

Policy Paper

Transparency and Accountability of Goods & Service Procurement during COVID-19

Background

Indonesia is one of the countries affected by Coronavirus Disease 19 or commonly known as COVID-19. The disease had entered Indonesia since 2 March 2020 and has grown exponentially up until now. As of 13 May 2020, the COVID-19 have reached 15,438 cases among Indonesian people and 1,028 had died due to the Corona.

Based on the Global Health Resilience Index in Southeast Asian region published in October 2019 by the Nuclear Threat Initiative, Indonesia ranks the fourth position with a score 56.6 out of 100. Higher value means a better health resilience index. Globally, Indonesia ranks 30th out of 195 countries. The assessment is based on six categories, such as: prevention, detection and reporting, fast-response, resiliency system, compliance with international standards, and the environmental risks¹. The index signifies the health resilience in Indonesia is not poor.

However, the factual shows the opposite. Indonesia is considered incapable to overcome the COVID-19. The statistic of the factual Corona virus positive in Indonesia is higher than other Southeast Asian countries. The mortality number in Indonesia is very much similar with the Philippines which is 6,7%². This situation that shows Indonesia is incapable to overcome the pandemic.

In order to suppress the massive virus spreads and to eliminate ongoing casualties, public activities need to be restricted by the government, including the restriction upon domestic or international travel and public mobility by applying stay-at-home regulation, closing public spaces that potentially could create a mass and others. Besides that, the government also required to develop a tracking system for the infected people since the symptoms of COVID-19 appear undetected.

Aside from activity restriction, World Health Organisation (WHO) urged all countries to multiply the COVID-19 test, because, one of the ways to break the virus spreads is by detecting the people whom have contacted with the indicated person. In this context, the country needs massive virus testing kit to detect each citizen.

States' role in overcoming the virus spreads is not only based on testing kit procurement, but also on ensuring the medical workers are equipped by Personal Protective Equipment (PPE) to minimize the exposure of the virus while doing the treatment. The government's discourse now has also discussed about drug's availability for the COVID-19 cases.

¹ Nuclear Threat Initiative, "Global Health Security Index, Building Collective Action and Accountability" accessed from <https://www.ghsindex.org/wp-content/uploads/2019/10/2019-Global-Health-Security-Index.pdf> on 14 Mei 2020 time 20:07 WIB

² Worldmeters, accessed from <https://www.worldometers.info/> on 14 Mei 2020 time 16:19 WIB.

Therefore, to mitigate non-natural disaster, the government need to publish several policies, such as: Government Regulations in Lieu of the Constitutions number 1 of 2020 concerning the State Financial Policy and Financial System Stability to Overcome the Corona Virus Pandemic (Perppu 1/2020). That regulation is one example of how to control the budget that will be disbursed to handle the pandemic which amounted around Rp. 405,1 billion³.

The budget will be disbursed into four categories, such as: 1) Health sector expenditure amounted Rp. 75 billion, 2) Tax incentive and stimulus for People's Business Loans (KUR) amounted Rp. 70,1 billion, 3) Social protection amounted Rp. 110 billion, and 4) Economy recovery programme amounted Rp. 150 billion.

The amount of the allocated budget by the government to overcome COVID-19 could potentially be misused if there is a vague control and also an amount of discretion taken by the public official, especially in terms of goods and service procurement.

Hence, the Indonesian Corruption Watch (ICW) developed an analysis to observe the potential foul that occurred related with goods and service procurement during the pandemic. This is done to give a recommendation to the policy maker to carry the procurement process without neglecting the principle and ethics.

Discussion

To break the COVID-19 virus spreads, the States is held accountable to overcome the pandemic. COVID-19 considers as non-natural disaster, based on Article 1 paragraph 3 of the Constitutions no. 24 Year 2007 concerning Disaster Management (UU 24/2007) that stated:

"Non-natural disasters are disasters caused by events or a series of non-natural events which include technology failures, modernization failures, epidemics, and disease outbreaks."

To handle non-natural disaster, the government appointed the National Agency of Disaster Countermeasure (BNPb) as the Chairperson of the COVID-19 Response Acceleration Task Force. This is regulated through Presidential Decree no. 9 of 2020 concerning the Amendment to the Presidential Decree no. 7 of 2020 concerning the COVID-19 Response Acceleration Task Force of Corona Virus Disease 2019 (COVID-19) in article 8.

