

## **The Lack of a Strong and Accountable Public Procurement Ecosystem in West Papua to Prevent Corruption**

**Sopian\*, Bagas Johantri, Rachma Aprilia**

Accounting Study Program, Polytechnic of State Finance STAN, Banten, Indonesia

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### **ABSTRACT**

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West Papua has a relatively high risk of corruption during the implementation of its public procurement. It is critical to recognize that public procurement business processes are analyzed as an ecosystem with interactions between actors. This research aims to determine the need for a conducive ecosystem for public procurement (PBJP) in the West Papua province and propose recommendations for improving or increasing the credibility of public procurement. This research is qualitative because primary data are obtained through interviews and forum group discussions with selected participants. The results of the study show that the public procurement ecosystem consists of Budget User Authorities (KPA) or Contract Officers (PPK), Working Units for Public Procurement (UKPBJ), Vendors, Internal Control, and Regulators who are credible procurement actors as focal offers. Examining each actor's issues has led to the conclusion that to boost the credibility of public procurement goals. It is necessary to strengthen leadership commitment, improve the quality of human resources, and simplify laws. The research findings are expected to assist practitioners and policymakers in understanding why there is a lack of public procurement ecosystem in West Papua and propose the necessary corrective policies.

### **KEYWORDS:**

Ecosystem; public procurement; tender; West Papua

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\*Corresponding author

Email: Sopian@pknstan.ac.id

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## INTRODUCTION

Public procurement (Pengadaan Barang Jasa Pemerintah or PBJP) is closely related to absorbing and realizing the state budget (Anggaran Penerimaan dan Belanja Negara, APBN). Data obtained from the National Public Procurement Agency (Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah, LKPP) shows that in 2022 at least Rp1,514 trillion or 52% of the APBN/APBD will be absorbed through public procurement (LKPP, 2022). Furthermore, the government plays a critical role in contributing to the equitable distribution of development and economy throughout Indonesia (Azwar, 2016). To achieve this, the government and LKPP have provided various facilities for small business actors in rural areas to participate in the public procurement market, including the Papuan business actors.

West Papua is one of the provinces in Indonesia that originated as a result of the proliferation of Papua Province. The proliferation of this province was eventuated by Law Number 45 of 1999 with the name West Irian Jaya Province. Subsequently, West Irian Jaya's name was changed to West Papua by Government Regulation Number 24 of 2007. Due to its special autonomy status, the government allocated special autonomy funds to West Papua Province and several other provinces. Papua and West Papua were granted Special Autonomy by Law Number 21 of 2001, later amended by Law Number 35 of 2008. The government allocated a special autonomy fund (Otonomi Khusus, Otsus) in 2022 for Papua and West Papua Provinces, amounting to Rp12.8 trillion (DJPK, 2022). These funds can be utilized for various needs of the particular autonomous regional government, such as accelerating the effort of improving the welfare of the Papuan people and economic development, one of which is realized through public procurement.

Lloyd and McCue (2004) argue that public procurement is all stages of acquiring property or services, beginning with determining a need for property or services and ending with contract completion and closeout. Vaidya and Campbell (2016) specify public electronic procurement as the use of information and communication technology (especially the Internet) by governments in conducting their procurement relationships with suppliers to acquire goods, works, and consultancy services required by the public sector. According to Presidential Regulation Number 16 of 2018, public procurement is goods or services procurement activities carried out by government agencies financed by the national or state budget, by which the process starts from identifying needs and ends with the hand-over of goods and services. PBJP supports local government agencies in achieving their vision, mission, and objectives (Thai, 2009). The government has enacted Presidential Regulation Number 17 of 2019 to accelerate economic development in Papua and West Papua, explicitly regulating the procurement of goods and services in Papua and West Papua. One of the provisions in the regulation is the convenience for Papuan business actors to participate in PBJP without reducing the quality of work (Mansawan, 2021).

Tenders or selections would allow price competition between providers, reflected in the lowest price bids submitted by bidders (Bergman & Lundberg, 2013). Competitive or lowest price setting enables the government to make savings considering that it is enough to pay the tender winner who offers a value lower than the Owner Estimate (Harga Perkiraan Sendiri, HPS). The comparison of the Owner Estimate and the value of the tender contract at the Electronic Procurement Agency (Lembaga Pengadaan Barang/Jasa Secara Elektronik, LPSE) in West Papua can be depicted in Table 1.

**Table 1.** Government Goods and Services Budget and Realization

In Billions Rupiah

Year	Budget Plafond			Tender
	Goods	Services	Capital	
2018	1.647	136	1.680	1.527
2019	1.818	129	1.708	1.545
2020	1.622	85	2.184	1.568
2021	1.270	65	2.351	1.639
2022	1.392	63	2.092	1.434
Total	7.750	479	10.016	7.715

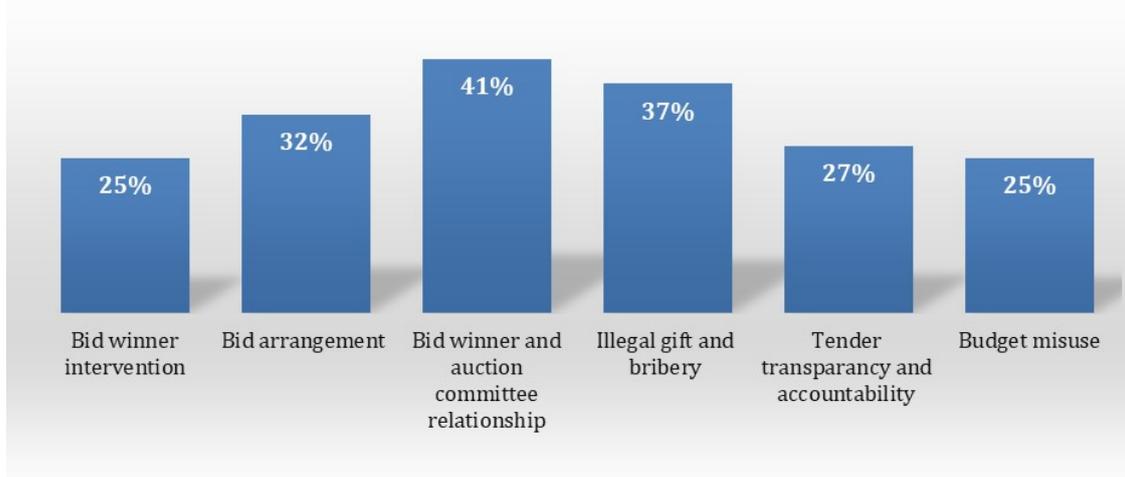
On the other hand, the results of the Integrity Assessment Survey (Survey Penilaian Integritas) conducted by the Corruption Eradication Commission (Komisi Pemberantasan Korupsi, KPK) in 2021 suggest that the risk of corruption related to the procurement of goods and services remains in West Papua. The survey results are shown in Figure 1.

