

INDONESIA



WILDLY POPULAR: Activists protest the arrest of two anti-graft officials in November 2009. The anti-graft agency enjoys broad support from a public fed up with the country's endemic corruption. **REUTERS/CRACK PALINGGI**

The wildly popular anti-corruption agency counts on public support for survival as it takes on politicians, police, the presidency – and now the “judicial mafia”

Indonesia's graftbusters battle the establishment

BY KANUPRIYA KAPOOR AND RANDY FABI

INDONESIA'S GRAFTBUSTERS BATTLE THE ESTABLISHMENT

JAKARTA, NOVEMBER 17, 2013

Indonesia's Inspector General of Police had just withstood eight hours of interrogation on the night of Oct. 5, last year at the Jakarta headquarters of Indonesia's anti-corruption agency when a commotion erupted outside.

Investigators from the Corruption Eradication Commission, known by its Indonesian initials KPK, had accused Djoko Susilo of amassing land, cars, mansions and stacks of cash. His arrest was an unprecedented strike against a police force with a long-held reputation for graft in a country routinely ranked as among the most corrupt in the world. The counter punch came swiftly. At about 9 p.m. that night, dozens of policemen descended upon the KPK headquarters with one demand: hand over Novel Baswedan, 36, the celebrated investigator who had led the interrogation of Susilo.

But the police didn't reckon on a remarkable show of public support.

Hundreds of protesters, lawyers, activists and journalists soon arrived to barricade the entrance of the KPK building, summoned by text messages from an anonymous KPK official. After a three-hour standoff, the police squadron left. Susilo was sentenced to 10 years in prison on Sept. 3 and the state seized \$10.4 million of his assets.

It was a narrow escape for Baswedan, himself a former policeman and now lionized as "supercop" by Indonesian media, and once again, also for the anti-corruption agency. Since its establishment in 2002, the KPK has become, contrary to all expectations, a fiercely independent, resilient, popular and successful institution that is a constant thorn in the side of Indonesia's establishment.

Reuters spent six months examining the KPK and their campaign against corruption, gaining rare access to the agency and interviewing senior police officials, politicians, business leaders, members of Yudhoyono's inner circle and the president himself.



POLICING THE POLICE: Inspector General of Police was sentenced to 10 years in jail on Sept. 3 and \$10 million of his assets were seized. **REUTERS/BEAWIHARTA**

“The KPK's only friend is the public.

Dadang Trisasongko

Secretary general of the Indonesian chapter of Transparency International

The KPK has won guilty verdicts in all 236 cases it has fought. Its arrests of cabinet ministers, parliamentarians, central bankers, CEOs and even a former beauty queen have exposed how widespread and systemic corruption is in Indonesia. It has certainly made big ticket abuses of power far riskier in Indonesia.

But its success is becoming more costly. Reuters also found an overwhelmed and underfunded agency that faces mounting opposition from parliament, police and the presidency. The KPK's popularity has so far been its most effective buffer against such attacks, especially in the run-up to next year's parliamentary and presidential elections. Any attempt to eviscerate the commission would almost certainly cost votes.

"The KPK's only friend is the public," says Dadang Trisasongko, secretary general of the Indonesian chapter of global corruption watchdog Transparency International.

The international business community is watching this tussle closely. Executives surveyed in the World Economic Forum's Global Competitiveness Report 2011-12 said corruption remained "the most problematic factor for doing business" in Indonesia.

The World Bank has said corruption across the world costs \$1 trillion. No one has done a thorough study of the costs in Indonesia, the world's fourth-most populous country and one of the hottest emerging markets with an economic growth rate of 6 percent. The Anti-Corruption Studies Center at Gadjah Mada University in Yogyakarta put the losses to the state at \$1 billion over the past five years alone.

GECKO VS CROCODILE

The KPK has enemies because it is both powerful and effective. Over a third of the

agency's 385 arrests since its inception in 2002 have been of politicians. The KPK's powers are considerable: it can slap travel bans on suspects, go on asset-seizing sprees to collect evidence and - the secret behind many high-profile KPK arrests - wiretap conversations without a warrant.

But the KPK started small after its creation in 2002. Early targets were mainly mid-level officials, regional leaders and businessmen. That began to change when President Yudhoyono took office in 2004, vowing to deliver "shock therapy" to a graft-riddled system. The KPK moved quickly to prosecute several major graft cases, homing in on politicians.

