

INDONESIAN – GERMAN TECHNICAL CO-OPERATION

Report on the Appraisal Mission

of the

Anti-corruption Clearing House in the Corruption Eradication Commission (KPK) Indonesia

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Abbreviations and Synonyms

3PK	Tiga Pilar Kemitraan (<i>Three Pillars of Partnership = govt., business & CS</i>)
AC	Anti-Corruption
AGO	Attorney General's Office
Bawasda	Bagian Pengawas Daerah (<i>Regional Inspectorate</i>)
BI	Central Bank of Indonesia
BPK	Badan Pemeriksa Keuangan (<i>Supreme Audit Board</i>)
BPKP	Badan Pengawasan Keuangan dan Pembangunan (<i>Financial Development and Supervisory Board</i>)
BPN	Badan Pertanahan Nasional (<i>National Land Agency</i>)
BTP	Bersih, Transparan dan Profesional (<i>clean, transparent and professional</i>)
CEC	Corruption Eradication Commission
CH	Clearing House
CSIS	Centre for Strategic and International Studies
CSR	Civil Service Reform ...
DIKYANMAS	Pendidikan dan Pelayanan Masyarakat (<i>Education and Public Services for the People</i>)
DUMAS	Pengaduan Masyarakat (<i>Public Complaint</i>)
GLG	Good Local Governance
ICW	Indonesian Corruption Watch
IPW	Indonesian Procurement Watch
INTRAC	Indonesian Financial Transaction Reports and Analysis Centre (<i>Pusat Pelaporan Dan Analisis Transaksi Keuangan - PPAATK</i>)
Itjen	Inspektorat Jenderal (<i>Inspectorate General</i>)
KADIN	Kamar Dagang dan Industri Indonesia (<i>Indonesian Chamber of Commerce and Industry</i>)
KPI	Key Performance Indicator
KPK	Komisi Pemberantasan Korupsi Republik Indonesia
KPKPN	Komisi Pemeriksaan Kekayaan Penyelenggaraan Negara (<i>Commission for the Appraisal of the Wealth of Government Executives</i>)
KPPU	Komisi Pengawas Persaingan Usaha (<i>Business Competition Supervisory Commission</i>)
KPU	Komisi Pemilihan Umum (<i>Indonesian Election Commission</i>)
LEI	Law Enforcement Institution
LHKPN	Laporan Harta Kekayaan Penyelenggara Negara (<i>Wealth Report of Public and Government Officials</i>)
LPND	Lembaga Pemerintah Non Departemen
MENPAN	Menteri Pendayagunaan Aparatur Negara (<i>Ministry of State Apparatus and Administrative Reform</i>)
MoU	Memorandum of Understanding
MTI	Masyarakat Transparansi Indonesia (<i>The Indonesian Society for Transparency</i>)
OTI	Organisasi Transformasi Internasional
PINDA	Direktorat Pengolahan Informasi dan Data (<i>Directorate of Information and Data Processing</i>)
POLDA	Kepolisian Daerah (<i>Regional Police</i>)
POLRI	Kepolisian Republik Indonesia (<i>National Police</i>)
PPATK	Pusat Pelaporan Dan Analisis Transaksi Keuangan (<i>Indonesian Financial Transaction Reports and Analysis Centre - INTRAC</i>)
RAN-PK	Rencana Aksi Nasional Pemberantasan Korupsi (<i>National Action Plan for Eradicating Corruption</i>)
SfGG	Support for Good Governance
SMKI	Sistem Manajemen Keamanan Informasi (<i>Security of Information Management System</i>)

SOP	Standard Operating Procedure
SPDP	Surat Perintah Dimulainya Penyidikan <i>(Letter Stating the Start of an Investigation)</i>
TGTPK	Tim Gabungan Pemberantasan Tindak Pidana Korupsi
TI	Transparency International
Tim Tastipikor	Tim Koordinasi Pemberantasan Tindak Pidana Korupsi <i>(Coordination Team for the Eradication of Corruption)</i>
TPK	Tindak Pidana Korupsi <i>(Eradication of Corruption)</i>
UNCAC	United Nations Convention against Corruption

1. Executive Summary

Even though the Indonesian Government has demonstrated a strong political will to fight corruption since the late 90s, **Indonesia** is still perceived as **one of the most corrupt countries worldwide**. The Corruption Perception Index (CPI) from Transparency International, for example, ranked Indonesia on position 137 out of 158 countries. In fact, corruption, collusion and nepotism (KKN) are widespread in all spheres of society and all sectors.

Root causes of corruption in Indonesia can be found in the era from the 60s up to the 90s, in which there was no separation between private interests and public affairs in the centralised state sector, and in which no system of checks and balances, and no accountability mechanisms existed. As a result, grand and small corruption have become a prevalent factor in day-to-day life, business and politics and have caused tremendous material damage to the state and the economy. Corruption has negatively affected economic growth, has impeded poverty reduction, and has blocked both social and environmental development. As a consequence, growth figures in Indonesia as well as the public confidence in the Indonesian state apparatus and the justice system are low and unemployment is very high, which in turn negatively affects the rights and job opportunities of Indonesian citizens.

Since the late 90s the Indonesian Government has demonstrated a **commitment to fight corruption**. Measures to combat corruption include the ratification of the *UN Convention against corruption* (UNCAC) in March 2006, the establishment of a special *Court of Corruption* in late 2004 and the *Corruption Eradication Commission* – CEC (Komisi Pemberantasan Korupsi, KPK) in December 2003. Both the court and KPK were set up through Law 30/2002. This law gives KPK a robust mandate.

Anti-corruption efforts in Indonesia are connected to the overall **governance reform**, which Indonesia strives to implement through the *National Action Plan for Eradication of Corruption 2004-2009* (RAN-PK) and the *Presidential Instructions 5/2004* (Inpres), the latter setting the frame for implementing the RAN-PK as an institutionalised coordination mechanism. The four components of the governance reform agenda, which were to a large extent pushed forward by civil society organisations are: i) Civil service reform; ii) security and police reform; iii) legal and judiciary reform; and iv) electoral and representation reform. Anti-corruption is crosscutting into the reform agenda.

A fundamental anti-corruption institution in Indonesia is the **Indonesian Corruption Eradication Commission (KPK)**, which commenced its work in late 2003. KPK is modelled on the Hong Kong *Independent Commission against Corruption* (ICAC) and enjoys full independency, even though it is a state agency and has its reporting obligations towards the President, the Parliament and the State Auditor. Its mandate and the relation to the two other anti-corruption law enforcement agencies – the Police and the Attorney General's Office (AGO) – are outlined in Law 30/2002. In general, corruption as a criminal offence is dealt with by the **other law enforcement agencies** (Police and AGO). However, KPK has in fact the **mandate of a police authority**. It can be characterized as a specialised agency with specific tasks and functions in the two areas of preventing and repressing corruption. In order to avoid conflicts in communication and cooperation among the three law enforcement agencies involved in anti-corruption, KPK has initiated bilateral *memoranda of understanding* (MoU) that strive to clarify the operational relations between the three agencies. However, there is not tripartite MoU yet between the Police, AGO and KPK. Since the Po-

lice and AGO are perceived to be heavily corrupt and since there are still uncertainties about the operational tasks of the three agencies – partly due to KPK's recent establishment and ongoing formation process – clear and strong operational arrangements between the three agencies are necessary.

KPK's core mandates and functions are **repression** (conduct, coordinate and supervise investigations and prosecution) and **prevention** (education, research and development, collection and dissemination of information, obtaining and follow-up of public complaints etc.). Additional functions, related to its repressive and preventive mandate, are **information management and data processing** as well as internal monitoring and public complaints. Furthermore, KPK is actively involved in the governance reform debate.

Since 2003, KPK has shown quite an **impressive performance** with respect to its **repressive mandate**. The Commission has conducted many coordination and supervision activities and has handled quite a large number of corruption cases. Up to 2005, for example, KPK undertook 31 pre-investigations and 19 investigations. 19 cases were then passed to the public prosecutor for prosecution. As at June 2006, the Special Court for Corruption Cases has already successfully tried ten of these cases.

With respect to its **preventive mandate** KPK has conducted many activities. During 2005, 9,070 wealth reports of public and government officials, which are registered and examined by KPK in order to reduce potential corrupt practices of public officers, were announced in the State Gazette. In addition, KPK was increasingly involved in governance reforms, has strengthened its cooperation network, and has raised public awareness on anti-corruption issues. However, **shortcomings** predominantly in the capacity of KPK to optimally effect its tasks and exercise authority need to be addressed during the coming years. KPK is confronted with **high expectations** of the general public to successfully combat corruption, with a strong focus on large scale corruption – big fish – but also on reducing petty corruption and increasing its prevention outreach towards civil society in particular.

The **planned project for assistance and combating corruption** aims to provide support to the preventive work of the KPK. It is based on the commitment of the German Government to provide Technical Assistance in combating and preventing corruption in Indonesia (Indonesian-German Government Negotiations on Development Cooperation of December 2005).

The **project proposal** focuses on support for the establishment of an **information and documentation centre (*Anti-corruption Clearing House*) in KPK**. Its goal is to build capacity for the analysis of the causes and effects of corruption, for public education work and for advising the government on preventive action with emphasis on supporting public administration and civil service reform. The project proposal was submitted by KPK to the German Embassy in April 2005. *Anti-corruption Clearing House* is thereby defined as "information / documentation centre or clearing house on corruption in Indonesia that will serve the information demand of the Indonesian public. Stakeholders involved in the project are government agencies, civil society groups, media, universities and individual and researchers." The proposal addresses three main tasks: i) Setting-up of a library / documentation centre on corruption; ii) designing, establishing and maintaining database; iii) dissemination of information.

From 15 May to 5 June 2006 an **appraisal mission** was sent to Indonesia. The mission held meetings with KPK management and staff at various levels, as well as with stake-

holders from government, donors and civil society in order to explore the proposal in depth in terms of its content and potential, analysing the situation pertaining to the proposal including the potential for cooperation with and among stakeholders, arriving at specific recommendations on the contents of the proposed project including its objectives and anticipated outputs, related indicators, location in KPK and resource considerations. The meetings were also necessary to accomplish the mission's additional task, which was to look how the proposed project could be best related to German Development Cooperation, where anti-corruption is an implicit outcome in contributions to good governance at various levels (e.g. *Support for Good Governance Project – SfGG*).

Parallel to the appraisal mission, an expert team worked on reviewing the compliance of Indonesian laws, regulations and activities for implementing the *UN Convention against corruption* (UNCAC). In addition, the UNODC project on Strengthening Judicial Integrity and Capacity concluded with a national conference (National Integrity Meeting).

Methodology: The mission considered the promotion of the *Anti-corruption Clearing House* in KPK as necessary for completing the strategic approach to establish and operate the mandate of KPK. The mission considered information management as being key to build capacity and improve effectiveness for prevention and repression of corruption. The proposed project is therefore expected to contribute to KPK's capacity to deal with big and prominent corruption cases as well as with petty corruption and to contribute to the enrichment of KPK's internal dialogue, the public perception and expectations vis-à-vis the actual performance of KPK.

The mission concluded (**results**) that KPK is a well mandated and resourced, politically secured and hence useful institution in the area of prevention and repression of corruption, that the expectations of the public in the institution are high, that anti-corruption has gained political prominence in Indonesia, and that KPK has shown considerable progress in establishing itself as a functioning institution and in bringing a number of spectacular corruption cases to justice. However, KPK needs to consolidate its internal structures and processes and its cooperation and communication with other stakeholders and further expand its capacities in order to meet its mandate (repression and prevention) as defined in the law.

Thus, the **overall objective** is: **Prevention and combating of corruption contribute to the Indonesian governance reform.**

The proposed **project objective** is: **The Anti-corruption Clearing House increases KPK's performance and effectiveness to combat corruption significantly.** This is achieved through expanding and utilising the professional capacity of KPK, strengthening its internal structure and processes and its abilities to communicate, cooperate and act with other anti-corruption stakeholders. The *Anti-corruption Clearing House* aims to improve the management of anti-corruption information and knowledge in KPK. It is directed to the public administration, the private sector civil society organisations and the general public and an answer to the recommendation of the Indonesian legal reform agenda, which advocates the need for an effective and transparent information system between government departments and external oversight commissions such as KPK, in order to establish an effective oversight system against corrupt practices and bad governance.

Support is suggested to be given in three different ways: i) the project supports KPK in developing sufficient capacity for **prevention outreach** through training of key operational personnel, evaluating success and failure of anti-corruption initiatives, processing and dis-

seminating good practices and fostering interaction with civil society; ii) the project supports the establishment of a well functioning information and **knowledge management** system, which is supposed to ensure the collection, analysis, processing and dissemination of data and information; iii) the project contributes to the improvement of internal structures and processes (**institutional capacity**), which aims to facilitate the horizontal and vertical communication and networking, establishing and coaching working teams and the introduction of elements of quality management.

All three elements need to be addressed and are therefore interdependent. Thus, the **outputs** of the *Anti-corruption Clearing House* are enhanced outreach of prevention, developed knowledge management and increased capacity in KPK. The Commission will be in a position to inform the general public and interact on anti-corruption practices, success and failure, case investigations and prosecutions, receive and process public complaints, interact with civil society organisations as well as with the Police, AGO, the private sector and international partners, which in turn will increase the performance of KPK (**use of outputs**). The increased performance of KPK will facilitate the Commission to produce more reliable information on corruption and anti-corruption issues, will lead to an increased number of cases being investigated and prosecuted, which in turn are expected to result in an increased number of the recovery of stolen money (**outcome**). This in turn, will have a deterrent effect for potential corruptors and potentially contribute to governance reform and to more “big fish” being brought to justice (**indirect / aggregate impact**).

In sum, the mission concluded that the core criteria of *effectiveness* and *efficiency* are met by the proposed project, that the project is of high *relevance*, *coherent* with national policies on anti-corruption, *significant* and a good opportunity for *sustainability* in terms of expected impacts. The ultimate target group of the project is the general public, benefiting from the expected contribution to the eradication of corruption in Indonesia. A phase of up to three years is recommended for the **implementation** of the project.

2. Project proposal

2.1 Background

Based on the agreement of the Indonesian-German Government Negotiations on Development Cooperation of December 2005, the German Government has committed Technical Assistance for assistance in preventing and combating corruption in Indonesia. Support is to be provided to the preventive work of the Corruption Eradication Commission – CEC (Komisi Pemberantasan Korupsi, KPK).¹

The project proposal for assistance in preventing and combating corruption focuses on support for the establishment of an information and documentation centre (*Anti-corruption Clearing House*) in KPK. The intention is to build capacity for the analysis of the causes and effects of corruption, for public education work, and for advising the government on preventive action with emphasis on supporting public administration or civil service reform respectively.

2.2 Context

KPK and the special *Court of Corruption* were established in December 2003 through Law 30/2002. This law defines the broad based mandate for KPK. It is related to earlier and subsequent anti-corruption laws and regulations, which include Law 28 of 1999 on the state organiser who is clean and free from corruption, collusion and nepotism, and Laws 31 of 1999 and 20 of 2001 on the eradication of criminal acts of corruption. With the *National Action Plan for Eradication of Corruption 2004-2009* (RAN-PK) and the *Presidential Instructions 5/2004* (Inpres), which sets the frame for implementing the RAN-PK as an institutionalised coordination mechanism, anti-corruption is connected to the overall Indonesian governance reform debate that was substantially promoted and advocated for by civil society organisations and resulted in incorporating the following four components in now ongoing initiatives of government:²

- i) Civil service reform
- ii) Security and police reform
- iii) Legal and judiciary reform
- iv) Electoral and representation reform.

Cross cutting into the reform agenda are anti-corruption and decentralisation. Addressed are also gender mainstream and the participation of marginalized groups in the reform process. KPK in collaboration with the other law enforcement agencies and as part of the coordinating mechanism of RAN-PK is entrusted with spearheading the repression and prevention of corruption.³

¹ Summary Record of the Indonesian – German Government Negotiations on Development Cooperation, Jakarta, 12 – 13 December 2005, P. 7, 3.2.3.4

² The Partnership for Governance Reform has been a key institution in bringing governance reform into the political debate and facilitating it into the mainstream.

Anti-corruption laws and regulations are described in chapter 3.3

³ According to a survey of Transparency International Indonesia of 2004, most people seem to agree that the leaders of Indonesia need to focus more on law enforcement. Even though full of scepticism, the majority choose KPK as the institution to be strengthened in combating corruption. Similarly, a survey done by KOM-PAS (daily newspaper) in 2005 found that KPK has the best public image of the government agencies.

2.3 Task and approach of appraisal mission

The mission was charged with exploring the proposal in depth in terms of its content and potential, analysing the situation pertaining to the proposal including the potential for cooperation with and among stakeholders, arriving at specific recommendations on the contents of the proposed project including its objectives and anticipated outputs, related indicators, location in KPK and resource considerations.⁴ The mission was also asked to look how best the proposed project could be related to German Development Cooperation, where anti-corruption is an implicit outcome in contributions to good governance at various levels. The *Support for Good Governance Project* (SfGG), which has an explicit focus on the civil service reform, addresses among others the promotion of integrity pacts and has developed the proposed *Administrative Procedure Act* in the State Ministry of Administrative Reform (MenPAN). Through MenPAN SfGG is also addressing the anti-corruption coordination mechanism of RAN-PK and the Presidential Instructions 5/2004. This particular involvement, the earlier promotion of an Indonesian anti-corruption strategy and the explicit focus on Pacts of Integrity⁵ makes SfGG a potential partner for KPK.

The mission worked with KPK from 15 May to 5 June 2006.⁶ It held meetings with KPK management and staff at various levels. It met with stakeholders from government, civil society organisations and the donor community. The focus of all meetings was on anti-corruption in the context of the Indonesian governance reform and on the capacity of the involved institutions with emphasis on supporting KPK and on synergy through promoting coordinated joint action. During a planning workshop on 1 June 2006 the recommendations and conclusions were presented to KPK and its partner organisations and the log-frame and anticipated impacts and project outline were developed. The mission also participated in the concluding conference of the UNODC project on Strengthening Judicial Integrity and Capacity (National Integrity Meeting), which was held on 16 and 17 May 2006. Extensive meeting notes were prepared for documenting and reviewing the mission's position throughout the appraisal and to arrive at a common understanding for the objectives and structure of the recommended project.

2.4 UNCAC compliance review mission

Parallel to the appraisal mission, an expert team worked on reviewing the compliance of Indonesian laws, regulations and activities for implementing the *UN Convention against Corruption* (UNCAC). This initiative was initiated through the Partnership for Governance Reform in Indonesia and the GTZ sector project "*Supporting the Implementation of the UN Convention against Corruption*".⁷

The compliance review or gap analysis is jointly funded by GTZ and the EU through the *Partnership for Governance Reform in Indonesia* (PGRI) and implemented through KPK. The outcome is expected to have a bearing on streamlining the Indonesian anti-corruption legislation, on the *National Action Plan for Eradication of Corruption* and finally, on anti-

⁴ Annex 2: TOR for the appraisal mission, 16 March 2006

⁵ The district of Solok in West Sumatra has become a show case for the development and implementation of an integrity pact, which addressed administration transparency including access to information for the public and the implementation of the principles of good governance. The SfGG initiative impacted on the expansion of pacts of integrity to other districts, supported through civil society organisations and KPK.

Ref.: www.menpan.go.id and www.gtzsfgg.or.id

⁶ Annex 1: Itinerary

⁷ BMZ funds this special project, which involves pilot activities in a number of countries and cooperation with the UNODC as a German contribution to encourage partner countries to ratify and implement the UNCAC. The outcome of the review mission will be presented in a separate report together with a compliance matrix.

corruption initiatives in the public and private sector. Additionally, the review would contribute to strengthening Indonesia's reputation. The proposed project for the KPK *Anti-corruption Clearing House* would explicitly contribute to the implementation of the provisions on preventive measures of chapter II, on criminalisation and law enforcement of chapter III and would also serve the provisions on international cooperation of chapter IV and asset recovery of chapter V of the Convention.

3. Situation analysis

3.1 The Anti-corruption clearing house

3.1.1 KPK's request for support

The project proposal on the *Anti-corruption Clearing House* submitted by KPK to the German Embassy in April 2005 implies a specific understanding. *Anti-corruption Clearing House* is defined as "information / documentation centre or clearing house on corruption in Indonesia that will serve the information demand of the Indonesian public. Stakeholders involved in the project are government agencies, civil society groups, media, universities and individual and researchers."

The project proposal addresses three tasks:

- i) Setting-up of a library/documentation centre on corruption;
- ii) Designing, establishing and maintaining data base;
- iii) Dissemination of information.

The rationale for the Clearing House was given as synergising anti-corruption knowledge in Indonesia. KPK expressed itself as the most appropriate institution since its mandate explicitly envisages information and knowledge management in the context of combating and preventing corruption.

3.1.2 Experiences with clearing houses elsewhere

Experiences with the establishment of information management in institutions that address anti-corruption and anti-corruption commissions in particular provide a more comprehensive definition: An anti-corruption clearing house not only refers to an institution that collects, processes and distributes information. It serves as an analytical, and in fact, intelligent information base with the aim to enhance access to information and to promote dialogue. Emphasis is on making best practices in the fight against corruption available to stakeholders and encouraging their active involvement in the debate on specific topics of corruption, providing information on legislation, sharing case studies on countries, sectors, government institutions and branches of the economy. Finally, clearing houses of this nature are facilitating learning sites in the own organisations of stakeholders.

Examples for complex web-based information clearing houses are Transparency International's Coris Web, the U4 Anti-corruption Resource Centre, the USAID Development Experience Clearing House or the Anti-corruption Gateway for Europe and Eurasia. Clearing houses also serve national anti-corruption commissions in the field of prevention with a focus on communication with government agencies and civil society organisations and also to coordinate inter-governmental functions in investigation and prosecution.⁸

⁸ Ref. U4 Help desk: Anti-corruption Observatoires and Clearing House, www.u4.no/helpdesk/helpdesk/queries/query87.cfm; Transparency International, www.corisweb.org; USAID, www.dec.usaid.gov; Anti-corruption Gateway for Europe and Eurasia, www.nobribes.org.

Anti-corruption clearing houses serve as tools and generally offer the following services:

- i) Documentation, tracking and identifying efforts that combat corruption in sectors, branches or institutions, assessing success and problems, documenting and trading best practices for practical work and for policy considerations in particular;
- ii) A library of links to institutions, initiatives, documents, media material and research institutions and results at national level as well as access to international knowledge;
- iii) Facilitation of discussion among practitioners, policy advisors and researchers to exchange knowledge and to consult on specific sector subjects such as corruption and public finance management, administrative reform, decentralisation, health and education but also on specific approaches towards country initiative for prevention and repression of corruption;
- iv) Facilitating training in anti-corruption know-how either online or on site and interactive dissemination of support through help desk facilities and dialogue.

3.1.3 Clearing house as interface between repression and prevention

We recommend KPK further develops its understanding of the term and nature of *Anti-corruption Clearing House*. Looking at the two core functions of KPK, which are *combating corruption* through investigation and prosecution and *preventing corruption* through awareness and broad based stakeholder collaboration we note that some elements that could be used for an *Anti-corruption Clearing House* structure are somewhat already in place. However, what is available in terms of know-how exchange in the internal communication process is limited in its content and is institutionally not yet operational. It will require efforts to establish all the contents of what KPK sees as clearing house, which is in fact the *interface between the two core functions*. This refers to the ongoing activities of KPK, which are set in its strategy and enterprise development planning with emphasis on information technology and active outreach to stakeholders and in its internal processes.

At the time of the appraisal a clearing house at KPK was not established. However, lots of information is generated at the level of work units within the directorates and at the deputy level of prevention itself, e.g. wealth report, public complaints, gratification. With the exception of the deputy of Public Education and Service, all prevention directorates have also repression functions, e.g. conduct pre-investigations and have gathered and gained experiences. That is however not yet utilized for prevention activities, such as educational programmes or socialisation of KPK staff in anti-corruption. In fact, with regard to the organizational structure, which is functionally defined by law, there is no clear and obvious distinction between prevention and repression within KPK. Only in terms of outreach and dissemination of information a clear distinction exists, probably due to the confidentiality of information and the cautious approach of KPK to handle information.

Clearing house in the context of the understanding of KPK and the mission means to contribute to prevention and repression. Key questions are:

- i) What lessons can be drawn from investigation into corruption and from prosecution cases for enhancing prevention and what are the lessons from prevention to be used for repression?
- ii) How could the interface between repression and prevention be supported by the proposed project? So far this interface is empty with regard to information. To our understanding this is one of the biggest deficits of KPK's outreach programme. This poses a real challenge for the proposed project.

A related, however, more information than dialogue based platform is the Southern African Internet Portal on Corruption (IPOC) of the Institute of Security Studies (ISS), www.ipocafrika.org.

- iii) Where to place the *Anti-corruption Clearing House* in a project and what would be the major requirements and hence tasks for development cooperation? According to KPK's *IT Blueprint*⁹ the clearing house is an IT application service of the Directorate of Information and Data Processing. Since IT is already present at all work units there is no additional physical IT-infrastructure necessary for the clearing house project right now. Still, an organisational structure with clear responsibilities is necessary for operating the clearing house. The clearing house is content-based and therefore, staff of prevention should head it. Implementation has to be in accordance with the policy and procedure for security of information, which might need to be extended to ensure that particular features of a clearing house can be covered, however, in the context of prevailing regulations.

3.2 Corruption in Indonesia

3.2.1 Dimension of corruption

Indonesia is still perceived as one of the most corrupt countries in the world. Corruption is evident at all levels of the public sector. In 2005 the Corruption Perception Index (CPI) of Transparency International for Indonesia was 2.2 (score) and Indonesia was ranked 137 among 158 countries.¹⁰ From 1998 to 2004 Indonesia had always been among the ten most corrupt countries in the world. The Global Integrity Report Indonesia stresses major deficiencies in certain spheres of governance and the law enforcement agencies in particular, which affects the efforts to combat corruption¹¹. Corruption, collusion and nepotism (KKN) severely affect economic growth, impede poverty reduction, and negatively impact on social and environmental development. Corruption reduces the ability of Indonesia to attract domestic and foreign investors, frustrates the implementation of the government's reform policies and hampers the efficient delivery of public services to the Indonesian people. Corruption brings about lower growth figures, higher unemployment and negatively impacts on public confidence in the Indonesian state apparatus, the justice system and ultimately in the legitimacy of public authority. Of concern is the relation between legal uncertainty and the investment climate. Controversial decisions undermine the rule of law and are deterrent to new investment in Indonesia. They also negatively impact on the rights of Indonesian citizens generally, and on their job opportunities in particular.¹²

3.2.2 Causes and effects of corruption

Root causes of corruption are state capture during the era up to the late nineties, no separation between public affairs and private interests in the state sector and – for many reasons of structural nature (e.g. culture, exploitation in resource rich sectors, development spree from foreign aid into big projects) – seek for private gain from official assignments by public officials. Grand and small corruption has become a factor in day-today life, business and politics. KKN is prevalent in all spheres of society and all sectors. Corruption thrives in an environment where there is no accountability and where there is impunity. The risk to be caught in a corrupt act is low and the gains from corrupt deals are high. Corruption became

⁹ Ref. Chapter 4.6.2. for a description of the IT Blueprint.

¹⁰ 13 surveys were used with a high to low range of 1.7 to 3.3. Transparency International, Corruption Perception Index 2005, www.transparency.org. CPI for 2003-2005: 1.9, 1.9, 2.2, 2.4 where any difference of >0.2 indicates significance change.

¹¹ Global Integrity Report Indonesia, 2004

¹² 14th meeting of the CGI, Jakarta, 19-20 January 2005

endemic under the kleptocratic “New Order Regime”.¹³ It was most probably the result of excessive centralisation of political power in the hands of few groups without any accountability towards the society. Checks and balances were non-existent.

The effects of corruption have in the end, in addition to the tremendous material damage to the state and the economy and the deprivation of the majority of the population from development, led to a complete loss of confidence in the state functions. The principal victims of corruption are the people, who had no voice until lately. The fact that about 80% of the development budget comes from taxes inspires people today to ask what the state is doing with this money. A new awareness on transparent and accountable transactions of government organisations and the demand for better services has fuelled the Indonesian anti-corruption movement, this also being an outcome of the sheer dimension of corruption.

3.3 Governance reform and anti-corruption policies

3.3.1 Institutional landscape in anti-corruption

National Action Plan for Eradicating Corruption 2004-2009

Since the late nineties the Indonesian top of government has stated its commitment to governance reform. The institutional settings for the four reform dimensions of civil service, security and police, legislation and judiciary and representation are to a large extent the outcome of an active dialogue between government and the broader civil society.¹⁴ In compliance with quite a comprehensive set of laws and regulations to fight corruption and in the context of creating the *National Action Plan for Eradication of Corruption* (RAN-PK) a large number of state agencies are entrusted with various roles and functions ranging from law enforcement to prevention and audit.¹⁵

The coordination mechanism for RAN-PK is established under Inpres 5/2004. It covers subjects such as wealth reports of public officials, performance contracts in the public service, audit in the public services, horizontal and vertical cooperation, integrity pacts and ethic standards, for which progress is to be reported by about 500 government institutions from central and regional level through a complex reporting system.¹⁶ The State Ministry of National Planning (BAPPENAS) was one of the core institutions in developing RAN-PK.

Reviewing the effectiveness of RAN-PK we may conclude that the indicators for measuring effectiveness and progress in actively combating corruption appear rather vague. The efforts to get all involved agencies into a harmonised approach may overburden the capacity of the State Ministry of Administrative Reform (MenPAN), which is charged with coordina-

¹³ Teten Masduki, *Eradicating Corruption: from Acceptance to Resistance*. In: *Fighting Corruption – From Aceh to Papua, 10 Stories on Combating Corruption in Indonesia*. Partnership for Governance Reform in Indonesia (ed.), 2006, p 206-223. Teten Masduki is chairperson of Indonesia Corruption Watch (ICW).

¹⁴ Sofie Arjon Schuette gives a comprehensive analysis of corruption in Indonesia and reflections on the recent anti-corruption drive, *Government Policies and Civil Society Initiatives against Corruption*, In: *Indonesia's Democratisation: Complexities of a Hybrid Regime*, Institute of Asian Studies, Hamburg, forthcoming

¹⁵ The Anti-Corruption Commission (KPK), The “Hunting-Team”, The Presidents Task Force on Anti-corruption (TIMTAS TIPIKOR), The Financial Intelligence Unit (PPATK), The special bureau for monitoring/investigating corruption cases in the State Ministry for SOE, The courts and prosecutors and here especially the Anti-corruption Court and the Attorney General's Office (AGO), The national police force (POLRI), The Inspectorate General's Offices at the Ministry of Finance, The regional inspectorates, The Supreme Audit Institution (BPK), The Komisi Ombudsman Nasional (KON), The State Ministry of National Planning (BAPPENAS), The State Ministry of Administrative Reform (MenPAN)

¹⁶ State Ministry of Administrative Reform, *Supervision Policy for Accelerated Corruption Eradication*, 23.05.2006

tion, monitoring and evaluation. It is premature to comment on the effectiveness of the co-ordination mechanism of RAN-PK. Yet, the development of the *National Action Plan for Eradication of Corruption* and the establishment of KPK and the *Anti-corruption Court* are expressions of strong political will to combat corruption. These measures are related to the changes in the election and representation system for the national, regional and local parliament level, which will result in improved transparency and accountability of government to the public. In addition to the other three reform programmes, viz. law enforcement a transparent representation system is the political key in the anti-corruption drive.

The Government's *Medium-term Development Plan (RPJM) 2004-2009* strives to promote good governance through combating corruption. This is reflected in the annual work plan for 2006, which has seven priority areas, among them as one priority the eradication of corruption, bureaucracy reform and law enforcement.

Discussions with MenPAN and also KPK revealed their interest under RAN-PK to aim at an improvement of the CPI from its 2005 low score of 2.2 to a comparatively solid position of 5.0 in 2010. Notwithstanding methodological issues of the surveys used to create the CPI questions to be raised are: What needs to be done and what the relevant stakeholders such as MenPAN, AGO, KPK, etc. and also the top political leaders have to do to secure a positive response and perception from the public? What is realistically achievable considering that corruption is deeply rooted in the public sector and the society? To what lower level of corruption Indonesia is in a position to commit? How is progress in combating corruption communicated with the purpose of involving stakeholders and the public and achieving a change of their perception?

All measures planned and initiated for implementation will not result in reducing corruption immediately but rather have prospects for medium and long-term impacts. The question whether Indonesia will improve the public perception that the state administration, not to mention the private sector, is less corrupt requires very intensive commitment and visible results. This not only refers to the number and dimension of corruption cases brought to court but, even more important, to significant improvements of the public service delivery system. Anti-corruption is no stand-alone issue but closely linked to effective governance reform.

Civil society

Civil society organisations (CSOs) are active in various areas of promoting good governance. The outreach to people and regions includes the mobilisation for transparency and accountability in budgeting and public service delivery. Prominent organisations that take lead roles are Indonesia Corruption Watch (ICW) and Indonesia Procurement Watch (IPW), Masyarakat Transparansi in Indonesia (MTI), Transparency International Indonesia (TII) and Partnership for Governance Reform in Indonesia (PGR). CSOs perform a kind of watchdog role against state institutions. Most of the prevention initiatives are implemented through CSOs. The approach is related to community mobilisation and their involvement in the process of promoting the access to information and transparent decision-making. The focus is on the facilitation of better participation and public voice in the budget discussion of local and regional representation and government organisations and on the modes, quantity and quality of public services. The aim is to broaden public participation and to put pressure on the public administration towards accountable governance.

CSOs are instrumental in the fight against corruption. They report most of the big corruption cases. They are dealing with public complaints against corrupt officials, which are then for-

warded to KPK. The capacities of CSOs in promoting codes of conduct, transparent government procedures and accountable decision making make them very prominent partners for KPK's prevention mandate.

In the private sector the *Indonesian Chamber of Commerce and Industry* (KADIN) address the issue. However, the focus of the private sector on anti-corruption is not very pronounced. It would be vital to also bring the legal and judicial reform forward, which is an essential condition for rule of law in business transactions to get the professional associations actively involved.

Donors and aid agencies

The donor community is contributing to anti-corruption by providing support to the governance reform. The dialogue between the *Consultative Group on Indonesia* (CGI) and the Indonesian Government has triggered change. The focus of donor support is among others on the justice sector reform, public finance management, public procurement and on the prevention of corruption.¹⁷ The inter-relation between initiatives by Indonesian institutions, which are supported by the donor community, is quite intense. To support the CGI a number of donor working groups, which also joined working groups where Indonesian institutions and donors meet, are active. The anti-corruption working group and the KPK subgroup address progress, constraints and solutions. Development agencies and Indonesian civil society organisations add to a wide array of anti-corruption activities at all governance levels. At the time of the appraisal we observe about 60 initiatives that are related to anti-corruption, either with a specific focus or on the broader context of governance reform.¹⁸

Most of these initiatives commenced in the year 2002 or later and are implemented within a period of about two years. Even though it is unlikely that significant impacts were secured, a change was initiated. It would be of great interest to know what are the lessons learnt, what worked well and what not. This would enable the core Indonesian institutions, which are mandated to directly combat corruption, i.e. KPK and the *Anti-corruption Court*, the Police and the *Attorney General's Office* (AGO) to adjust their approaches. Concept and project, testing and implementation and parallel to that evaluation for lessons learnt and securing good practices needs to be incorporated in the donor-partner dialogue. Experience needs to be drawn from the outcome of e.g. the UNODC supported initiative on the *Assessment of Justice Sector Integrity and Capacity in two Indonesian Provinces*, the *Integrity Pacts* conducted in West Sumatra or the reform agenda supported by PGRI in Yogyakarta.

Donors and the Indonesian government have the same understanding in terms of the root causes and effects of corruption and also on the need for combating corruption. Donors do not only focus on ring-fencing aid funds but also actively promote initiatives at various levels. This includes awareness campaigns, access to information and knowledge management. Donors also address the supply side of corruption, i.e. promoting integrity in their own organisations and ensuring high integrity standards. However, the cyclical nature of support implies the risk of a certain discontinuity in supporting the Indonesian anti-corruption agenda. We cannot expect short- or even medium-term change unless corruption is made a core issue in the governance reform drive and unless donors encourage and actively sup-

¹⁷ 15th CGI meeting, Jakarta, 14 June 2006, Draft Donor Position on Justice Sector and Anti-corruption Reform

¹⁸ The donor's view on KPK is positive. Ref. Donor Support for the Corruption Eradication Commission, Jakarta, 2 February 2006; Partnership for Governance Reform in Indonesia, Anti-KKN Donor Matrix, May 2006, www.kemitraan.or.id/projects.anticorruption.matrixdonor.php

port it. To this end KPK would also be in need of a medium and long-term cooperation with the donor community.

3.3.2 Legal framework

The Law on KPK (30/2002) gives this institution a wide ranging mandate. The implementation of the law calls for close cooperation with the Police and the AGO and others.¹⁹ In view of the established role of the police and the AGO also in terms of their practices and perception by the general public, the establishment of a new institution with the normative authority for active prosecution and prevention of corruption encounters quite some constraints. Indonesian law does not regulate the relationship between KPK, the Police and the AGO in a way that would be free from interpretation. In fact, the Police has the mandate to investigate and KPK and AGO are mandated to investigate and prosecute.

According to Law 30/2002 KPK has been entrusted with a leading role in combating corruption. In practice, however, the relations between the Police and the AGO are rather tight. The bilateral *memorandums of understanding* (MoU) between the three law enforcing agencies, which aim at clarifying the operational regulations and specify the procedures are a good step forward. However, so far there is no tripartite MoU between the Police, AGO and KPK. The AGO in particular is challenged to understand and agree on a practical implementation of the MoUs in a way that they are clear and free from any interpretation. Nonetheless, there is need to make the MoUs operational. Additionally, cooperation needs to be encouraged by the top decision makers. Since the Police and the AGO are perceived as heavily corrupt by the public and through evidence from investigations and media, reporting commitment in cooperating with KPK would also contribute in improving their performance and reputation.

Numerous laws and regulations address the institutions and organisations active in anti-corruption. The UNCAC compliance review gives a clear indication of what legislation is available, what is missing and what requires amendment and structuring for practical application. Together with the Judicial Commission and the Supreme Court KPK is partner in working on the judiciary reform.

The discussion on a complete revision of the Indonesian criminal code and the inclusion of corruption as a crime at all levels of government administration including the representative bodies is ongoing. What would be required in short-term are the approval of the *Freedom of Information Law* and the *Whistle Blowing Law*, both at present debated in the respective parliamentary sub-committees. In addition, the proposed *Administrative Procedure Act* in the State Ministry of Administrative Reforms needs to be approved for implementation to strengthen the preventive capacity in the state administration vis-à-vis the entitlements of the citizens. What is still missing are the *State Secrets and Intelligence Law*, which would regulate access to classified information and would be related to data protection in particular and the *Law for Reverse Burden of Proof* in the income and wealth asset declarations of public officials. The latter also refers to Article 20 of the UNCAC and is presently discussed in the context of revising the criminal code.

The intended revision of laws related to corruption and the creation of a comprehensive new criminal law is a rather medium-term task. It is embedded in the judicial sector reform

¹⁹ The Inspectorate General's Office in the Ministry of Finance is vested with the legal powers to investigate all ministry employees. Until end 2005 the investigation unit has undertaken 39 investigations, 35 were completed with 28 findings of guilt leading to sanctions against 67 persons.

and the reform of the law enforcement agencies.²⁰ We conclude that KPK has been mandated the central authority for enforcing repression and prevention of corruption. For the creation of a comprehensive new law it would be essential to include the lessons learned from the ongoing institutional and practical anti-corruption drive.

3.3.3 UN Convention against Corruption (UNCAC)

Indonesia has ratified the UNCAC in March 2006. The establishment of KPK and the Anti-corruption Court show full compliance with the provision for a *Preventive Anti-corruption Body or Bodies* (Article 6) and a *Specialised Authority in Combating Corruption through Law Enforcement* (Article 36). KPK combines these provisions in its two core mandates. The relation to the UNCAC gives the legislation on KPK and KPK itself a strong political and institutional position.

Many of the ongoing anti-corruption initiatives cover mandatory and obligatory provisions of the UNCAC chapter II *Preventive Measures*. In addition to establishing KPK this refers to the specific initiatives for implementing components of the governance reform, with emphasis in the civil service, the judiciary and the active participation of the society. Indonesian law complies with quite a number of specific mandatory UNCAC provisions in the area of *Criminalisation and Law Enforcement* (Chapter II). Addressed are certain types of corruption such as active and passive bribery, embezzlement, abuse of function, money laundering as corrupt act, obstructing of justice and also illicit enrichment (Article 20). The UNCAC provisions on illicit enrichment have a direct bearing on the wealth reports of public officials that are processed by KPK according to Article 13 of Law 30/2002 and Law 20/2001. UNCAC Article 20 addresses the burden of proof in the wealth declaration and evaluation process (reverse authentication law). This is quite a delicate issue in the present legal reform discussion and on KPK's work with respect to comparing wealth reports over a period of time and have them made public.²¹

Other compliance initiatives in discussion are related to witness protection, access to information and strengthening mutual legal assistance at the international level, aiming at the recovery of stolen assets. Indonesia is also involved in bilateral and multilateral regional activities, which are addressing negotiating extradition agreements with Singapore and cooperation agreements between KPK and the anti-corruption commissions of South Korea or Hong Kong. At the regional level Indonesia participates in the OECD-ADB Asia Pacific Anti-Corruption Initiative, which is a kind of cross-country peer-review on combating corruption.²²

We conclude that the many anti-corruption initiatives are embedded in a national reform agenda and also have quite a strong international commitment. Regardless of the need to amend the legislation with the aim to have a comprehensive criminal code established, which would address corruption as a specific crime, the many steps that have been implemented and are raised for debate show political will for combating corruption. Strong political commitment in turn is one of the conditions of success for KPK.

²⁰ Ref. Department of Law and Human Rights, Matrix of Implementation and Continuity of Legal Reform and Corruption Eradication, Draft by CGI for meeting 14 June 2006

²¹ Ref.; UNCAC Gap Analysis, Draft Report, June 2006

²² www.adb.org/documents/books/knowledge-commitment-action/knowledge-commitment.pdf

4. Institutional analysis – Corruption Eradication Commission (KPK)

4.1 Mandate

KPK commenced its work as the *Indonesian Corruption Eradication Commission* in December 2003. The mandate of KPK and the relation with the other two anti-corruption law enforcement agencies, the Police (POLRI) and the Attorney General's Office (AGO), and also with the *Anti-corruption Court* are outlined in Law 30/2002. The institutional structure gives KPK wide reaching authority. KPK is more or less modelled according to the Hong Kong *Independent Commission against Corruption* (ICAC), which is considered a success. The model has yet to be proven a success for Indonesia. The conditions under which both commissions work are fundamentally different. Nevertheless, the Indonesian anti-corruption drive is embedded in a broad based reform process, where from the President strong signals were sent to the society at large and where these signals have resulted in a commendable set of formal institutional initiatives and practical activities. Notwithstanding the question whether a revised criminal code as one of the intended outcomes of the ongoing legal reform process would result in re-establishing the Police and the AGO as the mandated institutions in anti-corruption, the mission concludes that Indonesia needs a specialised corruption eradication commission. The dimension of corruption in the public administration and the justice system in particular²³ calls for a front-up approach by an independent institution.

In view of its independence from the executive and its reporting obligations towards the President, Parliament and the State Auditor good conditions for the operations of KPK were created.²⁴ Yet, a comparison of all success factors for effective anti-corruption through KPK vis-à-vis the quality of governance that prevails raises some doubts. Since the prevalence of corruption in Indonesia is very high and the quality of governance is ranked between poor to fair one could argue that an anti-corruption commission may not find the institutional environment it needs for success. On the other hand we see a broad public demand for reform and KPK contributes to positively respond to that demand. In this context we share a more optimistic view.²⁵

Up to mid 2006 KPK has achieved quite some progress that was acknowledged by government and civil society in terms of its repressive and preventive mandate, not to mention its active involvement in the governance reform debate. After two years of operation KPK is challenged with the tasks to consolidate and further expand its capacities according to its mandate, form its internal structure with emphasis on human resources, information technology, outreach and coordination. At the same time the commission has to meet the expectation of government, civil society, the broader public and the donor community. KPK sees itself as trigger for anti-corruption. However, the question is: Can KPK become also a driver in a broad based anti-corruption approach and can it contribute significantly to institutionalise anti-corruption in the state sector?

Preventing and combating corruption is spread among a number of government agencies. Their mandates are defined in either laws or decrees. They cover diverse issues, which

²³ UNODC, Assessment of Justice Sector Integrity and Capacity in two Indonesian Provinces, Technical Assessment Report, March 2006

²⁴ KPK is a combination of a universal and a parliamentary model for anti-corruption commissions. It has also due to its symbiotic relations to the Police and the AGO facets of a multi-agency model. Ref. U4 Help desk: Anti-corruption Clearing House, www.u4.no/helpdesk/queries/query87.cfm

²⁵ Ref. J.R. Heilbrunn, Anti-corruption Commissions, Panacea or real Medicine to fight Corruption? WBI 2004

range from active combating, prevention and auditing to coordination and creating general public awareness. The institutionalised mandate to combat corruption through the Police, the Attorney General's Office and KPK underlines that corruption as a criminal offence is dealt with by the two established law enforcement agencies. Additionally, KPK comes in as a specialised agency. In fact, KPK is kind of a police authority with specific tasks and functions.

The KPK core mandates and functions as defined in Law 30/2003 are:

- i) Repression²⁶: Conduct, coordinate and supervise investigations and prosecution;
- ii) Prevention²⁷: Education, research and development, collection and dissemination of information, compilation and audit of wealth reports of public officials, obtaining and follow-up of public complaints.

Related to repression and prevention, additional or service functions are:

- iii) Information management and data processing;
- iv) Internal monitoring and public complaints.

Law 30/2002 defines the organisational structure of KPK in detail.²⁸ Accordingly five commissioners act collectively as the leaders of KPK and four deputies with twelve directorates are performing their tasks and authority. However, the two core functions and the organisational structure do not seem to match in a way that a clear distinction is made between which service function is related to which of the two core functions. Since the tasks of information management and data processing as well as internal monitoring and public complaints relate to both, prevention and repression, clear working arrangements and formal relations in communication at horizontal and vertical level are necessary requirements. KPK is still in the process of establishing its internal structures and processes. We conclude and recommend that this is an area where support through the proposed project is needed.

4.2 Institutional relations

4.2.1 Law enforcement agencies

Conflicts in communication and cooperation among the three core agencies involved in anti-corruption, i.e. KPK, the Police and the AGO, arise predominantly from unclear understanding of their mandates and how it should be implemented into active collaboration and action. Arriving at very precise operational procedures that leave no room for interpretation requires a clarified and agreed upon process as well as a tested application procedure. To facilitate practical cooperation KPK has initiated MoUs with the AGO, the Police and government organisations that aim at detailing what tasks are to be performed in terms of content, quality and time by the respective partners.²⁹ The outcome would be very precise

²⁶ Repression is the commonly used term for all activities that include receiving information on corruption cases, initiating and implementing investigation, prosecution and final court verdict. Procedures are governed by respective Indonesian laws.

²⁷ Repression and prevention are to be distinguished as follows: Active prevention: measures that include integrity standards, clear and comprehensive regulations, tight laws etc. aiming at increasing the risk to be caught in a corrupt act; Passive prevention: the chain from investigation to prosecution and verdict.

²⁸ The Organisational structure reflects the provisions of Law 30/2002 in a way that they are implemented 1:1, which may restrict KPK's own opportunity to interpret the law according to its mandate.

²⁹ MoU with Police, AGO, National Forces (TNI), Governors of 32 Provinces, PPATK, Taxation Office, Inspectorate general of Department of Finance, MenPAN, KPPU, BKP, Ministry of Information and Communication, Jawa Pos group (news papers), labour unions of state owned corporations, telecommunications providers and also bilateral MoUs with law enforcement institutions in Singapore, Malaysia, Brunei, PR China, Hong Kong and South Korea

and non-debatable standard operational procedures. KPK liaison officers are to be placed in each government institution with which a MoU is signed. Currently KPK has six liaison officers at the taxation office, the Inspectorate General's Office, the Office of the Ministry of Finance and the Financial Intelligence Unit (PPATK). Others will be placed at the Police and the AGO.

Ambiguous messages from the Police, the AGO and from institutions that have a stake in the governance reform process are considered risk factors against which KPK has to stand with increasing its performance in terms of prosecution and prevention. The criminal law, once revised may pass the respective authority for active prosecution of corruption back to the AGO and the Police. Coordination bodies for the National Action Plan for Eradicating Corruption may look at KPK as a transitional institution. Contrary to such perception we conclude that the dimension of corruption in Indonesia requires an even stronger operational set-up, which also needs to address the decentralised government structure.

4.2.2 Civil society

Cooperation and building partnership with civil society organisations are essential for broad based involvement of the general public. We observe reservations on the side of KPK to partner with civil society organisations. On the other side KPK has to recognise that it is watched and judged according to governance principles applied in its own operations and according to its performance in bringing large corruption cases to justice. Yet there is good potential for synergy through linking up with civil society including research institutions and private sector organisations. The present reform drive and the public move for better delivery of public services and for transparent and accountable governance are factors that are not yet fully utilised by KPK and the civil society organisations.

4.3 Capacity and performance

KPK was established on 29 December 2003 and was formed under Law No. 30 of 2002.³⁰ Even though it is a state agency, it disposes of full independency while performing its duties and authority. Article 21 of Law 30/2002, implemented by decision No.7 of 2004 of the KPK Commissioners, sets out the organisational structure of KPK. The agency is composed of five commissioners³¹, one Advisory Team (composed of four individuals) and five Deputies, including the Deputy of Prevention and the one of Repression. The operation arrangements follow precisely the provisions of Law 30/2002, which is considered essential for the institutional standing, however, may lead to a lack of a creativity in designing or forming arrangements for internal organisation in a changing institutional environment and external communication with other stakeholders.

Since commencing operation in late 2003 KPK has conducted a number of activities including the development of its human resource base. This was a necessary step in order to ensure that KPK was in a position to employ qualified personnel, embark on a programme for

³⁰ This chapter summarises KPK's Annual Report 2005, February 2006 and takes note of information received during the appraisal.

³¹ The commissioners got elected in late December 2003 by Parliament and appointed by the President. The current commissioners are: Taufiequrachman Ruki (former Inspector General of Police), Erry Riyana Hardjapamekas (former President Director of PT Timah), Sjahruddin Rasul (former Deputy for Accountability at the Finance and Development Control Board/BPKP), Tumpak Panggabean (former Secretary to the Deputy Attorney General for Special Crimes), and Amien Sunaryadi (former manager at Pricewater House Coopers and auditor with the Finance and Development Control Board/BPKP).

training and the creation of institutional identity and to ensure early performance of its duties. The agency, for instance, established an appropriate remuneration system, which requires salary levels to be competitive with other institutions so as to avoid key staff members being enticed to leave the KPK. The recruitment process of new staff is based on a thorough assessment of professional and personal integrity. In addition, KPK aims to achieve performance-based management by using methods such as employee codes of ethics, job analyses and the development of an employee performance monitoring system. The human resource management approach of KPK is based on Regulation No. 63 of 2005 on the Human Resources Management of the Indonesian Government, which serves as the basis for recruitment and selection, training and development, performance management and compensation.

Since KPK emphasized that it was impossible to optimally conduct its duties and authorities with originally 150 employees, it recruited 183 new staff (KPK received over 14,000 applications for these positions) in the year 2005 as well as a team of experts on top of this recruitment drive. Employee capacity building was done by, amongst others, forensic computer training initiatives in February and March 2005 and internal communication network system trainings in Singapore.

During the fiscal year 2005, KPK received funding from state budgets amounting to 170 Billion Rupees (Rp.). As at 31 December 2005, KPK spent in total Rp. 52,28 Billion. From 2003 to 2005 KPK received grants amounting to Rp. 28,5 Billion, including one grant for human resources capacity building (USD 350,000).

Since commencing operation in late 2003 KPK has shown quite an impressive performance. With respect to its repressive mandate, this includes coordination activities, supervision activities and the handling of corruption cases. Art. 7 of Law No. 30/2002 provides for KPK to coordinate activities of institutions charged with combating corruption. In 2005 alone, KPK received 595 notices of investigation, of which 118 came from the Police and 477 from the Public Prosecution. Consequently, subsequent meetings were held between KPK Commissioners, investigators, public prosecutors and auditors of the National Police, the Attorney General's Office and others. Coordination is also performed by passing complaints received from the general public and from civil society organisations (public complaints) to the relevant institutions. In 2005, KPK conducted 29 coordinating activities together with the regional police, the High Prosecution Office, BPK and BPKP (Financial Development and Supervisory Board) in 22 provinces.

According to Art. 8 of Law No. 30/2002, KPK is authorised to supervise, i.e. to control, review and analyse, investigations and prosecutions of corruption cases done by the police and the public prosecution office. KPK differs between general and special supervision. General supervision, i.e. the supervision of corruption cases dealt with by the police and the office of the Attorney General, is carried out at the same time as coordination activities. Special supervision is the control, review and analysis of corruption cases at the request of the Police or the Attorney General and/or based on KPK's own initiative if the Commissioners consider special supervision for certain cases necessary. Special supervision was conducted in at least eleven cases during 2005.

The strong repressive mandate permits KPK to conduct pre-investigations, full fledged investigations and prosecution activities. Up to 2005 31 pre-investigations and 19 investigations were conducted and 19 cases were then passed to the public prosecutor for prosecution. As at June 2006, the Special Court for Corruption Cases, which was established as a

separate chamber of the South Jakarta District Court in late 2004, has already successfully tried ten of these cases.³²

It was mentioned that KPK's repressive activities also include the authorisation to receive and hand over public complaints about corruption cases. From 2003 to mid 2006 KPK received more than 11,000 public complaints. Not all addressed acts of corruption but gave in many cases rather general information on definite and perceived misconduct of public officials and citizens. In order to optimally deal with these complaints a public complaint's information verification team was established in March 2005. This team is charged with the preliminary verification of complaints, with feed-back to the complainants and also with consulting and assisting the general public aiming at increasing the quality of the complaint's as well as providing information for members of society about their complaints. Out of 5,546 complaints that had been reviewed in 2005, about 2,000 had been followed up whereas 3,571 were not admissible for reasons of poor evidence or information that was not relevant. Out of the 2,000 complaints in turn, about 750 were sent back to the person that reported for additional information, 1,229 were transferred to the Attorney General, the national police, audit institutions and other government departments.

KPK has also conducted many activities with regard to its preventive mandate. One of these activities is to register and examine the wealth reports of public and government officials (LHKPN) in order to reduce potential corrupt practices of public officers. During 2005 a total of 9.070 LHKPN were announced in the State Gazette, special audit was performed for four LHKPN, physical observation and data verification for 21 LHKPN, and in one case a special audit was conducted. Since many of the LHKPN had to be returned because they were incomplete, KPK held 53 technical guidance trainings for filling the LHKPN form.

KPK became also increasingly involved in governance reforms. It has conducted, for instance, several studies on the administration management in state and government institutions, e.g. a study on the National Land Board's administration of the management in the Land Administration Office in the Region South Jakarta or studies that are supposed to contribute to increasing effectiveness of corruption eradication policies, e.g. investigating international and domestic best practices of local parliaments. Moreover, KPK is actively involved in the development of the *National Action Plan for Eradicating Corruption* (RAN-PK) that serves as the basis for the implementation of the *United Nations Convention against Corruption* (UNCAC). It is also engaged in the Coordination Monitoring and Evaluation Team that was established to guarantee the successful implementation of the presidential Inpres No. 5 of 2004, which aims to accelerate the eradication of corruption.

Moreover, KPK has initiated significant steps to strengthen its cooperation network. This includes cooperation in exchange of information and technical support for repression activities with the police, the Attorney General's Office, BKP or BPKP as well as cooperation with the Ministry of Administrative Reform (MenPAN), in order to promote prevention activities through the implementation of good governance.

In order to establish public awareness on anti-corruption issues, KPK has been accomplishing educational activities. They include an anti-corruption campaign through posters, media prints or banners, efforts to increase society awareness about anti-corruption through

³² See Sofie Arjon Schuette, Government Policies and Civil Society Initiatives against Corruption, Paper submitted to Institute of Asian Studies, Hamburg, to be published in forthcoming book *Indonesia's Democratization: Complexities of a Hybrid Regime*, June 2006, P. 12.

newspapers, magazines, television and radio as well as the introduction of anti-corruption issues in education.

Besides the impressive activities KPK has accomplished during the last years, there are, however, shortcomings, predominantly in the capacity of KPK to optimally effect its tasks and exercise its authority. The fast process of growth in the initial two years, too little staff as well as the comparatively slow and demanding process of establishing technical expertise in the fields of investigation need to be addressed during the coming years. Altogether, the high expectations of the general public need to be carefully acknowledged through performance (big fish) and, as important, through good cooperation with all stakeholders. KPK is yet challenged to maintain its lead role in combating corruption and also in contributing to governance reform.

4.4 Support from donors

KPK has developed an approach towards donors through an open and transparent dialogue. The aim is to maximise the effectiveness of donor support and to create positive competition among them based on transparency and information sharing.³³ This reflects quite a realistic approach to donor cooperation and coordination in support of anti-corruption efforts. It also takes into account the diversity of donors and recognises that different donors may have different missions, strategies and goals. KPK cooperates with a number of donors and aid agencies. The support required for consolidating and further developing KPK's capacity with emphasis on improving the formal cooperation with e.g. the Police and the AGO and networking in the context of the judicial reform agenda and also with civil society organisations and decentralised government is quite specific and appears to be well designed by KPK as a selective approach towards donors and aid agencies.

There is no lead agency among the donors and it would be wise to ensure that all support is integrated into KPK's structures and that the dialogue with donors is facilitated by KPK. Such an approach would be in line with e.g. the provisions of the Paris Declaration and also the principles of the OECD DAC-Govnet of joint donor action in anti-corruption, which have a strong focus on local ownership.³⁴ The proposed *Anti-corruption Clearing House* project would fit well into KPK's strategy for obtaining support through development cooperation in a very specific way. KPK appears to be quite well aware of GTZ's comparative advantage in capacity development in the context of governance reform.

From 2004 to date KPK has received eight smaller to medium sized support packages from a number of donors, either as direct and bilateral contribution or as part of packages for a number of different government institutions. Direct bilateral support in cash or / and kind / expertise was received from Danida, JICA, USAID, AUSAID, Asia Foundation, Korean Anti-Corruption Commission, France, BMZ-GTZ and the World Bank. The European Commission, the ADB and the Netherlands have channelled support through the trust and basket

³³ Dynamics of Donor Support and Aid to KPK, February 2006; KPK stresses the value of an independent, multi-stakeholder body to oversee and coordinate anti-corruption work in Indonesia, which includes the dialogue with donors. Ref. also: Amien Sunaryadi, Donor support for anti-corruption efforts: The Indonesian perspective. In: Knowledge Commitment Action against Corruption in Asia and the Pacific, www.adb.org/documents/books/knowledge-commitment-action/knowledge-commitment.pdf, April 2006

³⁴ The DAC Govnet Principles on Joint Donor Action in Anti-corruption are kind of a commitment for common and coordinated action. The principles which read as follows are embedded in a broader explanatory context: 1. *We will collectively foster, follow and fit into the local vision.* 2. *We will acknowledge and respond to the supply side of corruption.* 3. *Policy should be based on evidence.* OECD-DAC Network on Governance (GOVNET), Draft Anti-corruption Principles, September 2005.

fund of the Partnership for Governance Reform (PGRI). Other Donors like DFID, SIDA, the World Bank, ADB, and the European Commission had made funding available to e.g. the State Ministry of National Planning (BAPPENAS), the Ministry of Finance and others to facilitate reform in public financial management and the judicial sector. KPK's involvement was through the cooperation in the context of the *National Action Plan for Eradication of Corruption 2004-2009* (RAN-PK).

During the establishment phase of KPK donors addressed and supported areas such as training of staff in assessing corruption and investigation, processing of public official's wealth declarations, human resources development, international cooperation (UNCAC) and IT-equipment. Package support in cooperation with other Indonesian institutions included the strengthening of state audit institutions and the support for legal institutions.

The matrix on donor support in anti-corruption developed and updated by PGRI provides a comprehensive overview on the intensity of donor's involvement with a large number of institutions, one of which is KPK.³⁵ Though anti-corruption measures appear to be at the core, it is in fact governance support that is addressed under multi- and bilateral development cooperation. From late 2002 to mid 2006 donors have addressed a total of about 60 initiatives, predominantly in various areas of the national governance reform agenda. Most of them strive for at least an indirect impact on corruption. However, most initiatives are of short-term duration of not more than two years. A continuity of donor support in terms of a harmonised and aligned approach is, however, reflected at the level of the Consultative Group on Indonesia. It is noteworthy that the governance reform agenda serves as frame for all anti-corruption support.

The general public and also the donor community are appreciating KPK's performance. This refers to the speed and quality of establishing KPK as a competent and independent organisation and to the work load shouldered. It furthermore refers to the prominent corruption cases brought to prosecution, the corruption risk assessments in institutions like the Immigration Department, the ever increasing number of complaints handled and the high degree of public awareness created. However, concern is also expressed by donors with regard to the present capacity and effectiveness in handling more big corruption cases, expanding prevention outreach in cooperation with decentralised government and civil society organisations and, as important, also addressing the field of petty corruption through e.g. promotion drives for code of conducts and rules of ethics in the public administration.

4.5 Clearing house for anti-corruption – focus on prevention

4.5.1 KPK's view – project proposal

The summary in the project proposal reflects KPK's quite clear view of what the *Anti-corruption Clearing House* is and how it would perform in further establishing the operational dimension of its mandate: The focus is on information technology (IT) and the *Anti-corruption Clearing House* is identified as one of the large number of IT services KPK intends to establish.³⁶ This refers to the present initiatives on internal restructuring and expansion, building facilities that allow to obtain and process information, which in the end will result in broadening the communication with government organisations, civil society, the

³⁵ PGRI, Anti-KKN Donor Matrix, May 2006

³⁶ Ref. KPK IT Blueprint, Document V. 1.8, Final for Submission, March 2005

media and the donors in particular and also being able to manoeuvre between conflicting interests at the political level.³⁷

4.5.2 The mission's standpoint

We received many good and serious ideas that are related to direct outputs of KPK such as intensifying outreach, prevention and repression and communication with stakeholders. We further received positive feedback on the concept of a clearing house in KPK as the interface between repression and prevention. The proposed project would reach beyond an IT drive to establish internal working structures for serving the communication with government institutions, civil society organisations and the general public. However, the project would have quite a strong focus on working with and on information. KPK's core mandate, which is repression, requires sound information for investigation and prosecution. Evidence need to be established against corruptors. It is obvious that investigation processes require certain steps of confidentiality. KPK drafted a policy and developed procedures for the security of information and is now in the process of preparing standard operation procedures. We consider it crucial that as much information as possible, also with respect to regulations is published or is made available to interested parties in order to secure transparency in KPK's information policy and to fulfil its responsibility towards the public in providing open access to information in accordance with Law 30/2002. An open information policy would also contribute to KPK's reputation. We conclude that the clearing house should opt for such an approach. Furthermore, preventive initiatives call for good knowledge management to be in position to address the levels of needs of stakeholders and target groups in an appropriate manner and at the lowest cost. Considering all this we feel that a kind of finding phase embedded in the proposed clearing house project is necessary to assist KPK in consolidating its present status.

4.5.3 Synthesis – common understanding

KPK is established as the mandated and recognised authority to combat corruption. First successes in bringing corruptors to justice have met the expectation of the public. KPK is in the process of further structuring its internal processes. This includes strategic planning and breaking it down into priorities and actions, human resources management, establishing formal working relations with other law enforcement and oversight agencies as well as with the coordination mechanism of the governance reform agenda. Qualified and motivated staff is the key to success. The formation of human resources within KPK should be given top priority. Additionally, intensifying the communication with key stakeholders would be essential to continue the formation of alliances with like-minded partners from government, civil society and private sector.

Creating the internal processes for preventive initiatives and outreach and also for accelerated investigation and prosecution is a demanding and time consuming effort, which will only be accomplished if it is based on priorities that ensure short-term success and a positive public perception and that is not contradicted by mixed messages on KPK and conflicting interest from government.

A Technical Assistance facility for supporting the formation of the *Anti-corruption Clearing House* in KPK requires a pragmatic approach: The focus would be on intensified short-term impacts at the level of selective outreach of prevention and on knowledge management. At

³⁷ At present KPK is renovating its new premises and expects to move into the building in late 2006. The one-house office concept aims at integrating information technology, security and building automation functions.

the same time, the human resources drive would need a boost that the corruption knowledge of the staff is further developed, which would be vital for KPK's efforts to shape its corporate identity. Added initiatives would focus on institutional strengthening and the consolidation of internal structures and processes.

The establishment, development and continuous and timely up-date of a clearing house requires considerable human and financial resources and, as important, continuity in its operations. The thrust of a clearing house is the benefit it generates at field level and in public opinion. The quality of the work done by a clearing house depends highly on the role it is given within the institution it is assigned to. The way of handling information among the stakeholders will be crucial for a clearing house. This means that we have to be very certain about its service dimension, particularly if such an arrangement is part of anti-corruption commissions.

After intensive discussions with KPK, representatives from CSOs, government organisations and the donor community we conclude that it is necessary to have an *Anti-corruption Clearing House*. The clearing house is a perceived need that rather complements the core functions of an anti-corruption commission, which are prosecution and prevention and will contribute to the eradication of corruption.

4.6 The IT-concept for the clearing house

4.6.1 Directorate of information and data processing

Already during the first year of operation KPK experienced the need to develop an advanced information management system to better serve all work units. Consequently, Information Technology (IT) was identified as an important component of KPK's organisational strategic plan. IT was expected to make the KPK work units more effective in achieving their objectives.

At present the Directorate of Information and Data Processing within the Deputy of Information and Data facilitates and maintains information technology within KPK. The tasks and functions of the Directorate are manifested in Law 30/2002. The KPK Commissioners specify further that the Directorate acts as an in-house service on information management, to support the implementation of activities on prevention, pre-investigation and investigation and prosecution against corruption acts in Indonesia. All Deputies and Directorates, the Secretariat General and their bureaus are responsible for their respective data and information content. This unique role and responsibility requires an immense effort in developing an information management system.

The directorate has three objectives, i) designing IT applications, ii) processing information and data and iii) facilitating all KPK work units with regard to data collection and processing. To fulfil these objectives the Directorate is structured into five work units that cover a wide range of IT related activities:

- i) *Planning and monitoring* activities refer to basic planning and budgeting for the Directorate, as well as to prepare standard operating procedures for IT related activities in KPK. The work unit determines the availability of IT services to fulfil the objectives of KPK and reviews the performance of IT in KPK;
- ii) *Acquisition and implementation* supports IT procurement of the Bureau of General Affairs with technical expertise and heads the implementation of IT in the Directorate;

- iii) *General delivery and support service* maintains the IT equipment, coordinates the "help desk" of KPK, conducts video and voice recording of court sessions on eradication of corruption and provides support to voice recording activities of other KPK units;
- iv) *Evidence technical support* provides technical advice to the Deputy of Repression during the procurement process of equipment for electronic evidence and also supports them during investigations with these equipment;
- v) *Surveillance technical support* supports the implementation of KPK surveillance activities and provides technical advice during the procurement process of surveillance technology.

4.6.2 The IT blueprint

In March 2005, KPK finalized an IT blueprint with the support of an Indonesian consultant team. This blueprint foresees the application of an integrated IT system in the new KPK building. Specific objectives of the IT blueprint are to identify KPK's technology strategies, to develop an information technology master plan and to define the information technology environment and standards. Among other services the IT blueprint proposes to establish an *Anti-corruption Clearing House* as a strategic initiative³⁸.

The intended IT methodology³⁹ is highly recognized and enables clear policy development and good practice for IT control throughout the organisation. We think that the *Anti-corruption Clearing House* IT structure of the IT blueprint is applicable from a technical perspective. However, content-wise and with regard to information and knowledge management, the structure needs to be amended. The *Anti-corruption Clearing House* needs to develop and build-up other outreach channels than website and / or web portal and needs to cooperate closely with the traditional media that is television, radio and newspapers.

Major structural features of an *Anti-corruption Clearing House* can be drawn from the recently drafted KPK policy and procedure for the security of information. The drafts highlight standard operating procedures (SOP) KPK is going to apply with regard to the security of information processing and data management. This policy and procedure are necessary means and a pre-condition to make the future KPK information management operational. We think that the tasks and functions of KPK's organisational structure for the security of information are well laid out. However, to get it started, KPK needs to act and implement it, i.e. prepare an inventory of information assets, including related subjects (e.g. human resources), physical infrastructure, contents, information and data, and define classification codes for all information assets according to the policy and procedure.

The KPK management system for the security of information (SMKI) comprises of a policy, a process, procedures, an organisational structure, hardware and software support to manage the security risks with regard to KPK information and data. Three objectives apply: i) confidentiality, ii) integrity and iii) availability. SMKI is an ongoing process cycle of compilation, implementation, monitoring, review, maintenance and improvement.

³⁸ Among the proposed future portfolio, 44 IT services have been selected to satisfy KPK needs for the next two years (until March 2007), hereby covering most strategic initiatives besides the Anti-Corruption Clearing House, e.g. Management of Investigation Cases, LHKPN Systems (wealth report of public officials), DUMAS Systems (public complaints), Graft System (gratification).

³⁹ The Directorate intends to apply an IT governance framework and supporting toolset named COBIT (Control Objectives for Information and related Technology)

4.6.3 Information security

According to the organisational structure of KPK, the Vice Chairman is also the Chief Security Officer (CSO) who is responsible for security in general. The KPK Deputy of Information and Data is the Chief Information Security Officer (CISO) who is responsible for the security of information. All KPK Directors and Heads of Office are functional managers for the security of information. Other Officials and staff as well as external parties with access to information or IT service providers are information security managers. The Information Security Committee (ISC) is the coordination body for the development, implementation, monitoring, maintenance and improvement of the SMKI. ISC members are CSO, CISO, Deputies and Secretary General. The Information Security Forum (ISF) is an operational body. ISF members are CISO and the functional managers for the security of information. The ISF recommends to the ISC on how KPK information is classified. Final decisions need CSO approval and confirmation of the KPK Commissioners. Similar, the ISF gives recommendations to the ISC with regard to sanctions in case of disobedience.

Managing and classifying security levels of information assets are essential and necessary steps for the KPK information and knowledge management in general and the *Anti-corruption Clearing House* with open access to information in particular. This includes the preparation of an inventory of information assets⁴⁰, the classification of information assets according to confidentiality, integrity, availability and KPK organisation units and the management of information assets. The work units have to manage all information they receive according to its classification code.

Conclusion

At present, KPK is rather super-cautious in its release of information reflecting the strong hierarchical structure in the decision-making and the belief that KPK information is predominantly confidential. Policy, procedure, and operational process on the security of KPK information are necessary means to implement and to operate the *KPK Anti-corruption Clearing House* and to maintain a timely flow of information. The implementation of such policy and procedures for the security of information will lessen the vertical decision-making on the flow of information but increase communication at the horizontal level within KPK. Clear responsibilities at deputy and directorate levels will also result in better outreach. In case the SMKI is not implemented at the time the project commences or the security requirements for the *Anti-corruption Clearing House* are not defined in the SMKI, the project would need to clarify this as a primary task. Recommendations are provided in Annex ...

4.7 Development strategy of KPK

How would our recommendations fit into KPK's strategy – short to long-term? What could the proposed project contribute? This chapter summarises KPK's development strategy.

The short-term strategy (1-2 years) has a focus on:

- i) Continuation of repressive activities;
- ii) Development of ethic values;
- iii) Development of a control mechanism for government institutions for efficient and professional institutions.

The mid-term strategy (2-3 years) sees priority in contributing to the governance reform agenda by addressing anti-corruption in sectors and branches of government:

⁴⁰ Human resources, information, software & applications, and physical assets.

- i) Develop several key processes (including banking, budgeting, and procurement) and related infrastructure of information in various government institutions for efficiency and effectiveness;
- ii) Promote leadership capacity, which is efficient and effective;
- iii) Improve public participation in the government decision making process and increase public access to government services.

A long-term strategy envisages activities, which have a more general focus on good governance:

- i) Communicate and inform the general public on preventing corruption in their neighbourhood;
- ii) Promote the principles of good governance in the national education system;
- iii) Develop a qualified system for civil servants including recruitment, salary system, performance review and human resources management.

The proposed project would address elements of the short-term strategy, however, with a focus on a medium-term perspective. Assuming that anti-corruption requires a long-term and multi-stakeholder approach, technical assistance would have a focus on the core mandate of KPK and the structural conditions for an effective operation. This is laid down in the proposed impact and result chain for the project.

5. Results and objectives

5.1 Objectives

KPK is a young institution with wide ranging authority and mandates in the areas of prosecuting and preventing corruption. Expectations of the general public are high. Politically anti-corruption has gained prominence. KPK has shown considerable progress in establishing itself as a functioning institution and in bringing a number of spectacular corruption cases to justice. KPK has now to consolidate and further expand its own capacities. This refers to stabilising the internal structures and processes to meet the mandate as defined in the law and established through cooperation agreements (MoU) with government organisations and others.

Being able to receiving and following up on public complaints and wealth reports of public officials, including auditing, pre-investigation and deciding on how to proceed with corruption cases, investigation and prosecution through KPK itself or through distribution to other law enforcement agencies for further investigation but under the supervision and monitoring of KPK are the main tasks of the repression mandate.

Though obtaining information on corruption cases by the Police, the Attorney General's Office and other agencies, analysing, processing and disseminating information in order to involve and report to the public by communicating action and progress are other crucial factors for success. The short-term legitimacy in anti-corruption is determined through eye catching cases, the "big fish" that attract public interest and attention. However, anti-corruption measures, particularly in the field of active prevention, require long-term continuity in the cooperation and communication with partners and in encouraging public involvement. Additionally, since stand-alone anti-corruption does not work but has to be part of a broad governance reform agenda, KPK is well placed to contribute to reform. The *Anti-corruption Clearing House* project is expected to strengthen the commission's capacity in implementing its core mandates.

The proposed **overall objective** (goal) is:

Prevention and combating of corruption contribute to the Indonesian governance reform.

This is achieved through the growing capacity of KPK in its lead mandates and operational performance and its contribution to core elements of the governance reform agenda. Other institutions contribute to the overall objective. The monitoring mechanism is set out in the *National Action Plan for Eradicating Corruption*. Indicators would be the public perception on corruption and sector specific progress. This in turn relates to the overall performance of the governance reform agenda.

The proposed **project objective** is:

The *Anti-corruption Clearing House* increases KPK's performance and effectiveness to combat corruption significantly.

This is achieved through expanding and utilising the professional capacity of KPK, strengthening its internal structure and processes and its abilities to communicate, cooperate and act with other anti-corruption stakeholders.

Indicators for achieving the objective are:

- Key stakeholders perception on KPK's contribution to combat corruption (base 2006)
- Key features of KPK's mandate accomplished.

5.2 Result chain

The *Anti-corruption Clearing House* is an approach and instrument to improve the management of anti-corruption information and knowledge in KPK. It is directed to the public administration, the private sector, civil society organisations and the general public. The Indonesian legal reform agenda advocates the need for an effective and transparent information system between government departments on the one hand and external oversight commissions such as KPK on the other in order to establish an integrated, effective and systemic approach of oversight against corrupt practices, misadministration and bad governance. KPK's intention to establish the *Anti-corruption Clearing House* is an answer to this recommendation.

The proposed project will have to provide support in three different ways:

i) Prevention outreach

By facilitating activities such as training of key operational personnel, evaluating success and failure of anti-corruption initiatives, processing and disseminating good practices and fostering interaction with civil society the project will support KPK in developing sufficient capacity for prevention outreach.

Government institutions and civil society organisations in their anti-corruption activities use the outreach activities. This is expected to result in broadening the base for collective action, which is reflected in more complaints about corrupt practices by the public, more investigation and prosecution cases and a good public perception of KPK. Additional direct impacts are related to the recovery of mishandled funds by corruptors and also the pro-

ceeds of crime. The risks of being caught are expected to increase and hence will result in a deterrent effect. Indirect impacts are related to better public service delivery, to an improved investment climate and to a more positive perception of the public administration values.

ii) Knowledge management

In order to ensure the collection, analysis, processing and dissemination of data and information KPK needs to have a well established and functioning information and knowledge management system. Today the information and communication technology is an integral part of institution development. The IT drive in Indonesia calls for an early orientation of KPK's communication and knowledge management system. Regardless of the many constraints in terms of directing large society strata to IT, support for knowledge management by the proposed project has equal priority as compared to anti-corruption prevention outreach. Activities for this output would focus on the facilitation of internal as well as external information flows and procedures. Knowledge management is a decisive factor in promoting anti-corruption campaigns for awareness, participation and finally, increasing the risk of corruption.

The use of information by all stakeholders contributes to an institutionalisation of anti-corruption. Knowledge management is directly related to the capacity for enhanced investigation and prosecution. It would contribute to establishing alliances among stakeholders through enhanced networking. This would also result in a positive recognition for the work and capacity of KPK by national and international partners.

iii) Institutional capacity

The third aspect addresses the institutional capacity of KPK, aiming at significantly improving the internal structures and processes. Proposed measures could be the facilitation of the horizontal and vertical communication and networking, establishing and coaching working teams and the introduction of elements of quality management.

The outcome of improved structures and processes through the *Anti-corruption Clearing House* is expected to enable KPK to perform according to its mandate and the expectations of stakeholders. By facilitating activities such as training and education of key operational personnel the capacity to combat corruption will increase and will lead to an efficient handling of complaints, a structured division of work in KPK and enhanced cooperation with the other two law enforcement agencies in processing cases. KPK will also be in a position to handle more corruption cases, which in turn will result in an increase of the rate of recovering stolen money and proceeds from corrupt act and finally, channel such funds back to the state budget. This will also lead to a higher degree of public confidence vis-à-vis KPK and ultimately improve the reputation of the civil administration. Additionally, improved structures and processes will enable KPK to meet its expected contributions to the legal and judicial reform agenda. Emphasis is on the adjustment of the legislation, which will be based on the comprehensive experience with anti-corruption initiatives.

Conclusion

The three elements of the impact chain are interdependent in a way that all three need to be addressed. Consequently, they have to be balanced against KPK's priorities and resources available. This is recommended to be done prior or during the operational planning exercise.

The functions of the *Anti-corruption Clearing House* in KPK are focused on enhancing the outreach of prevention, developing knowledge management and capacity in KPK (outputs). The Clearing House will actively inform the general public about anti-corruption practices, success and failure, case investigation and prosecution, receive and process public complaints, interact with CSOs as well as national and provincial government institutions, including the Police and the AGO, the private sector and international partners (use of outputs). This in turn will lead to a significant improvement of KPK's performance in anti-corruption work.

The improved performance of KPK is expected to produce more reliable information on the nature and pattern of corruption in Indonesia and the effectiveness of anti-corruption measures. It will lead to an increasing number of cases being investigated and prosecuted by KPK as well as Police and AGO, which in turn will result in an increased recovery of stolen money (outcome).

The perception about the KPK will improve in as much as the public observes that corruption is seriously and effectively being combated. This in turn will increase the risk for potential corruptors and is expected to have a deterrent effect. Preventing and combating corruption will eventually contribute to governance reform. It may also contribute to changes in values in a way that the more "big fish" are being brought to justice and people experience equal rights and better public service delivery. Finally less corruption within the judiciary system will add to more legal certainty resulting in an improved business climate (indirect / aggregate impact).

Altogether, the mission concludes that the core criteria of *effectiveness* and *efficiency* will be met by the proposed project contribution to the *KPK Anti-corruption Clearing House*. The project is of high *relevance* to KPK and the Indonesian anti-corruption drive. *Coherence* with national policies on anti-corruption and the perspectives of the civil society and the donor community is given. *Significance* and finally, a good opportunity for *sustainability* in terms of the expected impacts are realistically assumed.

In the end, corruption is a criminal act, which has to be brought to justice. Preventive activities and awareness in particular may raise the risk for corruptors, however, in view of the yet limited capacity of KPK and the endemic nature of the problem it would be most unlikely that a nation wide suppressive net can be established in the near future. KPK has to keep the fight against corruption on the agenda. Priority should be on the cooperation with stakeholders in a way that this contributes to strengthen the catalyst role of KPK and secures coordinated complementary activities.

5.3 Target groups

The *Anti-corruption Clearing House* will benefit a broad range of actors. In performing its mandate KPK collaborates with law enforcement agencies. The Police and the AGO are close partners. Investigators and prosecutors, also within KPK, are instrumental resources in working on corruption cases. External collaborators need to have adequate skills and motivation to fulfil their tasks and to cooperate with KPK. Other government organisations involved in coordinating the *National Action Plan for Eradicating Corruption* and / or performing specific sector functions have more indirect roles in combating corruption. Civil society organisations are potential partners of KPK and are considered contributors to and users of the *Anti-corruption Clearing House*. The same applies to research and development institutes, universities and the mass media. The general public is the ultimate target

group, benefiting the most from the eradication of corruption. On the other hand, the publicity contributes extensively to information and knowledge management through KPK's public complaints mechanism.

Internally, the information system is accessible to all KPK staff. It is also used for enhancing communication and is expected to result in a better flow of information with and among different deputies and directorates of KPK.⁴¹

5.4 Development policy status

5.4.1 Indonesian policies

The present anti-corruption initiatives that evolved after the fall of the "New Order" regime are embedded in a wide set of normative regulations and formal arrangements. The declaration from the top leadership under the 100-Days Programme Plan of the present government and the measures taken to e.g. establish KPK and the *Anti-corruption Court*, the *National Action Plan for Eradicating Corruption* (RAN PK) and the governance reform strategy show strong political will. Laws that govern what corruption is and how to deal with it in the public domain set quite clear directive. However, law enforcement is a critical issue because the police force and the judiciary in particular are considered among the most corrupt institutions in Indonesia. Hence, the governance reform agenda reaches beyond anti-corruption measures. However, it requires corruption to be directly and specifically addressed. The civil service reform envisages among other measures the application of codes of conduct, pacts of integrity, which are complementing steps for improved efficiency and effectiveness of public service's delivery and for securing people's rights.

As for KPK, the Law 30/2002 defines mandates and mechanisms for active repression and prevention. The RAN-PK in combination with the Presidential Instruction 5/2004 determines the implementation, coordination and monitoring mechanism of the national anti-corruption policy. In terms of effectiveness it remains to be seen, what this particular mechanism will deliver. Coordination is giving directions, however, may not suffice in accelerating the front-up fight against corruption. Here, it is concluded that KPK together with the Police and the AGO are spearheading the enforcement of the law. CSOs in addition play a pivotal role in uncovering and exposing corruption cases in the public sector.

5.4.2 International dimension

Internationally Indonesia is comparatively active. The political will to combat corruption is expressed through the ratification of the UNCAC and the ongoing compliance review, as well as through cooperation with UNODC. The self assessment and peer review in the OECD-ADB ASEAN Asia Pacific Anti-corruption Initiative shows international commitment. Whether and to what extent the provisions of e.g. the Paris Declaration of Aid Effectiveness and the Millennium Development Declarations are being implemented remains to be assessed. We conclude that the governance reform agenda underline the efforts for international compliance.

⁴¹ Not everybody in KPK will have the access to all information. This is regulated in the process and procedure for the security of Information.

6. Concept for the Anti-corruption Clearing House Project

6.1 Methodology

Why promote the clearing house at KPK? The *Anti-corruption Clearing House* is an outcome of a strategic, however, not yet completed approach to establish and operate the mandate of KPK. Information management is considered a key to build capacity and improve effectiveness for prevention and repression of corruption. Dealing with big and prominent corruption cases, as mandated in the law for KPK and not neglecting petty corruption, requires capacities for investigation and prosecution and, with respect to engage other stakeholders and also to address the public opinion, a sound information and communication policy and the capacity and capability for its implementation. To this end the proposed project is expected to make significant contributions.

Since the term *Anti-corruption Clearing House* is already established, filled with content and has been made to a certain extent operational we conclude to maintain it for the proposed project. However, the project will move beyond the pure technical understanding of clearing house.

The proposed *Anti-corruption Clearing House* project is expected to contribute to the enrichment of KPK's internal dialogue, the public perception and expectations vis-à-vis the actual performance of KPK. The focus on the "big fish" and the comparatively limited probability to catch them due to conflicting interests in the political sphere must not discourage the steady internal formation of the KPK and the communication and collaboration with stakeholders. Ad hoc decisions on priorities need to give way to implement strategic priorities. Comprehensive and transparent planning with realistic targets and also based on enterprise values to be expressed in the mission statement and transferred into the code of conduct and the operational tasks are needed. This would include selective and very visible preventive and repressive initiatives, which should be accelerated in locations and with partners where KPK is already well established.⁴²

The project will promote a multi-level approach with interventions on KPK itself and on likely stakeholders of the *Anti-corruption Clearing House* (or on stakeholders in the *anti-corruption drive*). Police & AGO are collaborative agencies or partners but not stakeholders of KPK, which is an independent agency. Similarly CSOs might be partners. Police, AGO and CSOs can become stakeholders of the *Anti-corruption Clearing House* in future. Priority is recommended on the strengthening of KPK's capacity in the core function of prevention and here, expanding the outreach capacity, which also has direct implications on its second core function of repression. The stakeholders of KPK clearing house represent the second level of intervention. Likely stakeholders of *Anti-corruption Clearing House* include the other two law enforcement agencies, government organisations active in the governance reform process and civil society organisations.

The *Anti-corruption Clearing House* project will employ Technical Assistance (TA) in the specific areas, which are outlined in the result chain above, and the outputs below. Capacity development for the three outputs of prevention outreach, knowledge management and

⁴² Outreach could possibly be accelerated in West Sumatra, where integrity pacts are being promoted. KPK could take advantage of the outcome of UNODC's project on Strengthening Judicial Integrity and Capacity in Indonesia (funded by the German Government) and establish firm relations in South Sumatra and South East Sulawesi. The cooperation would contribute to the judicial and law reform agenda and to decentralisation / local governance reform.

institutional development is the major task for TA. The facilitation of interaction in KPK itself and with stakeholders of the clearing house is at the centre.

6.2 Pre-project and short-term activities

As a contribution to further develop structures and processes in KPK, German development cooperation could facilitate planning for the three outputs proposed below over a period of about six months. This would include a comprehensive SWOT analysis of KPK organisation. We further recommend a review of the management concept of KPK with emphasis on the result's orientation and client focus, leadership and management by processes, involvement of staff and learning approaches and finally, partnership and corporate identity. These activities could perhaps be arranged as pre-project support.

In view of the explicit law enforcement function of KPK it is recommended to strengthen its investigation capacity through a process of internalising international standards. This refers to translate and disseminate the UN Manual "Human Rights and Law Enforcement" into Bahasa Indonesia and to embark on a training initiative. The outcome would contribute to the compliance with the International Covenant on Civil and Political Rights, to which Indonesia acceded to on 23 February 2006. Internalising the human rights principles in KPK's investigation work is expected to improve relations with stakeholders of the anti-corruption drive. An added value would be the contribution to internationally accepted rules of law.

Subject to agreement by KPK and GTZ and assuming that funding could be mobilised we suggest a few pre-preparatory activities. Cooperation with the Utstein Anti-corruption Resource Centre should be established through an in-country training course for KPK mid level staff. The course would serve for dialogue on future training initiatives of KPK itself. Such activities would have to address its own personnel staff from government and the civil society anti-corruption movement will be addressed by the *Anti-corruption Clearing House* once the project and the TA are established.

Another initiative would be the establishment of a donor coordination mechanism in KPK aiming at improving the understanding for the different modes of delivery and a streamlined donor support. A further measure would address reporting of activities. Since public relations are pivotal for KPK's image one should start early with an outline for a communication approach. The mission also recommends supporting KPK in its efforts to evaluate the performance since its inception, including working on scenarios for a medium-term development path.

Not less important is to conduct a survey to assess public perception on KPK during the pre-project phase. The results could be used as baseline / benchmark for determining the impact of the proposed project and would reflect on the indicator for the project objective. Such an exercise could include the facilitation through top-level moderation. Finally, the outcome of the UNCAC compliance review needs to be followed by e.g. facilitating few top-level workshops or retreats for leading decision makers.⁴³

⁴³ Since Indonesia considers hosting the 2nd Conference of State Parties to the UNCAC, expected for December 2007. Follow-up of the compliance review through e.g. a retreat for top decision makers or a conference is quite essential.

6.3 Medium- to long-term support to clearing house

6.3.1 Networking – catalyst role

We recommend the *Anti-corruption Clearing House* project contribute to strengthening KPK's capacity to partner in the multi stakeholder dialogue and network. Such an approach is to a certain extent already ongoing vis-à-vis the governance reform agenda, however, requires a higher degree of intensity and also continuity. Here, KPK would come in as anti-corruption catalyst for the four agenda items, i.e. civil service reform, security and police reform, legal and judiciary reform, electoral and representation reform in as much as anti-corruption is concerned. Combating corruption under the conditions found in Indonesia requires sound strategies that can be implemented through sound structures. No short-term result can be expected. Again, the question arises: Is KPK's role that of a trigger or is there also a stake in driving the anti-corruption agenda under a medium-term perspective?

6.3.2 Priorities

KPK needs to set its priorities into a staged and phased approach. Priorities would include corruption risk assessment and action for sectors and branches that are particularly affected. Included in KPK's outline planning are assessments of the immigration department, tax authorities, customs and the judiciary as well as large scale public procurement of goods and services. Additionally, state corporations, local governments and specific infrastructure projects should become subject of corruption risk assessments. The approach should not only focus on the most corrupt services but also on partners that are already implementing good governance principles such as integrity pacts or public involvement in government's programming, planning and budgeting cycle, procurement, judicial watch and service monitoring. In the medium-term and under a long-term perspective KPK needs to expand its coverage to the decentralised structures of the government administration through the establishment of partnership with strategic public offices, civil society and private sector organisations. Further, information requirements to intensify repressive action through the tripartite anti-corruption law enforcement structure of KPK, the Police and the AGO need to be secured. This would include the possibility, according to concurrence with the law, to obtain data on account holders from the Indonesian central bank.⁴⁴

6.3.3 Code of conduct

The improvement of ethical standards among government officials is part of an anti-corruption prevention strategy. Rules of ethics and a code of conduct help staff to identify the boundaries between desirable and undesirable behaviour. They are informal but yet binding rules, which rely partly on peer pressure and partly on self-policing mechanisms to be enforced. Codes of conduct are important tools in combating corruption. They serve organisational development. They are part of a range of tools and strategies that together help build and sustain organisational integrity and strengthen agencies resistance against corruption. Having a code of conduct marks a significant beginning. Developing living, practical and well understood ethic norms and a code of conduct, to which precise rules and regulations are added, will support organisational development. KPK needs to further work on its code of conduct and enterprise profile. The code of conduct will be most effective if it

⁴⁴ Bank Indonesia has so far shown an ambivalent position to KPK's suggestions for establishing a central data base for all account holders with all the approx. 130 banks operating in the country. To date an investigation may have to address all banks in grand corruption investigation cases. The German BAFIN serves as an example in discussion. Information gathering and processing facilities of the Police and the AGO are insufficient to meet the requirements of the various anti-corruption laws and regulations.

is integrated into KPK's organisational culture and if its principles are embraced by the management and staff and are reflected in systems and processes. KPK should also aim to make codes of conduct more effective and relevant to other government institutions and to the private sector.

6.4 Outputs and intervention areas

Output 1: **KPK has sufficient capacity for prevention outreach and repression**

Indicator:

- Collaboration / networking with key stakeholders of anti-corruption combat established
- Pro-active outreach programme (no. of agreements with CSOs, no. of operational MoUs with government agencies)

The proposed project shall support KPK in its prevention mandate with respect to actively address the nature, scope and effects of corruption and facilitate counter initiatives by engaging government institutions, civil society organisations and the general public.

Activities could include:

- i) Support government agencies at national and regional levels through prevention outreach and support for improved capacity of repression activities including enhanced communication in information management for regional government organisations, assessing corruption risk and proposing remedies, training and education of key operational personnel on prevention drives, conducting and institutionalise consultation with stakeholders for strategic planning, promotion of positive leadership ethics through integrity pacts and code of conducts including performance monitoring and information to public and coalition building
- ii) Facilitate the process of income and asset disclosure for preventive, repressive and analytical purposes, address conflicts of interest, involve banking sector, lawyers etc. in transparency drives
- iii) Facilitate support for transparent procurement in government agencies through contribution to system development and monitoring of operation
- iv) Interact with civil society for support of national and regional initiatives including identification of corruption risk in government institutions and sectors, campaigning, awareness promotion and civic education, mobilising communities for participation in planning and budgeting, advocacy for transparent and accountable government services, conducting surveys for corruption risk assessment, forming alliances, promoting integrity pacts, interacting with business associations
- v) Interact with the donor community and specific initiatives that address the governance reform agenda aiming at contributing to structuring their anti-corruption drive in the context of promoting good governance, promote joint donor action in anti-corruption, e.g. appraisal and evaluation, risk assessment, technical assistance
- vi) Facilitate dialogue with representative bodies to disseminating good practices and conclusions for institutional change
- vii) Interact with business associations and the banking sector in particular to address corruption in the private sector, support KPK's information strategy and facilitate alliances with professional associations, e.g. lawyers.

Output 2: The information and knowledge management system is established and functioning

Indicator:

- Examples of good practices generated and gathered, assessed, tested, disseminated and used
- Institutions and organisations make use of the system

We cannot propagate modern and performance oriented administration and leave corruption out. Only an effective, transparent and accountable administration can prevent corruption. E-government, e-procurement and e-learning have gained prominence in development cooperation.⁴⁵ Information and communication technology is today an integral part of capacity development. The IT drive in Indonesia calls for early orientation of KPK's communication and knowledge management. Regardless of the many constraints in terms of directing large society strata to IT, support by the proposed project has equal priority. The clearing house project would serve KPK as front runner in knowledge management.

Activities could include:

- i) Facilitate change of website to interactive web portal⁴⁶
- ii) Generate and gather examples of good practices of anti-corruption
- iii) Disseminate all non-confidential materials and documents to the public
- iv) Facilitate the evaluation of anti-corruption initiatives: as insight into causes and effects needs to be surveyed the outcome of support needs to be evaluated; only then could lessons learnt and good practices be generated and traded
- v) Promote the basic governance criteria of transparency, accountability and reliability
- vi) Facilitate the process of asset and income disclosure
- vii) Gain access to information from other institutions (Police, AGO, banks, PPATK, BPN, etc.)
- viii) Finalise standard operating procedure on the security of information.

The following conceptual questions have to be dealt with: Who is addressing KPK? Who is using the information and what is the outcome? What is the perception of the public on KPK in general and on its information services? Is active participation really promoted through IT and do KPK's clients acknowledge it?

Output 3: KPK has developed functioning structures and processes

Indicator:

- Elements of a quality management system established and applied
- Number of staff with high anti-corruption competence
- Active performance review system developed

KPK being an enterprise in development undergoes a steady formation process. The prevalence of a culture of seniority and the hierarchical structure in operation and communication limits the full use of the human capital. The proposed project could support KPK in developing its internal communication environment. This would strengthen the commission's own capacity for transparent processes and networks along the criteria of trust, loyalty and iden-

⁴⁵ Ref. GTZ supported e-learning conference Africa, 24 – 26 May 2006. Knowledge is the GTZ theme for 2006.

⁴⁶ Since its inception in the KPK website had almost 1.6 million visitors.

tity, which aim at improving the professional management and minimising the internal corruption risk. It would further support KPK's strong focus on value management and in-house governance. The output would also contribute to KPK's efforts to broaden its base with partner institutions.

Activities could include:

- i) Facilitation of business-like horizontal and vertical communication aiming at creating synergy between directorates and mobilising the wealth of knowledge for the use of strategic decision making; reduce the power distance
- ii) Establishing and coaching working teams and consultation processes
- iii) Facilitate the introduction of elements of quality management with the further aim to address a certification process
- iv) Support internal and external image and performance assessment of KPK for benchmarking
- v) Facilitate external communication into the management structure with the aim to boost relations with government agencies, civil society and international organisations and to secure cooperation, e.g. UNODC, FATF, Interpol, OLAF, UNODC-ADB Asia Pacific initiatives, anti-corruption commissions in neighbouring countries.

6.5 Cooperation with development partners

It is crucial for KPK to widen its networks by including other related institutions, both at international and national level. The networks will serve two functions: supporting KPK to realize its mandate and providing a strong basis for KPK to fight against threats to its actions and existence. Memorandums of understanding for cooperation that have already been signed both with national and international institutions have to be followed up.⁴⁷ The *Anti-corruption Clearing House* can also make use of the established networks to facilitate the exchange of information and knowledge on anti-corruption.

6.5.1 Indonesian government

Impres 5/2004 and consequently the *National Action Plan for Eradicating Corruption* (RAN-PK) have defined the tasks of each government institution in combating corruption. Men-PAN is a key institution for KPK to work with because it has the mandate to coordinate, monitor and supervise the implementation of RAN-PK.⁴⁸ Results of research and monitoring activities conducted by both institutions, especially in the framework of civil service reform, will become a valuable input for the *Anti-corruption Clearing House*. In this respect, the clearing house will facilitate the promotion of good practices at the level of government institutions with and will set examples that others are expected to follow.

The clearing house should also become a medium for communication and sharing of information between law enforcement agencies. A critical question is how to make the latter to contribute. In addition to the issue of coordination among law enforcement agencies, the lack of a comprehensive information system on corruption cases in each agency and the accessibility of other agencies to the information need to be addressed.

⁴⁷ In addition to ratifying the UNCAC, KPK has established formal relations with anti-corruption institutions from several countries including Malaysia, Brunei Darussalam, Singapore, the Philippines, Hong Kong, PRC, and South Korea.

⁴⁸ In addition to prevention and repression, KPK also has the mandate to coordinate, monitor and supervise anti-corruption measures.

6.5.2 Civil Society⁴⁹

Civil Society Organisations (CSOs) expect *the Anti-corruption Clearing House* to provide a support system for the more systematic prevention and repression measures. Solid and valid information is expected to be available to actors involved and/or interested in combating corruption in Indonesia.⁵⁰

NGOs are important players in the field of corruption eradication. The main focuses of their work are data gathering/study, case handling, public education, public campaigns and advocacy, and supervision of the work of the (local) legislative and executive bodies. They can support the clearing house by providing information especially on corruption cases from the regions through the mechanism of public complaints, by participating in public education to improve the knowledge of the public on corruption and further by advocating an anti-corruption culture, and supervising the government practices to adopt the principle of clean government. Based on their experience, CSOs can also initiate an investigation of suspected corruption cases to be followed up by KPK.

CSOs are ready to cooperate with KPK.⁵¹ However, cooperation between KPK and NGOs has not yet institutionalised. KPK and NGOs need to find a common ground and start to discuss openly how they can best contribute to each other's effort. A regular consultation will also reduce uneasiness among them and solve the growing feeling that they are competing each other instead of working together. Becoming a partner of KPK does not mean reducing the independence of CSOs to monitor the work of KPK. This monitoring role should be seen as part of the external control mechanism, which will provide objective inputs to improve the work of KPK.

6.5.3 Donors

Chapter 4.4 has described and analysed KPK's present relations with the donor community. GTZ would complement support from other donors and also KPK's own efforts to guide donors toward its effective demand in terms of strengthen its capacity to meeting the mandate of Law 30/2002. At the moment KPK has no lead donor. GTZ would not assume such a role either but would integrate the support to the clearing house project into the structure of KPK. KPK's aim is to mobilise specific support from donors according to their comparative advantage, i.e. capacity development, forensic services, prevention outreach, law reform, international networking. Donors would be well advised to cooperate with a view on a highest degree of integration and thereby supporting KPK's ownership of structures and processes. GTZ comes in with its particular skills, which include the mobilisation of benefits from initiatives such as the *Support for Good Governance Project* (SFGG) or its international relations as exercised in the UNCAC Compliance Review. GTZ would further have a great interest in having KPK supported in a way that donor coordination is done through this agency.

⁴⁹ Law 31/1999 and Law 30/2002 clearly recognise the role of the public in the prevention and eradication of corruption. According to Law 31/1999 (article 41), the public has the right to seek, obtain and provide information to law enforcers who handle corruption cases, has the right to propose recommendations and forward opinions responsibly, has the right to get answers to their questions to law enforcers within a maximum period of 30 days, and has the right to obtain legal protection in exercising its rights, as a whistleblower, witness or expert witness.

⁵⁰ Kompas, 5 June 2006.

⁵¹ This was expressed by all prominent CSOs interviewed by the Appraisal Mission.

6.5.4 German Development Cooperation

German Technical Cooperation in Indonesia has a more implicit focus on anti-corruption.⁵² It is the task of Technical Assistance (TA) to promote change in terms of contributing to policies and having them implemented for better public services, social integration and economic development. Promoting incentives through good governance initiatives in all sectors where TA is active are more prominent than direct anti-corruption activities. The *Support for Good Governance Project (SfGG)*, which is integrated in MenPAN promotes e.g. integrity pacts – good practice is the integrity pact in Solok, West Sumatra and the support for a network of the watchdog organisations, namely Watch Terminal⁵³ – and contributes with the proposed *Administrative Procedure Act* to the civil service reform. The *Administrative Procedure Act* in particular serves the prevention of corruption through the civil law, to date non-existent in Indonesia. It complements the provisions of the criminal law in a way that all administrative acts are subject to a formalised review if the public or the affected individuals request such clarification. The act would close a gap and once passed by Parliament and implemented in the public administration will become a powerful instrument for ensuring transparent and accountable decision making and hence, increasing the risk for corrupt deals.⁵⁴

The *Anti-corruption Clearing House* in KPK would contribute to synergy at the level of German TA to Indonesia. Other projects where an anti-corruption context appears to be quite obvious are the *Good Local Governance (GLG)*, *Advisory Service Support for Decentralisation (ASSD)*, *Implementation of the Indonesian Competition Law (ICL)*, *Good Governance in Citizen Administration*, *Regional Economic Development (RED)* and *Promotion of Small Financial Institutions (ProFi)*. In addition, the cooperation with the Partnership for Governance Reform in the field of anti-corruption and the contribution to BAPPENAS for the national procurement reform, both through CIM experts have resulted in strong institutional relations with Indonesian partner organisations. Overall, GTZ staff is in favour of the *Anti-corruption Clearing House* project and sees the necessity to have anti-corruption addressed more prominently.

However, the mission also concludes that anti-corruption is not a mainstreaming aim in the country portfolio of the Indonesian – German Development Cooperation. Yet, the anti-corruption clauses in the minutes of inter-governmental negotiations and in all project agreement, also reflected in GTZ's procurement and recruitment policy and finally, the deployment of a CIM procurement specialist in BAPPENAS and an anti-corruption specialist in the Partnership for Governance Reform underline that corruption has become a topic of discussion.

GTZ would be advised to address corruption more directly in its country portfolio at the levels of i) integrity standards of its own personnel and ring-fencing of budgets, ii) support for local anti-corruption activities in the context of promoting good governance in all projects and programmes and iii) promoting the generation and application of good practices of anti-

⁵² All bilateral agreements on technical and financial assistance and all protocols of bilateral consultations and government negotiations contain anti-corruption clauses. Corruption is an agenda item in the bilateral dialogue.

⁵³ www.watchterminal.net

⁵⁴ The operation of a saw mill in a natural reserve serves as example for the effectiveness of the Administration Procedure Act is. A license for the saw mill can only be obtained through a corrupt deal. The act would not only make the operation of the saw mill non-existent but the whole licence and operation arrangement and would force the reversal of the deal. Additionally, the forest officers who had granted the license (receiver of bribes) and the owner of the mill (corruptor) have to face investigation and prosecution under the criminal law provisions.

corruption in the context of the country portfolio. Anti-corruption has received high priority in the international debate. This is reflected through e.g. the OECD-DAC dialogue on joint donor action in anti-corruption and the DAC anti-corruption principles in particular, the recent World Bank initiative, the forthcoming first Conference of the States Parties to the UN Convention against Corruption but also in the Paris Declaration, the G8 statements and the MDGs. The international debate has to have its repercussion on the bilateral dialogue on development cooperation, with governance at the centre.

6.6 Public private partnership

KPK is entrusted with functions of national jurisdiction. The commission operates in a sensitive field, which addresses all sectors of society, however, has a dominant focus on the state administration. A Public-Private-Partnership (PPP) that would include operating certain legal functions by a private partner does not appear to be feasible. Notwithstanding the audit and supervision through politically legitimated institutions, combating corruption is no business. Yet one may argue that the recovery of stolen money or assets could create a significant incentive for a commercial operation. However, this would not fit into a well balanced system of checks and balances.

Nevertheless, the potential for cooperation with private enterprises should be explored. This refers to initiatives that could complement the activities of the proposed project in the area of information and knowledge management. KPK's initial concept of an *Anti-corruption Clearing House* is based on an IT-Blueprint whereby the clearing house is the IT-entity for creating, editing, filtering, approving and publishing and also archiving data of all different kind. The proposed project has no focus on a technical concept but aims at facilitating prevention outreach and knowledge management. Therefore the IT-component cannot be left aside. A functioning electronic management of anti-corruption information is crucial for KPK. Processing complaints received from the public, following the wealth declaration reports, issuing regular news bulletins, establishing an information base on anti-corruption initiatives in Indonesia, also establishing an interactive dialogue and training modules for stakeholders call for cooperation with competent partners. GTZ could e.g. facilitate the initiation of a PPP with a company offering the envisaged IT-services. This would include the application of good practices that work elsewhere.⁵⁵

6.7 Risks and risk-reducing strategies

Potential risks mainly refer to the capacity of KPK to accommodate all tasks in the planning and implementation processes. The major risk that may threaten KPK's reputation is that it does not deliver as expected. The 'big fish' syndrome is a kind of a burden. However, KPK is aware of the high expectations and is prepared for an adequate response. The risk of corruption in the organisation itself is manageable. Here, KPK has implemented standards of integrity and has effective measures against in-house corruption in place. The recruitment process of new staff is based on a thorough assessment of professional and personal integrity.

⁵⁵ See for example the GTZ-PPP between the Peruvian National Audit Office and Empolis GmbH on the implementation of an IT-system for facilitating auditing and also electronic complaint and whistle blower mechanisms. Automated complaints systems such as the German Business Keeper Monitoring System, which is used in state and private enterprises need to be explored for their suitability. Interactive training concepts applied in commercial firms and audit companies in particular could be assessed. Potential cooperation would also address TI's Coris Web and the U4 platform, both serving as kind of blueprints for knowledge management and communication with stakeholders.

The *Anti-corruption Clearing House* would support KPK in minimising technical, procedural and institutional risks that may arise at the level of cooperating with the other two law enforcement agencies. Non-cooperation on their side would weaken KPK. However, it would not affect the project. The proposed project would further support KPK in making its structures more efficient to meet its mandate. This would also include a transparent and open dialogue and direct cooperation with civil society. In the end, it is public perception that counts.

In view of the dimension of corruption in Indonesia an institution like KPK must be considered essential for the years to come. The risk that KPK may become defunct appears to be minimal. Even if a comprehensive criminal law would be designed and passed by Parliament, which would realign the mandates to combat corruption legally and institutionally, such a process, which is also embedded in the broader reform agenda for the judiciary and the law enforcement agencies would take years. KPK is legally established, enjoys a high degree of independence and is embedded in international agreements. The UNCAC serves as a base for underlining Indonesia's compliance efforts. The same refers to the involvement in the *OECD ADB Asia Pacific Initiative* and the efforts to intensify cooperation with the *OECD Financial Action Task Force on anti-money laundering and asset recovery*.

Risks that may be associated with a visible engagement of the German Development Cooperation are minimal. The present reform drive in Indonesia calls for a direct or a more indirect engagement in anti-corruption be it in the context of governance initiatives or in sector projects. In fact, we assume that all projects under Indonesian – German Development Cooperation address the fundamental governance categories of participation, transparency, accountability and reliability and hence, explicitly or implicitly also address corruption. They also explicitly contribute to the governance reform agenda where anti-corruption is a cross-cutting issue. The present direct engagement is reflected e.g. through SfGG, the CIM experts with PGRI and BAPPENAS and the UNCAC compliance review. Indirectly a sizeable number of projects contribute to anti-corruption through their orientation towards governance.⁵⁶ The well established donor – partner dialogue as reflected in the CGI invites to raise the subject in an open manner. Furthermore, the prominence of the international debate has made the discussion on corruption no longer a hidden subject.

7. Implementation planning

7.1 Planning and realisation phase

The *Anti-corruption Clearing House* project is recommended for a phase of up to three years. Whether subsequent phases follow should be subject to progress and the relevance direct anti-corruption initiatives may have in the future priorities of Indonesian – German Development cooperation.

During the initial stage of the project phase a stocktaking and planning workshop, which may be organised in sequences should be held. The workshop aims at specifying the following:

⁵⁶ GTZ has discussed the need for including anti-corruption in the bilateral development cooperation back in November 1994. In September 1998 GTZ participated in a World Bank mission where corruption was assessed as the prime impediment to development and where basic reform initiatives that materialised in later years were recommended.

- i) Identify, clarify and specify needs, content, approach and procedures with KPK staff and management;
- ii) Clarify and reach detailed agreement on the inputs from KPK ;
- iii) Determine and reach agreement on mechanisms of cooperation and coordination at working and policy levels also with other stakeholders combating corruption from government and civil society;
- iv) Establish a comprehensive – strategic and operational – project plan (plan of operations) as outcome of the agreed upon needs, partner inputs and coordination arrangements;

During the initial stage of the project the following is to be addressed:

- v) Identification, negotiation and formal agreements with key stakeholders as partners in prevention outreach and knowledge management;
- vi) Identification, negotiation, testing and agreement on consultancy and related services for training of KPK staff in anti-corruption, communication, management and other fields specified in the plan of operations;
- vii) Explore opportunities for co-funding of needs of KPK and of specific project initiatives;
- viii) Establish communication and networking with all relevant stakeholders including the donor community.

During the implementation phase:

- ix) At the end of each year: Preparing and presenting a comprehensive progress report
- x) During the second half of year two: Conducting a project progress review / evaluation

In addition, the features that are described in Chapter 6.3 need to be fine-tuned and incorporated into the operational planning process in as much as they are still relevant and were not covered during pre-project activities:

- xi) Translating the UN Human Rights Manual into Bahasa Indonesia and facilitate training for KPK staff (supported by the *Support for Decentralisation and Local Good Governance Project?*)
- xii) Follow-up of UNCAC compliance review (through the GTZ Sector Project *Supporting the Implementation of the UN Convention against Corruption*)
- xiii) From KPK's own resources with guidance and technical assistance from SfGG:
 - Anti-corruption training course conducted by Utstein Anti-corruption Resource Centre for KPK staff with the additional aim to explore how the U4 Anti-corruption Resource Centre could contribute to the web based knowledge portal
 - Preparations for a Opinion / perception survey on KPK to create a reference for assessing the indicator under the objective in later years
 - Evaluation of KPK's strategic planning and SWOT

7.2 Organisational Structure

The project serves the interface between repression and prevention. The TA contribution to the *Anti-corruption Clearing House* is explicitly content based. It is not aimed at establishing the clearing house as an independent unit or directorate in KPK but rather focus its functions on the existing organisational units. Yet, KPK would be obliged to assign top personnel to facilitate the clearing house, which means facilitate communication for the generation, processing and use of information. It is recommended to place the project formally directly under the authority of one of the Commissioners. The working level will see the project – which is a contribution to KPK's *Anti-corruption Clearing House* – placed in direct and formalised relation to the Deputies of repression and prevention and information manage-

ment. The coverage of the project should preferably be nation-wide with a concentration on selected locations that show a particular potential for success through the established structures of KPK's partner organisations in government, civil society and private sector.

7.3 Recommended Contributions

7.3.1 German inputs

The financial input from the German side was agreed at 2,000,000 Euro. This contribution is recommended for the following:

- i) Top-level expertise (international or national expert) in key areas of combating corruption with added qualification and experience in knowledge management and organisational development in anti-corruption combined with either / or organisation development, information technology, legislation and law enforcement, communication and co-ordination for up to 36 month
- ii) International and national high calibre short-term expertise in anti-corruption with emphasis on active prevention, legislation, organisational development, information technology (constructing web based portal and e-learning), international networking for up to 3 month p.a. for a minimum of 1 expert in the respective field of work
- iii) Funding under either local grant or financial contribution facility of GTZ for surveys and studies, campaigning, creation and dissemination of good practices, conferences and workshops (budget to be decided)
- iv) Training for KPK staff in anti-corruption and specific fields, e.g. prevention outreach, interface management between prevention and corruption, management (budget to be decided)
- v) Provision for international travelling to conferences and study visits to other anti-corruption agencies and international conferences, unless covered by KPK (budget to be decided)
- vi) Basic IT equipment, transportation, travel for seconded expert staff
- vii) Progress review / evaluation

7.3.2 KPK's inputs

The mission recommends corresponding contributions from KPK. This would refer to the following:

- i) Counterpart personnel at the level of Commissioners, Deputy Commissioners and Directors for international / national long- and short-term experts
- ii) Corresponding expert staff for GTZ short-term experts and facilities at KPK premises at the level of Deputy Commissioners, Directors and specialist staff
- iii) Nomination of staff for training activities
- iv) IT system for access and use – in as much as this does not contradict security – for the seconded international / national experts
- v) Matching budgets for surveys, studies, conferences and workshops
- vi) Matching funds for campaigns and prevention outreach
- vii) Matching funds for travel costs of KPK staff
- viii) Offices, communication for GTZ personnel

7.3.3 Third parties

The appraisal indicated interest for the *Anti-corruption Clearing House* project from donors and aid agencies. With regard to specific initiatives the project is to promote, it is recommended to explore co-funding. Repression and prevention are quite high on the agenda of

donors. The TA contribution should be explicit in mobilising additional funding. Knowledge management appears to be a key subject for this.

The mission recommends exploring the possibility to have a CIM expert seconded to KPK. In view of the very good experience with CIM experts in a number of government institutions and non-government organisations and also in the context of German Development Cooperation, a CIM input would be an added asset to KPK.

7.4 Activities and Time Frame prior to Start of Project

Assuming the project will commence in early 2007 the following tasks need to be addressed soonest:

- i) Agreement and signing of the Minutes of Meeting between KPK and GTZ
- ii) Preparing the project concept (project offer) according to standard to the Federal German Ministry for Economic Cooperation and Development (BMZ)
- iii) Mobilisation and agreement on the assignment of expert staff
- iv) Maintain communication and exchange of information between KPK and GTZ
- v) Supporting the mobilisation of a CIM expert

7.5 Expertise – Modes of Delivery

The deployment of a high calibre international expert is considered pivotal for the success of the German contribution to the *Anti-corruption Clearing House*. The dimension of the tasks, the sensitivity of the subject and the attention KPK's work has gained nation wide and as important, the high profile of KPK's management and specialist staff call for a top level and senior expertise. KPK requires support not only in its efforts to achieve more visible results but as important, in consolidating and further expanding its capacity and capability. This includes dialogue and back-up in its involvement in the debate on the amendment of the legislation, the cooperation with the Police and the Attorney General and other institutions involved in anti-corruption. It also requires sound capacity to cooperate with research institutions, business representation and the donor community.

Whether an international or a national expert will be assigned depends to a large extent on the availability of the respective expertise. Anti-corruption is no profession but is matched through sound and senior expertise in related fields. What counts is solid anti-corruption knowledge and experience in field operations and international networking. The latter is considered a prime criterion since it would support KPK's national and international networking efforts.

International back-up by renowned experts, preferably institutions that have acquired international recognition in their work with anti-corruption conventions and policy formulation but also in practical areas of prevention and prosecution is indispensable. Academic know-how is recommended to be mobilised for support to KPK.

Annex 1 – Itinerary

Date/Time	Itinerary	Participants
Monday, 15 May 2006		
10:00 am	<p>Briefing at GTZ Office, Floor 20 Jl. Imam Bonjol No.80 Tel: 31924007</p> <p>Project Proposal and background, TOR and itinerary</p>	<p><u>Appraisal team:</u> Dr. Dedo Geinitz, Head of Mission Mr. Hubert Trapp, Information and Documenta- tion Expert Ms. Catur Utami Dewi, Government Expert Mr. Sulaiman Saleh, GTZ Coordination Mr. Hendro Wicaksono, KPK Coordination <u>German Embassy</u> Mr. Wolfgang Lahr, 3rd Secretary <u>GTZ</u> Mrs. Sabine Markert, Country Director Mr. Riza Tadjoeidin Dr. Bernhard May, Governance Advisor Mrs. Martha Gutierrez, Governance Advisor Mr. Peter Rimmele, SfGG Advisor</p>
12:00	Lunch at MEI Restaurant, 2 nd Floor, Nikko Hotel	
2:00 – 4:00 pm	<p>Meeting with KPK Commissioners and staff at KPK office, Jl. Juanda No. 36, Floor 3</p> <p>Briefing on Clearing House, clarification and discussion of contents, perceptions, itinerary</p>	<p>Mr. Amien Sunaryadi, Commissioner Mr. Erry Riyana Hardjapamekas, Commissioner Mr. H. Sjahrudin Rasul, Commissioner Dr. Syamsa Adi Sasmita, Head of Deputy of Information & Data Mr. Waluyo (Head of Deputy of Prevention) Mr. Eko Soesanto Tjiptadi, Director of Public Education & Services Dr. Budi Ibrahim, Director of Information & Data Processing Mr. Muhammad Sigit, Director of LHKPN Mr. Lambok Hutauruk, Director of Gratification Mr. Moh. Jasin, Director of Research & Development Mr. Sudjanarko, Director of PJKAKI Mr. Roni Ihram Maulana, Director of Monitoring</p>
4:00 – 5:30 pm	<p>UNODC-KPK-Partnership Meeting</p> <p>UNODC Justice Sector Integrity Project: Results and Follow-up; UNCAC GAP Analysis: GAP Matrix</p>	<p>Dr. Oliver Stolpe, UNODC and Prof. Satya Arinanto, National Justice Sector Integrity Project Mrs. Sofie Arjon Schuette, CIM Partnership Mr. Amien Sunaryadi, KPK Dr. Dedo Geinitz, Ms. Dewi, Mr. Peter Rimmele</p>
Tuesday, 16 May 2006		
9:00 am	Prevention: Presentation of conceptual and organisational arrangements, outreach, wealth reports, complaint mechanism	Mr. Waluyo, Head of Deputy of Prevention, and team; Appraisal team, Mr. Rimmele

Date/Time	Itinerary	Participants
2:00 pm	Information and Data Management: Mandate of KPK, operational issues, activities, IT issues	Dr. Syamsa Adi Sasmita, Head of Deputy of Information & Data and team
Wednesday, 17 May 2006		
9:00 am	Team meeting at SfGG: Itinerary, review of meetings	Appraisal team
2:00 pm	UNODC Justice Sector Integrity Project: National Integrity Meeting at Four Seasons Hotel	Peter Rimmele and Dedo Geinitz
Thursday, 18 May 2006		
9:00 am	Briefing on AC and governance initiatives, discussion of AC: CSO involvement, communication strategy, wealth declaration, criminalization, security issues; Documents	Dr. Bernhard May and Martha Guiterrez, Dr. Dedo Geinitz
2:00 pm	Civil Society's role in AC: Perception of KPK, expectations, approaches; Role of Clearing House in KPK via-a-vis CSOs	Mr. Meth Kusumahadi, USC Satu Nama at SfGG Office, Appraisal team
5:00 pm	Review of meetings, clarification of IT issues for Clearing House, communication strategy	Mr. Amien Sunaryadi, KPK Commissioner, Appraisal team
Friday, 19 May 2006		
9:00 am	Partnerships activities: Integrity Pacts Yogja and other, HRM, expectations towards KPK, cooperation with donors, wealth reports (ref. Art. 20 UNCAC); UNCAC Gap Analysis	Partnership for Governance Reform in Indonesia, Surya Building, 10 th Floor JI.H.M.Thamrin Kav.9 Mrs. Shanti Poesposoetjipto, CEO Mr. Piet Soeprijadi, Director Admin Mr. Marcellus Rantetana, Sen. Programme Manager, Dedo Geinitz and Ms. Dewi
9:00 – 17:30	IT in KPK: Concept on IT Clearing House, wealth reports, communication strategy and technology	Mr. Hubert Trapp: Dr. Syamsa Adi Sasmita, Head of Deputy of Information & Data and team
2:00 pm	Communication strategy of FNS and foundations on governance, outreach of AC initiatives	Dr. Rainer Adam, Friedrich-Naumann – Stiftung, Dedo Geinitz and Ms. Dewi
6:00 pm	Review of day: IT vs. More conventional strategies?	Appraisal team
Saturday, 20 May 2006		
Morning	Training of trainers: university students as AC trainers for senior and junior high school students	Mr. Waluyo, Head of Deputy of Prevention and team, Dedo Geinitz
Morning	Arrival Mr. Hannes Hechler, GTZ	Joining appraisal, support for GAP Analysis
Sunday, 21 May 2006		

Date/Time	Itinerary	Participants
Monday, 22 May 2006		
9:00 am	Review / monitoring activities, information management, public service reform issues; suggestions for CH support	KPK, Mr. Roni Ihram Maulana, Dir. Monitoring, Appraisal team
2:00 pm	Proposed U4 Meeting at MENPAN Various KPK related issues, review of mission's experience, e.g. wealth report, KPK planning, KPK salary structure vis-à-vis gvt; itinerary	Not attended by U4 partners Appraisal team and Mr. Peter Rimmele
4:00 pm	Relations with formal and informal agencies: MOU with e.g. POLRI, AG etc. on formal cooperation; placing of coordination officers, institutionalizing information gathering	KPK: Mr. Sujanarko and team, Dir. Networks and Communication, Appraisal team
Tuesday, 23 May 2006		
9:00 am	IT blueprint etc.	KPK, IT Deputy; Ms. Dewi and Mr. Hubert Trapp and partners from Information Dept.
11:00 am	EU support for KPK; AC issues, potential for cooperation	EU, Mr. Ronan Mac Aongusa Mr. Florian Witt Wisma Dharmala Sakti, 16th Floor Jl. Jend. Sudirman 32 Tel: +62 (021) 25 54 62 00 Dedo Geinitz and Hannes Hechler
10:00 am	Internal monitoring	KPK: Mr. Junino Jahja, Dpt. Internal Monitoring & Public Complaints and team, Ms. Dewi and Mr. Hubert Trapp
2:00 pm	MENPAN's role in AC and governance reform; future cooperation between SfGG and KPK	Secretary of Ministry of Administrative Reform (MENPAN), Mr. Edy Topo Ashari, Sec. Gen., Mr. Gunawan Hadidusilo, Dpt. Min. Supervision and team
15:30 pm	Education and outreach, PR	KPK: Mr. