



USAID
FROM THE AMERICAN PEOPLE

INDONESIA - DEMOCRACY AND GOVERNANCE ASSESSMENT

FINAL REPORT

June 2008

This publication was produced by Democracy International, Inc. for review by the United States Agency for International Development.

Prepared under the Democracy and Governance Analytical Services Indefinite Quantity Contract.

Submitted to:

USAID/Washington, Office of Democracy & Governance
USAID/Indonesia

Authors:

Eric Bjornlund, Democracy International
William Liddle, Ohio State University
Blair King, USAID

Contractor:



Democracy International, Inc.
4802 Montgomery Lane, Suite 200
Bethesda, MD 20814
Tel: 301-961-1660
info@democracyinternational.us
www.democracyinternational.us

INDONESIA – DEMOCRACY AND GOVERNANCE ASSESSMENT

FINAL REPORT

JUNE 2008

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Table of Contents

EXECUTIVE SUMMARY	i
I. ASSESSMENT OBJECTIVES AND ASSESSMENT FRAMEWORK	1
II. DEMOCRACY AND GOVERNANCE IN INDONESIA	3
A. STATUS OF DEMOCRACY	3
B. ECONOMIC DEVELOPMENT AND DEMOCRACY	6
C. PRINCIPAL DEMOCRACY AND GOVERNANCE CHALLENGES	6
III. ACTORS AND INSTITUTIONAL ARENAS	8
A. RULE OF LAW AND THE LEGAL ARENA	8
B. COMPETITIVE ARENA: ELECTIONS, POLITICAL PROCESSES AND OTHER FORMS OF COMPETITION	15
C. GOVERNANCE	23
D. CIVIL SOCIETY	33
IV. CROSS-CUTTING ISSUES AND CONSTRAINTS	37
A. ANTICORRUPTION	37
B. OTHER CROSS-CUTTING ISSUES	39
C. OTHER DONORS IN DG SECTOR	41
D. CONSTRAINTS ON USAID	42
V. PRIORITIES AND OPPORTUNITIES FOR THE NEXT FIVE YEARS	45
A. DECENTRALIZATION AND LOCAL GOVERNANCE	46
B. THE RULE OF LAW AND THE LEGAL ARENA	50
C. CONSOLIDATING THE DEMOCRATIC PEACE IN ACEH	54
D. ADDITIONAL ISSUES AND PRIORITIES	55
APPENDIX: INDIVIDUALS AND ORGANIZATIONS CONSULTED	59

EXECUTIVE SUMMARY

Democracy International (DI) conducted a Democracy and Governance Assessment in Indonesia to help the U.S. Agency for International Development (USAID) Mission in Indonesia to set priorities for democracy and governance programs for the next five years. The team conducted the assessment in accordance with the methodology and framework of the USAID Office of Democracy and Governance, as laid out in *Conducting a DG Assessment: A Framework for Strategy Development*.

In general, the institutional structure of democracy is now in place in Indonesia. Since its democratic transition began in 1998, Indonesia has adopted fundamental institutional reforms. The constitution has been amended to shift from a problematic mixed system that reflected a lack of consensus on the basic rules of the game to a more internally consistent pure presidential system that enjoys the support of all major political actors. The constitutional amendments also established a weak upper house of the national legislature to represent regional interests at the center, adopted protections for human rights, and created a Constitutional Court. Indonesia successfully held national, provincial and district legislative elections in 1999 and 2004 as well as direct presidential elections for the first time in 2004.

Beginning with new laws enacted in 1999, public service delivery and budget planning have been decentralized to the approximately 450 municipalities and districts, and the country began holding direct elections for provincial governors and district chief executives for the first time in 2005. Dozens of new political parties and politically active civil society organizations have emerged since the beginning of the transition in 1998. These and other changes in the last 10 years represent truly fundamental reform.

The DG Assessment Framework calls for analysis of five key elements of democracy: consensus, inclusion, competition, rule of law and good governance. In our view, issues involving the rule of law and good governance present the most significant challenges to the consolidation of democracy in Indonesia. Basic elements of consensus, inclusion and competition, on the other hand, have been realized since the beginning of the democratic transition. Although problems still exist in these areas, they are of lesser significance.

Thus, the principal challenges to the consolidation of democracy and good governance in Indonesia are: (1) the lack of effective, democratic local governance that provides meaningful public services and (2) the failure of the justice sector to effectively combat endemic corruption and inspire public credibility. The continuing threat of conflict in parts of the country and resistance to reform from political elites and much of the government bureaucracy provide additional, significant challenges.

The DI Assessment Team recommends three primary democracy and governance priorities over the next few years: (1) an integrated strategy for local governance; (2) focus on targets of opportunity within the justice sector/national rule of law institutions; and (3) consolidating the democratic peace in Aceh. Beyond these three areas, we also recommend attention (or continued attention) to other issues and priorities, including civil society, elections, civil service reform, human capacity development, political parties, political finance and Papua.

I. ASSESSMENT OBJECTIVES AND ASSESSMENT FRAMEWORK

USAID decided to conduct a democracy and governance assessment in Indonesia at this time as part of its process of developing a new five-year strategy for encouraging democracy, good governance and rule of law. Within the next year, the USAID Mission expects to prepare a new democracy and governance strategy as part of an overall mission strategy. This strategy will set priorities for the allocation of resources and guide the design of programs in the various democracy and governance subfields.

Democracy International (DI) fielded a team to conduct this assessment under the firm's Indefinite Quantity Contract with USAID for Democracy and Governance Analytical Services. The team consisted of Eric Bjornlund, President of Democracy International, as team leader; William Liddle, a professor at Ohio State University; and Pratikno, a professor at Gadjah Mada University and Indonesian political analyst. Blair King of USAID Washington also joined the team throughout its field work and participated in team deliberations. The team gathered information for the assessment from interviews conducted during a three-week stay in Indonesia in March 2008 and from available documents and published reports. In addition to Jakarta, team members visited and conducted interviews in Aceh; Medan, North Sumatra; Yogyakarta; Surabaya, East Java; Makassar, South Sulawesi; and Samarinda and Balikpapan, East Kalimantan.

The team conducted the assessment in accordance with the methodology and framework of the USAID Office of Democracy and Governance, as laid out in *Conducting a DG Assessment: A Framework for Strategy Development*. This framework prescribes a four-step process and a standard set of questions and issues. The steps are:

1. Analysis of the status of democracy and governance in the country using five analytical "lenses" (consensus, rule of law, competition, inclusion and good governance) for the purpose of identifying the principal DG challenge(s) facing the country;
2. Consideration of the country's political actors, interests, resources and strategies, leading to an understanding of how the political game is played;
3. Analysis of the institutional arenas in which political actors operate for the purpose of understanding their relevance to the principal DG problem and identifying opportunities for democratic advancement and constraints to change;
4. Consideration of the interests and resources of donors, including USAID, and other strategic considerations important to USAID, leading to identification of recommended areas for DG programs.

The framework is designed to lead to a document and discussion that lay out problems and possible solutions, suggest priorities, and provide a basis for subsequent program choices and more specific program designs. Following the assessment, it is expected that the USAID Mission will carry out the detailed sector analysis and consultation with prospective partners needed to select specific program activities and design program interventions.

Organization of Report

The remainder of this assessment report is organized as follows. Section II first considers the status of democracy by analyzing the five key elements of democracy. It then addresses the issue of Economic Development and Democracy in the context of Indonesia and finally states the assessment team's view of the country's principal democracy and governance challenges. Section III, which constitutes the bulk of the report, discusses Actors and Institutional Arenas. Combining the analysis of Steps 2 and 3 of the assessment process, this section considers four institutional arenas: (1) the legal arena and the rule of law; (2) the competitive arena, especially elections and political processes; (3) the governance arena, including the executive, the national legislature and local government; and (4) the civil society arena. Section IV considers cross-cutting issues and constraints. Finally, Section V proposes new strategic priorities and summarizes the report's conclusions and recommendations.

II. DEMOCRACY AND GOVERNANCE IN INDONESIA

A. STATUS OF DEMOCRACY

In general, the institutional structure of democracy is now in place in Indonesia. Since its democratic transition began in 1998, Indonesia has adopted fundamental institutional reforms. The constitution has been amended to shift from a problematic mixed system that reflected a lack of consensus on the basic rules of the game to a more internally consistent pure presidential system that enjoys the support of all major political actors. The constitutional amendments also established a weak upper house of the national legislature to represent regional interests at the center, adopted commitments to human rights based on the Universal Declaration of Human Rights, and created a Constitutional Court. Executive branch control over the administration of the court system, including the appointment of judges, was also abolished. Indonesia successfully held national, provincial and district legislative elections in 1999 and 2004 as well as direct presidential elections for the first time in 2004.

Beginning with new laws enacted in 1999, public service delivery and budget planning have been decentralized to the approximately 450 municipalities and districts,¹ and the country began holding direct elections for provincial governors and district chief executives for the first time in 2005. Dozens of new political parties and politically active civil society organizations have emerged since the beginning of the transition in 1998. These and other changes in the last 10 years represent truly fundamental reform.

DG Assessment Framework

The USAID DG Assessment Framework calls for analysis of five key elements of democracy: consensus, inclusion, competition, rule of law and good governance. In our view, issues involving the rule of law and good governance present the most significant challenges to the consolidation of democracy in Indonesia. Basic elements of consensus, inclusion and competition, on the other hand, have been realized since the beginning of the democratic transition. Although problems still exist in these areas, they are of lesser significance.

Consensus

There is reasonable consensus among most citizens and parts of Indonesia about the nature of the state and the legitimacy of the country's statehood, borders and constitution, including the prevailing national ideology of Pancasila.² There is reasonable consensus on broad national goals and rules of the game. There are some exceptions; some citizens in certain parts of the country question their place in Indonesia, and fringe groups do not favor the pluralistic Pancasila state.

¹ Since decentralization began, as discussed below, the ongoing *pemekaran* process has led to a steady increase in the number of municipalities and districts in Indonesia. The current number of local governments is in constant flux because various new districts and municipalities are have been proposed or are being considered.

² Pancasila is the five-point state ideology originally developed by Sukarno that is included in the preamble to the 1945 constitution. It consists of belief in God, humanitarianism, national unity, consultative/representative democracy and social justice.

With the exception of fringe religious groups, all significant political actors and social groups appear to agree on the importance of democracy.³ Although there is some nostalgia for the levels of economic growth and stability achieved during Suharto's authoritarian New Order, no significant group argues for a government dominated by the military or the benefits of authoritarian rule. Moreover, Indonesians understand democracy to involve such basic ideas as open competition, protection of civil liberties, the rule of law, and respect for pluralism and minority rights. As part of this consensus on democracy, Indonesian actors agree on the importance of genuinely democratic elections and accept the premise that elections are the only legitimate way to change governments. However, disputes about election implementation and debates over the election system continue.

Inclusion

In general, inclusion is not a significant problem in Indonesia. The country's laws, rules and practices do not exclude any segment of the population from participation in government, the political process or public life. Although ethnicity and religion are salient sources of political and social identity and organization, neither ethnic nor sectarian divisions significantly threaten Indonesian national unity. Advocates of an Islamic state, for instance, remain a small minority of the population.

Despite a largely inclusive political system, however, two significant issues of inclusion remain to be resolved.

First, concerns about the relationship between political parties/political elites and the general public continue to trouble Indonesia's democracy. Many observers see a gulf between political elites, who are able to operate in the current system to serve their narrow interests, and the public. Many suggest that the system has yet to provide sufficiently strong links between elected representatives and ordinary citizens. The modified party list election system empowers party leaders at the expense of accountability to the public and hampers effective participation.

Despite a political system that does not always foster accountability, however, various types of civil society organizations have emerged since the Suharto era as significant actors in the public debate. The large number of television stations, newspapers and other media outlets provides unprecedented opportunities for opposition parties and independent civil society organizations to take part in the public discourse. The national legislature, despite shortcomings, operates largely in the open and increasingly seeks public input through commission hearings and other means.

Second, there remain questions about the relationship of both Aceh and Papua to the Indonesian state. Both provinces have seen strong separatist sentiments and continue to harbor suspicions about the central government, although in Aceh, while tensions remain, the peace accords in 2005 and local elections in 2006 have ushered in a period of relative calm.

³ Democracy International, *Indonesia Public Opinion Surveys: 2007 Report* (USAID/Indonesia, February 2008), p. 11.

Competition

Vigorous competition exists in Indonesian political and public life. Elections and political parties are competitive at national and local levels. Although elite-based and centrally controlled, parties compete forcefully, and the results and fairness of elections are generally accepted. Indonesia held successful national presidential elections in 2004 and has held competitive elections for provincial governors, district executives (bupati) and mayors (walikota) throughout the country since 2005.

There is also a vigorous competition of ideas, in the media and elsewhere. Freedom of speech, expression and the press seem well established. A large number of civil society organizations, albeit generally sustained by foreign donors, compete for public attention and influence and provide one check on corruption and abusive government power.

Other institutions exist, inside and outside the government, to provide checks and balances on governmental power. These include a range of new constitutional and ad hoc commissions to address particular public policy problems. There is a market economy, and there is considerable economic competition, but the political and economic elites are often one and the same, is a legacy of the New Order. The government (including hundreds of provincial and local governments) has significant regulatory and purchasing power. This enables both officials and private business people to use government-protected positions to enrich themselves at the expense of taxpayers and consumers. In addition, by most accounts, monopoly profits and illegally obtained state funds are a major source of campaign funds for political parties.

Rule of Law

Despite its remarkable transition over the past decade, Indonesia continues to confront serious problems with the justice sector, including with the judiciary, prosecutors, police and lawyers. Corruption within the legal system is endemic. Impunity remains a significant problem, and state capture is a real threat.

Human rights in Indonesia are respected in principle and—since the post-Suharto amendments—are protected by the Constitution. But accountability for past human rights abuses remains a major concern. The threat of religious and other extremism has receded. Although there remain some reasons for concern, basic “law and order” issues are not paramount.

Challenges to the rule of law are discussed in detail below.

Good Governance

Though improvements have been made, effective governance at national and local levels often remains elusive in Indonesia; there are weaknesses in performance and responsiveness. Governments at national and local levels often fail to provide services that they are supposed to provide, especially services to the poor or services targeted at poverty reduction. Governments at all levels are also relatively closed to demands from the public. Corruption, by consensus a huge problem in many realms, is in many ways a symptom of these failures of governance. The problems of governance and corruption in Indonesia are also addressed in detail below.

B. ECONOMIC DEVELOPMENT AND DEMOCRACY

Many Indonesians and others the team interviewed shared the belief that there is a close relationship between economic development success, which creates jobs and hope, and the success of democracy. That is, if the current democratic government could bring about economic development at least at the level provided during the Suharto era (7-8 percent economic growth per year), this in itself would go a long way toward legitimizing democratic institutions. A number of Indonesians even argued that current commodity and energy price fluctuations (e.g., soybeans, cooking oil, rice, fuel, electricity) could destabilize the government and threaten the legitimacy of the democratic system. The team does not share the concern that price fluctuations or other economic problems currently threaten democratic stability or democratic institutions, but the frequent expression of such concerns indicates how strongly many Indonesians connect economic success and democratic stability. This consensus has policy implications; it suggests the U.S. should be doing whatever it can to encourage equitable economic development and economic growth, apart from and in addition to the specific issues related to democratization and governance addressed in this report.

The President himself sees economic growth and reducing poverty as Indonesia's main challenge, according to one of his advisors and to his public statements. Many observers agree that the country has successfully managed the threat of extremism and is now focused on economic development. Indeed, Vice President Jusuf Kalla has reportedly argued that democracy is just a tool for economic growth. Moreover, leaders of Indonesia's largest Muslim organizations, Muhammadiyah and Nahdlatul Ulama (NU)—known for their support for democracy and in general for the moderation of their views—have questioned the need for local elections, which they see as obstacles to effective economic policy implementation. It would be real cause for concern if the idea that democratic values were somehow secondary or merely instrumental became a strongly held view among Indonesian leaders and political elites.

Many economists believe the government's most important contribution to development is to provide basic infrastructure—"entitlements" or "capabilities" in economist Amartya Sen's terms—especially in education and health. Education and health services provide the basic resources with which individuals can participate in modern economies. Economic growth occurs because educated, healthy individuals pursue their own self-interest in a more prosperous life. USAID and other U.S. government policies in support of development should be designed to make access to education, health and other basic infrastructural resources as widely available as possible. In addition to contributing to development, this will support the consolidation of democracy.

Notwithstanding these introductory assumptions about the importance of economic development, health and education, we do believe USAID can specifically and directly address issues of the consolidation of democratic institutions, good governance at the national and local levels, and approaches to conflict, which are the subject of this report.

C. PRINCIPAL DEMOCRACY AND GOVERNANCE CHALLENGES

The principal challenges to the consolidation of democracy and good governance in Indonesia are: (1) the lack of effective, democratic local governance that provides meaningful public servic-

es, and (2) the failure of the justice sector to effectively combat endemic corruption and inspire public credibility. The continuing threat of conflict in parts of the country and resistance to reform from political elites and much of the government bureaucracy provide additional, significant challenges. In response to these challenges, USAID and other outside actors seeking to support democracy and good governance in Indonesia should continue to help the country to consolidate modern, accountable, democratic institutions and political organizations in local government, the justice sector and other parts of Indonesian society.

III. ACTORS AND INSTITUTIONAL ARENAS

A. RULE OF LAW AND THE LEGAL ARENA

The justice sector probably contains the poorest-performing governmental institutions in Indonesia, including the police, prosecutors and courts. It is commonly believed that decisions can be bought in each of these bureaucracies. In March, for example, even as the Assessment Team was conducting interviews in Indonesia, the Corruption Eradication Commission (Komisi Pemberantasan Korupsi or KPK) arrested a prosecutor for taking a bribe of US\$660,000 from a businessman, presumably for dropping a case against him related to the issue of what happened to the money the government provided to bail out banks in 1997-98.

There have been efforts during the reform era since 1998 to address concerns about the justice sector, but this sector remains a serious obstacle for the consolidation of democracy and the rule of law. Indonesia has yet to ensure that traditional justice-sector institutions and the legal system itself are effective and honest. Rather Indonesia has tended to develop ad hoc institutions and approaches, including special-purpose courts for such matters as Labor, Fisheries and Human Rights and new independent commissions. By one count, Indonesia has created 27 independent commissions, including ones for Women, Children, Human Rights, the Judiciary, Competition and Broadcasting, among other things. Many of these new and ad hoc institutions have contributed to addressing specific problems. The KPK and the General Election Commission (Komisi Pemilihan Umum or KPU) are important independent bodies, and many analysts welcome the existence of Anti-Corruption and Commercial Courts. But many others are neither independent nor important, and their proliferation suggests an end run around existing legal institutions that need to be reformed. Some argue that the tendency to adopt such ad hoc approaches is unduly chaotic and ultimately does not contribute to the long-term development of the broader legal system. .

Effective, honest justice-sectors institutions are essential to other elements of the rule of law, including respect for human rights, protection of personal security, and law and order. Although there remain some reasons for concern, basic “law and order” issues are not paramount.

