E-Procurement in the Procurement System for Goods/Services by the Government in Indonesia: Perspective of Saddu al-Dhariah

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Abstract

This research is motivated by the release of Presidential Regulation No. 16 of 2018 concerning the Procurement of Goods/Services, which has three important stages: preparation, selection, and implementation. The issuance of this presidential rule aims to enhance the utilization of products from local Micro, Small, and Medium Enterprises (MSMEs). In the age of digitization, the Indonesian government has developed an electronic-based system known as e-procurement for the acquisition of products and services. This enhances the efficiency, effectiveness, competitiveness, transparency, fairness, accountability, and integrity of the procurement process, while also ensuring it is free from corrupt practices. This study aims to examine the e-procurement system in Indonesia through the lens of the fiqh principle of saddu al-dhariah, with the goal of mitigating corrupt practices in the procurement of products and services. The main data in this study revolves around Presidential Regulation No. 16 of 2018. Secondary data is derived from multiple sources including case studies on the procurement of goods and services, as well as publications and reports published by the Government Goods/Services Procurement Policy Institute (LKPP). The study findings suggest that e-procurement adheres to the principle of saddu al-dhariah by effectively mitigating state losses and enhancing government operational efficiency. The general public reaps advantages from this approach as it leads to a surge in the sales of domestic MSME products. Nevertheless, LKPP must persist in monitoring this mechanism to prevent any discussions conducted by parties with personal or collective interests.

Keywords: e-Procurement, Procurement of Goods/Services, Saddu al-Dhari’ah.

Abstrak


Kata Kunci: e-Procurement, Pengadaan Barang/Jasa, Saddu al-Dhari’ah.
Introduction

The development of facilities and infrastructure to support economic life and public services in Indonesia is an essential need that cannot be avoided. Infrastructure development must be accompanied by the procurement of high-quality goods and services. However, it is important to note that government procurement activities are not aimed at producing profit-oriented goods or services. Since the government cannot carry out projects independently, most government projects are dominated by the procurement of goods/services. This state management greatly requires community involvement, particularly from the business sector. Government procurement of goods/services must prioritize the improvement of public services, good governance, and the welfare of the people, in accordance with the concept of good governance. One form of e-government implementation to achieve good governance is through the electronic procurement of government goods and services, known as e-procurement. E-procurement is a system that enables the government to enhance information transparency and public services in the procurement of goods and services through a web-based platform.

The implementation of information technology, such as e-procurement, has proven effective in increasing transparency and efficiency in government procurement of goods and services. However, factors such as fraud also need to be considered, as regulations and procedures for the procurement of goods and services can influence the success of the government procurement system. Additionally, the fraud diamond theory provides important insights into pressure, opportunity, rationalization, and capability that can affect fraud in government procurement. By reducing face-to-face interactions and increasing transparency, the use of e-procurement is considered an effective technique to eliminate corruption in the procurement process. Numerous studies show that much work remains to be done to improve accountability, transparency, and oversight of the procurement process, as corruption in the procurement of goods and services in Indonesia remains a major issue. The implementation of e-procurement technology can significantly help reduce corruption practices in Indonesia's procurement industry, especially if combined with strong anti-corruption laws and protections for whistleblowers.

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1 Amiruddin, Korupsi Dalam Pengadaan Barang dan Jasa (Yogyakarta: Genta Publishing, 2010), h. 47.
3 Samsul Ramli, Bacaan Wajib Para Praktisi Pengadaan Barang/Jasa Pemerintah (Jakarta, Visimedia, 2013), h. 5-6.
This research aims to assess the effectiveness of e-procurement in the Indonesian government goods procurement system in preventing corruption in accordance with the principles of saddu al-dhariah. The results of this research are expected to be useful as information and knowledge insights for government goods/services procurement practitioners and the public, as a treasure for the development of knowledge, particularly in the field of Sharia economic law, and as a reference for subsequent researchers related to this issue. It can also provide input to the Government Goods/Services Procurement Policy Agency and the legislature in formulating regulations related to this research, as well as to the fatwa advisory council in making a National Sharia Council Fatwa regarding Guidelines for Government Goods/Services Procurement based on Sharia Principles.