Afterwards, the government issued Presidential Decree no. 12 of 2020 concerning the Determination of Non-Natural Disaster on Corona Virus Disease 2019 (COVID-19) spread as National Disaster (Keppres 12/2020). This is a way to legitimate the work of the Task Force.

The COVID-19 pandemic prevention process carried out by the government was considered undisclosed, since a number of information seemed to be covered with the excuse, *for not making people panic*. However, the government failed to set the priority information that should be delivered to the public.

Whereas one of the things that need to be done by the government to overcome the disaster is by applying transparency and accountability principle in accordance with Article 2 paragraph (2) letter e

³ Detik, "Jokowi Gelontorkan Rp 405 T Lawan Corona, Uangnya dari Mana?" accessed from <https://finance.detik.com/berita-ekonomi-bisnis/d-4960978/jokowi-gelontorkan-rp-405-t-lawan-corona-uangnya-dari-mana> on 14 Mei 2020 time 20:31 WIB.

Constitutions 24/2007. In addition, Article 10 paragraph (1) Constitutions no. 14 of 2008 concerning Public Information Openness Act (UU 14/2008) stated:

“Public bodies must immediately announce information that can threaten the lives of many people and public order”

The information disclosure is made as citizen's instrument to supervise state's work, especially in the non-natural disaster condition. So that, public's role is necessary to oversee any regulation that issued by the government in order to prevent the disaster.

Public is required to monitor any regulation issued by the government during this disaster period to prevent potential foul, due to the large amount of the budget to prevent COVID-19 disbursed by the government. This could trigger the potential abused of authority that could cost the states.

On Article 50 paragraph (l) UU 24/2007 has a room for discretion that potentially lead to a foul should it be no supervision. The Article stated:

“In the event of disaster emergency is determined, the National Agency of Disaster Countermeasure and the Local Agency of Disaster Countermeasure have the convenient that include:

- a. *Human resource mobilization*
- b. *Equipment deployment*
- c. *Logistic deployment*
- d. *Immigration, custom, and quarantine*
- e. *Licensing*
- f. *Goods/services procurement*
- g. *Management and accountability of money and/or goods*
- h. *Rescue*
- i. *Command to order sector/institutions.”*

Public need to be aware about the needs for transparency and accountability in regards of government's works to overcome COVID-19. Based on Article 3 paragraph (2) letter e (UU 24/2007) that stated:

“The principles of disaster management mentioned in Article 2, which are transparency and accountability”

In terms of budget, the government have allocated Rp. 75 billion that could be utilised for health sector from the total budget of Rp 405,1 billion. The large amount of allocated budget raised the potential of foulif there is no public supervision.

In health sector, there is a large potential of corruption. Based on ICW's observation related with the Trends of Health Sector Corruption Case from 2010 to 2015, there were 219 corruption cases within the health sector with the loss of Rp. 890,1 billion. The most corrupted object in the health sector is medical equipment procurement.

From the total cases handled by the law enforcer, 107 cases or 48% were corruption cases of medical equipment with the total amount of loss around Rp. 543,1 billion. The common corruption modus is to marked up the prices for the medical equipment, so the margin will become the profit for the corruptor.

The procurement corruption case also occurred during a disaster. When the Tsunami happened in Palu, Central of Sulawesi, the alleged corruption case was the bribery of the implementation of the Water Supply System (SPAM) construction project within the Ministry of Public Works and Housing. At the same time, Corruption Eradication Commission (KPK) held the Capturing Operation (OTT) and succeeded in determining eight suspects⁴.

Another example is when the Ex-Ministry of Health Minister – Siti Fadilah Supari, convicted of corruption of medical equipment procurement to anticipate the extraordinary event in 2005. Besides that, she also accepted gratification from Financial Director of PT. Graha Ismaya in the form of Bank Mandiri travel's check with the amount Rp 1.87 billion⁵.

The examples above show that the health sector budget are the most vulnerable sector to corruption during the process of goods and service procurement. Amidst the disaster condition, the corruption susceptibility within the health sectors will doubled.