Government procurement of goods and services is one of the activity sectors that is very prone to acts of corruption because the value of goods and services procurement transactions tends to increase every year (Rakhel & Putera, 2021). Meanwhile, Williams-Elegbe (2018) finds that in developing countries, corruption in the procurement of government goods and services transpires due to weak regulations and law enforcement, low

levels of accountability to the public, and low participation of the public in reporting fraud during the process of procuring government goods and services to internal control or law enforcement.

Corruption can occur when decisions are dominated by discretion and monopoly but with little accountability (Klitgaard, 1988). Meanwhile, Tuanakotta (2017) defines corruption as the misuse of public office for personal gain, which can result in receiving something in the government procurement process of goods and services. Lehman and Morton (2017) state that corruption is an abuse of authority by elected politicians, or public officials appointed to obtain personal benefits or gains. Offering gifts and bribes to public officials will cause distortions in investment or public services to the community, which can reduce the quality of government services or infrastructure because the available budget is increasingly limited (Murray, 2009).

In supply chain management, public procurement aims to obtain the right service or goods in terms of time, quality, and acquisition costs; therefore, it does not interfere with the production process (Mentzer et al., 2001). The government provides two mechanisms to obtain goods and services through



**Figure 1.** Integrity Assessment Survey Index of 2021  
 Source : (Komisi Pemberantasan Korupsi, 2021)

providers or self-management. Procurement of goods and services through providers is applied when a government work unit cannot provide the requested products. Moreover, potential suppliers/vendors are market players. Direct government intervention in market players can be done by employing the goods and services they produce. The purpose of public procurement includes obtaining the best of service goods, increasing the use of domestic products, increasing the role of micro, small businesses, and cooperatives, increasing the role of national business actors, realizing economic equity, and providing expanded business opportunities, as well as several other goals (Presidential Regulation Number 12 of 2021). It also determines the procurement actors involved in each stage of the procurement. In general, the roles of actors and phases of procurement can be viewed in Table 2.

In general, public procurement can be categorized according to implementation phases. In procurement through providers, the phases consist of at least the procurement planning phase, election planning, selection preparation phase, election implementation phase, contract implementation phase, and work handover phase (Kurniawan & Pujiyono, 2018). At the planning stage, the work unit determines the type of service goods to be obtained, the technical specifications of the service goods, and the estimated price to be the value of the work package. The deal is determined by looking into the specifications

and availability of the budget ceiling. In the preparation stage for the selection, the procuring agent determines the qualifications of the providers who are deemed capable of providing. At this stage, the method of selection is also determined. The method of selecting providers is influenced by the type of procurement and the value of the procurement. One method to choose providers is by way of tender/selection. A tender is a way of selecting providers for procuring goods, construction works, and other services. At the same time, selection is a term used for the selection of consulting service providers openly.

The concept of the ecosystem was first introduced into social science by the sociologist Amos Hawley as a condition of reciprocal relationships within a population in which the entire population operates as a unit to maintain proper environmental conditions for the population's survival (Hawley, 1988). In business strategy, the term ecosystem was coined by (Moore, 1993), which gave rise to the idea that companies were not seen as single individuals but as members of a business ecosystem consisting of companies from various industries and the business ecosystem. Since then, many definitions of the ecosystem have emphasized different aspects in different disciplines. In simple terms, an ecosystem includes a set of actors that contribute to the main offering (focal offer) from the user. Focal offers can be in products or services, implemented with or without a tech-

**Table 2.** Public Procurement Phases and Actors

Phase / Process	Actors
Public procurement planning	Budget user and Commitment officer (PA and PPK)
Public procurement preparation	Commitment officer
Tender/Selection preparation	Commitment officer/procurement working group
Tender execution	Commitment officer/procurement working group
Contract execution	Commitment officer and vendor
Project handover	Budget user, Commitment officer and vendor

Sources: Regulation LKPP Number 12 of 2021

nology-based platform. The key to this definition is the direct relationship between the supply and demand sides of the focal offer and the different considerations of the various actor that contribute to the value creation of the focal offer.

The ecosystem perspective is often juxtaposed with the value chain. However, the two are very different regarding focus and organizational structure. Porter (1985) introduces the value chain concept to analyze the sources of a company's competitive advantage. Competitive advantage cannot be understood by looking at the company as a whole (Kapoor & Lee, 2013). It stems from the many discrete activities a company performs in designing, producing, marketing, delivering, and supporting its product. The value chain perspective focuses on the internal company, seen through concrete activities (Kapoor, 2018). These activities together determine the cost of the company and the value offered to its customers. An important theoretical concept in the value chain perspective is the interdependence among activities that make up the value chain within a company and the synergy between different activities to achieve a company's competitive advantage (Porter & Linde, 1995). Thus, the ecosystem perspective takes a macro view of external actors contributing to creating corporate value. In contrast, the value chain perspective takes a micro view of the company's internal activities.

Employees no longer carry out the selection of supplies through tenders in work units that require the goods and services but instead are carried out by a more independent provider selection work team with available positions. The Regulation of the Minister of Public Works and Public Housing Number 14 of 2020 concerning Standards and Guidelines for Procurement of Construction Services Through Providers also limits the technical requirements that reduce the possibil-

ity that many providers cannot participate in tenders. Tenders and selection have now been carried out with the help of information technology. Tender schedules and information have also been made public and announced on the public website. This effort is aimed at achieving the objective of procuring goods and services through tenders. Research conducted by Puspita and Gultom (2022), Nani and Ali (2020), also Sirait (2018) conclude that the use of electronic media has a good effect on the procurement of government goods and services even though some strengthening is needed. However, organizational and environmental difficulties still exist in the application of e-procurement (Mohungoo, Brown, & Kabanada, 2020), internal service quality (Costa, Arantes, & Tavares, 2013), human resources quality (Nani & Ali, 2020), and regulatory (Khairina & Dompok, 2022). The ecosystem concept can portray the role of the actors involved in public procurement. Based on the roles played by these actors, we can identify the actors' weaknesses that occur during the public procurement process. We will analyze the results of identifying the actors' weaknesses, which can serve as the basis for providing recommendations for improvement.