**Method**

This research is a normative qualitative study with a normative juridical research approach, which examines legal principles to find relevant legal doctrines or principles. This type of research is often referred to as dogmatic study or doctrinal research and includes the study of library materials or secondary legal materials. Primary legal sources consist of literature directly related to the research topic, such as Presidential Regulation No. 16 of 2018 on Government Procurement of Goods/Services. Secondary legal materials consist of literature, such as books or articles, that can support the writing of this research. Data analysis is conducted using the Islamic jurisprudence principle of saddu al-dhariah in Islamic law and the legislation governing e-procurement in Indonesia.

**Background of e-procurement policy implementation in goods/services procurement in Indonesia**

Procurement of goods and services significantly contributes to the national economy. As part of fiscal policy, the procurement of goods and services aims to stimulate the economy by creating jobs, enhancing competitiveness, and promoting economic growth. Procurement activities funded wholly or partly by the state budget/regional budget (APBN/APBD) are aimed at providing public goods and services. The implementation of goods/services procurement can be carried out through self-management and/or the selection of goods/services providers. Government procurement of goods/services under this Presidential Regulation includes goods, construction works, consultancy services, and other services. The structure of Presidential Regulation No. 16 of 2018 consists of three main stages: preparation, selection, and implementation.

![Figure 1. The process flow of goods/services procurement through e-procurement.](image-url)
Here are some regulations related to government procurement of goods/services in Indonesia:

1. Law No. 2 of 2017 on Construction Services
2. Law No. 30 of 2014 on Government Administration
3. Presidential Regulation No. 16 of 2018 on Government Procurement of Goods/Services
4. Presidential Regulation No. 12 of 2021 on Amendments to Presidential Regulation No. 16 of 2018 on Government Procurement of Goods/Services
5. Regulation of the Government Goods/Services Procurement Policy Institute No. 9 of 2018 on Guidelines for Implementing Goods/Services Procurement through Providers
6. Regulation of the Government Goods/Services Procurement Policy Institute No. 12 of 2021 on Amendments to LKPP Regulation No. 9 of 2018 on Guidelines for Implementing Goods/Services Procurement through Providers
7. Regulation of the Minister of Public Works and Housing No. 14 of 2020 on Standards and Guidelines for Procurement of Construction Services through Providers
8. Presidential Instruction No. 1 of 2015 on Accelerating the Implementation of Government Goods/Services Procurement

Corruption in public procurement is widespread in Indonesia, with a significant proportion of corruption cases related to the procurement of goods and services. Each year, the Corruption Eradication Commission of the Republic of Indonesia handles increasing numbers of corruption cases involving the procurement of goods and services. Studies have also examined how government oversight affects corruption in local government procurement activities, highlighting the importance of supervision in stopping corrupt practices.

Unhealthy procurement practices result in losses for the community, including low-quality services received from the government. Law No. 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition has regulated prohibited collusion, such as collusion to arrange or determine tender winners or bid rigging. This law prohibits post-bidding changes, additions, replacements, and/or reductions of procurement documents and/or bid documents after the set deadline. Nearly all violations of this Anti-Monopoly Law

