CORRUPTION PREVENTION IN INDONESIA
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I. INTRODUCTION

Corruption is commonly understood as the abuse of public office for private gain (Ofosu-Ammah, Sopranmanien, and Uprety, 1999). It “involves behavior on the part of officials in the public and private sectors, in which they improperly and unlawfully enrich themselves and/or those close to them, or induce others to do so, by misusing the position in which they are placed” (ADB, 2000). Therefore, a corruption is a form of seeking personal gain.

Among the major causes of corruption are cumbersome, non-transparent, over-regulated, and non participatory state policies, as well as low salaries paid to civil servants (UNDP, 1998). These provide the context for corruption. The bureaucrat essentially has the power and discretion to enforce such regulations, and may decide not to enforce the rigid rules in consideration of a fee or some other favor from the public.

The costs of corruption has an important impact to the economy of a country since it might affects foreign investor’s decision to invest in the respected country. In addition, the impact of corruption is also damaging governmental accountability as well as rule of law of a country which is needed for economic and political stability to attract foreign investors. In this respect, countries had tried to establish an Anti-Corruption Agency (ACA) for the purpose of more effective in combating corruptions in their own respected country.

II. COMBATTING CORRUPTION AND LOCAL GOVERNANCE

The good governance agenda places special emphasis on anti-corruption measures. In Malaysia, for example, some of the corruption practices involved the civil servants. In 1998 for example, among 300 cases reported by the Anti-Corruption Agency (ACA) 186 cases, or 64 percent, involved civil servants ¹). However, Malaysia is considered “better of” than other Asian countries if bribing is the indicator of the corrupt practices among bureaucrat personnel. Table 1. summarized the situation in the Asia-Pacific Countries.

¹) New Strait Times, 4 June 1999; daily newspaper in Malaysia.
Table 1. Respondent who paid a bribe to obtain services in Selected Asia Pacific Countries, 2007

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Country/Territory</th>
<th>Percentage of respondents who paid a bribe</th>
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<tbody>
<tr>
<td>7</td>
<td>Japan</td>
<td>1%</td>
</tr>
<tr>
<td>8</td>
<td>Korea South</td>
<td>1%</td>
</tr>
<tr>
<td>18</td>
<td>Hong Kong</td>
<td>3%</td>
</tr>
<tr>
<td>23</td>
<td>Malaysia</td>
<td>6%</td>
</tr>
<tr>
<td>33</td>
<td>India</td>
<td>25%</td>
</tr>
<tr>
<td>40</td>
<td>Indonesia</td>
<td>31%</td>
</tr>
<tr>
<td>41</td>
<td>Philippines</td>
<td>32%</td>
</tr>
<tr>
<td>46</td>
<td>Pakistan</td>
<td>44%</td>
</tr>
<tr>
<td>49</td>
<td>Cambodia</td>
<td>72%</td>
</tr>
<tr>
<td>57</td>
<td>Singapore</td>
<td>*</td>
</tr>
<tr>
<td>58</td>
<td>Thailand</td>
<td>*</td>
</tr>
</tbody>
</table>

Source: Transparency International Global Corruption Barometer 2007, Percentage are weighted and calculated for respondents who came in contact with services.

Note: *) Due to problems with data, result for Singapore and Thailand could not be used.

The exclusive focus on corruption in public offices and institutions might fail to chronicle the large scale corruption practices carried out by private individuals and corporations. The involvement of western banks and transnational corporations in many corrupt deals in the poor and developing world is well documented. The extent of corrupt practice involving transnational corporation is so huge that during 1994-2001, the US government received reports of 400 international contracts worth US.$200 billion that involved bribery (Kavaljit Singh, 2005).

Decentralization and local self-government constitute another important component of current governance agenda where reforms have been introduced in order to reduce poverty and achieve higher economic growth. Another dimension of good governance pertains to fostering popular participation. Hence, many goals are set to make government close to public. In other popular words it is called “public-private partnership”.

Another key factors of good governance is the implementation of public sector reforms or administrative reforms. Reforms in the public sector may be implemented on three levels: at the national level, specifically in the bureaucracy; at the local level, specially among local institutions and local governments; and at the level of civil society, specially in terms of encouraging people participation in the processes of governance.

The relationships between “Good Governance”, Public Sector Reforms and Combating Corruption can be seen in figure 1.

Figure 1. Good Governance, Public Sector Reforms and Combating Corruption.
Note: This framework builds upon the analytical works of *Grindle* (1997) and *North* (1990).

### III. ANTI-CORRUPTION INITIATIVES

In order to complement decentralization and public sector reform in improving transparent and accountable governance, Indonesia implemented a series of recent measures designed to combat corruption during the same period. The corruption Eradication Commission (*KPK*) was formed in 2003 to coordinate and supervise anti-corruption efforts, while focusing on eliminating and preventing corruption and conducting a system review. It undertakes this mission on the assumption that a comprehensive, systematic and long term approach is needed to achieve a corruption-free Indonesia, which must by definition include the holistic participation of all stakeholders. As such, its aim is to become a driver of change in cultivating a culture of anti-corruption in Indonesian society, government, and the business world.