Previous studies have focused on spending allocations for the special autonomy fund for West Papua (Budiratna & Qibthiyah, 2020), the accountability of the special autonomy fund (Sukmalalana, Ramadhan, Pdihegso, Huda, & Fadli, 2020), the effectiveness of electronic procurement (Adi, 2017), and measuring the effect of spending on special autonomy fund for prosperity such as education and reducing poverty (Warouw, Nangoy, & Runtu, 2016). This study also discusses the process of spending Local Government Budget (APBD) managed by the West Papua regional government and the weaknesses that could lead to corruption. This study aims to determine the public procure-

ment ecosystem in West Papua’s local government and identify its weaknesses. Recommendations will be provided for the policy-makers to improve the public procurement ecosystem in order to prevent corruption. The research questions are structured as follows:

1. What are the existing public procurement ecosystem and the weaknesses in the West Papua government?
2. What are the recommendations that will be proposed to improve the public procurement ecosystem in order to prevent corruption?

## RESEARCH METHOD

This study employed a qualitative research method to obtain a good picture of the public procurement process in West Papua Province. According to Cresswell (2014), the qualitative method can explore the portrait of the procurement of goods and services in West Papua. Research on public procurement using a case study approach in West Papua was carried out by considering the status of government autonomy and regional spending. West Papua is one of the provinces with a particular autonomous region level under Law Number 21 of 2001. In addition, the President of the Republic of Indonesia specifically issued Presidential Regulation 17 of 2019 concerning the

Procurement of Government Goods/Services to Accelerate Welfare Development in Papua Province and West Papua Province.

The data used in this study consisted of primary data from structured and in-depth interviews and secondary data from the West Papua Province LPSE portal. Participants who agreed to be interviewed by the research team were from the LKPP and the Financial and Development Supervisory Agency (Badan Pengawas Keuangan dan Pembangunan, BPKP). There were two participants from LKPP, namely the Head of LKPP for the period of January 2019 to January 2022, and the other is an officer with a general function and in charge of advocacy for the province of West Papua, hereinafter referred to as participant 2 and participant 1. Participants from BPKP consisted of four functional auditors and one head of finance and general affairs. Three auditors have the knowledge and experience to oversee procuring goods and services whose funding comes from the state budget. One auditor oversees the management of regional revenue and expenditure budget funds and has experience as head of the working group for procurement of goods and services. One auditor was involved in supervising the procurement of goods and services during the preparation process for the National Sports Week in West Papua in 2021. The informant from BPKP took part in the interview after that and is referred to as Inform-

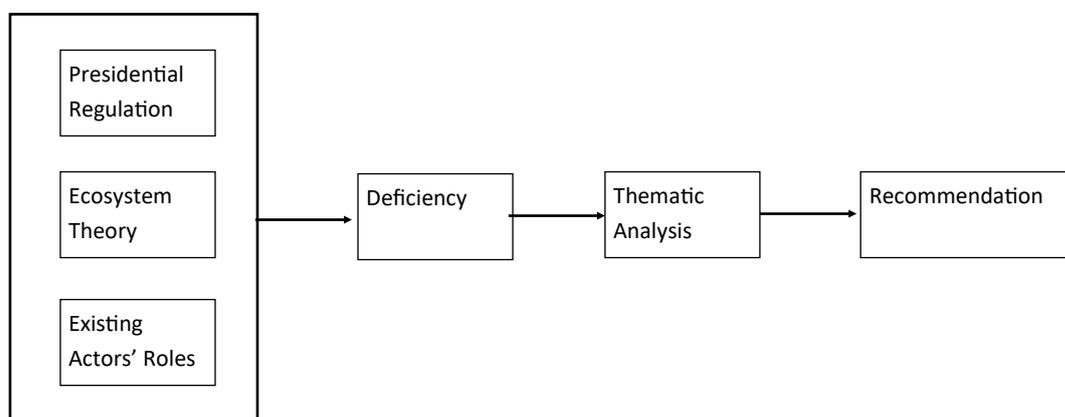


Figure 2. Theoretical Framework

ant 3 as the interview process was carried out in groups or FGDs. Participants who are Contract Officers (Pejabat Pembuat Komitmen, PPK) are represented by one leader, namely the head of the BPKP general section.

The validity and reliability of primary and secondary data were tested using triangulation techniques. The truth of information or statement will be confirmed between informants and primary and secondary data to ensure validity and reliability. Primary data from the interview results will be processed using thematic analysis. Thematic analysis is a method for identifying, analyzing, and interpreting specific theme patterns used in qualitative research and can translate interview results during the data collection process (Braun & Clarke, 2006). This study employs thematic analysis tools to explore potential themes related to research problems and reduce data unrelated to research problems. In thematic analysis, there are six stages or processes: understanding the research data, organizing and reducing data deductively, information capturing and theme organizing, reviewing and developing the prime themes, classifying the prime themes according to the research question, and producing the research reports.

## RESULT AND DISCUSSION

### Competitive Index and Market Concentration

The types of public procurement are grouped into four based on the characteristics of the work. Administratively, providers need specific permits to be declared competent providers in each type of procurement. Procurement of construction work sometimes requires specific certifications to demonstrate the provider's competence in sub-

construction work, considering that this work is complex. When the tender is only won by 16.51% of all participating providers, it indicates the market is concentrated. High market concentration does not align with the objective of public procurement as a means of economic equity (Peleckis, 2022). Pavic, Galetic, and Piplica (2016) state that Herfindahl-Hirschman Index (HHI) and The Concentration Ratio 4 (CR4) are the indicators to observe the level of competition in a public procurement process.