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12 Adrian Sutedi, Aspek-Aspek Hukum Pengadaan Barang dan Jasa dan Berbagai Permasalahanannya (Jakarta: Sinar Grafika, 2008), h. 46.
13 Arie Siswanto, Hukum Persaingan Usaha (Jakarta: Ghalia Indonesia, 2002), h. 90.
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relate to government procurement of goods and services. Tender collusion often leads to barriers for businesses not involved in the agreement, and it can result in losses for the organizing party due to unreasonable prices. This clearly shows that tender collusion harms competing businesses and the wider community. For example, in the case of Goods/Services Procurement based on decision No. 1287 K/Pid.Sus/2013, the defendant, Prof. Dr. H. Abdus Salam, Dz, MM, was involved in misappropriating funds for the procurement of tools for the Education Management Information System (EMIS) project at the State Islamic Institute (IAIN) Syekh Nurjati Cirebon. Another example is the internet network procurement in Maro Sebo Ulu District for the 2017 fiscal year, with the defendant Hady Wintani, SE, Secretary of Maro Sebo Ulu Subdistrict, Batanghari.

Government procurement of goods and services requires strict supervision to prevent fraud and corruption. Forensic accounting, investigative audits, and audit integrity are crucial to detect and prevent fraud in government procurement processes. Additionally, digitalization and the implementation of good governance can help prevent corruption in government procurement of goods and services.

Corruption in the procurement of goods/services has long been an issue in Indonesia, where corrupt activities can occur at any stage of the procurement process. The procurement system is vulnerable to corruption due to its complex procedures and large supervised budgets. In 2008, Indonesia began using e-procurement to increase efficiency and transparency in the process. However, the availability of e-procurement technology alone does not guarantee its use in every project in a province.

Efficient, open, and competitive government procurement of goods/services is essential to provide affordable and quality goods/services, thus improving public services. To achieve procurement that aligns with the goals and mandates of the constitution, regulations regarding procurement procedures must be simple, clear, and comprehensive, in line with...
good governance principles. This led to the issuance of regulations on government procurement of goods/services, such as Presidential Regulation No. 16 of 2018. The Presidential Regulation on Government Procurement of Goods and Services outlines principles such as efficiency, effectiveness, transparency, openness, competitiveness, fairness, and accountability. Transparency, legal certainty, and balanced policies in government procurement agreements are crucial to avoid corruption and abuse of authority.\(^{25}\)

Presidential Regulation No. 16 of 2018 plays a significant role in influencing the government procurement system in Indonesia. This regulation aims to improve good governance, transparency, and efficiency in the procurement process by government institutions. It was introduced to establish rules and guidelines in government procurement of goods and services, aiming to regulate and streamline procurement procedures.\(^{26}\) The regulation emphasizes achieving optimal cost-effectiveness in procurement efforts, stressing that the primary focus is not solely on obtaining the lowest price.\(^{27}\) The government mandates government institutions to conduct electronic tenders and selections to increase transparency and efficiency in the procurement process.\(^{28}\) This regulation allows for financial penalties on service providers who fail to meet project deadlines as stipulated in their contracts, ensuring accountability and timely project completion.\(^{29}\)

The regulation also empowers local government leaders to oversee the entire procurement process, covering all stages from planning to project delivery, through internal monitoring mechanisms in each local government.\(^{30}\) This rule serves as the basis for usage e-procurement systems, such as e-tendering, e-catalogs, and e-marketplaces, to simplify and modernize the procurement process for products and services by government organizations.\(^{31}\)

Electronic procurement, or e-procurement, is the subject of research aiming to enhance transparency, efficiency, and effectiveness in the government’s procurement process for goods and services.\(^{32}\) The success of e-procurement is influenced by factors such as location, IT infrastructure, human resources, and the capabilities of local governments.\(^{33}\) E-procurement can reduce corruption by increasing transparency and accountability in the procurement

\(^{25}\) Syamsuddin, “Pembuktian Penyalahgunaan Wewenang Dalam Perkara Tindak Pidana Korupsi Pengadaan Barang Dan Jasa.”


\(^{33}\) Nurmandi and Kim, “Making E-Procurement Work in a Decentralized Procurement System: A Comparison of Three Indonesian Cities.”
process, improving procurement efficiency by enhancing oversight, thorough evaluation, and monitoring from planning to implementation, and boosting bidder participation and trust in government institutions. However, implementing e-procurement faces several challenges, including the need for institutional and physical infrastructure improvements to overcome obstacles and prevent system failures. Audit integrity can be used to prevent fraud, encompassing supervision, review, monitoring, evaluation, and/or a whistleblowing system.