The Goods and Services Procurement Corruption Potential

In Presidential Decree no. 16 year 2018 concerning Government Goods/Service Procurement (Perpres 16/2018) has regulated the goods/services procurement in order to manage the emergency. In article 59 paragraph (5) stated:

“To manage the emergencies referred to paragraph 2, PPK appointed the nearest consultant/vendor that is currently doing the procurement of good/services or other Private Sector who deemed capable and meet the qualification to carry out the procurement of the similar goods/services.”

The derivative of Article 59 Presidential Decree 16/2018 of the Organisational Regulations Government Goods/Services Procurement Policy no. 13 year 2018 concerning Goods/Services Procurement During the Emergency State Management (Perlem 13/2018). Generally, the procurement process during the emergency will be shortened into three steps: planning, implementation, and payment.

On March 23rd 2020, LKPP circulated a new letter no. 2 year 2020 concerning the Explanation for the Implementation of the COVID-19 Emergency management by PBJ. In this regulation, there are four processes that need to be done to conduct goods/services procurement, such as:

- **Planning**
In planning stage, the potential corruption will occur if the procurement is not in accordance with needs identification. Besides that, the corruption could occur if the actors (budget user/budget holder/officials) failed to determine the procurement procedures.
- **Selection**
Several cases identified by ICW found that the most corruption cases occurred during the implementation process. There are a lot of corruption chance that emerged during

⁴ Detik, “OTT Pejabat Kementerian PUPR Diduga Terkait Proyek SPAM” accessed from <https://news.detik.com/berita/d-4363186/ott-pejabat-kementerian-pupr-diduga-terkait-proyek-spam> pada on 17 Mei time 00:33 WIB.

⁵ Kumparan, “MA Tolak PK Mantan Menkes Siti Fadilah” accessed from <https://kumparan.com/kumparannews/ma-tolak-pk-mantan-menkes-siti-fadilah-1q3aYQTws8/full> on 17 Mei 2020 time 00:59 WIB.

implementation, such as: conflict of interest, bribery of the goods procurement, or marked up budget.

- **Work Implementation**

During the implementation, there are steps that need to get through to ensure that the procurement process is done based on the agreed procedures. The steps that need to be done by procurement actor is: location checking, location handover, Work Start Order (SPMK)/contract, work implementation, calculation of work results, and the handover of work results.

Corruption chance that would occur during this implementation process is when the work's result is not unanimous with the agreed requirement, therefore there is an effort to downgrade the purchased goods quality. The reason is that the procurement actor does not verified the provided goods.

- **Payment**

Unlike the normal procurement process, in emergency condition procurement, the contract will be given at the last stage. Beside contract, the procurement actor needs to do the payment and audit.

Potential corruption that usually occurred during this process is bribery done by the procurement actor towards the auditor that is doing the audit process though it doesn't go through the correct process.

Each of the process raises the corruption potential that will not be happening if the government does devise a strict mechanism. Therefore, the transparency and accountability are required, so that the procurement done by the government could meet the empirical needs.

Besides that, the information integration is needed to synchronised the procurement between the central government and local government. The absence of data synchronisation will lead to double budget for medical equipment expenditure.