The KPK is independent from the executive, legislative, and judicial branches and responsible to the general public. It receives funding from the state budget and donors. Its activities include coordination, supervision, investigation, prosecution, prevention, and system review. In terms of staff, it has five commissioners, two advisors, and 600 staff members. These human resources face a population of over 220 million people, 4 million of whom are public servants, within the many provincial and local governments.

Its duties supervision and coordination of institutions authorized to eradicate corruption; investigation, indictment, and prosecution of corrupt acts; preventive actions against corrupt acts; and monitoring state governance, and prosecutions against criminal acts of corruption; implement a reporting system for the purposes of eradicating corruption; arrange opinion hearings and meetings.

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2) *See* presentation by Mr. Amien Sunaryadi, a former Commissioner and Vice Chairman of the Komisi Pemberantasan Korupsi (*KPK*) at the Regional Forum on Reinventing Government in Asia, held in Jakarta in 2007. More information on the Corruption Eradication Commission (*KPK*) of Indonesia is available by contacting the office of the KPK at www.kpk.go.id.
with institutions pertaining to the prevention of criminal acts of corruption. Law No.30 of 2002 on the Corruption Eradication Commission provided the basis for the functions, authority, and duties of the institution.

One initial challenge in the fight against corruption related to the way in which it was defined. Over the 1971-2004 period, Laws and regulations tended to address only those types of corruption that represented a direct loss to the state apparatus. As of 2006, a publication called “Memahami Untuk Membasmi” now identifies 30 distinct types of corruption, many of which were previously overlooked. In addition to defining two types of corruption representing a loss to the state, other major categories of corruption include twelve types of bribery, five types of embezzlement, six types of procurement fraud, one type of procurement conflicts of interest, as well as others.

The KPK also faced other challenges. Its establishment followed a long history of anti-corruption measures, most of which had focused primarily on investigation of existing cases of corruption, rather than on prevention. As a result of this lack of emphasis on prevention, many of the lessons learned from early efforts were not applied on an ongoing basis. Consequently, Indonesia found that the same kinds of corruption were equally prevalent over the course of decades. For example, people at similarly high level positions were arrested for comparable offences in the 1950s, 1970s, 1980s, and again in the 2000s. Areas perceived as highly corrupt in the 1970s continued to give the same impressions.

To address this situation, the KPK has aimed to use an integrated programme implementation approach, which includes capacity development, prevention, repression of corruption, and public involvement and participation. This entailed a shift in focus for programmes to combat corruption. The KPK placed attention on

<table>
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<th>History of Key Measures (1957-1999)</th>
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<tr>
<td>1957    Order to fight corruption (Military Commander)</td>
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<td>1967    Presidential Decree to fight corruption through prevention and repression (Corruption Eradication Team)</td>
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<tr>
<td>1970    Presidential Decree to access corruption and its solution (Commission of Four)</td>
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<tr>
<td>1977    Presidential instruction to take disciplinary action in operations &amp; administration (Disciplinary Team)</td>
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<tr>
<td>1987    Ministry of Finance order for a special operation on corruption in taxation (Special Re-Audit on Tax Return)</td>
</tr>
<tr>
<td>1999    Asset examination and disclosure law for public officials (Public Official Wealth Examiner)</td>
</tr>
<tr>
<td>1999    Government regulations to investigate complex corruption (Corruption Eradication Joint Team)</td>
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<td>2003    KPK established</td>
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the issue of bribery, catching “big fishes”, winning public trust, using court video recordings, bureaucratic reform, and integrating investigation and prevention measures. These polices have resulted in many highly publicized cases where senior officials were caught “red-handed” on videotape in the process of conducting an illegal act. At the same time, court video recording helped to increase transparency and public awareness of court procedures and decisions. Between now and 2010, significant anti-corruption reforms are expected to increase legal certainty, reduce budget leakages, increase investment, and increase state revenues. The ongoing commitment to anti-corruption is expected to gradually increase citizen trust in government, while additionally improving investor confidence.

IV. SOME CASES IN THE FIGHT AGAINST CORRUPTION

While the relationship between corruption and governance is obvious, there are clear differences among the two. The governance could be regarded as the “bright side” or “sunny side” in the management of public power, corruption, then, becomes the “shadow side” or “dark side”. Another metaphor could be to be “two side of the same coin”. However, regardless the interpretation are-the following examples shows transparency and public accountability practices are already present in Indonesia.

Five recent examples in the press have highlighted the advances that continue to be made in the promotion of accountability and transparency at both the national and sub-national levels. At the municipal level, the City of Surabaya developed an e-procurement system under the newly-elected Walikota (Mayor), in response to Presidential Decree number 80/2003, on government procurement from Hong Kong and Singapore. It also received assistance in setting up the computer system from students at the local school of engineering. Initially the government faced resistance from big vendors, who relied on payments and collusion to win their contracts. Since the implementation of the e-procurement system, the savings from procurements has been substantial, and the savings has been allocated to other city projects. In addition, the application of e-procurement increases the opportunity for small and medium vendors to participate in the bidding process. As a result, a big portion of the city’s projects now are won by small and medium sized vendors.