**E-procurement system in goods/services procurement in Indonesia**

Electronic procurement, commonly known as e-procurement, is a web-based application system that facilitates the entire procurement process using the internet, either through direct procurement or tender/selection methods. E-procurement offers various benefits in the procurement process. Here are some key advantages:

1. Efficiency: e-procurement streamlines the procurement process, making it more efficient and reducing the time needed for various procurement activities.
2. Cost Reduction: Implementing e-procurement can result in cost savings by optimizing the procurement process and reducing operational costs.
3. Transparency: e-procurement enhances transparency in procurement activities, ensuring that the process is open, fair, and accountable.
4. Corruption Prevention: e-procurement serves as a tool to prevent corruption in the procurement process by promoting transparency and reducing opportunities for fraudulent practices.

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5. Performance Improvement: The adoption of e-procurement can improve supply chain performance, leading to overall organizational performance enhancement.43
6. Competitive Advantage: e-procurement can help organizations achieve a competitive advantage by improving procurement processes and supplier relationships.
7. Fraud Prevention: The e-procurement system contributes to fraud prevention by offering a secure and auditable platform for procurement transactions.44
8. Sustainability: e-procurement technology can support sustainable procurement practices, promoting environmentally friendly procurement processes.

Several studies outline the objectives and benefits associated with e-procurement in the context of government procurement:
1. Cost Reduction and Efficiency: e-procurement is expected to lead to significant procurement cost savings, enhancing the status of the purchasing function, and restructuring the supply market, with the ultimate goal of cost reduction and operational efficiency.45
2. Transparency and Accountability: A transparent e-procurement process is crucial for good governance practices, increasing cost-effectiveness, ensuring accountability, and reducing vendor collusion.46
3. Corruption Prevention: e-procurement is seen as a tool to reduce corruption in the procurement process, offering benefits such as transparent bidding processes, increased competition, and reduced fraudulent practices.47
4. Performance Improvement: The implementation of e-procurement promises to reduce operational costs across the supply chain, though it also raises expectations and challenges for buyer satisfaction and supply chain performance.48
5. Strategic Sourcing and Performance: e-procurement, combined with strategic purchasing, can contribute to more effective purchasing processes in the supply chain context, leading to improved performance.49

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47 Aduwo et al., “Exploring Anti-Corruption Capabilities of e-Procurement in Construction Project Delivery in Nigeria.”
6. Sustainable Procurement: The e-procurement technology framework can support sustainable procurement practices in ISO 14001-certified companies, promoting environmentally friendly procurement processes.50

Government procurement involves the process of obtaining goods or services to meet public needs or government interests. This process includes various aspects such as procurement policies, multilateral trade rules, environmental criteria, factors influencing fraud, dispute resolution in government procurement agreements, and accountability in the procurement of goods and services. Utilizing environmental criteria, commonly applied by national administrations, can raise awareness of environmental issues and promote sustainable procurement practices.51 The principles of contractual freedom and balance must be considered to ensure that government procurement agreements are fair and balanced.52

Contractual freedom is regulated by standard contracts for the procurement of goods and services by the government.53 These contracts not only limit contractual freedom but also help make the procurement process fair, transparent, and in line with ethical business practices.54 If a breach of contract is found in the procurement of goods/services, the dispute resolution regarding government procurement agreements becomes an important concern, not only according to applicable rules but also in the context of Islamic economic law.55 Broadly speaking, issues in government procurement contracts in Indonesia, which often end in disputes between providers and the Commitment Making Officer, relate to three main aspects: (1) incomplete contract documents; (2) unclear/multi-interpretive contract terms; and (3) unforeseen factors that are difficult to predict.56

Implementing e-procurement can also be a solution to achieving transparency, efficiency, and accountability in government procurement of goods/services.57 Through e-procurement, the procurement process becomes more open and efficient, allowing for streamlining processes and reducing the time required for government procurement. Additionally, e-procurement can help in fraud prevention by minimizing fraudulent practices.