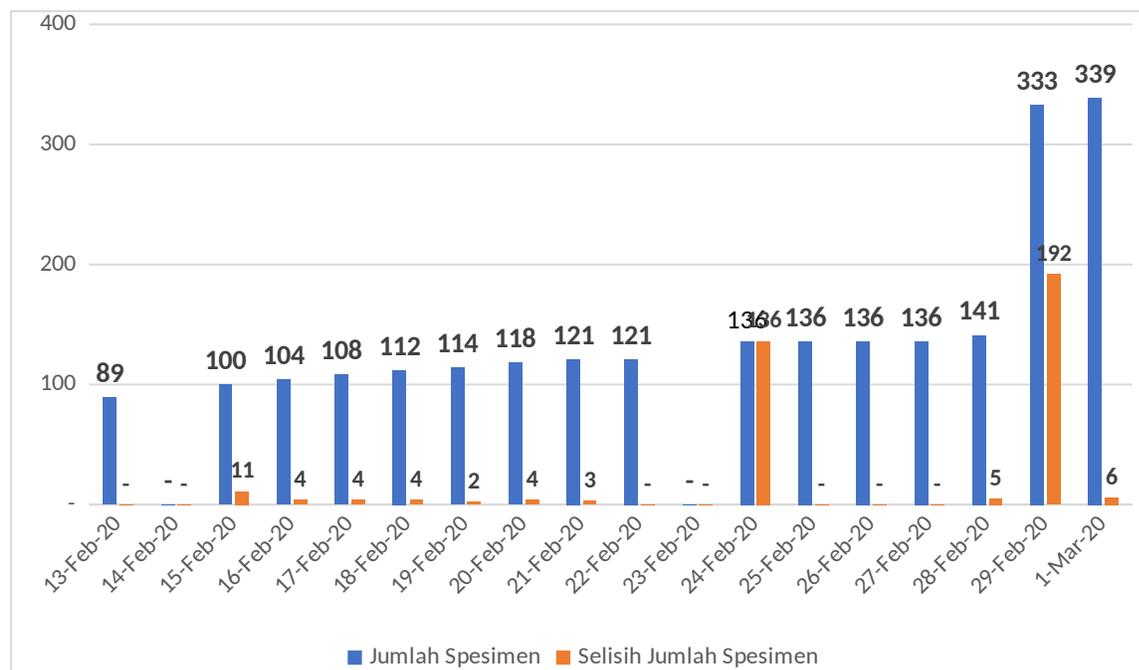
Medical Equipment Procurement during COVID-19

The government has done several procurement processes related with prevention of COVID-19 pandemic, among those: testing kit, personal protection equipment (PPE), drugs.

- a. Testing kit**

In the context of COVID-19, virus detection done by the government has begun since February 13th 2020 prior to the emergence of the first case in Indonesia. A total specimen test from February 13th to March 1st 2020 is 2,344. An approximate 130 samples were being tested every day.

Graphs 1. Specimen Test as of 13 February – 1 March 2020⁶



To this point, the government never mentioned to the public on what testing kit that they were using prior to the emergence of first case. Besides that, the government never give the information on the availability of the testing kit. In fact, the information regarding the budget used to conduct the specimen test of 2,344 never being announced as well.

This signifies that the government’s undisclosed in term of giving public information that caused asymmetrical information. The enclosed information will worsen the condition in preventing COVID-19.

Subsequent to the first case emerged on March 2nd 2020, the government started several securities protocol to prevent the widen of the virus spread. Government conducted a massive test using two methods of the massive test, which are: serology rapid test and rapid test Polymerase Chain Reaction (PCR).

Formerly the government was using the serology rapid test, which show the results within 10 minutes. The test was used because its cheap price and fast process, so the government bought around 1 million tools from China⁷. However, the level of accuracy regarding the test result are only 30%. Due to that, several countries, such as the Netherland, Spain, Georgia, Czech Republic, and Turkey returned the rapid test kit to the original country⁸. As a result, the budget spent by the government to buy the rapid test was considered lost.

⁶ Excerpt from Infeksi Emerging, accessed from https://infeksiemerging.kemkes.go.id/downloads/?dl_cat=5 on 14 Mei 2020.

⁷ Warta Ekonomi, “Dokter Kritik Jokowi: Jangan Lagi deh Beli Rapid Test. Kenapa?”, accessed from <https://www.wartaekonomi.co.id/read277993/dokter-kritik-jokowi-jangan-lagi-deh-beli-rapid-test-kenapa> on 17 Mei 2020 time 11:39 WIB.

This condition signifies that the government didn't have a mitigation plan to overcome the pandemic, considering that government use the policy to suppress the spreading number that create the potential of foul when due to the ineffective tool's procurement. Information regarding the equipment price never been announced to the public. One question remains: where have the serology rapid test been bought by the government?

Eventually, the government had decided to conduct the test by using PCR method. Based on the statement of the spoke person for COVID-19 countermeasure, Achmad Yuriyanto, the specimen test had been conducted in 48 laboratories across Indonesia. The target number of the specimen test is 10.000/day minimum. The specimen test requires PCR equipment and Reagen.

Based on result tabulation done by ICW since the emergence of COVID-19 on March 2nd 2020 up to May 15th 2020, around 132.060 people had been tested. The approximate specimen test conducted by the government was only 1.623 samples. That means, the government's target had not achieved yet after nearly three months battling the pandemic.

The government admitted that they hadn't reached the expected target. Based on President Joko Widodo's statement, the test conducted PCR method only able to reached 4.000 to 5.000 samples per day. Only 53 of 104 laboratories operated well to analyse COVID-19 specimen⁹. This situation was caused by the limited number of human resources working at the laboratory¹⁰.

The government claimed that they had purchased 20 PCR from a Swiss-based pharmaceutical company, Roche, that able to test 9.000-10.000 per day¹¹. The government had also imported 487.300 Reagen test kit from South Korea since April 16th to April 24th 2020¹².

The National Procurement Board (LKPP) has published a Circular Letter no. 3 Year 2020 concerning the Explanation on Goods/Services Procurement to Prevent Corona Virus Disease 2019 (COVID-19).

Thing that needs to be done during a disaster is to be flexible in conducting the procurement. However, the transparency and accountability could become a foundation to push the implementation. Especially, regarding the purchasing price of the testing kit. Up until now, BNPB had only gave the information on the amount of testing kit that has been distributed¹³.

⁸ GoRiau, "Sejumlah Negara Kembalikan Alat Rapid Test Corona dan APD Pasokan Cina", accessed from <https://www.goriau.com/berita/baca/sejumlah-negara-kembalikan-alat-rapid-test-corona-dan-apd-pasokan-china.html> on 17 Mei 2020 time 11:40 WIB.

⁹ Kompas, "Jokowi Akui Target Tes PCR 10.000 Spesimen Per Hari Belum Tercapai", accessed from <https://nasional.kompas.com/read/2020/05/11/10363101/jokowi-akui-target-tes-pcr-10000-spesimen-per-hari-belum-tercapai> on 17 Mei 2020 time 12:32 WIB

¹⁰ Kompas, "Target Jokowi Tes PCR 10.000 Per Hari Belum Tercapai, Ini Sebabnya...", accessed from <https://nasional.kompas.com/read/2020/05/04/13190791/target-jokowi-tes-pcr-10000-per-hari-belum-tercapai-ini-sebabnya> on 17 Mei 2020 time 12:36 WIB.

¹¹ Tirto, "Alat Tes PCR Baru dari Swiss Langsung Disebar ke Sejumlah Provinsi", accessed from <https://tirto.id/alat-tes-pcr-baru-dari-swiss-langsung-disebar-ke-sejumlah-provinsi-eLRU> on 17 Mei 2020 time 12:54 WIB.

¹² Suara, "Duh, Pemerintah Indonesia Sulit Dapat Reagen Untuk Tes Corona Covid-19", accessed from <https://www.suara.com/health/2020/04/23/193000/duh-pemerintah-indonesia-sulit-dapat-reagen-untuk-tes-corona-covid-19> on 17 Mei 2020 time 12:55 WIB.

b. Personal Protection Equipment

Another issue aroused is the adequate number of the personal protection equipment (PPE) for the medical workers – doctor and nurse. During the COVID-19 pandemic in Indonesia, the government is considered unprepared to protect the medical workers especially in distributing the PPE.

One of the obstacles is the bureaucracy¹⁴. The complicated distribution pathways, starts from Provincial Government then to District Government to the city and then finally to the hospital.

The long process of bureaucracy caused a high death tolls among the medical officer that exposed towards the pandemic. as of April 29th 2020, there were 42 deaths of medical workers, among of those are including 25 doctors¹⁵ and 17 nurses¹⁶.

Gradually, the government began to prepare a proper PPE distribution process. According to the task force that could be accessed via BNPB's website, as per May 15th 2020, there were numbers of Health Material Equipment (HME) that have been sent, including:

Table 1. Health Material Equipment as of May 15th 2020¹⁷

No	Information	Total Number
1.	Personal Protection Equipment	2.360.535
2.	Surgery Mask	2.748.554
3.	Goggles	29.065
4.	Bouffant Caps	50.000
5.	N95 mask	137.470
6.	Medical Gloves	845.700
7.	Face Shield	20.931

Numbers of HME has been distributed to all the provinces across Indonesia. From the data above, the task force didn't give the detail information on which hospital that received the HME.

¹³ BNPB, accessed from <https://loker.bnpb.go.id/s/GugusTugasCovid19?path=%2FInfografis%20Data> on 17 Mei 2020 time 14:35 WIB.

¹⁴ Republika, "IDI Sebut Distribusi APD Masih Terhambat Birokrasi", accessed from <https://republika.co.id/berita/q8yxz3414/idi-sebut-distribusi-apd-masih-terhambat-birokrasi> on 17 Mei 2020 time 14:00 WIB.

¹⁵ Kompas, "Ada 25 Dokter yang Meninggal Terkait Covid-19 di Indonesia, PB IDI Bentuk Tim Khusus", accessed from <https://www.kompas.com/tren/read/2020/04/28/163240665/ada-25-dokter-yang-meninggal-terkait-covid-19-di-indonesia-pb-idi-bentuk> on 17 Mei 2020 time 13:10 WIB.

¹⁶ Detik, "1 Perawat Berstatus PDP Corona Gugur, Total 17 Orang" accessed from <https://news.detik.com/berita/d-4991011/1-perawat-berstatus-pdp-corona-gugur-total-17-orang> on 17 Mei 2020 time 13:10 WIB.

¹⁷ BNPB, accessed from <https://loker.bnpb.go.id/s/GugusTugasCovid19?path=%2FInfografis%20ALMATKES> on 17 Mei 2020 time 14:47

Besides that, the amount of purchased number as well the supplier were not announced to the public.

This information is important to enable public oversee the medical equipment distribution that had been purchased by the government. Should it be any fouled action occurred during the distribution process, people will then validate some of the information provided by the government.

c. **COVID-19 Drugs**

President Joko Widodo delivered the plan on COVID-19 prevention by purchasing drugs. Though there hasn't been a medical trial from WHO, government still order 2 million Avigan pills and 3 million Chloroquine¹⁸.

Besides ordering those two pills, Ministry of State-Owned Enterprise (MSOE) through red plate pharmaceutical company is working on self-produce drug, such as: Oseltamivir. Since April 9th 2020, the MSOE has purchased the material to develop the drugs that will be produced by Bio Farma with the amount of 500 thousand tablets.

Up until now, Oseltamivir had been produced and will be distributed to the hospital that handle COVID-19 case. However, the information regarding the purchased of material from other countries, number of tablets produced, and number of tablets distributed, had never been announced to the public.

This situation could trigger the drug mafia to embezzle or monopolized the distribution. Thus, BNPB as the Task Force could request all related information from the authorities who's done the drug production process from upstream to downstream.

Recommendation on Transparency and Accountability of Procurement Process for the Government

The government effort in giving information transparently and accountably was consider inadequate and tend to be partial. Eventhough, there have been several regulations controlling the goods/services procurement during emergency condition, the implementation is still ineffective.

There are several recommendations that could be done by the government in order to give transparent and accountable information to have an effective and efficient disaster management¹⁹.

First, the government should make policies related to the procurement centralization as what Italy had done. They made a policy to centralize the ventilator procurement at the National Procurement

¹⁸ BBC, "Virus Corona: Jokowi pesan tiga juta klorokuin, apakah 'obat malaria' teruji sembuhkan Covid-19?", accessed from <https://www.bbc.com/indonesia/indonesia-52000873> on 17 Mei 2020 time 13:11 WIB.

¹⁹ Open Contracting Partnership, "5 Procurement Strategies for Navigating the COVID-19 Crisis from Around the World" accessed from <https://www.open-contracting.org/2020/04/08/5-procurement-strategies-for-navigating-the-covid-19-crisis-from-around-the-world/> on 17 Mei 2020 time 16:25 WIB.

Department. While in Colombia, any contracts related with COVID-19 need to be announced publicly through government e-procurement platform²⁰.

If those mechanisms applied in Indonesia, BNPB can become the institution that will consolidate the procurement related with COVID-19, considering that the responsibilities to carry out the emergency action lies with the Head of BNPB. Administratively, LKPP can assist BNPB in terms of providing information to the public related to the contracts that have been done between the government and private sector. This to ease Financial Supervisory Institutions, such as BPK and BPKP to carry out the audit.