Unlike other areas of government, which have been decentralized, the police, prosecutors and judiciary are centralized and hierarchical. Local police officers, prosecutors and judges do not have local roots but are controlled by, and thus accountable to, central institutions. This has advantages and disadvantages. Its advantages include that it may help prevent the capture of local state institutions by local elites and it facilitates discipline and accountability. Its disadvantages include that it makes reform through local innovation and accountability especially difficult and can even spur local resistance to reform. Ultimately, the centralized nature of these institutions should facilitate genuine efforts for reform.

The Constitution

The legal framework, including the Constitution of 1945 and the body of substantive law, provides an acceptable basis for the rule of law and a democratic political system in Indonesia. Indonesian political leaders substantially amended the constitution four times between 1999 and 2002.

Many Indonesians believe that the 1945 Constitution (UUD 1945) in its original form contributed to the rise of authoritarianism under both President Sukarno (1959-1966) and President Suharto

(1966-1998).⁴ The original 1945 Constitution, written as a temporary, emergency document, was vaguely worded, leaving much room for nondemocratic interpretations, with few checks and balances and even fewer guarantees of basic civil and political rights.

At the same time, many observers argue that the founding fathers wanted Indonesia to be a democratic state. In any event, constitutional reform was thus one of the basic demands of the movement that overthrew Suharto in May 1998.

The amended constitution now provides, among other things, for the direct election of the President; the strengthening of the national legislature, the DPR (People's Representative Council, Dewan Perwakilan Rakyat); the establishment of a weaker upper house to represent regional interests in Jakarta, the DPD (Regional Representative Council, Dewan Perwakilan Daerah); the creation of a Constitutional Court, and the protection of human rights. Indonesia has also embarked on a far-reaching decentralization process and has agreed to special autonomy in Aceh and Papua.

Today, even after a decade of debate about political institutions and four major constitutional amendments adopting far-reaching reforms, Indonesians continue to debate the necessity for further constitutional reforms. Among other things, some argue for greater powers for the DPD and greater clarity regarding the delegation of powers to subnational governments. While some of this debate may be healthy and a normal part of the continuing transition, it may also be distracting Indonesians from consideration of more critical institutional deficiencies, such as in the judicial sector. Current debates about institutional and constitutional structures do not appear to emphasize the justice sector, and problems in that sector will not be fixed primarily through constitutional reform in any event.

Judiciary

In an effort to create a more independent and accountable judiciary and support the rule of law, the Constitution establishes a Constitutional Court and a Judicial Commission. These new institutions provide the possibility of some checks and balances on the Supreme Court and lower courts under its jurisdiction as well on as the other branches of government.⁵

Constitutional Court

By constitutional amendment in 2001, Indonesia established a new Constitutional Court (Mahkamah Konstitusi or MK) to safeguard the constitution and act as the final arbiter on constitutional, electoral and intergovernmental disputes.⁶ Because of the unique nature of most of these cases (national elections, for example, only occur every five years), judicial review constitutes the ma-

⁴ Sukarno was president from 1945 to 1966, but he became an authoritarian ruler only in 1959 when he issued a Presidential Decree in 1959 overthrowing the parliamentary democracy of the 1950s and returning to the Constitution of 1945.

⁵ See Simon Butt, "The Constitutional Court's Decision in the Dispute between the Supreme Court and the Judicial Commission: Banishing Judicial Accountability?", in Ross H. McLeod and Andrew MacIntyre, *Indonesia: Democracy and the Promise of Good Governance*.

⁶ The Constitutional Court has jurisdiction over (1) the constitutionality of laws (judicial review), (2) disputes among state institutions, (3) general election disputes, (4) dissolution of political parties, and (5) impeachment of the president and vice president.

majority of the Constitutional Court's caseload. Even if some of its decisions have been open to criticism, the Constitutional Court, by most accounts, has been a successful institution that has tributed to reform. The court has established initial legitimacy and has become a key democratic institution in ensuring commitment to constitutional democracy. It has also strengthened the rule of law by serving as a model for other courts by such things as focusing on ethics and making its decisions publicly available on its website.

The leadership of the Constitutional Court's Chief Justice, Jimly Asshiddiqie, has contributed significantly to the Court's early success. In Indonesia as in other countries, a single capable, motivated leader can have a large effect on institutional culture and commitment to reform. The challenge will be whether the Court can sustain this commitment to reform in the event of new leadership.

Supreme Court

The Supreme Court, which oversees the judiciary throughout the country, has been a far more questionable institution than the Constitutional Court. It suffers from an overload of cases, poor administration, and a reputation for corruption.

The Indonesian Supreme Court has a large number of judges. There are no restrictions on the number of cases that go to the court. It heard about 10,000 last year and reportedly has about 20,000 pending. With this vast caseload, there is an acute need to either increase the number of judges on the court or give the court control over which cases it hears. As it stands now, the caseload requires the use of three-judge panels, which creates the risk of contradictory rulings. The large size of the court and the huge number of cases combine to tarnish the court's image.

In addition, the Supreme Court's administration, and indeed the administration of the Indonesia court system in general, is poor. The structure is unwieldy, as there are more than 1000 separate court units; each of the nearly 500 local government jurisdictions at the provincial and district level has its own general and religious courts.

There are problems with the administration of personnel and finances. By all accounts, the courts need to change their method of recruitment, salary structure, criteria for promotion, training and reporting. Disciplinary procedures for judges are also highly problematic. Beginning in 1999, appointment of noncareer judges has been permitted, which has provided some new thinking.

Courts at all levels have been subject to questions about financial dealings and corruption. The administration of case fees is a significant problem in all courts. Litigants who win their cases should get back their fees, but this rarely occurs. The State Audit Board sought to audit the funds obtained from fees collected from plaintiffs, but was not permitted to do so. Currently, there is no accountability for these off-budget funds. This contrasts with the Constitutional Court, which has allowed auditing. By allowing these audits, the Supreme Court would take an important step in increasing its transparency.

Reforming the Supreme Court is a difficult task. There have been laundry lists of needed reforms. In 2003, for example, the Supreme Court itself adopted a blueprint for reform that addressed the Court's independence, organization, human resources, case management, transparency and information management, judicial discipline and supervision, financial resources and facilities, and

change management.⁷ The Court has also recently adopted a new code of conduct and enacted a transparency decree. But there has never been a comprehensive strategy for institutional reform and reducing corruption. Some suggest that, because the chief justice is chosen by the members of the Court, a majority of whom may not favor reform, it is difficult for a transformational leader to emerge to take the court in a new direction.

Specialized Courts

Indonesia has 13 specialized courts, including religious, military, administrative, maritime, labor, tax, human rights and anticorruption courts. Nine of these specialized courts are new. Many judges on these specialized courts lack relevant technical experience.

Judicial Commission

The Judicial Commission was created to provide increased oversight of the judiciary, with a membership appointed by the President and the DPR. The Judicial Commission has proven to be a controversial institution, however. When the Judicial Commission asserted its authority to discipline judges following a disputed decision, the Supreme Court challenged the law creating the commission in the Constitutional Court. The Constitutional Court agreed that the law creating the Judicial Commission improperly granted it authority that threatened the independence of the judiciary and stripped the Commission of its authority to supervise the Supreme Court itself.

The problems of the Judicial Commission have both structural and cultural roots. First, the Law on the Judicial Commission does not clearly specify the Commission's tasks and processes, leaving ambiguity about its authority over the judiciary. The Constitution gives the Judicial Commission a say on judicial ethics but, according to the Constitutional Court, does not give the Commission any law enforcement powers to address criminal deeds of judges.

Second, the membership of the Judicial Commission is too rooted in the NGO and private legal communities. Too many members lack experience in the judiciary, and the Commission as a whole has not been politically adept in dealing with the judiciary. One insider suggests that more than half the commission should come from the courts, preferably retired judges, which would require relaxation of the rule that prohibits members over a certain age.

The Constitutional Court's ruling leaves a serious hole in judicial oversight, but the government and the DPR have failed to do anything to address this deficiency. The Supreme Court has little institutional incentive to encourage the reconstitution of an outside body to oversee judicial activities and hold judges accountable. Few DPR members appear to see this as a priority, and many distrust the kinds of activists and "NGO types" that have dominated the Judicial Commission. At the same time, there is evidently insufficient pressure for a legislative response from civil society organizations, the media and the public.

The conflict between the Judicial Commission and the courts has meant that an opportunity to further serious reform has been missed. Judicial independence should not be allowed to shield judges from accountability for judicial corruption.

⁷ The Supreme Court of Indonesia, *Blueprint for the Reform of the Supreme Court of Indonesia* (Jakarta, 2003), pp. 2-3.

Prosecutors

The role of prosecutors in the justice sector is also critically important to establishing the rule of law. Prosecutors are the main actors within the legal system to bring both civil and criminal cases to the courts on behalf of the state (although the KPK also can prosecute crimes within its area of jurisdiction).

Fortunately, violent crime does not appear to be a major problem in Indonesia, and, with some exceptions, ethnic and sectarian conflict has declined and Islamist terrorism appears to have been weakened, through effective action by the Indonesian police with assistance from the U.S. and Australia. Thus, Indonesia does not have to give highest priority to basic “law and order” issues. Most concerns about the prosecutors (like the police, as discussed below) appear to be related to the issue of corruption, both the need for them to attack corruption generally in the society and to address corruption within their own ranks.

President Yudhoyono replaced his Attorney General (Jaksa Agung or AG) in 2007. His first AG was Abdul Rahman Saleh, whose roots were in the NGO community. The AG’s office under Saleh brought several high-profile corruption cases, and he removed 95 prosecutors from their posts for corruption. But he clashed with members of the DPR over cases, promotions and similar matters.

The new Attorney General, Hendarman Supandji, who was a fellow cadet at the military academy with Susilo Bambang Yudhoyono, has maintained institutional changes made by the previous AG but has focused on improving discipline among prosecutors, in part by enforcing a military-style regimen within the prosecutorial service.

There is a local prosecutor in each district/municipality. This local prosecutor controls information, and even with the new case database it has been difficult for reformers in Jakarta to get information about the status of local cases.

In the prosecutorial area, the new body to fight corruption, the KPK, has scored some notable successes. But many analysts argue the KPK has not taken a strong stance regarding corruption in the DPR or the judiciary and has not targeted “big fish.”⁸ (Some suggest, though, that the KPK has recently become more active in investigating DPR members.) The Commission does not have much of a presence outside of Jakarta or beyond the national level, which has limited its ability to target local-level corruption. At the same time, some critics have complained that there are few checks on the power of the KPK and have accused it of entrapment and of going too far in its prosecutorial techniques.

Police

The police are critical to the rule of law because they play a primary role in regular criminal law enforcement, one that is visible to the public at large. In Indonesia, the police have been separated

⁸ E.g., “The DPR’s appointment of five new members of the KPK followed a closed-door selection process, the outcome of which suggested that the commission faces capture and subversion by other public sector institutions seeking to block anti-corruption efforts.” Tao Kong and Arief Ramayandi, “Survey of Recent Developments,” *Bulletin of Indonesian Economic Studies*, Vol 44, No. 1, (April 2008), p. 7.

from the army and other military services and now report directly to the president, and so they are presumably amenable to presidential direction. They are more open to international cooperation than during the New Order; they have, for example, cooperated with the FBI and Australian police on intelligence and surveillance matters.

There are reform efforts underway within the police. Analysts are split on whether the head of the national police, General Sutanto, is genuinely and fully committed to reform and willing to make true changes. Some senior police officials have been removed for corruption, data on ethics violations have been collected, and the code of ethics and disciplinary code have been rewritten. The police have reviewed their internal investigative protocols. In 2007, nearly 20,000 internal investigations were initiated, of which more than 80 percent were sustainable. But many analysts continue to view the police as an institution as highly problematic.

The Legal Profession

The private bar in Indonesia generally is not well regarded. Rather than being seen as loyal advocates for the interests of clients within a properly functioning system, lawyers are often perceived as intermediaries for corruption, who can bribe court officials and judges to achieve favorable outcomes for their clients.

There is a need to improve technical standards by ensuring the integrity of the licensing examination for law graduates and to strengthen the bar association's disciplinary authority. It is alleged that many lawyers have paid bribes in order to join the bar or pass the bar exam.

There are even competing bar associations. A recent congress of lawyers has sought to build a new law association. Few analysts see the National Law Commission as having played, or having the potential to play, a significant role.

In the view of some legal analysts, some prominent lawyers and legal reformers who have fought for years for human rights are either "burnt out" or have sought to become rich and famous at the same time.

Respect for Human Rights

Human rights in Indonesia are respected in principle and, since the post-Suharto amendments, are protected by the Constitution. Governments in recent years have not committed gross violations of citizens' fundamental liberties, although security forces personnel continue to be accused of specific abuses. Incidents, such as the Marines firing on unarmed protesters in Pasuruan, East Java in May 2007 are now very much the exception rather than the rule. The armed forces have worked to improve respect for human rights and have improved their training manuals and procedures with respect to human rights.

At the same time, accountability for past human rights abuses remains a serious concern. There has been a standoff between the National Human Rights Commission (Kornasham) and the Minister of Defense on the question of the Commission's jurisdiction over military personnel. The law on human rights requires officers to appear when summoned by Kornasham, and the Constitutional Court has confirmed that this power is within the authority of the Commission. Neverthe-

less, the Ministry of Defense, based on the advice of its legal unit, argues that it does not need to comply with these summons.

A number of analysts and NGO activists argue Indonesia needs to reform its criminal law and procedures, but this does not appear to be a priority for the government or the DPR.

There have been questions at times about the extent of tolerance and the protection of religious freedom in Indonesia. Unpopular minorities, like Ahmadiyah, a sect accused of blasphemy by conservative Islamic leaders, are subject to legal and political attack.

Local Sharia Laws

The adoption of certain local laws imposing religious obligations threatens individual rights. Indonesia lacks a consensus on the extent to which the state can or should enforce religious obligations, and local authorities have been given increasing latitude to enforce certain sharia requirements. Local laws (Peraturan Daerah or perda) that impose sharia have been enacted in 86 districts in 15 provinces, according to a count from a concerned DPR member. These Islamic laws have been used to restrict the public activities of women and have sometimes applied to non-Muslims. A local government in West Sumatra has promised a law to prevent women from being out after dark. In Tangerang, female factory workers out alone at night with makeup in their purses have been accused of being prostitutes in violation of a local law. Such laws appear to violate the Indonesian Constitution but have yet to be successfully challenged.

As in other countries, no politician wants to be seen as opposed to religion. Thus, no politician will admit being opposed to sharia, as a religiously based moral code. Muslim Indonesians in general, according to polls, do appear to want religion (that is, sharia in some form) in the public sphere.⁹ At the same time, in 2002 the MPR (Majelis Permusyawaratan Rakyat or People's Consultative Assembly) rejected an attempt by Islamist parties to insert into the preamble of the Constitution a requirement for all Muslims to follow sharia. An all-encompassing concept for Muslims, sharia refers to a religious code that extends well beyond restrictions on personal behavior in public and prescription of appropriate criminal punishments. It also includes religious obligations such as the five basic prayers, the pilgrimage, alms and fasting. One Indonesian analyst/activist said opposition to the concept of sharia would be to oppose Islam, which would be "political suicide." Thus, the problem is how sharia is interpreted and implemented.

The President has not objected publicly to the passage or implementation of local-level sharia laws, causing concern among many moderate Muslims and non-Muslims. Under the regional autonomy laws, the Ministry of Home Affairs (Departemen Dalam Negeri or Depdagri) has the power to reject perda in general but has not so far used this power to challenge these laws. Because religious matters are not subject to local jurisdiction under regional autonomy laws, some women leaders have called for Depdagri to transfer review of sharia laws to the Ministry of Law and Human Rights, but the government has not responded to these requests.

⁹ In a 2007 poll, 53 percent of Muslim Indonesians and 50 percent of all Indonesians thought religion should play the most important role or an important role in political affairs. But only 22 percent of Indonesians want to live in a part of Indonesia where Sharia law is implemented. Democracy International, *Indonesia Public Opinion Surveys: 2007 Report* (USAID/Indonesia, February 2008), pp. 33-34.

Civil society groups have challenged these local sharia laws as unconstitutional, but to date no such constitutional challenges have made it to the Constitutional Court. The Constitution gives the Supreme Court power to review local laws (regulations under law) for compliance with national laws; perda are included as regulation under law. The question whether a local law can be challenged as unconstitutional in the Constitutional Court has not been settled. The constitution gives the Constitutional Court the power to review laws, and the current chief justice has argued in his past writing that perda are “laws” because they are enacted by a local legislative body with concurrence of the executive in a process analogous to the process of enacting laws at the national level.

B. COMPETITIVE ARENA: ELECTIONS, POLITICAL PROCESSES AND OTHER FORMS OF COMPETITION

As noted above, vigorous competition exists in Indonesian political and public life. There is also a vigorous competition of ideas, in the media and elsewhere. Freedom of speech, expression and the press seem well established. A large number of civil society organizations, albeit generally sustained by foreign donors, compete for public attention and influence and provide one check on corruption and abusive government power. There is increasing competition among branches of government; the national and local legislatures are increasing assertive in their oversight of the executive. Other institutions exist, inside and outside the government, to provide checks and balances on governmental power. These include a range of new constitutional and ad hoc commissions to address particular public policy problems. Likewise, although corruption remains a serious concern, there is a market economy and economic competition is very real. Elections and political parties are competitive at national and local levels. Although elite-based and centrally controlled, parties compete forcefully.

Indonesia successfully held national, provincial and district legislative elections in 1999 and 2004 as well as direct presidential elections for the first time in 2004. The country began holding elections for provincial governors and local chief executives for the first time in 2005. These elections have unfolded with relatively few cases of electoral violence, intimidation or fraud. However, because of questions about the capacity of the Election Commission and the new election law, among other things, there is a danger that the national elections in 2009 will have many more problems than did the elections in 2004. Accordingly, this assessment pays particular attention to the rules governing and continuing challenges to political and electoral competition.

Election Process

Election System

Indonesia elects its national legislature, the DPR, through a system of party list proportional representation within specified electoral districts. On March 3, the DPR enacted a new election law to govern legislative elections in 2009 (Law 10/2008); it enacted a new law on election administration in 2007 and is expected to adopt a new law on presidential elections soon. This will be Indonesia’s third different set of election laws for its third round of national elections in the reform era. Indonesian politicians, unlike their counterparts in many transitional countries, have so far been unable to resolve disputes over some of the most basic characteristics of the electoral

system, including whether Indonesia should move from a proportional to a plurality representation system.

The new election law is still based on proportional representation but now provides for a national electoral threshold for representation in the DPR of 2.5 percent. In other words, only parties that receive that number of votes nationwide can get seats at the national level. This seems likely to reduce the number of parties in the DPR; based on the 2004 vote totals, it would reduce the number of parties from the current 21 to eight. Evidently in exchange for agreeing to this provision, small parties benefited from the removal of an “electoral threshold” requirement in the previous election law, Law 12/2003, that would have prevented any party that did not receive at least 3 percent of the national vote in 2004 from competing in 2009.