In this section, concentration measurements are carried out on sub-types of procurement, especially for construction work. The study did not measure concentration on other types of service procurement and procurement of goods, considering that the population for this type was relatively tiny. The breakdown of concentration by subtype for consulting services and construction activities is intended to give a more detailed view. This is done considering that the building construction provider may not be eligible to participate in the road works tender. Likewise, providers with particular specifications for planning work may not be qualified for work on preparing a feasibility study.

In construction work, work is divided into three categories. The first categories, such as bridge, road, and terminal works. The second category includes work related to buildings, buildings, and spaces. The third category includes work related to rivers, jetties, and irrigation. Based on this classification, the value of market concentration in construction work is shown in Figure 3.

The value of the HHI at five years of observation is low. A low level of market concentration indicates competition in the market. The highest value of market concentration is 10,000, while the highest value in the procurement of construction work for water-related categories, such as rivers, ports,

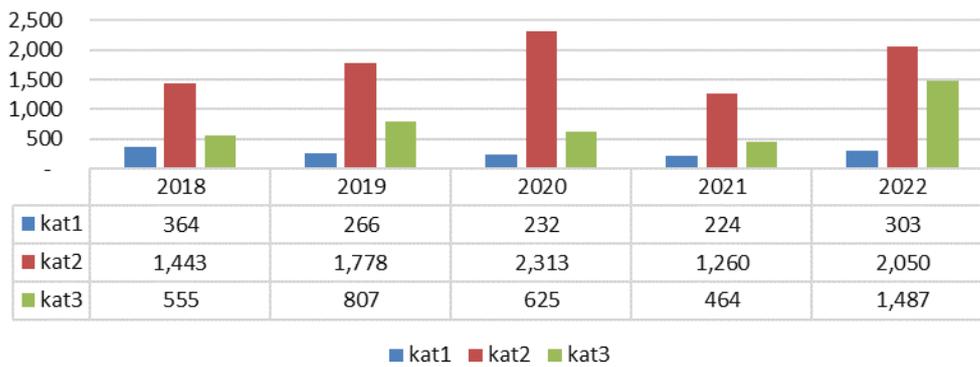


Figure 3. Construction Work Classification

docks, etc., is 1,487 in 2022. Meanwhile, in the building category, the highest value was 2,313 in 2022. The concentration level is deficient in the road and bridge category, with the highest score of only 364 in 2018. There is no general indication of high market concentration in procuring construction work in West Papua for 2018-2022. However, attention tends to increase in 2022 for all job categories of construction. The CR4 value can be seen in the Figure 4.

Based on the results of the CR4 calculation, we can assume a tendency for an increase in CR4 in 2022. Category 1 construction work has the lowest average CR4 among other categories, with the highest value of 27.35% in 2018. Category 2 construction work had the highest average value of 75.05% in 2022. In category 3 construction work, the CR4 value will increase significantly in 2022 compared to 2021. According to Pavic et al. (2016), a CR4 value of 0-50% indicates a low concentration. The market tends to be competitive for providers. CR4, with a value of 60%-

100%, indicates a high concentration, and the market tends to become an oligopoly market.

### Public Procurement Actors

Based on the previous literature review, ecosystem analysis will use the focal offer as the related object and actor. The results of the interviews indicate a significant role that contributes to the achievement of procurement objectives. The focal offer and the actors involved are illustrated in Figure 5.

Actors in procuring government goods and services include officials and employees within the West Papua Provincial Government who serve as Budget User Authorities (Kuasai Pengguna Anggaran, KPA) officers, PPK officers, and Working Units for Public Procurement (Unit Kerja Pengadaan Barang/Jasa, UKPBJ) officers. Supervisors are parties that are not directly involved in the procurement process but participate in supervising the process either through audits,

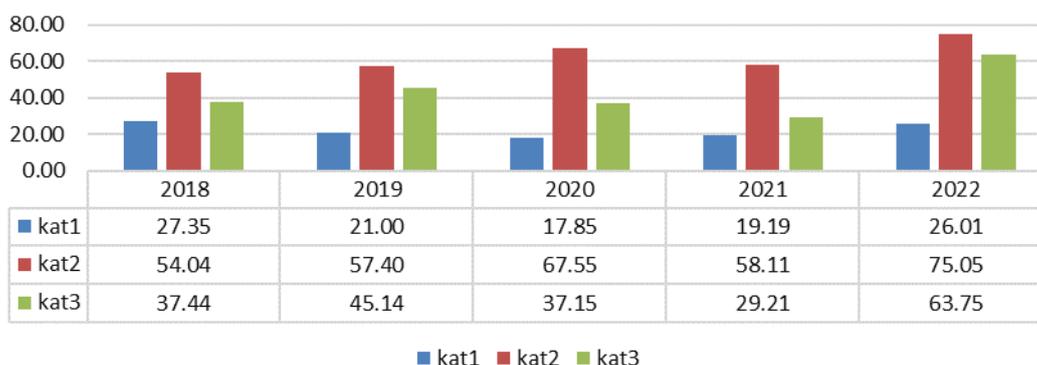


Figure 4. Market Concentration Ratio

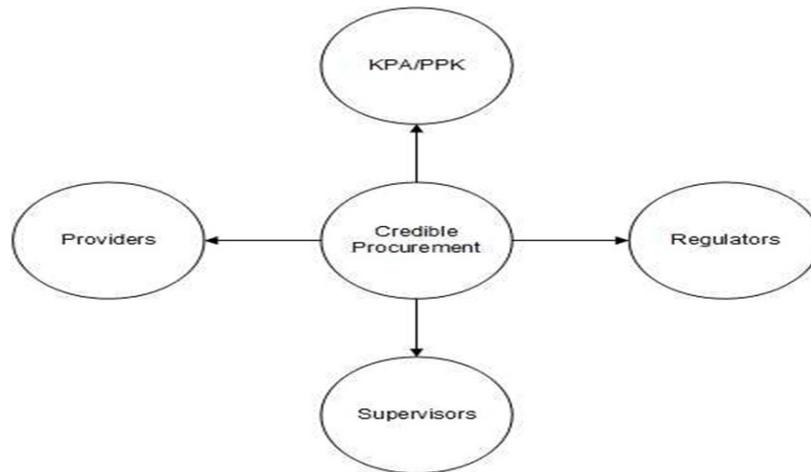


Figure 5. Public Procurement Actors Interaction

monitoring, or evaluation. Parties acting as supervisors include the West Papua Provincial Inspectorate and the West Papua Representative of BPKP. The regulator is the role that sets the rules related to the public procurement and procurement infrastructure, such as the LPSE platform used in the tender system procurement. The actor who acts as a regulator based on the interview results is LKPP. Business actors and Providers are business actors who become government partners through procuring goods and services. The role of providers in West Papua PBJP includes OAP (Papuan people) and non-OAP business actors.