Second, the government should give the data access through digital portal. We can learn from the procurement institutions in Portugal that created a dataset that made publicly related with the procurement. The dataset will be updated each week and announce the working contract with the private sector by using their emergency legal framework. While in Ukraine, all of the emergency procurement contract is required to be published holistically, from the payment to the distribution and the amount.

In terms of Indonesia's context, the emergency legal framework does not control the technicality of dataset transparency from the procurement process as well as the contract through digital portal. As an institution that managed the procurement mechanism, LKPP did not attach the technical regulation. Hence, the LKPP is expected to create specific regulation related with data openness from the procurement process to the contract between government and supplier.

Third, the government should optimize the search engine machine to seek for the supplier who have worked with the government previously. In this condition, it is difficult to know the existence of goods needed due to limited production of raw materials. In Ukraine, there is a business intelligence to find goods supplier, which called CoProcure.

In Indonesia, LKPP has e-catalog where each of the supplier identified in the platform provided the list of and the stock of goods. The e-catalog can be optimized by the government since the supplier had been registered on the platform.

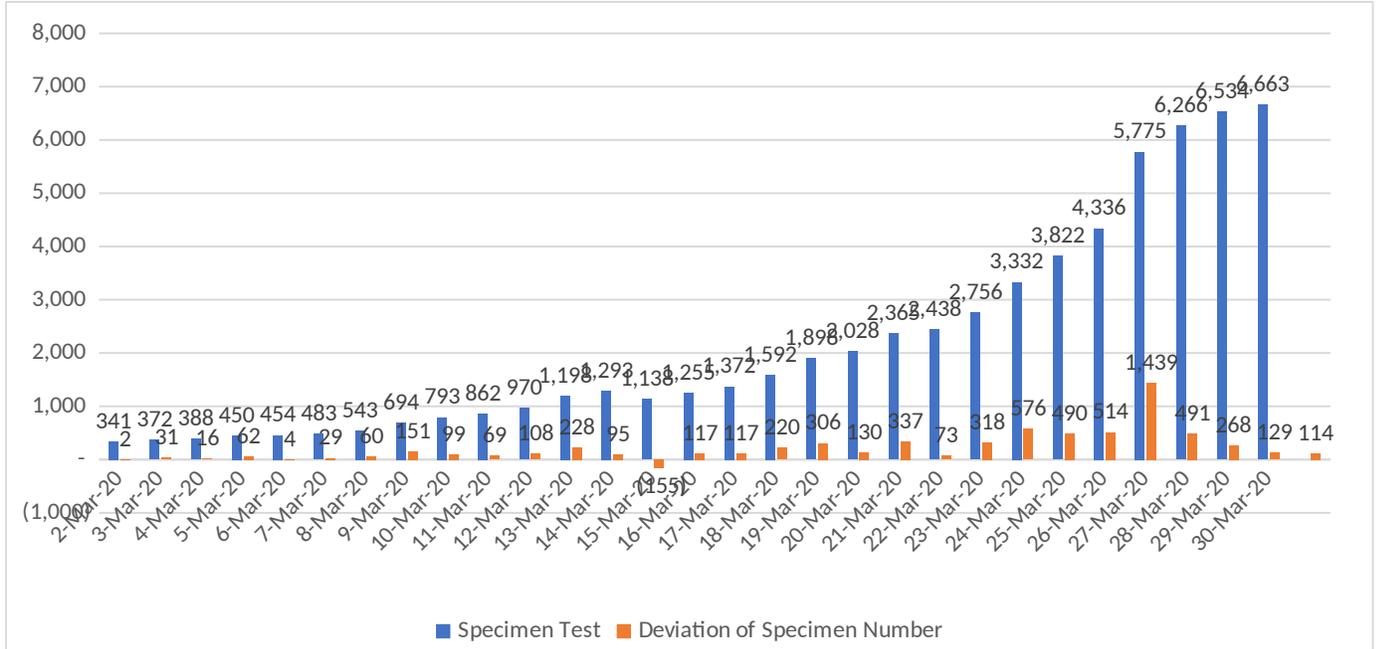
Fourth, Health Ministry should prioritize the priority, effective, and efficient principles in the procurement of medical devices. Although, during emergency and technically the procurement transparency as well as the contract is not managed via digital platform, medical equipment plans to prevent COVID-19 need to be implemented and open to the public. Looking at the General Procurement Plan (RUP) listed under Health Ministry's website, there are only 2013 – 2015 RUP documents, while the 2016 – 2020 RUP and in preventing COVID-19 are not provided in the Health Ministry's website.