The new DPR elected in 2009 will have 560 seats, 10 more than in the 2004 elections, and the new law establishes electoral districts that range between three and 10 seats, which has made the process of drawing district lines more political. (In 2004 electoral districts ranged up to 12 seats and were established by the KPU.) Thus, the number of electoral districts has increased by seven, from 69 to 76. Electoral districts for local legislatures or DPRD (Regional People’s Representative Councils, Dewan Perwakilan Rakyat Daerah) can range from three to 12 seats and will be determined by the KPU.

Candidates are elected from party lists, but voters also have the option of choosing individual candidates. Any individual candidate who receives at least 30 percent of the votes necessary for a party to gain one seat (the BPP or quota) is elected regardless of his or her position on the party list if his/her party is entitled to a seat. This is down from the requirement in 2004 that a given candidate would have to gain 100 percent of a quota to be elected as an individual, a requirement that was not meaningful. (Only two candidates in the entire country met that threshold in 2004, and each would have been elected from his party’s list in any event.) The order of the party list governs if no candidate receives 30 percent of the BPP. This provision allowing a candidate to be elected regardless of his/her position on the list is intended to increase the connection between candidates and voters, by encouraging candidates to appeal to local concerns and allowing voters to choose individual candidates they know. With the newly lowered hurdle, this provision is likely to be considerably more significant than in the past. Based on the 2004 voting patterns, some analysts have estimated that more than a quarter of individual candidates would have met the reduced individual electoral threshold. This provision also will encourage intraparty competition, that is, competition among candidates of the same party, and parties will have to adapt in order to manage this internal competition.

Parties receive a seat for each quota of votes they receive in a given electoral district. After allocating these votes, if the remaining unused votes (“leftover votes”) total less than 50 percent of the BPP, the remaining votes are brought to the provincial level, combined with unused votes from other electoral districts, and allocated to political parties based on the BPP for the province. Adopted in response to pressure from small parties, this provision is intended to increase proportionality in the allocation of seats, but it will greatly complicate election administration and will likely confuse voters, candidates, parties and even electoral officials. It may deny seats to candidates and parties that would otherwise have won in given districts and allocate those seats to other candidates and/or parties.

The new law requires political parties to have women as 30 percent of their candidates, and party lists must name at least one woman for each three candidates on the list. This ensures that for each three candidates elected from a single party in a particular district, at least one will be a woman, and may lead to substantially more women members of the DPR.

KPU and Election Administration

The General Election Commission (KPU) is an independent, constitutionally mandated body that administers elections in Indonesia. Most observers, international and Indonesian, praised the administration of the 2004 elections, but several KPU members were charged with corruption, and at least two members remain in prison, including the former chairman, Nazaruddin Syamsuddin.

Under Law 32/2004 on Regional Government, the KPU had no role in administering the provincial and district elections (discussed below). Despite the KPU's success in holding the 2004 elections, the law governing local elections severed the institutional hierarchy among the national, provincial and district election commissions. Rather, the law provided that provincial- and district-level KPUDs (regional KPUs) were responsible to the corresponding local assemblies. The national KPU did provide technical guidance, but it had no direct supervisory or administrative role.

In 2007, the DPR enacted a new Law on Election Administration (Law 22/2007) that addresses some concerns about the role and independence of the KPU that emerged from the experience with national elections in 2004 and with local elections ((Pemilihan Kepala Daerah or *pilkada*) since 2005. The law clarifies powers and responsibilities of the KPU and establishes a permanent election supervisory body (Badan Pengawas Pemilu or Bawaslu).

The Election Administration Law establishes a new process for choosing and appointing new members of the KPU. The KPU has seven members appointed for five years. It would have been substantially preferable for the law to have established staggered terms for KPU and KPUD members, so that not all would be appointed at the same time and some members with direct experience and institutional memory would have continued in office.

The law provides a number of reasonable requirements for membership of the KPU. KPU members must have relevant knowledge and skill, for example, and cannot have been members of a political party within the previous five years. The law's requirement that candidates for KPU membership must be willing to work full time is appropriate, but appears to require academics to resign their positions, another change from the past.

Like the process for other independent and ad hoc bodies and commissions, the selection process for KPU members is not satisfactory. The law calls for the President to establish a selection team to vet candidates for the KPU, including undertaking administrative scrutiny, administering a written test and conducting interviews. The selection committee is also required to facilitate public participation in the process. The president then nominates 21 candidates to the DPR for votes, and the seven receiving the most votes in the DPR are chosen. This ostensibly makes this a more merit-based process, which is laudable in theory, but the process is highly questionable and, in any event, its implementation in 2007 was seriously flawed. The process of selecting members of KPUDs is similarly flawed.

For one thing, the law does not require the selection committee to give reasonable weight to all requirements for KPU membership, such as the requirement for “knowledge and skill” or “experience” related to the implementation of elections. More fundamentally, the idea of proposing multiple candidates for positions and then calling on the legislature to vote on them is not a good one. A process of advice and consent, which made the President responsible for choosing good candidates subject to approval by the legislature, would be a more effective approach.

In fact, the experience of appointing the current KPU was highly controversial, and a perceived understanding that the KPU would keep on some experienced members was not upheld. The President appointed a selection team made up of academics, none of whom was an expert on elections. Using an administrative screen, a psychological test and interviews, the selection team by steps whittled down more than 500 applicants to 45 and then to 21. The President submitted those 21 names to the DPR. Civil society organizations and others criticized the process. They argued that the psychological test was inappropriate and that the selection team did not take proper account of election experience and expertise. Even the final 45 nominees lacked individuals with much election expertise; no member of the previous

KPU, including those that remain well regarded, or prominent NGO election expert was included in that group. In addition, critics pointed out that one of the 21 nominees had been a member of a party and that another, who the DPR voted one of the actual seven members of the KPU, had been charged in a corruption case. One senior person long involved with elections said he had never heard of the new KPU chair. None of the new KPU members has a background in politics and none is a lawyer.

Many analysts have suggested that the Ministry of Home Affairs wanted to control the KPU and the political parties wanted to weaken it. Unfortunately, regardless of the integrity or credentials of the new KPU members, the selection process set up by the new law has raised new questions about the independence, integrity and competence of the commission.

In short, the national KPU is a weak point because the new commissioners have no knowledge of or experience with elections and thus command little respect or authority. Many are concerned about the KPU’s ability to organize elections and to argue its case. Some analysts have criticized the KPU, for example, for its failure to follow the law in responding to an election dispute in North Maluku by ordering a recount and replacing a KPUD member.

The quality of election management may therefore depend even more on local KPUDs, some of whom are losing quality people due to frustration with the new KPU. The current chair of the S. Sulawesi provincial KPUD, an impressive former LBH activist, for example, is not interested in a second term when his current term expires in May 2008, because he predicts that “the chance of conflict [due to poor management of the elections] is high.”

Voter Registration

There remain concerns as well about the quality of voter lists in Indonesia. The KPU and KPUDs have responsibility for updating voter registration lists based on population data from the government. The KPUDs are supposed to work in close coordination with village and subdistrict election committees (PPS and PPK, respectively). The government is charged with responsibility to provide the population data to the KPU one year before elections (in April), and it is up to the

KPU to verify these data. The KPU is supposed to complete the list by six months before election day.

Thus, there is no real national system that would promote accuracy in the voter registration process, such as ensuring removal of duplicate entries and entries for individuals who have moved. No one in the election management hierarchy has any real responsibility for ensuring the quality of the preliminary voter registers, and the pilkada experience since 2005 suggests that the population database of the Ministry of Home Affairs is not sufficient for an accurate national voter register. Allegations of flawed voter lists for elections in some locations have led to considerable controversy. This is a potentially serious issue that will need to be addressed to avoid significant problems, real or perceived, with the voter registers for national elections in 2009 as well as for pilkada in the future.

The KPU is worried about the quality of the data from the government. Previously, the government statistics agency, BPS (Badan Pusat Statistik), compiled voter registration information, but now Depdagri is responsible. One former government official said that local governments are very passive about voter registration. People usually only report changes when they have to deal with local government. Particularly in rural areas, where they do not necessarily need government IDs, people have no incentive to report deaths, births and other changes to local officials. According to this official, only about 10 percent of the country's districts and municipalities have reliable population data.

The KPU also confronts a daunting IT challenge. The government is supposed to provide the KPU with about 70,000 computer files of registered voters, representing 165 to 168 million people. It is unclear whether the KPU has the technical expertise to be able to use and update those files.

Balloting

Voters will use a different method to cast their ballots for the 2009 elections than in the past. Rather than punching the ballots, voters in the next elections will have to mark a paper ballot with a pen. Voters will have the option of voting for individual candidates in addition to a party. This may cause some confusion for voters.

Election Transparency and Supervision

The new election law permits election observers to watch only from outside the polling place, which appears to be a considerable step back for the transparency of Indonesian elections. This puts into the law a provision that the KPU was unable to impose, in the face of opposition from civil society groups and the international community, in 2004. The law also limits the announcement of the results of public opinion surveys in the three days before Election Day and prohibits the announcement of quick count results until the day after Election Day.

The law authorizes the Election Supervision Body (Bawaslu and Pawaslu) to supervise all stages of the elections, including political party verification, voter registration, candidate nominations, campaign, and vote counting and recapitulation. This makes the Election Supervisory Body stronger than in the past and seems likely to hamper the KPU and to lead to institutional conflict

between the KPU and Bawaslu. The selection process for members of Bawaslu closely resembles that for members of the KPU.

Vote Counting, Resolution of Complaints and Announcement of Results

The KPU has the responsibility to determine which candidates are elected to national-level bodies, including the DPR and DPD. The KPUDs at provincial and district levels have autonomous powers to determine who is elected to the corresponding provincial or district legislatures (DPRDs); higher-level KPUs do not have this legal responsibility. This means that nearly 500 election commissions (KPUs), at national, provincial and district levels, are involved in deciding election results.

Because of the new system of quotas and allocation of remainder votes at higher levels, the counting system will be very complicated for the KPU to implement. It will increase the burden at the PPK level. The KPU is worried about the capacity of these lower-level election bodies to handle this complicated counting process.

The Constitutional Court has responsibility for adjudicating challenges to election results. A recent law also has transferred responsibility for adjudicating challenges to local elections from the Supreme Court to the Constitutional Court. The law provides for the Supreme Court to appoint a special judge to handle criminal violations related to elections.

Because of more complicated procedures under the new laws, many, including the Constitutional Court, expect there to be an increase in the number of election disputes in court.

Local Elections (Pilkada)

In 2005, voters in Indonesia began for the first time to directly elect the chief executives of provinces (governors), kabupaten (bupati or district executives), and municipalities (walikota or mayors). Previously, provincial and district assemblies chose these officials. The first of these direct elections was held in June 2005. By December 2008, Indonesia will have held almost 500 elections—for the chief executives of the country's 33 provinces and approximately 450 kabupaten and kotamadya. Building on past reforms, these elections provide the basis for more democratic and accountable local governance.

Like the presidential election in 2004, the elections for provincial and district executives use a two-round format, but with the vote thresholds altered to make a first-round winner much more likely. Under Law 32/2004 on Regional Government, a second-round run-off is only required if no ticket receives more than 25 percent of the vote in the first round. Parties or coalitions of parties with [30] percent of seats in the corresponding local assembly (or having received [30] percent of votes in the corresponding legislative election) are eligible to nominate tickets. In addition, under Law 12/2008 which was passed on April 28, 2008, independents can now contest local elections. To get on the ballot, they must demonstrate very substantial political support (between 3 and 6.5 percent of eligible voters) by collecting copies of identification cards. Additional details—including timing, procedures for voter registration and other specifics—depend on local regulations and thus can vary from one jurisdiction to the next.

Political Parties

Political parties in Indonesia receive widespread criticism as wholly self-interested and a threat to the consolidation of genuine democracy. Many observers see a crisis of representation. Political parties draw their leaders and activists almost entirely from the elite, and there is little ideological competition. Many analysts fault political parties for behaving undemocratically, concerning themselves solely about political power, and failing to encourage political education and public participation. As discussed above, the electoral and party system has not encouraged a focus on democratic representation or strong ties to constituencies, which has hurt accountability.

Because there are nine factions in the DPR, no party can dictate policy. Thus, parties work on sharing the advantages of political power rather than really competing. Similarly, according to one analyst, the “rainbow cabinet” reflects the primacy of patronage.

Although Indonesia has a very large number of parties, the number of parties in the legislature, as discussed above, is likely to decline, and the number of truly influential parties is still fewer than that. Golkar (Partai Golongan Karya or Party of Functional Groups), the ruling party of Suharto and the New Order, is the largest party in the governing coalition. The PDIP (Partai Demokrasi Indonesia-Perjuangan or Indonesia Democracy Party-Struggle) of former President Megawati has positioned itself as an opposition party. Some in PDIP’s national leadership are working to modernize the party.

The Democrat Party (Partai Demokrat) is the party of President Yudhoyono. Yudhoyono is a democratically powerful president. He has a mandate that derives from having been directly elected, and he retains remarkably high approval ratings. But the party nevertheless remains relatively small. According to a spokesperson, the party wants to position itself as a true center party, between Golkar on the political right and PDIP on the center-left. Party leaders want to introduce ideology and vision as well as party organization. The party is reportedly polling better than its results in 2004, but still seems to be principally a vehicle for the President and to rely entirely on its association with him.

There is often ambiguity about whether particular parties are in government or opposition, which also makes it harder to determine whom to hold accountable. PKS (Partai Keadilan Sejahtera, Prosperous Justice Party), PAN (Partai Amanat Nasional, National Mandate Party) and PPP (Partai Persatuan Pembangunan, Development Unity Party), for example, all have ministers in the government, but sometimes act as opposition in the legislative process.

The PKS has had some electoral success on a good government, anticorruption, pro-morality platform, but many analysts now view the party as having slipped from its commitment to these values. Likewise, the PKS in some quarters has a reputation for internal party democracy, but others say that most decisions are made in secret by a very small number of top leaders.

Local election results, polling data and anecdotal information suggest a reduced influence for Islamic parties in the future. Economic nationalists, rather than religiously based or radical parties, appear to pose the main political threat to the Yudhoyono government. Such political opponents tend to oppose market-oriented economic policies and to favor commodity subsidies, government controls and protectionism. This means they also tend to favor the economic interests of current elites.

Indeed, economic nationalism (defined as opposition to private capitalism and to foreigners playing a major role in the economy) has a long history in Indonesia. Much of the opposition to colonial rule was based on the idea that the Dutch came to the archipelago primarily to steal natural resources that rightfully belonged to the Indonesian people. After independence in 1949, President Sukarno and other nationalist leaders, particularly but not exclusively those on the left, campaigned for years against allowing private capitalism, both domestic and foreign but especially the latter, to play a major role in the economy. President Suharto reversed Sukarno's policies, with the support of professional economists under the leadership of Professor Widjojo Nitisastro. Today, President Yudhoyono's instincts are to continue Suharto's economic policies; he, too, has turned to professional economists, such as Boediono, Sri Mulyani Indrawati, and Mari Pangestu. But the opposition to capitalism, again especially in the form of foreign investors, remains strong—for example in Megawati Sukarnoputri's PDI-P—and has discouraged investors from returning to Indonesia since the 1997-1998 financial crisis. It also made it more difficult politically for the government to reduce fuel subsidies.

Political Party Deficits in Internal Democracy and Capacity

Many local analysts and activists lament a lack of internal democracy and accountability within parties, and corruption plagues internal party processes. Within the parties there are increasing demands for decentralization of internal party decision making where appropriate to the regions. Both local party leaders and civil society leaders complain about the centralization of the parties (e.g., Megawati's control over PDIP, the control of "oligarchs" over Golkar, Amien Rais's personal control of PAN, Abdurrahman Wahid's domination of PKB, and Yudhoyono's control over Partai Demokrat). In general there is a sense that the local governments are decentralized, but the parties are not, which makes for awkward and undemocratic situations in which central party leaderships control what should be local decisions.

A case in point is the recent nomination of a PDIP candidate for governor in East Java, where the central party leadership overruled the district/municipality-level conventions. The central PDIP leadership chose Pak Tjipto, a party stalwart, over Pak Karwo, the provincial government's Regional Secretary, probably on grounds that Megawati needs the old and loyal cadres for the presidential election next year. In many parties, the candidate who can contribute the most to party coffers receives the nomination.

Nevertheless, local party bosses have become increasingly important. Pilkada candidates apply to parties for nominations, and thus the parties act, in effect, as job brokers. This has contributed to the fragmentation of parties, and central party leaders are no longer entirely in control. The PDI-P leadership, for example, is trying to constrain and reform party branches in regions.

There are some signs that parties are beginning to become sensitive to popular needs and demands both on a national and local scale, because that is where the votes are. Losing pilkada, as Golkar has done in many places, is a powerful incentive to rethink party organization and campaign strategy.

There are also problems with internal party capacity. Party leaders could better define the issues and the stance their parties will take regarding issues. As it is now, parties are not much differentiated from each other, and party leaders and legislative representatives have not cared too much, because they are sure they will get reelected. But this may be changing. So there is a growing

awareness that they need to learn more about issues. This is very clear in East Java, especially with PDIP which wants to develop a more fully worked out populist position. Local activists from NGOs and women's organizations in Surabaya argued that regional politicians, as party leaders and members of the DPRD, are trying to be more responsive to the demands of particular civil society groups like feminist and legal rights groups.

Despite their shortcomings, political parties remain important, successful, indigenous organizations. They remain local movements that can bridge the gap between the public and the decision-making process to a much greater extent than any other organizations, be they labor unions, religious organizations, nongovernmental organizations (NGOs) or other social movements.

Political and Campaign Finance

Political parties in Indonesia receive public funds, in proportion to the votes won in legislative elections. Nevertheless, parties evidently need substantial additional resources to compete effectively in the political process.

There are no meaningful restrictions on party or campaign finance. The election law requires disclosure of expenditures, but compliance has been incomplete and there has been no enforcement or ability for authorities to investigate. Moreover, there are substantial loopholes in the law. For example, every party must set up a bank account for party funds, but the law does not require every transaction to go through that account.

The KPU is responsible for enforcing political finance rules and for auditing campaign finances. There was essentially no enforcement of political finance disclosure requirements in 1999 and 2004. In 1999, representatives of political parties dominated the KPU, and thus the KPU had little inclination to insist on party compliance with political finance requirements. Moreover, the public and the international community were apparently content to see the transition take place, and so there was little demand for vigorous enforcement of campaign finance rules. In 2004, the KPU, even though no longer dominated by party representatives, did not demonstrate the political will to enforce these laws. The Panwas structure proved impotent in this regard. Government drafts of electoral laws for 2009 included new requirements regarding party and campaign finance, but several of these provisions were removed during consideration by the DPR.

The KPU appoints a public accounting firm to audit campaign funds. It has 30 days to conduct the audits, but this is not enough. If parties do not file a report, the KPU has new powers to disqualify them. But, as one activist put it, "it is not clear that KPU members will have courage to insist on compliance."