### Budget User Authority/Committee Office

Based on Presidential Decree Number 45 of 2013, KPA is an official in the field of procurement who is determined by the Budget User to use the State Budget or determined by regional heads to use the Local Government Budget. At the same time, PPK is an official responsible for implementing the procurement of goods or services. PPK can be held concurrently by KPA if the scope of the agency is manageable. The role of KPA/PPK in the public procurement ecosystem lies in the planning and preparation stages. The planning phase involves preparing plans, identifying needs, and determining methods, sched-

ules, budgets, and general procedures for procurement (Rencana Umum Pengadaan, RUP). At the same time, the scope of the procurement preparation phase includes the determination of technical specifications, the preparation and determination of the Owner Estimate, and the design of the contract. Because of the preceding, KPA/PPK plays an essential role as a supplier of procurement process inputs in the planning process. However, the interview results stated that Human Resources still faced constraints concerning identifying needs, as expressed by Participant 1.

*“With regards to the capacity of Human Resource... how capable are they in identifying needs, do the targets and policies meet the needs of the Papuan people, are the implementers indigenous Papuans. Once, a region in Papua requested that its procurement not be carried out electronically. Every year there are always those who put forward such request.”*

Participant 2 believes that one of the abilities that KPA/PPK must have are the ability to prepare and establish plans for the needs of goods and services (procurement planning), considering that as someone responsible for the task, one must be well-versed in what is needed. Furthermore, Participant 2 discovered the dysfunction of KPA's authority in preparing and planning the procurement:

*“A very dominant role in planning and budgeting. One must be able to distinguish between procurement planning and procurement plans. Procurement planning is a person planning for the goods and services that one would need. Procurement planning would be the responsibility of the planning and budgeting team. Once it is established, the procurement plan shall be forwarded to UKPBJ. Identification of needs is the responsibility of KPA/PPK. However, more often than not, the work is carried out by functional procurement officials, thereby leading to inaccurate results. The duties of the functional procurement officer cover procurement plans that are fundamentally administrative such as determining the selection method, qualification method, provider requirements, evaluation method, method of submitting bidding documents, and the selection schedule.”*

The same opinion was also expressed by Participant 3 as follows:

*“The target of our BimTek (Technical Guidance) is the Contract Officers (PPK) and the Working Units for Public Procurement (UKPBJ). Unfortunately, they are unaware of how to determine the Domestic Component Level/TKDN (Tingkat Komponen Dalam Negeri). From some Contract Officers we have come across, no one has been able to decide on the percentage of the TKDN. This implies that in terms of quality, we conclude that the human resources are still weak.”*

Regarding the Owner Estimate, the Contract Officers' area of responsibility, the secondary data analysis results show that the average ratio of contract values to HPS is above 95%. Another study (Johantri & Aprilia, 2021) shows that the average comparison of contract values with the Owner Estimate ranges from 80-90% but with a different research object, namely the LPSE Ministry of Finance. Participant 2 stated that it was premature to conclude that the price for the Owner Estimate was set too high based on the slight difference between the contract value and the Owner Estimate. It requires further examination by conducting market price surveys to

check whether the Owner's Estimate is reasonable and justifiable. Participant 2 added that the tender system selection does not always prioritize the lowest bid value but, instead, a reasonable price or justifiable with valid reasons.

In summary, KPA/PPK still faces challenges regarding human resources competence. On the other hand, good planning was why the Owner's Estimate was too high. However, this still needs to be further proven regarding the reasonable value of the Owner Estimate.

### **Public Procurement Working Unit (UKPBJ)**

Based on LKPP Regulation Number 10 of 2021, UKPBJ is a work unit under the Ministry/Institution that is the Center of Excellence for Public Procurement. The UKPBJ structure usually consists of UKPBJ Leaders who oversee the PBJP Management Unit, LPSE Management Unit, Human Resources (HR) Development Unit, PBJP Assistance Implementation Unit, Consultation, and technical assistance. The Head of UKPBJ can establish an selection working group to manage the selection of providers. The Selection Working Group consists of three people. The number of members of the Selection Working Group may be increased, provided that the number is odd, considering the complexity of the providers to be chosen. A team of experts can assist the Selection Working Group.

The next phase is the selection process which consists of the preparation and implementation. This phase is the responsibility of the UKPBJ or Selection Working Group. Preparation for the selection includes pre-qualification activities in which prospective bidders submit qualification documents proving competence, business capability, and fulfillment of specific requirements from

goods and service providers, including the requirements for indigenous Papuans as per Presidential Regulation Number 17 of 2019.

Tenders in the Papua province have privileges as stipulated in Presidential Regulation Number 17 of 2019 concerning Government Procurement of Goods/Services to Accelerate Welfare Development in the Provinces of Papua and West Papua. In preparing the general plan for procuring goods/services, the PA/KPA determines a work package that provides opportunities for Papuan Business Actors without neglecting the quality of the work. In addition, non-small business actors participating in procuring goods/services in Papua and West Papua provinces are required to empower Papuan business actors. The relationship can be in the form of partnerships and subcontracts. In the case of a partnership being used, the association must be led by a Papuan business actor. If it is a subcontract, this is determined by the PPK and included in the selected document. In addition, there are limited tender provisions to select providers. A small bid is defined as tender with limited participants having to be participants from Papuan business actors. With the privileges and limitations for bidders, based on the NPWP number, out of 38,045 bids, there were 4,589 bids from providers outside Papua. Of the 1,515 work packages, only 128 units were awarded to providers with NPWP outside Papua. No work packages are won by non-Papua providers when the work packages are intended for Papuan business actors.

However, to fulfill the purpose of procurement, namely economic equity for Papuan business actors, it is necessary to ensure beneficial owners from providers who are Native Papuans or politically termed as Orang Asli Papua (OAP), not just administratively, as stated by Participant 1.

