

INCREASING TRANSPARENCY ON PUBLIC INFORMATION (CASE STUDY: OPENTENDER.NET)

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Abstract

The openness of government organization to the public is a must in the process of democratization. The openness of government organizations needs to obtain the support of independent institutions as a form of third party involvement according to the spirit of re-inventing government. In Indonesia, two independent institutions that are working together -ICW and LKPP- attempt to encourage the government to be more open to the public in terms of budget utilization. This effort is manifested through the development of opentender.net site. However, in its practice, opetender.net site contains information about the budget ceiling only. Such information does not inform the details of the usage of the budget. Though it is closely related to transparency. The methodfor developing this paper uses a qualitative approach. Its research uses a case study on the site opentender.net provided by ICW in collaboration with LKPP. Data collection are done by: documents study, literature survey and observation of the media reports that are relevant to transparency issues in public information. Based on the results of a study on transparency in opentender.net site can be concluded that the site is less in presenting the detailed information about HPS and contract value to the public. The lack of information makes the information is difficult to figure out whether the contract value that has been approved completely free from corruption. Although there is a difference between the HPS with the contract value, it does not guarantee that the tender process is clean one hundred percent. The assumption is that between the government and certain companies may make the deal under the table to decide the contract value which is lower than HPS. However, in fact there may be a other companies who are able to offer goods and services at lower prices supported with better quality.

Keywords: Transparency, opentender.net, corruption, goods and services provision

Introduction

Goods and services provision is a necessary program for any institution, whether it is state-owned or private-owned. This program aims to obtain goods and services with accountable cost and appropriate quantity and quality, and the goods and services are provided in the exact time. In governmental institutions, the provision of goods and services are a form of implementation of the state budget (AnggaranPendapatan Belanja Negara/APBN) and regional budget (AnggaranPendapatanBelanja Daerah/APBD). In the end, the goods and services provision is a program in the governmental institutions that affects the process national development.

In every goods and services provision, the government is supposed to be responsible of what they perform. It happens as every governmental program are manifestations of the detailed points of the state budget. In the structure of the state budget,the biggest state income comes from the tax from the people. According to 2015 state budget, the state income from the tax is IDR 1,201.7 trillion from the total state income of IDR 1,793.6 trillion or about 67 percent of the overall state income (<http://www.kemenkeu.go.id/wide/apbn2015>, accessed on 18/09/2015 at 15.07). Therefore, it is an

obligation for the government to provide transparent information regarding the budget that is spent to provide goods and services.

Transparency refers to unfettered access by the public to timely and reliable information on decisions and performance in the public sector (Armstrong, 2005). Transparency is a key requirement of a modern public procurement system. It gives to the public information concerning, and access to the law, regulation, policies and practice of procurement by government agencies. Lack of transparency in procurement activities can be the source of unwholesome activities such as corruption, scandal and abuse of public resources (Shu, H. W., Othman R., Omar H., N., Abdul R., R., & Husna, H., N. 2011).

Transparency in public procurement is about information. The access to key procurement information by civil society, the media and other stakeholders, and the ways in which these can use the information, directly affects accountability (UNDP, 2010). Transparency is considered as one of the most effective deterrents to corruption and a pre-condition for ensuring public officials' accountability (OECD, 2007).

Clear and comprehensive bidding documents, and contracts, are crucial to transparency in the procurement process. A transparent procurement process requires legislative and administrative measures such as transparent proceedings, protection against corruption, fair prequalification procedures and transparent selection of the winning (ADB/ OECD, 2006) bidder. Publication of annual procurement plans of procuring entities is also an important transparency measure, as well as dissemination of information concerning lists and registries of suppliers, and procedures to apply for registration. Other transparency relevant measures include: open bidding procedures; prompt disclosure of the results of bids, i.e., prompt notification to successful as well as unsuccessful bidders; publication of annual procurement plan; bid challenges system; engaging the private sector in the procurement process; keeping a complete and an adequate records of procurement activities.

According to Krina (2003) indicators of transparency are as below:

1. Providing clear information about responsibility.
2. Develop a complaints mechanism if there are rules that have been violated or bribery
3. The convenient access to information
4. Improving the flow of information through collaboration with the press and non-governmental organization.

However, in its practices, the provision of goods and services is seen as a way to corrupt. The committee of the goods and services provision often use this moment to achieve personal advantages and profits. An example of this act is by marking up the budget for goods and services provision. According to Program Director of Indonesian Procurement Watch, Hayie Muhammad, 70 percent of corruption case is caused by the goods and service provision projects (<http://www.republika.co.id/berita/nasional/umum/13/06/05/mnwbsz-70-persen-kasus-korupsi-di-indonesia-dari-barang-dan-jasa>, accessed on 18/09/2015 at 14.42). It is caused by the lack of proper supervision from the government themselves. Thus, what have been expected by the government never result in the appropriate fact.