C. GOVERNANCE

Issues for Analysis

In a successful democracy, the government itself, including both the executive and legislative branches as well as local governments, must govern effectively. There are four dimensions of governance:

1. *authority*, legal or otherwise, of institutions and actors within the arena to exercise power

2. *transparency* of the decision-making process and the actual decisions made and actions taken
3. *accountability* of that part or level of government, whether it is to the electorate, the judiciary, civil society or other actors
4. *capacity and effectiveness* of institutions in exercising their authority.¹⁰

In Indonesia, this last issue—the capacity of government institutions to perform their roles—is the primary area of weakness. Governments at the national and local levels often fail to provide services that governments are supposed to provide. Government performance in providing health, education, and other basic services is generally weak. The lack of transparency and accountability, the second and third issues, further compounds the problem. Governments at all levels are relatively closed to demands from the public. Oversight of government decisions, including a more effective role for civil society organizations, needs to be improved.

A detailed examination of these issues will obviously lead to different conclusions for different branches or levels of government or for different parts of the country, but one overarching theme seems to be that understanding the balance between different parts of government and within them is crucial. An institution with authority to govern but lacking in capacity will no more contribute to good governance than a competent one without authority, and it is important for donors to understand which area is deficient if they are to provide effective assistance. Similarly, it is important to understand the balance between branches or levels of government—for example the authority of the executive versus legislative branches or national versus local governments—so that assistance can be directed to the appropriate areas.

National Government/Civil Service Reform

The executive branch of the national government is not immune to these problems of capacity of officials and accountability within government. There is public frustration with the results of poor governance, such as floods in Jakarta, the Lapindo mud flows in East Java, the prices of kerosene and toll roads, etc. Economic growth and poverty reduction remain major challenges.

One analyst argues that elected officials, including the President, cannot control the bureaucracy. Bureaucrats are disappointed because the DPR, through decentralization and other reforms, has taken away some of their authority. But the press and the government cannot force the bureaucracy to focus on implementation, and problems of governance remain unaddressed.

There is a need for far-reaching civil service reform to improve government performance. The current structure employs many more officials than appears necessary. Many senior government officials make a substantial portion of their income from consulting, speeches, travel reimbursements, allowances for serving on committees, etc., which distorts incentives for public-sector employees. But beyond remuneration, there are problems with management structure, human resources, staffing and career paths. The recruitment, capacity building and incentives of employees all need attention. As Staffan Synnerstrom argues, Indonesia needs not only reform of government human resource management but also of how “public institutions are structured, op-

¹⁰ Center for Democracy and Governance, U.S. Agency for International Development, *Conducting a DG Assessment: A Framework for Strategy Development* (November 2000), p. 43.

erate and are financed.”¹¹ But unfortunately there is not yet much pressure for such reform, either within or outside the government.

Many observers do cite the effort of Minister of Finance Sri Mulyani Indrawati to engage in fundamental bureaucratic reform. Sri Mulyani has sought to fundamentally reform the operations of her ministry, which could become a model for civil service reform elsewhere.

Likewise, the process of making appointments to government commissions, according to many analysts, fails to attract the most qualified and accomplished applicants. Rather the current process tends to attract mere “job seekers.” Also, the DPR’s “fit and proper” test, the use of psychological tests, and the process of allowing the DPR to choose from multiple nominees for each position, as discussed above in the context of the KPU, tend to underemphasize professional experience and qualifications and have arguably excluded many of the best applicants for positions at a number of institutions, including Komnasham, KPK and KPPU, among others, in addition to the KPU.

The National Legislature – The DPR and DPD

As in other democracies, the legislature in Indonesia has three key functions: lawmaking, oversight and representation. Regarding lawmaking, the DPR has strong legislative powers and in recent years has enacted legislation on a range of topics as well as new rules of procedure and internal structures. Regarding oversight, the DPR has asserted itself as a check on the power of the executive.

With respect to representation, because of Indonesia’s party list electoral system, with its strong party discipline, DPR members have relatively little opportunity to represent their constituents in policy-making or in plenary and committee sessions. Members of the DPR seem to place relatively little emphasis on constituent relations. Members elected from party lists are more likely to represent ideological or minority interests than the interests of particular geographic areas.

The extent to which the DPR and the larger political process reflect the needs, concerns and priorities of citizens and groups in the policy-making process is debatable. Opportunities for interaction between citizens and DPR members in the regions seem relatively limited. For the DPR to effectively and democratically represent the interests of the larger society, legislators must communicate with and be politically accountable to the public. Public credibility is essential. Moreover, robust, inclusive representation provides the political basis for legislative effectiveness in carrying out the other functions, including enacting well-crafted legislation and providing effective oversight of the executive.

Nevertheless, the legislative branch scores reasonably well on the four governance criteria: authority, transparency, capacity and accountability. It appears to have the authority it needs to play an appropriate role in lawmaking and oversight. Legislative practices and the large number of media outlets provide considerable transparency, although allegations of bribery in the course of deliberations on legislation are common. Despite substantial improvements in recent years, the

¹¹ Staffan Synnerstrom, “The Civil Service: Towards Efficiency, Effectiveness and Honesty,” in Ross H. McLeod and Andrew MacIntyre, *Indonesia: Democracy and the Promise of Good Governance*, ISEAS, Singapore, 2007, p. 160.

DPR still lacks sufficient professional staff and does not have control over its budget. The Ministry of Finance has opposed budget autonomy. Neither does the DPR have the capability to scrutinize the public budget. Parties have no real relationship to the DPR secretariat or secretary general.

Although a relative lack of resources and professional staff hampers its capacity and effectiveness, new structures and efforts to increase the size and capabilities of professional staff members offer the potential for more effective operations in the future. The speaker recently formed an ad hoc advisory committee on legislative reform.

Accountability of the legislature and its members remains an issue, but elections provide the possibility of broad accountability, and legislative leaders appear to recognize the importance of ongoing public communications and education and attention to constituent services.

Constitutional reforms established a second chamber of the legislature, the Regional Representative Council or DPD, to protect the interests of the regions in national policy-making. Four elected representatives from each province make up the DPD. Because its powers are limited, however, it is seeking expanded authority. Moreover, in 2009, unlike in 2004, candidates for the DPD can be members of political parties and need not meet a residency requirement. The latter change, in particular, is a significant setback for the DPD's ability to represent regional interests, and the DPD is challenging it in the Constitutional Court.

Decentralization and Local Governance

Framework for Decentralization

Since the transition began, Indonesia has embarked on a dramatic devolution of powers and reallocation of resources to local governments. Budget planning and public service delivery have been devolved to the approximately 450 municipalities (kotamadya) and districts (kabupaten). Moreover, the chief executives of these authorities (mayors and district executives, respectively)¹² have been directly elected since 2005. But the division of powers among the central, provincial and district/municipality governments has yet to be settled, and there is overlapping and inconsistent jurisdiction. Laws 22/1999 and 25/1999, enacted during the Habibie era, devolved substantial power to local governments at the district/municipality level. These original decentralization laws were modified under President Megawati; the central government took some power back in Law 32/2004. By some accounts, these reforms were a step back, at least in terms of Indonesian aspirations for good governance; there was little consultation and some analysts say the new law was contradictory and internally inconsistent.

According to a senior government official from another department, some government officers are still working under the "old paradigm" regarding the relationship between the central and local government. In this view Indonesia needs to change its paradigm, including government regulations and bureaucratic reform at the local as well as the national level.

¹² The term "district executives" is also used sometimes in this document to refer collectively to mayors and heads of *kabupaten* (*bupati*).

The DPRD is a critical institution in making democratic decentralization work and has the potential to improve representation and oversight at the provincial and district levels. Under Law 32/2004, DPRD is an integral part of the regional administration. But in many ways DPRD remains beholden to Depdagri rather than functioning as an independent legislative body. Often there are questions about whether a district executive has clear authority over certain issues. Many in the regions claim they are drowning in conflicting paperwork for the central government.

The Yudhoyono government, more particularly Depdagri, is now preparing another round of revisions to the framework for regional autonomy. It seems likely that after the elections in 2009, assuming Yudhoyono is elected for a second term, the government will propose a new decentralization framework. Law 32 is expected to become three laws: a law on regional autonomy, a law on elections of regional heads and a law on village government. There are both political and technical reasons for these changes. There is also unhappiness with the relatively minor role under the current arrangements for the provinces. In any event, the new laws should provide a clearer framework for the implementation of decentralized governance.

Pemekaran

The issue of *pemekaran*, the division of existing jurisdictions into newer, smaller ones, further complicates the decentralization process. The national government and the DPR have created a number of new districts and even several new provinces, and local officials in many parts of the country have advocated the creation of new jurisdictions. Local elites favor the establishment of such new governments because it gives them enhanced local control, increased resources from the national government, and greater opportunities to claim their own share of the pie. It also spreads already limited governing capacity even thinner.

Pemekaran seems to affect mainly the Outer Islands. East Java, for example, has not changed much, while the number of districts/municipalities in North Sumatra has more than doubled, raising problems of efficiency and corruption. Aceh has a problem with districts that want to break away into a new province, but this is unique to this region because it is related to the GAM-Indonesia conflict. In Papua there is controversy about splitting the province, but the problem is again distinctive because of Papua's special autonomy status.

In a letter to the speaker of the DPR, President Yudhoyono has called for a moratorium on *pemekaran*, although local elites continue to appeal to the DPR for new districts. As of March 2008, 21 proposals for new districts were pending in the DPR. Further *pemekaran* could also complicate preparations for the 2009 elections.

Pilkada and Local Governance

Local elections are vigorously competitive, and outcomes of provincial and district races are given national attention and national political significance. Some analysts believe that local voters are increasingly holding mayors and district executives accountable on performance grounds—e.g. good management, service delivery. Many Indonesian analysts attribute perceived differences in government performance among districts/municipalities to the quality of the leadership of the district executive. Participation by civil society groups in local public affairs is growing, with participatory budgeting, monitoring of the quality of service delivery and conscious outreach by local governments to local stakeholders becoming visible in some places.

Nevertheless, service delivery in health and education remains weak. Few local governments seem to view service delivery as their role. District/municipality government seems to be more of an employer of last resort rather than a mechanism for providing public services or an agent of economic development.

Certainly, local elections have not produced more effective and accountable local governance everywhere in Indonesia. According to one Indonesian expert on decentralization and local government, four factors connected to district/municipal executive elections have impeded local governmental effectiveness. First, elections tend to be too expensive. Candidates have to pay too much money to get nominated and elected, which raises the probability of corruption after the election, when ways have to be found to get the money back. (See further discussion of this issue below.) Second, few candidates have serious policy platforms or a conception (*visi dan misi* or vision and mission) of what they want to do when they get into office. Third, mechanisms through which one district or municipality can learn from others, say in matters involving policy implementation or combating corruption or election-related conflict, are few or relatively ineffective. Fourth, most local executive candidates are backed during the election by nonideological, non-policy-based multiparty coalitions. These coalitions tend to congeal after the election into networks of officials and legislators mainly concerned with furthering their personal, often corrupt, interests at the expense of the citizenry.¹³

Yet, many people speak of particular districts/municipalities where a recently elected district executive or mayor seems to be making a difference. Sragen, Kebumen, Blitar, Solo and Jembrana are frequently cited, for example. Kabupaten Gowa (S. Sulawesi) and Kota Balikpapan (E. Kalimantan) have pursued innovative government policies. Some of these districts, e.g., Tuban, have also been places where conflict has occurred after the election.

Even in the best-performing places, however, improvements have not taken place along all dimensions, leaving plenty of room for further work. In some places, the local chief executive is more reformist than the bureaucracy; in other places, the situation is reversed. Among chief executives, there does not seem to be a partisan pattern of which party's nominees are more reformist.

Some regions have experimented with official ombudsman offices. The Public Service Commission (Komisi Pelayanan Publik,) established in Surabaya is a government-formed ombudsman with five members who are supposed to be watchdogs of state public service performance. A similar body, the Ombudsman, exists in Yogyakarta. These are currently limited in their reach, but they could be expanded and created at the district/municipality level.

In an effort to measure these improvements in democratic performance Bappenas (Badan Perencanaan dan Pembangunan Nasional, the National Development Planning Agency) is constructing an index to assess the state of civil liberties and democratic institutions in each of the country's 33 provinces. The University of Indonesia reportedly plans to establish a new center to address the problems of governance in the country.

¹³ Ketut Erawan, *Jawa Pos*, (January 1, 2008), p. 3, (expert from Gadjah Mada University)

Local Government Associations

As in the case of regional legislatures, there are associations of district/municipality and provincial executives, namely the Association of Indonesian District Governments (Badan Kerjasama Kabupaten Seluruh Indonesia or BKKSI), the Association of Indonesian Municipal Governments (Asosiasi Pemerintah Kota Seluruh Indonesia or APEKSI), and Association of Indonesian Provincial Governments (Asosiasi Pemerintah Provinsi Seluruh Indonesia or APPSI). Formed at the beginning of decentralization, these national organizations of local governments have the potential to be important instruments for sharing ideas for and models of reform. Similarly, the nongovernmental Center for Local Government Innovation (Yayasan Inovasi Pemerintahan Daerah or YIPD), established by USAID, has sought to contribute to the ongoing decentralization process in the country by assisting local governments and encouraging best practices in local government management. Unfortunately, the local government associations are themselves generally perceived as weak and more focused on Jakarta and on the interests of their own secretariats than on the needs of their members. They typically lack resources, enough trained staff members and good ownership from their member governments. Poorer local governments tend not to pay dues or to be involved with local government associations. To a considerable extent, local government associations are more a group of relatively well-off local governments representing their own interests in Jakarta than a broad coalition of local governments or a provider of services to local governments.

Aceh

After the horrific tsunami tragedy in 2004, the government of Indonesia and the Free Aceh Movement (Gerakan Aceh Merdeka or GAM) reached a long-sought peace agreement in August 2005, ending nearly three decades of war. Under the agreement, Aceh would receive special autonomy and most government troops would be withdrawn from the province in exchange for GAM's disarmament. Aceh held elections for provincial governor in December 2006, and candidates supported by ex-GAM members and national parties participated. With support from ex-GAM members and sympathizers, Irwandi Yusuf was elected governor.

Potential for Conflict

Despite the 2005 peace accord and the introduction of local autonomy, Aceh remains particularly vulnerable to conflict. In March 2008 in Gayo district, for example, a battle for control of the Takengon bus terminal between former GAM fighters and former pro-Indonesian government militia led to appalling violence, with five people brutalized and then burned to death in the building housing the offices of the former GAM members.¹⁴

Along with the rest of the country, Aceh will elect its provincial legislature in April 2009. While legislative elections will be held throughout the country, in Aceh there will be local parties for the first time. No local parties are permitted in other parts of the country. There is the potential for violence here—during the gubernatorial election a year ago, one candidate's campaign bus was burned—but also for political instability resulting from too much conflict among parties and from the governor's lack of a political party base. Since Governor Irwandi has no political party affiliation, his relations with the elected provincial DPRD next year are a subject of concern. Without

¹⁴ *Modus Aceh* No. 47/TH.V Minggu II, Maret 2008, p. 9.

his own political party, the governor is likely to find it much more difficult to mobilize support in the legislature for his policies and programs.¹⁵

In addition to the national parties (especially Golkar and PPP), there are several local parties. These include both GAM-based parties (from different regions of Aceh and potentially in serious competition with each other) and secular, populist, non-GAM parties. Some former GAM supporters would like a single GAM party, but others are happy with several.

BRR and BRA

At the same time the Reconstruction and Rehabilitation Agency (Badan Rekonstruksi dan Rehabilitasi or BRR) will end its work in 2009. The BRR was created after the 2004 tsunami to oversee the expenditure of US\$ 7 billion in donations for the reconstruction of the province. This means that many foreign NGOs and donors (though not USAID) will leave or reduce their presence in the province, threatening the economy and perhaps also political stability. Many local businesses as well as nearly all local NGOs have become dependent on the expenditures of foreign and non-Acehnese Indonesians who have participated in the reconstruction.

Furthermore, the Aceh Reintegration Agency (Badan Reintegrasi Aceh or BRA) continues to have problems. The BRA was created in 2006 to disburse about US\$20 million to former GAM fighters, in accordance with the 2005 Helsinki Memorandum of Understanding (MOU) between GAM and the Indonesian government. Nine separate, officially recognized groups of victims of the conflict, including GAM members, are eligible for compensation as part of the peace agreement.

The original calculation of compensation was based on the assumption that there were 3,000 former combatants who were to get a special one-time payment. Later it became apparent that there were several times as many, plus other categories of people who felt or seemed entitled to help. Although controversial, even members of the former pro-Indonesia militia were deemed eligible for compensation. In short, the issue of who is entitled to compensation as part of the peace and reconciliation process, and to how much they are entitled, is still not yet settled and could lead to further conflict in the future.

Sharia

In contrast to the rest of the country, Aceh, because of its special autonomy, has the right to adopt sharia law, and it has adopted a number of such local laws.

Special Autonomy and Relations Between Jakarta and Aceh

Judging from interviews in both places, relations between Jakarta and Aceh remain problematic. Many Acehnese believe that Jakarta is determined to reestablish control, while many central government officials believe that Aceh wants to use special autonomy as a step toward independence. This is perhaps the biggest single cause of the current tension between the two governments and

¹⁵ President Yudhoyono faced a similar problem when elected President in 2004 (his own Partai Demokrat had only 8 percent of the DPR seats) and has been able to govern only because Vice President Kalla took over the leadership of Golkar, the largest party in the DPR, at the beginning of their administration.

still has the potential to rupture relations in the future. Unlike any other part of the country, there remains a real possibility that politically powerful Acehnese will once again seek independence, as they have done twice in the past 60 years.

Some in Aceh complain that the Law on Governing Aceh (LOGA), enacted in 2006, fails to fully implement the central government's obligations as agreed in the 2005 MOU that ended the protracted conflict in Aceh. In this view, for example, the LOGA does not sufficiently limit Jakarta's powers to the areas specified in the MOU, and it does not meet the MOU's promises for significant Acehnese control over natural resources. There are also disagreements about whether the LOGA changes the conditions under which the national military forces can operate in Aceh. The International Crisis Group agrees that the LOGA "diluted or undermined key principles" of the MOU.¹⁶

There are many old and new laws and regulations that create potential conflicts between the center and the regions in general, with central ministries still trying to retain control in their particular field. The tension is particularly great in Aceh (and Papua) because these regions have received special grants of autonomy. There will be a tug of war for many years over specific laws and regulations promulgated by the center and resisted in Aceh.

Governance in Aceh

Although the first priority for the international community in Aceh must be preventing renewed conflict, good governance and economic development are also critically important to Aceh's future. For the past 50 years, Aceh (at least in the general Acehnese perception) has grown more slowly than other parts of Indonesia, particularly Java. Many Acehnese believe that this is the result of discrimination against them by Javanese who in their view have controlled the central Indonesian government and have used that control to further the economic development of Java. Thus, economic development in Aceh must succeed and must be seen to succeed for the next few decades in order for a lasting settlement to be realized.

Like the rest of Indonesia, Aceh has also long suffered from corruption. A recent governor was convicted of corruption and is now in jail. There are rumors of misuse of both BRR and BRA funds, although no one has been charged. Continued poor governance would undoubtedly slow economic recovery and hinder Acehnese reintegration into Indonesian society.

There are also questions about the capacity of the provincial and district government in managing the increased levels of funding due to special autonomy and oil and gas revenues. The allegations of corruption in key government agencies suggest that the government lacks sufficient capacity to effectively manage its increased levels of funding and responsibilities.