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53 Arifin and Hartadi, “The Implementation of Probity Audit to Prevent Fraud in Public Procurement of Goods and Services for Government Agencies.”

54 Muskibah dan Naili Hidayah, “Penerapan Prinsip Kebebasan Berkontrak Dalam Kontrak Standar Pengadaan Barang Dan Jasa Pemerintah Di Indonesia.”


The principle of saddu al-dhari‘ah in Islamic law as a fraud prevention effort

Saddu al-dhari‘ah is a concept in Islamic jurisprudence aimed at achieving benefits and avoiding harm or damage. Saddu al-dhari‘ah refers to means that lead to an objective, whether permissible or impermissible. Means that lead to impermissible objectives are also impermissible, while means that lead to permissible objectives are also permissible, and means that lead to obligatory objectives are also obligatory.59 This concept has been applied in various contexts, such as protecting the rights of illegitimate children, guardianship in Islamic law, and preventing close-relative marriages.58 Scholars like Arsyad al-Banjari have

discussed practical aspects of Islamic jurisprudence using concepts developed therein. Some scholars consider saddu al-dhariah as a preventive method to address issues in Islamic transactions.

The approach of saddu al-dhariah in social and governmental order issues and government procurement of goods/services is a relevant concept in the context of public policy and government administration. This concept emphasizes preventing harm (mafsadat) and enhancing welfare (maslahah) in decision-making. The saddu al-dhariah approach can be used to address strategic issues such as employment, health insurance, and education availability in the context of social and governmental order. Regulatory reforms considering the principle of saddu al-dhariah can also help address bureaucratic mechanisms that may hinder the formation of a clean government.

The saddu al-dhariah concept can be beneficial for government procurement of goods and services because it can prevent legal procedure violations, improve procurement implementation quality, and prevent fraud. Due to the importance of good governance during the procurement process, this concept can also influence the desire to commit fraud in the procurement of goods and services. The saddu al-dhariah approach, focusing on harm prevention, welfare enhancement, transparency, fairness, and efficiency, can be a relevant foundation in addressing social and governmental order issues and government procurement of goods and services. Applying the saddu al-dhariah principle can be seen in efforts to prevent fraud and manipulation in government procurement of goods/services and compliance with applicable regulations. Thus, this principle helps maintain the integrity and sustainability of the procurement process in line with Sharia values.

Analysis of the implementation of e-procurement policy according to saddu al-dhariah principles

The use of e-procurement in the policy of procurement of goods/services in the Indonesian government can fulfill the principles of saddu al-dhariah by enhancing transparency, efficiency, and accountability in the procurement of government goods/services. Through e-procurement, the procurement process becomes more open and efficient, allowing for the reduction of processes and time in government procurement of goods/services. Therefore,

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procurement can help prevent potential losses or damages and ensure compliance with sharia principles in procurement.

The procurement of goods/services by the government according to the principle of saddu al-dhariah in Islamic jurisprudence aims to prevent potential losses or damages and ensure compliance with sharia principles. This principle can be applied in various aspects of government procurement of goods/services as follows:

1. **Prevention of fraud, corruption, and collusion**

   Contracts must adhere to the principles of voluntary agreement, trustworthiness, caution, consistency, mutual benefit, equality, transparency, capability, ease, good faith, lawful cause, freedom to contract, and written form. Procurement contracts of goods/services have met these principles, particularly transparency, which has been applied in all procurement processes through electronic means (e-procurement).