Fifth, government needs to ensure that the medical equipment needs were based on rapid field assessment to minimize the potential of corruption that could occur in each of the process.

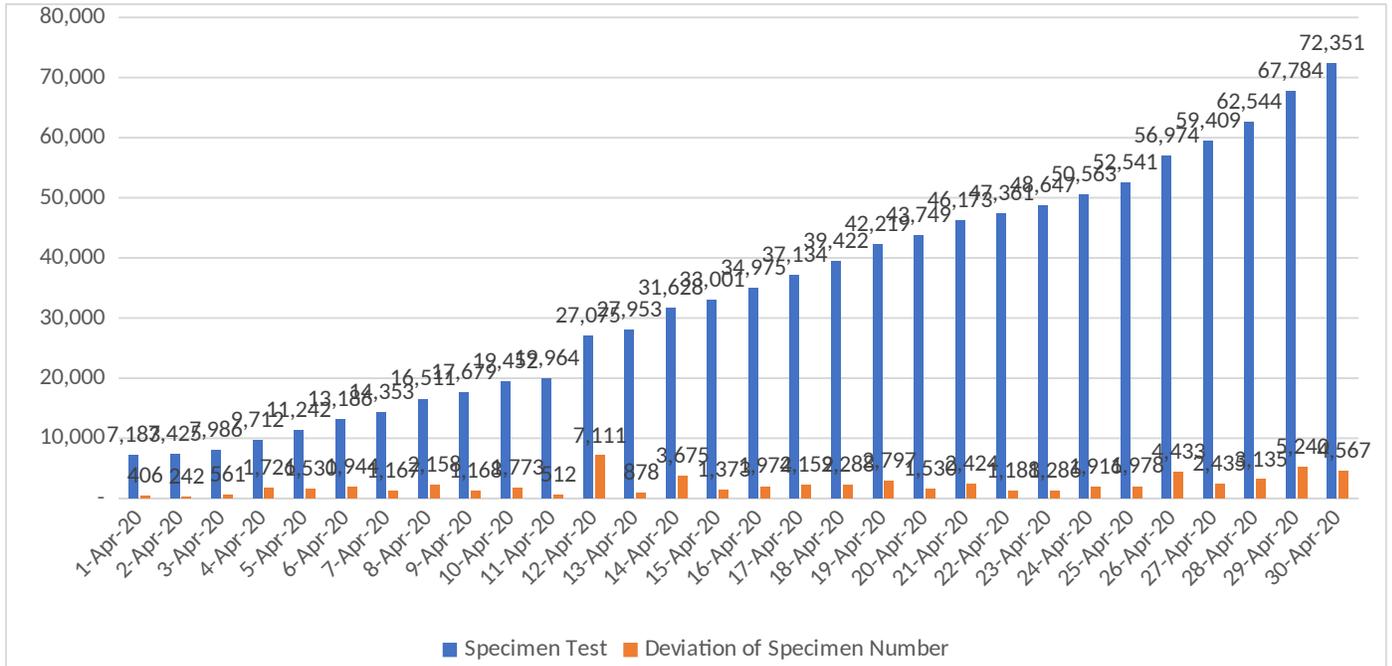
²⁰ Gavin Hayman, "Emergency Procurement for COVID-19: Buying Fast, Open, and Smart" accessed from <https://www.opengovpartnership.org/stories/emergency-procurement-for-covid-19-buying-fast-open-and-amart/> on 17 Mei 2020 time 17:41 WIB.

ATTACHMENT

Graphs 2. Specimen Test as of March 2nd – March 31st 2020



Graphs 3. Specimen Test as of April 1st – April 30th 2020



Graphs 4. Specimen Test as of May 1st - May 13th 2020