At the district level, the fight against corruption has also gained credibility, as shown by the case of Kabupaten Solok. In this District, Gamawan Fauzi, Head of the Regency or “Bupati” and now the Governor of West Sumatra as well as the Minister for Home Affairs, took the initiative to implement new policy, following his participation in a 2003 Transparency International workshop. He required all civil servants and suppliers to sign an “Integrity Pact”, which obliges them to refrain from corruption, not to receive or provide bribes, provide transparency to the public and avoid collusion or cronyism. The Bupati has also reformed the rules for the procurement of goods and services in the Kabupetan, simplifying documentation, reimbursement of funds, and correspondence in the procurement process. Most recently, in early 2004, Solok eliminated civil servants honoraria,
the salary supplements received by government staff for working on specific projects. The objects was to reduce corruption, as well improve employee welfare overall, since the honoraria collected had been distributed equally among public officials.

At the parliament, the Corruption Court convicted law maker DR. Yusuf Erwin Faishal of taking bribes from local officials and businessman and sentenced him to four and half years in prison Monday, April 6, 2009. Yusuf a legislator with the National Awakening Party (PKB) was shown to have violated Article 12 (a) and (b) of the 1999 corruption law regarding bribes. He illegally received money from the South Sumatra administration and companies that supplied an integrated radio communications system to the Forestry Ministry. He also took Rp. 775 million (around US.$ 68.000) from local businessman Chandra Antonio Tan, who was appointed by former South Sumatra governor Syahrial Oesman to allocate Rp. 5 billion (around US.$ 0.35 million) to guarantee approval for the conversion of 600 hectares of protected forest in Pantai Air Telang in Banyuasin. The land was to be developed into the Tanjung Api-Api seaport. In addition to the prison sentenced the judges also ordered DR. Faishal to pay Rp. 250 million (around US.$ 22.000) in fines or serve an additional six month prison. The sentence was two years less than term sought by prosecutors. While at the government bureaucracy or central government level, the KPK is also very active in prosecuting corruptors. In the first week of April 2009, the Corruption Eradication Commission (KPK) has named Mr. Musni Tambusai, former director general of industrial relationship management at the Manpower and Transmigration Ministry, a suspect in the alleged embezzlement of Rp. 11,3 billion (approximately US.$ 1 million) in 2003. The money came from the Retirees Deposit Fund Foundation of oil and gas worker (YDTP Migas), a foundation under the ministry which was liquidated in 2000. At that time a liquidity team was established to evaluate all the foundation’s asset and they remained in charge of the foundation until December 31, 2002. The team’s final report showed the foundation’s total assets, which were supported to be reported to the state, were valued at around Rp. 134,4 billion and US.$ 250.327. Around Rp. 11.3 billion of this money was embezzled by Mr. Tambusai who was questioned at the KPK’s office on Monday, April 6, 2009. The money was used to finance some aid programs, the operations of the asset management team, and several other activities, many of which turned out to be fabricated. Based on preliminary evidence from the KPK, Mr. Tambusai was alleged to have violated Article 12 (e) of the 1999 corruption law.

Finally, the highest level of central government has also demonstrated its commitment to anti-corruption initiatives and the strengthened role of the KPK. On November 27, 2008, the KPK arrested the former deputy governor of the Central Bank (Bank Indonesia) Mr. Aulia Pohan, for the alleged misappropriation of Rp. 100 bn (US. $ 83 million) in Central Bank funds in 2003. Despite the fact that the person charged was related by marriage to the presidential family, President Yudhoyono took a widely commented upon stance
of non-intervention in the case. The administration has won credit both at home and internationally for its anti-corruption drive, which political analysts have said could prove a lifeline in the President’s 2009 bid for re-election. A recent survey found Yudhoyono has regained popularity, thanks in part to his non-intervention in the case ³). In fact on July 2009, Yudhoyono was elected for the second term.

The emergence of these and similar cases implies that anti-corruption policy is now being taken seriously by citizens and legislators, and accepted within the popular consciousness as apriority. While this does not mean that work in this area is by any means complete, it does demonstrate a trajectory of improvement in restoring public trust in Indonesia.

V. CONCLUSION

The fight against corruption always put in high priorities by all of the governments around the world. But sometimes this good intention is failed to meet the public expectation. One reason for this unsatisfactory result is a fact that fighting corruption take time. It is surely very unrealistic to expect an overnight changes even only with the establishment on an Anti-Corruption-Agency (ACA) in the respected country. The experiences gained from Singapore, Hongkong, as well as South Korea, shows that a new ACA needs two to three years to make a real differences in the governmental bureaucracy. It might needs much more years to change the mind set of society as a whole, to be able for them to have a clear and true perception on the corruption eradication actions done by a country or a nation. Whatever the situation is, the movements must go on.

Saijo, Hiroshima, November 2009
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VI. SELECTED REFERENCES


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