   In the implementation of the procurement process of goods and services, the government must implement transparent and accountable mechanisms to prevent acts of corruption and collusion. This includes the use of open tenders and strict supervision at every stage of the procurement process. Strict supervision at all stages of procurement, from planning to implementation, is a direct implementation of the saddu al-dhariah principle. This aims to prevent potential abuse of power or fraud. Abuse of power often involves the application of certain clauses determined by a stronger party that result in harm to the weaker party. Such contract application occurs in standard contracts where clauses have been determined/designed by one party. In most cases, the stronger party ensures that the agreement contains clauses that benefit them.

   The principle of saddu al-dhariah encourages the prevention of actions that can cause harm to the state and society. Thus, any actions that potentially lead to corrupt practices must be prevented from the start. This includes conducting regular and detailed audits to ensure there are no deviations from established procedures. This prevents opportunities for corruption and misuse of funds.

   The procedures for procurement of goods/services by the government according to Presidential Regulation No. 16 of 2018 on Procurement of Goods/Services have met the basic concept of muamalah. The basic concept of muamalah has been fulfilled by the government procurement procedures regulated by Presidential Regulation No. 16 of 2018 on Procurement of Goods/Services. Seeking wealth as much as possible and in a halal way is not prohibited by Islamic law for highly respected reasons. However, Islamic rules not only serve as basic rules but also function to prevent fraud or manipulation in the procurement of goods/services by the government.

   In this context, the application of probity audits becomes essential in preventing fraud in the procurement of government goods and services. Despite obstacles such as limited facilities and infrastructure, budget, auditor competence, time, human resources, and documentation, probity audits remain an effective instrument to ensure compliance with muamalah principles and prevent potential fraud. In Indonesia, public procurement practices face various issues in the context of cases and problems related to the procurement of goods

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and services. Inadequate public infrastructure procurement and procurement of goods/services are some of the issues that arise.

2. Transparency and accountability

The main focus in the procurement of goods/services is transparency and accountability. Local governments are making efforts to implement green procurement and encourage suppliers to use environmental management systems. This shows the importance of transparent and sustainable public procurement.

It is crucial to align the implementation of e-procurement with the principles outlined in the regulations governing government procurement, focusing on efficiency, effectiveness, transparency, competition, fairness, and accountability. Maintaining transparency in the procurement process is essential to avoid fraud and abuse of power. All information related to procurement must be openly available to the public, including selection criteria, bid evaluations, and final outcomes of the tender process. Accountability must also be applied so that officials involved in procurement are responsible for their decisions and actions. This helps prevent practices that can harm public interests.

Transparency in the procurement process of goods/services is intended to provide broad and clear information to all potential participants who can participate in tenders without exception. Additionally, potential participants must be treated fairly at every stage of the process, ensuring no discriminatory treatment against them. Thus, procurement of goods/services can be conducted without the need for direct meetings. E-procurement, which is the implementation of information technology, can enhance transparency and reduce opportunities for manipulation and fraud. This system allows wider access and more open information for all interested parties.

Open reporting through the Electronic Procurement Service (LPSE) website ensures that all procurement processes are reported openly and can be accessed by the public. This includes initial planning, contract details, bids, and the results of the procurement implementation, whether through tenders, selections, or direct procurement. Several things need to be considered to ensure that reports on the procurement process are all open and accessible to the public through the LPSE website. The electronic procurement of government goods and services through e-procurement has become an important step in realizing the values of good governance. From the perspective of vendors or providers of government goods and services, the convenience of services is a major factor that drives vendor satisfaction when using the e-procurement system. With the transparency of the Electronic Procurement Service (LPSE) application, all users can obtain the same information, thereby increasing user trust and fulfilling the principle of saddu al-dhariah, as well as complying with fiqh muamalah, which is the fulfilment of principles.