This problem is very crucial and need to be controlled soon. The goods and services provision has to be changed and supervised by independent parties, for example, the Indonesian Corruption Watch/ICW or Lembaga Kebijakan Pengadaan Barang dan Jasa Pemerintah (LKPP). An effort that can be done by these independent parties is by creating the website opentender.net, with this website, it is hoped that the goods and services provision can be more transparent and create a better accountability for the government.

Discussion

What is opentender.net?

Opentender.net is a website on the electronic-based supervision of the implementation of goods and services provision (e-procurement) that is founded and organized by the Indonesian Corruption Watch/ICW in collaboration with Lembaga Kebijakan Pengadaan Barang dan Jasa/LKPP and Ikatan Ahli Pengadaan Indonesia/IAPI by the agreement in a MoU in 2013. Opentender.net is organized by the ICW using data on electronic auctions that is gathered from LKPP. Then, the ICW process the data to picture the corruption probabilities and visualize the result in the form of table according to the potential fraud analysis/PFA method.

Up to this time, e-procurement is considered as an alternative solution for conventional goods and services provision that could not fulfill the demand for efficiency, effectiveness, transparency, accountability, and business competition. With e-procurement, the demanded criteria such as effectiveness, efficiency, transparency, accountability, time and budget saving, and corruption prevention are fulfilled. However, the usage of e-procurement is still in need of supervision, and it is the objective of the creation of opentender.net: to supervise the goods and services provision through e-procurement. With opentender.net, it is hoped that the participation of the society to supervise goods and services provision increases and reform goods and services provision to be online. In the end, the probability to corrupt among the governmental institutions would decrease.

The motto of opentender.net is "Open tender, preventing corruption." From that motto, the writers are able to understand that this website is created to give open information for the public about the electronic auctions that are held by the government. Thus, the public is able to know what the government is doing with the money that is gotten from the people. In brief, opentender.net is a web-based tool to supervise the implementation of e-procurement that can be used by the public through a civilian organization or an inspectorate to supervise goods and services provision.

Criteria that are used by opentender.net to supervise e-procurement

The civilian organization (Organisasi Masyarakat Sipil/OMS) and the inspectorate who want to supervise using opentender.net will be given investigation techniques that will be useful to know how to investigate a goods and services provision project that is suspected to be corrupt. In the investigation technique, some criteria will be given to consider whether an auction by the government is corrupt or not.

Some criteria that are given for the investigation technique includes (Indonesian Corruption Watch, DARURAT PENGADAAN BARANG DAN JASA, Slide 21, 2013):

1. The sum of the contract is too high

A high contract sum is potential to attract the companies to submit to a particular project. As if the contract sum is too high, the businessmen tend to think that the project might result in huge profit. From this perception, the participants tend to do anything to win the auction, including law violation.

To measure the sum of a project, one is able to use the scale system, for example, above IDR 5 billion. Therefore, it is necessary to supervise the huge projects as it is very risky to become a way to corrupt.

2. There are only a few participants

The electronic auction system aims to vanish the territorial barrier. It means that the electronic goods and services provision is meant to be participated by everyone in any region in Indonesia. If there are only a number of companies and participants, being monopolized by a company and each tender belongs to the same company, then the auction is suspicious that it has been manipulated or using the turn-shift strategy.

3. Repetitive winning

If a company wins projects repetitively in every offer, then the supervisors should have suspicion on the achievement of the company or because there is a family relation or shared political views between the businessmen on the companies.

4. The contract for construction project belongs to the fourth quarter-year

The cycle of state and regional budget is managed in one fiscal year starting from 1st of January to 31st of December. If any construction project belongs to the fourth quarter-year (i.e. starting from October to December), then it is suspected that the project might be corrupt. The presence of the cycle aims to plan, spend, and be responsible for the budget in the proper way that the budget absorption and its implementation can be performed as best as it could be. Therefore, if any construction project belongs to the fourth quarter-year, the possibility is that the project is being manipulated or the work for the project would not be appropriate as the budgeting cycle ends by December and it would be difficult to work on a construction project in only one quarter-year.

5. A little amount of saving on the contract sum of IDR 100 billion

There are several components that should be known in the implementation of the goods and services provision whether conventionally or electronically. The first one is budget allocation, which is the amount of the budget that is possessed by the government for the contract. The second thing is the estimated amount of cost before the government has any contract with the company. The third one is the budget based on the contract that is fixed through the agreement between the government and auction participant.

The amount of contract sum has to be lower than the budget allocation and the estimated cost because the contract sum with the lowest and most proportional offer would win the tender or the auction. Thus, the bigger the contract sum, the bigger the saving and budget efficiency that is acquired.

Potential Fraud Analysis as a method to supervise

The data that is gathered by the LKPP then processed with the potential fraud analysis method. The data are measured with the five criteria mentioned before. One method to measure the data is by using the decision matrix. This method might be able to help to decide which project is corrupt. With this method, one would be able to make a decision on which project should be prioritized to be investigated further to measure the accountability. Below the guidelines to use this method to perform the supervision process in the implementation of e-procurement is presented (<http://opentender.net/content/database>, accessed on 18/09/2015 at 15.45):

➤ Contract Sum

Criteria	Sum in IDR	Assumed Score
High Contract Sum	> 200 million = 1 201 – 500 million = 2 501 million – 1 billion = 3 1,01 billion – 5 billion = 4 > 5 billion = 5	5

The score 5 indicates that the probability for corruption is very high. It can be concluded from the table above that the bigger the contract sum of a project, the higher the risk of corruption in the project.

➤ The number of participants that offer an offer

Criteria	Amount	Assumed score
The number of tender participant that offer an offer	$< 3 = 5$ $3 = 4$ $4 = 3$ $5 = 2$ $> 5 = 1$	5

It can be concluded from the table above that the fewer the participants of an auction, the bigger the score is, thus, the higher the risk of corruption in that particular tender.

➤ Contract : Estimated Amount of Cost (Saving)(S)

Criteria	Score	Assumed score
Contract : Estimated Amount of Cost (Saving)(S)	$> 95,01\% = 5$ $90,01\% - 95\% = 4$ $85,01\% - 90\% = 3$ $80,01\% - 85\% = 2$ $< 80\% = 1$	5

It can be concluded from the table that the lower the saving in a project auction, the lesser the score is. Therefore, the higher the saving in a project, the higher the risk of corruption in that project.

➤ Time spent on construction working (Q)

Criteria	Score	Assumed score
Time spent in construction working	$Q1 = 0$ $Q2 = 0$ $Q3 = 0$ $Q4 = 1$	5

From the table above, it can be concluded that if the construction working is spent during the fourth quarter-year, then the risk of corruption is bigger. It is observable as the score for the working during the first three quarter-years is 0, while for the last quarter-year the score is 1.

➤ Repetitive Winner

Criteria	Score	Assumed Score
Repetitive Winner	$W = 2x = 1$ $W = 3x = 2$ $W = 4x = 3$ $W = 5x = 4$	5

It can be observed that if a company wins the tender five times in a row in an auction on goods and services provision, then the score is 4. It is observable that the higher the score, the higher the corruption potential on that project.

Then, the results of the measurement of the five criteria are summed up and one would measure the final sum by the scale of 1-20, in which the score 1 indicates the low probability of corruption while the score 20 shows the high probability of corruption.

In fact, opentender.net is proven quite effective in identifying misbehavior in goods and services provision. It is caused by the usage of the scale 1-20 that ease the user of the website to decide the tendency of corruption in a goods and services provision projects. Opentender.net could also become an instrument to minimize and prevent violence on goods and service provision by the civilian organization or by the inspectorate. In the end, opentender.net could be used to help identify the suspicion regarding corruption in goods and services provision.

The Weakness of opentender.net

From the explanation above, it can be said that opentender.net has a lot of advantages for its user. However, on the other side, opentender.net also has some weakness. One of it is that the detailed information about the budget planning, the estimated amount of cost that is created by the government, and approved contract are not available to show. It would be difficult for the information seeker to know exactly in which section there would be price differences in the estimated amount of cost and in the contract. Besides, the market cost is not available as well. It would make the information seeker having difficulties in comparing the prices between the estimated amount of cost, contract cost, and market cost.

Opentender.net only states the overall available cost, estimated amount of cost, and the contract cost. Yet, in order to reveal whether there is any corruption or not, further and deeper investigation has to be performed on the detailed estimated amount of cost and contract cost. Further investigations on related documents of the agreement between the government and the company also need to be performed. If the available information is only concerning the contract sum, then the accountability score would be low. The accountability would depend only on the final sum of an approved contract and does not include the detailed budgeting that might have been marked up.

Conclusion

Based on the results of a study on transparency in opentender.net site can be concluded that the site is less in presenting the detailed information about HPS and contract value to the public. The lack of information makes the information is difficult to figure out whether the contract value that has been approved completely free from corruption. Although there is a difference between the HPS with the contract value, it does not guarantee that the tender process is clean one hundred percent. The assumption is that between the government and certain companies may make the deal under the table to decide the contract value which is lower than HPS. However, in fact there may be a other companies who are able to offer goods and services at lower prices supported with better quality.

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