*"We should have access to [the procure-*

*ment process] to conduct verification, to identify whether any OAP is present so that proper measurements are taking place, to investigate whether other entities are non-Papuans taking advantage of the procurement system when they should not be. There was also an experience when the non-Papuan used the name of the Papuan/OAP bidder and had the OAP accept the result later."*

Participant 2 also confirmed the same. The statements imply that there are obstacles in verifying in the process because the authority to verify authentic evidence rests with other parties, such as the Population and Civil Registry Office (Dinas Kependudukan dan Catatan Sipil) and the One Single Submission (OSS) manager. Following that is the implementation stage of the selection. When a tender is announced, election documents are registered, explanations are given, bid documents are submitted, opened, and evaluated, a reverse auction is conducted if applicable, possible winners are identified, prices are clarified, technical issues are negotiated, and winners are selected. UKPBJ employs the LPSE platform in pre-qualification activities and the selection process to select providers through tenders.

Several obstacles were revealed from the interviews, including aspects related to HR, infrastructure, and work safety constraints. Regarding HR, Participant 3 stated:

*"...regarding the ability of HR (Human Resources) who are not qualified, this implies that the procurement process could not be implemented accordingly, could it? However, if you wish to obtain data from the Human Resource Management Agency (Badan Pengembangan Sumber Daya Manusia, BPSDM), it only provides information on individuals with certification, that is all. In this province, only sixty people have attended the training and education."*

Regarding infrastructure, Participants 3 and 1 stated that the problem was good internet access or limited network problems. Not all

sub-districts have good internet access, and there is a schedule in which they can use internet facilities. The two participants also expressed issues regarding work safety.

*“During the Construction Management (Manajemen Konstruksi, MK) auction, we were subject to disruption. Once one of the bidders lost, he believed he was the rightful winner. However, based on the results and deliberation of the working group, we decided that he was not eligible to win, and therefore another supplier won the bid. So the losing party went to the BPKP representative office with the intent to conduct a blockade to close the office. Fortunately, we could bring in the police – (voice unclear) to prevent the blockade from happening. Whatever actions that losing party attempted to do did not change our initial decision that he is not fit [to win].”*

Thus, one of the keys to public procurement is the competence and integrity of the UKPBJ.

### **Public Procurement Providers**

The results of secondary data analysis on competition and market concentration show relatively high competition results (low HHI score). However, several types of work, such as construction and consulting, show that the tender winners are concentrated in the four big players. Participant 3 statement related the dominance of several large providers in the tender process as follows:

*“Yes, that is the way business is conducted here. In a certain area, there are companies, say, the big three companies. The presence of these large companies affects the small companies. They would do whatever it takes. Whenever there is a huge public procurement call for bidding, the smaller companies cannot get their hands in the goods and services procurement bidding process. Usually, the procurement will be awarded to the bigger companies. This happens not only in West Papua. On average, this similar situation happens in other provinces too.”*

This information also reinforces the importance of verifying OAP business actors as beneficial owners. In addition, providers also face various obstacles in the supply of goods, including cultural constraints. Participant 3 states that the advantage is if the business partners are OAP, they will be more familiar with community leaders and relatively safer because residents will not interfere with the implementation process. If not, road or area blockages often impede the development process.

It can be concluded that the provider must have a certain strategy to ensure that the work package that has been won can be carried out properly and smoothly. This strategy's determination should consider cultural elements or customs in West Papua. Apart from that, the cost strategy also needs to be taken into account, as stated by Participant 2:

*“The selected bidder/bid winner should allocate a budget. You must have a budget to cover the cost of security and the cost of a communal ritual meal to commemorate or celebrate a particular important momentum (slametan), which does not enrich other people and is not considered a violation of the law. In principle, in addition to being strategic, providers must be able to calculate relevant costs for carrying out work without committing acts against the law or enriching state officials.”*

As described in the sub-section of the tender/selection overview in West Papua, the average contract value is close to the HPS value. Further data exploration shows that the tender winner is not always the provider that bids the lowest price. The provider is declared the winner because the provider with the lower bid is disqualified in the tender. The provider failed due to technical qualification requirements that could not be met. Either the terms were not included in the bidding documents when submitting the bids, or the provider failed to demonstrate

the legitimacy or correctness of the requirements they entered in the clarification and evaluation stages of the bidding documents. Many small business actors experience barriers to fulfilling tender requirements. Participant 3 revealed that local entrepreneurs could not compete because they did not meet the qualification requirements.

The two pieces of information align with the data on the previously obtained tender results. When the winner of the tender is not the provider with the lowest bid, the budget savings from the tender becomes less optimal. Technical qualification requirements are essential. We need to consider further which qualification requirements are necessary and must exist and which provisions can be omitted. However, the number of qualification requirements that are many and complex, will become a barrier for providers to enter procurement. It will lead to competition that will not take place optimally.

It is necessary to make it easier for small business actors in obtaining the qualification requirements for encouraging competition while still raising the qualification requirements in tenders. In the construction sector, for example, the qualification requirements for school building work will differ from those for housing building construction. The government's role is needed so that providers can quickly obtain both qualification requirements and satisfy the terms and conditions to participate in more tenders.

### **Supervision of Public Procurement**

The Government Internal Supervisory Apparatus (Aparat Pengawas Internal Pemerintah, APIP) oversees public procurement implementation. BPKP is a body related to the supervisor, although it is not limited to implementing public procurement only. Apart from BPKP, the procurement of goods and services can involve LKPP. LKPP can advise

on a provision or event faced by actors procuring goods and services. Regarding the supervision carried out by BPKP, Participant 3 provided the following information:

*"Based on our experience, the assignments (BPKP) related to public procurement in West Papua are mostly requests coming from central agencies...actually for the implementation of audits, we rarely get to the auction stage...the implementation is complete, then we continue with monitoring, then there are restrictions, in the evaluation guideline itself it is limited, it is limited not including the bidding process carried out by PPK, usually in that state, so we carry out evaluation or monitoring only during the implementation stage, and it is carried out after the work is completed... If it's not with BPK, no ma'am, but with the Inspectorate as APIP, some of the assignments previously carried out by BPKP, maybe now APIP has been delegated or transferred to the regions. For example, for special allocation budget (Dana Alokasi Khusus, DAK) funds, we used to do monitoring, but now it is handed over to the inspectorate, BPKP, as quality assurance only."*

Participant 3 also stated that concerning the quality of internal control during the process of procuring government goods and services.