A New Window of Opportunity for Aceh

Looked at historically, Aceh now has a new window of opportunity—the third since Indonesian independence—to create a modern society. In the late 1940s the Indonesian independence revolution opened the first window of opportunity, but conflict between local ulama, led by Daud Beureuh, and the central government under Sukarno closed that window in 1953.

¹⁶ International Crisis Group, *Aceh: Post-Conflict Complications*, Asia Report 139 (October 4, 2007), p. i.

A second window opened after Daud Beureueh's forces were defeated and Suharto took power some years later. Two visionary Acehnese, Governor Ali Hasjmy and Madjid Ibrahim, who was head of Bappeda (the regional development planning agency), rose to the occasion. The governor's vision was of a simultaneously secular and religious Aceh, with all institutions of higher education concentrated in Darussalam, a suburb of Banda Aceh. We see that reality realized today in Darussalam. Madjid's vision was of regionally directed economic development. He created the first regional development planning agency, a model that was followed throughout Indonesia, and ended his career as a Bappenas advisor in Jakarta.

Today's Acehnese and Indonesian leaders, and foreign donors, need to be aware that success this time is by no means assured, that the third window could also close if all sides do not act together to create a better future.

Papua

In addition to initiating a nationwide decentralization policy, President Habibie's administration attempted to divide Irian Jaya into three smaller provinces. But significant resistance to that law in Irian Jaya, where it was perceived as an attempt to sow discord among Papuans and maintain central government control over the province's natural resources, prevented that law from being implemented. The administration of President Abdurrahman Wahid changed the name of the province from Irian Jaya to Papua and prepared a law on special autonomy. Law 21/2001 established the Papuan People's Council (Majelis Rakyat Papua, MRP) to represent ethnic Papuans, enabled the province to retain a greater share of its natural resource revenues, and required the central government to consult with Papuans on a wide range of policy areas, including division of the province. President Megawati, although skeptical about decentralization and special autonomy, did allow the law to be passed in November 2001 and implemented provisions on revenue enhancements beginning in 2002. Although Papuans were able to scuttle the formation of Central Irian Jaya, her administration proceeded with preparations for the establishment of West Irian Jaya. In the seven years since the passage of special autonomy, the government has largely failed to implement the law on special autonomy for Papua.

In the meantime, with the demise of the authoritarian regime in 1998, Papuan civil society began to mobilize and Papuan leaders began to call for independence. In 2000, President Abdurrahman helped sponsor the Second Papuan People's Congress, but was embarrassed when it was perceived to be supporting independence. Delegates to the Congress were chosen democratically, and they in turn elected members of the Papuan Presidium Council (Dewan Presidium Papua). The Papuan Customary Council (Dewan Adat Papua) is another very active body that represents traditional leaders.

The Indonesian government and the international community still may have a window of opportunity to pursue a comprehensive solution that is acceptable to all sides to the conflict in Papua. Expectations have only increased with the implementation of a peace agreement for Aceh since August 2005.

Within Papua, conditions are also ripe for a solution. The MRP, an important component of the 2001 Law on Special Autonomy for Papua, was finally established in November 2005. Gubernatorial elections in Papua and West Irian Jaya (since renamed West Papua) took place in March

2006. The Papuan public has appeared willing to give the Yudhoyono administration the benefit of the doubt, and there remains a relative lack of separatist violence in the province.

Nonetheless, progress in fully implementing the special autonomy law has remained slow and controversy has continued over dividing Papua into smaller provinces. While local governments are receiving increased funding, these institutions remain ill-prepared to handle the funds, contributing to corruption and delaying improvements in services, infrastructure, and economic benefits for Papua's impoverished population. More troublesome are the incidents of human rights violations that continue to go unpunished. Some Papuans are beginning to regard the current administration as no different from past administrations.

D. CIVIL SOCIETY

Indonesian civil society comprises a variety of organizations that engage in many diverse activities. For purposes of this assessment, we focus on NGOs that engage in monitoring and advocacy, local engagement and community organizing, and representation of citizens, areas that are more directly related to democracy and governance. We do not focus here on other types of organizations that would come under the general rubric of civil society—including business organizations, cooperatives, labor organizations and, to some extent, the media. However, because such organizations do represent various interests and segments of the public and contribute to dialogue between the public and private sectors, future strategies in particular areas might try to involve them as constituents for reform.

Beginning during the New Order, Indonesia has developed a vibrant, active civil society, but the sector remains subject to some common criticisms. Some analysts argue that civil society has in fact become less effective and more confrontational, with too many NGOs in the country and NGO activists that are too aggressive in their public attacks. NGOs and CSOs in general lack capacity, are too fragmented, do not collaborate well or talk to each other, and are thin and elite-based. Too often they suffer from lax management practices. Civil society is also weaker in rural areas and is generally weaker in the Outer Islands as compared to Java. Apart from religious organizations, NGOs generally lack meaningful constituencies or grassroots support. At the same time, they have demonstrated their power to mobilize. It was an NGO coalition, for example, that mobilized public support in the early part of the decade for a constitutional amendment for the direct election of the president, to which large political parties eventually agreed even though the amendment was largely against their interests.

There is, however, a relative lack of public-policy NGOs and think-tanks to work with the government to determine policy priorities, draft laws and lobby the legislature and executive branch agencies. Many analysts argue that NGOs lack serious analytical capabilities, and they see a need for NGOs to build financial management and policy analysis capabilities. To some extent, universities and academics fill this gap and have real input into government policy. But, according to a common view, they are largely coopted and do not force government to be honest about policy. Most academics make much of their income through consulting and the quality of academic studies is often mediocre. In addition, university-affiliated institutions are not good at advocacy or passionate about democratic reforms, making them poor substitutes for serious public-policy NGOs.

One problem mentioned was a weakening of civil society organizations in the post-transition era, as many of the best NGO leaders have joined political parties or the government. This is a common problem for civil society in transitional democracies, and on the one hand may reflect the sense that they can accomplish more inside government or inside parties. On the other hand, however, it may also reflect frustration on the part of Indonesian civil society leaders with not being able to accomplish as much, and it suggests that civil society, or at least advocacy and policy-oriented NGOs, remains vulnerable. In general, there is a need for cooperation and networks among Indonesian NGOs to enhance effectiveness and share experience and lessons learned.

The vast majority of NGOs did not arise from local popular movements but rather from donor interests and funding. While NGOs have grown dramatically in number, they have not generally been able to build a broad base of support or to overcome their dependence on foreign donors. This dependence has tended to hinder the ability of NGOs to develop their own agendas or devise long-term strategies, and it raises questions about NGO sustainability. The abundant donor resources perhaps made funding too easy. There has been no history of requiring matching funding and no strong emphasis on fund-raising. Further, there is little tradition in Indonesia of private-sector support for the work of NGOs and no tax or other incentives to encourage support, although a new Indonesia Philanthropy Institute has been established to encourage private giving.

In recent years, according to some accounts, the approach of donor funding has also been problematic, with USAID and other donors increasingly focused on deliverables rather than providing institutional support. As a result, grants to NGOs have become more like contracts. According to one official of a donor agency, “donors write contracts; they don’t address strategic questions.” This has reinforced a welcome emphasis on accountability and results, but does less to encourage NGO independence or sustainability. As discussed below, USAID and other donors may want to reconsider their strong aversion to institutional support for civil society organizations, at least in certain circumstances.

Media

Indonesia now enjoys the benefits of a free media environment. There are numerous news media, including radio, television, newspapers and magazines, which reflect a range of political views. Access to media is relatively fair and open.

At the same time, the threat of criminal prosecution against journalists for defamation jeopardizes press freedom. Editor Bambang Harymurti of Tempo, Indonesia’s leading newsweekly, was prosecuted and sentenced to a year in prison for an article in 2003 about notorious tycoon Tomy Winata, although the Supreme Court later overturned the decision. Reportedly, journalists were recently jailed in Medan and Yogya. Indonesia needs to decriminalize defamation.

Also, many media outlets remain immature. Media are just learning how to use their freedom. They do not play much role in political education of the public, instead serving more to provoke controversy. This produces the danger of trial by the media in the court of public opinion, without necessarily providing for any accountability or sense of responsibility for the media’s behavior.

At the same time, the media can contribute to improved democracy and better governance. In East Java, for example, the Jawa Pos newspaper has been holding an annual district/municipality competition for the last seven years. Districts and municipalities are compared along multiple dimen-

sions of government performance, and prizes awarded for various levels of achievement. Because it competes with Semarang-based Suara Merdeka for readers, the Jawa Pos has an incentive to try these kinds of innovations. The Jawa Pos Group also sees its market as extending beyond Central and East Java to all of eastern Indonesia and invests in many local papers in provinces across Indonesia; it plans to do district/municipality evaluations soon in South Sulawesi and East Kalimantan, which should have a positive effect there as well.

But the media are not as strong elsewhere, especially outside of Java, and any engagement with the media will need to take account of local conditions. In Aceh, for example, the tabloid weekly Modus seems to be playing a valuable role as critic of the government, but some have claimed its editor has taken money to influence the paper's reporting. In Medan there are no newspapers with a strong sense of civic responsibility, so a strategy of supporting media watchdog efforts would probably not be successful there. In these types of circumstances, where strong local partners might not be available, support to media is likely to be less effective.

There is also concern about public access to information, and officials report the government is trying to improve communications with the public and improve documentation of government actions. The government and the DPR have been working on a freedom of information law, although there is concern about a provision threatening to punish user of nonpublic information, which could be used against journalists.

Labor

A labor movement is an important part of civil society in any modern democracy, as it organizes and represents the interests of key economic interest groups directly and indirectly (through parties and legislatures) in the policy process. Although Indonesia has been independent for more than 60 years, its labor movement is effectively still in its infancy. In the 1950s, political parties created unions as much to serve the parties' own interests as to protect the interests of workers. At the time, the communist party dominated the movement and built powerful unions and farmers' associations, all of which were crushed along with the destruction of the party itself in the mid-1960s. Suharto's New Order exercised complete control over the remaining unions, banning them or forcing them to unite under government-appointed leadership and denying them a genuine representative role.

A free labor movement was reborn in the late 1990s along with the democratic transition, but it was immediately hobbled by the collapse of much of the modern industrial economy in the wake of the 1997-98 East Asia-wide financial crisis. Though now politically unrestricted, unions have grown slowly partly because of the manufacturing economy's slow recovery. Unions have many internal problems, including ethnic and religious polarization and a tendency for union leaders to be coopted by management, causing loss of legitimacy with members. For reasons that are still unclear to analysts, today's political parties have so far taken little interest in them. This is even true for Golkar, with which many of today's unions were formally affiliated during the Suharto era.

Despite these problems, unions appear to be increasingly capable of mobilizing in defense of their interests in ways that have implications, both positive and negative, for economic development, good governance and democratic responsiveness. The Yudhoyono government recently withdrew, under pressure from the labor movement, a reform bill that would have reduced the amount of

benefits now paid to laid-off or terminated workers, a much larger amount than in countries with which Indonesia competes economically, like China and Vietnam. According to palace sources, the President said that the labor movement is too powerful politically for him to oppose on this issue. Many economists and other policy experts, on the other hand, believe that labor reform is a necessary foundation for renewed economic growth in a competitive region and world. Labor's perceived or short-term interests, they maintain, may not be in labor's or Indonesia's long-term developmental interest. Thus, in the area of labor policy, there may be some tension between the goals of economic development and democratic responsiveness.

IV. CROSS-CUTTING ISSUES AND CONSTRAINTS

A. ANTICORRUPTION

There is near universal agreement that Indonesia has a serious and widespread problem with corruption. Transparency International's 2007 Corruption Perceptions Index gave Indonesia a rating of 2.3, tying it for 143rd in the world with Gambia, Russia and Togo.

One fundamental source of public corruption is a lack of transparency in government procurement, licensing and decision-making processes. In dealing with a range of national and local governmental authorities, foreign and domestic businesses face a much more complicated authorizing environment than in the past. They can no longer just deal with Cendana (the late President Suharto and his family) and the military. Traders and businesses are often victims of extortion from the military, local government and local gangs. Petty corruption in Indonesian government offices, police stations and schools is likewise common. Citizens find they have to make payments to receive government services they are entitled to. Cronyism is still common, and impunity remains a huge problem.

Perverse incentives from the current political finance system create a second fundamental source of corruption. The current political finance system is a vicious circle; in addition to public financing and private (corporate and individual) donations, political parties raise funds by requiring legislative and executive candidates to contribute substantial amounts to party coffers in exchange for nominations. Winning candidates then recoup these initial "investments" as well as build up a war chest for the next election by skimming off government funds in various ways.

Regarding procurement, some innovations are taking place as a part of broader reforms at the national and local level, such as the use of e-procurement and more open tender processes. These can be strengthened and spread more widely through the recommended local governance program.

Many observers question whether President Yudhoyono has done as much as he could have to fight corruption. Along with the Attorney General, the President has demonstrated some commitment to addressing the issue, but there is a problem of inertia that is difficult to overcome. Some suggest that Yudhoyono will be stronger after his expected re-election in 2009, as he will have a renewed mandate and will not be able to run for office again. At the very least he is the first national chief executive since Indonesia's independence to make fighting corruption a real priority.

Recently, there have been some investigations and prosecutions in high-profile cases, but there is still a major problem at the subnational level. Public funds are stolen, and corruption causes a huge waste of resources. Local corruption is easier for people to see and has a more immediate impact on them. In some locations, there is also a perception of elite capture at the local level, further fueling public anger.

Still, it is extremely hard to detect and punish corruption. In the case of the justice sector, due to the centralization and lack of transparency of the system, courts, prosecutors and police can be bribed with impunity. Because personnel are geographically dispersed within these centralized bureaucracies, there is a lack of meaningful supervision. The DPR has not done anything about

corruption in the legislative branch, even in the face of a critical public auditor's report. Impunity for police, judges and politicians leads to loss of faith in institutions.

The stepped-up fight against corruption has also had unintended consequences. There is anecdotal evidence that many officials fear accusations of corruption for simple procurement decisions, and as a result choose inaction over the risk of being accused. One official has described bureaucrats intentionally failing the test to make them eligible to be government procurement officers to avoid the risk associated with the job. Another analyst agreed that officials dread making procurement decisions. By one count, local governments currently use only 60 percent of their budgets, leaving 40 percent not spent for fear of corruption allegations. Collectively, local governments held reserves of 100 trillion rupiah in 2008, as compared to 7 trillion rupiah in 1999.

A number of different analysts argued that the definition of public corruption as causing a loss to the state (*menyebabkan kerugian negara*) is too vague. Similarly, it is illegal to spend money budgeted for one purpose for another legitimate government need, such as spending money budgeted for an office vehicle instead on emergency repairs of a flooded office; thus, public officials can face criminal sanctions for reasonable actions. Public officials perceive that audit agencies are out to get them. Civil servants are vulnerable, because they generally lack political protection.

Accused officials have often stopped investigations “with envelopes.” Every allegation of public corruption, even if it is without basis, in the words of one former government official, can become “an ATM for law enforcement,” as law enforcement officials extort bribes to look the other way.

Moreover, one former official suggests that law enforcement officials often “criminalize policy differences.” Similarly, another analyst warned of the danger of “criminalizing poor decisions.” Those who are disadvantaged by a mayor's zoning decision, for example, may make a report to the police alleging corruption. When the KPU decided to procure ink from four different companies for different parts of the country, arguably on grounds of efficiency and logistics, the KPK alleged corruption because of the different prices, which necessarily implied they were not always getting the best prices and thus were causing a loss to the state. Officials who make policy mistakes, the official argues, should be fired, not prosecuted.

It is useful to remember that corrupt acts are violations of law or abuses of power. To reduce corruption, Indonesia must first and foremost build respect for the rule of law. This requires effective law enforcement and a functioning judiciary that will punish, and therefore increase the cost of, corruption. It also calls for rigorous analysis of the incentives driving corrupt practices to enable a strategy to address these incentives. On the other hand, reducing corruption also requires a system where the discretion of state authorities and administrative barriers in general are reduced as much as possible. In practice this requires specific measures that aim to reduce restrictions on business, liberalize licenses and limit government intervention in the market. It also suggests the need to increase transparency, by publishing laws and develop infrastructure for communications, including internet access in government offices.

Yet, the remedy to corruption cannot be purely of an administrative or legal nature; there is a strong political dimension as well. Accordingly, accountability through elections and political processes is essential. Pressure from civil society, the media and the public is also extremely important. A number of Indonesian civil society groups—including Indonesia Corruption Watch,

Transparency International Indonesia, Indonesia Procurement Watch, LBH and others—have focused attention on the corruption problem, primarily at the national level.

To be successful in attacking corruption, institutional reforms have to attack underlying incentive systems. But many institutional actors and vested interests will resist the loss of rents associated with cronyism and corruption. The Indonesian government needs to attempt seriously to change its governance model to one of merit and performance standards rather than connections and personal advantage. This is, however, a very difficult, long-term task.

B. OTHER CROSS-CUTTING ISSUES

Several other important themes cut across the major areas of democracy and governance programming in Indonesia.

Education

Indonesia is hamstrung by the absence of an organized approach to human capacity development, training and education. The education system is poor. Analytical skills are not well taught.

Together with health, most economists consider education to be one of the two basic building blocks of a developing economy and also one of the two sectors in which government investment can have the most positive results. By most accounts, the quality of the education system in Indonesia, from primary through tertiary levels, is extremely poor. In the mid-1990s, after considerable school expansion and before the 1997-1998 economic crisis, Gavin Jones, a highly respected demographer, cited “the high proportion of inadequately trained teachers, the very basic school buildings, the lack of teaching aids, the high level of absenteeism . . . and the high dropout rate” in the primary schools. Using World Bank data, Jones also cited the low proportion of eligible young people who enter tertiary education compared to other countries in ASEAN and in North-east Asia. A 2007 study by the World Bank concludes that education performance outcomes in Indonesia are among the lowest in the world.¹⁷

The roots of this problem are in the colonial period, when the Dutch built fewer schools and other educational institutions than other colonial powers in the region (the British in India, Burma, Malaya and Singapore; the French in Indochina; and the Americans in the Philippines). At independence, Indonesia faced a massive education deficit in terms of both quality and quantity. Successive governments, starting in the 1950s, have attempted to tackle this problem. The Suharto government combined a will to improve the system (which had always been relatively strong) with the means (after oil revenues began to flow in the 1970s) to do something about it. There is now a village school within walking distance of three-quarters or more of all Indonesians, and there are many more junior and senior high schools, universities and other tertiary institutions than at the beginning of Suharto’s New Order. The main challenge now is quality, not quantity.

That there are so few English speakers in the country exacerbates the problems of the education system. A very few Indonesians studied English, but Dutch was the language of instruction in

¹⁷ Gavin Jones, “Labour Force and Education,” in Hal Hill, ed., *Indonesia’s New Order: The Dynamics of Socio-Economic Transformation* (Sidney: Allen and Unwin, 1994), pp. 145-178; World Bank, *Spending for Development: Making the Most of Indonesia’s New Opportunities*, (Jakarta: World Bank, 2007).

colonial-era schools. After independence, emphasis was placed for national unity purposes on the study of the new national language, Bahasa Indonesia, at the expense of foreign languages, including English.