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3. Compliance with laws and regulations

The procurement process must comply with all applicable laws and regulations, including those related to sharia. This includes meeting established quality standards and technical specifications, as well as executing contracts according to applicable regulations. Enforcing strict legal action against violations in the government procurement process is crucial, including actions against corruption, collusion, and nepotism. Strict measures are needed to enforce violations in the procurement process, such as corruption, collusion, and nepotism. To maintain integrity in the procurement of government goods and services, optimal enforcement of laws against corruption is essential.\(^7\) Public participation in preventing and eradicating corruption is vital.\(^7\)

Reorienting the function of internal audits is also crucial in combating procurement corruption.\(^7\) This highlights the importance of strong internal oversight to prevent and detect possible corruption. Furthermore, the policy of government procurement of goods and services through e-procurement must be implemented with strict enforcement against those who commit corruption violations.\(^8\)

Asset confiscation and optimization of mutual legal assistance are also important strategies in recovering state losses due to corruption.\(^8\) This shows that comprehensive efforts are needed to recover state assets damaged by corruption violations. Another crucial aspect of law enforcement is the ability of the prosecutor's office to recover state losses caused by corruption.\(^8\)

One form of *saddu al-dhariah* in regulation is the existence of Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, which defines unfair business competition as competition between business actors in conducting production and/or marketing activities of goods and/or services done dishonestly or unlawfully or obstructing fair business competition. Furthermore, the law emphasizes that every business actor in Indonesia must have an equal opportunity to participate in the production and marketing of goods and services in a healthy, effective, and efficient business climate to prevent the concentration of economic power in certain business actors.\(^8\)

The principle of *saddu al-dhariah* also requires the selection of providers or vendors with a good track record and no history of involvement in unlawful practices, considering criteria


\(^{80}\) Ramadhan and Arifin, “Efektivitas Probyity Audit Dalam Mencegah Kecurangan Pengadaan Barang Dan Jasa.”


\(^{83}\) Yudhatama Pitiargo, Sritiwido, and Hendro, “Penegakan Hukum Monopoli Persaingan Usaha Dalam Tender Proyek Kerjasama Pemerintah Dengan Badan Usaha (KPBU).”

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that comply with Presidential Regulation No. 16 of 2018. Selecting providers of goods/services based solely on price is insufficient; other criteria such as quality, price, flexibility, and performance must also be considered to meet current needs as well as future needs. In the context of selecting vendors not involved in unlawful practices, it is important to consider legal compliance and integrity track records. Strategic providers of goods/services must consider sustainability and risk factors. Therefore, selecting providers or vendors with a good track record and not involved in unlawful practices requires considering legal compliance, performance, integrity, quality, price, and other relevant factors.

4. Improvement of quality and efficiency

The procurement process must be designed to be efficient and provide the best value for money spent. This includes a thorough evaluation of quality, careful assessment of the costs and benefits of the goods or services to be procured. As part of public performance management, procurement efficiency can help achieve value for money by reducing administrative costs and directing resources to support more complex procurement processes. The implementation of technology such as blockchain in the procurement process can enhance transparency and efficiency, helping to achieve value for money. It is essential to optimize material procurement to minimize construction waste, contributing to efficiency and value for money. It is important in *saddu al-dhariah* to ensure that the goods or services obtained not only meet current needs but are also sustainable (long-lasting) and do not cause future harm.

The implementation of e-procurement can eliminate information barriers for all providers of goods and services. Transparency in procurement information encourages competitive business practices among goods and services providers, leading to more efficient contract prices in procurement bids.

5. Ethics and integrity

Ethics and integrity should be the foundation of every procurement process. Officials involved must carry out their duties responsibly and adhere to high moral principles. All parties involved in procurement of goods/services should adhere to the following ethical standards:

1. Perform duties orderly, with a sense of responsibility to achieve the goals, smoothness, and accuracy in the procurement of goods/services;

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87 Singh et al., “A Framework of E-Procurement Technology for Sustainable Procurement in ISO 14001 Certified Firms in Malaysia.”


