

# The 5 Most Corrupt Regions: Capital Expenditure for Public Facilities

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Maulana

FITRA Advocacy Coordinator

[maulana@seknasfitra.org](mailto:maulana@seknasfitra.org)

[www.seknasfitra.org](http://www.seknasfitra.org)

Local governments still aren't capable of managing capital expenditure budgets for public facilities. BPK found indications of financial losses of up to Rp 726.4 billion in the Semester 2 2012 audit report.

Capital expenditure for public facilities was allocated for the construction of school buildings, community health centres, bridges, hospitals, roads and irrigation.

# Noncompliant budget management has caused local financial losses

Findings	Number of Cases	Cost
Local losses	730	417.889.350.000
Potential for local losses	273	224.878.780.000
Shortfalls	306	82.647.110.000
<b>Total indicated losses</b>	<b>1309</b>	<b>726.415.240.000</b>

Modes: Fictitious procurement , partners haven't completed the necessary work, expenditure hasn't matched or exceeded provisions, specifications of goods received aren't in line with contracts

# Most Common Modes

- Shortage of work
- Work isn't undertaken in line with contracts
- Work performance doesn't correspond with appropriate procedures
- Late fees for work already promised or paid for to the state/local treasury

These modes indicate that something is wrong with the local government organisation of goods and services procurement.

The establishment of goods and services procurement partners hasn't been done according to a satisfactory selection process. Rather, local governments have prioritised budget absorption without considering the importance of the quality of goods and services procurement.

## 5 most corrupt provinces in terms of capital expenditure for public facilities

No	Province	Number of Cases	Cost
1	West Papua	10	86.793.720.000
2	East Kalimantan	2	29.631.050.000
3	South Kalimantan	8	10.841.690.000
4	Aceh	18	7.830.770.000
5	North Maluku	28	5.773.130.000

## 5 most corrupt cities in terms of capital expenditure for public facilities

No	Province	Number of Cases	Cost
1	Tebing Tinggi	6	4.906.250.000
2	Ambon	13	2.452.720.000
3	Denpasar	8	2.191.690.000
4	Bukit Tinggi	4	2.102.810.000
5	Prabumulih	6	2.097.710.000

## 5 most corrupt *kabupaten* in terms of capital expenditure for public facilities

No	Province	Number of Cases	Cost
1	Nduga	8	89.452.480.000
2	Kepulauan Sula	40	55.065.880.000
3	Wajo	5	25.563.400.000
4	Berau	20	18.718.770.000
5	Kapuas	3	15.882.110.000

## Recommendations

Dismiss goods and services procurement officials and those who have authority over the budget that aren't capable of selecting adequate working partners in the PJB process.

The Ministry of Finance should limit the transfer of capital expenditure for public facilities to those regions guilty of budget aberrations.