Today, Indonesian-language skills have improved remarkably, to the point that the language functions well as a national unifying force and as the main vehicle for the transmission of modern culture. In other areas, however, including English-language capacity, Indonesia lags far behind the other countries of the region. The effect is that most Indonesians are not able to participate fully in the modern Indonesian, let alone global, economy.

This problem has cross-cutting effects on many other areas of Indonesian life, including good governance and democracy-building. The economy is growing more slowly than it might if Indonesians were better educated (and healthier), which means that any government will have less performance legitimacy than it would if the economy were growing faster.¹⁸ Within the political system itself, government at all levels can rely on fewer skilled and experienced personnel than would be the case in a faster growing economy, and there are fewer leaders with the broad vision that is produced by higher education and exposure to the best that the modern world has to offer.

Women's Rights

Improving opportunities for women, likewise, can both contribute to and result from democratic consolidation. Although the Constitution of Indonesia guarantees equal rights, women are under-represented in public life. As discussed, the new election law establishes a quota for women on party election lists, which may lead to a greater number of women representatives in the national and local legislatures.

Concerns about women's rights also extend to more local issues, including increased public participation and better protection for victims of domestic violence. There is also increased concern about problems with local application of sharia law, the adoption of which in Indonesia mostly focuses on limiting women's rights in some areas.

Conflict

Ethnic, sectarian and other regionalized conflict has been a problem in different regions of Indonesia for years, but the level of violence seems to be generally decreasing, particularly with the resolution of the conflict in Aceh. Virtually all of the conflict that has occurred in the last 10 years has been local, involving hostility between ethnic and/or religious groups in particular municipalities and districts. The potential for conflict remains in some areas and, although it can and has impeded reforms at the local and regional level, the threat of violence does not appear to threaten the stability or development of the country. Continued progress on conflict resolution will allow Indonesia to extend the benefits of democracy and development throughout the country.

¹⁸ Regarding the relationships among human development, economic growth and democracy, see, e.g., Amartya Sen, *Development as Freedom* (Oxford: Oxford University Press, 1999). In the Indonesian context, see Hal Hill, ed., *Indonesia's New Order: The Dynamics of Socio-Economic Transformation* (Sydney: Allen and Unwin, 1994); Ron Duncan and Ross McLeod, "The State and the Market in Democratic Indonesia," in Ross McLeod and Andrew MacIntyre, eds., *Indonesia: Democracy and the Promise of Good Governance* (Singapore: Institute of Southeast Asian Studies, 2007) pp. 73-92.

One of the main factors exacerbating conflict at the local level in Indonesia has been competition between the police and the army; in addition to the presence of the police across the country, the army also has a physical presence in all provinces, districts and subdistricts (the so-called “territorial system”). Both institutions are widely perceived as corrupt, personnel from both are involved in protection rackets, and both have a history of taking sides in ethnic and religious conflicts, sometimes because the local police chief or army commander is of the same ethnic or religious background as one of the competing groups and sometimes for purely material reasons (e.g., soldiers or their commanders selling weapons to civilian combatants).

There is some danger of conflict over the 2009 election results, perhaps because of potential problems with election administration and/or the confusing legislative electoral system.

Civilian-Military Relations

Analysts dismiss the possibility of a military coup or naked seizure of political power, but civilian oversight and control of the military remains an issue in democratic Indonesia. The DPR lacks capacity for oversight of the military and must approve the military budget based on vague notions of military doctrine and relevant threats, and executive branch command and control of defense and military activities remains a concern. More specifically, the head of the military reports directly to the President, and thus the (civilian) Minister of Defense exercises no real oversight of TNI (Tentara Nasional Indonesia or Armed Forces of Indonesia). The heads of both the military and the police attend cabinet meetings; because the cabinet is an inherently political institution, the military and police in this sense remain involved in politics.

Since the early part of the transition, the effort to reform the military has stalled. There has been no revision of military doctrine or force posture or progress in phasing out the territorial system. Despite efforts to reign them in, military businesses continue to exist. According to several analysts, civilian elites continue to defer to the military on security and related matters, as Indonesia in general lacks adequate civilian expertise about military matters. There is continuing resistance, as noted above, to civilian courts having jurisdiction over military personnel for nonmilitary crimes.

Regarding civil-military relations, one well-informed DPR member argues, “The reform process has lost its steam.” He points to the government’s lack of follow-up, including its failure to enact a law on demobilization or to establish a long-promised National Defense Council. The process has been “too random and haphazard.” Analysts argue Indonesia needs a comprehensive review of global security challenges, threats and capacity.

C. OTHER DONORS IN DG SECTOR

The donor community’s ability to guide reform in Indonesia is limited, particularly in the democracy and governance area. One international official noted that, although in some very poor countries donors might represent 80 percent of the government budget, in Indonesia there are only three or four truly large donors and together donors represent a very small part of the government budget. Thus, donors can only hope to catalyze changes or to support Indonesian government policies. This means that for the international community to be able to provide meaningful DG assistance, the government must clarify its policy priorities. The Consultative Group on Indonesia

(CGI) process, which provided a forum for strategic coordination among donors as well as between donors and the government, no longer exists.

Among the other donors interested in democracy and governance programs in Indonesia are the World Bank, Australia and Germany. Germany's GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) has worked with the Ministry of Administrative Reform (Kementerian Pendayagunaan Aparatur Negara or Menpan) for more than 10 years. AusAID is reportedly interested in bureaucratic reform. The World Bank's International Evaluation Group is also studying public-sector reform, but one international official suggested the World Bank's approach in this area is more academic and theoretical than practical.

A number of donors have been involved in decentralization. The Decentralization Support Facility, established in 2005, seeks to develop regional government performance indicators, assess decentralization, and harmonize support for decentralization. The Decentralization Support Facility is managed by the World Bank, and its other partners include the UK Department for International Development, the ADB, AusAID, CIDA, GTZ, the Netherlands and UNDP as well as USAID.¹⁹

Donors in the justice sector include the World Bank, the International Monetary Fund, the Netherlands, the UNDP, and AusAID. As part of a U.S. Millennium Challenge Corporation threshold program, USAID is also addressing some deficits in the judiciary, but it is not yet clear what will follow this program's conclusion in 2009.

USAID works to strengthen the DPR through the Democratic Reform Support Program and the National Legislative Strengthening Program. The UNDP, AusAID, and the Australian Center for Democratic Institutions are also all currently involved in legislative strengthening with the DPR. The KPK also appears largely saturated with assistance.

A number of USAID and other donor programs provide technical assistance to both.

D. CONSTRAINTS ON USAID

USAID confronts a number of constraints that complicate its ability to effect democratic changes in Indonesia. For one thing, Indonesia's huge, diverse population spread out over thousand of islands makes it extremely difficult to work at the local level in a way that has a national impact. Also, foreign assistance makes up a relatively small portion of the government's budget, which means that USAID may have less leverage in Indonesia than in some other countries and programs generally must catalyze changes in government policies, programs or priorities in order to make a difference. Indonesia's formal bureaucratic processes make this especially difficult. Efforts to work in politically sensitive and conflict-prone regions require significant communication, coordination and engagement with national and provincial governments.

Political sensitivity arising from Indonesian nationalism continues to pose a significant risk to USAID DG programming. Many Indonesians pay close attention to what foreigners, especially powerful Americans, are doing in their country. There has been controversy, for example, over

¹⁹ See USAID Democratic Reform Support Program, *Decentralization 2006: Stock Taking on Indonesia's Decentralization Reforms*, Summary Report, prepared for the Donor Working Group on Decentralization (August 2006).

scientific activities by the U.S. Navy, which many suspect is a cover for espionage. Border relations with Malaysia and the sale of sand to Singapore for reclamation projects (seen by some nationalists not as a commercial product but as part of the national patrimony) have also been occasions for the expression of popular hostility to those countries.

Nationalist sensitivity is deeply rooted in the independence struggle against the Dutch in the first half of the twentieth century and mass support for the anti-Western, anti-American foreign policy of the Sukarno government in the late 1950s and early 1960s. There is still much admiration for Sukarno's willingness to stand up for what he and his supporters perceived to be the interests of Indonesia and the developing world. Sukarno's image and to some extent his ideas are most strongly supported in the PDIP, the party led today by Sukarno's daughter Megawati, but they are present throughout elite and mass political culture. A number of elite commentators, including PAN leader and presidential candidate Amien Rais, have written approvingly of Venezuelan President Hugo Chavez's stance toward the United States, even though they have not pursued similar policies.

The team's interviews in various parts of the country, however, found no increase in anti-American sentiment or particular concern about USAID. Indeed, in Surabaya a provincial PDIP leader said that, notwithstanding a history of suspicion of the U.S. by national leaders of his party, he and other local party leaders were grateful for the party-building assistance given them in recent years by USAID partners.

In addition to nationalism, Indonesian Islamic sensitivities also remain a concern. Yet, mainstream Muslim organizations in Indonesia are overwhelmingly moderate. Indonesian Islam's two largest organizations, Nahdlatul Ulama and Muhammadiyah, each of which has tens of millions of supporters, have opposed turning Indonesia into an Islamic state. Even PKS leaders seem much more concerned with gaining governmental power (which has required them to ally with more moderate Muslim, and occasionally even Christian, parties) and perhaps putting that power to use for the general welfare (their two main issues are corruption and welfare) than with establishing an Islamic state or supporting an anti-U.S. foreign policy.

The presence of U.S. troops in Afghanistan and Iraq has angered and alienated millions of Muslim Indonesians, who are easily persuaded that the United States is conducting a war against Islam rather than against terrorism in general or even against the specific terrorism of Al Qaeda and Jamaah Islamiyah in the Indonesian context. But this anger and alienation must be seen in the larger perspective of the active collaboration in many policy areas with the U.S. of the Yudhoyono Administration, government officials in the ministries, party leaders in and outside the national legislature and civil society leaders, Muslim and non-Muslim. Even a local PKS leader in Surabaya, just returned from a State Department-sponsored trip to the U.S., was full of praise for the American achievement in creating a modern society and also full of hope that the U.S. would continue to support Indonesian development.

USAID needs to continue to design programs that include pious or even Islamist (fundamentalist, pro-Islamic state) Muslim social organizations, political parties and leaders, within the limits of USAID policy. In the past, an even-handed, open-to-all approach characterizes USAID party-building programs, a fact cited approvingly to the team by leaders across the political spectrum.

Indeed, the public view of USAID's activities to date and indeed the image of American society remain highly positive.

In short, U.S. development assistance and the U.S. presence in Indonesia remain extremely important symbolically and serve as a critical link with the modern democratic world, apart from any specific programs.

V. PRIORITIES AND OPPORTUNITIES FOR THE NEXT FIVE YEARS

This is a good moment for a new wave of programs to encourage democratic reforms for a number of reasons.

First, the Yudhoyono government is stronger than any of its democratic predecessors and is more committed to improving public services and tackling corruption, including misappropriation of state funds and rent-seeking by public officials. President Yudhoyono has a strong democratic mandate, which derives from having been directly elected, and he retains remarkably high approval ratings.

Second, there are many good people—in the government, parties and civil society, at both the national and local levels—who are aware of the weaknesses in Indonesian democracy and are attempting to correct them. There is still commitment to addressing these issues, as not that much time has passed since the democratic transition began. But there has been enough time for people to become dissatisfied with the progress so far and to begin to focus on how to improve things. At the same time, some observers believe there has been some backsliding, particularly in terms of decentralization and democratic reform in recent years. Reformers need to come up with some new ideas to restart these processes.

Third, the public appears to have low expectations of government and a relatively high level of satisfaction with government services, as indicated in opinion polls.²⁰ In fact, few analysts believe that government services are anything like what they should be. It seems unlikely that citizens will be so forgiving of poor services and unaccountable officials forever.

Interviews across the country reflect the common belief in Jakarta intellectual/activist circles that citizens in fact are beginning to demand better services and more participation in government decision-making. In East Java, there are strong signs of this, in the form of more pressure on government and political parties to perform. Public expectations for both responsiveness/accountability and government services are likely to increase. The government's failure to perform in these respects, at either national or local levels, could have increasingly significant consequences by delegitimizing the government and will likely lead to increasing criticism of the government of the day if not of the concept of a democratic government itself.

Beginning with the next presidential election, USAID may have a new window of opportunity to propose new programs and reshape old ones to meet the challenges of the next five years. This means that USAID is right to focus now, during 2008, on developing its new strategy and planning any new programs.

Note that all of the recommendations below, both primary and secondary, would contribute to mitigating the potential for or extent of violent conflict.

The DI Assessment Team recommends three primary democracy and governance priorities over the next few years: (1) an integrated strategy for local governance that builds on and expands current programmatic approaches; (2) focus on targets of opportunity within the justice sec-

²⁰ E.g., Democracy International, *Indonesia Public Opinion Surveys: 2007 Report* (USAID/Indonesia, February 2008).

tor/national rule of law institutions; and (3) consolidating the democratic peace in Aceh. Beyond these three areas, we also recommend attention (or continued attention) to other issues and priorities, including civil society, elections, civil service reform, human capacity development, political parties, political finance and Papua.

A. DECENTRALIZATION AND LOCAL GOVERNANCE

Strengthening local governance at the district/municipality level and continuing to support decentralization should be a priority for USAID over the next several years. The election of municipality/district executives from 2005 to 2008 and new local legislatures in 2009 provides new opportunities for improving government performance and consolidating reform. Indonesians, at national and local levels, are committed to making decentralization work, so there is strong demand.²¹

Effective local government can have a large impact on democratic success, because it is much closer to the people than national government. District governments, including local legislatures, have been in business since the 1950s and thus are well known to people as policy-making and implementing units. Work with local governments can lead to tangible improvements in service delivery that affect people's everyday lives, greater budget transparency and opportunities for meaningful citizen participation in local governance. If local government succeeds, support for democracy will deepen.

Moreover, the recommended integrated local governance approach is designed to strengthen institutions—civil society, parties, legislatures, executives—that will respond to and accommodate the demands of these groups so that their differences can be resolved peacefully.

Decentralization Framework and Studies of Local Governance Success

As discussed above, the government of Indonesia is now preparing further revisions to the framework for regional autonomy. This is, of course, an opportunity for donors to help Indonesians inside and outside government to shape basic strategy toward the regions. USAID should continue to engage in this important policy-making process, which will have considerable impact on government effectiveness in Indonesia in the future.

Foreign donors seeking to support the development of local government capacity face several questions. First, how can dynamic, innovative mayors and district executives get elected? Second, how can the international community help those dynamic mayors/district executives who have been elected to govern successfully? Third, is something else other than leadership responsible for government success in some regions but not others? Among other things, it is important to

²¹ According to a 2007 report from Lembaga Survei Indonesia, 73 percent of Indonesians surveyed continue to support regional autonomy. They also believe that health and education services have improved since decentralization but that poverty and unemployment have remained about the same, suggesting areas in which local government might be able to make a difference in the future. Lembaga Survei Indonesia, "Dukungan Terhadap Otonomi Daerah," available at www.lsi.or.id. According to Democracy International's 2007 survey, "Fifty-five percent [of respondents] agree that they have more confidence in their local government than in their national government, a slight increase from 51% in the 2006 survey." Democracy International, *Indonesia Public Opinion Surveys: 2007 Report*, p. 29.

understand whether there is a relationship between wealth and performance. In other words, are only regions with greater access to resources (usually natural resource rents) improving their performance, or can less well-endowed regions also do the same? We recommend conducting an inventory of all districts/municipalities in the country regarding local executive elections (pilkada), the extent of local government training, the relationship between local executives and legislatures, among other issues. With support from the UNDP, the government of Indonesia itself is conducting a study on pilkada, and it would be worth learning more about the scope and methodology of that study and possibly to build on or coordinate with it.

The local executive elections, which will have been conducted in all provinces and districts/municipalities by the end of 2008, also provide opportunities for comparative research into how to improve government at this level. To decide on the components of the integrated strategy, we recommend that USAID commission studies that examine in particular the districts/municipalities that now stand out in the minds of Indonesians and other actors as success stories. What does success mean in policy formulation and implementation terms? How is it related to leadership? Why are good leaders chosen in some districts/municipalities but not in others? Is the concept of “state entrepreneurs”—meaning dynamic, innovative, politically mobilizing government officials (like new district heads and mayors)—relevant to Indonesia?²²

The assessment team encourages effective assessment of political constraints and management capabilities to help determine how local governments can perform better. Joint working groups, citizen and user surveys, participatory budget processes and similar methodologies are bringing citizens and local government closer together and building greater accountability and transparency to government operations. Programs could also address the need for cooperation among neighboring local governments on boundary/jurisdiction issues, something the team heard much about around the country.

Improving Local Government Capacity and Performance

To support local governance, the team recommends a focus on institution strengthening, capacity building and government performance improvement. But USAID and other donors need an integrated strategy, one that not only supports the local executive branch of government and the local bureaucracy but that also pays attention to local legislatures, civil society, parties, elections, media and participatory planning and budgeting processes. As in other areas, such efforts, to be successful, must genuinely engage local partners and find ways to support rather than drive programs.

First, in selected locations, USAID should work to strengthen the local government (executive and bureaucracy) to help build capacity to deliver public services, including improving planning, budgeting, procurement and similar government functions. This might include training and technical assistance programs targeting new district executives after they are elected, since many of them are inexperienced.

²² See Merilee Grindle, *Going Local* (Princeton University Press, 2007), which emphasizes the role of “state entrepreneurs” in decentralized municipalities in Mexico.

This effort might also seek to improve existing planning and budgeting processes to make them more inclusive, participatory and transparent. This should push local budgets to reflect locally determined needs and might better address the needs of the poor.

One Indonesian policy analyst suggested that USAID focus on specific public service programs, like puskesmas (health centers). This is a popular program, which began under Suharto, at which time the quality was relatively even (if low) across provinces and districts/municipalities. With decentralization, the quality has become much more uneven. Foreign assistance could help find ways to improve these services through pilot projects that might then be adopted nationwide. In any event, the Mission should also ensure that local governance programs are linked to those USAID education, health and economic growth programs that focus on local service delivery. One way to do this is to prioritize such programs for the districts with which the local governance program is working, as an incentive for those districts to improve their governance.

Second, programs could provide professional training for the members of the district legislatures (DPRDs) about the legislative process and legislative ethics. Expanding on current and past efforts, it could also seek to improve political party capacity to participate in public policy-making.

Third, programs should support civil society organizations in their efforts both (a) to monitor and pressure local government for better services and less corruption, and (b) to provide technical assistance. This should include NGOs that focus on the justice sector, such as LBH and others.

USAID should also pay more attention to the administration of local elections. Many analysts believe there is more potential for manipulation of local elections than of national elections, because local interests have so much at stake in these elections and oversight is less vigorous. Election administration at the local level remains a problem. As discussed above, elections are a source and a cause of corruption, as candidates seek large amounts of funding to compete and decentralization has made local office a much more significant rent-seeking opportunity.

Decentralization strategies are vulnerable to the problem of capture by local elites or even local criminal elements. Without question, corruption is a serious problem at the local level. Strong efforts to install effective local fiscal oversight must accompany decentralization. Public procurement should get attention in addition to the improved management practices under current programming. Open and competitive electoral processes and strong civic engagement also can help maintain good governance.