2. Work professionally and independently, while maintaining the confidentiality of procurement documents that by their nature must be kept secret to prevent deviations in procurement of goods/services;
3. Do not influence each other directly or indirectly resulting in unhealthy competition;
4. Accept and take responsibility for all decisions made in accordance with the written agreement of the parties involved;
5. Avoid and prevent conflicts of interest among the parties involved, both directly and indirectly in the procurement process;
6. Avoid and prevent waste and financial leakage in the procurement of goods/services;
7. Avoid and prevent abuse of authority and/or collusion for personal gain, groups, or other parties that directly or indirectly harm the state; and
8. Do not accept, offer, or promise to give or receive gifts, rewards, commissions, discounts, or any form of compensation from or to anyone known or suspected to be related to the procurement of goods/services.\(^{90}\)

Integrity in procurement of goods and services is an important aspect to be considered in government procurement processes. Several studies highlight various factors influencing the integrity and effectiveness of procurement. One such factor is the use of information technology, such as e-procurement, which can enhance transparency and efficiency in the procurement process.\(^{91}\) Additionally, increased supervision, comprehensive evaluation, and monitoring from planning to implementation can be used to prevent fraud in procurement.\(^{92}\)

According to *saddu al-dzariah*, any action that may cause moral or material loss should be avoided, thus it is important to cultivate integrity in every aspect of procurement of goods/services and maintain ethics in every implementation of government procurement of goods/services.

### 6. Comprehensive Evaluation and Monitoring

Conducting a comprehensive evaluation of all bids and service providers is essential. This includes technical and financial evaluations to ensure the most appropriate and fair selection. Ensuring that the selected provider can deliver the best value for the organization, it’s important to consider various relevant criteria when assessing provider performance, such as the Performance Assessment Model ANP developed to evaluate eleven vendors based on price, delivery, reciprocity agreements, quality, and service capacity. This method can provide a broad overview of provider performance.\(^{93}\) The process of evaluating provider performance\(^{94}\) through the Provider Performance Information System (SIKAP) application on the Indonesian government procurement website can be carried out systematically, using appropriate methods, and providing relevant information for real-time monitoring by the public.

Continuous monitoring of the implementation of procurement contracts to ensure no deviations from the initial agreement and the quality of goods or services received as

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\(^{90}\) Lihat Pasal 7 Peraturan Presiden No. 16 Tahun 2018 Tentang Pengadaan Barang Jasa Pemerintah

\(^{91}\) Tanesia, “Studi Efektivitas Pengadaan Barang Dan Jasa Pemerintah Secara Tradisional Dan Elektronik.”

\(^{92}\) Purwanto, Mulyadi, and Anwar, “Kajian Konsep Diamond Fraud Theory Dalam Menunjang Efektivitas Pengadaan Barang/Jasa Di Pemerintah Kota Bogor.”


promised. This aligns with the principles of *saddu al-dzariah* in government procurement of goods/services, aiming to prevent losses, enhance efficiency, and ensure compliance with applicable laws and regulations, so that procurement can proceed more effectively and deliver maximum benefits to society.

**Conclusion**

The implementation of government procurement of goods/services consists of three crucial stages: preparation, selection, and execution. Procurement must begin with good planning, selecting the best alternatives, or utilizing the best procurement strategies from various available strategies. This ensures that the procurement process aligns with the principles of Government Procurement of Goods/Services. The implementation of Government Procurement of Goods/Services must comply with the prevailing laws and regulations, mandatorily conduct electronic auctions or e-procurement, and apply the principles of *saddu al-dhariah* in the procurement of goods/services. This approach aims to prevent losses, enhance efficiency, and ensure compliance with applicable laws and regulations, so that the procurement process runs more smoothly and delivers maximum benefits to society. Government procurement of goods/services can be implemented in accordance with the principle of *saddu al-dhariah* in Islamic jurisprudence to ensure the fulfillment of Sharia principles, prevent potential losses or damage, and maintain the integrity and transparency of the procurement process.

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