

Curbing Corruption in Indonesia, 2004-2006
A Survey of National Policies and Approaches

Introduced by

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Curbing Corruption in Indonesia, 2004-2006, co-published by The United States-Indonesia Society (USINDO) and the Center for Strategic and International Studies (CSIS) Jakarta, was commissioned by the World Bank mission in Jakarta and is a comprehensive review of efforts to combat corruption in recent years. The study's authors are Soren Davidsen, Vishnu Juwono and David G. Timberman. Financing for this project was provided by the Netherlands Trust Fund for Institutional Development and Capacity Building administered by the World Bank. An electronic copy of *Curbing Corruption* can be found on USINDO's web site, www.usindo.org, and a limited number of copies are available for libraries and institutions by contacting program@usindo.org. Dr. Joel Hellman introduced the book at a program sponsored by USINDO in Washington, DC on January 30. A summary of Dr. Hellman's remarks and the ensuing discussion follows.

The fight against corruption, according to Dr. Hellman, is the most important issue in the public debate over the effectiveness of the administration of President Susilo Bambang Yudhoyono (SBY, as he is popularly known). In fact, efforts to combat corruption began five to seven ago—before the start of the SBY administration.

While some claim that there has been progress and others deny it, what is clear is that there is no government-wide anti-corruption campaign, no master plan. However, as detailed in *Curbing Corruption*, there have been “enormous changes in governance” in Indonesia, not only in the SBY administration, and there have been important changes in the institutional framework of combating corruption. Several new bodies have been established and they have become relatively independent and autonomous--before SBY, the governments that established these bodies did not want them to be particularly effective.

The new watchdog bodies, such as the Anti-Corruption Commission (KPK), act with new power and autonomy. These young institutions are recruiting and selecting personnel carefully, even using assessment tests to attempt to measure an applicant's integrity, and they are now pursuing actions within a strong legal and regulatory framework. Dr. Hellman was emphatic that there is no centrally directed, politically motivated campaign by the SBY government; for this reason, and because of the increasing effectiveness of the anti-corruption bodies, these bodies are raising the “discomfort level” in business, politics, and society. This, he observed, is a “sea change” for Indonesia and represents important progress in the struggle for good government.

There are inevitable problems, according to Dr. Hellman:

- Overlapping jurisdictions among several of the anti-corruption agencies: for example, between the Anti-Corruption Commission and the Attorney-General's Office, and the Anti-Corruption Court and the regular civil court system.
- Laws, some of which date back to Dutch times, are inadequate.
- Emerging competition among the anti-corruption agencies and other regulatory bodies in conducting investigations, leading to multiple investigations of government organizations, government-owned banks, and state-owned enterprises by different agencies.

The lack of political influence in the anti-corruption activities also means that prominent individuals and government officials are being targeted. This has resulted in a decline of cronyism associated with the Soeharto government--before SBY, no prosecutions of high profile individuals could occur. Today, with direct elections for the top three echelons of government, democratic politics and competition are replacing favoritism.

There is, as yet, no comprehensive anti-corruption plan aimed at preventing corruption. A systematic approach, public education, and other measures recommended in the book are needed. The controversial Presidential Implementation Unit, headed by the well-known reformer Marsillam Simanjuntak, could bring some coherence and coordination to the anti-corruption effort, although the unit faces political pressures. Real reform requires individual ministers implementing changes in their own ministries.

Dr. Hellman enumerated the main results of the anti-corruption effort thus far:

- A "major wave" of prosecutions for illegal activity, especially at the local level, although there is been little change in corruption prevention.
- An evident "ripple effect" on the behavior of government officials and those doing business with the government, marked by a slow-down in government decision-making, especially procurement.
- A reluctance of banks, especially state banks, to loan money out of fear of making bad loans that could result in charges of corruption.
- A backlash that is "starting to bite" in terms of challenges to the independence and mandate of the anti-corruption bodies, including challenges in the Constitutional Court, investigations against anti-corruption officials themselves, and a campaign against the institutional framework in which the KPK and other bodies operate. These challenges have sometimes been supported by business interests and others frustrated by government agencies' inability to act.

Dr. Hellman also observed that too little attention is being paid to political corruption, such as political party financing, abuses involving the parliament (DPR), establishing clearer conflict of interest rules, and vote-buying in election campaigns. SBY could use his "huge" popular mandate to push anti-corruption efforts, but he has not yet capitalized on the opportunities to press for change.

The following points were brought out in the question and answer period:

- Civil service wage levels may not necessarily be the main driver of corruption; nepotism and abuse in the selection and advancement of government officials may be greater problems.
- The Indonesian public seems less concerned about daily corruption: they expect fees for government services. The KPK, however, is starting a public campaign to describe improper behaviors.

- The performance of the anti-corruption bodies has varied and there have been staff members of the KPK prosecuted for ethics violations. However, these bodies place great emphasis on the recruitment, selection, training, and monitoring of their personnel.
- The press has been “tremendously active” in providing daily scrutiny of Indonesia’s anti-corruption institutions.