*"Ideally, the higher the PK APIP level, the more competent the process is. If, for example, the competency level is good, they can give a role not only at the end after the job is finished but they participate in the process. What is that term, probity audit? So the assistance from the start of planning, implementation, bidding, and so on does not wait until the last post-audit is finished. The hope is that if they can have that capability, they can provide an early warning to prevent it and that public procurement can be more orderly, minimizing irregularities. Some are already there (probity audit). Some have started gradually. Back to the leadership's commitment, the first function is the control environment for Papua and West Papua."*

According to Participant 2, the role of LKPP and the synergy between LKPP and BPKP to support procuring government goods and ser-

vices is carried out through monitoring, coordination, and providing probity advice or mentoring.

*"... usually, we have monitoring through the LKPP e-monev right there; just open it later. The LKPP e-monev will be there later; for example, on the State Administration Agency (Lembaga Administrasi Negara, LAN), STAN (Sekolah Tinggi Akutansi Negara) has four work packages, there are goods, only services, there is consultant work, and the construction will appear there, what percentage of the units there are, it will appear. That is why the auditor must know what the SOP is in the area, and local wisdom must exist."*

### Relations Between Actors in the West Papua Public Procurement Ecosystem

The ecosystem concept states that every actor in the ecosystem environment will interact with each other and contribute to the main goal (Moore, 1993). The main goal (focal offer) in the PBJP ecosystem is procuring credible goods and services in accordance with the procurement objectives in Presidential Decree Number 17 of 2019. The relationship be-

tween actors in the ecosystem is described in Figure 6.

KPA/PPK parties play a role by providing input through good planning toward credible procurement objectives. UKPBJ delivers feedback in the form of administering a fair and transparent provider selection process so that it can support a reasonable procurement value. At the same time, the supply side provides input in the form of offering goods and services according to the qualifications of the business actor. The supervisor provides audit services during the process. After the procurement is completed, the regulator's role is to provide input in the form of rules related to PBJP in general and specifically for Papua and obtain data for monitoring procurement.

Apart from contributing to the focal offer, actors in the ecosystem also interact with each other. KPA/PPK provides a General Procurement Plan as material for UKPBJ to carry out the selection stages. UKPBJ began the tender selection process by announcing

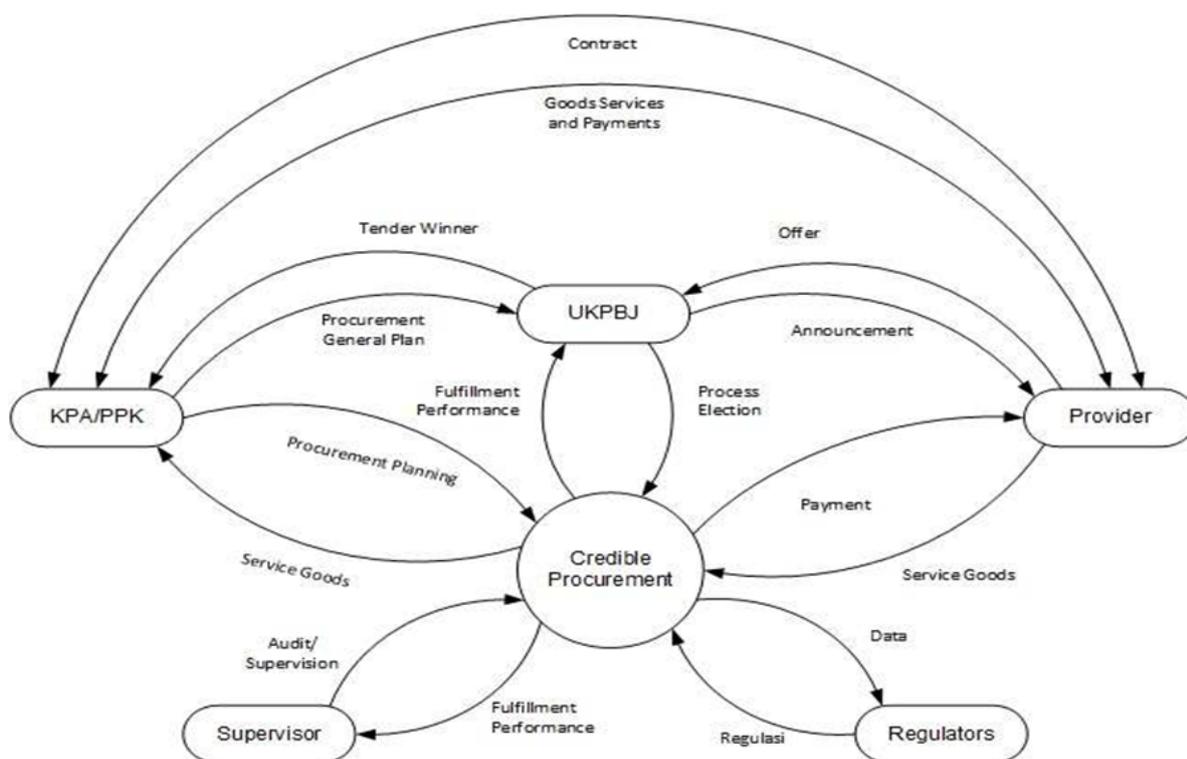


Figure 6. West Papua Public Procurement Ecosystem Relations

bids through the LPSE platform. The provider submits bidding documents according to their qualifications. The bid winner then binds a contract with Contract Officer, then carries out their work according to the agreement, and is entitled to payment after the completion of the contract. Internal supervisors, as parties outside the procurement actors, provide assistance or consultation during the procurement process and conduct procurement audits.

The value network shows that the procurement process begins with the role of the Contract Officer as initial input. Therefore, the improvement solutions will start from KPA/PPK. In formulating solutions, conditions and root causes will be presented in Figure 7.

From the KPA/PPK side, the obstacles identified based on the analysis in the previous sub-chapter are the planning process that is not following the needs and technical regulations. The root of the problem in this condition is the lack of competence of KPA and PPK human resources. Therefore, the solution offered is to increase the competence of KPA/PPK human resources.

