

## Hills Governance Update

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This month, Natalia Soebagjo, the executive director of our governance center in Indonesia, details the problems of retaining momentum in anti-corruption efforts. The often powerful and entrenched interests will find many reasons to divert attempts to control and reduce corruption, and they will take every opportunity to do so. Even with government-announced anticorruption measures, like Indonesia's Corruption Eradication Commission—one of the signature initiatives of President Yudhoyono (who is popularly known as “SBY”)—the attempts to cripple the Commission have been constant. One minimal requirement to retaining the anticorruption momentum going in a democracy like Indonesia's is strong popular support and the leadership of civil society groups, like our center and its director and board.

As always, we welcome your feedback @ HILLSGOVERNANCE@CSIS.ORG.

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## Governance Challenges Ahead for Indonesia

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One year prior to Indonesia's general elections, 2013 has already been dubbed the “Year of Politics.” Many doubt there will be much progress made in two very important agendas of SBY's second and last term, namely corruption eradication and reform of the state bureaucracy.

There are valid reasons for concern.

Transparency International's latest Corruption Perception Index revealed that Indonesia's ranking amid the 178 countries has fallen to 118th, compared to 100th in the previous year. Indonesia's score compares better only against Cambodia, Laos, Myanmar, and Vietnam (the CLMV countries) in Southeast Asia. Although we have improved two points up in the International Finance Corporation's Doing Business report, starting a business is proving to be more difficult and only the state power company (PLN) has succeeded in making a significant leap in the score by providing better services to the public.

Why then, despite all the good intentions, is progress so glacial? The tone from the top, political will and leadership, are essential as progress requires making hard decisions on politically volatile issues. Political will can be measured by the resources provided to the anticorruption commission, no political interference, laws which support anticorruption efforts, and a zero-tolerance policy towards corruption and in all these indicators there is only half-hearted progress.

As an example, Indonesia's Corruption Eradication Commission (KPK), plays a vital role in combating corruption but its resources are very limited. With only 700 staff and a budget of \$746 million for a population of 245 million living in an environment of pervasive corruption, it is unrealistic to pin our hopes on the KPK. Compare this with Hong Kong's Independent Commission Against Corruption (ICAC) which has 1,300 staff for a population of 7 million and the Malaysian Anti-Corruption Commission (MACC/SPRM) with 1,700 staff for 25 million people. With greater regional autonomy, corruption

## Governance Challenges Ahead for Indonesia *(continued)*

has also been decentralized and ideally the KPK should have regional offices in each of the 33 provinces but this is not the case.

The KPK has also been under constant attack. Most recently, there was a tussle between the national police force and the KPK over the corruption allegedly committed by Inspector General Djoko Susilo in the procurement process of driving simulators. The national police force tried hard to wrest the case from the KPK until, eventually, the president issued a statement emphasising that the case should be handled by the KPK. Inspector General Djoko Susilo, the first active police general to be investigated by the KPK, is now a prime suspect and in what is perceived to be a retaliatory move, the police force recalled police investigators seconded to the KPK, thereby further weakening the commission. In December 2012, the vice commissioner of the KPK warned that if the national police force continues to withdraw the investigators, by March the KPK will no longer have any trained investigators. At the moment, the KPK only has 52 remaining investigators investigating 68 cases.

With regard to creating a zero-tolerance environment, in May 2012 the government finally announced the Presidential Regulation for Corruption Prevention and Eradication, detailing a medium-term (2012-2014) and long-term national strategy (2012-2025). According to the Presidential Delivery Unit (UKP4), the purpose of this strategy is four-fold, namely to maximise transparency, minimize physical interaction in areas which are prone to corrupt activities, to appoint bureaucrats in strategic positions based on competence and integrity, and to build a regulatory environment and the necessary mechanisms to support the anticorruption movement. It is an improvement to the Presidential Instruction issued in 2004 to speed

up corruption eradication and requires constant monitoring to ensure its implementation lest it be relegated to just another ideal concept.

Progress is admittedly slow. The government cannot be relied on to reform from within. Success should therefore be measured by the incremental improvements made in governance and strengthening institutions while at the same time garnering greater citizens' participation in the process.

Combating systemic corruption requires stamina and a holistic approach. Without perseverance and constant pressure from the public, civil society organisations, and in particular the media, the fight against corruption can easily slide back as resistance is high and corruptors fight back. An index measuring the people's permissiveness towards corruption gives some hope. The index based on a survey conducted for the first time by the National Statistical Board announced that on a score of 1 – 5, with 5 being the most intolerant towards corruption, the Indonesian people scored a promising 3.55. This means that the public is fairly intolerant towards acts of bribery, extortion, and nepotism in dealing with public service delivery by bureaucrats which should be capitalized by anticorruption activists to push for reforms.

Civil society organizations, academia, and the media must all play their part in combatting corruption and building the public's desire to see a clean government that is better able to provide good services, particularly given the limited resources of the KPK and the slow progress in reforming the bureaucracy.

In the months ahead, political corruption will become a serious issue. In 2012, there were already rampant cases of collusion between politicians, business, government officials in

awarding government contracts, with a serving minister stepping down as he is implicated in a major case related to the construction of sports facilities. During the past year, as many as 52 political parties had their members implicated in various graft cases. Work needs to be done to improve the political party financing system, as well as the campaign financing laws. Closer scrutiny of the management of state budgets is called for.

Indonesia faces many challenges in improving its governance. It is not enough to target institutional improvements. What is also needed is greater engagement and participation of the citizenry as, ultimately, it is the people who are to benefit from the reforms. ■

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