Model Districts and Broader Impact

We believe that these recommendations will build upon existing programs in three significant ways. First, the team proposes an integrated approach to local government and local democratic development. In addition to “strengthening the core competencies of local administrations,”²³ future programs should also focus on local elections, DPRDs, civil society organizations and participatory planning and budgeting processes.

²³ RTI International, Local Governance Support Program, 2008 Annual Work Plan, Contract No. 497-M-OO-05-00017-00.

Second, the team recommends a potentially new way of choosing localities in which to work. The recommended approach would focus on “model districts.” This does mean providing more support to districts that are already performing relatively well, but is likely to have more significant, sustainable impact in those locations.

Third, the pilot project/model district approach may encourage imitation or spur competition among districts to realize the demonstrated benefits of more effective and accountable governance. At the same time, the team recommends increased attention to means of sharing lessons from model districts, such as through national local government associations, conferences and workshops that bring local government officials together, visits between districts, training programs, clearinghouse efforts, websites and online networking.

We propose that USAID take advantage of two circumstances to reassess the choice of districts/municipalities in which it works, its priorities for assistance, and the type of assistance provided. First, Indonesians now have approximately seven years of experience with decentralization, which almost certainly means that there are substantial differences in the quality of public services provided by different district/municipality governments. Second, local executives will have been directly elected in all of the approximately 450 districts/municipalities by the end of 2008, an entirely new governmental arrangement in Indonesia. These elections have produced local leaders who range widely in quality and experience, factors that may well affect the probability of their success in improving governmental services. USAID should systematically analyze both of these differences.

In their own public debate, Indonesians have begun to differentiate districts/municipalities according to the quality of social services provided and of local leaders elected. The *Jawa Pos*, for example, compares districts/municipalities in East Java in terms of management of the environment, reduction of poverty, educational, health, administrative services and infrastructural quality. It also evaluates local leaders in terms of three “criteria of innovation: policy creativity, strategic planning, and productive outcomes.”²⁴

USAID should build on these local analyses to identify districts/municipalities that have been most successful in improving public services. It should attempt to discover the reasons for success, including the role played by the directly elected local executives. These lessons can then be applied to a reformulation of USAID program goals and priorities, including selection of the regions in which it works and the specific kinds of assistance it offers.

We have suggested above a strategy of focusing initially on districts that are demonstrating good performance and commitment to reform. We note that, in addition to LGSP, there is a large World Bank program, the National Program on People’s Empowerment, that seeks to help establish model localities. The international community should endeavor to find, study and engage with model districts and municipalities, using these to create ripple effects to other locations. Programs should seek to produce these ripple effects as much as possible by incorporating interested districts/municipalities through national associations, direct visits, training programs and other engagement. These effects may also occur more naturally through competition among districts and municipalities. Citizens, officials and politicians in many districts/municipalities are increa-

²⁴ Source: The *Jawa Pos* Institute of Pro-Otonomi, *Mentradisikan Kompetisi Memintas Kemajuan*, Surabaya: JPIP, 2007.

singly aware of the better performance of some of their neighbors, which sometimes translates into demands for similar improvements at home. Efforts to measure and compare performance along objective criteria, whether undertaken by civil society or the government itself, should be supported in order to encourage this type of competition.

Horizontal reform networks—including networks of government reformers, civil society leaders, analysts, foreign advisers and others—will be necessary to reinforce and learn from particular reform efforts or innovations. Local reformers can share ideas and can give and receive moral support and encouragement. Such networks can help to prevent isolation of local reformers and to multiply the effect of pilot programs or local innovations.

USAID might also consider helping to establish or support a governmental or nongovernmental local government training institute.

Overall, it appears that the quality of governance at the local level is improving and thus should continue to be an area of attention. USAID should have a good opportunity to provide expert advice and to affect decentralization policy at the national level as well as continuing its work on the ground in selected districts and municipalities.

B. THE RULE OF LAW AND THE LEGAL ARENA

The Democracy International Assessment Team recommends that USAID give higher priority to the legal arena, with a more strategic approach to defining rule of law objectives and implementation processes. This is where USAID and the international community, to the extent they can, should tackle the toughest development problem of all: public sector institutional reform. Strong rule of law institutions and processes are also a basic requirement for resolving conflict peacefully. However, it is essential that USAID first be satisfied that the Indonesian government, including the leadership of the judiciary, has demonstrated the political will to undertake broad and deep reforms in the justice sector.

The justice sector (used here to refer broadly to the legal arena) is an organic whole and needs to be analyzed and approached as such. Yet in this area project interventions by and large tend to be narrowly technical and single-issue or single-institution in their design. Assistance efforts sprinkled across the justice sector, including for judges, prosecutors, police and NGOs, are unlikely to have substantial impact or to lead to visible improvement in performance across the sector. To make a difference, donors and the Indonesian government will have to adopt a systematic approach, particularly one that would take into account the institutional dysfunctions and political pressures that cut across the entire sector.

One method for doing this would be a “participatory justice-sector assessment,” with external experts in a supporting role only, to provide a thorough analysis and report under Indonesian authorship. The Chief Justice of the Constitutional Court himself urges a comprehensive study of justice sector reform, which he has discussed with the Chief Justice of the Supreme Court, the President and leaders of the DPR. This might be followed by a national conference to present and share the findings. This approach could bring key stakeholders from government and civil society together into a working group that can become an ongoing constituency for reform. It is important to go beyond technocrats and include politically attuned figures and opinion leaders. It will not be

enough to address salaries, training and welfare of judges. A more radical restructuring of courts and more fundamental legal reforms are required.

USAID and the international community should also seek ways to engage constructively with national rule-of-law institutions, including courts, prosecutors, police and the law profession. There is public demand for improved performance, but significant obstacles within these institutions and from within the national government make effective donor programs elusive. Actors from across the judicial sector emphasize the huge hurdles facing reformers. Also, some reformers themselves, especially those who have been struggling for decades, seem no longer to have either the will or the strategic and tactical ideas that might make reform happen. And Indonesian nationalist concerns about foreign interference in Indonesian affairs may be particularly salient in the justice sector. Indeed, one senior justice sector official recommended that donors avoid direct assistance to state institutions in favor of working with NGOs and universities that can engage in monitoring and advocacy and develop technical and analytical expertise.

There may be targets of opportunity with the new institutions in the legal sector, including the Judicial Commission and the Corruption Eradication Commission (KPK), among others, although the KPK has received substantial support from other donors already. The KPK, the Judicial Commission and other institutions were created to get around the dysfunctions of existing institutions, particularly the Supreme Court and the Attorney General's office.

This assessment cannot cover the justice sector with the thoroughness the Mission would need in order to make programming judgments. However, the team recommends the following as pieces of the whole that USAID should engage with in a direct way in rough order of priority.

- ***Participatory Strategic Assessment.*** USAID could help Indonesians conduct a participatory strategic assessment with both substantive and process objectives. The broad sector needs to be analyzed and viewed publicly, and there needs to be an effort to engage key stakeholders and make them assume ownership of the ongoing effort. This should be seen as a “rolling strategy” that will be used as a road map and adjusted to adapt to changing road conditions. It must be billed as a political document as well as a technical report, as a beginning not an end. Once transformed into an action plan, it needs to have benchmarks to measure progress.
- ***Legal Thinktanks (Research and Reform Advocacy Centers)*** Legal reform in Indonesia, we have emphasized, faces many obstacles and will take decades to accomplish. Moreover, Indonesia will need a critical mass of lawyers and legal experts committed to reform before much actual reform can be achieved. It does not now have that critical mass. A substantial domestic and international education and training program can create it, but ways must then be found to maximize the impact of legal reformers when they return to Indonesia. The establishment of two or three legal research and reform advocacy centers, or thinktanks, at major state universities, such as the University of Indonesia in Jakarta, Padjadjaran University in Bandung (which has a strong legal education tradition) and Gadjah Mada University in Yogyakarta, could play a key role in establishing and maintaining a network of reformers. This network would initially include the young reformers currently in the judicial sector, who would in turn recruit the most promising students to

be sent abroad for training. Perhaps this legal research center might be part of or related to the new good governance thinktank planned at UI mentioned above.

A model for legal thinktanks might be LPEM-FEUI, the Economics Research Institute of the Faculty of Economics at the University of Indonesia in Jakarta. The research activities of the institute have strongly and positively influenced economic policy-making in Indonesia continuously since the 1960s. Beginning in the 1950s, young economists who received their PhDs in the United States created LPEM-FEUI, primarily with funding from the Ford Foundation. Professor Widjojo Nitisastro was the earliest and most famous of these economists; the current Finance Minister, Sri Mulyani Indrawati, is one of the most recent. Bright young economists are recruited through the Faculty, sent abroad for training, given substantial teaching and research positions when they return, and are recruited into government ministries as economic policy makers. Many observers have suggested that this has been the single most successful foreign-funded development program in modern Indonesian history. The Ford Foundation planted seeds in the 1950s that took almost two decades, until the beginning of the Suharto government, to bear fruit. Proponents of legal reform should likewise recognize that genuine, fundamental reform is likely to take a long time in Indonesia.

- **Legal Education.** The late Dan Lev, the foremost foreign expert on the Indonesian legal system, believed that true legal system reform would require a whole new generation of private lawyers, police, prosecutors and judges. To the extent that this is true, one important implication is that donor strategy should include reform of the legal education system, including a foreign (education and training abroad) as well as domestic component. This educational initiative should include the creation of one or more legal thinktanks or research centers, as recommended above, at major state universities that could play a strategic role in reintroducing recent graduates of foreign training to the Indonesian legal system and linking them to a network of domestic and international reformers. More generally, an active “young lawyers” group within the bar could lead to new generational thinking about the role of law in society and could be a catalyst for change within the profession.
- **Civil Society Organizations.** NGOs and CSOs have a very important role to play in justice-sector reform programs. They create and maintain demand for reforms and should be accepted as working partners in whatever form the organization(s) leading the reform process take. USAID should build that in as part of an integrated justice-sector reform program. Civil society can make a serious contribution to transparency and accountability by monitoring and reporting on court cases, judicial decision-making, compliance with court judgments and enforcement of court orders. Efforts to monitor the courts also link to media and investigative journalism to reach a larger public audience.
- **Judicial and Law Commissions.** Indonesia—and the DPR in particular—needs to revisit the role and powers of the Judicial Commission. A reconstituted Judicial Commission might be able to emerge from or play a role in the larger justice-sector reform effort, and it could help to increase judicial accountability, as originally intended. Reconstituting the currently inactive Law Commission could involve the legal community in the larger reform process. Some other countries have used national reform commissions effectively,

with membership from the public and private sectors, to create a shared vision, establish structures for leadership and build public support for far-reaching reforms.

- **Courts and Judges.** Courts and judges are the absolute core institutions and actors of the justice system, but the public currently sees judges and courts as corrupt and inefficient. Better institutional performance can begin to change that perception. To catalyze justice-sector reform, it may be necessary to work directly with the judiciary. In theory technical assistance could be provided in such areas as delay reduction, workflow analysis and case management, although the Assessment Team did not have the opportunity to explore whether these are actual needs. It will be essential, for reasons of accountability and quality, to develop a system with stringent criteria for selection, retention and promotion of judges. In addition, the increased use of ad hoc and non-career judges could provide more opportunity, as these individuals bring new perspective to the system and are likely to be more receptive to reform.
- **Prosecutors.** Prosecutors are almost as essential to the justice system as the judges themselves. Although the Justice Department's Office of Prosecutorial Development and Training (OPDAT) has taken the lead for the U.S., it has focused more on investigative and prosecutorial techniques for certain kinds of crimes rather than on institutional reform. The Asia Foundation's program in this area is also limited. It is important to think about how to improve the prosecution function and its relationship to other parts of the government.

Some Indonesian reformers, as discussed above, worry about ad hoc approaches and the mushrooming of commissions in the legal arena. In the long run, Indonesia must strengthen its basic judicial institutions. But it is not clear that it will be productive to work with such institutions in the near term. Neither the primary justice-sector institutions, the DPR nor the president's office itself has yet to really demonstrate the necessary political will. The Constitutional Court is one new institution meant to fill an important function that was not previously fulfilled under the Indonesian constitution, but it already appears to be functioning well and has demonstrated a commitment to contributing to broader reform efforts.

Perhaps USAID should also rethink its civil society and media strategy in order to support demand-side programs in the justice sector. There needs to be a strong civil society and public demand for reform, and pressure for reforms will be needed to stiffen the resolve for difficult political decisions. Indonesian Corruption Watch, LBH, and similar organizations can be strengthened and encouraged to focus on developing anticorruption capacity at the district/municipality level. For instance, they could be encouraged to establish a performance rating and awards system for district-level police, prosecutors and courts, similar to that developed by the *Jawa Pos* Group to rate district governments. Certainly there is commitment in the best national media, perhaps especially *Tempo*, to develop investigative capacity. Government and civil society leaders will need to pay careful attention to building constituencies for reform and engaging in active public outreach.

The international community should also consider working through NGOs or thinktanks to address capacity issues in the justice sector, such as the need to improve administration of the courts. In addition to seeking targets of opportunity to work directly with the judiciary, it may be

more effective, at least until more political will is apparent, to assist NGOs interested in the judiciary and promote advocacy for judicial reform.

Strengthening justice sector institutions, of course, is a major, long-term, extremely difficult undertaking. To ultimately succeed, this undertaking will have to mobilize support from the highest levels of the Indonesian government, the Indonesian public, and other foreign donors. These efforts will need to be comprehensive, embracing an attitude of complete transformation of the justice sector, rather than targeted, piecemeal reform.

Because the fundamental objective of reform in the legal arena should be measurable governance improvements—better functioning justice-sector institutions —performance measures that are understandable to the public are needed. Concrete indicators can show progress as it is achieved and maintain momentum sufficient to overcome predictable bureaucratic resistance and anti-reform elements. Real success will not come in the short run or in highly visible ways; institutional reform progress is incremental over time. The important thing is to show a new direction and a pattern of gradual but determined movement in the right direction.

C. CONSOLIDATING THE DEMOCRATIC PEACE IN ACEH

Over the coming years, USAID and the U.S. government should continue to give high priority to political development in Aceh. This includes follow-through on its support for the peace process. It is important for the international community in general to stay involved to make sure the peace process does not go off track. USAID performs a major service just by staying in Aceh, which means that the international community is watching closely what the regional and central government do.

Next year, 2009, will be a particularly trying year because of two events: the end of the BRR and regional legislative elections that will include local parties for the first time. Because the potential for conflict remains higher in Aceh than anywhere else in Indonesia, USAID and other international actors need to continue to monitor the situation in Aceh closely.

Aceh should be both a participant in full range of programs in support of democratization and local governance we recommend for locations around the country as well as the beneficiary of unique programs tailored to its more specialized needs. Civil society, media, parties and the provincial government all offer opportunities for assistance. Civil society representatives with whom the team met demonstrated an impressive commitment to building a modern Aceh, but most of their funding is scheduled to be cut off next year with the end of the BRR. USAID can provide expert advice on drafting local laws, especially those related to the economy. The Acehnese government needs to be able to claim convincingly that it reflects the will of the people.

We recommend that USAID be proactive in seeking opportunities to assist the governments of Aceh and Indonesia to resolve specific differences that arise in the interpretation of local legislation by the central government and the interpretation of national legislation by the local government. This will require close monitoring by USAID of the ongoing policy dialogue between the two sides.

As elsewhere, USAID should also seek to encourage economic development in Aceh. Many Acehnese believe that the province has not grown rapidly enough since independence, largely

because of discriminatory policies from the center. So it surely would help solidify Aceh's reintegration into Indonesia if the local economy can grow more rapidly in the next decade or two. USAID economic growth programs could work with Acehese officials to help devise an economic strategy designed to maximize Aceh's comparative advantages.

Continued poor governance would undoubtedly slow economic recovery and hinder Acehese reintegration into Indonesian society, so good governance programs must continue to be a part of USAID's strategy.

D. ADDITIONAL ISSUES AND PRIORITIES

Civil Society

Most foreign funding in Indonesia, as discussed above, goes to government agencies, not civil society organizations. As the reform process has evolved in recent years, civil society organizations have received greatly reduced funds. Several members of the foreign donor community also stressed the continuing fragility of Indonesian civil society. In formulating its new strategy, USAID should keep this disparity in mind. Many people argue Indonesia still needs the support and criticism of NGOs. Assistance to civil society or "demand side" programming can complement a largely "supply side" strategy focused on governance and rule of law reform. Support for civil society is not an end in itself in this context, but a means to greater accountability, improved representation and better governance.

USAID should consider helping develop long-term strategies to deal with the problem of NGO sustainability. USAID should consider assistance with fundraising strategies, joint programming with other organizations, building the membership base, setting up accounting procedures, developing corps of volunteers and legacy programming. USAID needs to think carefully about how to end the dependence of civil society organizations on foreign donors, about the point at which Indonesian democracy may be said to have matured or become consolidated and no longer need assistance beyond normal society-to-society relations. Public-private partnerships, especially with Indonesian firms, may be particularly relevant to this programming area, both to leverage USAID funding and to demonstrate the value of such partnerships to other elements of the Indonesian private sector.

At the same time, at least in some cases, USAID should reconsider its apparent reluctance to provide institutional support for selected NGOs in particular subfields. While such support raises the danger of donor dependence, with all its associated disadvantages, in the right circumstances and with appropriate limitations it can help ensure the survival of a vibrant civic sector. If all funding is strictly project-based and narrowly focused, donors are driving the agenda; the availability of some broader, less project-specific funding can lessen the disadvantages of donor-driven projects and agendas and thus can increase genuine Indonesian ownership and sustainability. At the same time, USAID should also ensure that its concerns about competition for USAID project funds (including subgrants and subcontracts from USAID partners) and avoiding NGO donor dependence are not misinterpreted as a near ban on using civil society partners to implement USAID projects, a policy that some have suggested exists. Rather, as we argue elsewhere, USAID should directly encourage the development of analytical and policy capabilities within selected civil so-

ciety organizations and should encourage its implementing partners to take advantage of those civil society capabilities where and to the extent they exist.

Elections 2009

Although elections will likely continue to be of concern to USAID and the U.S. government, the team does not expect that elections per se will be a USAID priority in the future. Elections are now part of the normal politics of the country and Indonesian parties and legislators have good information about the advantages and disadvantages of different election systems and rules as well as a good sense of their own interests. Thus, elections may not merit the kind of international attention they have received in the past.

At the same time, as noted, there are real concerns about the KPU's ability to organize and conduct acceptable elections in 2009. USAID may consider providing technical assistance with election regulations and policy development.

As in the past, monitoring of the preparation of electoral laws and regulations, voter registration, campaigning, balloting, vote counting, and the resolution of election disputes helps to ensure that elections are competitive and meaningful. This, in turn, enhances the confidence of the public and contestants and increases the chances that all sides will accept the results. But support for civil society monitoring of technical issues as opposed to broad election day pollwatching should take priority. Verification of voter lists and vote tabulation, for example, continues to provide both an important check on fraud and, perhaps more important, a task around which to organize and build capacity. NGOs with technical knowledge about election administration and election systems have provided invaluable input into ongoing debates about the election system. Modest technical assistance in this area can still be justified.

More broadly, the rules of the game remain debated and the new legal framework for elections still has flaws and, according to many analysts, does not yet provide the necessary accountability and connections to constituencies to meet Indonesia's democratic needs. Accordingly, USAID and the U.S. government more generally should not step back from this debate entirely.

At the same time, greater stability in the rules of the game should itself be a goal. Modifying the existing system seems preferable to scrapping it altogether and adopting an entirely new one. Indonesian parties and the public need to have several electoral cycles to assess and adapt to any system they may have, and the country would benefit if the terms of the debate changed from the rules themselves to the merits of proposed policies, programs and parties.

USAID should probably continue to consider opportunities to provide legal and policy advice in this area. To ensure Indonesian ownership and the sustainability of the reform process, however, USAID must continue to do so in a way that supports reform entrepreneurs, supports the involvement of stakeholders through participatory processes, and takes account of political dynamics and incentives.

Civil Service Reform

USAID should be alert to opportunities to encourage meaningful civil service reform to improve government performance. Real reform of bureaucratic structures and human resource policies

may ultimately be required for significant, sustainable improvements in government performance. But this would require substantial political will and an effective political strategy, and the Assessment Team did not hear anything that suggests that the government of Indonesia is considering taking on such an issue at this time. Nevertheless, if requested, USAID might consider technical support for reform entrepreneurs, experiments or pilot projects in this area.

Human Capacity Development/Training/ Education

As noted, Indonesia is hamstrung by the absence of an organized approach to human capacity development, training and education. The education system is poor. Analytical skills are not well taught. In the longer term, educational development can make a profound contribution to the consolidation of democracy, and well-designed DG programs themselves can and should contribute to human capacity development.

Political Parties

Party representatives typically express appreciation for assistance they have received. Such party assistance programs generally address so-called technical issues. One DPR member lamented, however, that such programs do not address such important issues as decision-making, policy, transparency, reporting, evaluating performance, and indicators for recruiting.

A new focus on good governance and policy reform would probably not continue efforts to encourage internal party democracy or build party capacity, especially at the national level. Rather it would seek to involve parties in selected governance reform efforts. Such reform efforts might include a strategy for justice sector reform, as discussed above, or for decentralization, budget policy, the structure of legislative bodies, and election reform. In addition to engaging with parties at the national level on such issues as reform of the legal framework for decentralization, as recommended above, USAID might engage with parties at the district/ municipality level (or the provincial level, to the extent that provinces receive significant governance responsibilities in the new decentralization framework) in efforts to improve local governance and budget policy.

Any programs directed at or working with political parties need to focus on the second-level party elites, including younger and regional party leaders, in an effort to influence their thinking.

Political Finance

USAID should also consider engaging parties, along with experts, activists, the parliament and government officials, in efforts to address problems of campaign finance. More effective disclosure requirements could contribute to greater accountability for parties, although for this very reason it would likely be difficult to get parties to agree to such a focus. To date, Indonesian politicians have demonstrated little will to break the vicious circle of political finance. Until such initiatives are present, as discussed above, there is perhaps relatively little that USAID can do on the “supply” side of reform. However, USAID should support civil society and media efforts to monitor and reveal the extent of problems with political finance to the public to increase the demand for political finance reform.

Economic Growth

We discuss above the importance of economic development in supporting political development and democratic consolidation. This does not necessarily mean that DG programming must deal with economic issues or that DG and economic growth programming must be connected. It could just as well mean that USAID and other international donors should support economic development (e.g., by working with the Ministry of Finance and Bappenas) independently and for its own sake. To the extent such programs are successful, development will independently contribute to democratic stability by increasing the performance legitimacy of democratic government and also by reducing the welfare demands by voters on government. To spur economic growth, following the consensus view of economists, it is extremely important for the Indonesian government to improve the quality of education at all levels and to improve health care so that more Indonesians are able to participate fully in the modern economy.

At the same time, this analysis reinforces the importance of linking DG programs with those USAID education, economic growth and health programs that focus on local service delivery. For instance, USAID might prioritize economic growth, education and health service delivery programs to focus on model districts in which it is undertaking DG programs. This might also provide an independent incentive for districts to improve their governance.

Within the scope of democracy and governance programs, reducing corruption and strengthening the rule of law can contribute substantially to economic development and poverty reduction. Fears of corruption in the judicial sector discourage foreign and domestic investment in Indonesia. So anything USAID or other donors can do to reduce corruption within the courts and improve respect for the rule of law will encourage investment by reassuring investors about the security of their investments.

Papua

Papua remains the most impoverished and poorly governed part of Indonesia, at the same time that it is endowed with rich natural resources. Since 2002, special autonomy has vastly increased provincial and district budgets, with little to show so far in the way of improved human development indicators. Despite the positive precedent of Aceh, conditions in Papua are different and the central government to date has shown little political will to resolve outstanding issues, although this could change after the 2009 election cycle. Papua should be included as a part of other national democracy and governance programs, such as the integrated local governance program referred to above. In addition, if the central and local governments embark on a sincere effort to achieve a comprehensive resolution of outstanding issues in Papua, then USAID should be ready to provide additional democracy and governance assistance specially targeted at this region, as appropriate.

APPENDIX: INDIVIDUALS AND ORGANIZATIONS CONSULTED

Government and Independent Bodies

Sri Nuryanti, Member, General Elections Commission (KPU)
Rd. Siliwanti, Badan Perencanaan dan Pembangunan Nasional (the National Development Planning Agency, Bappenas)
Andi Mallarangeng, Presidential Spokesperson
I Made Suwandi, Ministry of Home Affairs
Haryono, Vice Chairman/Member, Corruption Eradication Commission (KPK)
Moch. Jasin, Vice Chairman/Member, Corruption Eradication Commission (KPK)
Robby Keupung, KPUD, Kabupaten Sikha, NTT
Eko Subowo, Director of Capacity Building and Performance Evaluation of Region, Ministry of Home Affairs

Legislature and Political Parties

Pramono Agung, Secretary General, Indonesian Democratic Party of Struggle (PDIP)
Budiman Sudjatmiko, Department of Youth and Students, Indonesian Democratic Party of Struggle (PDIP)
Alvin Lie, PAN, Member, DPR (Member, Commission VII; Member, DPR Study Team to Improve DPR Performance)
Siti Nurbaya Bakar, Secretary General, House of Regional Representatives (DPD)
Darul Siska, Golkar, Member, DPD (Member, Commission V; Head, DPR Study Team to Improve DPR Performance)
Nursanita Naution, PKS, Member, DPR (Member, Commission XI, Chair, BURT)
Marzuki Darusman, Golkar, Member, DPR (Member, Commission I)
Theo Sambuaga, Golkar, Member, DPR (Chairman, Commission I)
Eva Sundari, PDIP, Member DPR (Member, Tim Kinerja)
Andi Mallarangeng, Partai Demokrat
Mustani, Member, House of Regional Representatives (DPD)
Tursiana Setyohapsari, GolinHarris (Women's Party Activist)

Judiciary and Legal Profession

Jimly Asshiddiqie, Chief Justice, Constitutional Court
Dr. Rifyal Ka'bah, Justice, Supreme Court
Meissy Sabardiah, Consultant and Technical Assistant, Supreme Court
Hani Hasjim, Attorney General's Reform Team, Office of the Attorney General
Todung Mulya Lubis, Lubis, Santosa and Maulana Law Offices
Frans Winarta, Managing Partner, Frans Winarta and Partners, Attorneys and Counsellors at Law
Hamid Awaluddin, former Minister and former member, KPU
Abdul Rahman Saleh, former Attorney General; Yayasan Lembaga Bantuan Hukum Indonesia (LBH, Indonesian Legal Aid Foundation)
Fritz Edward Siregar, Justice Assistant, Constitutional Court
Fithriadi Muslim, Directorate of Law and Regulation, Pusat Pelaporan Dan Analisis Transaksi Keuangan (Indonesian Financial Transaction Reports and Analysis Center)

Civil Society, Policy Reform Organizations/Thinktanks, Human Rights Organizations, Universities and Media

Dewi Fortuna Anwar, Indonesian Institute of Sciences (LIPI)
Rizal Mallarangeng, Freedom Institute
Ramlan Surbakti, Advisor, Partnership/Governance Reform; former Deputy Chair, KPU
Didik Supriyanto, Director, Perludem
Topo Santoso, Deputy Director, Perludem; National Advisor, Legal/Judicial Reform, Partnership/Governance Reform in Indonesia
Rahmi Sosiawaty, Advocacy Program Manager, Perludem
Jeirry Sumampow, National Coordinator, Jaringan Pendidikan Pemilih Untuk Rakyat (JPPR)
Khoirul Anwar, Steering Group, Jaringan Pendidikan Pemilih Untuk Rakyat (JPPR)
Christofel Nalenan, Jaringan Pendidikan Pemilih Untuk Rakyat (JPPR)
Ade Syukron Hanas, Indonesian Center for Civic Education
A.H. Semendawai, Deputy Director, The Institute for Policy Research and Advocacy (Elsam)
Aria Suyudi, Pusat Studi Hukum & Kebijakan Indonesia (Indonesian Center for Law and Policy Studies, PSHK)
Eryanto Nugroho, Pusat Studi Hukum & Kebijakan Indonesia (Indonesian Center for Law and Policy Studies, PSHK)
Syafi'i Anwar, Executive Director, International Center for Islam and Pluralism
Farinia Fianto, Project Manager, International Center for Islam and Pluralism
Nana Siregar, Project Officer, International Center for Islam and Pluralism
Rustam Ibrahim, Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial (LP3ES)
Muhammad Husain, Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial (LP3ES), Advisor, Partnership/Governance Reform
Anies Baswedan, Indonesian Institute and Rector (President), Paramadina University
Rezki Sri Wibowo, Transparency International Indonesia
Budihardjo, Indonesia Procurement Watch
Teten Masduki, Indonesia Corruption Watch
A Patr M. Zen, Chairperson, Yayasan Lembaga Bantuan Hukum Indonesia (LBH, Indonesian Legal Aid Foundation)
Abdul Manan, Secretary General, The Alliance of Independent Journalists (AJI Indonesia)

Decentralization and Local Government

Alit Merthayasa, Executive Director, Yayasan Inovasi Pemerintahan Daerah (Center for Local Government Innovation, YIPD)
Jogjo Endi Rukmo, Yayasan Inovasi Pemerintahan Daerah (YIPD)
Blane Lewis, Senior Economist, World Bank, Decentralization Support Facility
Jana Ferdinandus Hertz, Decentralization Support Facility
Jeffrey Ong, Decentralization Working Group and Program Officer, CIDA

USAID Partners/Implementers

Gordon West, Chief of Party, RTI International/Democratic Reform Support Program

Andrew Thornley, RTI International/Democratic Reform Support Program

Diman Simanjuntak, RTI International/Democratic Reform Support Program

Judith Edstrom, Chief of Party/Director, RTI International/Local Government Support Program

Edith Johnson, Media Advisor, RTI International/ Local Government Support Program

Doug Ramage, Country Representative, The Asia Foundation

Robin Bush, Deputy Country Representative, The Asia Foundation

Sandra Hamid, Director, Aceh Programs, The Asia Foundation

Robert La Mont, Director, Justice Sector Reform Program, The Asia Foundation

Jeremy Gross, Manager, Election Program, The Asia Foundation

LeRoy Hollenbeck, Governance Advisor, Aceh

Eran Fraenkel, COP World Learning/RESPECT Program

Dianna Bowen, Resident Country Director, International Republican Institute

Johanna Kao, Regional Program Advisor, International Republican Institute

Adam Schmidt, Country Director, IFES

Mauricio Claudio Lopez-Rivera, Elections Advisor, IFES

Admira D. Salim, Program Officer, IFES

Anhar Jamal, Senior Project Coordinator, IFES

Paul Rowland, Country Director, National Democratic Institute

Stephanie Lynn, National Democratic Institute

Sue Dechow, College of Education, The Ohio State University

Steve Schmida, GDA Assessment Team

Mark Hankin, Solidarity Center

Other International Community

Scott Guggenheim, World Bank

Sidney Jones, International Crisis Group

Phil Whelan, Election Expert, UNDP (former Democracy International)

Alan Wall, Election Expert, Democracy International

Joseph Myers, Senior Counsel, International Monetary Fund

U.S. Government

Walter North, Mission Director, USAID

Robert Cunaane, Deputy Mission Director, USAID

Azza El Abd, Director, DDG, USAID

V. Kate Somvongsiri, Deputy Director, DDG, USAID

Dicky Dooradi, DDG, USAID

Isa Gartini, DDG, USAID

Restu Pratiwi, DDG, USAID

Zullia Saida, DDG, USAID

Yoke Sudarbo, DDG, USAID

Eric Kneedler, Political Officer, U.S. Embassy

Jason Singer, Director, MCC Threshold Program, USAID
Robert Strang, Resident Legal Advisor, Office of Overseas Prosecutorial Development,
Assistance and Training (OPDAT), U.S. Department of Justice
Gerald Heuett, Senior Law Enforcement Advisor, International Criminal Investigative
Training Assistance Program (ICITAP), U.S. Department of Justice
Jerry O'Brien, Senior Advisor, Global Development Alliance, USAID
Jeffrey M. Loree, U.S. Vice Consul, Surabaya
Ahmad Cholis Hamzah, Economic Assistant, U.S. Consulate General, Surabaya

Medan

Dadang Darmawan, Yayasan Kolektif,
Sean Stein, US Consulate in Medan,
Ridwan Rangkuty, Professor Political Science, Universitas Sumatera Utara,
Usman Hasibuan, DPRD, PAN
Erwin Pane, Muslim Institute

East Java

Arif Affandi, Vice Mayor of Surabaya and former editor of the Jawa Pos
Dahlan Iskan, Editor-in-Chief, Jawa Pos
Hotman Siahaan, Professor, Department of Sociology, Airlangga University
Soekarwo, Regional Secretary of East Java, candidate for governor of East Java
Irjen. Pol. Herman S. Sumawiredja, Chief of Police for East Java Province
Himawan Estu Bagijo, Komisi Pelayanan Publik and Legislative Drafting Consultant
Erna Susanti, General Coordinator, KPPD (Kelompok Perempuan Pro Demokrasi),
women's NGO
Athoillah, Indonesian Legal Aid Foundation, Surabaya branch
Sirmadji Tj. Mpd, Chair, DPD (Provincial Governing Board) East Java, PDIP
Jaafar Trikuswahyono, Chairman of the Board, PKS, East Java provincial branch
Arief Budiman, member of the KPU (General Election Commission), East Java Province
Jawa Pos Institut for Pro-Otonomi - Maksum, Executive Director; Dadan S. Suharmawijaya,
Research Executive; and Wawan Sobari, Researcher

Aceh

Vice Governor Muhammad Nazar, leader of SIRA, former student activist at Universitas
Syiah Kuala, Banda Aceh
Yusny Saby, Rektor (President) of Universitas Islam Negeri Ar-Raniry, Darussalam,
Banda Aceh
Partai Rakyat Aceh (group interview with about six leaders)
Bertrand May and Luc De Meester, GTZ, Aceh Local Governance Program
LSM representatives (20)
Muhammad Saleh, Editor-in-Chief, tabloid Modus, published in Banda Aceh; leader of new
political party
Leroy Hollenbeck
Harun Keuchik Lemik, Banda Aceh business person

Humam Hamid, Chairman, Aceh Recovery Forum, a university sociology lecturer, and candidate for governor in last year's election
Nur Djuli, GAM leader, Director, Aceh Peace-Reintegration Board

South Sulawesi

Zohra Andi Baso, Aflina Mustafaina, Walidah Rustam, and Haniyah, women's NGO representatives
Mappinawang, Chairman, South Sulawesi provincial KPUD
Khudri Arsyad and Mulyadi, South Sulawesi FIK ORNOP (NGO Communication and Information Forum)
Ghufron, Daeng Lebang, Asram, Lorenz, Karin, Muhammad Hatta, Lusi Parlindungan, Daeng Mantong, and Waridah, advocacy and legal aid NGO representatives
Sukriansyah S. Latief, editor-in-chief, *Fajar* daily newspaper
John Theodore Weohau and Petrarca Karetji, Support Office for Eastern Indonesia (SOFEI) – multidonor facility
Pastor I Nyoman Murah and two students, Intim Theological Academy
A. Baso Gani, chief of South Sulawesi Provincial Government Office of National Unity (Badan Kesatuan Bangsa, Bakesbang)
Tautoto TR, Erna, Rosmala Husain Lahade, and Hardi Sanusi, South Sulawesi Provincial Government Office of National Unity (Badan Kesatuan Bangsa, Bakesbang)
Arwan Tjahjadi, member of Makassar Municipal DPRD, PKPI (Indonesian Unity and Justice-Party) leader, and hotel owner
S. Ruslan, chief of South Sulawesi Provincial Planning Agency (Bappeda)
Hattah Fattah, lecturer, UMI (Universitas Muslim Indonesia, Indonesian Muslim University)
Ni'matullah, Soewarno Sudirman, Aerin Nizar, Ikra Idrus, Partai Demokrat provincial branch-leaders

East Kalimantan

Moch. Ardi, Vice Rector I, and Nasir, lecturer, UNIBA (Universitas Balikpapan, Balikpapan University)
Rivan Prahasya, STABIL (Sentra Program Pemberdayaan dan Kemitraan Lingkungan, Centre for Empowerment and Environmental Partnership Program)
Supriadi, JAMRUD (Jaringan Masyarakat Plural untuk Demokrasi, Plural Community Network for Democracy)
Sugito Wiratmoko, secretary of Balikpapan Municipal DPRD Budget Committee, and Golkar leader
Rudy Alfonso, Executive Director, ADEKSI (All-Indonesia Association of Municipal Assemblies), and Golkar national leadership board member
Sutrisno Supriantoro, Speaker of Salatiga Municipal DPRD and Golkar leader
Babai Suhaimi, Depok Municipal DPRD and Golkar leader
Afras Pattisahusiwa, Ambon Municipal DPRD and PPP leader
Fadli, Balikpapan Municipal Government, Assistant III (Finance and Administration)
Badrul Munir, editor-in-chief, *Kaltim Post* daily newspaper
Sarjono, chief of Balikpapan Municipal Education Office
Agung Sakti Pribadi, chair of Balikpapan Municipality branch of Partai Demokrat

Indriyati, Rusmono, Dwi, Luthfi, Satria Dharma, Senri Ali Said, Bambang Sujatmiko, Puji Astuti and Jhonny Laluyang, Balikpapan Municipality branch of Partai Demokrat
Sulaiman Gafur, chief of East Kalimantan Provincial Planning Agency (Bappeda)
Pilipus Gaing, secretary of Golkar provincial leadership board
Ibnu Nirwani, Assistant for Administration, and Tuparman, Assistant for Organization and Implementation, East Kalimantan Provincial Government
Ichwansyah, chief of East Kalimantan Provincial Investment Promotion Agency
Marwoto Soeto, chief of police for Samarinda Municipality
Agus Virgoandie and David, ethnic Chinese businessmen
Kahar Al-Bahri and Ade Fadli, mining and environmental NGO activists
James Tuwo, East Kalimantan Provincial DPRD member from Partai Demokrat

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov