed on 2 January 2021.

The result of the calculation that was done for this indicator was used for the next indicator where we calculated the percentage of contracts awarded to the top 10 suppliers.

For this indicator, we used the data of winning companies, identifying them based on number of awards and contract value.

### 3. Percent of Contracts Awarded to Top 10 Suppliers

This indicator showed the percentage of contracts awarded to top 10 suppliers relative to the total number of procurement projects. A higher percentage may indicate a higher barrier to entry. By knowing the level of public market concentration through this indicator, we may explain how inclusive, or competitive, the overall market is<sup>89</sup>.

### 4. Number of New Awarded Suppliers (New Suppliers)

By using this indicator, it was possible to determine the number of new suppliers that entered the public contracting market. A higher number of new suppliers (first awards) may suggest a fairly open public contracting system and the level of competition in the market. The presence of new suppliers may also indicate trust from companies towards the public procurement system<sup>90</sup>.

To analyze this indicator, we examined lists of companies with past awards and verified the years that the companies first won an award in public contracting.

### 5. Percentage of New Suppliers to All Suppliers

A higher percentage of new suppliers (first awards) may suggest greater system openness and competitiveness<sup>91</sup>.

The data that were used to calculate this indicator were a list of new award firms and the data of all firms with past awards in public contracting.

<sup>89</sup> Ibid.  
<sup>90</sup> Ibid.  
<sup>91</sup> Ibid.

### 6. Percent of Growth of New Awarded Suppliers in a System

A higher percentage of new suppliers (first awards) may evidence an open system and competition potential. New firms in the system may also show increased trust to public contracting. To calculate and analyze this indicator, historical information from at least two periods were needed<sup>92</sup>. The formula we used to calculate growth of new suppliers is as follows:

$$\text{New Supplier Growth}_t = \frac{\text{New Suppliers}_t - \text{New Suppliers}_{t-1}}{\text{New Suppliers}_{t-1}} * 100$$

### Internal Efficiency

This dimension was used to identify procuring entities with longer or shorter periods of tendering process and those with the highest number of cancelled tenders.

#### 1. Percent of Cancelled Tenders

The indicator showed the percent of tenders cancelled by a procuring entity. A high percentage suggests a high degree of inefficiency in public procurement. To calculate, the number of cancelled tenders was summed, and divided by the total number of tenders and multiplied with 100%<sup>93</sup>.

#### 2. Days Between Tender Start Date and Award Date

This indicator aims to identify the length of every tender process. A tender process that is too short may indicate insufficient time to submit bids and therefore harms tender competitiveness, but a tender process that is too lengthy may suggest inefficiency<sup>94</sup>.

To calculate, we identified the days that lapsed between a tender's starting date and award date.

<sup>92</sup> Ibid.

<sup>93</sup> Open Contracting Partnership, Indicator to Diagnose the Performance of a Procurement Market, <https://www.open-contracting.org/resources/indicators-to-diagnose-the-performance-of-a-procurement-market/> accessed on 2 January 2021.

<sup>94</sup> Ibid.

## Value for Money

### 1. Percentage of Overruns

A high percentage of overruns may mean that a contracting has been inefficient and with low value for money. Information on cost overrun was crucial to analyze overall tender efficiency<sup>95</sup>. To calculate, we compiled data on Owner Estimation value (tender value) and contract value, and used the following formula:

*Difference = Contract value - OE*

*Overruns if difference > 0*

*The percentage of overruns for contracts with value difference exceeding zero is calculated against the OE using the following formula:*

$$\text{Percentage of Overruns} = \frac{\text{Contract value} - \text{OE}}{\text{OE}} * 100$$

### 2. Percentage of Saving

A higher percentage of savings may indicate better value for money. Value for money increases when a procuring entity successfully procures goods/services at the quality it requires, but at a lower price, therefore resulting in budget saving. In general, a more competitive market may drive lower prices and higher value for money<sup>96</sup>. Owner estimation value (tender value) and contract value were the data needed to calculate this indicator.

*Difference = Contract value - OE*

*If difference < 0, a contract's value is less than the HPS and saving is identified. Percent of contract that demonstrate saving is calculated using the following formula:*

$$\text{Percentage of Overruns} = \frac{\text{OE} - \text{Contract value}}{\text{OE}} * 100$$

<sup>95</sup> Ibid

<sup>96</sup> Open Contracting Partnership. Use case guide: Indicators linked to OCDS. <https://www.open-contracting.org/resources/using-it> accessed on 2 January 2021

## Public Integrity

### 1. Percent of Tenders with Linked Procurement Plans

Higher percentage of tenders with linked procurement plans indicate stronger transparency that could improve integrity of the process. A procurement plan shows that public contracting is well thought out and is therefore essential to transparency in public contracting<sup>97</sup>. To analyze this indicator, we examined whether a tender was linked to a code that represented a procurement plan.

### 2. Percent of Tenders with Fewer than 20 Characters in Title

The percent of tenders with titles that are too generic may indicate poor integrity. Titles that are short or not sufficiently descriptive are barriers to potential bidders, hindering not only the ease to identify bidding opportunities but also to understand the bid. This may result in a low number of bidders<sup>98</sup>. This indicator was analyzed using a compilation of tender titles.

### 3. Percent of Tenders with Fewer than 60 Characters in the Description

Similarly, the percent of tenders with opaque description may also suggest low integrity. It will be more difficult for bidders to identify an opportunity or understand a tender with description that is too short or too generic, thus limiting the number of bidders<sup>99</sup>. This indicator was analyzed using a compilation of tender descriptions available in the procurement plan database.

### 4. Percent of Tenders Without Item Codes or Item Description

A high percentage of tenders that lack item information may indicate poor integrity. Without adequate item codes, potential bidders may be prevented from recognizing an opportunity and understand what the tender needs, resulting in a low number of bidders<sup>100</sup>. In the context of Indonesia, the information item indicates the type of goods/service procured, whether goods, construction work, consultancy service, or other services<sup>101</sup>.

<sup>97</sup> Ibid.

<sup>98</sup> Ibid.

<sup>99</sup> Ibid.

<sup>100</sup> Ibid.

<sup>101</sup> Presidential Regulation Number 16 of 2018 on Public Procurement. Article 3 Paragraph 1.

## Red Flag

### 1. Procurement with Highest Contract Value

From ICW's past studies, high-value contract tends to have a higher risk of fraud<sup>102</sup>. To calculate this indicator, we identified the value of contracts as one of the red flag indicators.

### 2. Procurement in Fourth Quarter

A single-year procurement that is initiated in the fourth quarter typically has higher risk of fraud<sup>103</sup>. To carry out our analysis for this indicator, we started by sorting our data and applied the following exclusion criteria:

1. Multi-year procurement
2. Procurement initiated ahead of a fiscal year.

Using the above criteria, we were able to narrow down the data to just single-year procurement initiated in the fourth quarter of the year.

This indicator was developed based on ICW's past studies and monitoring activities. Procurement projects that only begin quite late in a fiscal year are often perceived as a last-minute attempt to spend allocated budget and tend to lack adequate planning<sup>104</sup>. We used a tender announcement date to identify such procurement.

<sup>102</sup> Opentender.net, <https://www.opentender.net/#/apa-opentender> accessed on 22 February 2021.

<sup>103</sup> Ibid.

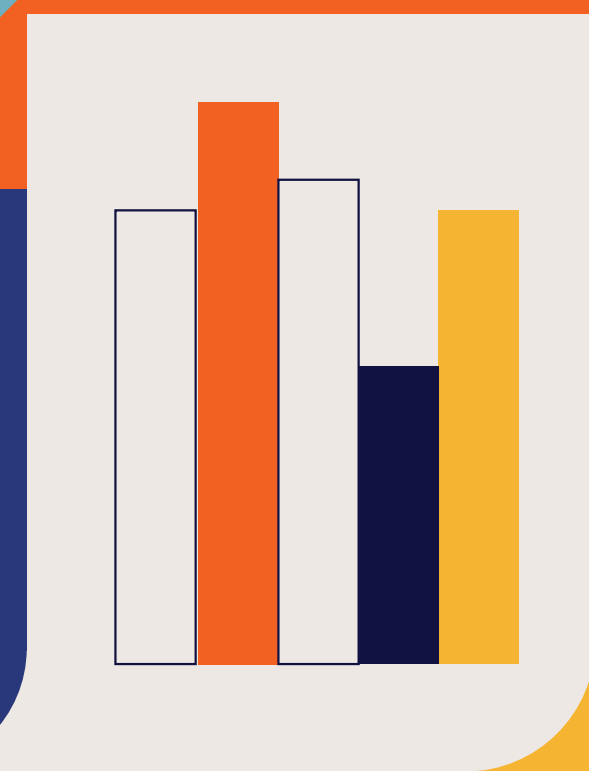
<sup>104</sup> Ibid.



# Chapter 3.



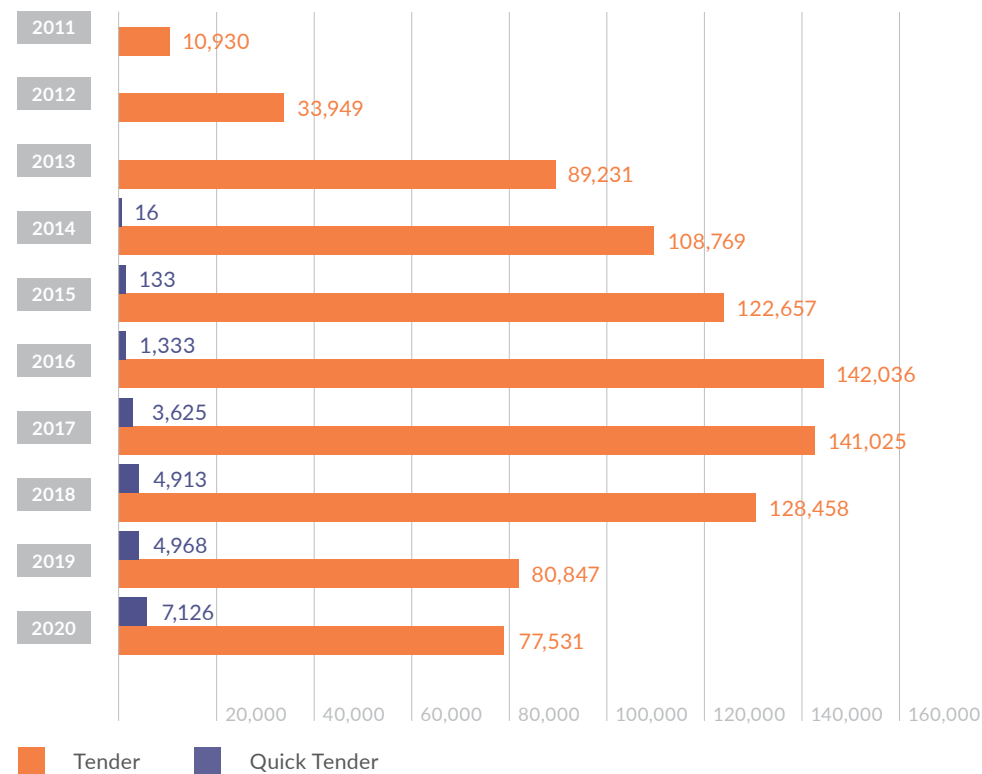
# Analysis





### 3.1 Overview

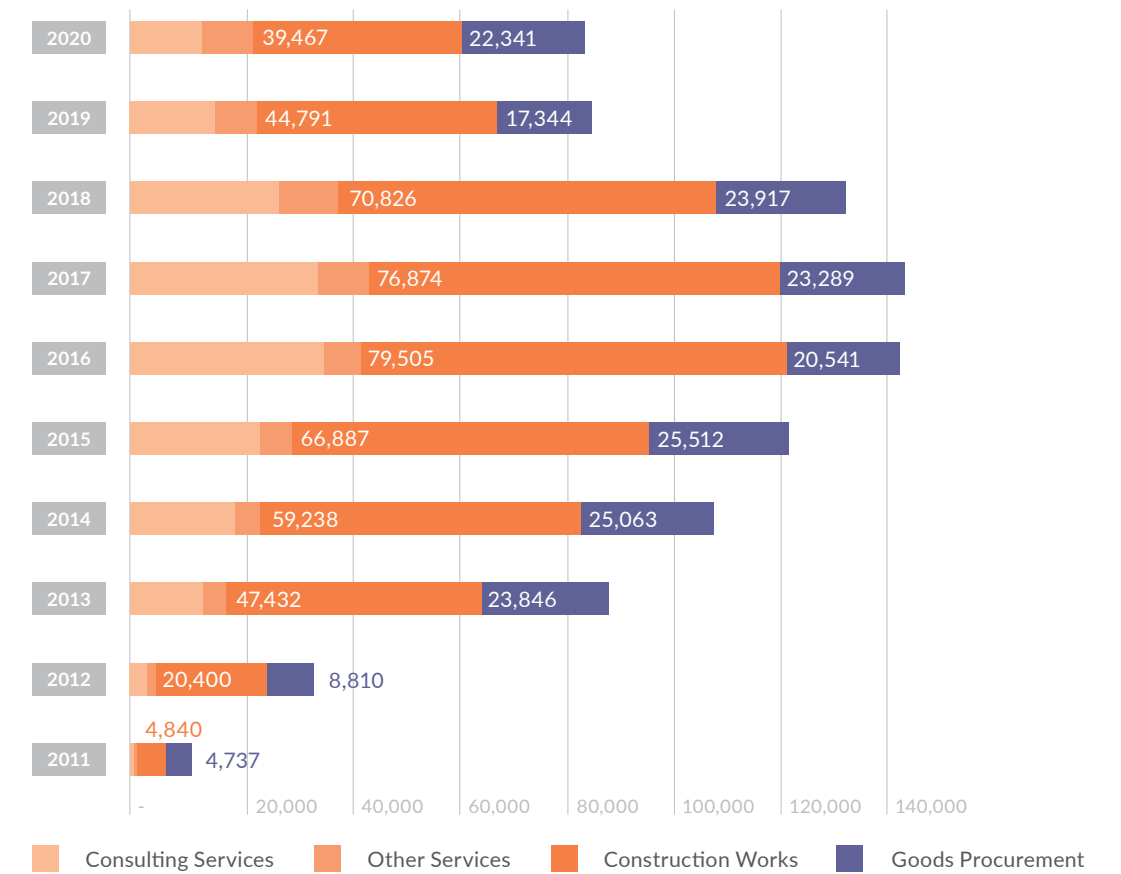
Chart 3.2 Completed Tender Nationally 2011-2020



Since 2017, the number of public procurements using public tender is decreasing (Chart 3.2) as more methods are developed and used by the government, such as quick tender and e-purchasing.

A quick tender process (as shown in blue graph in chart 3.2) has a significantly smaller number of companies participating because the procurement is limited to only the companies registered in SiKAP (supplier performance management system). Thus, there are more companies participating in the open tender process. In the quick tender process, the competing firms are evaluated based on lowest price and the system automatically generates a list of eligible firms with the lowest price. Meanwhile, tender have a more complex and varied evaluation process not solely based on the lowest price.

Chart 3.3 Completed Tender Based on Procurement Type – National 2011-2020



The data above illustrates the number of procurements by type using the tender and quick tender methods. Henceforth in this study, the tender data used is a combination of quick tender and tender, except for analysis related to tender duration.

Chart 3.3 shows that, in each of the year and based on the number of procurement projects, most of the procurement is related to construction works, an average of 53.3% related to construction. This followed by consulting services with an average 19.8% annually in the last 10 year. This is because construction projects are often accompanied by a tender for consultancy to hire consultants as project supervisors or to carry out preliminary assessments. Unfortunately, currently there is no code or parameter that combines construction work and consulting in the same procurement project in Indonesia.

## 3.2 Competition and Market Opportunity

### 3.2.1 Market Concentration

Chart 3.5 Average Market Concentration Level – National 2011 – 2020

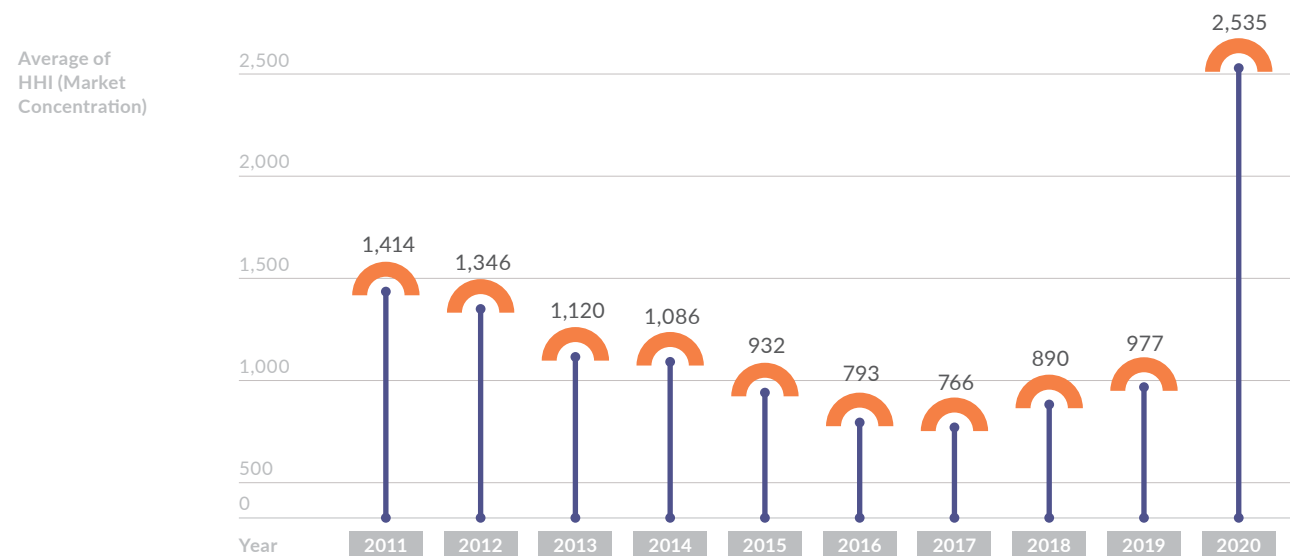
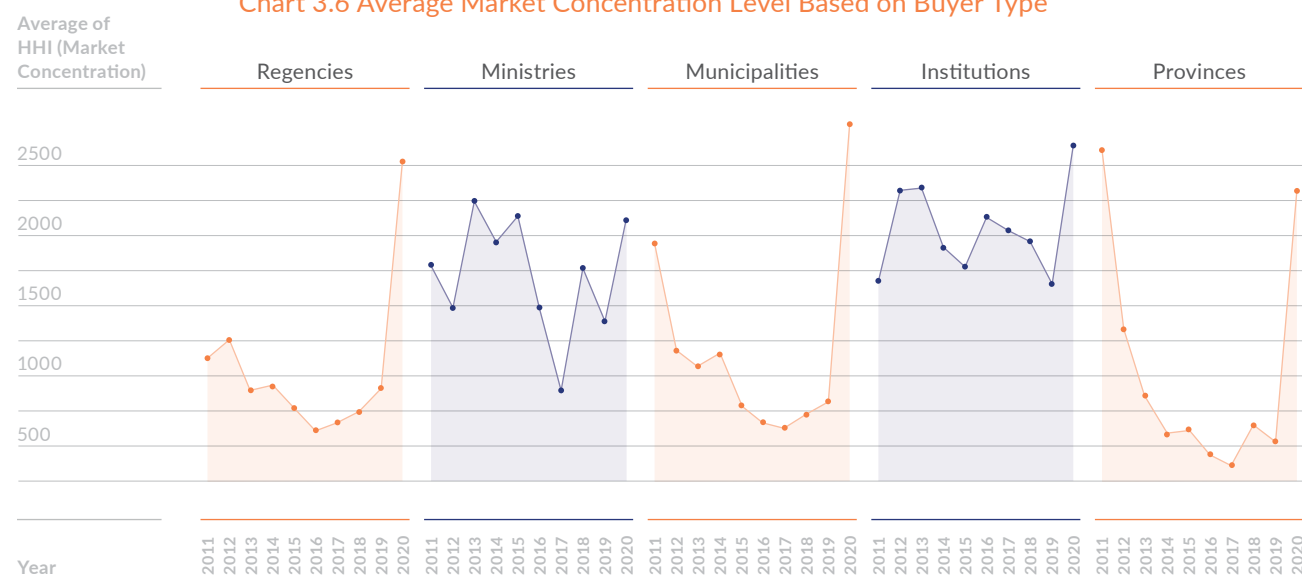


Chart 3.5 illustrates average market concentration level from 2011 to 2020 nationally. The trend of market concentration declined from 2011 to 2019 but increased significantly in 2020. This means that the level of competition improved in 2011-2019, but then dipped in 2020 where the value of HHI<sup>105</sup> reached 2,535.

Chart 3.6 Average Market Concentration Level Based on Buyer Type



<sup>105</sup> Higher HHI score indicates a concentrated market with only several firms competing. To illustrate, an HHI of 10,000 (maximum score) means that there is only one firm in a contracting process. An HHI of or near 0 means that the market is highly competitive (zero concentration).

Chart 3.6 above shows that Regencies (Kabupaten) and Municipalities (Kota) tend to have high competition levels, as the HHI values ranged from 500–1000 during 2011–2019. But their HHI values increased in 2020 to more than 2500, which tracked the national pattern. Moreover, while the competition level was generally high in 2011-2020, some Regencies and Municipalities demonstrated notably low levels of competition, for example, in 2020 there are 61 Regency and Municipalities with maximum HHI index 10,000.

The decline in the HHI index (from 2011 to 2019) at the national level (chart 3.5) and in each type of buyers (chart 3.6) indicates a low market concentration, which implies that the market for public procurement is increasingly competitive. This is likely due to government policies on procurement that make the procurement market increasingly open and accessible to businesses. For example the implementation of some systems. In 2010, the government introduced an e-procurement system and made annual targets for procuring entities to implement e-procurement systems within the next 4 years (to 2014). Market concentration might be high in the early years as vendors were not aware of the new system. In 2011, LKPP made a specific regulation on the procurement plan that all governments have to create one before carrying out a tender. In 2012, the government required to publish procurement plans into the General Procurement Plan Information System (SiRUP) where companies can discover upcoming or planned public procurement opportunities. Thus, enabling more preparation time for vendors to participate in the public procurement process.

Unfortunately, the increase in the HHI index in 2020, nationally and in each type of buyers, means that the market became less competitive. The COVID-19 pandemic may explain this situation. Based on a survey conducted by Statistics Indonesia (hereinafter referred to as “BPS”) in 2020, 8.76% companies closed their operations and 24.31% operated with reduced capacity<sup>106</sup>. A separate survey conducted by the National Association of Indonesian Consultants (INKINDO) on consulting companies showed that 27% firms were closed due to COVID-19<sup>107</sup>. This means that only companies with large capital are able to survive and be potential suppliers during the pandemic.

<sup>106</sup> BPS. Analisis Hasil Survei Dampak Covid-19 Terhadap Pelaku Usaha. <https://www.bps.go.id/publication/2020/09/15/9efe2fba7d674c09ffd0978/analisis-hasil-survei-dampak-covid-19-terhadap-pelaku-usaha.html> accessed on 25 February 2021.

<sup>107</sup> INKINDO. Survei Dampak Covid-19 Terhadap Konsultan. <https://www.inkindo.org/informasi-publik/survei-covid-19> accessed on 25 February 2021.

Some examples on buyers with low HHI, or very competitive, are listed in the table 3.1 below:

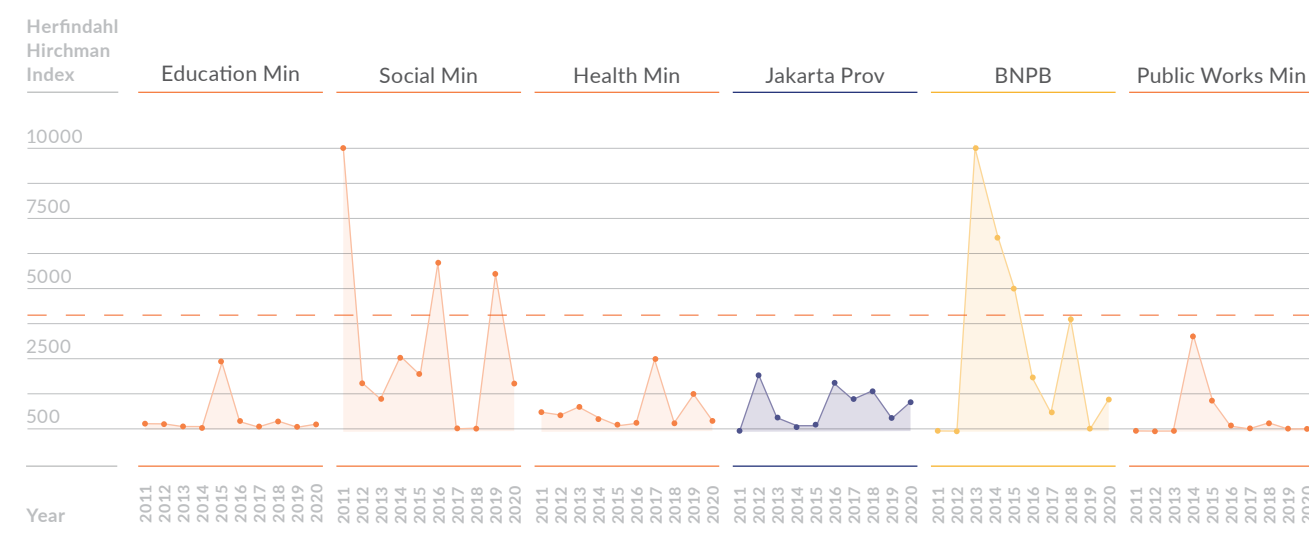
**Table 3.1 Agencies with Low Market Concentration Average**

Name of Agency	Year	HHI	Buyer Type	Number of packages
North Sumatra Province	2011	78.30	Province	208
National Archives of the Republic of Indonesia	2012	27.48	Institution	2,313
Transport Ministry	2013	66.76	Ministry	1,160
National Archives of the Republic of Indonesia	2014	43.95	Institution	2,612
National Archives of the Republic of Indonesia	2015	54.97	Institution	2,249
Medan Municipality	2016	50.81	Municipality	384
Transport Ministry	2017	36.04	Ministry	3,739
Defense Ministry	2018	42.53	Ministry	964
Ministry of Environment and Forestry	2019	86.02	Ministry	816
Ministry of Public Works and Housing	2020	19.17	Ministry	5,147

The Table 3.1 shows a high competition level in the North Sumatera Province as indicated by the low HHI value. Nevertheless, this was not reflected in the province's performance in terms of corruption. In the same year, 23 corruption cases<sup>108</sup> were found in North Sumatra, making the region named in the top 10 of regions with the highest number of corruption cases, although not all of those were related to procurement. This indicates that there is no direct correlation between market concentration and corruption.

The level of competitiveness could also be identified by comparing the data of six buyers (as shown in chart 3.8): the Ministry of Education and Culture, the Ministry of Social Affairs, the Ministry of Health, Special Capital Region of Jakarta Province, the National Disaster Management Agency (BNPB), and Ministry of Public Works and Housing. Our comparison shows that the Ministry of Social Affairs and BNPB tended to be less competitive in some years.

**Chart 3.8 Average Market Concentration Level Based on 6 Buyers**



This finding prompted us to further examine the procurement data of the two agencies. It was found the Ministry of Social Affairs had the least amount of documented information. Within the research data period of ten years, there was only an average of seven procurement projects per year associated with the ministry. There are several plausible explanations; first, there may be errors during data retrieval by LKPP that resulted in data loss. Second, it was also possible that the ministry did not report its entire data to the system. It is important to note that in 2019 the ministry started using the LPSE of the Ministry of Finance instead of its own LPSE, which indicates lack of capacity and human resources to manage procurement within the ministry.

As for BNPB, the agency's procurement data has only been available since 2013. There were only 11 procurement projects between 2013 and 2015 but increased to 102 in 2016 and 449 in 2017. The number decreased to 99 procurement projects in 2018, zero data for 2019, and 20 procurement projects in 2020. The relatively small number of procurement in BNPB directly influences its performance in market concentration. Additionally, BNPB has not performed their procurement optimally which is reflected in the data.

<sup>108</sup> ICW. 2011. Tren Penindakan Kasus Korupsi 2011. [https://www.antikorupsi.org/sites/default/files/dokumen/trenkorupsiakhirtahun2011\\_0.pdf](https://www.antikorupsi.org/sites/default/files/dokumen/trenkorupsiakhirtahun2011_0.pdf) accessed on 12 March 2021.

### 3.2.2 Top 10 Suppliers

Table 3.2 Top 10 Suppliers Nationally in 2011 – 2020

By number of awards			By contract value		
Name of firm	Number of awards	Total contract value (billion rupiah)	Name of firm	Number of awards	Total contract value (billion rupiah)
PT. TELEKOMUNIKASI INDONESIA . Tbk	664	5,173.16	PT. NINDYA KARYA (Persero)	196	25.08
PT. RAJAWALI NUSINDO	615	2,021.05	PT. Waskita Karya (Persero)	161	23.34
PT. ALOCITA MANDIRI	590	186.43	PT. ADHI KARYA (Persero) Tbk	169	21.33
PT. INTIMULYA MULTIKENCANA	514	552.18	PT. WIJAYA KARYA (Persero) Tbk.	68	19.11
PT. Inasa Sakha Kirana	473	170.72	PT. Pembangunan Perumahan (Persero) Tbk.	95	16.01
PT. FASADE KOBETAMA INTERNASIONAL	461	184.15	PT. HUTAMA KARYA (PERSERO)	86	14.21
PT. DAYA CIPTA DIANRANCANA	450	612.25	PT BRANTAS ABIPRAYA (Persero)	106	13.85
PT. Indofarma Global Medika	441	4,160.50	PT Pembangunan Perumahan (Persero) Tbk	24	9.62
PT. HEGAR DAYA	409	303.31	PT. Brantas Abipraya (Divisi 2)	15	6.85
PT PURA BARUTAMA	387	1,140.97	PT. Jaya Konstruksi Manggala Pratama, Tbk	39	5.83

Table 3.2 shows that:

1. Three out of ten companies with the most awards were national SOEs: PT Telekomunikasi Indonesia, PT Rajawali Nusindo, and PT Indofarma Global Medika, while the other seven companies were private companies.

2. Nine out of ten companies with the largest contracted total were national SOEs and one company was DKI Jakarta's regional SOE; all of them are in the construction sector. PT Pembangunan Perumahan and PT Brantas Abipraya are each listed twice because they were using different Tax Identification Numbers, thus counted as different entities.
3. According to Ichwan Makmur Nasution, Head of Sub-Directorate of Law Enforcement Support, the number of national SOEs in the construction business that participate in public contracting is typically higher than private firms and the private firms that do participate are not the competitors of national SOEs. Mr. Nasution believed further study is needed to explain the lack of interest among major private construction firms to participate in government tenders<sup>109</sup>.
4. Similarly, according to Fajar Adi Hemawan, a Policy Analyst at the SPSE Development Directorate, the private firms that participate in public contracting are not on par with the national SOEs in terms of business size and scale. At the same time, major private firms seem hesitant to compete<sup>110</sup>.
5. The above statements from LKPP representatives could be verified by examining the data of past bidders in construction tenders. However, the data are presently not available at LKPP and further analysis could not be carried out.
6. To examine the top 10 suppliers based on type of procurement project:
  - By the number of contracts, the top 10 suppliers are dominated by consulting service 57.61%, followed by goods procurement 27.04%, other services 14.97%, and construction works 0.38%.
  - By contract value, the top 10 suppliers are dominated by construction works 98.75%, while goods procurement accounts for only 1.15%, and consulting service 0.10%.

<sup>109</sup> Ichwan Makmur Nasution. Head of the Sub-Directorate of Law Enforcement Support. Online Discussion with LKPP, 2 March 2021.

<sup>110</sup> Fajar Adi Hemawan. Analisis Kebijakan Madya (Policy Analyst) under the SPSE Development Directorate. Online Discussion with LKPP, 2 March 2021. Maret 2021.

The high number of National SOEs awarded in public procurement does not necessarily lower the potential of irregularities. Some of these National SOEs were involved in corruption cases, such as:

1. PT Nindya Karya (Persero) was the first National SOEs to be named a suspect in a corruption case<sup>111</sup>. PT Nindya Karya was named a corporate suspect in the corruption of the construction of a loading dock at the Sabang Free Trade Zone and Free Port that was funded by the 2006-2011 APBN (National Revenue and Expenditure Budget). The potential state losses reached Rp313 billion<sup>112</sup> (approximately USD 22M)
2. PT Waskita Karya committed corruption offence by reporting fictitious projects under Division II of PT Waskita Karya in the years of 2009-2015<sup>113</sup>. Based on Indonesia's Audit Board (BPK) report, the total losses arising from these fictitious projects reached Rp202 billion (approx. USD 14.1 M). The suspects on this case were the former Head of Projects and Head of the Control Department at Division III/Civil/II of PT Waskita Karya Fathor Rachman, former Head of Division II of PT Waskita Karya Fathor Rachman, and former Head of Finance and Risk Division II of PT Waskita Karya Yuly Ariandi Siregar.
3. PT Adhi Karya was associated with the alleged corruption case of the Waterfront City Bridge or the Bangkinang Bridge construction project, Kampar Regency, Riau for the 2015-2016 fiscal year. In this case, the Corruption Eradication Commission (KPK) named Adnan and Region II Manager PT Wijaya Karya (Persero) Tbk, Operations Division I Manager PT Wijaya Karya (Persero) Tbk I Ketut Suarbawa (IKS) as suspects. Adnan and Ketut Suarbawa allegedly colluded in the Waterfront City Bridge or the Bangkinang Bridge project in Kampar Regency in 2015-2016 which cost Rp117.68 billion (approx. USD 8.2 M). As a result of the alleged conspiracy, the state suffered losses which were estimated at Rp39.2 billion (approx. USD 2.7 M)<sup>114</sup>.
4. PT Brantas Abipraya. DKI Jakarta Chief Prosecutor's Office named Sudi Wantoko, Finance Director of PT Brantas, a suspect for disbursing a budget that cannot be accounted for, for personal interests, such as

<sup>111</sup> Detik.com. Nindya Karya BUMN Pertama yang Jadi Tersangka Korupsi. <https://news.detik.com/berita/d-3970436/nindya-karya-bumn-pertama-yang-jadi-tersangka-korupsi> accessed on 8 March 2021

<sup>112</sup> Kompas.com. Kasus Dermaga Sabang, KPK Periksa Direksi PT Nindya Karya. <https://nasional.kompas.com/read/2018/05/11/12210951/kasus-dermaga-sabang-kpk-periksa-direksi-pt-nindya-karya> accessed on 8 March 2021

<sup>113</sup> Kompas.com. KPK Sita Uang Rp 12 Miliar dalam Kasus Proyek Fiktif Waskita Karya. <https://nasional.kompas.com/read/2020/10/22/12150921/kpk-sita-uang-rp-12-miliar-dalam-kasus-proyek-fiktif-waskita-karya> accessed on 8 March 2021.

<sup>114</sup> JawaPos.com. Kasus Korupsi PT Adhi Karya. KPK Sita Proyek Waterfront City. <https://www.jawapos.com/nasional/politik/07/10/2019/kasus-korupsi-pt-adhi-karya-kpk-sita-proyek-waterfront-city/> accessed on 8 March 2021.

traveling and golf. The total state financial losses amounted to Rp6 billion (approx. USD 420K)<sup>115</sup>.

The research team also listed Top 10 suppliers based on procurement type as shown in Table 3.3 (goods), 3.4 (construction), 3.5 (consulting service), and 3.6 (other services).

Table 3.3 Top 10 Suppliers for Goods Procurement Nationally 2011 – 2020

By number of awards			By contract value		
Name of firm	Number of awards	Total contract value (billion rupiah)	Name of firm	Number of awards	Total contract value (billion rupiah)
PT.RAJAWALI NUSINDO	613	2,015.51	PT. Indofarma Global Medika	441	4,160.57
PT. Indofarma Global Medika	441	4,160.57	PT. Sumberniaga Kharismanusa	40	3,247.48
PT. KIMIA FARMA TRADING & DISTRIBUTION	271	1,685.84	PT. ARTHA ALAM LESTARI	45	2,577.75
PT. PUTRA KARYA SENTOSA	231	253.02	PT. LEN INDUSTRI (Persero)	54	2,118.05
CV. SOLUSI ARYA PRIMA	228	140.53	PT. TRUTAMA STAR	26	2,032.70
PT. ANUGRAH ARGON MEDICA	188	244.40	PT.RAJAWALI NUSINDO	613	2,015.51
PT PURA BARUTAMA	180	779.32	PT Karunia Cahaya Abadi	18	2,000.47
CV. Harrisma Computer	161	121.12	PT. MITRA SILATAMA SEJAHTERA	28	1,829.02
CV NUGARADA ABADI	159	111	PT. Ridho Agung Mitra Abadi	21	1,793.86
PT. ANZON AUTOPLAZA	158	98.85	PT. Artha Mas Sadhenna	13	1,762.10

Table 3.3 shows that:

1. Two of the three companies with the most goods procurement contracts awarded were national SOEs engaged in the health sector (Indofarma Global Medika & Kimia Farma).

<sup>115</sup> Detik.com. Eks Dirkeu PT Brantas Abipraya Ditetapkan Lagi Jadi Tersangka Korupsi. <https://news.detik.com/berita/d-3554932/eks-dirkeu-pt-brantas-abipraya-ditetapkan-lagi-jadi-tersangka-korupsi> accessed on 8 March 2021



2. In terms of the total contracted value, the supplier with the largest contracted total was PT Indofarma Global Medika, a national SOE company in the health sector, with a total contract value of Rp4,160.57 trillion (approx. USD 291.9B).
3. This show, the largest suppliers for goods to win public procurement are still dominated by SOE, especially related to pharmaceutical sector.

Table 3.4 Top 10 Suppliers for Construction Work Nationally 2011 – 2020

By number of awards			By contract value		
Name of firm	Number of awards	Total contract value (billion rupiah)	Name of firm	Number of awards	Total contract value (billion rupiah)
PT. NINDYA KARYA (Persero)	196	25,079.87	PT. NINDYA KARYA (Persero)	196	25,079.87
PT. ADHI KARYA (Persero) Tbk	162	21,083.52	PT. Waskita Karya (Persero)	159	23,277.33
PT. Waskita Karya (Persero)	159	23,277.33	PT. ADHI KARYA (Persero) Tbk	162	21,083.52
CV. RIAPRIMA PUTRI AMBAR	147	158.95	PT. WIJAYA KARYA (Persero) Tbk.	68	19,112.53
PT. NAMBUR MARLATA	129	139.64	PT. Pembangunan Perumahan (Persero) Tbk.	92	15,923.63
PT. ARMADA HADA GRAHA	116	1,097.11	PT. HUTAMA KARYA (PERSERO)	86	14,207.06
PT BRANTAS ABIPRAYA (Persero)	106	13,852.95	PT BRANTAS ABIPRAYA (Persero)	106	13,852.95
CV INSUN MEDAL LESTARI	96	83.70	PT Pembangunan Perumahan (Persero)Tbk	24	9,616.30
PT. SANUR JAYA UTAMA	95	838.51	PT. Brantas Abipraya (Divisi 2)	15	6,850.40
PT. Pembangunan Perumahan (Persero) Tbk.	92	15,923.63	PT. Jaya Konstruksi Manggala Pratama, Tbk	39	5,828.59

1. Half of the companies with the highest number of construction contracts awarded are national SOEs (Nindya Karya, Adhi Karya, Waskita Karya, Brantas Abipraya, Pembangunan Perumahan), and the remaining half are private companies.

2. In terms of the contract value, nine suppliers are national SOEs and one supplier a regional SOE. This pattern is similar to the overall Top 10 suppliers elaborated above.
3. This table shows that construction works are highly dominated by SOEs, although according to 2020 data from Statistics Indonesia (BPS), there are 1,541 construction companies in Indonesia that are classified as large companies<sup>116</sup> with potential to work on government construction projects. Further research would be necessary to look at why these private companies are less enthusiastic about participating in public procurement.

Table 3.5 Top 10 Suppliers for Consulting Service Nationally 2011 – 2020

By number of awards			By contract value		
Name of firm	Number of awards	Total contract value (billion rupiah)	Name of firm	Number of awards	Total contract value (billion rupiah)
PT. ALOCITA MANDIRI	589	185.89	PT. DAYA CIPTA DIANRANCANA	448	608.99
PT. INTIMULYA MULTIKENCANA	510	548.11	PT. INTIMULYA MULTIKENCANA	510	548.11
PT. Inasa Sakha Kirana	471	170.38	PT. Rayakonsult	148	535.62
PT. FASADE KOBETAMA INTERNASIONAL	449	169.05	PT. Virama Karya (Persero)	101	532.44
PT. DAYA CIPTA DIANRANCANA	448	608.99	PT. ANUGERAH KRIDAPRADANA	235	497.02
PT. HEGAR DAYA	406	296.44	PT. Indra Karya (Persero) Wilayah I	72	464.40
PT. Munasa Kreasi Nusantara	383	147.99	PT. PERENTJANA DJAJA	157	462.62
PT. Gumilang Sajati	357	119.40	PT INAKKO Internasional Konsulindo	141	447.53
PT. PURI DIMENSI	356	286.95	PT. YODYA KARYA (PERSERO)	131	410.04
PT. WANDRA CIPTA ENGINEERING CONSULTANT	333	85.74	PT. Wesitan Konsultasi Pembangunan	152	356.95

<sup>116</sup> Statistic Indonesia, Construction Companies in Indonesia, accessed 30 August 2021, <https://www.bps.go.id/indicator/4/216/1/banyaknya-perusahaan-konstruksi.html>

Table 3.5 shows that:

1. PT Alocita Mandiri has the highest number of public procurement awards. However, in terms of the contract value, PT Daya Cipta Dianrancana had the largest contracted total with Rp608.99 billion (approx USD 42.7).
2. Most of the suppliers in the Top 10 are consulting companies for construction projects.
3. These consulting tenders are not linked to construction projects and the data lack project identifier as defined in the Open Contracting Data Standard (OCDS).

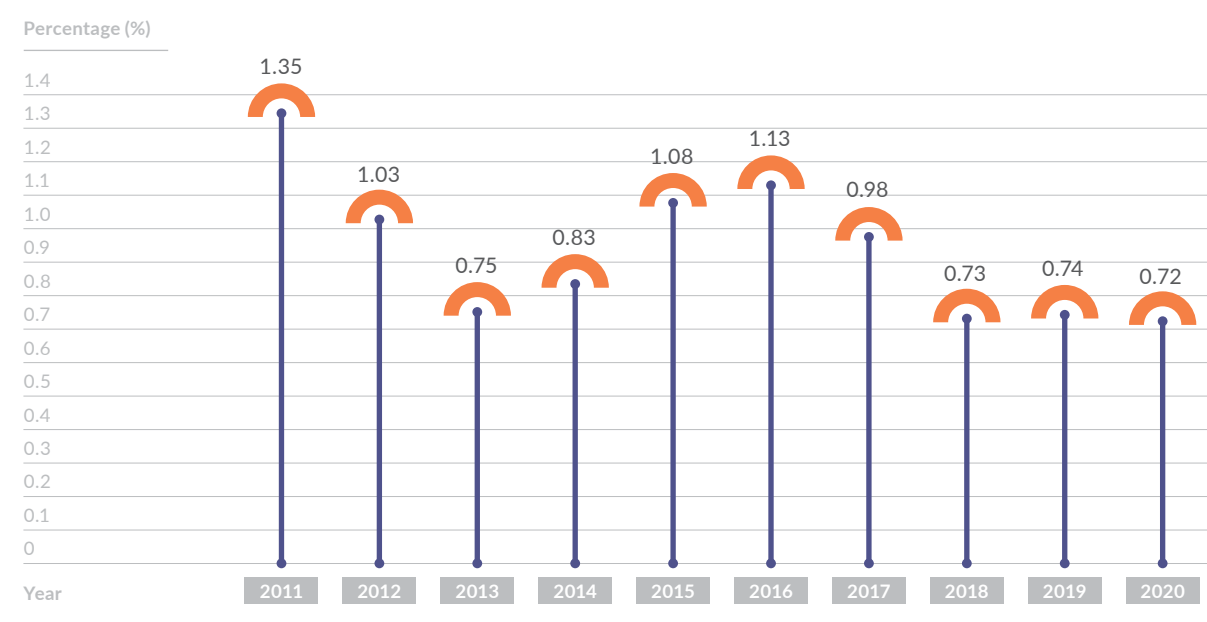
Table 3.6 Top 10 Suppliers for Other Services

By number of awards			By contract value		
Name of firm	Number of awards	Total contract value (billion rupiah)	Name of firm	Number of awards	Total contract value (billion rupiah)
PT. TELEKOMUNIKASI INDONESIA . Tbk	521	3,924.89	PT. TELEKOMUNIKASI INDONESIA . Tbk	521	3,924.80
PT PURA BARUTAMA	207	361.64	PT. JASUINDO TIGA PERKASA TBK	148	3,697.80
PT. JASUINDO TIGA PERKASA TBK	148	3,697.80	PT. WAHYU KARTUMASINDO INTERNATIONAL	8	2,788.41
PT ASURANSI UMUM BUMIPUTERA MUDA 1967	133	163.89	PT. ASI Pudjiastuti Aviation	128	1,355.77
UD. MONTECARLO	132	68.95	PT. Indoaluminium Intikarsa Industri	2	1,069.44
PT. ASI Pudjiastuti Aviation	128	1,355.77	PERUM PERURI ( Perum Percetakan Uang RI )	27	1,039.59
Karsa Wira Utama	127	131.61	INDUK KOPERASI KEPOLISIAN NEGARA REPUBLIK INDONESIA (INKOPPOL)	25	891.92
PT. KIMIA FARMA DIAGNOSTIKA	95	131.48	PT. (PERSERO) SUCOFINDO	38	663.70
PT.BAKRI KARYA SARANA	95	140.32	PT. SURVEYOR INDONESIA (PERSERO)	35	587.72
PT. Baliwong Indonesia	94	67.08	PT. CITRABARU ADINUSANTARA	59	543.20

According to Table 3.6, PT Telekomunikasi Indonesia, a national SOE, has the highest number of contracts awarded and the largest contracted total in the last ten years, with 521 contracts worth Rp3,924.89 billion (approx USD 275.3M). This is not surprising, because this company is a SOE that monopolized telecommunication service in Indonesia.

### 3.2.3 Percentage of Contracts Awarded to the Top 10 Suppliers

Chart 3.9 Percentage of Contracts Awarded to the Top 10 Suppliers Nationally 2011 - 2021



The chart 3.9 shows that in the ten years period, the percentage of contracts awarded to the Top 10 suppliers fluctuated. Decreases can be identified in two periods of 2011-2013 and 2017-2020, while an increase can be seen in one period in between, namely 2014-2016 (see Chart 3.9). This also means that market opportunity improved in the last five years (2016 - 2020) since the percentage of the total procurement awarded to the Top 10 suppliers declined from 1.13% to 0.72%.

Chart 3.10 Percentage of Contracts Awarded to the Top 10 Suppliers Based on Buyer Type 2011 - 2021

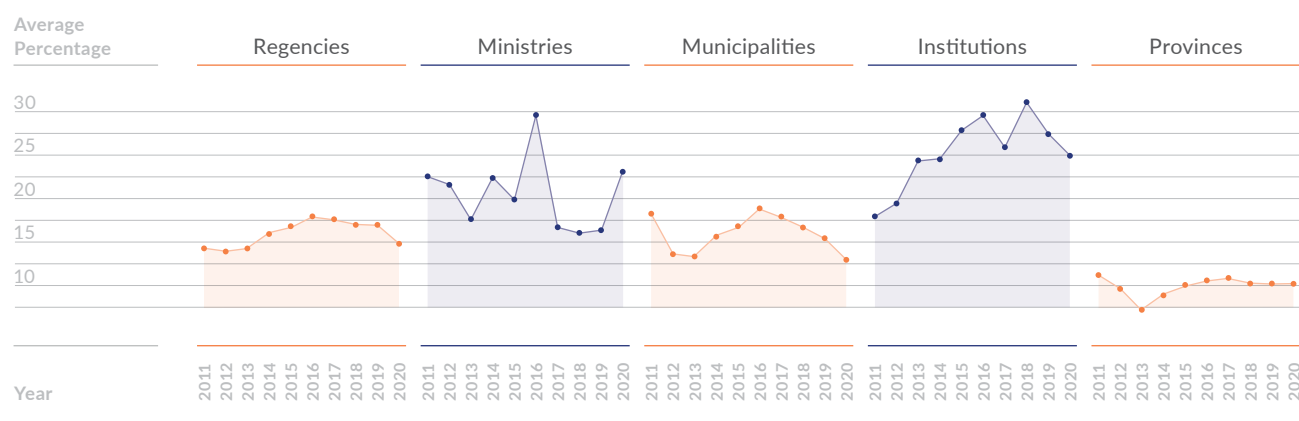


Chart 3.10 above compares the percentage of contracts awarded to the Top 10 Suppliers in Regencies/Municipalities, which ranged from 13-15%, with Institutions and Ministries having higher percentages, between 17-30%. It means that the two types of institutions at the national level had lower market opportunities compared to Regencies/Municipalities.

The same chart also shows that Provinces had the lowest average percentage of contracts awarded to the Top 10 suppliers among Ministries, Institutions, Regencies, and Municipalities, at around 10%.

The research team then looked at agencies with the lowest average percentage of contracts awarded to the Top 10 suppliers. The result is as follows:

Table 3.7 Buyers with the Lowest Percentage of Contracts Awarded to the Top 10 Suppliers

Agency name	Fiscal year	Number of packages awarded to top 10 suppliers	Total packages	Percentage of Top 10 suppliers (%)
Ministry of Health	2011	2	866	0.23
Ministry of Health	2012	4	1,322	0.30
Ministry of Health	2013	7	1,472	0.48
East Kolaka Regency	2014	1	108	0.93
Ministry of Public Works and Housing	2015	1	129	0.78
Mojokerto Regency	2016	1	65	1.54

Agency name	Fiscal year	Number of packages awarded to top 10 suppliers	Total packages	Percentage of Top 10 suppliers (%)
Ministry of Law and Human Rights	2017	12	542	2.21
Ministry of Education and Culture	2018	4	527	0.76
Ministry of Education and Culture	2019	1	414	0.24
Ministry of Research, Technology, and Higher Education	2020	1	148	0.68

Chart 3.12 Percentage of Contract Value Awarded to the Top 10 Suppliers at 6 Buyers 2011 - 2021

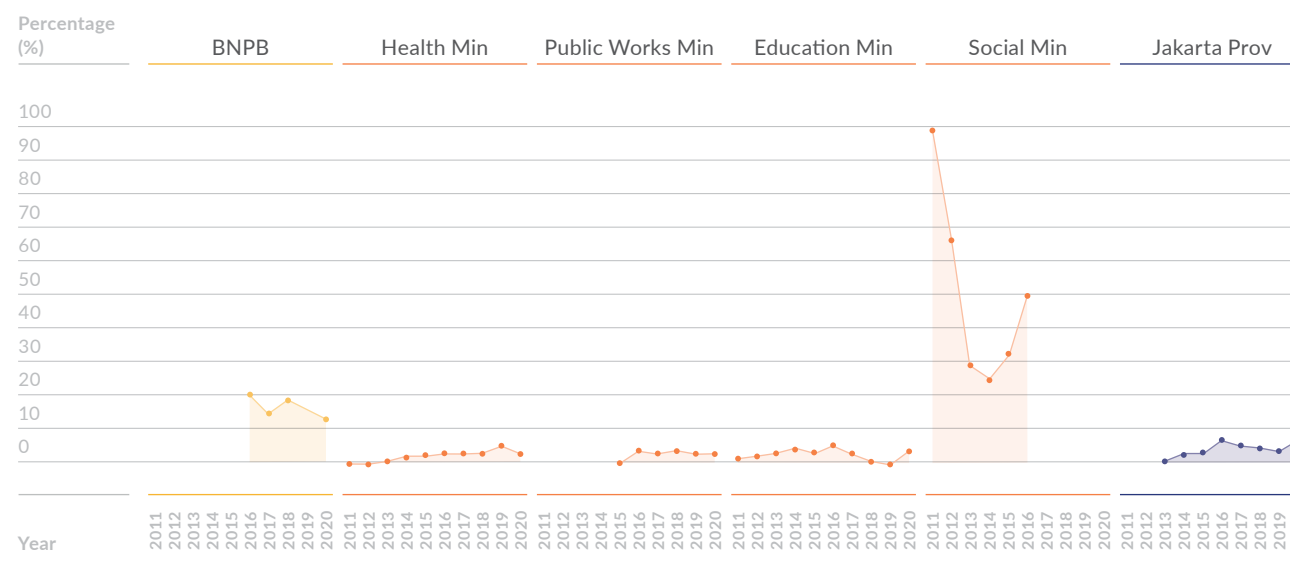


Chart 3.12 above shows a stable percentage of around 3% associated with the Ministry of Health, Ministry of Public Works and Housing, Ministry of Culture and Education, and DKI Jakarta Province, which implies positive market opportunity, and that market is competitive.

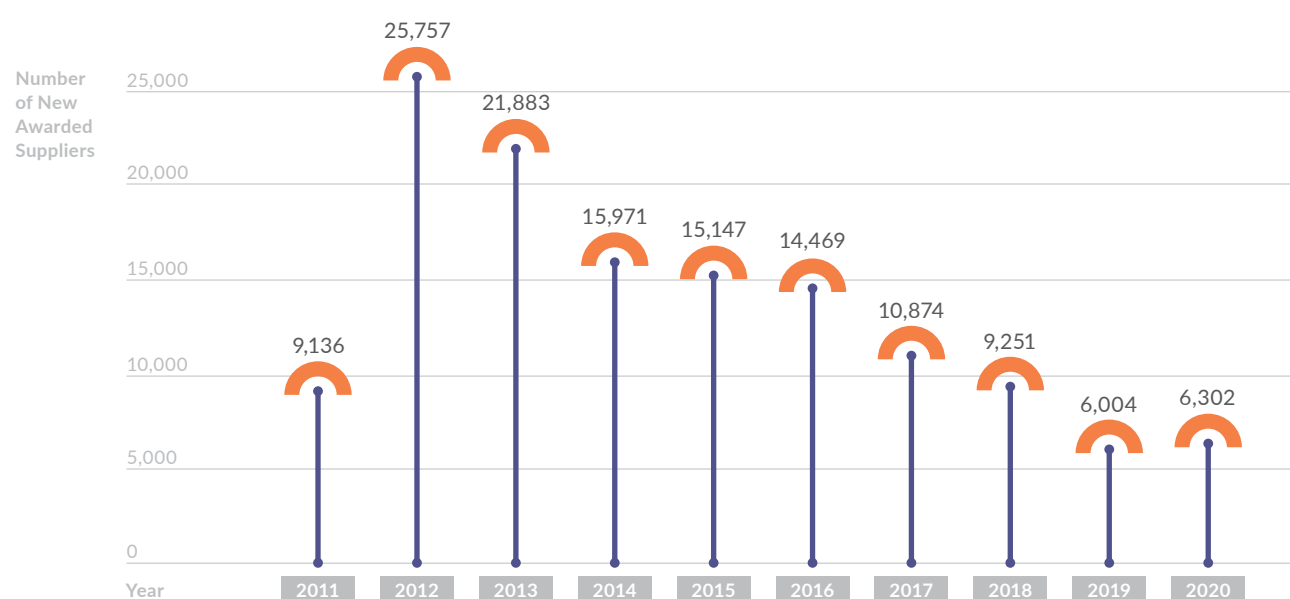
In contrast, the data for the Ministry of Social Affairs show extreme fluctuation – in 2019, the percentage went as high as 100%. Upon further examination on the ministry’s database, the research team found very few documented procurement activities. The team determined that the ministry did not have enough data for further analysis.



Meanwhile, BNPB data show a decrease in the percentage of contracts awarded to the Top 10 suppliers, indicating good market opportunity and a more competitive market. This was also influenced by the increasing number of procurement projects carried out by BNPB in 2016. Based on data, there were only 11 procurement projects in 2013–2015 but increased to 102 in 2016 and reached 447 in 2017. The number dropped to 99 in 2018, zero for 2019, and 20 in 2020.

### 3.2.4 Number of New Awarded Suppliers

Chart 3.13 Number of New Awarded Suppliers Nationally 2011 – 2020



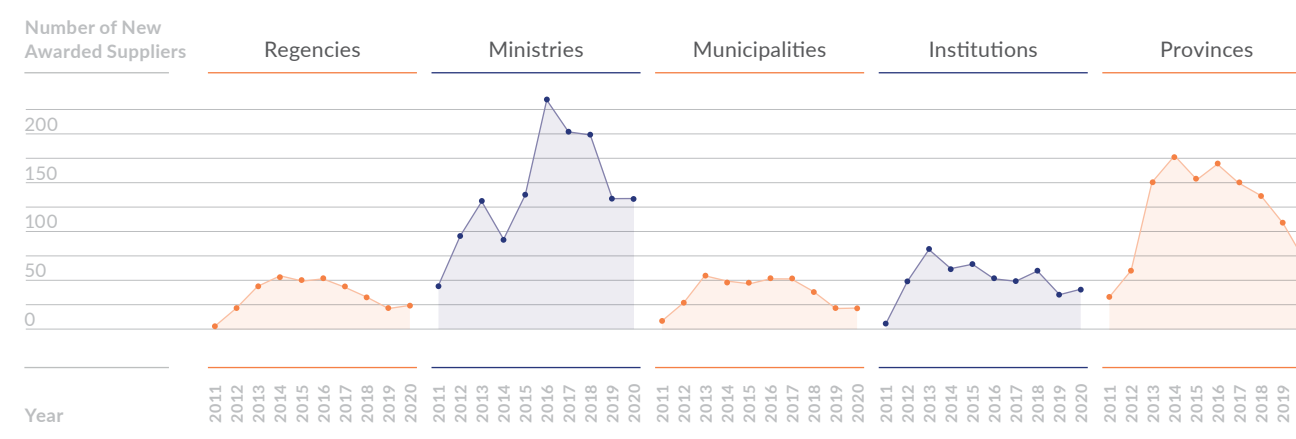
If we look nationally at all levels of governments (chart 3.13) shows that there was a significant increase in new awarded suppliers during 2010–2013. The same trend also shows if we look at the tender by buyer type (Charts 3.14). At the National level, an increase of 139% from 9,136 suppliers in 2011 to 21,883 suppliers in 2013. After 2013 to 2020, the trend experienced a decline where new suppliers who won tenders decreased by 71.2% (from 21,883 to 6,305).

The timing represented the start of electronic procurement in Indonesia, which explains the increase.<sup>117</sup> The prevailing national policy required buyers to carry out electronic procurement for some/the entire work packages

<sup>117</sup> LKPP, <http://www.lkpp.go.id/v3/#/read/799> accessed on 20 February 2021.

in the 2011 fiscal year<sup>118, 119, 120, 121, 122</sup>. Article 131 paragraph 1 of PR 54/2010 on Public Procurement states that buyers are obliged to carry out the procurement electronically for part of/the entire work packages in the 2011 fiscal year. The technical provisions for the electronic procurement refer to the Head of LKPP Regulations Number 2 of 2010 on Electronic Procurement Service Unit (LPSE), Number 1 of 2011 on E-Tendering, and Number 5 of 2011 on Standards for Electronic Public Procurement Documents. To improve private sector involvement in public tender, LKPP also conduct regular training for potential suppliers to participate in tender process<sup>123</sup>.

Chart 3.14 Number of New Awarded Suppliers Based on Buyer Type



Similar to the previous chart, the chart 3.14 above also shows that there was a significant increase in new awarded suppliers during 2010–2013, both nationally and by buyer type.

Chart 3.14 also shows Ministries and Provinces had more new suppliers compared to other buyers. However, they also show a decline of new supplier participation since 2016. The largest number of new awarded suppliers in the Ministries occurred in 2016, with around 225 suppliers; in provinces, the largest number of new awarded suppliers was identified in 2014 with approximately 175 suppliers.

<sup>118</sup> Presidential Regulation No 54 of 2010 on Public Procurement. Article 131 paragraph 1.

<sup>119</sup> Head of LKPP Regulation Number 2 of 2010 on Electronic Procurement Service Unit (LPSE).

<sup>120</sup> Head of LKPP Regulation Number 1 of 2011 on e-Tendering.

<sup>121</sup> Head of LKPP Regulation Number 5 of 2011 on the Standard of Electronic Procurement Documentation

<sup>122</sup> Presidential Regulation No 54 of 2010 on Public Procurement.

<sup>123</sup> Heldi Yudi Yatna, Head of Planning in Monitoring and Evaluation Directorate, LKPP, 15 July 2021, online

The declining number of new awarded suppliers can be attributed to the introduction of new procurement methods aside from tender, namely epurchasing<sup>124, 125</sup> (transaction in e-catalogue) and quick tender (tender without traditional evaluation process), both of which were introduced in 2015<sup>126</sup>.

Furthermore, the Presidential Regulation No 16 of 2018 reversed the priority order for officials when selecting procurement methods to put tender method to last option if the project can't be achieved using other methods<sup>127</sup>. This is in contrast to the previous regulation that mentions the option to do procurement with tender would take precedence over other methods.

According to Ichwan Nasution, Head of Law Enforcement Support Sub-directorate, the decline in new awarded suppliers should be examined further; apart from the availability of other procurement methods, the decline may also result from the low interest among other suppliers to compete in the public procurement market<sup>128</sup>. This is because government procurement is often perceived to involve corruption and bureaucracy, with higher risk of criminalization. This is corroborated with ICW's Corruption Case Handling research in 2016<sup>129</sup>, 2017<sup>130</sup>, 2018<sup>131</sup>, and 2019<sup>132</sup> an average of 40 percent of corruption cases per year are in some way related to public contracting. In 2019, the number went even higher to 64 percent.

<sup>124</sup> JDIH LKPP. Presidential Regulation No 4 of 2015 on the Fourth Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-4-tahun-2015> accessed on 26 February 2021.

<sup>125</sup> LKPP, LKPP Sosialisasikan Perpres Pengadaan Terbaru, <http://www.lkpp.go.id/v3/#/read/3125> diakses pada 25 Februari 2021

<sup>126</sup> Presidential Regulation Number 16 of 2018 on Public Procurement.

<sup>127</sup> Ibid. Article 38 paragraph 7

<sup>128</sup> Ichwan Makmur Nasution, Head of Sub-Directorate of Law Enforcement Support. Online Discussion with LKPP, 2 March 2021.

<sup>129</sup> ICW. 2016. Trends of Corruption Prosecution 2016. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2016> accessed on 13 January 2021.

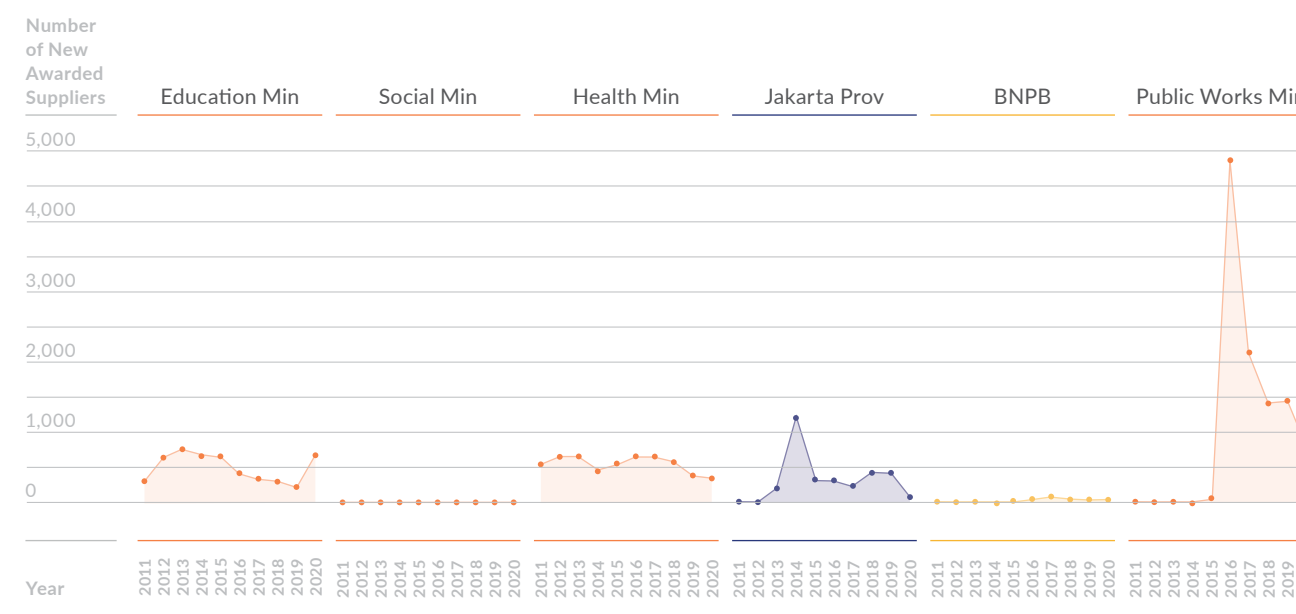
<sup>130</sup> ICW. 2017. Trends of Corruption Prosecution 2017. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2017> accessed on 13 January 2021.

<sup>131</sup> ICW. 2018. Trends of Corruption Prosecution 2018. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2018> accessed on 13 January 2021.

<sup>132</sup> ICW. 2019. Trends of Corruption Prosecution 2019. <https://antikorupsi.org/index.php/en/article/trends-corruption-prosecution-2019> accessed on 13 January 2021.

The research team then examined buyers with the highest number of new awarded suppliers, such as the National Archives of the Republic of Indonesia (ANRI) whose number of new suppliers peaked in 2012–2015 and the Ministry of Public Works and Housing that recorded large numbers of new suppliers in five consecutive years from 2016 to 2020 (4841, 2114, 1392, 1424, and 804 new suppliers, respectively). The increase in new suppliers in the Ministry of Public Works and Housing is associated with the use of SPSE that began in 2016; the ministry had used a separate system prior to 2016.

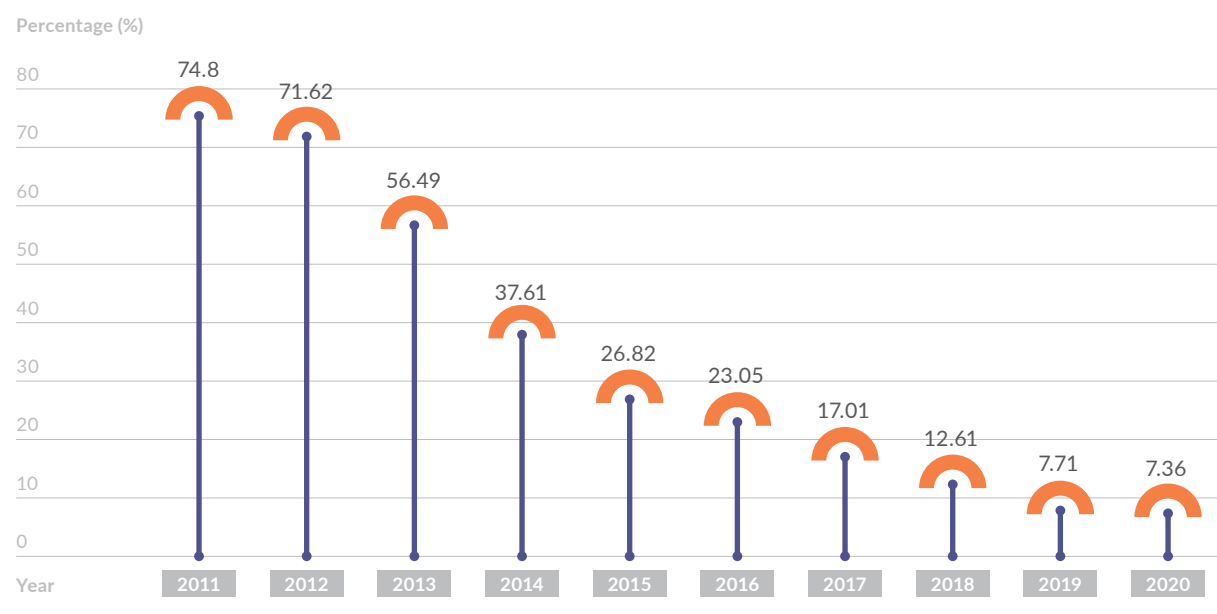
Chart 3.16 The Number of New Awarded Suppliers at 6 Buyers



Based on our further examination at the six agencies as shown in Chart 3.16, BNPB was identified as the agency with the least new awarded suppliers. In contrast, the Ministry of Public Works and Housing had the highest number of new awarded suppliers following its new adoption of SPSE in the period of 2015-2016. Previously, this ministry had been using its own procurement system and resisted adopting the national system developed by LKPP. As Public Works hosts the bulk of construction projects in Indonesia, their adoption of the LKPP system in 2016 radically influenced the data. Meanwhile, the supplier history at the Ministry of Social Affairs was not available and the level of participation of new awarded suppliers in the agency could not be analyzed.

### 3.2.5 Percentage of New Suppliers to All Suppliers

Chart 3.17 Percentage of New Suppliers to All Suppliers Nationally 2011-2020

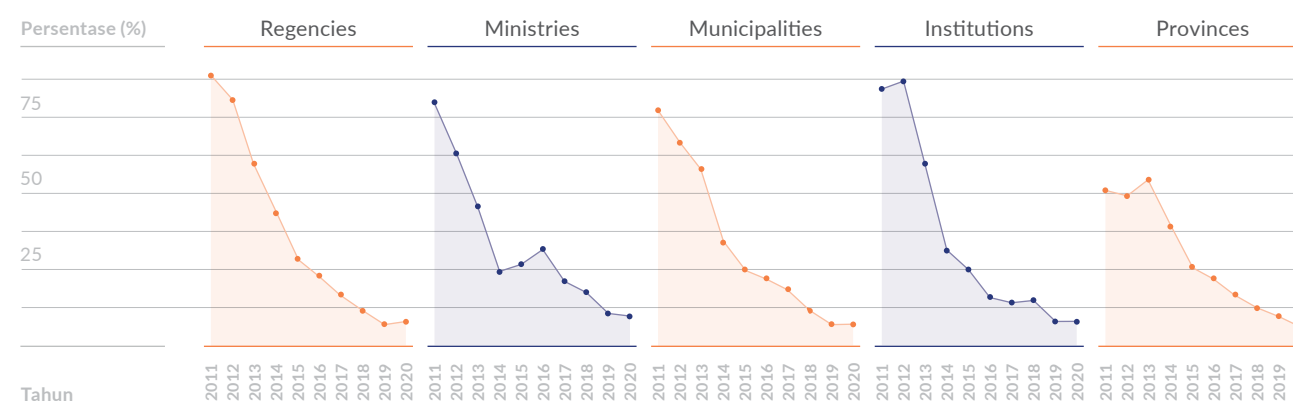


The percentage of new suppliers to all suppliers shows a similar decreasing trend to the number of new suppliers per year. From 2011 to 2020 the percentage of new suppliers to all suppliers declined by 67.4%, from 74.8% in 2011 to 7.36% in 2020 (Chart 3.17).

The highest percentage of new suppliers to all suppliers was identified in 2011, at nearly 74.8%. The high percentage of new suppliers to all suppliers in 2011 - 2013 because of the new system introduced by the government so that new suppliers was just starting to register to the system and participate in tender.

Meanwhile, in the last two years (2019-2020), the percentage was stable at average 7.5% (chart 3.17). Even though the percentage of new suppliers to all suppliers decreased year by year, this still reflected the available opportunity for new players to enter the government's procurement market.

Chart 3.18 Percentage of New Suppliers to All Suppliers Based on Buyer Type 2011-2020



The downward trend also occurred by buyer type, namely Municipality, Regency, Provinces, Ministry, and Institution (Chart 3.18), which means market openness and competition were also decreasing every year.

We also generated the following list of agencies with the highest percentage of new awarded suppliers, in table 3.8 as follows:

Table 3.8 Buyers with the Highest Number of New Awarded Suppliers, 2011-2020

Agency name	Fiscal year	Number of new suppliers	Total suppliers	Percentage
Depok Municipality	2011	264	290	91.03
Ministry of Marine and Fishery	2012	258	269	95.91
Supreme Court	2013	291	311	93.57
South Lampung Regency	2014	159	175	90.86
Jambi Municipality	2015	182	199	91.46
Ministry of Public Works and Housing	2016	4,841	4,927	98.25
East Lampung Regency	2017	193	207	93.24
Electoral Supervisory Body	2018	31	42	73.81
North Lombok Regency	2019	77	142	54.23
Ministry of Trade	2020	128	264	48.48

Table 3.8 above shows the agencies with the highest percentage of new awarded suppliers each year, and Regencies, Municipalities, Institutions, and Ministries are all represented in the table. It is assumed that for the first 3-years of e-procurement implementation, numbers of new suppliers correlate with initial implementation and procurement volumes in that institution.

The same explanation also applies to the Ministry of Public Works and Housing in 2016. This ministry recorded a high number of new suppliers, 4.841 suppliers, in 2016 which is the year that they pushed adoption of SPSE.

Chart 3.20 Percentage of New Suppliers to All Suppliers at the 6 Buyers 2011 – 2020

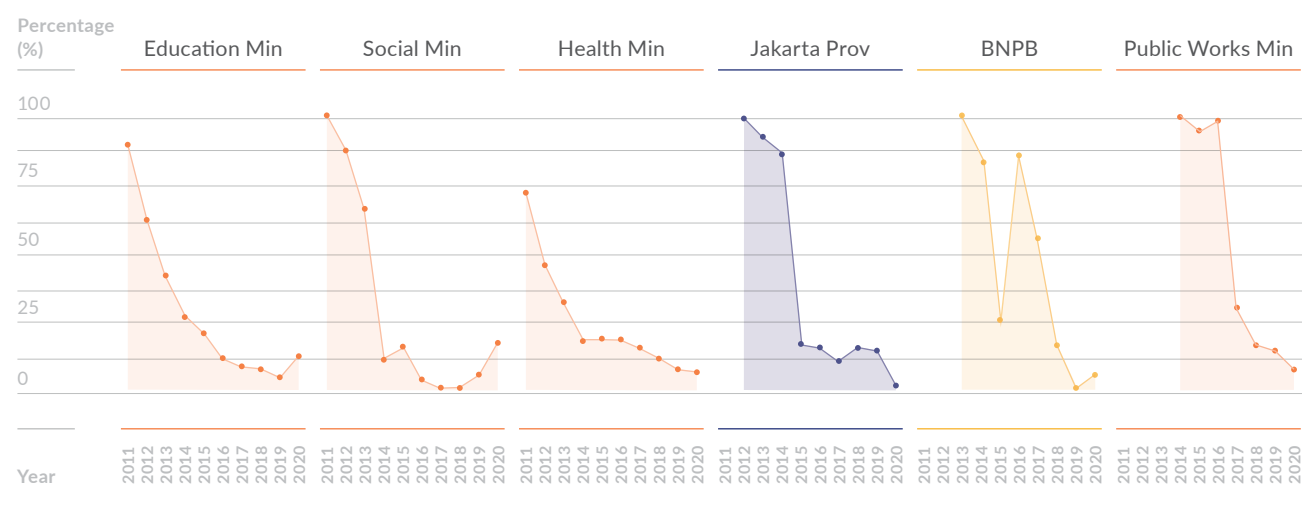


Chart 3.20 shows that In 2015, BNPB experienced a decrease from 75% to 25%, but the percentage rose in the following year to 87%. This finding was partly contributed by data availability that had only started in 2013. We identified 11 procurement projects in 2013–2015, 102 in 2016 and again increased to 449 in 2017. The number of projects dropped to 99 in 2018 and to 20 in 2020.

Meanwhile, DKI Jakarta saw a decline in percentage from 87% to 18% in 2015. The decline has continued ever since, indicating a lower quality of procurement market openness and competition in DKI Jakarta.

Similar to the findings in the previous indicator (3.2.4 Number of New Awarded Suppliers), the decline in the percentage of new suppliers can also be explained by the increasing variety of procurement methods adopted by the government: e-purchasing and quick tender was introduced in 2015<sup>133</sup>. According to PR 16/2018, the tender method is applied if the other methods have been exhausted<sup>134</sup>, suggesting that tender is the last resort in the procurement process.

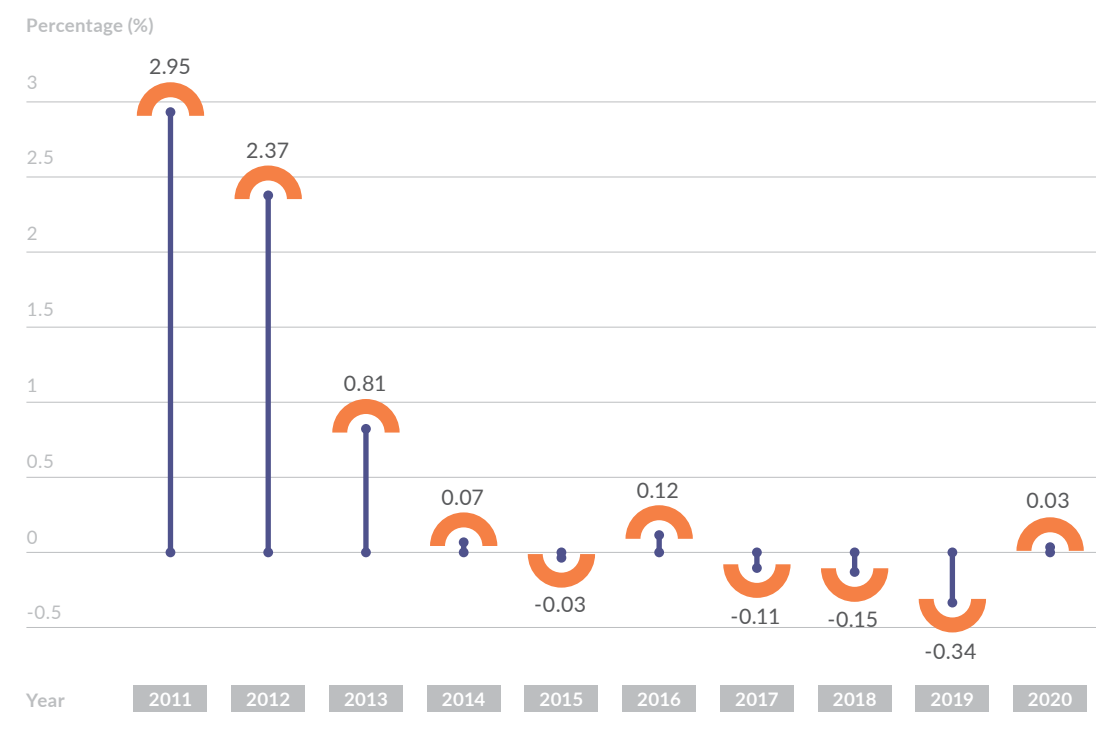
The Ministry of Social Affairs was not analyzed further due to the limited data available.

<sup>133</sup> JDIH LKPP, Presidential Regulation No 4 of 2015 on the Fourth Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-4-tahun-2015> accessed on 26 February 2021.

<sup>134</sup> Presidential Regulation Number 16 of 2018 on Public Procurement. Article 38 paragraph 7.

### 3.2.6 Percentage of Growth of New Awarded Suppliers in a System

Chart 3.21 Percentage of Growth of New Awarded Suppliers in a System Nationally 2011–2020



Nationally (Chart 3.21), the percentage of growth of new awarded suppliers in the public procurement system was decreasing, and even recorded negative growth in 2017–2019. In 2011 until 2020, the percentage of growth of new awarded suppliers decreased by 2.92%, from 2.95% in 2011 to 0.03% in 2020.

The declining growth of new awarded suppliers can be attributed to the introduction of new procurement methods aside from tender, namely epurchasing<sup>135,136</sup> (transaction in e-catalogue) and quick tender (tender without traditional evaluation process), both of which were introduced in 2015<sup>137</sup>. Many public procurement that used to be done using tender methods can be quickly done in the e-catalogues, which includes national, local, and sectoral e-catalogues, particularly for procurement of goods.

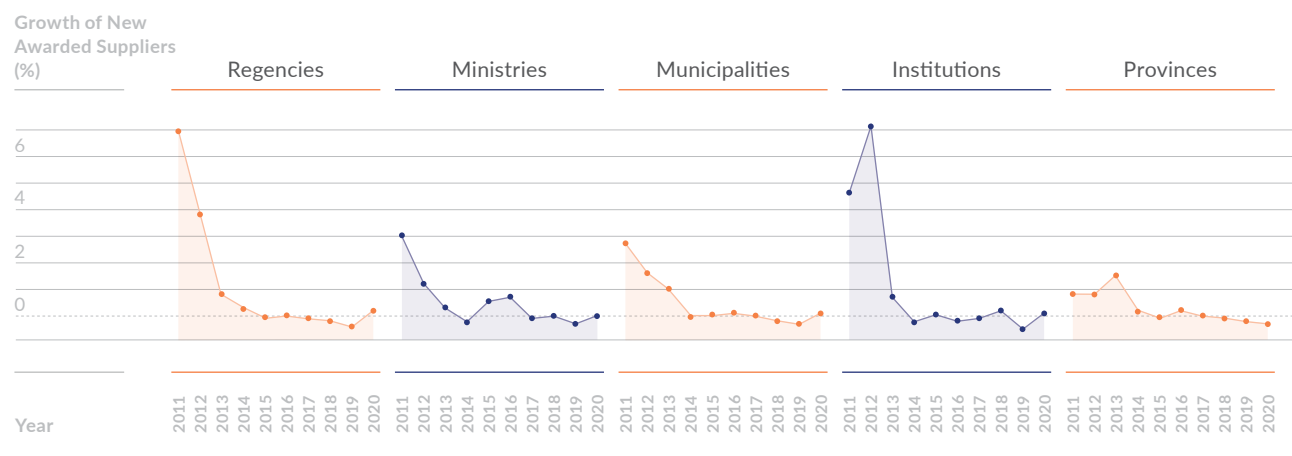
<sup>135</sup> Presidential Regulation No 4 of 2015 on the Fourth Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement

<sup>136</sup> LKPP, LKPP Sosialisasikan Perpres Pengadaan Terbaru, <http://www.lkpp.go.id/v3/#/read/3125> accessed on 25 February 2021

<sup>137</sup> Presidential Regulation Number 16 of 2018 on Public Procurement.

Furthermore, the Presidential Regulation No 16 of 2018 reversed the priority order for officials when selecting procurement methods, where previously procurement using tender would take precedence over other methods, the new regulation puts tender method to last option if the project can't be achieved using other methods<sup>138</sup>.

Chart 3.22 Percentage of Growth of New Awarded Suppliers Based on Buyer Type 2011-2020



The same trend of negative growth occurred in each agency (Chart 3.22). Regencies, Municipalities, Provinces, Institutions, and Ministries also experienced decreasing percentages of growth of new awarded suppliers.

The research team also looked at agencies with a high percentage of growth of new awarded suppliers based on data available, as follow:

Table 3.9 Buyers with the Highest Growth of New Awarded Suppliers in 2016-2020

Buyer	Year	Percentage
Jembrana Regency	2016	129.00
Semarang Municipality	2017	90.67
Ministry of Religious Affairs	2018	67.43
Central Mamberamo Regency	2019	41.00
Agricultural Ministry	2020	43.83

Table 3.9 shows that Jembrana Agency is the buyer with highest growth of new Awarded Suppliers in 2016-2020 with Semarang Municipality, Ministry of Religious Affairs, Agricultural Ministry and Central Mamberamo Regency ranks at the second, third, fourth and fifth highest respectively.

<sup>138</sup> Ibid. Article 38 paragraph 7

Chart 3.24 Percentage of Growth of New Awarded Suppliers at 6 Buyers

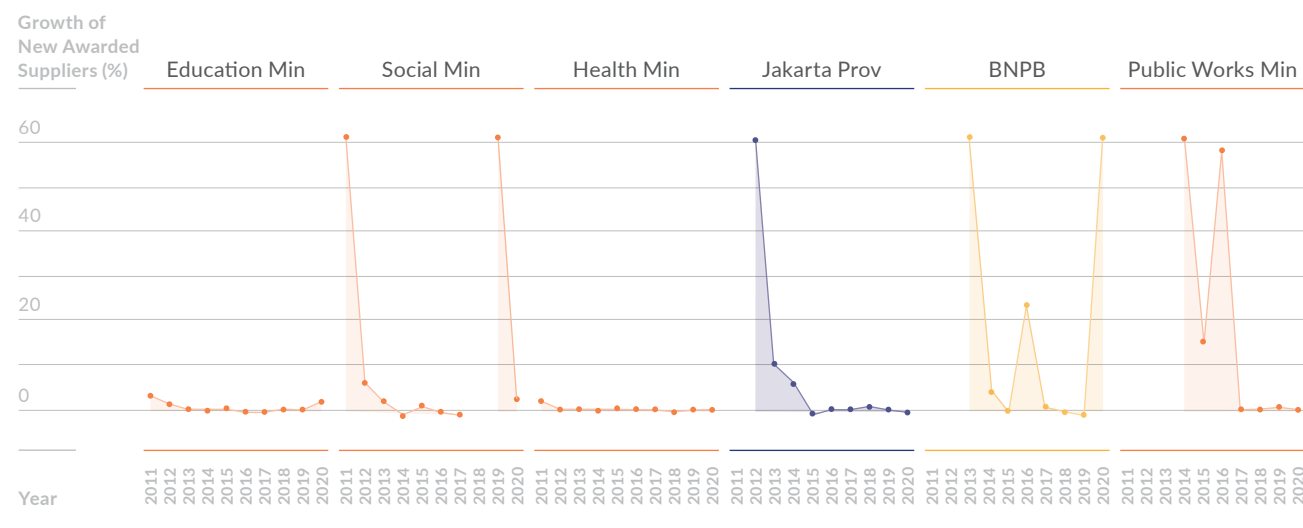


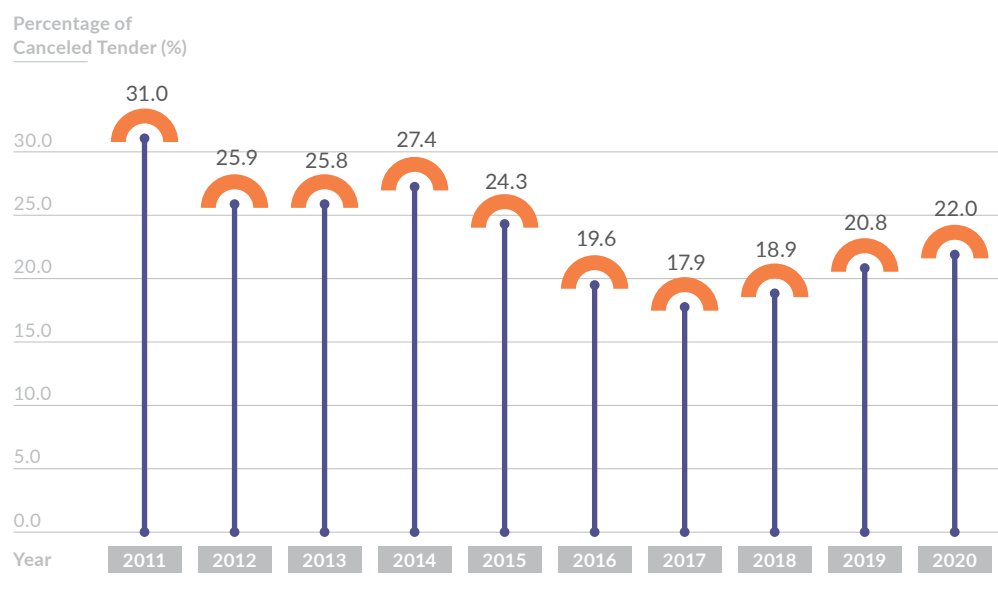
Chart 3.24 above shows that almost all agencies experienced the same trend with the exception of BNPB that recorded a significant percentage of new award suppliers in 2020 at 60%. This finding was partly influenced by data availability that had only started in 2013. We identified only 11 procurement projects in 2013-2015 but the number rose to 102 in 2016 and again increased to 449 in 2017. The number of projects dropped to 99 in 2018 and there was zero data for 2019. In 2020, 20 procurement projects were identified for BPNB, resulting in an obvious high percentage of growth in 2020, compared to 2019.



### 3.3 Internal Efficiency

#### 3.3.1 Percentage of Canceled Tenders

Chart 3.25 Percentage of Canceled Tenders Nationally 2011 – 2020



Charts 3.25 indicate that nationally, during the last ten years, the percentage of canceled tenders decreased from 31% in 2011 to 17.9% in 2017 and slightly increased to 22% in 2020. The increase of canceled tender in 2020 as the effect of Covid-19 pandemic where governments have to refocus their budget to mitigate the impact of pandemic.

Some of the usual reasons for tender cancellation are: lack of bidders to submit an offer, budget refocusing and mid-year budget revision in national and local level (APBN-P and APBD-P), changes in planning document and specification, lack of qualified suppliers. According to LKPP this improvement is mostly attributed to continuous effort in building the capacity and certification of procurement officials<sup>139</sup>.

<sup>139</sup> Heldi Yudi Yatna, Head of Planning in Monitoring and Evaluation Directorate, LKPP, 15 July 2021, online

Chart 3.26 Percentage of Canceled Tenders Based on Buyer Type 2011 – 2020

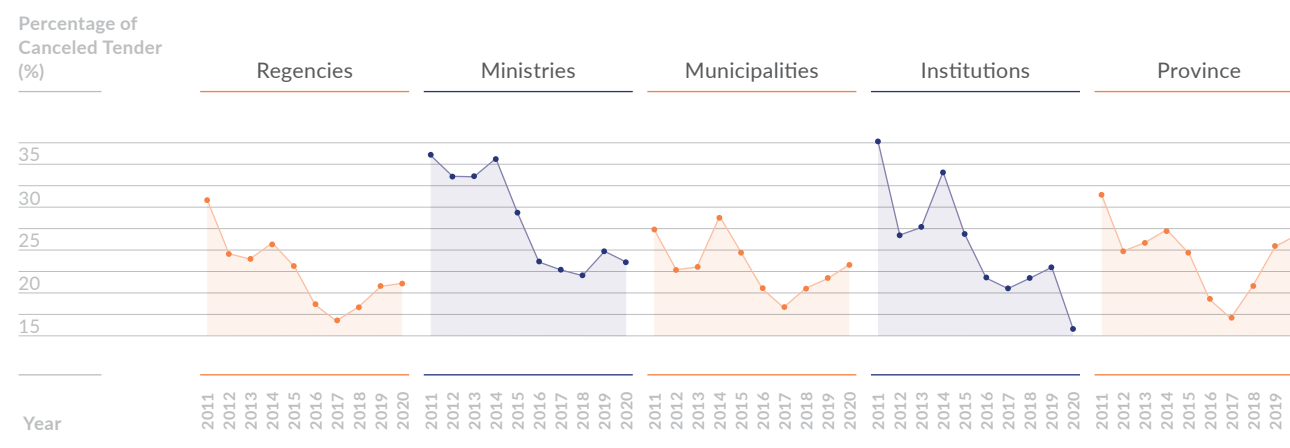


Chart 3.26 shows that the trend of cancelled tenders at the national level governments (Ministry and Institution) continues to decrease until 2020 with a slight increase in 2018 and 2019. However, the subnational level governments (provincial, regency, and municipality) show an increasing trend of cancelled tenders from 2018 to 2020.

We then analyzed the changes in the percentage of canceled tenders per agency for a 10-year period as presented in the table below:

Table 3.30 Percentage of Canceled Tenders at Government Agencies in 2011-2020

Buyer type	In 2011	In 2020	Decrease in 10 years
Regency	30%	20%	10%
Municipality	27%	23%	4%
Province	33%	28%	5%
Institution	35%	15%	20%
Ministry	35%	23%	12%

Source: team analysis

Table 3.30 shows that national level Institutions have the most significant decrease of cancelled tender in ten years. This may be because a more qualified procurement committee and usually these institutions have less procurement numbers than other agencies so that the committee could be more focused and detailed in the tender process.



We also proceeded to look at agencies with the highest percentage of canceled tenders, which implied agencies that are least efficient in table 3.10.

Table 3.10 Buyers with the Highest Percentage of Canceled Tenders in 2020

Agency name	Year	Cancelled Packages	Total Packages	Percentage
Kabupaten Malaka	2020	8	11	72.73
Kabupaten Buleleng	2020	54	87	62.07
Kementerian Perdagangan	2019	155	229	67.69
Kabupaten Nabire	2019	36	60	60.00
Kabupaten Ngada	2018	72	132	54.55
Kabupaten Minahasa Utara	2018	69	118	58.47

The increase in the percentage of canceled tenders in 2020 may be linked to the COVID-19 pandemic in Indonesia. According to LKPP, in a pandemic situation, the government may delay, resume, or cancel procurement projects that are unrelated to COVID-19 response efforts. Tender cancellation may also be attributed to the budget re-focusing policy issued by President Jokowi; budget reallocation may have led to the cancellation of planned tenders<sup>140</sup>.

Furthermore, we looked at agencies with the smallest percentage of canceled tenders, which are indicated to be the most efficient agencies compared to other public entities in Indonesia as shown in Table 3.11a below:

Table 3.11a Buyers with the smallest percentage of Canceled Tenders 2011-2020

Agency name	Year	Cancelled Packages	Total Packages	Percentage
Central Bengkulu Regency	2017	2	94	1.06
Bireuen Regency	2018	2	59	1.69
Mandailing Natal Regency	2019	1	71	1.41
West Tulang Bawang Regency	2020	2	154	1.30

<sup>140</sup> Kompas.com. Jokowi Minta Seluruh Pemda serta Kementerian dan Lembaga Pangkas Belanja Tak Penting <https://nasional.kompas.com/read/2020/04/14/11275031/jokowi-minta-seluruh-pemda-serta-kementerian-dan-lembaga-pangkas-belanja-tak-penting> published 14 April 2021, accessed on 23 February 2021.

This research highlights government offices that have the smallest number of canceled tenders in the last four years, namely the regencies Central Bengkulu (2017), Bireuen (2018), Mandailing Natal (2019) and West Tulang Bawang (2020).

Further, the research scrutinized data to see patterns of canceled tenders in these offices during those years to look at whether it is a stable pattern.

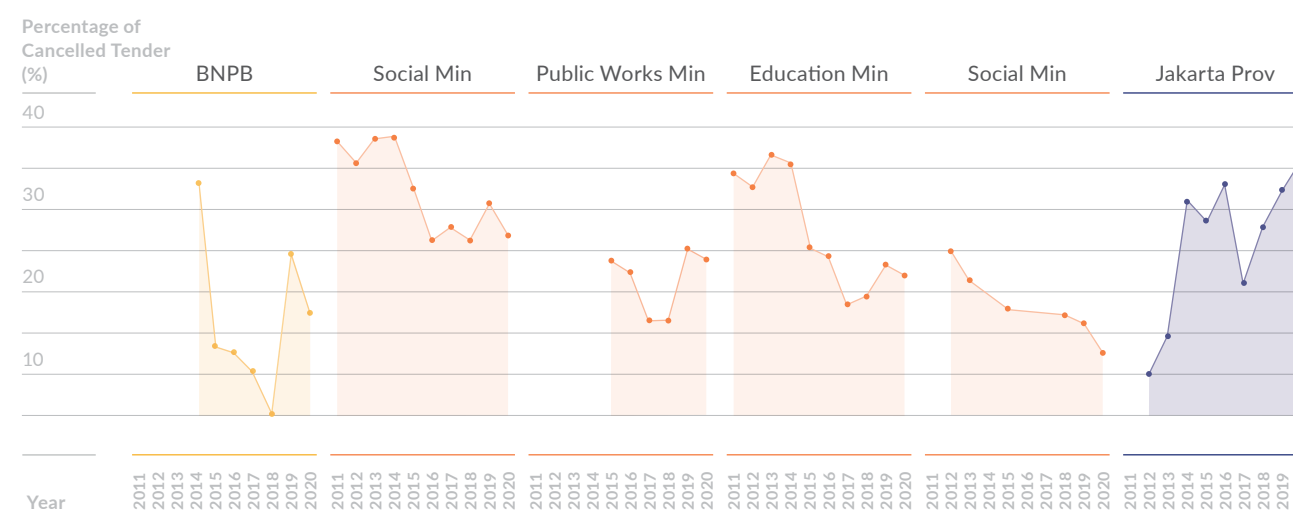
Table 3.11b Cancelled tenders in 2017-2020 in 4 Buyers

Agency	2017	2018	2019	2020
Central Bengkulu Regency	2	28	20	5
Bireuen Regency	44	2	44	9
Mandailing Natal Regency	42	28	1	18
West Tulang Bawang Regency	10	26	30	2

From table 3.11b above, it is evident that in the last four years, these offices have not always had low numbers of canceled tenders. The numbers were fluctuating, small in the corresponding year, with a higher number of canceled tenders in other years.

We then took a closer examination on six agencies: BNPB, Ministry of Health, Ministry of Public Works and Housing, Ministry of Education and Culture, Ministry of Social Affairs, and DKI Jakarta Province. The percentage of tenders that were canceled within the 10-year period fluctuated greatly in these agencies.

Chart 3.28 Percentage of Canceled Tenders at Six Buyers 2011-2020

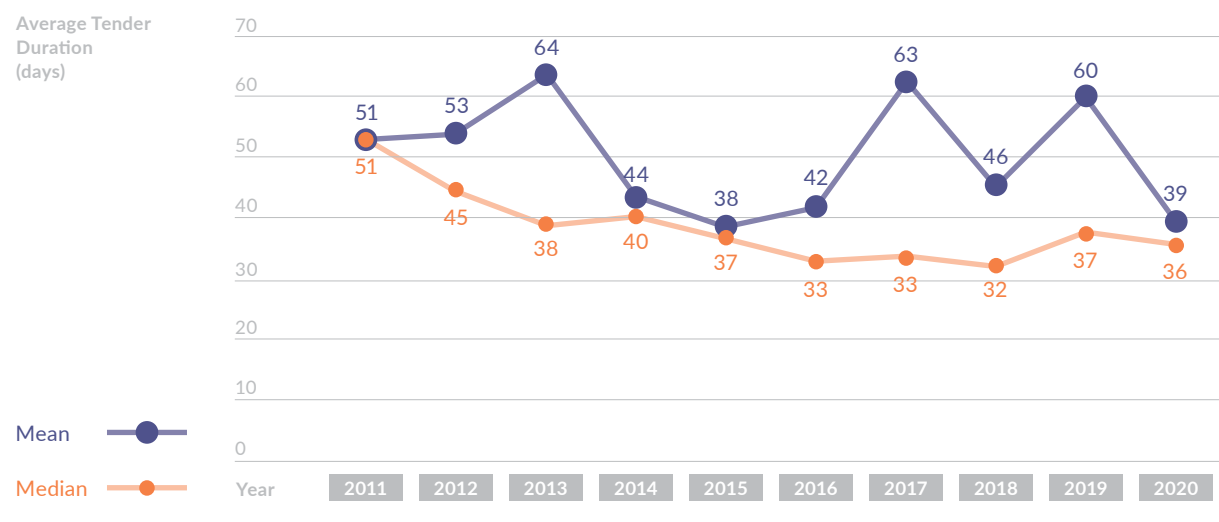


In 2018–2020, chart 3.28 shows that the trend of canceled Tenders in DKI Jakarta Province increased. There was a transition of governorship in Jakarta when Governor Anies Baswedan<sup>141</sup> took over from Basuki Tjahja Purnama at the end of 2017. At the start of his administration, the new governor was unable to immediately implement his work plan coming the new year of 2018; the administration was bound by the budget and work plan of the previous governor that had been passed prior to the leadership change<sup>142</sup>. The cancellation of tenders might be because the tenders had been deemed inconsistent with the new governor's program. At the same time, the increase in the percentage of canceled tenders up to 2020 suggests that the procurement management of the DKI Jakarta government was inefficient.

No further analysis was carried out for the Ministry of Social Affairs out due to limited data availability.

### 3.3.2 Days Between Award Date and Tender Start Date (Tender Duration)

Chart 3.29 Average Tender Duration Nationally 2011 - 2020



For this analysis on average tender, the research separated quick tender and tender data to ensure that the information we presented was solely on the duration of procurement using tender. The data on quick tender was not analyzed as it is very limited and in small amounts. Analysis with quick tender data would also need further confirmation from LKPP.

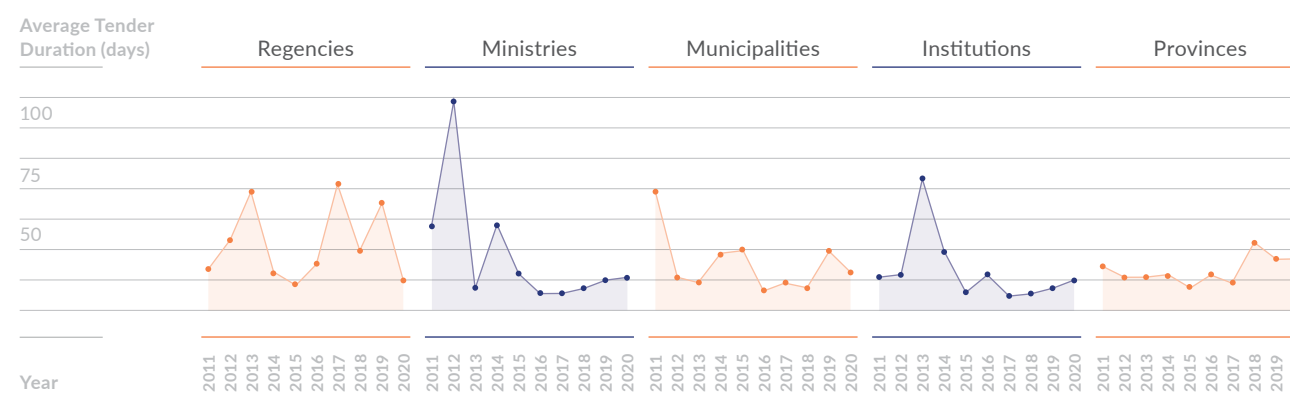
<sup>141</sup> BBC.com. Pelantikan Anies-Sandi, kehadiran Prabowo, dan absennya Djarot. <https://www.bbc.com/indonesia/indonesia-41634801> published on 18 October 2017, accessed on 23 February 2021.

<sup>142</sup> BPKP. Gambaran Umum Pengelolaan Keuangan Daerah. <http://www.bpkp.go.id/public/upload/unit/pusat/files/Gambaran%20Umum%20Pengelolaan%20Keuangan%20Daerah-BPKP.pdf> accessed on 23 February 2021.

From 2011 to 2015, nationally, tender duration was decreasing from an average of 51 days to an average of 44 days<sup>143</sup> (Chart 3.29). This improvement is credited to more efficient performance of procurement officials in executing the tender process. Aside from increasing their capacity building programs, LKPP also opened a consultation channel and enforced a certification program to improve proficiency.

Chart 3.29 also shows the increased number of days in procurement in 2017 at around 63 days, but decreased again to an average of 39 days in 2020. Shorter tender duration indicates improvements/efficiency in the procurement process.

Chart 3.30 Average Tender Duration Based on Buyer Type 2011 - 2020



Based on chart 3.30, provinces had a stable average tender duration between 2011 - 2017 at around 25 days. But it increased in 2018 - 2020 at around 48 days (chart 3.30). This was the result of a specific change in PR 16/2018 in calculating time limits in the tender process, from referring to calendar days to work days. All calculations in this research are still based on calendar days.

<sup>143</sup> The number of days referred to in this research are calendar instead of business days



Researcher then listed the agencies with the longest tender duration as shown in Table 3.12 below:

Table 3.12 Buyers with the Longest Average Tender Duration

Name of Agency	Year	Duration (days)	Total tenders
Subulussalam Municipality	2020	175.31	70
Yapen Islands Municipality	2020	131.23	13
Ministry of Public Works and Housing	2019	82.01	4,804
Bali Province	2019	68.97	174
West Java Province	2018	52.06	513
Cilacap Regency	2018	37.47	444

Based on the data above (Table 3.12), the long duration may indicate inefficiencies in a procurement process. This finding prompted us to further examine the procurement process in each agency.