Regarding the UKPBJ, the conditions revealed from the analysis results are the lack of functional human resources for certified procurement, OAP authentication responsibilities outside the authority of UKPBJ, occupational safety risks, and lack of internet network infrastructure support. These HR issues can be addressed through training for the procurement function to manage the certified procurement operating staff shortage. The OAP authentication task requires commitment and support from the leadership to carry out data integration that facilitates the authentication process or by delegating the authentication task to agencies with authority regarding OAP identity, such as Dukcapil. Enforcement of the OAP authentication procedure is an essential first step in ensuring equal distribution of business opportunities for local business actors, which can boost West Papua's economy. The problem of occupational safety risks and inadequate infrastructure networks also requires strengthening the leadership's commitment to ensure the safety of its employees by coordinating with law enforcement officials and overseeing the West Papua infrastructure development roadmap according to plan.

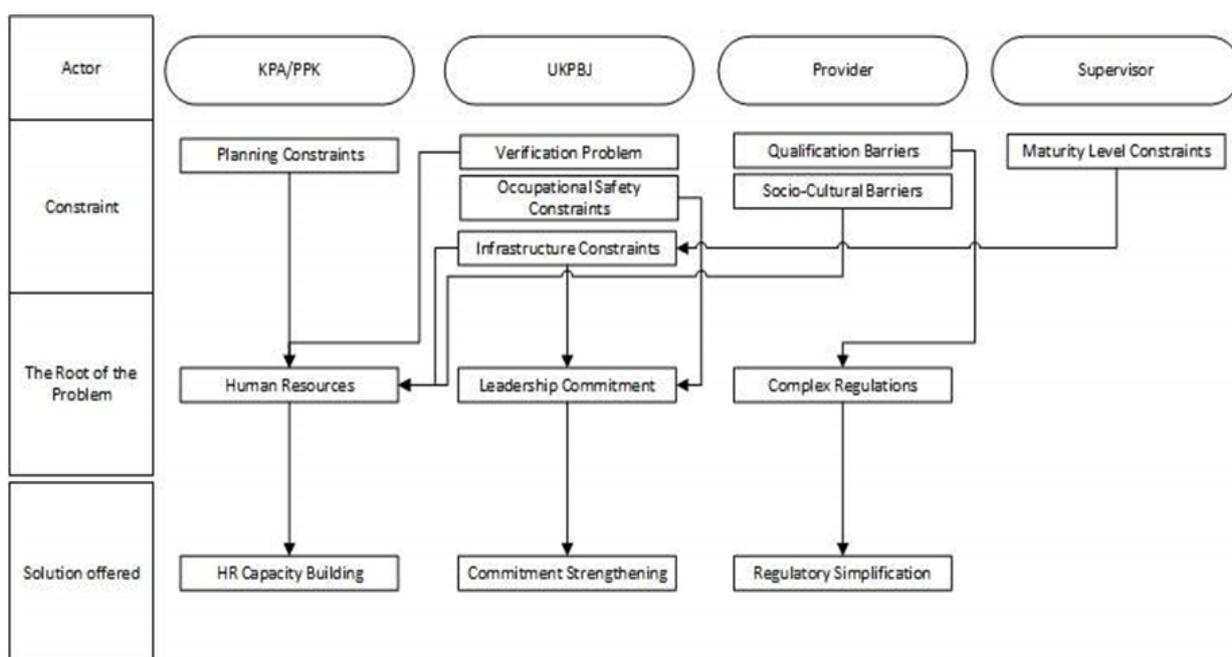


Figure 7. Public Procurement Weakness and Recommendation

Problems experienced by providers include obstacles in meeting both technical and administrative qualifications and socio-cultural constraints. Obstacles to fulfilling the qualifications are caused by the low resources owned by business actors. This can be addressed by increasing the competence of human resources, which can understand procurement rules, and establishing partnerships with related parties to improve technical qualifications. In addition, obstacles to fulfilling administrative capabilities can also occur due to additional administrative requirements from the PPK, who are too careful, making it difficult for business actors. Therefore, efforts to increase the competence of PPK human resources proposed in the previous paragraph are expected to help overcome the problem of qualification constraints.

Apart from that, it is also necessary to evaluate the regulatory streamlining that the government has made for Papuan business actors to find out the practice in the field and their effectiveness for business actors. As for socio-cultural constraints, this requires a socio-cultural approach through leadership commitment and continuous education from PPK and UKPBJ regarding fair and transparent procurement processes. Business actors must make these efforts to comprehend and assess procurement processes created to guarantee appropriate treatment for all bidders.

The synergy between planning inputs carried out correctly by KPA/PPK and the selection process carried out fairly and transparently by UKPBJ can form a credible procurement process and encourage business actors to compete fairly. In order to achieve the desired outcome, which satisfies the requirement for adequate government goods and services in terms of quantity, quality, time, and cost, as well as other procurement goals, such as economic fairness and convenience

for small enterprises, all of these inputs are required.

## CONCLUSION

Based on the results and discussion, secondary data shows the direction of achieving the goals of public procurement in the province of West Papua. The actual procurement of goods and services at self-estimated prices set by PPK and UKPBJ tends to be close to identical values. On the other hand, the integrity assessment survey results show that the risk of corruption during the public procurement process, such as the intervention of the winner, the close relationship between the committee and the providers, and the arrangement of the winning bidder, is still high.

By using the ecosystem concept, it is known that each actor faces several problems that contribute to achieving public procurement objectives. KPA/PPK meets Human Resources constraints, which creates weaknesses in identifying needs, determining TKDN, and determining administrative requirements that can hinder more comprehensive providers' participation. UKPBJ also has challenges in human resources in the form of a limited number of certified functional officials, internet network infrastructure constraints, difficulties in the OAP authentication process, and work safety risks that require leadership commitment. From the supply side, the conditions faced are fulfilling administrative and technical qualifications due to weak resources owned by business actors. In addition, there are socio-cultural constraints on local business actors, such as the difficulty of accepting defeat and prioritizing violence. Monitoring carried out by supervisors also found obstacles in the form of APIP's maturity level, which still needed to be higher. Therefore supervision still requires improvement. Improvement efforts by each stakeholder in the public procurement eco-

system are expected to reduce the risk of corruption in the PBJ process.

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