In 2008, the agency ensnared the first member of Yudhoyono's inner circle: Aulia Pohan, a former deputy central bank governor whose daughter is married to the president's oldest son. Pohan was arrested with three other deputies after former central bank governor Burhanuddin Abdullah was convicted and jailed for five years for embezzling \$10 million. Pohan was sentenced to four years in prison on charges in the alleged embezzlement scheme, which according to the prosecution, aimed to bribe lawmakers to influence legislation affecting Bank Indonesia.

By the time Yudhoyono ran for re-election in 2009, the agency had expanded from a staff of 100 to nearly 400, with thousands more applying for jobs.

Among them was Novel Baswedan, who joined the agency in 2007 after 10 years with the national police, where he had specialized in corruption cases. Baswedan, the grandson of noted Indonesian freedom fighter and one of its first diplomats AR Baswedan, said he decided on a career in police work "in order to do good deeds." In his first case at the KPK in 2008, Baswedan nabbed the mayor of the Sumatran city of Medan for misuse of the city budget. The mayor, Abdillah, was given a five year prison sentence.

The agents were having a big impact and capturing the public imagination. For



SUPERCOP: Anti-graft investigator Novel Baswedan has been involved in so many successful corruption cases, he has been dubbed "supercop" in the Indonesian media. **REUTERS/ENNY NURAHENI**

the first time in years, Indonesia fared better on Transparency International's country rankings on corruption perception, leaping to 111th place from 133rd over five years. And that's when the KPK was thrown on the defensive.

Many of its agents came from the national police, which is also empowered to investigate corruption cases, but is itself riddled with corruption, Baswedan told Reuters in his first interview with the media. "There is a culture of corruption that is so entrenched that it happens everywhere in the police."

In 2009, the KPK began investigating a top police detective, Susno Duadji, for allegedly accepting a bribe. Djuadi famously mocked the agency for taking on the police: "How can a gecko hope to defeat a

crocodile?" The remark came back to haunt him. He is serving a three-and-a-half years jail sentence for corruption and abuse of power.

Five months later, police arrested two KPK commissioners for extortion and bribery. The charges were dropped after nationwide street protests and a Facebook campaign that gathered one million supporters. The KPK also released wiretap recordings of telephone conversations, which a court later determined showed police officials conspiring to undermine the KPK. The agency came under further pressure later that year when its chairman Antasari Azhar was arrested for masterminding the murder of a Jakarta businessman. Azhar, who plead innocent, is serving 18 years in prison. The Supreme Court denied his appeal.

Chandra Hamzah, one of the two

commissioners arrested in 2009 and now a lawyer in Jakarta, said that period was a defining moment for the KPK. "If the police had been successful in pushing us out then, the KPK would have crumbled. They came very close to doing that."

ACCOUNTABLE ONLY TO GOD

The KPK has continued to zero in on parliament and the police, the two most corrupt institutions in Indonesia, according to Transparency International. Over the past two years, the agency has also targeted senior politicians in Yudhoyono's Democratic Party.

Former sports minister Andi Mallarangeng – once a rising star in Indonesian politics – and party chairman Anas Urbaningrum have been declared suspects in a graft case involving construction of a sports stadium in Hambalang, West Java. The KPK accused the two of taking kickbacks during the tendering process. Mallarangeng was arrested in October on charges of abuse of authority and causing state losses. Urbaningrum has not been charged in the ongoing investigation. They both deny any wrongdoing in the case, which the Supreme Audit Agency in September estimated caused state losses of around \$41 million.

The party's former treasurer, Muhammad Nazaruddin, was sentenced to seven years in jail in January for accepting bribes linked to the construction of an athletes village for the Southeast Asia Games in Sumatra. Angelina Sondakh, a lawmaker for Yudhoyono's Democratic Party and a former Miss Indonesia, was sentenced in January to 4.5 years in prison for corruption and abuse of power in the same case.

Since then, KPK investigators have kept moving into Yudhoyono's inner circle.

In August, the chairman of Indonesia's energy regulator SKK Migas, Rudi Rubiandini was detained for questioning on suspicion of accepting a bribe after investigators said they caught him taking \$400,000

in cash and a BMW motorcycle from an oil company official. The KPK said he has not been officially charged and the investigation continues. The Anti-Corruption Court in November began hearing the case against the oil company official.

Yudhoyono now seldom speaks out in favor of the agency he once championed. A week after the father of his daughter-in-law was convicted of embezzlement in June 2009, Yudhoyono echoed other politicians who claimed the KPK had grown too powerful: he described it as "accountable only to God."

At his state of the nation address in August, delivered just three days after the KPK arrested the energy regulator, Yudhoyono gave corruption only a passing mention.

Presidential spokesman Julian Pasha told Reuters Yudhoyono's support for the KPK has never wavered. "The way of his thinking on the KPK is still the same. His commitment to support the KPK actually never changed."

In early October, the KPK went after what the government calls the "judicial mafia" – a nexus that links police, prosecutors, fixers and judges that purportedly puts a price on practically anything in the legal system. The agency shocked even Indonesians jaded by the country's epic corruption scandals by arresting Akil Mochtar, the chief justice of the Constitutional Court and seizing almost \$260,000 in cash. The KPK said the money came from bribes to rig a court ruling over a disputed local election. Mochtar has yet been officially charged, a KPK spokesman said.

The widening investigation, which has led to the arrest of a half-dozen other figures but no other judges so far, is likely to become an issue in next year's elections. The constitutional court was set up in 1999 after the long-ruling authoritarian president Suharto was toppled from power as part of reforms intended to free courts from political interference. Much of its work involves ruling on

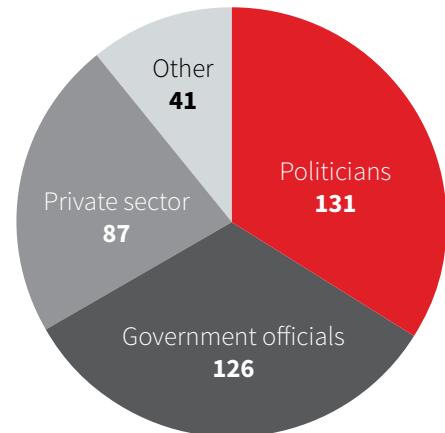
Caught in the act

The Corruption Eradication Commission (KPK) has arrested 385 individuals – mostly on bribery charges – since 2004.

NUMBER OF ARRESTS BY PROFESSION

As of August 31, 2013

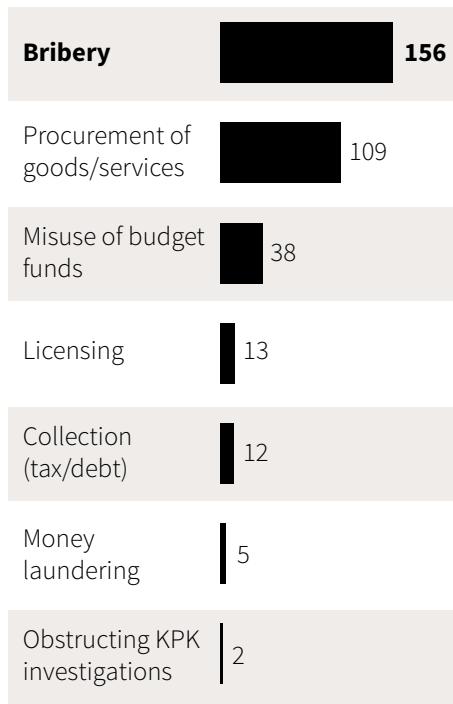
TOTAL = 385



NUMBER OF CASES BY OFFENCE*

As of August 31, 2013

TOTAL = 335



*Number of cases do not equal number of arrests as one case can have more than one defendant.

Source: KPK

disputed local elections. The landmark decentralization measures of 2001 gave significant powers to local politicians making the stakes in local elections much higher.

Yudhoyono told Reuters earlier this year corruption has proven harder to eradicate than he had thought. "I am still not satisfied," he said. "I am frustrated, I am angry, I am annoyed." He denied, however, that it had risen in his nearly nine years in office. In Transparency International's latest rankings, however, Indonesia has slipped back to 118th place, putting Southeast Asia's biggest economy alongside Egypt, Ecuador and Madagascar.

BUDGET INCREASE?

The KPK's 75 investigators must sift through thousands of public complaints each year to select the roughly 70 or so cases it can realistically pursue. The agency's mandate is to investigate cases of 1 billion rupiah (\$88,000) and above, so investigators choose the most high-profile corruption cases in the hope it will be enough to deter others.

Its high conviction rate might be the envy of its counterparts elsewhere in Asia, but it's only a drop in the bucket in Indonesia, where graft is simply part of the fabric of everyday life - from backhanders to traffic policemen to "facilitation payments" to get anything done in the country's bloated bureaucracy. The police and attorney general's office handle most of the routine graft cases.

The agency is hoping for a giant increase in its budget for an ambitious expansion into provinces, where government funds and international investment has soared under decentralization. This, however, depends on approval by Indonesia's politicians, who have been trying to curb the KPK's reach, not expand it.

"As it stands now, the KPK is a law unto itself," said lawmaker Desmond Mahesa, who has led calls in a parliamentary commission to better regulate the KPK and freeze its budget. "We have to tighten our grip and



ZERO TOLERANCE: President Susilo Bambang Yudhoyono's twice won elections vowing zero tolerance for corruption. But his country's global ranking on corruption perceptions has tumbled this year following high-profile scandals in his administration. **REUTERS/BEAWIHARTA**

keep an eye on them," he told Reuters.

Parliament has already tried to do this. In 2009, when the KPK was getting besieged by the police, Indonesia's Minister for Communication and Information Tifatul Sembiring proposed amending the country's anti-corruption legislation to limit the KPK's wire-tapping powers. The plan was shelved amid a public backlash.

"If not for public pressure, we would have gone ahead," says opposition lawmaker Eva Kusuma Sundari. Pro-KPK parliamentarians such as herself do exist, but are "in the minority," she adds.

Some 700 employees are shoe-horned into the eight-storey former bank building designed for half that number. Most of its windowless parking garage has been converted into office space. Outside, tucked between cargo containers used to store mountains of paperwork, are 12 holding cells for suspects considered a flight-risk. Current inmates include a former deputy central bank governor.

In 2008, the Ministry of Finance earmarked 225 billion rupiah (\$19.8 million)

to build a new KPK headquarters with space for up to 1,300 staff. Parliament stalled on approving it. To shame their politicians, Indonesians launched a fundraising campaign called "Coins for the KPK", led by a local NGO, Indonesia Corruption Watch. Civic groups and members of the public set up stalls across Jakarta and collected over \$36,000. They even received bags of bricks and cement. Parliament finally approved the allocation in October 2012.

KPK Commissioner Adnan Pandu Praja told Reuters he wants the agency's budget to be fixed at 0.5 percent of the national budget - similar to Hong Kong's Independent Commission Against Corruption on which the KPK is modeled - to avoid the annual tussles with lawmakers. Based on the 2013 national budget, that would mean nearly a 15-fold increase to 8.6 trillion rupiah (\$745 million) from its current 600 billion rupiah budget.

"LIKE HUSBAND AND WIFE"

While politicians have been mostly in the KPK's cross-hairs, its arrest last year of



MUTED PROTEST: A student protesting a crackdown on anti-corruption activists during a rally on Dec. 9, 2009.

REUTERS/BEAWIHARTA

Inspector General Djoko Susilo was significant: he was the first senior police officer to be arrested while on active duty. The KPK accused him of embezzling \$3 million in the purchase of driving simulators while he headed the National Police Traffic Corps.

His interrogation at KPK headquarters on October 5 of last year came amid renewed tensions between the agency and the police, who had earlier ordered the recall of more than a dozen officers on loan to the agency - including Novel Baswedan, Susilo's chief interrogator. Yudhoyono later ordered the national police to withdraw the recall orders.

To ensure their future independence, Baswedan and other seconded police have since left the force to become full-time

KPK staff. Baswedan says some former police colleagues regard him as a traitor.

He said was not surprised when police tried to arrest him at KPK headquarters while he was interrogating Susilo. "On that day, I was particularly anticipating a threat. (The charges related to a 2004 assault case in which Baswedan had already been cleared of any wrongdoing.) Of course, I was worried for my life," said Baswedan, the father of four girls ages 2-9. He and two other KPK agents said they have received death threats via SMS, but he declined to give further details.

The police downplay any rift. "We regard the KPK as one of our partners in law-enforcement," said Agus Rianto, deputy spokesperson for the national police. "We

are like husband and wife. Even spouses clash sometimes, don't they?"

Additional reporting by Manny Mogato in Manila and Viriya Paramita in Jakarta. Editing by Bill Tarrant and Andrew Marshall

FOR MORE INFORMATION

Randy Fabi, Chief Correspondent, Indonesia

randolph.fabi@thomsonreuters.com

Kanupriya Kapoor, Correspondent, Indonesia

kanupriya.kapoor@thomsonreuters.com

Bill Tarrant, Enterprise Editor

william.tarrant@thomsonreuters.com

Michael Williams, Global Enterprise Editor

michael.j.williams@thomsonreuters.com