Researcher also take a look buyers with the shortest tender duration as shown in table 3.13 below:

Table 3.13 Buyer with the Shortest Average Tender Duration

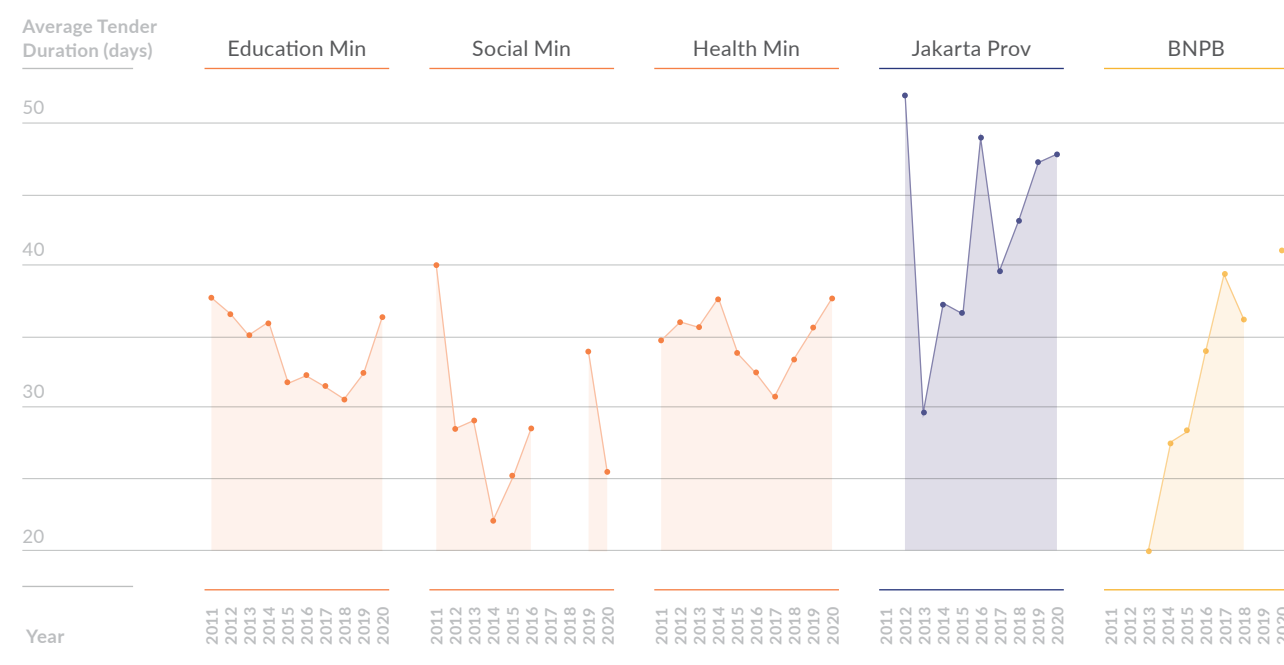
Name of Agency	Year	Duration (days)	Total tenders
Ministry of Law and Human Rights	2011	19	1
South Aceh Regency	2012	15	2
Nabire Regency	2013	11	1
Lembaga Administrasi Negara	2014	15	1
Pegunungan Bintang Regency	2015	11	1
South Sorong Regency	2016	4.5	2
Morotai Island Regency	2017	12.03	75
Southeast Maluku Regency	2018	12.45	122
Ministry of Law and Human Rights	2019	15	1
Eastern Seram Regency	2020	13.71	17

Based on the table 3.13 above, Sorong Regency has the shortest tender duration. Nevertheless, tender duration that is too short may indicate insufficient time for bid submission.

The table 3.13 also shows that in 2011–2020, there were a couple of regulatory changes that affected the procurement process. PR 16/2018 in calculating time limits in the tender process, from referring to calendar days to work days. All calculations in this research are still based on calendar days.

In 2020, public procurement in the first and the second quarter was greatly affected by the COVID-19 pandemic. However, in response, LKPP issued Regulation No. 4 of 2020 on Procedures for Verification of Qualification/ Clarification and Negotiation in the Supplier Selection Process during the Coronavirus (COVID-19) Outbreak; with this regulation, the changes in tender duration should not be significant as the new policy allows for online verification process of bidders' qualifications.

Chart 3.32 Average Tender Duration at 6 Agencies



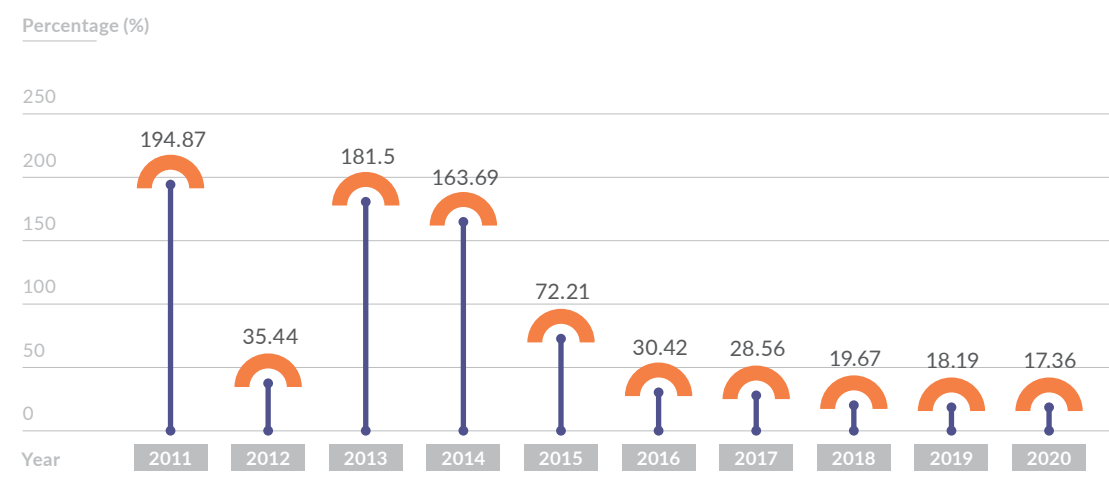
The chart 3.32 shows DKI Jakarta Province had a longer average tender duration compared to the Ministry of Education, Ministry of Social Affairs, Ministry of Health, and BNPB. The gap in the Ministry of Social Affairs is due to the lack of data availability. Thus, the research also could not further analyze data from the Ministry of Social Affairs.

## 3.4 Value for Money

### 3.4.1 Percentage of Overruns

The Charts below (chart 3.33, 3.34, 3.36) show percentage of overruns. This indicator was taken from the average of tenders with contract values above owner estimation/ tender values. Meanwhile, tenders with contract values below tender values were not included in the data being analysed in this indicator.

Chart 3.33 Average Percentage of Overruns Nationally 2011 – 2020



Based on chart 3.33, within the 10-year period, the average percentage of overruns was decreasing. In 2011, overruns could be as high as 194.87%, while in 2020, the average percentage of overruns was around 17.36%. It indicates improvements in terms of value for money, where procurement became more efficient. Apart from that, it also signifies improvements in the planning and budgeting process. This is partly influenced by the regulations, which since the Presidential Decree No. 80/2003 to the latest regulation PR 16/2018, does not allow bidding above the tender value.

Significant decrease in 2015 and 2016, likely because all levels of government should create their Procurement Service Unit<sup>144, 145</sup> that is in charge to manage procurement processes in the respective agency, at the latest of 2014 fiscal year. The dedicated official to be in charge of procurement could likely contribute to positive changes on monitoring

<sup>144</sup> Presidential Regulation Number 54 of 2010 on Public Procurement. Article 14.

<sup>145</sup> Head of LKPP Regulation Number 5 of 2012 on Procurement Service Unit

process (ie. overruns of each contracting process). In addition to that, LKPP also continuously increases the capacity of the procurement committee regarding the preparation of tender value. The Procurement committee trained by LKPP is a part of the Procurement Service Unit who is in charge specifically for the tendering process.

Chart 3.34 Average Percentage of Overruns based on Buyer Type 2011 – 2020

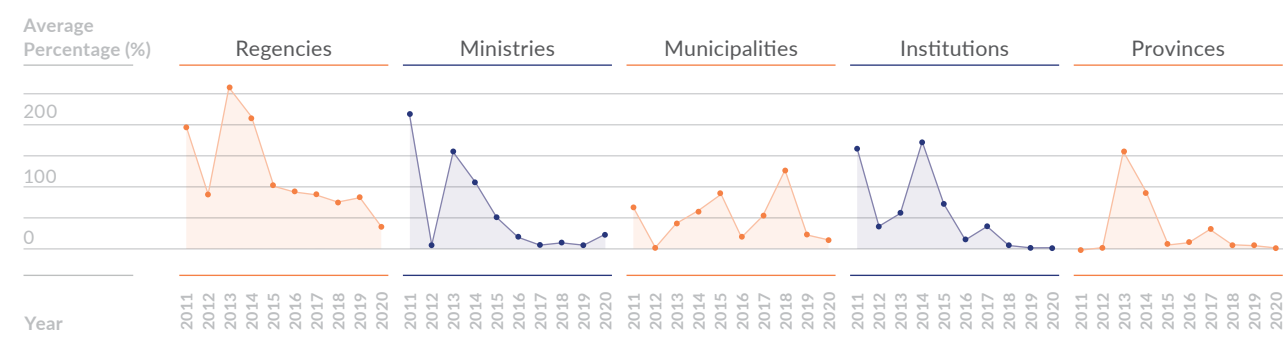
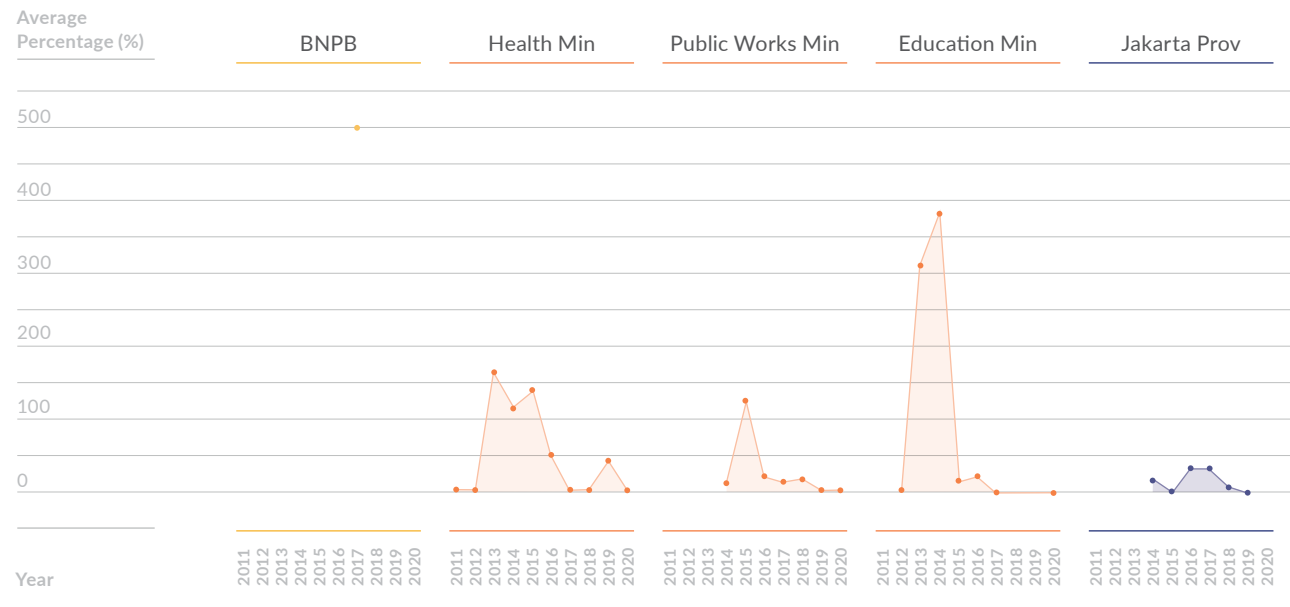


Chart 3.34 shows the average percentage of overruns in 2011 - 2020 based on buyer type. In general, each buyer type has a decreasing trend from 2011 - 2020. This is similar to the national trend. This means that all levels of governments, both at the national level and subnational level, experienced the same improvements in decreasing the percentage of overruns over the 10-years period.

Furthermore, the research also tried to look at agencies whose entire procurement did not have overruns and find that National Development Planning Agency did not have any overruns in their tender process in 2017, 2018 and 2020<sup>146</sup>.

<sup>146</sup> opentender.net. data download per 20 February 2021.

Chart 3.36 Average Percentage of Overruns based on 6 Buyers



Based on chart 3.36, BNPB only had overruns in 2017, although the percentage reached 500%. This anomaly is because in 2017, the disaster relief agency procured to build a ship using a budget of IDR 30M (USD 2.11 million) with tender value of IDR 27.5 (USD 1.9 million), but the contract was won by PT Citra Shipyard with a value of IDR 166 M (USD 11,7 million)<sup>147</sup>. The contract went through despite a red flag remark in the LPSE price evaluation page that the bid had exceeded both the budget as well as the tender value.

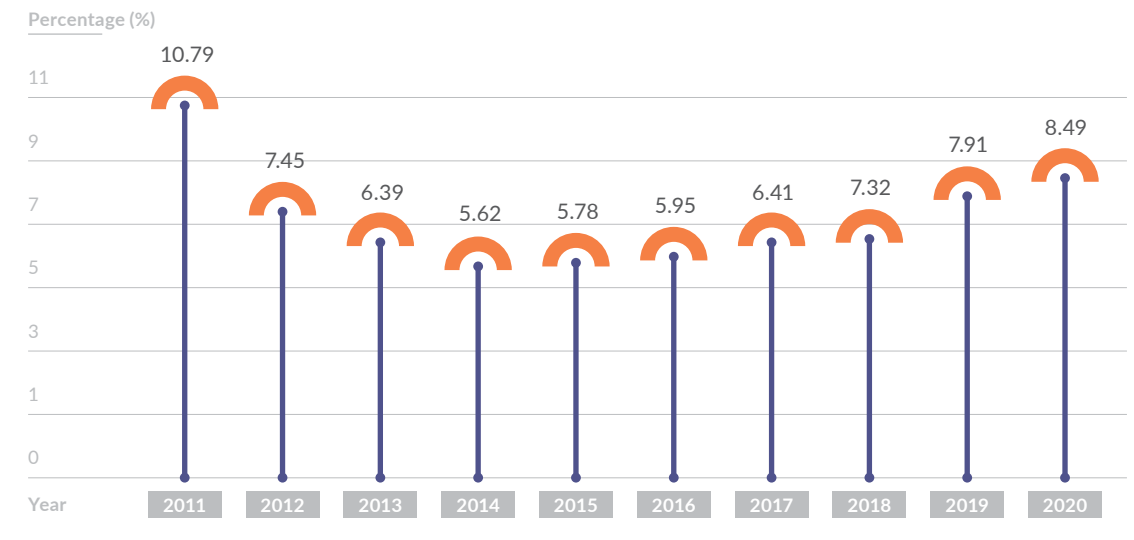
Meanwhile, the average percentage of overruns at the Ministry of Health, Ministry of Public Works and Housing, Ministry of Education and Culture, and DKI Jakarta Province, decreased over the period of 10 years (2011-2020). This could be because LKPP also continuously increases the capacity of the procurement committee regarding the preparation of tender value.

### 3.4.2 Percentage of Saving

The charts below (chart 3.37 and 3.38) show the percentage of savings. This indicator was taken from the average of tenders with contract values below owner estimation/ tender values. Meanwhile, tenders with contract values that exceeded tender values were not included in the data being analysed in this indicator.

<sup>147</sup> LPSE BNPB, <http://lpse.bnpb.go.id/eproc4/lelang/707382/pengumumanlelang> accessed 25 August 2021

Chart 3.37 Average Percentage of Saving Nationally 2011-2020



Based on chart 3.37, nationally, the percentage of savings in the last five years (2016 - 2020) increased slightly from 5.95% to 8.49% (chart 3.37). This may be due to better planning and budgeting so that the budget becomes more realistic and meets market expectations.

Chart 3.38 Average Percentage of Saving based on Buyer 2011-2020

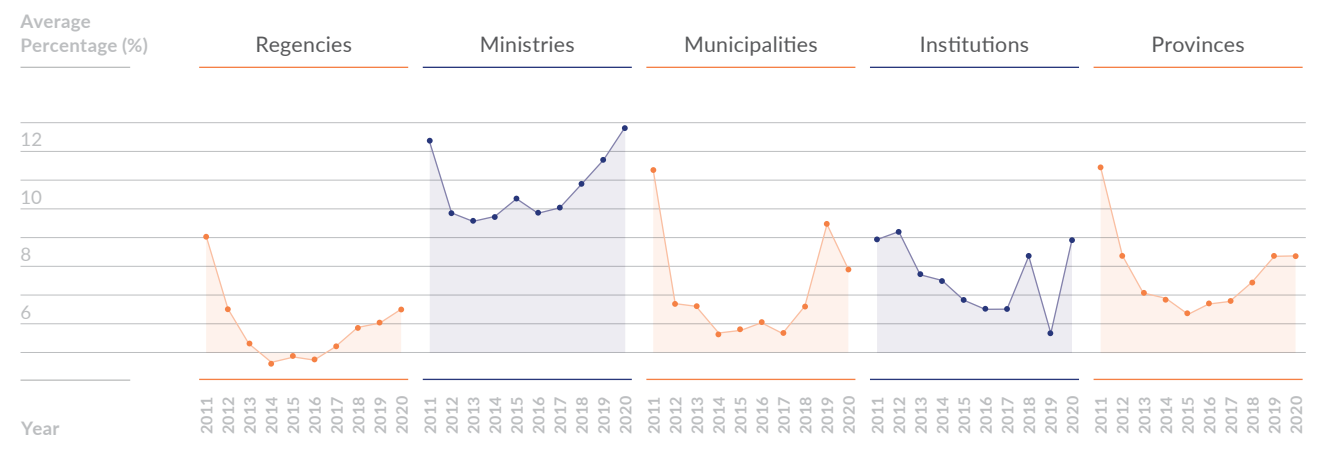


Chart 3.38 shows among all public agencies at the national and regional level, ministries had a higher average percentage of savings at 10-12% (chart 3.38).

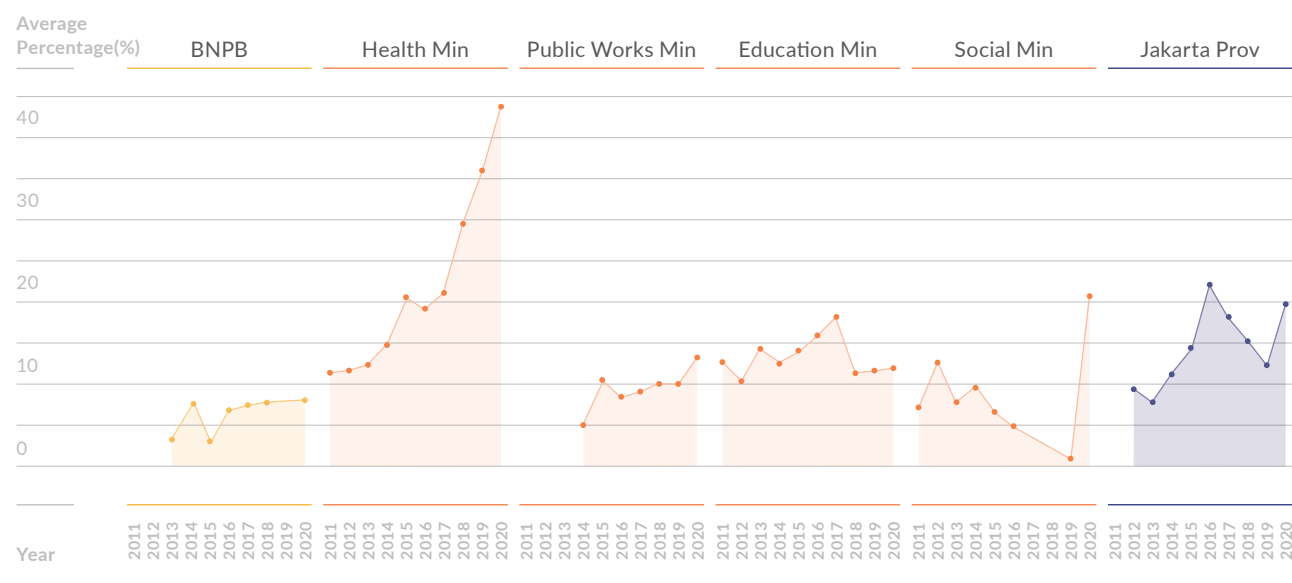
The following are ministries with the highest percentage of savings:

Table 3.14 Buyers with Good Average Percentage of Saving

Buyer	Year	Percentage
Ministry of Tourism and Creative Economy	2016	6.8
Ministry of Industry	2017	6.0
Coordinating Ministry for Economic Affairs	2018	6.1
Ministry of Transport	2019	5.1
Ministry of Law and Human Rights	2020	5.2

Based on table 3.14, the Ministry of Tourism and Creative Economy, Ministry of Industry, Coordinating Ministry for Economic Affairs, Ministry of Transport, and Ministry of Law and Human Rights become ministries with a good average savings, respectively from 2016 to 2020.

Chart 3.40 Average Percentage of Savings based on 6 Buyers 2011-2020



Although the budget saving trend was at 6-9% nationally, a closer examination into each agency showed that the average saving could potentially be higher. Chart 3.40 indicates that the Ministry of Health had the highest percentage of savings in 2020 at 44%.

However, the high rate of saving cannot be used as a proxy of efficiency. Contract value that is too far below owner estimation/ tender value may indicate inappropriate planning or potential irregularities. Further research is needed to ascertain a standard of saving that is reasonable and acceptable, where potential irregularity is minimum, and further examine Indonesia's budgeting and spending policies.

### 3.5 Public Integrity

#### 3.5.1 Percentage of Tenders with Linked Procurement Plans

Chart 3.41 Percentage of Tenders with Linked Procurement Plans Nationally 2011 - 2020

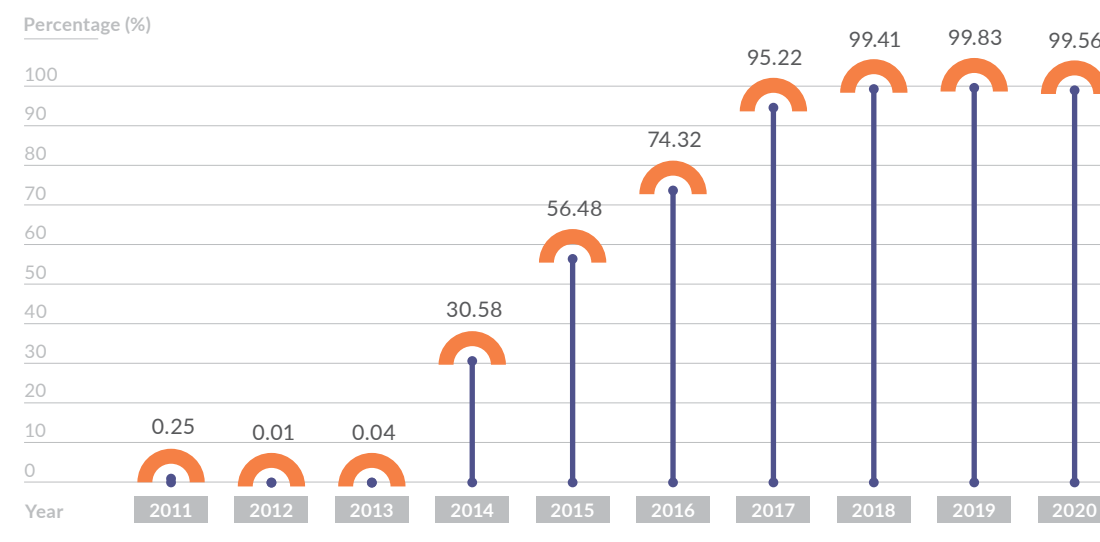
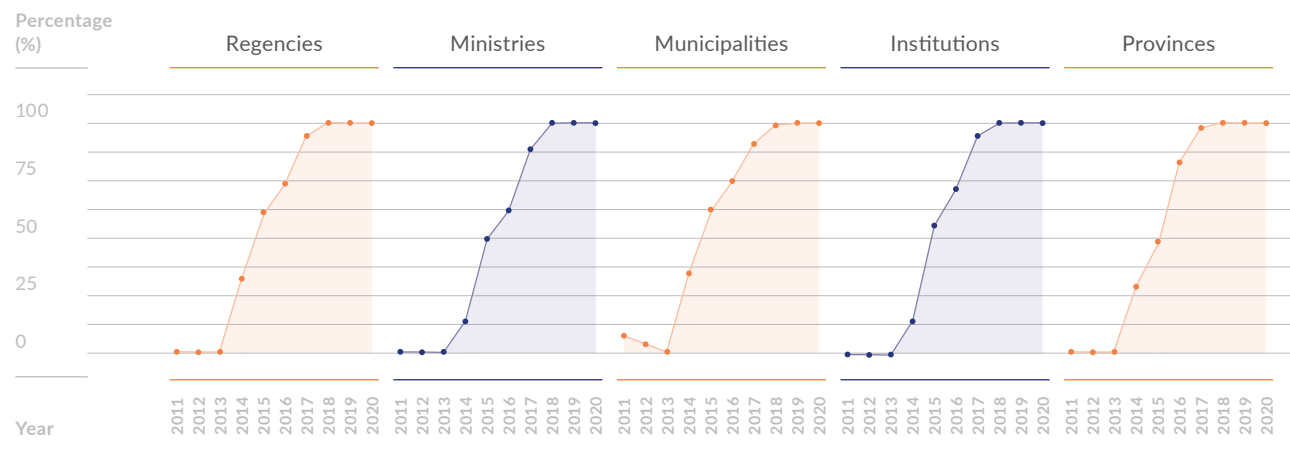


Chart 3.41 shows a significant increase in the percentage of tenders with linked procurement plans from 0.25% in 2011 to 99.5% in 2020. This shows that the government procurement process is better and with better planning. However, the researcher could not look further into the exact time the procurement plan was published by each agency, whether before the current fiscal year or some time before the tender was announced.

The lack of 100% achievements in the last 4 years are likely due to data error and/or incomplete download from each LPSE to LKPP. Furthermore, sometimes, when the government makes budget reallocation, they create new records for the procurement plan (SIRUP) without changing it in the tender process (LPSE). This could also contribute to the lack of 100% achievements as the record in e-procurement (LPSE) might not reflect the new plan in another system (SIRUP)

Tenders with linked procurement is important, because tenders that are planned and published through the Public Procurement Plan System (SIRUP) channel open up greater opportunities for providers to understand government procurement and the public to be involved in overseeing the procurement process that will be carried out.

Chart 3.42 Percentage of Tenders with Linked Procurement Plans based on Buyer Type 2011-2020



Meanwhile, chart 3.42 shows that the percentage of procurement plans based on the type of buyer in 2011 - 2020 also has an increasing trend as happened at the national level. This increase started from 2014 to 2018 and then tends to be stable until 2020.

The significant increase in the percentage of tenders with linked Procurement Plans was related to the policy introduced in 2011<sup>148 149</sup> that requires all government agencies to disclose their General Procurement Plans (RUP). Procurement Plan announcement is recorded in the SiRUP application in accordance with the following provisions<sup>150</sup> :

- a. A ministry/institution's RUP is disclosed subsequent to the adoption of budget appropriation.

<sup>148</sup> Head of LKPP Regulation Number 12 of 2011 on Public Procurement General Guideline. <https://jdih.lkpp.go.id/regulation/peraturan-kepala-lkpp/peraturan-kepala-lkpp-nomor-12-tahun-2011>.

<sup>149</sup> Head of LKPP Regulation Number 13 of 2012 on Announcement of the General Procurement Plan of Government, article 6, <https://jdih.lkpp.go.id/regulation/peraturan-kepala-lkpp/peraturan-kepala-lkpp-nomor-13-tahun-2012>

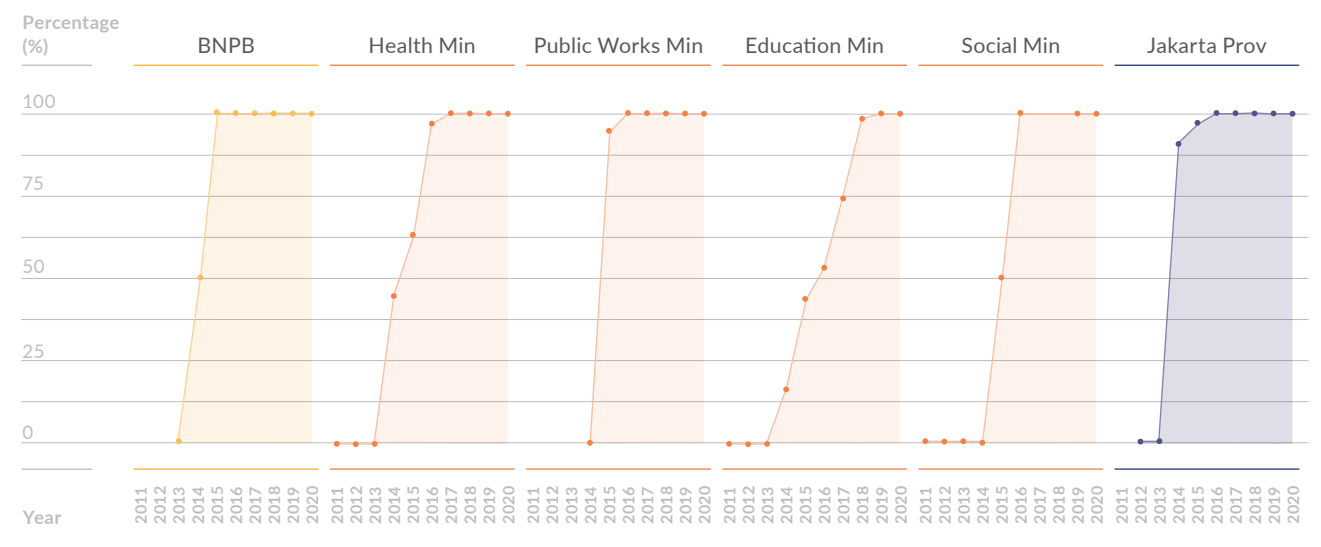
<sup>150</sup> Head of LKPP Regulation Number 7 of 2018 on Public Procurement Planning. Article 29. <https://jdih.lkpp.go.id/regulation/peraturan-lkpp/peraturan-lkpp-nomor-7-tahun-2018> accessed on 20 February 2021.

- b. RUP of a regional apparatus is disclosed subsequent to the adoption of a Local Regulation on APBD by the local government and parliament.
- c. RUP is re-disclosed where changes/revisions are made to information on procurement packages or information contained in the government's Budget Implementation List (DIPA)/Budget Implementation Document (DPA).

Since 2014, Procurement Plan information has become more effectively recorded in each procurement by integrating SiRUP software and SPSE<sup>151</sup>. Moreover, SPSE version 4 requires RUP code to be inputted before starting the tender process<sup>152</sup>.

However, through further examination, the research team found that not all revisions of RUP are updated on the system.

Chart 3.44 Percentage of Tenders with Linked Procurement Plans based on 6 Buyers 2011-2020



Similar trends of increased percentage of tenders with linked procurement plans were identified from our examination on the six agencies in Chart 3.44. The data indicate improvements in the disclosure of procurement plans in the six agencies similar to the national trend.

<sup>151</sup> User Guide SPSE v4.4 for PPK, <https://inaproc.id/unduh> accessed on 28 February 2021.

<sup>152</sup> Fajar Adi Hemawan. Analisis Kebijakan Madya (Policy Analyst) under the SPSE Development Directorate. Online Discussion with LKPP, 2 March 2021.

### 3.5.2 Percentage of Tenders with Fewer than 20 Characters in the Title

This indicator calculates tenders with fewer than 20 characters in the title. It indicates a short or non-descriptive tender title that could reduce the opportunity for potential bidders to find and understand tender announcements and public to monitor public procurement.

Chart 3.45 Percentage of Tenders with Fewer than 20 Characters in the Title Nationally 2011-2020

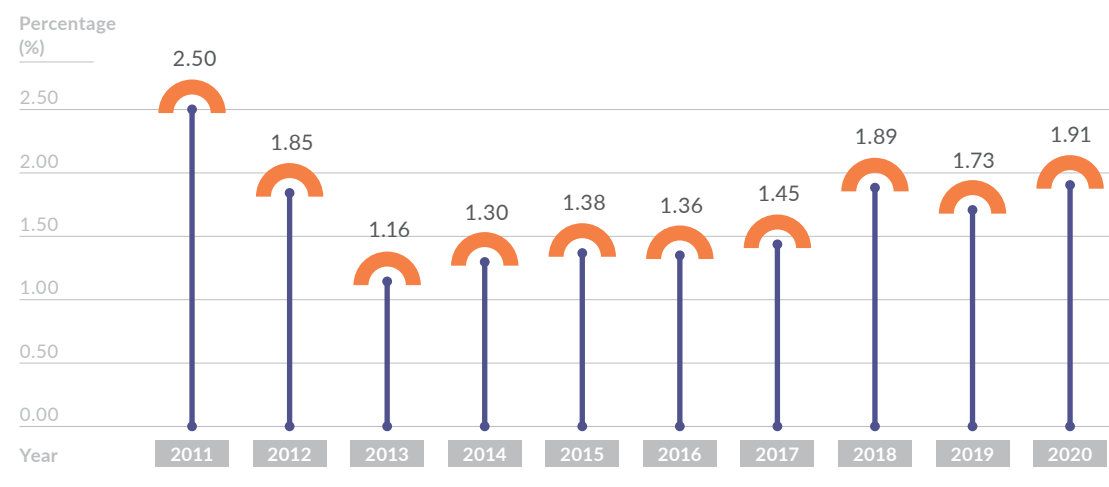


Chart 3.45 shows from 2011 to 2013 the percentage of tender with fewer than 20 characters in the title decreased from 2.5% to 1.16%. It then increased slightly until it reached 1.91% in 2020 (chart 3.45). Some examples of tender titles with fewer than 20 characters are “*Pengadaan Meubelair*” (Furniture Procurement), “*Pembangunan Pagar*” (Fence Construction), and “*Penataan Lobi Utama*” (Main Lobby Revamp).

Chart 3.46 Percentage of Tenders with Fewer than 20 Characters in the Title Based on Buyer Type 2011-2020

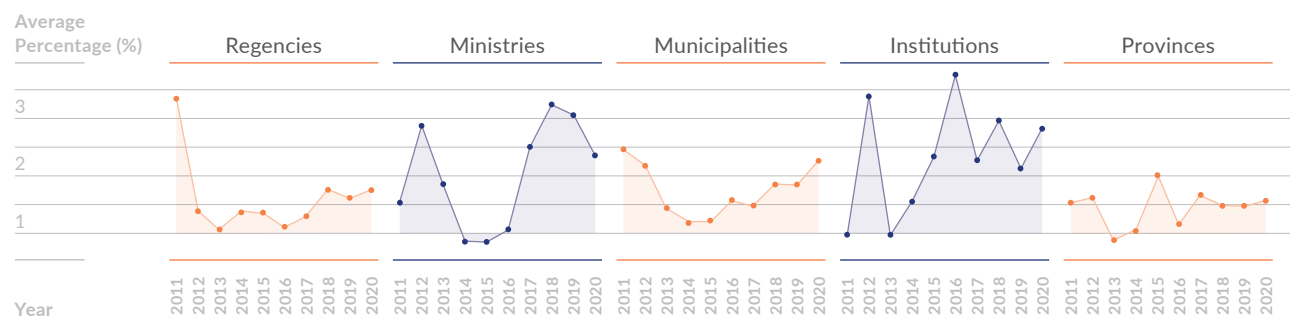


Chart 3.46 illustrates that Ministries are agencies whose percentage of tender with fewer than 20 characters in the title decreased in 2020, from 3% in 2019 to 2%. While it is not a significant number, the decrease indicates improvement of integrity at the ministry level in using more comprehensive titles.

Researcher then further examined and found the following buyers that are in the top 10 in 2020 who have procurement titles fewer than 20 characters:

Table 3.15 Agencies with Fewer than 20 Characters in the Procurement Title

Buyer's Name	Fiscal year	Percentage
National Disaster Management Agency	2020	28.57
Yapen Islands Regency	2020	18.18
Kendari Municipality	2020	18.18
Ministry of Tourism	2020	13.95
West Pesisir Regency	2020	13.47
Pinrang Regency	2020	12.08
Sleman Regency	2020	11.66
Tanah Datar Regency	2020	10.81
Dharmasraya Regency	2020	10.52
Trenggalek Regency	2020	10.34

Although the percentage of procurement projects with fewer than 20 characters in the title is relatively small nationally and by type of buyers, the percentage became higher when we examined individual institutions (Chart 3.48).

Chart 3.48 Percentage of Tenders with Fewer than 20 Characters in the Title at 6 Buyers

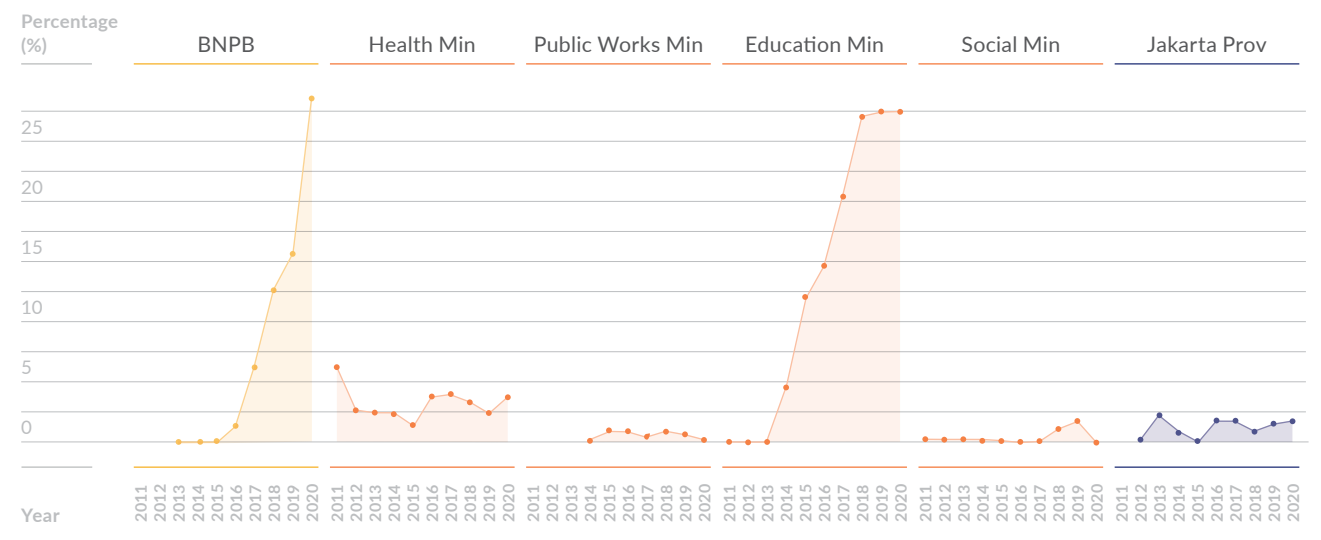




Chart 3.48 indicates that BNPB demonstrated decreasing integrity since its procurement projects with fewer than 20 characters in the title increased in 2020 to nearly 30%. A similar trend was identified in the Ministry of Health and Ministry of Education and Culture, reaching 5% and 7% in 2020, respectively, indicating the ministries' lower integrity.

### 3.5.3 Percentage of Tenders with Fewer than 60 Characters in the Description

A tender description less than 60 characters shows a brief description of a tender that will be carried out by the government. Moreover, tender descriptions that are brief can reduce potential bidders' chances to find and understand the announcement. It may result in fewer potential bidders choosing to enter the bid. For citizens, it would be more difficult to scrutinize tenders due to insufficient information.

Chart 3.49 Percentage of Tenders with Fewer than 60 Characters in Tender Description Nationally 2013-2020

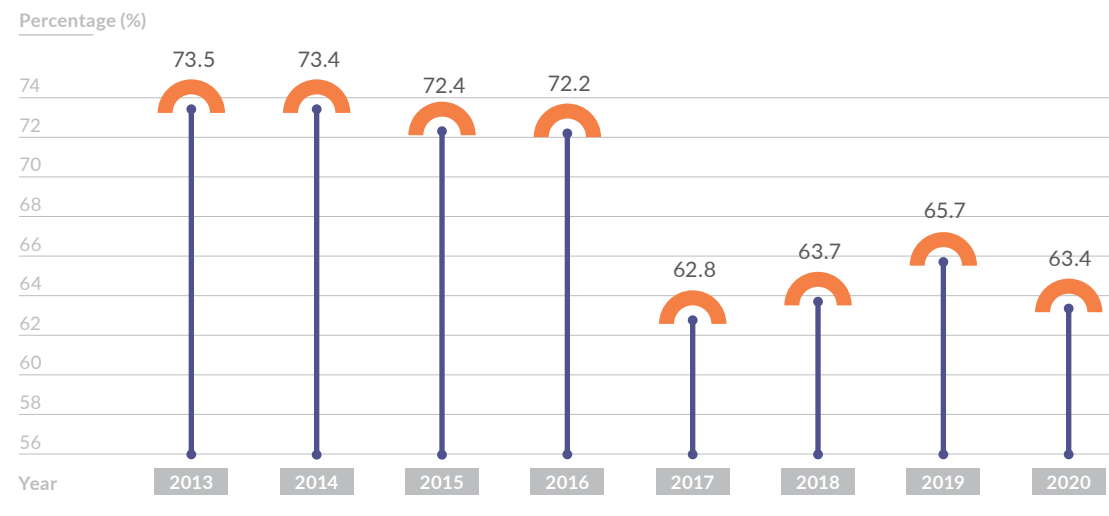


Chart 3.49 demonstrates the percentage of tenders with fewer than 60 characters in the description nationally from 2011 to 2020. Between 2013-2020 tender with fewer than 60 characters in the description decreased from 73.5% to 63.4%. This suggests improved transparency of procurement because the information published was a little more complete.

Chart 3.50 Percentage of Tenders with Fewer than 60 Characters in the Description based on Buyer Type 2013-2020

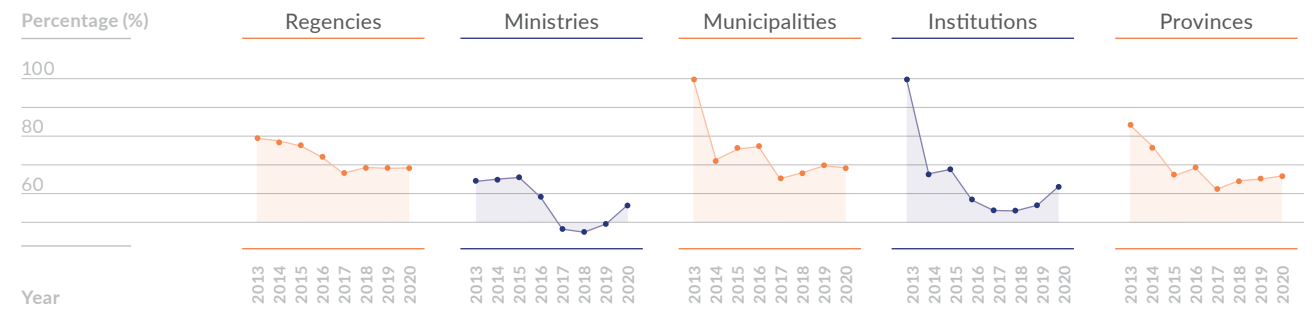


Chart 3.50 illustrates a similar trend to what happened nationally (chart 3.49), decreased in the percentage of the number of tenders with descriptions of less than 60 characters in each type of buyers.

The relatively high percentage of tenders with fewer than 60 characters in the description nationally and in each type of buyers (reaching 60% on average) indicates lack of transparency. Moreover, tender descriptions that are brief can reduce potential bidders' chances to find and understand the announcement. It may result in fewer potential bidders choosing to enter the bid. Examples of description are "asphalt", "yupsz", "1 package". Tender description ideally provides clearer information regarding the procurement.

Researcher then identified agencies whose entire procurement tenders contain fewer than 60 characters in the description in the table 3.16 below:

Table 3.16 Agencies with tenders that contain fewer than 60 characters in the description

Agency name	Fiscal Year	Percentage of tenders with fewer than 60 characters in description	Total Tenders
National Counter-terrorism Agency	2020	100	5
National Agency of Indonesian Migrant Worker Placement and Protection	2020	100	24
Nuclear Energy Supervisory Agency	2020	100	24
Coordinating Ministry for Political, Law, and Security Affairs	2020	100	3
Pinrang Regency Government	2020	100	72
North Tapanuli Regency Government	2020	100	47
Toba Samosir Regency Government	2020	100	28

Agency name	Fiscal Year	Percentage of tenders with fewer than 60 characters in description	Total Tenders
East Kalimantan Provincial Government	2019	100	382
Labuhan Batu Regency Government	2019	100	59
Gorontalo Regency Government	2019	100	53
Purwakarta Regency Government	2019	100	129
Pidie Jaya Regency Government	2019	100	127
Bandar Lampung Regency Government	2018	100	172
Wajo Regency Government	2018	100	139
East Lampung Regency Government	2018	100	243
Ciamis Regency Government	2018	100	136
West Tulang Bawang Regency Government	2018	100	152

We also analyzed six agencies (Chart 3.52) but excluded the analysis for the Ministry of Social Affairs due to insufficient data.

Chart 3.52 Percentage of Tenders with Fewer than 60 Characters in the Description at 6 Buyers

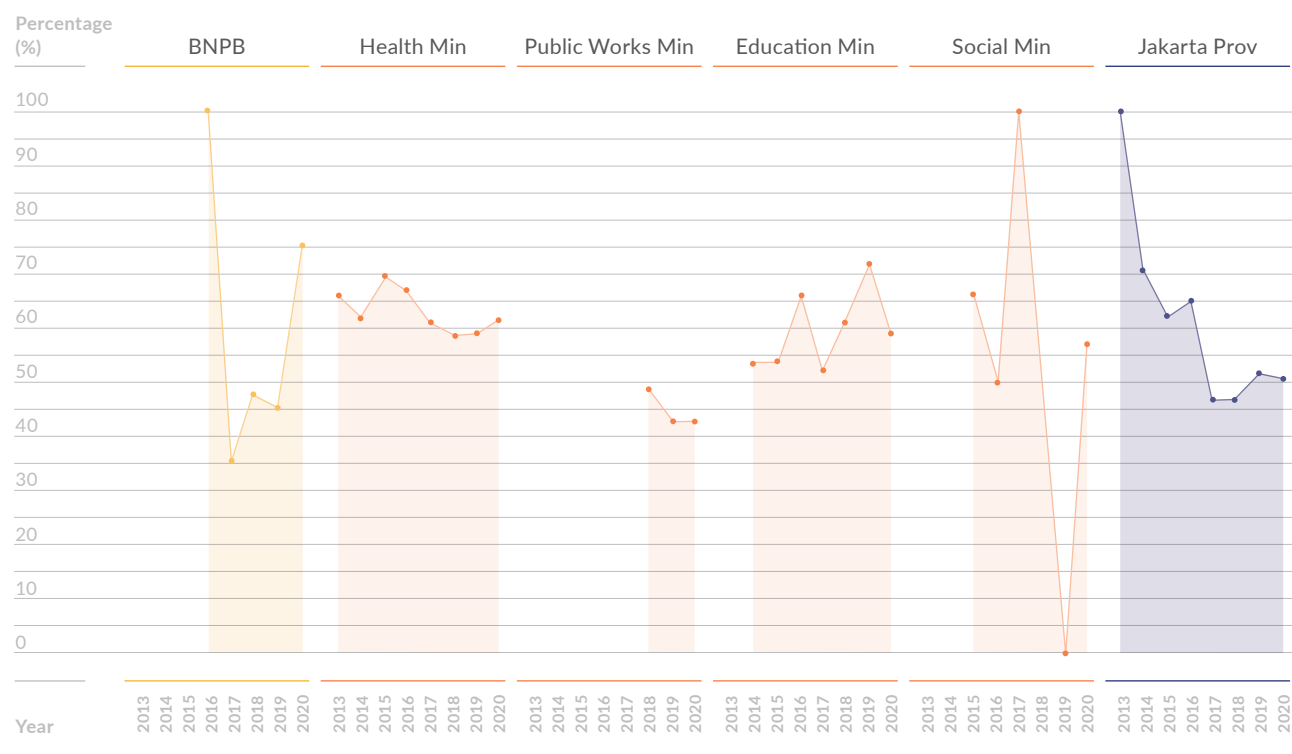


Chart 3.52 shows, in general, the percentage of tenders with fewer than 60 characters in the description was still around 40-60%. The indicator does not analyse the tender of the agencies above with more than 60 characters. Therefore, the chart 3.52 shows lack of data in some years.

### 3.5.4 Percentage of Tenders without Detailed Item Codes

A high percentage of tenders that lack item information may indicate poor integrity. Without adequate item codes, potential bidders may be prevented from recognizing an opportunity and understanding what the tender needs, resulting in a low number of bidders. Item codes describe 4 types of procurement which are: goods, construction, consultancy, other types of services. With these detailed item codes, the public and vendors can know the details on the related tender to monitor / to participate in.

Chart 3.53 Percentage of Tenders without Detailed Item Codes Nationally 2013-2020

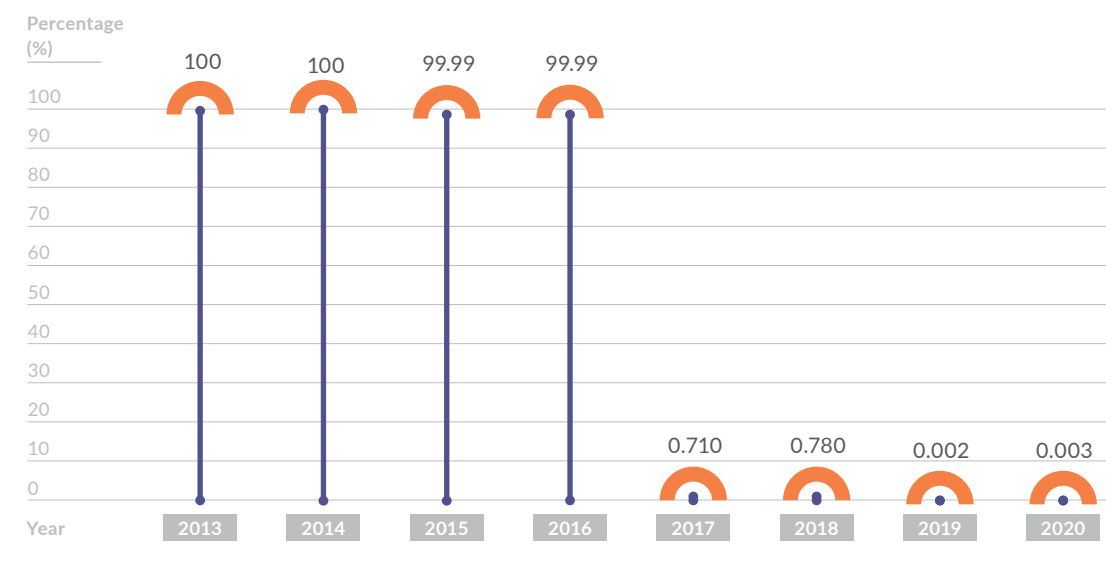


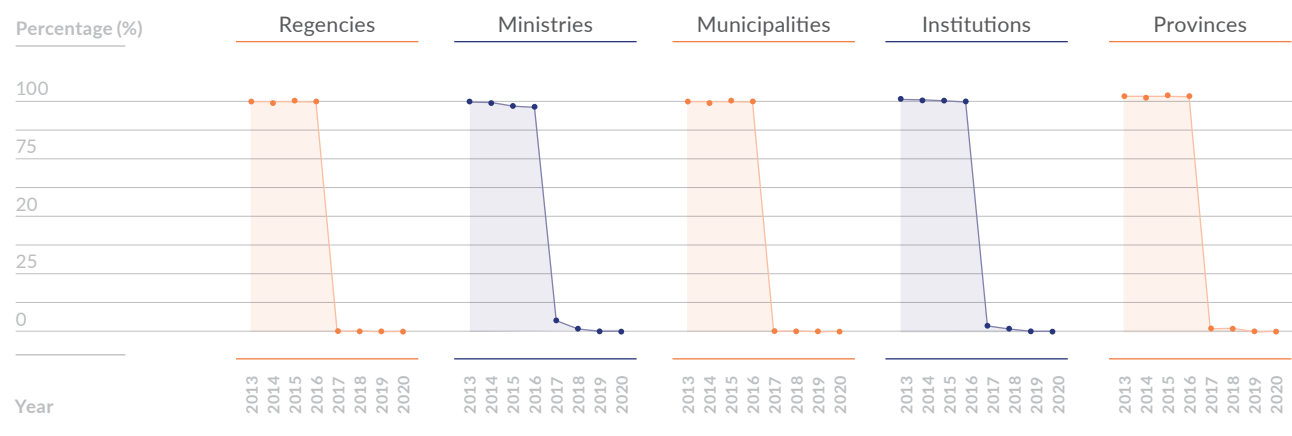
Chart 3.53 indicates the percentage of tenders without detailed item codes decreased significantly as 100% in 2013 and 0.03% in 2020 nationally (Chart 3.53). New policy was introduced in 2011 requiring all government agencies to disclose their General Procurement Plans (RUP)<sup>153</sup>.

<sup>153</sup> Head of LKPP Regulation Number 12 of 2011 on Public Procurement General Guideline. <https://jdih.lkpp.go.id/regulation/peraturan-kepala-lkpp/peraturan-kepala-lkpp-nomor-12-tahun-2011>.

In this procurement plan, they stated the detailed item codes<sup>154</sup>. In 2014, Procurement Plan Information System (SiRUP) is *integrated with SPSE*. The SPSE system requires the code to be inputted before the tender process can start. Otherwise, the process can't proceed / blocked. This includes input of detailed item codes in the system<sup>155</sup>.

The lack of 100% achievements in the last 4 years are likely due to data error and/or incomplete download from each LPSE to LKPP<sup>156</sup>.

Grafik 3.54 Persentase Jumlah Tender Tanpa Informasi Jenis Pengadaan berdasarkan Jenis K/L/PD 2013-2020



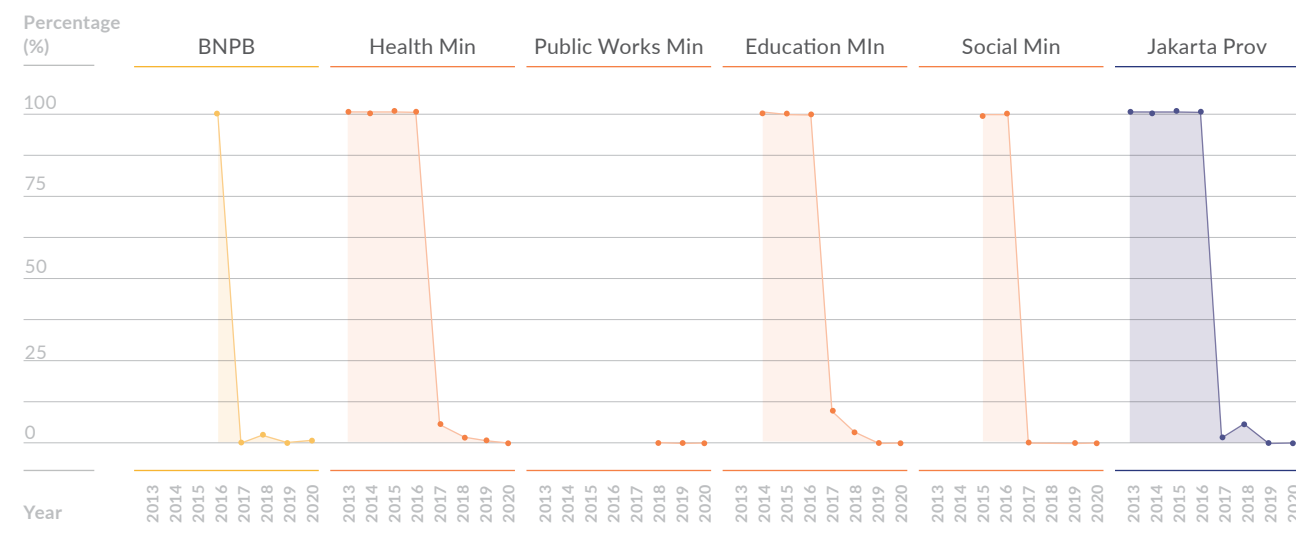
A similar trend of significant decrease in 2013 and 2020 was also identified for individual agencies (Chart 3.55). This shows that the government is increasingly open to procurement information and indicates better transparency that could lead to better integrity.

<sup>154</sup> Head of LKPP Regulation Number 13 of 2012 on Announcement of the General Procurement Plan of Government, article 4, <https://jdih.lkpp.go.id/regulation/peraturan-kepala-lkpp/peraturan-kepala-lkpp-nomor-13-tahun-2012>

<sup>155</sup> Fajar Adi Hemawan. Analisis Kebijakan Madya (Policy Analyst) under the SPSE Development Directorate. Online Discussion with LKPP, 2 March 2021.

<sup>156</sup> Ibid.

Chart 3.55 Percentage of Tenders without Detailed Item Codes 6 Buyers 2013-2020



The same trend was also identified in the individual agency that this research focused on. All six agencies demonstrated improvements in terms of information and integrity (Chart 3.55).

The four integrity indicators above (3.5.1, 3.5.2, 3.5.3, and 3.5.4) show that the government demonstrated compliance in disclosing RUP information (high percentage in Chart 3.41). However, this was not followed by data quality. Data of indicators 3.5.2, 3.5.3, and 3.5.4 show that many public procurement projects have insufficient information, such as titles that are too short to understand or ambiguous description, e.g., "Information refers to ToR (Terms of Reference)" and "as stated in the ToR".

The disclosure of detailed RUP information is mandated by the government and specifically stipulated in LKPP Regulation No. 7/2018 concerning Guidelines on Public Procurement Planning. It appeared, however, that information disclosure is treated as no more than ticking the box instead of an opportunity to share clear and thorough information.

Moreover, clear contracting information does not only reflect a public agency's integrity, but also level of transparency. Article 11 in Law No. 14/2008 on Public Information Disclosures stipulates that a public agency shall provide public information that is accessible at all times, covering:

1. Lists of all public information under its ownership, excluding exempted information;
2. Decisions and rationale;
3. All policies along with their supporting documents;
4. the project working plan, including the estimated annual expense of the agency;
5. agreements between the agency and a third party;
6. information and policies presented by public officers in public fora;
7. working procedures of agency personnel relating to public services; and/or
8. reports on access to public information services as governed in the law.

The researcher examined further on the level of access to information provided by LKPP through multiple platforms above. The data published on those platforms were contributed by the buyers. Thus, data quality would depend on the buyers' data entry process. Further analysis are as shown in Table 3.17 below.

<sup>157</sup> Sistem Rencana Umum Pengadaan <https://sirup.lkpp.go.id/sirup/ro>, accessed on 26 February 2021.

<sup>158</sup> Layanan Pengadaan Secara Elektronik <http://inaproc.id/lpse>, accessed on 26 February 2021.

<sup>159</sup> Monitoring dan Evaluasi Pengadaan, <https://monev.lkpp.go.id/>, accessed on 26 February 2021.

<sup>160</sup> Portal Pengadaan Nasional, <http://inaproc.id/>, accessed on 26 February 2021.

<sup>161</sup> Sistem Informasi Kinerja Penyedia, <https://sikap.lkpp.go.id/>, accessed on 26 February 2021.

<sup>162</sup> A company will be categorized as per the Indonesian Standard Industrial Qualification (KBLI) or as per the Business Entity Certificate (SBU). SBU is specific for construction companies.

Table 3.17 Implementation of Procurement and Access to Information

SIRUP <sup>153</sup>	LPSE <sup>154</sup>	Monev Tepra <sup>155</sup>	INAPROC <sup>156</sup>	SIKAP <sup>157</sup>
Procurement Plan	Tender Process	Implementation	Procurement Plan, Blacklist, LPSE	Supplier Performance Management System
Accessible to the public	Accessible to the public	Accessible to the public	Accessible to the public	Some information accessible to the public
Accessible via website, but data are not available for download	Accessible via website, but data are not available for download	Accessible via website, but data are not available for download	Accessible via website, but data are not available for download	Accessible via website, but data are not available for download
<ol style="list-style-type: none"> <li>1. Plan/RUP code</li> <li>2. Title of package;</li> <li>3. Needs assessment to use domestic products</li> <li>4. Information on package allocation for small and medium/large enterprises;</li> <li>5. Job location;</li> <li>6. Selection method</li> <li>7. Job description;</li> <li>8. Job volume;</li> <li>9. Source of fund;</li> <li>10. Projected total cost of job;</li> <li>11. Technical specification/ ToR;</li> <li>12. Estimated timeline of procurement</li> </ol>	<p>Some information in SIRUP, and:</p> <ol style="list-style-type: none"> <li>1. Tender code</li> <li>2. Tender status</li> <li>3. Date tender is processed</li> <li>4. Number of interested firms</li> <li>5. Number of bids and their value</li> <li>6. Winner</li> <li>7. tender value</li> <li>8. Corrected price</li> <li>9. Negotiated price</li> <li>10. Qualification requirements</li> <li>11. Contract signing</li> <li>12. Evaluation result</li> </ol>	Procurement progress		<p>information in SIKAP:</p> <ol style="list-style-type: none"> <li>1. Company name</li> <li>2. Forms of business</li> <li>3. Company tax identification number</li> <li>4. Company sizes categories (small/ medium/ big)</li> <li>5. Business license qualification<sup>162</sup></li> <li>6. Company status (headquarter/ branch)</li> <li>7. How many times won tender</li> </ol>
Poor data quality from items 7 to 12	Poor data quality from items 11 to 12	All information on procurement progress not available/of poor quality.	Untimely publication of blacklist information.	

As shown by Table 3.17, the government has established enough channels for information disclosure on public contracting. Again, the issues are related to data quality and use case. One example is the MONEV TEPRa platform, designed to disclose information about the progress of contracting in different procuring entities of the government. But without regular updates from the buyer, oftentimes the channel is not able to provide any data. Other channels present an issue of use case; while data are available in SiRUP or LPSE, the data are not downloadable and therefore cannot be used. SIKaP's data are also restricted to public access, making it difficult to see the track record of the suppliers' performance. In the future, the government should improve information disclosure so that citizens can learn about the performance of government's suppliers.

The incomplete information and data provided by the above channels prevents citizens from monitoring public contracting. Moreover, it is not uncommon for government agencies to deny Freedom of Information (FOI) requests on the grounds that the requested information is exempted from public disclosure/confidential, and therefore access cannot be granted<sup>163</sup>.

The government also needs to integrate the various existing channels to make it easier for the public to search public contracting information. This includes integration with other related systems, for example, data on company ownership and beneficial ownership managed by the Ministry of Law and Human Rights. The integration of this data with SIKaP can facilitate the procurement committee and the public in verifying qualifications, track records, as well as monitoring of ongoing tenders.

In terms of data management, public contracting data at the moment are not clustered based on sectors that have statutory appropriation in the national budget, e.g., health sector<sup>164</sup> with 10% statutory appropriation, or education<sup>165</sup> with statutory appropriation of 20%. While the use of funds through the appropriation varies and will not be entirely utilized for public contracting, disaggregated data in this manner should be useful for the government to track public spending in these sectors.

<sup>163</sup> ICW, Implementing Open Contracting in Indonesia <https://www.antikorupsi.org/en/article/implementing-open-contracting-indonesia>.

<sup>164</sup> Law Number 36 of 2009 on Health. Article 171. <https://peraturan.bpk.go.id/Home/Details/38778/uu-no-36-tahun-2009> accessed on 26 February 2021.

<sup>165</sup> Law Number 20 of 2003 the National Education System. Article 49. <https://peraturan.bpk.go.id/Home/Details/43920/uu-no-20-tahun-2003> accessed on 26 February 2021.

## 3.6 Red Flag

### 3.6.1 Procurement with the Highest Contract Value

Table 3.18 Procurement with the Highest Contract Value Nationally 2011-2020

Fiscal Year	Tender Title	Type of Goods/ Service Procured	Buyer	Name of Supplier	Contract Value (Rp)
2011	Road construction Samarinda - Sangasanga (TPK Palaran)	Construction work	-	PT PEMBANGUNAN PERUMAHAN (PERSERO) TBK CABANG VI KALIMANTAN	358,542,333,000
2012	Regular vaccine procurement	Goods	Ministry of Health	PT. BIO FARMA	564,074,280,418
2013	Bus investor and operator for Stage 2 of Transjakarta Busway Corridors 2 and 3	Other services	-	PRIMA LESTARI WISATA	1,140,183,012,276
2014	Package A (Railway facility development from Manggarai to Jatinegara, "Civil works" (non-permanent)&#xd	Construction work	-	PT. HUTAMA KARYA (PERSERO)	1,019,528,521,000
2015	Exercise Aircraft Procurement, Fixed Wings, Single Engine	Goods	Ministry of Transport	PT. LEN INDUSTRI (PERSERO)	637,230,000,000
2016	Implementation of Multi-year project, integrated project of architectural design for Main Stadium Construction in Papua Province	Construction work	Papua Province	PT. PP (PERSERO) TBK	1,392,477,000,000
2017	Cisumdawu Toll road construction Phase III	Construction work	Ministry of Public Works and Housing	CHINA ROAD AND BRIDGE CORPORATION	2,237,279,489,422
2018	Bener Dam Construction, Purworejo Regency, Package 4 (MYC)	Construction work	Ministry of Public Works and Housing	PT. BRANTAS ABIPRAYA (DIVISI 2)	1,372,371,000,000



Fiscal Year	Tender Title	Type of Goods/ Service Procured	Buyer	Name of Supplier	Contract Value (Rp)
2019	Budong-Budong Dam Construction, Central Mamuju Regency	Construction work	Ministry of Public Works and Housing	PT BRANTAS ABIPRAYA (PERSERO)	1,029,707,800,076
2020	Serang - Panimbang Toll road construction section 3 (Cileles-Panimbang)	Construction work	Ministry of Public Works and Housing	SINO ROAD AND BRIDGE GROUP CO., LTD	4,585,032,615,891

Table 3.18 identifies procurement projects with the highest contract value from each year that this research focuses on. The data show that projects with large contract value were predominantly construction work and were mostly awarded to national SOEs.

Out of ten suppliers, two were Chinese companies. The China Road and Bridge Corporation is China's national SOE in the construction sector<sup>166</sup>. In 2017, the company won the Cisumdawu Toll Road Phase III Tender with a contract value of Rp2.23 trillion that was funded by Offshore Loans and Grants in 2017<sup>167</sup>. As part of any construction project, the government also hired a consulting company to supervise the construction. PT Seecons was selected as the supervisor of this construction with owner estimation/ tender value of Rp7.1 billion<sup>168</sup>. However, despite the contract and the supervision of a consulting company, the government had to take over 55% of this project in 2019, due to protracted development<sup>169</sup>.

Meanwhile, the Sino Road and Bridge Group Corporation (SRBGC) is a construction company<sup>170</sup> that in 2020 won the tender to build Serang-Panimbang Toll Road Section 3 (Cileles-Panimbang) with a contract value of Rp4.58 trillion. The project was funded by the 2020 APBN<sup>171</sup>. This work was carried out under a Joint Venture (JV), where the work was divided based

<sup>166</sup> China Road & Bridge Corporation, <https://www.crbc.com/site/crbcEN/Introduction/index.html> accessed on 9 March 2021.

<sup>167</sup> LPSE of the Ministry of Public Works and Housing, <https://lpse.pu.go.id/eproc4/lelang/31226064/pengumumanlelang> accessed on 9 March 2021.

<sup>168</sup> LPSE of the Ministry of Public Works and Housing, <https://lpse.pu.go.id/eproc4/evaluasi/67560064/pemenang> accessed on 9 March 2021.

<sup>169</sup> BPJT, Cisumdawu Toll Road, the Most Beautiful Toll Road Built by Indonesian Talented Engineers <https://bpjt.pu.go.id/berita/cisumdawu-toll-road-the-most-beautiful-toll-road-built-by-indonesian-talented-engineers> accessed 26 August 2021.

<sup>170</sup> CSIS.org <https://reconnectingasia.csis.org/database/organizations/sino-road-and-bridge-co-ltd/489a4b20-1ff7-4b8f-8897-8efb663476b1/> accessed on 9 March 2021.

<sup>171</sup> LPSE of the Ministry of Public Works and Housing, <https://lpse.pu.go.id/eproc4/lelang/58801064/pengumumanlelang> accessed on 9 March 2021.

on contract value between the companies in the JV: 2 SOEs (PT Adhi Karya 22.5%, PT Wijaya Karya 22.5%), and SRBGC 55%<sup>172</sup>.

The toll road project was not SRBGC's first award in Indonesia's public procurement market. In 2017, the company was awarded the Manado-Bitung Toll Road construction in North Sulawesi, but track record showed SRBGC's subpar performance. They were behind target with physical realization that reached only 13.47% of what should have been 26.06%<sup>173</sup>. The toll road construction was also problematic due to late payments to subcontractors<sup>174</sup>. Given their poor performance, it is unclear why they were awarded another contract with similar parameters.

### 3.6.2 Procurement in the Fourth Quarter

Procurement in the fourth quarter in this indicator calculates the number of tenders initiated in the fourth quarter (October, November, December) within a single year. The research excludes tenders data on multi-year tenders and tenders initiated ahead of the issuance of Budget Implementation List (tender carried out in the year prior to the implementation)<sup>175</sup>. Procurement projects that only begin quite late in a fiscal year are often perceived as a last-minute attempt to spend allocated budget and tend to lack adequate planning, and have a higher potential for fraud.



<sup>172</sup> CNBC.com, Adhi Wika Garap Jalan Tol Serang Panim, <https://www.cnbcindonesia.com/market/20201125091424-17-204417/adhi-wika-garap-jalan-tol-serang-panimbang-rp-41-t> accessed on 9 March 2021.

<sup>173</sup> Kompas.com, Basuki Bakal Tendang Kontraktor Tol Manado-Bitung Asal China <https://properti.kompas.com/read/2017/11/14/091818221/basuki-bakal-tendang-kontraktor-tol-manado-bitung-asal-china> accessed on 9 March 2021.

<sup>174</sup> Madanoterkini.com, Subkon Proyek Tol Keluhkan Sikap PT Sino Road and Bridge Group.Co.Ltd dan PT Hutama Karya, <https://www.madanoterkini.com/2017/10/52932/subkon-proyek-tol-keluhkan-sikap-pt-sino-road-and-bridge-group-co-ltd-dan-pt-hutama-karya/> accessed on 9 March 2021.

<sup>175</sup> Presidential Regulation Number 16 of 2018 on Public Procurement. Article 50 paragraphs 9 and 10 stipulate: The goods and services which contract must be signed at the beginning of the year, the selection may be implemented after:

- The determination of ministerial/institutional budget ceiling; or
- The approval of regional apparatus' RKA in accordance with the provisions of the legislation

Therefore, a pre-DIPA tender is a tender initiated ahead of a new fiscal year. To illustrate, a tender may be initiated in December 2020 for fiscal year of 2021.



Table 3.19 Procurement in the Fourth Quarter Nationally 2011-2020

Fiscal Year	Consultancy Service	Other Services	Construction Work	Goods procurement	Total
2011	62	93	255	1,025	1,435
2012	85	221	687	1,707	2,700
2013	212	456	733	2,968	4,369
2014	163	390	682	2,715	3,950
2015	580	542	1,123	2,705	4,950
2016	626	290	1,078	1,727	3,721
2017	577	416	1,465	1,460	3,918
2018	166	383	986	1,879	3,414
2019	68	204	753	1,532	2,557
2020	198	179	1,074	2,304	3,755
<b>Total</b>	<b>2,737</b>	<b>3,174</b>	<b>8,836</b>	<b>20,022</b>	<b>34,769</b>

The table 3.19 above shows from 2011 to 2020, procurement projects in the fourth quarter were dominated by goods procurement (58%) and construction work (25%) (Table 3.19). Procurement of goods dominates procurement in the fourth quarter because of the tendency to spend budget by buying goods is quicker and easier. As the second highest procurement carried out in the fourth quarter over 10 years, the construction work in the fourth quarter needs to be analyzed further, especially if such procurement is single-year procurement, which means the entire construction work must be completed within three months maximum.

The highest number of procurement projects conducted in the fourth quarter was in 2015, with 4,950 tenders, dominated by goods procurement and construction work. This may be related to the simultaneous implementation of the Regional Head General Election (Pilkada) on December 9, 2015. The Pilkada was attended by 269 regions of which 53%<sup>176</sup> were incumbent candidates. So the potential to use regional budgets for the sake of winning in the Pilkada is quite large, one way is through the expenditure of goods/services.

After 2015, the trend improved significantly. There is a 48% decrease nation-wide for fourth quarter procurement from 4,950 (in 2015) to 2,557

<sup>176</sup> Detik.com, Ada 145 Calon Incumbent yang Akan Bersaing di Pilkada 2015, <https://news.detik.com/berita/d-2979930/ada-145-calon-incumbent-yang-akan-bersaing-di-pilkada-2015> diakses pada 15 Mei 2021

(in 2019) tenders. The same trend also shows in consultancy services with 88% decrease over 4 years from 626 to 68 tenders. The decreasing trend in construction work can be seen in 2019 where there is a 49% decrease over 2 years from 1,465 (in 2017) to 753 tenders (in 2019).

However, there is a 46.9% increase in 2020 from 2,557 fourth quarter procurement (in 2019) to 3,755 fourth quarter procurement (in 2020). The increase of procurement in the fourth quarter in 2020 is understandable because in the early quarter of 2020, all government agencies focused on handling the Covid-19 pandemic. The government also issued a policy of refocusing the budget and allowing each agency to stop or delay ongoing or planned procurement. The large number of procurements in the fourth quarter is probably due to the fact that Covid-19 is considered sufficiently controlled so that the government can begin to carry out its procurement plans.

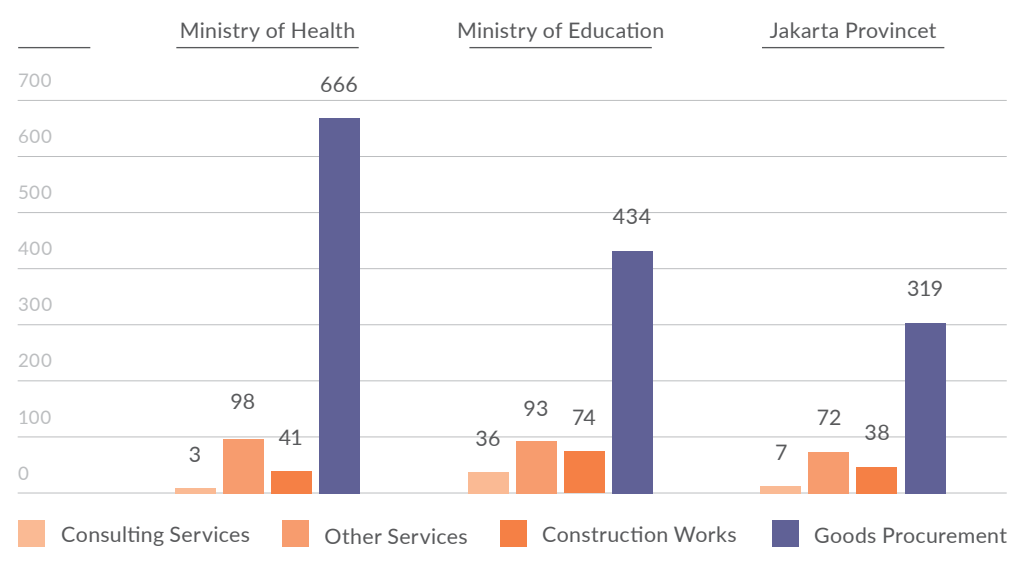
Table 3.20 Procurement in the Fourth Quarter at 6 Buyers

Buyer Name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
National Disaster Management Agency							3	2	9		14
Ministry of Health	131	77	87	64	80	45	69	75	58	122	808
Ministry of Public Works and Housing					6	12	32	25	62	31	168
Ministry of Education and Culture	76	131	156	79	58	51	11	37	30	8	637
Ministry of Social Affairs		3	2							1	6
Special Capital Region of Jakarta			31	199		55	27	80	20	24	436
<b>Total</b>	<b>207</b>	<b>211</b>	<b>276</b>	<b>342</b>	<b>144</b>	<b>163</b>	<b>142</b>	<b>219</b>	<b>179</b>	<b>186</b>	<b>2,069</b>

From the above comparison of the six agencies (Table 3.20), we identified that the Ministry of Health has the highest number of procurement projects conducted in the fourth quarter over the ten-year period, followed by the Ministry of Education and Culture and DKI Jakarta Province.

From the top six agencies with the highest number of procurement projects conducted in the fourth quarter, we further analysed the top 3 agencies which are Ministry of Health, Ministry of Education and Culture, and DKI Jakarta Province as shown in chart 3.57 below.

**Chart 3.57 Types of Procurement at the Ministry of Health, Ministry of Education and Culture, and DKI Jakarta Province in the Fourth Quarter of 2011-2020**



The types of procurements projects conducted in the fourth quarter at the three agencies above (Chart 3.57) were primarily procurement of goods followed by construction work. Some examples from the Ministry of Health in 2020 are “Procurement of Health Equipment Phase 1 of 86 (eighty-six) Types of Health Equipment funded by 2020 BA-BUN<sup>177</sup> Fund Non-E-Catalogue (Procurement of Medical Equipment Ethylene Oxide Gas Low-Temperature Sterilization Machine with Abator at the Central Sterilization Installation)” and “BPFK<sup>178</sup> Jakarta Building Renovation 2020”.

## 3.7 Impact of Data User Engagement

### 3.7.1 Impact of Data User Engagement

This research explores use cases of data, benefits, and impacts of open contracting through data availability on the Opentender platform. We focused on the use cases among four (4) target groups: academics, government (government internal auditor/APIP), journalists, and civil society organizations.

<sup>177</sup> ed: *Bagian Anggaran Bendahara Umum Negara / Budget Division of State Treasurer*

<sup>178</sup> ed: *Balai Pengamanan Fasilitas Kesehatan / Health Facility Security Center*

### a. Academics

**Table 3.21. Data Use for Academics/Lecturers<sup>179</sup>**

Academics	
User background	Lecturer at Public Administration Science Program of the Faculty of Social and Political Sciences – Universitas Katolik Parahyangan <sup>180</sup>
Knows about Opentender from	Sely Martini (ICW), in 2016, when invited as a speaker in the class <sup>181</sup> .
Last access	November 2020 <sup>182</sup> .
Access frequency	At least twice per class per semester from 2016 to 2018 <sup>183</sup> .
Opentender use case	As academics, there are opportunities to conduct research on procurement <sup>184</sup> . The government mandates lecturers to carry out education, research, and community service <sup>185</sup> and these are as stipulated requirements for promotion and rank <sup>186</sup> . Research can be one aspect of acquiring credit scores.  Opentender data was used as teaching material in the Public Budgeting course and ICT for Public Administration course in 2016 and 2017, and the Digital Governance course and Public Administration Ethics course in 2018 <sup>187</sup> .  Apart from being used as teaching materials in 2016-2018, starting from 2019-2020, opentender data was used as preliminary data in an international collaborative research between Universitas Parahyangan and a team of French researchers that was still going on when this report was written.
Benefits of using opentender data	Opentender provides comparative information to LPSE data in research related to public procurement. For example, in collaborative research <sup>188</sup> .

<sup>180</sup> Ibid.

<sup>181</sup> Ibid.

<sup>182</sup> Ibid.

<sup>183</sup> Ibid.

<sup>184</sup> Ibid.

<sup>185</sup> Joint Regulation of the Minister of Education and Culture and Head of the National Civil Service Agency Number 4/ VIII/PB/2014, Number 24 of 2014, on the Provisions to Implement the Regulation of the Minister of Administrative and Bureaucratic Reform Number 17 of 2013 as amended by the Regulation of the Minister of Administrative and Bureaucratic Reform Number 46 of 2013 on the Functional Position of Lecturers and Lecturers' Credit Points. Article 3. <https://www.bkn.go.id/wp-content/uploads/2015/08/PERBERSAMA-MENDIKBUD-NO.4-VIII-PB-2014-DAN-KEPALA-BKN-NO.24-TAHUN-2014-KETENTUAN-PELAKSANAAN-PERMPAN-DAN-RB-NO.17-TAHUN-2013-DIUBAH-DENGAN-PERMPAN-DAN-RB-NO.46-TAHUN-2013-TENTANG-JF-DOSEN-DAN-AK.pdf> accessed on 26 February 2021.

<sup>186</sup> Joint Regulation of the Minister of Education and Culture and Head of the National Civil Service Agency Number 4/ VIII/PB/2014, Number 24 of 2014, on the Provisions to Implement the Regulation of the Minister of Administrative and Bureaucratic Reform Number 17 of 2013 as amended by the Regulation of the Minister of Administrative and Bureaucratic Reform Number 46 of 2013 on the Functional Position of Lecturers and Lecturers' Credit Points. Articles 29 and 30. <https://www.bkn.go.id/wp-content/uploads/2015/08/PERBERSAMA-MENDIKBUD-NO.4-VIII-PB-2014-DAN-KEPALA-BKN-NO.24-TAHUN-2014-KETENTUAN-PELAKSANAAN-PERMPAN-DAN-RB-NO.17-TAHUN-2013-DIUBAH-DENGAN-PERMPAN-DAN-RB-NO.46-TAHUN-2013-TENTANG-JF-DOSEN-DAN-AK.pdf> accessed on 26 February 2021.

<sup>187</sup> Informant 1. Academic. Online interview. 28 January 2021.

<sup>188</sup> Ibid.

Academics	
Use by third parties based on referral	Two out of 480 students introduced to opentender wrote their thesis with opentender as their topic. The first thesis in 2019 concluded that the transparency promoted through opentender by ICW (Indonesia Corruption Watch) had not been optimal in involving the public to monitor public procurement and prevent corruption <sup>189</sup> . The second student analyzed Opentender and stated that fraudulent practices in procurement, and the resulting blacklisting, were lack of ethical behavior and integrity among procurement stakeholders <sup>190</sup> .  Both students conducted research for their final projects to satisfy graduation requirements. The results of the research by these students were not followed up as advocacy material.
Description of opentender use case by a third party based on referral	Students accessed opentender database, Top 10, and top projects for study materials and group assignment <sup>191</sup> .



### Brief Profile

Informant 1 is an academic and a lecturer at the Public Administration Science Program of the Faculty of Social and Political Sciences – Universitas Katolik Parahyangan, Bandung – West Java.

### Benefits of Opentender as Course Material for University Lecturers

Opentender was used to support the learning process. The data and information available on the platform were used as teaching material and medium in 2 courses, from 2016 to 2017: Public Budgeting and ICT for Public Administration classes. In 2018, the Public Budgeting course and ICT for Public Administration course were discontinued and replaced by the Digital Governance course and Public Administration Ethics course. Informant 1 continued to use opentender in teaching both courses<sup>192</sup>.

Both courses had two classes each year with 40 students in each class. From 2016-2018, there were at least 480 students who were aware about Opentender and were exposed to information and data on Opentender.

<sup>189</sup> Natasja Calista. 2019. Analisa Aksiomatis antara Transparansi terhadap Korupsi melalui Opentender oleh Indonesia Corruption Watch. Fakultas Ilmu sosial dan Ilmu Politik Program Studi Ilmu Administrasi Publik Universitas Katolik Parahyangan, Bandung.

<sup>190</sup> Dayva Constantia Viola. 2020. Analisis Pelanggaran Terhadap Mekanisme Daftar Hitam Oleh Pengada Barang dan Jasa Pemerintah di Kota Bandung. Fakultas Ilmu sosial dan Ilmu Politik Program Studi Ilmu Administrasi Publik Universitas Katolik Parahyangan, Bandung.

<sup>191</sup> Informant 1. Academic. Online interview. 28 January 2021.

<sup>192</sup> Ibid

Among them, there were around 80 reports/assignments each year in both courses that used data from Opentender<sup>193</sup>.

In teaching the Public Budgeting course, Opentender was used to teach the students about citizen monitoring on public spending through the opentender platform. Meanwhile, for the ICT for Public Administration Course, students were taught about public reform and transformation efforts in order to realize transparent and accountable governance<sup>194</sup>.

### Benefits of Opentender as Thesis Material

Of the 480 students who were exposed to the issue of procurement through the Opentender platform, one student used opentender for her thesis in 2019. The research concluded that transparency promoted through opentender by ICW (Indonesia Corruption Watch) had not been optimal in involving the public to monitor public procurement and prevent corruption<sup>195</sup>. The study found that in terms of access to information, Opentender provided easy access for the public to view procurement data on one website portal. The access was free-of-charge and data were presented in a way that was easy to use, operate, and download. Opentender also lacked feedback channel for users<sup>196</sup>.

A second study analyzing Opentender stated that the platform helped pinpoint procurement violations in procurement. These procurement violations are penalized with blacklist sanctions because the procurement actors involved were found to lack ethical behavior and integrity. The researcher suggested LKPP to create a supplier performance system that included feedback on project carried out by the supplier, violations committed by suppliers, and public assessments after the project is completed<sup>197</sup>.

<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

<sup>195</sup> Natasja Calista. 2019. Analisa Aksiomatis antara Transparansi terhadap Korupsi melalui Opentender oleh Indonesia Corruption Watch. Fakultas Ilmu sosial dan Ilmu Politik Program Studi Ilmu Administrasi Publik Universitas Katolik Parahyangan, Bandung.

<sup>196</sup> Ibid.

<sup>197</sup> Dayva Constantia Viola. 2020. Analisis Pelanggaran Terhadap Mekanisme Daftar Hitam Oleh Pengada Barang dan Jasa Pemerintah di Kota Bandung. Fakultas Ilmu sosial dan Ilmu Politik Program Studi Ilmu Administrasi Publik Universitas Katolik Parahyangan, Bandung.

### Opentender Could Not be Used as the Primary Data Source in Academic Research

Academics have opportunities to conduct research on procurement<sup>198</sup>.

When carrying out a collaborative research between Universitas Katolik Parahyangan and the team of French researchers, Informant 1 used the data on opentender as a preliminary data source. The research had two objectives: to see if there were any changes in procurement corruption aspect in Indonesia and to see whether public procurement in Indonesia has identified the socially responsible public procurement aspect. To ensure data validity and reliability, the research team cross-checked the opentender data against the initial data source, LPSE<sup>199</sup>.

For Informant 1, Opentender helped the process of extracting research to connect several research ideas. Opentender also inspired research topics. The collaborative research initially intended to focus on small and medium enterprises, as proposed by the French research team. Information emerged that a similar research had been done using time series data from Opentender, and the focus of the collaborative research then expanded to corruption in the Indonesian public contracting process. The data from Opentender was used as a reference in extracting initial research data. However, the data in Opentender could not be used as the primary research material and sole reference, especially because the data was not real-time, resulting in discrepancy with data in LPSE<sup>200</sup>.

<sup>198</sup> Informant 1. Academic. Online interview. 28 January 2021.

<sup>199</sup> Ibid.

<sup>200</sup> Ibid.

### b. Journalists

Table 3.22. Benefits of Opentender for Journalists

Journalists	
User background	<p>Eight journalists in DKI Jakarta Province, North Sulawesi Province, South Sulawesi Province, Yogyakarta Special Region Province, Bojonegoro Regency - East Java<sup>201</sup>, who participated in various training and Fellowship organized by ICW and journalist network between 2015-2019.</p> <p>From 2017 until 2020, ICW has engaged 66 journalists (11 female, 55 male) through capacity building to access and use Opentender as their data source in writing an article.</p>
Knows about Opentender from	<p>Various capacity building activities held by civil society and journalist networks:</p> <ul style="list-style-type: none"> <li>• Training on Open Data-Based Investigation in Regional Election 2015 by Jaring.id<sup>202</sup>;</li> <li>• ICW Fellowship 2017<sup>203 204</sup>;</li> <li>• Public Procurement Social Audit Training in 2019<sup>205 206</sup>;</li> <li>• Anti-corruption Training by Indonesia Corruption Watch (ICW) and National Public Procurement Agency (NPPA) 2019<sup>207 208</sup>;</li> <li>• Civil Society and Journalists Capacity Building for Local Public Procurement Monitoring Workshop, 1-3 July 2019, Yogyakarta<sup>209 210</sup>;</li> <li>• Opentender Socialization by Yayasan Swadaya Mitra Bangsa (YASMIB) at AJI (Alliance of Independent Journalist) Secretariat, Makassar, 2016<sup>211</sup>; and</li> <li>• Training of Procurement Monitoring held at ICW in collaboration with the Investigative Journalist Group (KJI), 2019<sup>212</sup>.</li> </ul>

<sup>201</sup> Journalist FGD. Online FGD. 21 January 2021.

<sup>202</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>203</sup> Informant 5. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>204</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>205</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>206</sup> Bojonegoro Institute. 2019. [https://www.instagram.com/p/BvApkAkjNRG/?utm\\_source=ig\\_twitter\\_share&igshid=7mj9oddrfzo9](https://www.instagram.com/p/BvApkAkjNRG/?utm_source=ig_twitter_share&igshid=7mj9oddrfzo9) accessed on 25 February 2021.

<sup>207</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>208</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>209</sup> Informant 10. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>210</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>211</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>212</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

Journalists	
Last access	2019 <sup>213</sup> , October 2020 <sup>214</sup> , December 2020 <sup>215 216</sup> , January 2021 <sup>217</sup> , February 2021 <sup>218 219</sup> .
Opentender use case	<p>For journalists, Opentender data is used as:</p> <p>Story resource<sup>220</sup> and leads in investigative journalism<sup>221</sup>.</p> <p>Cross-check reference when sources mention information that are not specific<sup>222</sup>; source to determine the percentage of project value compared to the regional budget (APBD) that a company controls in a certain year<sup>223</sup>.</p> <p>As a tool to monitor potential projects with potential violations<sup>224</sup> and check corruption in the education sector with a direct appointment package mechanism in 2020<sup>225</sup>.</p>
Benefits of using opentender data	<p>Three advantages of using opentender data for journalists:</p> <p>Time efficiency gain for journalists. They can trace a company network from 1 month to 1-5 minutes along with details on the area and contract value<sup>226</sup>. Thanks to database containing the Top 10 lists, quick tenders, and e-catalogs, data search is no longer manual<sup>227</sup>. Opentender also immediately shows the companies that are at risk, as well as specific companies winning projects for several times<sup>228</sup>. Tracing company network can be done for 1-5 minutes with details on the area and contract value<sup>229</sup>. It is also easier to identify suspicious procurement projects<sup>230</sup> using the platform.</p>

<sup>213</sup> Informant 5. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>214</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>215</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>216</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>217</sup> Informant 10. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>218</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>219</sup> Informant 10. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>220</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>221</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>222</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>223</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>224</sup> Informant 10. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>225</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>226</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>227</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>228</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>229</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>230</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

Journalists	
Benefits of using opentender data	<p>Opentender enriches the perspective of journalists. Journalists with little information at the beginning may end with comprehensive information after exploring opentender, which provides ideas for news writing<sup>231</sup>. Journalists are also able to develop evidence-based story<sup>232</sup>.</p> <p>Opentender is considered a reference in journalists' work . Opentender is a source of data comparison. It makes data validation easier, especially in looking for packages, procurement details<sup>234</sup>, address, and company track records. Opentender is also an alternative source when the LPSE site is down and cannot be accessed<sup>235</sup>.</p>

### Brief Profile

Journalists in DKI Jakarta Province, North Sulawesi Province, South Sulawesi Province, Yogyakarta Special Region Province, Bojonegoro Regency, East Java<sup>236</sup>, who had participated in various training and Fellowship organized by ICW and journalist network between 2015-2019.

Journalists use opentender in several ways. First, as a story source<sup>237</sup> and source of leads in investigative journalism<sup>238</sup>. The platform is also used to cross-check information shared by story sources<sup>239</sup>. It is also used to see the percentage of project value compared to the state budget that a company controls in a certain year<sup>240</sup>. Finally, opentender is a tool to monitor potential projects with potential violations<sup>241</sup> and to verify corruption in public contracting in the education sector where the direct appointment mechanism was used in 2020<sup>242</sup>.

<sup>231</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>232</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>233</sup> Informant 5. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>234</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>235</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>236</sup> FGD with Journalists. Online FGD. 21 January 2021.

<sup>237</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>238</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>239</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>240</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>241</sup> Informant 10. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>242</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.



### Benefits of Opentender as Journalistic Material

Journalists felt several benefits and or changes after using Opentender, namely that the platform saves time<sup>243</sup>, raises awareness of public procurement issues<sup>244</sup>, drives behavior change by facilitating more evidence-based articles<sup>245</sup>, serves as a backup source of information<sup>246</sup> and data. The published stories may also result in case follow-up by third parties.

In terms of time saving, the platform was able to help journalists traced a company network in 1-5 minutes<sup>247</sup> along with details on the area and contract value, while manual data search will certainly take more time. This process also makes it easier for journalists to find out suspicious procurement projects<sup>248</sup> such as journalists' experience from Harian KOMPAS<sup>249 250 251</sup>, GATRA.Com<sup>252 253 254 255 256</sup>, and Harian Jogja<sup>257 258 259 260</sup>.

<sup>243</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>244</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>245</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>246</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>247</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>248</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>249</sup> HARIAN KOMPAS. Relokasi PKL MALIOBORO: Bau Tak Sedap Lelang Cepat di Sebelah Istana (1). <https://www.kompas.id/baca/nusantara/2019/11/20/sengkarut-relokasi-pkl-malioboro-1-bau-tak-sedap-lelang-cepat-di-sebelah-istana> accessed on 21 February 2021.

<sup>250</sup> HARIAN KOMPAS. Kísut Temuan BPK dan Dugaan Monopoli Proyek (2). <https://www.kompas.id/label/bioskop-indra/> accessed on 21 February 2021.

<sup>251</sup> HARIAN KOMPAS. Dalam Jerat Sengketa Lahan Eks Bioskop Tua Yogyakarta (3). <https://www.kompas.id/label/eks-bioskop-indra/> accessed on 21 February 2021.

<sup>252</sup> GATRA.COM. Sentra PKL Malioboro: Proyek Berisiko Di Lahan Sengketa. <https://www.gatra.com/detail/news/457636/hukum/sentra-pkl-malioboro-proyek-berisiko-di-lahan-sengketa> accessed on 21 February 2021.

<sup>253</sup> GATRA.COM. Sentra PKL Malioboro: Dibayangi Monopoli, Ditutupi ke Publik. <https://www.gatra.com/detail/news/457874/hukum/sentra-pkl-malioboro-dibayangi-monopoli-ditutupi-ke-publik> accessed on 21 February 2021.

<sup>254</sup> GATRA.COM. Sentra PKL Malioboro: Tender Cepat Rp 44 M Salah Tempat. <https://www.gatra.com/detail/news/458091/hukum/sentra-pkl-malioboro-tender-cepat-rp44-m-salah-tempat> accessed on 21 February 2021.

<sup>255</sup> GATRA.COM. Sentra PKL Malioboro: Bikin Negara Rugi Dua Kali. <https://www.gatra.com/detail/news/458290/hukum/proyek-sentra-pkl-malioboro-bikin-negara-rugi-dua-kali> accessed on 21 February 2021.

<sup>256</sup> GATRA.COM. Di Balik Proyek Sentra PKL Malioboro Rp 62 Miliar. <https://www.gatra.com/detail/news/458427/hukum/di-balik-proyek-sentra-pkl-malioboro-rp62-miliar> accessed on 21 February 2021.

<sup>257</sup> HarianJogja.com. EKS BIOSKOP INDRA: Catatan Merah Lelang Proyek Pusat PKL Malioboro. <https://jogjapolitan.harianjogja.com/read/2019/11/20/510/1025167/eks-bioskop-indra-catatan-merah-lelang-proyek-pusat-pkl-malioboro> accessed on 21 February 2021.

<sup>258</sup> HarianJogja.com. EKS BIOSKOP INDRA: Aroma Monopoli dalam Proyek Relokasi PKL. <https://jogjapolitan.harianjogja.com/read/2019/11/21/510/1025265/eks-bioskop-indra-aroma-monopoli-dalam-proyek-relokasi-pkl-> accessed on 21 February 2021.

<sup>259</sup> HarianJogja.com. EKS BIOSKOP INDRA: Dokumen Lelang Ditutup Rapat. <https://jogjapolitan.harianjogja.com/read/2019/11/22/510/1025356/eks-bioskop-indra-dokumen-lelang-ditutup-rapat> accessed on 21 February 2021.

<sup>260</sup> Harian Jogja.com. EKS BIOSKOP INDRA: Rawan Rasuah di Lahan Sengketa. <https://jogjapolitan.harianjogja.com/read/2019/11/23/510/1025461/eks-bioskop-indra-rawan-rasuah-di-lahan-sengketa> accessed on 21 February 2021.

The information presented in Opentender and ICW's efforts to provide training and fellowships have increased the awareness<sup>261</sup> and behavior of journalists in reporting issues related to potential corruption in public procurement<sup>262</sup> as well as in writing evidence-based articles<sup>263</sup>. For example, in Bojonegoro Regency, opentender data was used as a reference for public discourse in the local media regarding corruption-related coverage<sup>264</sup>. Suarabanyuurip.com, for example, published an article regarding the alleged conspiracy in a tourist attraction development project. The article has been read 4085 times and shared 3900 times<sup>265</sup>. Opentender also helped provide data to be used as straight news for up to 20 articles in 2020<sup>266</sup>. In 2020, the journalist team from Bojonegoro initiated a local independent news portal called matadata.id which focused on public procurement issues in and around Bojonegoro. Unfortunately, the portal didn't stay online for long due to limited resources. Before the portal went online there was virtually no other news published about public procurement based on Opentender data, aside from two articles produced by ICW's fellowship recipients. In 2019, journalists from 3 media in Yogyakarta produced in-depth reporting articles in a collaborative effort with local civil society groups<sup>267</sup>.

Opentender also enriches the perspective of journalists. Journalists with little information at the beginning may end with comprehensive information after exploring opentender, which provides ideas for news writing<sup>268</sup>. Journalists are also able to develop evidence-based stories.

Furthermore, opentender becomes an important alternative of a backup source of reference<sup>269</sup> because local LPSE sites are sometimes inaccessible. Using Opentender, journalists find it easy to acquire information on companies, addresses, and company track records<sup>270</sup>.

<sup>261</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>262</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>263</sup> Ibid.

<sup>264</sup> Ibid.

<sup>265</sup> SuaraBanyuurip.com. Dugaan Persekongkolan di Proyek Wahana Wisata Dander Park. <https://suarabanyuurip.com/index.php/?/kabar/baca/dugaan-persengkongkolan-di-proyek-wahana-wisata-dander-park> accessed on 25 February 2021.

<sup>266</sup> Informant 11. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>267</sup> Informant 7. Informant 9. Informant 10. Online FGD with Journalists. 21 January 2021.

<sup>268</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>269</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>270</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.



Moreover, according to the journalists, the articles they wrote were impactful as evident from government follow-up and response. In the case of Bantul Regency, the Bantul Regency Government responded by adding more information about the project in question. A company office, which was highlighted in the article for not displaying required signage, reacted by putting up signage and with clear company address<sup>271</sup>.

However, not all government responses were positive. In South Sulawesi, journalists were asked not to report a procurement project of tractors<sup>272</sup>. Hermanto, the then Head of the Facilities and Infrastructure Division at the South Sulawesi Provincial Food Security, Food Crops and Horticulture Service when the tender took place, had retired when the interview was conducted. He confirmed that the project had taken place but added that it had been confidential, and that data could only be requested by public<sup>273</sup>. Freedom of Information (FOI) requests regarding beneficiaries were not responded to<sup>274</sup> and inquiries to acquire data or proof of the tender were denied<sup>275</sup>. Until the investigative report was published on 28 September 2017, the status of 75 hand tractors financed by the 2015 South Sulawesi APBD were still unclear.

In their work, the Opentender features that are most frequently used by journalists are; Top 10 procurement projects with the highest fraud potential based on PFA scores<sup>276</sup>, list of companies with the most awarded projects and the most significant value of awarded projects<sup>277</sup>, profile of awarded companies, tender database<sup>278</sup>, and special tender (quick tender and e-catalog<sup>279</sup>). Meanwhile, the least used features are charts/statistics<sup>280</sup>, about us<sup>281</sup>, articles<sup>282</sup>, e-purchasing<sup>283</sup>, and quick tender<sup>284</sup> features.

<sup>271</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>272</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>273</sup> ICW. 2017. Gelap Bantuan Traktor Tangan. <https://antikorupsi.org/id/article/gelap-bantuan-traktor-tangan> accessed on 25 February 2021.

<sup>274</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>275</sup> Infosusel.com. Cegah Korupsi Pengadaan Barang dan Jasa YASMIB Perkenalkan Aplikasi Untuk Memantau Proses Tender. <https://infosusel.com/2017/08/cegah-korupsi-pengadaan-barang-dan-jasa-yasmib-perkenalkan-aplikasi-untuk-memantau-proses-tender/html> accessed on 25 February 2021.

<sup>276</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>277</sup> FGD with Journalists. Online FGD. 21 January 2021.

<sup>278</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>279</sup> Informant 10. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>280</sup> Informant 9. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>281</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>282</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>283</sup> Informant 7. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>284</sup> Informant 6. Journalist. Online FGD with Journalists. 21 January 2021.

### c) Civil Society Organization

Table 3.23. Benefits of use by Civil Society Organization

Civil Society Organization (CSO)	
User background	CSO activists in South Sulawesi Province, North Sulawesi Province, Southeast Sulawesi Province, West Kalimantan Province, Yogyakarta Special Region Province, Blitar Regency – East Java, and Bojonegoro Regency – East Java <sup>285</sup> .
Knows about Opentender from	CSO activists know about opentender from various capacity building activities, as follow: <ul style="list-style-type: none"> <li>• Anti-Corruption Academy Training, Blitar, 2017<sup>286</sup>,</li> <li>• 2015 Procurement Monitoring Multistakeholder Meeting<sup>287</sup>.</li> <li>• 2019 Government Procurement Social Audit Training<sup>288,289</sup>,</li> <li>• Community and Journalist Capacity Building Workshop for Local Government Procurement Monitoring, 1-3 July 2019, Yogyakarta<sup>290</sup>,</li> <li>• 2017 ICW Anti-Corruption Academy (SAKTI) and 2020 Procurement Monitoring Training 2020<sup>291</sup>.</li> </ul>
Last use	Seven CSO activists from seven organization last used opentender in 2019 <sup>292</sup> , August/September 2019 <sup>293</sup> , March 2020 <sup>294</sup> , June/July 2020 <sup>295</sup> , August 2020 <sup>296</sup> , December 2020 <sup>297</sup> , up to January 2021 <sup>298</sup> .

<sup>285</sup> FGD with Journalists. Civil society.

<sup>286</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>287</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

<sup>288</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>289</sup> Bojonegoro Institute. 2019. [https://www.instagram.com/p/BvApkAkjNRG/?utm\\_source=ig\\_twitter\\_share&igshid=7mj9oddrfo9](https://www.instagram.com/p/BvApkAkjNRG/?utm_source=ig_twitter_share&igshid=7mj9oddrfo9) accessed on 25 February 2021.

<sup>290</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>291</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021.

<sup>292</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>293</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>294</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>295</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>296</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

<sup>297</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021.

<sup>298</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

Civil Society Organization (CSO)	
Opentender use case	<p>CSO uses opentender data for two things: First, capacity building materials for journalists, communities, and local government related to corruption eradication efforts<sup>299 300 301 302 303 304</sup>.</p> <p>Second, monitoring tools, such as for COVID-19 issues<sup>305 306 307</sup>, rice for poor program<sup>308</sup>, water park construction<sup>309</sup>, and construction of a market building to relocate street merchants<sup>310</sup>.</p>
Benefits of using opentender data	<p>CSO identified the main benefits of opentender from their experience with the platform from 2015 to 2020: increasing awareness, gaining <b>new knowledge in policy advocacy</b><sup>311</sup>, <b>encouraging CSO collaboration</b><sup>312</sup> with journalists in monitoring government procurement process, and facilitate <b>data search and extraction</b><sup>313</sup> in advocacy.</p>
Changes after using opentender	<p>In Manado, North Sulawesi, former Head of Manado City Planning Office, who was reported by Yayasan Suara Nurani Minaesa (YSNM), was arrested by the police. The case was prosecuted as a corruption offence and the defendant was convicted and sentenced to 16-month imprisonment<sup>314</sup>.</p> <p>YSNM submitted the monitoring findings on the Manado Solar Cell System public lighting project to the local LPSE, where it took place. The procurement process was then suspended, and the project was repeated in the following fiscal year<sup>315</sup>.</p>

<sup>299</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

<sup>300</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>301</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>302</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>303</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>304</sup> Informant 3. CSO. Online interview. 3 February 2021.

<sup>305</sup> Informant 14. Pemantauan anggaran COVID-19 pada Dinas Kesehatan Provinsi Sulawesi Utara. Online FGD with CSO. 21 January 2021.

<sup>306</sup> Informant 16. Pemantauan pengadaan alat kesehatan COVID-19 di Daerah Istimewa Yogyakarta Online FGD with CSO. 21 January 2021.

<sup>307</sup> Informant 17. Pemantauan pengadaan alat kesehatan COVID-19 di Sulawesi Tenggara Online FGD with CSO. 21 January 2021.

<sup>308</sup> Informant 15. Pemantauan Bantuan Beras Miskin di Kabupaten Blitar. Online FGD with CSO. 21 January 2021.

<sup>309</sup> Informant 16. Investigasi PBJ Dander Park di Kabupaten Bojonegoro. Online FGD with CSO. 21 January 2021.

<sup>310</sup> Informant 16. Investigasi pengadaan tempat relokasi Pedagang Kaki Lima (PKL) di Eks Bioskop INDRA Daerah Istimewa Yogyakarta Online FGD with CSO. 21 January 2021.

<sup>311</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>312</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>313</sup> Ibid.

<sup>314</sup> TribunManado.co.id. Mantan Kadistakot Manado Divonis 16 Bulan Penjara atas Kasus Korupsi Solar Cell. <https://manado.tribunnews.com/2018/07/10/mantan-kadistakot-manado-divonis-16-bulan-penjara-atas-kasus-korupsi-solar-cell> accessed on 25 February 2021.

<sup>315</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

## Brief Profile

Seven Civil Society Organization (CSO) activists in South Sulawesi, North Sulawesi, Southeast Sulawesi, West Kalimantan, and Yogyakarta Special Region Provinces, Blitar Regency – East Java, and Bojonegoro Regency – East Java<sup>316</sup>.

The CSOs identified three key benefits based on their experience with opentender in 2015-2020: increasing awareness, gaining **new knowledge in policy advocacy**<sup>317</sup> **encouraging CSO collaboration**<sup>318 319</sup> with journalists in monitoring public procurement process, and facilitate **data search and extraction**<sup>320</sup> in advocacy.

Opentender helps present detailed data, is faster, and takes less time to monitor high-risk projects<sup>321</sup>. It can be accessed anywhere, anytime. Data access does not require physical visit and there is no need to copy hard files. **An inquiry that would normally take one year can now be done in three months' time.** Opentender also makes it easier to find potential fraud in procurement thanks to its filter and scoring mechanisms. Without the need for costly meetings or workshops that could cost around USD 100 per meeting, data is readily available<sup>322 323</sup>.

<sup>316</sup> Online FGD with Civil Society Organizations. Online FGD 21 January 2021.

<sup>317</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>318</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>319</sup> Informant 3. CSO. Online interview. 3 February 2021.

<sup>320</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>321</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>322</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>323</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021.

### Providing New Knowledge in Policy Advocacy for Civil Society Groups

For civil society groups, the data and information presented in opentender are the source of information in advocacy<sup>324 325</sup>, particularly the presentation of information related to potential fraud in public contracting<sup>326</sup>. Data and information, especially regarding the winner of the procurement, competition, with a level of accuracy that can be investigated further<sup>327</sup> assist civil society's roles in monitoring public contracting.

In Manado, North Sulawesi, Yayasan Suara Nurani Minaesa (YSNM) monitored the Manado Solar Cell System public lighting project. The project had a high fraud risk score in opentender. YSNM submitted its findings to the local LPSE. The procurement process was then suspended, and the project was restated in the following fiscal year<sup>328</sup>. YSNM findings were also reported to the local law enforcement and were followed up; the case was prosecuted under the corruption and resulted in 16 months imprisonment of the former Head of Manado City Planning Office<sup>329</sup>.

In the Southeast Sulawesi Province, the Center for Human Rights Studies and Advocacy (PUSPAHAM) was able to provide comparative information to journalists based on opentender data. In this case, a company was declared as an eligible bidder by the Head of Procurement Service Bureau (BLP) of Southeast Sulawesi Province, when the company was in opentender's database of blacklisted firms<sup>330</sup>. PUSPAHAM then published the findings to the public through mass media<sup>331</sup>. The Head of Southeast Sulawesi BLP then claimed that the knowledge of the blacklist only emerged after tender award and the procurement process had been running<sup>332</sup>. At the time of this research, the government's follow-up on this case is unknown. According

<sup>324</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

<sup>325</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>326</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021.

<sup>327</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>328</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>329</sup> TribunManado.co.id. Mantan Kadistakot Manado Divonis 16 Bulan Penjara atas Kasus Korupsi Solar Cell. <https://manado.tribunnews.com/2018/07/10/mantan-kadistakot-manado-divonis-16-bulan-penjara-atas-kasus-korupsi-solar-cell> accessed on 25 February 2021.

<sup>330</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

<sup>331</sup> ZonaSultra.com. Masuk Daftar Hitam, Perusahaan ini Menang Tender di Sultra. <https://zonasultra.com/masuk-daftar-hitam-perusahaan-ini-menang-tender-di-sultra.html> accessed on 22 February 2020

<sup>332</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

to information from the LPSE website of Sulawesi Tenggara Province, the company kept the contract for "Improvement of Kendari Ringroad" in 2014<sup>333</sup>, however Opentender data confirmed that this is the last contract that the company ever won.

Other uses case examples of opentender data by civil society organizations include: monitoring of COVID-19 budget at the North Sulawesi Provincial Public Health Office<sup>334</sup>, monitoring of rice for poor program in Blitar Regency, East Java<sup>335</sup>, investigation on the procurement of Dander Park Construction in Bojonegoro Regency<sup>336</sup>, investigation on the procurement of a market building for street merchant relocation<sup>337</sup>, and monitoring the procurement of COVID-19 medical equipment in Yogyakarta Special Region Province<sup>338</sup> and Southeast Sulawesi Province<sup>339</sup>.



Dander Park, Kabupaten Bojonegoro

<sup>333</sup> Opentender.net, <https://opentender.net/#/tender-detail/286043> accessed 22 February 2021

<sup>334</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>335</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>336</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>337</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>338</sup> Ibid.

<sup>339</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.



### Encourage Multi-Party Collaboration in Procurement Monitoring

In the Yogyakarta Special Region Province, capacity building and data availability in opentender provided by ICW encourage collaboration between CSOs and journalists. Local journalists published in-depth articles after three months of investigations with civil society organizations in 2019. Meanwhile, local civil society reports on the results of investigations to the Indonesia Competition Commission (ICC) and the Corruption Eradication Commission of the Republic of Indonesia (KPK RI)<sup>340</sup>.

In its report to the ICC<sup>341</sup>, the Coalition of Civil Society for Procurement Yogyakarta presented the following findings: a) abuse of quick tenders; and b) tender collusion where two companies of the same owner participated in one procurement package. Allegation of horizontal conspiracy emerged in this report<sup>342</sup>. ICC Regional Office IV followed up the two reports and stated that reports of alleged violations related to the construction process of street merchant relocation site at the former Indra Cinema had been examined based on Article 6 paragraphs 2 and 3 of ICC Regulation No. 1 of 2019. However, the reports did not meet the requirements of sufficient initial evidence of alleged violations of Law Number 5 of 1999; inquiry was dropped and recorded in inquiry termination data<sup>343</sup>.

Responding to the investigation report that resulted from the collaboration between CSOs and journalists in the Yogyakarta Special Region, KPK RI followed up by asking for information from CSOs and journalists to obtain data on media/vendor account numbers and account numbers of the Procurement Service Bureau. However, CSOs and journalists did not have access to these data and hoped that KPK RI would continue the investigation<sup>344</sup>.

<sup>340</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>341</sup> Report by virtue of letter No.01/Eks/KMSY/XI/2019

<sup>342</sup> HarianJogja.com. EKS BIOSKOP INDRA: Aroma Monopoli dalam Proyek Relokasi PKL. <https://jogjapolitan.harianjogja.com/read/2019/11/21/510/1025265/eks-bioskop-indra-aroma-monopoli-dalam-proyek-relokasi-pkl> accessed on 21 February 2021.

<sup>343</sup> KPPU RI Kantor Wilayah IV melalui Surat Nomor 482/Wil.IV/S/XI/2020 tanggal 24 November 2020

<sup>344</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

The availability of data and information to monitor public contracting also encourages civil society organizations in South Sulawesi Province to collaborate with the local government in socializing the process of monitoring the procurement by the public. Opentender is used as a material in the Center of Budgeting Studies (PUSJAGA) Level 2 and above in the South Sulawesi Province. Their members consist of Makassar Public Education Office, students, and media. Opentender had been socialized in the 20-30 training sessions held in 2019 by Yayasan Swadaya Mitra Bangsa (YASMIB)<sup>345</sup>. However, after more than 20 training sessions conducted in 2019, the follow-up of the training has not been identifiable, or whether there are any further benefits from the training from advocacy perspective.

In Bojonegoro Regency, CSOs and journalists analyze budget data and opentender data to monitor development projects<sup>346</sup>. The Inspectorate of Bojonegoro Regency responded by appreciating the effort. However, there was no indication whether the results of the report were followed up by the local government.

<sup>345</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

<sup>346</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.



## Case Study

### Use Case Opendender Data in Revealing Procurement Corruption



In Manado, North Sulawesi, Yayasan Suara Nurani Minaesa (YSNM) conducted monitoring on the Manado Solar Cell System public lighting project, which had a high fraud risk score on opentender. YSNM reported its findings to the local

LPSE, which subsequently suspended the procurement process, and the project was repeated in the following fiscal year<sup>347</sup>. YSNM findings were then also reported to the local law enforcement<sup>348</sup>. It was followed up by corruption case prosecution and 16 months prison sentence against the former Head of Manado City Planning Office<sup>349</sup>. The other defendants in the case were sentenced between four and five years in prison. They were Robert Wowor, who had been the procurement official (PPK) of Manado City Planning Office; Lucky Dandel, the Technical Implementation Officer (PPTK); and Aryanthi Marolla as Proxy of PT Subota International Contractor<sup>350</sup>. The project value amounted to Rp9.6 billion<sup>351</sup> and the corruption caused state loss of over Rp3 billion<sup>352</sup>.

According to the verdict from Manado High Court, one of the perpetrators were fined to the amount of IDR 50 million and ordered to pay replacement money for state loss of IDR 2.4 billion<sup>353</sup>. However, the public have no means to verify if payment was actually made to state account.

The trial revealed that individuals named Salindeho and Mailangkay had met with Ariyanti Marolla, Lucky Dandel, and Robert Wowor at Hotel Quality Manado prior to tender. PT Subota International Contractor won the tender even though the Bid Guarantee (Bank Guarantee) submitted by the company was not recorded in the Bank Mandiri system<sup>354</sup>. The offenders also changed the battery specification from the Best Solution Battery brand 12120 Ah battery to Bulls Power (BSBp) 120 (SNI) battery. The battery lasted for just 3 to 6 hours, of what should last for 10 hours per day<sup>355</sup>.

<sup>347</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>348</sup> Informant 3. CSO. Online interview. 3 February 2021.

<sup>349</sup> TribunManado.co.id. Mantan Kadistakot Manado Divonis 16 Bulan Penjara atas Kasus Korupsi Solar Cell. <https://manado.tribunnews.com/2018/07/10/mantan-kadistakot-manado-divonis-16-bulan-penjara-atas-kasus-korupsi-solar-cell> accessed on 25 February 2021.

<sup>350</sup> Manado Tribunnews. Kejari Pidanakan 3 Pelaku Korupsi PJU Solar Cell Manado. <https://manado.tribunnews.com/2017/12/05/kejari-pidanakan-3-pelaku-korupsi-pju-solar-cell-manado> accessed on 18 February 2021.

<sup>351</sup> Republika.co.id. Tersangka Korupsi Lampu Jalan Bertenaga Surya Ditahan. <https://republika.co.id/berita/nasional/hukum/17/08/02/ou0uce414-tersangka-korupsi-lampu-jalan-bertenaga-surya-ditahan> accessed on 25 February 2021.

<sup>352</sup> Mega Manado. Pasang Badan di Persidangan, Salindeho Diduga Amankan Orang Nomor Satu. <http://www.megamanado.com/2017/05/09/pasang-badan-di-persidangan-salindeho-diduga-amankan-orang-nomor-satu/> accessed on 18 February 2021.

<sup>353</sup> Mahkamah Agung, Direktorat Putusan, [https://putusan3.mahkamahagung.go.id/direktori/download\\_file/60ae53b082bb61c93c71dea64bc97abb/pdf/zaeb53c81d399a06ae78313134373331](https://putusan3.mahkamahagung.go.id/direktori/download_file/60ae53b082bb61c93c71dea64bc97abb/pdf/zaeb53c81d399a06ae78313134373331) accessed on 25 February 2021

<sup>354</sup> Indobrita. Sidang Perkara PJU Solar Cell Manado Batal Digelar. <https://www.indobrita.co/2018/01/04/sidang-perkara-pju-solar-cell-manado-batal-digelar/> accessed on 18 February 2021.

<sup>355</sup> Mega Manado. Pasang Badan di Persidangan, Salindeho Diduga Amankan Orang Nomor Satu. <http://www.megamanado.com/2017/05/09/pasang-badan-di-persidangan-salindeho-diduga-amankan-orang-nomor-satu/> accessed on 18 February 2021.

## d. APIP – Government Internal Auditor

Table 3.24. Benefits of use by APIP<sup>356</sup>

	APIP (Government Internal Auditor)
User background	APIP in one of the provinces in Indonesia <sup>357</sup> .
Knows about Opentender from	News in KOMPAS newspaper in 2018 regarding the launch of opentender. Using Google search engine, the user found the link for opentender <sup>358</sup> .
Last use	Probity audit in July/August 2020 <sup>359</sup> .
Access frequency	At least four times in a year for APIP assignment <sup>360</sup> .
Opentender data usage	<p>Probity and Post Audit, each conducted four times per year.</p> <p>Probity Audit and Post Audit in 2018 to 2020</p> <p>Since 2018, the user has used it 13 times for audit activities<sup>361</sup>, as follow:</p> <p>2018: 4 times</p> <p>2019: 4 times</p> <p>2020: 4 times</p> <p>2021: 1 times</p> <p>SPSE data provides information on all phases of public contracting from tender announcement to award but does not provide the track record of the winning company. Opentender provides company history, which is useful for the auditor/APIP to carry out post audits<sup>362</sup>.</p> <p>APIP focuses on Opentender data with Potential Fraud Analysis (PFA) scores of 19, 18, 17 where the highest score is 20 (Opentender V3). The data are used as an audit sample. They are extremely helpful in determining potential irregularities and can be compared with data from SPSE<sup>363</sup>.</p> <p>Opentender data cannot yet be used in the 2021 probity audit because the data available is not real-time.</p>

<sup>356</sup> Informan 2. APIP. Wawancara Daring. 29 Januari 2021.

<sup>357</sup> Ibid.

<sup>358</sup> Ibid.

<sup>359</sup> Ibid.

<sup>360</sup> Ibid.

<sup>361</sup> Ibid.

<sup>362</sup> Ibid.

<sup>363</sup> Ibid.

	APIP (Government Internal Auditor)
Benefits of using Opentender data	<p>Appropriate Audit Sampling. Of the ten samplings obtained from Opentender, all of them had findings. With the Opentender data, APIP found that a company won 2 tenders in March 2016, 1 tender in April 2016, 1 tender in May 2016, with a difference of 1 month with a total contract value of 49 billion, in the second quarter<sup>364</sup>. The auditor suspects that the company's ability is not sufficient to work on that many projects. Opentender provides a more comprehensive picture for APIP, especially because they are only authorized to access the provincial level SPSE, but with opentender, APIP could find out in which Regencies/Municipalities the company won the procurement<sup>365</sup>.</p> <p>Time Efficiency. Before using Opentender, APIP could find ten administrative findings in 20 days' time. Opentender data sped up the audit process, so that within 20 days, 20-30 administrative findings could be found<sup>366</sup>. The sampling process takes days when using SPSE data, but with opentender, it only takes 15-30 minutes<sup>367</sup>.</p>
Recommending opentender to other parties (referral)	In 2018, user incorporated opentender as material in the internal training to 70 out of 104 auditors <sup>368</sup> .

<sup>364</sup> Ibid.

<sup>365</sup> Ibid.

<sup>366</sup> Ibid.

<sup>367</sup> Ibid.

<sup>368</sup> Ibid.





## User's Brief Story – Government Internal Auditor

### Brief Profile

The user is a Government Internal Auditor at the inspectorate of one of the provinces in Indonesia.

Ministers/heads of institutions, governors, and regents/mayors are required to exercise control over the implementation of government activities to achieve effective, efficient, transparent, and accountable management of state finances<sup>369</sup>. To achieve this goal, the government is guided by the Government Internal Control System (SPIP) implemented by Government Internal Auditors (APIP) through: a. audit; b. review; c. evaluation; d. monitoring; and e. other supervisory activities<sup>370</sup>.

Government Internal Auditor (hereinafter referred to as “APIP”) is a government official who meets the competency requirements as an auditor<sup>371</sup>.

In the context of the public procurement, APIP can carry out supervision from the planning process until evaluation phase. Where the scope of supervision that can be carried out by APIP includes:

1. Fulfillment of value for money;
2. Compliance with regulations;
3. Achievement of Domestic Component Level (TKDN);
4. Use of domestic products;
5. Backup and designation of packages for small businesses; and
6. Sustainable Procurement

In addition to supervising, APIP can also receive public complaints regarding government procurement and follow up on them according to their authority.

The results of the APIP supervision then submitted to the Minister/head of institution/regional head to be followed up according to recommendations. Recommendations given by APIP can be in the form of returning to the state treasury, implementing administrative sanctions for employees, improving reports and controlling administration. If the report finds indications of Corruption, Collusion and Nepotism, then APIP can forward the report to law enforcement.

### Benefits of Opentender in the Government Internal Audit Process

*Appropriate Audit Sampling.* With the Opentender data, APIP found that a company won 2 tenders in March 2016, one in April 2016 and one in May 2016, which is one month apart from each other in the second quarter in different LPSE. It is not likely for an average company to work on two huge contracts simultaneously with a combined contract value of 49 billion<sup>372</sup>. Opentender provides a more comprehensive picture for APIP, especially because they are only authorized to access the provincial level (their own) SPSE, but with Opentender, APIP can browse through all LPSE where the company won a contract<sup>373</sup>.

*Time Efficient.* Before using Opentender, APIP could find ten administrative findings in 20 days' time. Opentender data sped up the audit process so that within 20 days, 20-30 administrative findings could be found<sup>374</sup>. The sampling process takes days when using SPSE data, but with opentender, it only takes 15-30 minutes<sup>375</sup>.

*“For APIP, all indicators are well presented in the opentender. As APIP at the provincial level, APIP does not have the authority to access SPSE at the district level, but opentender provides me with a more comprehensive picture, identifying in which regions company X won awards, so I become better informed of the company's track record. My inquiry on opentender has resulted in 3 findings that I identified based on opentender data. The findings are related to indications of conspiracy or collusion<sup>376</sup>.”*

<sup>369</sup> Government Regulation Number 60 of 2008 on Government Internal Control System. Article 2 paragraph (1). <https://peraturan.bpk.go.id/Home/Details/4876>. Accessed on 10 February 2021

<sup>370</sup> Ibid. Article 48.

<sup>371</sup> Ibid. Article 51 paragraph (1)

<sup>372</sup> Informant 2. APIP. Online interview. 29 January 2021.

<sup>373</sup> Ibid.

<sup>374</sup> Ibid.

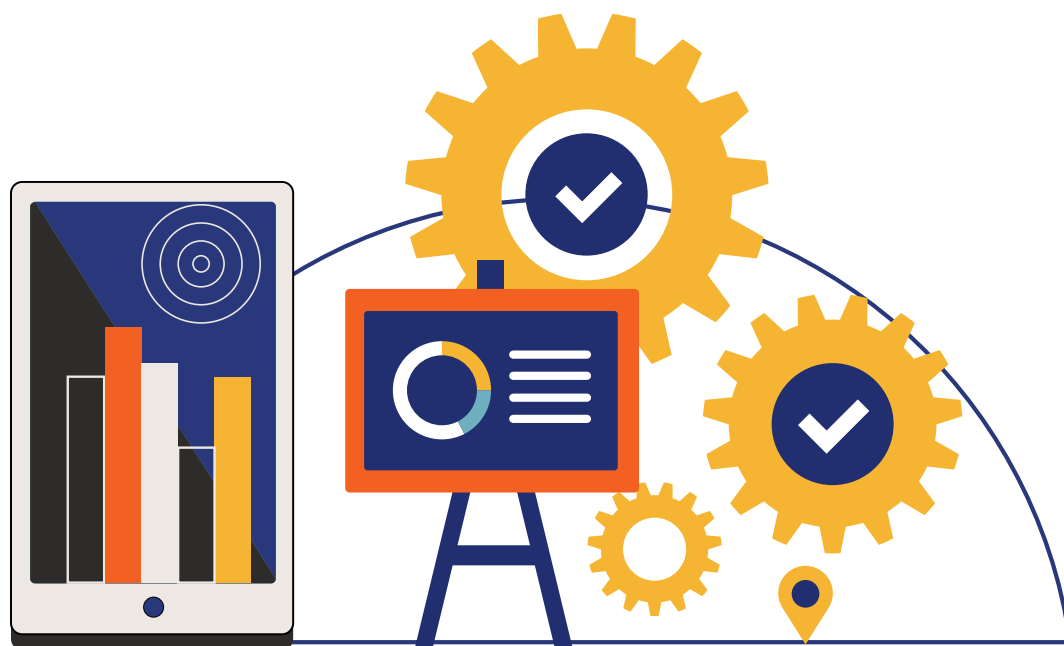
<sup>375</sup> Ibid.

<sup>376</sup> Ibid..

In carrying out internal audits, opentender is used in the Probity Audit and Post Audit processes from 2018 to 2020, especially in the sampling process. Each of these audits is carried out four times a year. In total, APIP has used opentender data 9 times since the officer was first aware of opentender<sup>377</sup>. A probity audit is an independent assessment carried out to ensure procurement process is conducted fairly, accountably, and transparently, in accordance with public expectations and applicable provisions<sup>378</sup>.

#### Benefits of Opentender as a material for Internal Training

Opentender is also used as material in the internal training for auditors in the provincial government. Since 2018, there has been 3 (three) internal training conducted for staff at the office and attended by 70 out of 104 auditors<sup>379</sup>. Internal training is a training session organized by employees for employees at their own office. Internal training is usually conducted in small groups, has a short duration, and can be held as often as possible<sup>380</sup>.



<sup>377</sup> Ibid.

<sup>378</sup> LKPP. 2013. KREDIBEL Majalah Pengadaan Indonesia. pg.12 [http://www.lkpp.go.id/v3/files/attachments/5\\_ybGqcGelSNakFhKqblqEnOOoGKrJozw.pdf](http://www.lkpp.go.id/v3/files/attachments/5_ybGqcGelSNakFhKqblqEnOOoGKrJozw.pdf) accessed on 10 February 2021.

<sup>379</sup> Informant 2. APIP. Online interview. 29 January 2021.

<sup>380</sup> Decision of the Head of Finance and Development Comptroller (BPKP) Number KEP-504/K/SU/2004 on the Implementation Guideline of Working Culture Development in BPKP. <https://jdih.bpkp.go.id/search/www/storage/document/PeraturanKeputusan-Kepala-BPKP-tahun-2004-504-04.pdf> accessed on 23 February 2021.

### 3.7.2 Opentender as Data and Information Platform

#### Popular and Unpopular Features

The following table shows the most and least used features on opentender:

Table 3.25 Opentender Features

Actor	Most Frequently Accessed Features	Least Frequently Accessed Features
Academics <sup>381</sup>	<ol style="list-style-type: none"> <li>1. Disclaimer</li> <li>2. Glossary</li> <li>3. FAQ</li> <li>4. Methods</li> <li>5. Top 10</li> <li>6. Top Project</li> </ol>	Sign in
Journalists <sup>382</sup>	<ol style="list-style-type: none"> <li>1. Rank/Top 10/Score of most at risk;</li> <li>2. Company profiles of winners</li> <li>3. Database</li> <li>4. Indicators of potential irregularity scores</li> </ol>	<ol style="list-style-type: none"> <li>1. Contact Us,</li> <li>2. About Us,</li> <li>3. E-purchasing</li> <li>4. Statistical Charts/Data</li> <li>5. Articles</li> <li>6. Quick tender</li> </ol>
CSO <sup>383</sup>	<ol style="list-style-type: none"> <li>1. Top 10<sup>384</sup></li> <li>2. database,</li> <li>3. procurement package,</li> <li>4. suppliers, dan</li> <li>5. Top 10 Sources of the APBD</li> </ol>	<ol style="list-style-type: none"> <li>1. Sign in</li> <li>2. Procurement funded by APBN or executed by National SOEs</li> <li>3. Top 10 Work Units</li> </ol>
Government Internal Auditor <sup>385</sup>	<ol style="list-style-type: none"> <li>1. Top 10/Score</li> <li>2. Database</li> </ol>	<ol style="list-style-type: none"> <li>1. Graphs/Charts</li> </ol>

Source: Interview and FGD with the Informants

<sup>381</sup> Informant 1. Academic. Online interview. 28 January 2021.

<sup>382</sup> Online FGD with Journalists. Online FGD. 21 January 2021.

<sup>383</sup> Online FGD with Civil Society Organizations. Online FGD 21 January 2021.

<sup>384</sup> Informant 3. CSO. Online interview. 3 February 2021.

<sup>385</sup> Informant 2. APIP. Online interview. 29 January 2021.

### Analysis of Opentender Visitors

To understand the profile of visitors of the Opentender platform, we used the Webalizer software<sup>386</sup>. The data covered visits from 1 January 2020 to 31 December 2020. We also used Google Analytics data for Opentender website<sup>387</sup>, covering visits from 8 October to 31 December 2020.

According to Google Analytics, the majority of Opentender users access it using their desktop<sup>388</sup>.

Table 3.26 Percentage of Opentender Visitors (8 October - 31 December 2020)

Device	Number of visits	Percentage
desktop	2134	51.1%
mobile	2018	48.3%
tablet	24	0.6%

The age of the majority of Opentender visitors is between 18-34 years old<sup>389</sup>.

Table 3.27 Percentage of Opentender Visitors by Age (8 October - 31 December 2020)

Age	Number of users	Percentage
18-24	153	26.6%
25-34	178	30.9%
35-44	129	22.4%
45-54	83	14.4%
55-64	18	3.1%
65+	15	2.6%
<b>Jumlah</b>	<b>576</b>	<b>100.0%</b>

<sup>386</sup> Data Webalizer Opentender, <https://v3.opentender.net/vstats/index.html> accessed on 1 March 2021.

<sup>387</sup> Google Analytics for Opentender, <https://analytic.google.com> accessed on 1 March 2021.

<sup>388</sup> Ibid.

<sup>389</sup> Ibid.

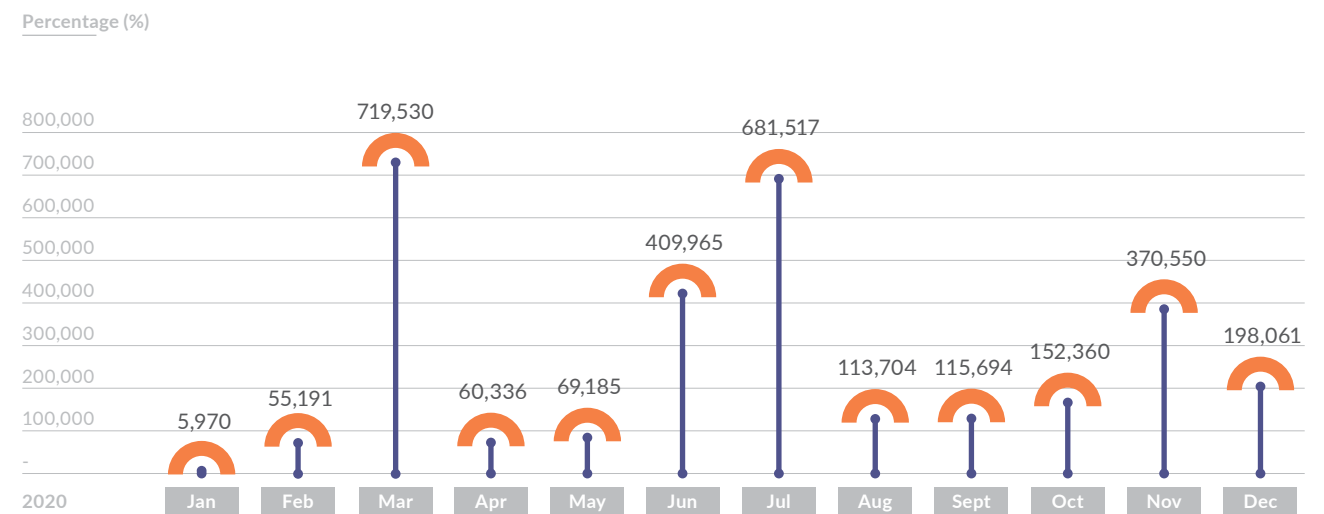
Figure 1 The Distribution of Opentender Users in Indonesia (8 October - 31 December 2020)<sup>390</sup>



The figure above shows that 91.82% of Opentender users were in Indonesia, with a concentration in Jakarta, but spread across almost all islands in Indonesia. The remaining 8.12% were visitors from outside Indonesia.

Meanwhile, based on the record of the Webalizer software installed on Opentender servers, the number of visits increased in March and July 2020, as shown in the chart below.

Chart 3.58 Number of Opentender Visits in 2020



Source: ICW, team analysis<sup>391</sup>

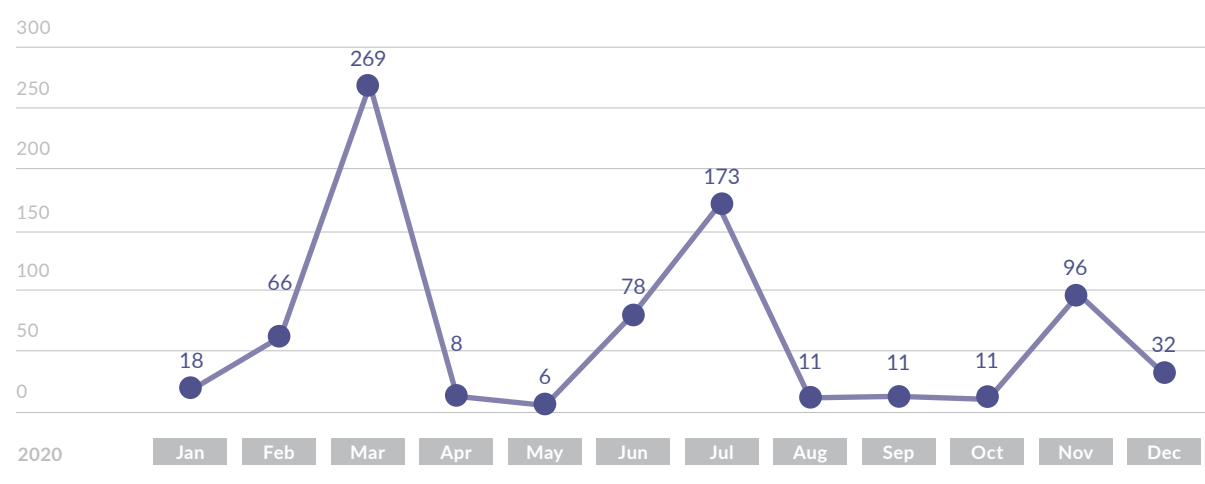
<sup>390</sup> Ibid.

<sup>391</sup> ICW, <https://v3.opentender.net/vstats/index.html>, using Webalizer software. Accessed on 1 March 2021.

In March 2020, the Indonesian government declared Indonesia in a state of emergency due to the COVID-19 pandemic<sup>392</sup>. This was immediately followed by the initiation of social assistance programs and budget reallocation. In July 2020, ICW published its monitoring results on the implementation of procurement related to COVID-19 response efforts<sup>393</sup>.

During the two months period, the average number of pages visited to obtain data from Opentender also increased, as illustrated below.

Chart 3.59 Average Number of Pages per visit in 2020



Source: ICW, team analysis<sup>394</sup>

<sup>392</sup> BNPB. 17 March 2020. Status Keadaan Tertentu Darurat Bencana Wabah Penyakit Akibat Virus Corona di Indonesia <https://bnpb.go.id/berita/status-keadaan-tertentu-darurat-bencana-wabah-penyakit-akibat-virus-corona-di-indonesia> accessed on 1 March 2020.

<sup>393</sup> ICW. Pemantauan Pengadaan Barang dan Jasa Terkait COVID-19.

<sup>394</sup> ICW. <https://v3.opentender.net/vstats/index.html>. menggunakan software webalizer. Accessed on 1 March 2021.

## Opentender Coverage

Opentender has been recommended by academics<sup>395</sup>, journalists<sup>396</sup>, CSOs<sup>397</sup>, and APIP<sup>398</sup>, for example, the following five actors:

Table 3.28. Groups Covered by Opentender

<b>CSO</b>	IDEA Yogyakarta <sup>399</sup> , Center for Human Rights Studies and Advocacy (PUSPAHAM) Kendari <sup>400</sup> , Yayasan Suara Nurani Minaesa (YSNM) Manado <sup>401</sup> , Friends of the Earth Indonesia (WALHI) North Sulawesi <sup>402</sup> , CSOs in Blitar Regency <sup>403</sup> , Bojonegoro Institute, eLSAL Indonesia, FITRA Jatim <sup>404</sup> .
<b>Journalists</b>	Journalists in South Sulawesi <sup>405</sup> , Manado <sup>406</sup> , West Kalimantan <sup>407</sup> , Blitar <sup>408</sup> , Bojonegoro <sup>409</sup> , Southeast Sulawesi <sup>410</sup> , and Jakarta special region of national capital <sup>411</sup> .
<b>Students</b>	Students of the Public Administration Science Program of the Social and Political Science Faculty at Universitas Katolik Parahyangan <sup>412</sup> , IAIN Manado, Universitas Sam Ratulangi <sup>413</sup> , and students in South Sulawesi <sup>414</sup> .
<b>Government</b>	The Procurement Department of Pontianak Municipality <sup>415</sup> , Makassar Education Office <sup>416</sup> , Procurement Service Agency of Blitar Regency, LPSE of Blitar Regency <sup>417</sup> , and an auditor in one of the provinces in Indonesia <sup>418</sup> .
<b>Legislative</b>	Regional Parliament of Blitar Regency and Regional Parliament of Blitar Municipality <sup>419</sup> .

<sup>395</sup> Informant 1. Academic. Online interview. 28 January 2021..

<sup>396</sup> Online FGD with Journalists. Online FGD. 21 January 2021.

<sup>397</sup> Online FGD with Civil Society Organizations. Online FGD 21 January 2021.

<sup>398</sup> Informant 2. APIP. Online interview. 29 January 2021.

<sup>399</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>400</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

<sup>401</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>402</sup> Ibid.

<sup>403</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>404</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>405</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

<sup>406</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>407</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021. Online FGD with CSO. 21 January 2021.

<sup>408</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>409</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>410</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

<sup>411</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>412</sup> Informant 1. Academic. Online interview. 28 January 2021..

<sup>413</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>414</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

<sup>415</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021. Online FGD with CSO. 21 January 2021.

<sup>416</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

<sup>417</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>418</sup> Informant 2. APIP. Online interview. 29 January 2021.

<sup>419</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

Information regarding Opentender has also been disseminated by users in this study to their respective networks. Details are provided in the table below.

Table 3.29 Opentender Referral to Third Parties

<b>Academics<sup>420</sup></b>	Students in the Public Budgeting Course and ICT For Public Administration Course in 2016, 2017. And also in the Digital Governance Course and the Public Administration Ethics Course in 2018.
<b>Journalists</b>	Opentender was recommended to fellow journalists <sup>421</sup> . One of them was a member of the Alliance of Independent Journalists (AJI) Jakarta <sup>422</sup> for cross-checking purposes and mapping large-budget procurement because they require tighter monitoring <sup>423</sup> .
<b>APIP</b>	In 2018, users incorporated opentender in their office's internal training material to 70 out of 104 auditors <sup>424</sup> .
<b>CSO</b>	<p>CSO recommended opentender to PUSJAGA participants (budget study center held by local CSO in Makassar)<sup>425</sup>. Journalists at AJI Manado<sup>426</sup>, Suara Pemred, Pontianak Post, Tribun, and other local media in West Kalimantan Province<sup>427</sup>, journalists in Blitar Regency<sup>428</sup>, journalists in Bojonegoro Regency<sup>429</sup>, and journalists in Southeast Sulawesi Province, such as Tempo.com, Rakyat Sultra, and Berita Kota<sup>430</sup>.</p> <p>CSO introduced opentender to students at IAIN Manado and Universitas Sam Ratulangi<sup>431</sup>.</p> <p>Opentender was recommended to IDEA Yogyakarta<sup>432</sup>, PUSPAHAM Southeast Sulawesi<sup>433</sup>, and YSNM Manado to find COVID-19 pandemic budget reallocation data<sup>434</sup>. CSO introduced opentender to other CSOs, such as: Friends of the Earth Indonesia (WALHI) North Sulawesi<sup>435</sup>, CSOs in Blitar<sup>436</sup>, Bojonegoro Institute, eLSAL Indonesia, and FITRA East Java<sup>437</sup>.</p> <p>Opentender was also introduced to the Procurement Department of Pontianak Municipality<sup>438</sup>. Procurement Service Agency of Blitar Regency, LPSE of Blitar Regency<sup>439</sup>, Regional Parliament of Blitar Regency, and Regional Parliament of Blitar Municipality<sup>440</sup>.</p>

<sup>420</sup> Informant 1. Academic. Online interview. 28 January 2021.

<sup>421</sup> Informant 10. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>422</sup> Informant 4. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>423</sup> Informant 8. Journalist. Online FGD with Journalists. 21 January 2021.

<sup>424</sup> Informant 2. APIP. Online interview. 29 January 2021.

<sup>425</sup> Informant 12. CSO. Online FGD with CSO. 21 January 2021.

<sup>426</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>427</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021.

<sup>428</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>429</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>430</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

<sup>431</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>432</sup> Informant 17. CSO. Online FGD with CSO. 21 January 2021.

<sup>433</sup> Informant 18. CSO. Online FGD with CSO. 21 January 2021.

<sup>434</sup> Informant 14. CSO. Online FGD with CSO. 21 January 2021.

<sup>435</sup> Ibid.

<sup>436</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>437</sup> Informant 16. CSO. Online FGD with CSO. 21 January 2021.

<sup>438</sup> Informant 13. CSO. Online FGD with CSO. 21 January 2021.

<sup>439</sup> Informant 15. CSO. Online FGD with CSO. 21 January 2021.

<sup>440</sup> Ibid.

## Chapter

# 4.

## Conclusions and Recommendations





## 4.1 Conclusions

### Competition and Market Opportunity

The market concentration of the national and regional levels have the same trend as indicated by the data. At the national level, market concentration in a tendering process from 2011 to 2019 dropped by 30% (from 1,414 to 977) but increased in 2020 by 159% (from 977 to 2,535). This finding shows that market opportunity in Indonesia improved from 2011 to 2019 but reversed in 2020. The decrease in market concentration in 2011-2019 period was likely driven by two government policies in public procurement, namely the electronic procurement systems (SPSE) that was launched in 2010. The policy requires government agencies to draw up General Procurement Plan (RUP) starting 2011. This policy was followed by the implementation of SiRUP in 2012. Through SiRUP—accessible by the public—businesses can identify business opportunities for future procurement activities. In 2020, market concentration level increased to 2,535 compared to the earlier year. The increase was likely to be caused by Covid-19. According to survey conducted by the Indonesia Statistics (BPS), 8.76% companies closed their operations, and 24.31% companies reduced their operating capacity in 2020. According to INKINDO data, 27% consulting companies closed down because of the pandemic.

On **top 10 suppliers**, from the ten-year data (2011-2020), this study found that the list is dominated by State-Owned Companies. Every three out of 10 most awarded companies in 2011-2020 were SOEs, namely PT Telekomunikasi Indonesia, PT Rajawali Nusindo, and PT Indofarma Global Medika. In that same period, 9 out of 10 tenders with the highest contract value were also awarded to SOEs, including one regional government-owned enterprise under the DKI Jakarta provincial government. All those enterprises in the national top 10 suppliers are in the construction services business.

This study narrowed its analysis to the **number of contracts awarded to the national top 10 suppliers** in the last 5 years (2016-2020). The analysis results indicated better market opportunities. In the last 5 years, the percentage of tenders at the national level that were awarded to the top 10 suppliers decreased by 0.41% (from 1.13% to 0.72%). A more detailed analysis revealed that national level agencies (ministries and public institutions) awarded more contracts to top 10 suppliers, namely between 17%-30% of contracts, compared to 13%-15% at the regional level (districts/municipalities). This finding shows that the top 10 suppliers are particularly prominent and are awarded the most contracts at the national government level.

Continuing the context of competition and market opportunity, in the first three years (2011-2013) of the period where our data sample were derived, there was an increasing trend at both the national and subnational levels of **new awarded suppliers** (139% from 9,136 suppliers in 2011 to 21,883 suppliers in 2013). From 2013 to 2020, the trend slid, and the percent of new awarded suppliers declined by 71.2% (from 21,883 to 6,305). The similar downward trend in the **percentage of new suppliers to total suppliers** was also found in the period of last 10 years (2011-2020) at both the national and subnational levels, declining by 67.4% (from 74.8% to 7.36%). The **growth of new suppliers** also decreased by 2.92% (from 2.95% to 0.03%). The increase in new suppliers in 2010-2013 was the result of the government's shift to a newly implemented electronic procurement policy. Meanwhile, the decrease in the number of new suppliers in public contracting that employs the tender method may be caused by other, emerging procurement methods, such as e-purchasing and quick tender—introduced in 2015. These other methods open more opportunities for companies to supply the public contracting market but were excluded from this study. As the result, this study captures a downward trend in the context of tender.

### Internal Efficiency

Throughout 2011 to 2020, the percentage of **cancelled tenders** nationally decreased from 31% in 2011 to 18% in 2017, and then increased slightly by 22% in 2020 (figure 3.25). The same trend was found among national agencies (ministries and public institutions) and regional levels (municipalities, districts, provinces). However, from the same period, public institutions had the highest percentage in the decline of cancelled tenders, namely by 20% (from 35% to 15%).

By agency type, from 2011-2020, the percentage of cancelled tenders in central agencies (ministries and public institutions) declined. In contrast, the percentage of cancelled tenders in regional agencies (municipalities, districts, provinces) declined in 2011-2017, but picked up slightly from 2018 to 2020. The decrease in the percentage of cancelled tenders shows improvement in internal efficiency. One of the drivers of this improvement is the planning capacity of procurement committees made stronger by the series of training from the NPPA. Meanwhile, increased percentage of cancelled tenders in 2020 was an impact of Covid-19 pandemic, where the government had to re-focus the public budget to mitigate the impacts of the pandemic. As the result, some tenders were either postponed or terminated.

In terms of **days lapsed between tender announcement and tender award**, the study noted that the number of days declined from 50 days (in 2011) to 40 days (2020). This improvement was contributed by, among others, the establishment of dedicated procurement units (formerly called a procurement service unit/ULP, now Public Procurement Working Unit/UKPBJ) to manage procurement activities in every public agency. While the policy to have a dedicated procurement unit was issued in 2010, it took some time for government agencies to adopt it and eventually establish their own units. Another driver of this improvement is the series of capacity building activities and mentoring mechanism for the UKPBJ—a process led by the NPPA—as well as procurement certification program to strengthen the quality of procurement staff members. However, this study noted a change in the way the government calculates the length of contracting process. In 2011, the days lapsed between announcement and award dates were calculated based on calendar days and changed to working days in 2018. This study did not consider weekends and/or national and festive holidays. Therefore, changes in the length of contracting process analyzed in this study were all based on calendar days.

#### Value for Money

Data from the last 10 years show a decline in the **percentage of overruns**, both nationally (figure 3.33) and by type of agency (figure 3.34). At the national level, the percentage dropped from 194.87% in 2011 to 17.36% in 2020 (figure 3.33). A similar trend can be found at the agency level (figure 3.34). There are several government policies that were favorable to this achievement, including Presidential Decree No. 80/2003 and Presidential Decree 16/2018 that prohibit tender proposals from having a higher value than the tender value.

Meanwhile, **the average percentage of saving** has increased in the last 5 years (2016-2020)—nationally, the number went from 6% to 8% (figure 3.37). The ministry is the type of public agency with the highest rate of savings in percentage in 2011-2020, namely between 10-12%, compared to districts, municipalities, provinces, and public institutions (figure 3.38).

#### Public Integrity

In the **public integrity** dimension, there were significant changes in the period 2011-2020 regarding the **percentage of tenders with the general planning (RUP)** and the **percentage of tenders without procurement**

**code** at both the national level and agency level. Nationally, in 2011, the tender with planning document was 0.25% and the number increased to 99.56% in 2020 (figure 3.41). Furthermore, there was zero tender (0%) with procurement code in 2013, but in 2020 the percentage has reached 99.99% of tenders (figure 3.53). This improvement was driven by several factors, including a policy, issued in 2011, that requires all government agencies to publish their RUPs. All UKPBJ/ULP also must specify their procurement code in their RUPs. In 2013, SiRUP was integrated with the SPSE, requiring government agencies to upload their RUPs before they can proceed with initiating a tender process. Without a RUP, by default the system will not allow/block tender initiation. Furthermore, an RUP specifies the types of procurement information that must be uploaded to the system.

With regards to the title and description of a public contracting project, there were no significant improvement made in the 2011-2020 period. Nationally, **the number of tenders with titles fewer than 20 characters** decreased from 2.5% on 2011 to 1.16% in 2013 but increased slightly to 1.91% in 2020 (figure 3.45). Improvement at the national level in 2013-2020 period could be seen on **tender description with fewer than 60 characters**, which decreased from 73.5% to 63.4% (figure 3.49). The improvement indicates better transparency, albeit not significant, as tender information has become more comprehensible.

#### Red Flag

In the 2011-2020 period, **tenders with largest contract value** were dominated by construction work with 6 out of 10 contracted suppliers were SOEs. On the other hand, **procurement in the fourth quarter** nationally throughout 2011-2020 was dominated by procurement of goods (58%) and construction work (25%) and increased by 279% from 1,435 in 2011 to 3,755 tenders in 2020. Procurement of goods was prominent in the fourth quarter because it is likely easier to spend the remainder of public budget by purchasing public goods. In addition, the global Covid-19 pandemic contributed to an increase in procurement projects in the fourth quarter of 2020, where all government agencies focused on responding to the pandemic. The central government at the time also issued a budget re-focusing policy and allowed each agency to stop or postpone an ongoing or planned procurement.

## Use of Opentender



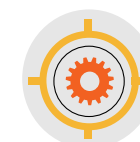
**Academics** use the platform to gather teaching and research materials. There were at least 480 students that were exposed to the information and data available on Opentender in 2016-2018—half of them produced reports using Opentender data. According to the lecturers, their students used Opentender to learn on how citizens can participate in public spending oversight. For academic researchers, Opentender data were used in their initial data collection.



**Journalists** utilize Opentender data to explore ideas for reporting and to use the data as the starting point in an investigative reportage. Different journalist groups have organized programs on data-driven journalism and utilized Opentender data in the process, such as training and fellowship programs. Opentender data have been used to identify tenders with potential breaches. Journalists reported that Opentender had helped them save the time they needed to prepare a report and drove them towards data-driven journalism. Their published reports also received response from public officials, even though the response was not necessarily positive.



**Civil Society Organizations (CSOs)** reference Opentender data in their capacity building activities for both their internal staff and for organizations in their network; advocacy materials as part of the public service oversight process; and part of multi-party collaboration, including with journalists, governments, and universities. Opentender data, especially on awarded suppliers, can be further investigated and support CSOs' role in monitoring public contracting. There were many findings and recommendations that CSOs submitted to the government that were followed-up and that informed process improvement, policy change, oversight cooperation establishment, and legal action.



**Government internal audit officers (APIP)** have used Opentender data as reference in their post audit material and regular probity audit activities that are carried out four times a year. Opentender has also made the process of identifying audit targets more efficient. The respondent in this study reported that 100% of the data they had sampled based on Opentender's scores resulted in meaningful findings that they could follow-up with an audit process. In terms of time efficiency, within 20 days they could find up to 20-30 potential administrative breaches from just 10 findings of potential administrative breaches. Data sampling using SPSE could take an officer several days, but Opentender allows data sampling in just 15-30 minutes. However, this study could not identify other APIP officers who utilize Opentender to exercise their internal monitoring responsibility.

### Opentender as Data and Information Platform

According to a survey that was conducted to four groups of Opentender users, until 2020 the most used features in Opentender were the Top 10 Suppliers and red flags database. The primary users of Opentender are CSOs and journalists, with a small number of academics and APIP officers.

According to Google Analytics data, the majority of visitors in opentender.net represent the younger demographics of 18 to 34 years old with 51% visitors accessing the platform via desktop and the remaining visitors used mobile gadgets/tablets. Using the Webalizer software, the opentender.net server statistics showed that the number of visitors peaked in March and July 2020. In March, the government declared a national emergency status due to the COVID-19 pandemic and in July ICW released its research on procurement projects in response to COVID-19.

By region, from 2014-2020, the users of opentender.net were mainly located at the sub-national level, i.e. province and regency/municipality – primarily the provinces of North Sulawesi, Southeast Sulawesi, West Kalimantan, the Special Region of Yogyakarta, and East Java. However, in the last three months of 2020, platform users were mostly identified from Indonesia's main islands – Java, Sumatra, Sulawesi, Kalimantan, and Papua.

## 4.2 Recommendations

### 4.2.1 Recommendations for Government

#### Policy Recommendations



**The NPPA and the Ministry of Law and Human Rights.** The NPPA and the Ministry of Law and Human Rights need to issue a joint decision or regulation that aims to strengthen suppliers' monitoring system by way of linking suppliers' information with beneficial ownership data and ensure that this information is accessible by the public.



**Ministry of Cooperatives and SMEs.** To prevent market concentration, the Ministry of Cooperatives and SMEs need to focus on the economic recovery of the companies affected by Covid-19, especially micro, small, and medium enterprises as well as cooperatives. This focus is also in-line with the commitment to drive inclusive economic development.



**Ministry of SOEs.** considering the large number of procurement contracts awarded to SOEs, leading to SOEs as top 10 suppliers, the Ministry of SOEs needs to promote budgeting transparency, including in the procurement process of SOEs as Indonesia's public bodies.

#### Data Availability Improvement



**NPPA.** For the past ten years, national SOEs are consistently in the top 10 suppliers with largest contracted total, which are primarily in construction services. To further analyze the participation of private firms and/or SOEs in construction work, the NPPA needs to aggregate, manage, and disclose bidders' documentation managed by each LPSE.





**NPPA.** In order to carry out a complete and comprehensive analysis on value for money, internal efficiency, dan public integrity of procurement **contracting data and data on contract implementation** need to be aggregated, managed, and disclosed. The data in question should cover, among others, contract documents, starting date of contract, vendor's name, contract progress, payment, evaluation, and date and proof of job handover.



#### **NPPA and the Ministry of Cooperatives and SMEs.**

The government is mandated to allocate 40% of procurement expenditure of ministries/public institutions/ local government for micro and small enterprises and cooperatives<sup>441</sup>. Oversight on this policy is implementation has been hindered due to the lack of data that classifies firms that participate in public procurement by scale, i.e. micro, small enterprises, and cooperatives.

#### Data Accessibility



**NPPA.** Team's analysis on tenders revealed a decline in the number of new vendors in public procurement. Meanwhile, the red flag analysis could only be done on public procurement projects that employed tender method. To carry out a more thorough analysis on all methods of public procurement, the government needs to **disclose all information on procurement methods other than tender and quick tender**, such as e-purchasing, direct appointment, and direct procurement.



**NPPA.** Public oversight is also not possible when it comes to the performance of vendors, as the relevant data are only accessible to vendors registered in the performance monitoring system (SIKAP). **Information on vendors' performance** needs to be disclosed to enable scrutiny on how the public money is being spent by knowing vendors' track record.

<sup>436</sup> Presidential Regulation Number 12 on 2021 concerning the Amendment to Presidential Regulation Number 16 of 2018 on Public Procurement. Article 65, Paragraph 3. <https://jdih.lkpp.go.id/regulation/peraturan-presiden/peraturan-presiden-nomor-12-tahun-2021> accessed on 26 February 2021.

#### Data Quality



**NPPA.** The existing data on small firms **are only available at the planning stage**. Therefore, to ensure the government's attention to small and micro firms<sup>442</sup>, the NPPA needs to publish segregated data on the status of awarded bidders—including the explicit identification of a business enterprise as micro, small, medium enterprise or a cooperative.



**NPPA.** To provide more comprehensive information on public procurement of construction work, the NPPA needs to **create codes or tags (identifier)** to link **construction work and consultancy services** under the same construction procurement project.



**NPPA.** Indonesia's national policy mandates the government to appropriate 5% of the national budget and 10% of the sub-national budget for the health sector<sup>443</sup>; and 20% from the national/sub-national budget for the education sector<sup>444</sup>. However, it is difficult to analyze how exactly are these policies being carried out since **contracting data do not segregate the data by sector**. To change this, the government needs to add sector classification in procurement data.



**NPPA.** Table 3.17 under subchapter 3.5.4 shows that public procurement data are accessible but through different government websites, that are not interoperable nor integrated. The data are also not available for download, creating a significant barrier for public oversight and research by scholars and academics who are interested to examine the public procurement sector. To increase public participation, data should be integrated and disclosed to the public (**i.e. available for download using open data formats**).

<sup>442</sup> Ibid, article 65

<sup>443</sup> Law Number 36 of 2009 on Health. Article 171 <https://peraturan.bpk.go.id/Home/Details/38778/uu-no-36-tahun-2009> accessed on 26 February 2021

<sup>444</sup> Law Number 20 of 2003 on the National Education System. Article 49, paragraph 1 <https://peraturan.bpk.go.id/Home/Details/43920/uu-no-20-tahun-2003> accessed on 26 February 2021



**NPPA.** Currently, the data are published on website interfaces with download options to several proprietary formats (e.g., MS Excel and Adobe PDF). The NPPA needs to publish data on an open format to promote interoperability between government's systems that use public contracting data. To promote national development based on integrated databases and open participation opportunity for potential suppliers and the public, the government needs to publish contracting data on an open and standardized format. One of the examples of an open format that allows for data to be re-used and to inform research is the Open Contracting Data Standard (OCDS).



#### **Ministries/ Institutions and Local Governments.**

Standardized **quality of data** is important so that public oversight can be optimal. To that end, government agencies should, among others, provide **tender titles and description that are more informative.**

## 4.2.2 Recommendations for ICW

### Data Utilization/Data User Engagement



#### **Academia**

ICW needs to open more collaboration with higher education institutions, especially those that have adopted the “*Merdeka Belajar*” (Freedom of Learning) philosophy that was recently launched by the Ministry of Education and Culture, and other programs that are relevant with anti-corruption<sup>445</sup>. Certain programs can be the primary target of engagement, such as the Social and Political Sciences, Civil Engineering, Economics, Law and other study areas relevant to construction work<sup>446</sup> as the source of the most high-value projects in public procurement. Students may also be engaged, such as through assignments that would require them to use opentender.net to collect evidence.



#### **Journalists**

ICW needs to collaborate more with journalists, including their media group (e.g. the editorial team) to encourage evidence-based reporting. ICW may also engage journalist associations to drive broader use of opentender.net.



#### **CSOs**

CSOs need to be engaged in thematic issues (e.g. COVID-19, environment) to encourage collaboration and motivate CSOs – other than the ones focusing on public budget/corruption issues – to be involved in public procurement monitoring.



#### **BPK/BPKP/APIP**

Opentender.net needs to be introduced to APIP in the province/regency/municipality. ICW may also approach the Indonesian Audit Board (BPK) and the Indonesia's National Government Internal Auditor (BPKP).

<sup>445</sup> Informant 1. Scholar. Online interview. 28 January 2021.

<sup>446</sup> Informant 15. CSO. Online FGD with CSOs. 21 January 2021.





### Law Enforcement Officers and Quasi-State Institutions

ICW can collaborate with LEOs and external oversight bodies to ensure that findings, reports, and/or complaints are followed-up by the relevant authorities (e.g. the Ombudsman, the Indonesia Competition Commission, and the Corruption Eradication Commission).

### Opentender Improvements as a Data and Information Platform

This study recommends the following upgrades to opentender.net:

1. Opentender.net needs to declare that all information, including the Application Programming Interface in opentender.net, are open for the public. This statement is important for researchers who need to be accountable for the intellectual rights of the information they may obtain during data crawling.
2. Opentender.net needs to have a dedicated page for ongoing tenders as an early warning for APIP and working groups that need to evaluate tender documents.
3. Opentender.net also needs to provide real-time data and analysis to benefit APIP officers when conducting probity audit.
4. Explanation on the methods used to assess red flag indicators need to be provided to get users familiar with the thought-process behind risk scores.
5. Privacy policy that covers the information collected on users need to be formulated; this will help ICW in upgrading the platform and/or updating the data to be more tailored to the needs of active users.
6. Opentender.net needs to provide examples of successful advocacy work on suspicious procurement investigation to motivate other civil society actors who wish to engage in a similar work.

### 4.2.3 Further Research

The following are several potential areas for further research to build upon the findings of this study.

- This study found that the participation of private firms in construction work tenders is significantly low. Further research may be conducted to examine market competition in this specific sector, including but not limited to the interest to participate and the capacity of private construction firms.
- Further research may also be carried out to investigate the causes of unsuccessful tenders to complement analysis on public procurement.
- Of all government agencies, in 2020 the tender length at the provincial government level is almost twice as long as other government agencies. More research is needed to find out the reason behind this.
- Further research is needed to investigate fraud potentials in procurement projects where other methods are used, e.g. e-purchasing, direct appointment, and direct procurement.)
- As many as 25 per cent of procurement projects initiated in the fourth quarter of the year were in construction; further research may identify the specific types and nature of construction work.
- While budget saving is appreciated, it does not necessarily indicate better efficiency. Contract value that is notably below the tender value may also be a red flag of poor planning or fraud. Further research is needed to better understand budget saving or related fraud potential and to examine budgeting and spending practices in Indonesia.

# Attachment and List of References

## Key Questions

Key Question for Informants

Actor	Question	Note
General public	1. When did you last use Opentender?	Probing may be possible based on the answer of question 3.
	2. What did you use the platform for?	
	3. Have you ever recommended Opentender to your colleagues? Please specify.	
	4. What are the benefits of Opentender? (explore qualitative and quantitative benefits) (e.g. how does the platform make your work more efficient/how much public budget saved)	
	5. Do you see any other benefits of Opentender? (e.g. network)	
Academician	1. When did you last use Opentender?	* Only applicable for further research
	2. What did you use the platform for?	
	3. Have you ever recommended Opentender to your colleagues? Please specify.	
	4. What are the benefits of Opentender? (explore qualitative and quantitative benefits) (e.g. how does the platform make your work more efficient)	
	5. Do you see any other benefits of Opentender? (e.g.: network)	
	6. Have you ever used data from Opentender for research purposes?	
	7. Do you think public contracting data give you new research opportunities that you have never seen in the past?	
	8. What motivates you to do a research on public contracting? <ol style="list-style-type: none"> <li>How much time saving do you think you can achieve because of data availability on Opentender, compared to if Opentender is not accessible?</li> </ol>	
	9. How many research projects that used Opentender (compared to the earlier year)? *	

Key Question for Informants

Actor	Question	Note	
Academician	10. Why do you want to recommend Opentender to people other than yourself? (e.g. students)		
	11. How many of your students did their assignments using Opentender (and how many assignments)		
	12. Are you aware whether your students/other people whom you have recommended Opentender to are still using public procurement data, after your assignment is completed?		
	13. Do you have any recommendation, based on research (or student assignment) to improve public contracting data in general, and/or data on Opentender?		
	14. Which data on Opentender that you most frequently use?		
	15. Which data on Opentender that your student most frequently use? (if informant is aware)		
	16. What is the feature on Opentender that you/your student used the least?		
	17. Are you aware of any other lecturer/major/campus that uses Opentender data?		
	18. Are you aware of any other lecturer/major/campus who might find Opentender data useful?		
	19. Any recommendation for Opentender development?		
	Journalists (Who have participated in ICW's capacity building activity on public procurement monitoring)		1. When did you last use Opentender?
			2. What did you use the platform for?
			3. Have you ever recommended Opentender to your colleagues? Please specify.
			4. What are the benefits of Opentender? (explore qualitative and quantitative benefits) (e.g.: time saved in writing a story about public contracting; changes from zero story on public contracting to writing/frequently writing about this topic; changes from occasionally writing about this topic to frequently writing about this topic; motivated to do investigative reporting using Opentender data in any of reporting stages)
			5. Do you see any other benefits of Opentender? (e.g.: network)

## Key Question for Informants

Actor	Question	Note
Journalists (Who have participated in ICW's capacity building activity on public procurement monitoring)	6. How do you find the collaboration model post-capacity building joint-investigation reporting with CSOs?	
	a. How did that project help you as a journalist?	
	7. In your work (location) and your media, did you frequently report on public contracting before the Opentender training from ICW?	
	a. If yes, how many times on average?	
	i. Once a month	
	ii. Every 3-6 months	
	iii. Once a year	
	iv. Others	
	8. Is the frequency of public contracting reporting in your media increases and referring to Opentender data?	
	9. As a journalist, did you see an increase in reporting about public contracting?	
	a. (If yes, how much compared to the previous earlier)	
	b. In which media?	
	c. Was there ever an experience where you couldn't get your investigative story published? If yes, what happened and what's your strategy? (e.g. not published by host media)	
	10. Are you aware if any of the case that you have reported was followed-up by a government authority?	
a. If yes, please specify (e.g. the government, law enforcement officers including anti corruption agency, national audit board, the police, BPKP, prosecutor's office, government agency, head of local government)		
i. What was the follow up?		
11. What (feature/data) that you use the most on Opentender of your own needs?		
12. What (feature/data) that you least use?		
13. Are you aware of any other journalists/media who also use Opentender?		
14. Are you aware of any other journalists/media who might find Opentender useful?		

## Key Question for Informants

Actor	Question	Note
CSO	1. When did you last use Opentender?	
	2. What did you use the platform for?	
	3. Have you ever recommended Opentender to your colleagues? Please specify.	
	4. What are the benefits of Opentender? (explore qualitative and quantitative benefits) (e.g.: time saved for work / knowledge of public budget saved)	
	5. Do you see any other benefits of Opentender? (e.g. network)	
	6. Are you aware if any of the Opentender data that you used in the past was followed-up by a government authority?	
	a. If yes, please specify (e.g. the government, law enforcement officers including anti corruption agency, national audit board, the police, BPKP, prosecutor's office, government agency, head of local government)	
	i. What was the follow-up?	
	ii. Has there been a systemic change as the result of that follow up in your city? E.g. change of local budget, procurement policy (procurement method stopped/changed), data change (from closed to open)	
	7. Is there any existing advocacy work, or work that was recently completed where Opentender data was used as reference?	
8. Are or have you collaborated with other parties in using procurement data/to follow up procurement data – parties being organizations other than CSOs/ your own organization? (i.e. local parliament, media, academia/students, etc.)		
a. If yes, please elaborate.		
9. Did Opentender data add to the depth of analysis?		
a. If yes, please elaborate?		
10. Do you notice a change in public awareness (e.g. students, farmers, workers, etc.) after you publish your analysis based on Opentender data?		
a. If yes, what kind of change? What society groups?		

## Key Question for Informants

Actor	Question	Note
CSO	<ol style="list-style-type: none"> <li>11. Do you think Opentender is useful to help your advocacy work?               <ol style="list-style-type: none"> <li>a. How helpful? How much time saved? In days? Are there more cases covered in a single year? How many?</li> </ol> </li> <li>12. Are you aware of unexpected use (fraudulent) of Opentender data? E.g. because of Opentender, firms/government could learn how to avoid audit</li> <li>13. What (feature/data) that you use the most on Opentender for your own purpose?</li> <li>14. What (feature/data) that you least use?</li> <li>15. Are you aware of other parties (including citizens) who use Opentender in your city?</li> <li>16. Are you aware of any parties who might find Opentender useful?</li> <li>17. Have you ever collaborated with other institutions/ external supervisors (e.g. ombudsman/KPK/ inspectorates) to use Opentender?</li> <li>18. Any suggestion for opentender?</li> </ol>	
Government officials	<ol style="list-style-type: none"> <li>1. When did you last use Opentender?</li> <li>2. How frequent do you use the platform in a year?</li> <li>3. What did you use the platform for?</li> <li>4. Have you ever recommended Opentender to your colleagues? Please specify.</li> <li>5. What are the benefits of Opentender for your audit work? (explore qualitative and quantitative benefits) (e.g. how does the platform make your work more efficient/number of cases analyzed annually)               <ol style="list-style-type: none"> <li>a. How many new cases (compared to before Opentender) were you able to cover because of Opentender?</li> <li>b. How many recommendations produced based on data/information from Opentender and followed up by relevant authorities?</li> <li>c. Did your investigation work become more efficient since you started using Opentender?</li> </ol> </li> </ol>	

## Key Question for Informants

Actor	Question	Note
Government officials	<ol style="list-style-type: none"> <li>6. How many corruption risks that you were able to tackle based on Opentender data?               <ol style="list-style-type: none"> <li>a. What was the project value? What year?</li> </ol> </li> <li>7. Do you see any other benefits of Opentender? (e.g. network)</li> <li>8. Do you feel there is enough manpower in audit? If not, based on your experience, does Opentender able to compensate, to a certain extent, that lack of manpower? Please elaborate.</li> <li>9. Are you aware of unexpected use (fraudulent) of Opentender data?</li> <li>10. What (feature/data) that you use the most on Opentender?</li> <li>11. What (feature/data) that you least use?</li> <li>12. Are you aware of other public agency/institution that are using Opentender?</li> <li>13. Are you aware of other public agency/institution that might find Opentender useful?</li> <li>14. Have you ever collaborated with other institutions/ external supervisors (e.g. ombudsman) in using Opentender?</li> </ol>	

## List of References

### Policies

Law Number 20 of 2003 on the National Education System

Law Number 14 of 2008 on Public Information Disclosure

Law Number 36 of 2009 on Health

Government Regulation Number 60 of 2008 on Government Internal Control System

Presidential Decree Number 18 of 2000 on the Guideline of Public Procurement Implementation in Government Agencies

Presidential Decree Number 80 of 2003 on the Guideline of Public Procurement Implementation

Presidential Regulation Number 106 of 2007 on the National Public Procurement Agency.

Presidential Regulation Number 54 of 2010 on Public Procurement.

Presidential Regulation Number 35 of 2011 on the Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement.

Presidential Regulation Number 70 of 2012 on the Second Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement.

Presidential Regulation Number 172 of 2014 on the Third Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement.

Presidential Regulation Number 4 of 2015 on the Fourth Amendment to Presidential Regulation Number 54 of 2010 on Public Procurement.

Presidential Regulation Number 16 of 2018 on Public Procurement.

Presidential Regulation Number 12 of 2021 on the Amendment to Presidential Regulation Number 16 of 2018 on Public Procurement.

Regulation of the Head of the National Public Procurement Agency Number 2 of 2010 on Electronic Procurement Service Unit (LPSE)

Regulation of the Head of the National Public Procurement Agency Number 1 of 2011 on e-Tendering

Regulation of the Head of the National Public Procurement Agency Number 5 of 2011 on the the Standard of Electronic Procurement Documentation

Regulation of the Head of the National Public Procurement Agency Number 7 of 2011 on the Technical Operating Guideline of Blacklisting

Regulation of the Head of the National Public Procurement Agency Number 12 of 2011 on Public Procurement General Plan

### Policies

Regulation of the Head of the National Public Procurement Agency Number 1 of 2015 on E-Tendering.

Regulation of the Head of the National Public Procurement Agency Number 7 of 2018 on the Guideline of Public Procurement Planning.

Regulation of the Head of the National Public Procurement Agency Number 11 of 2018 on Electronic Catalogue.

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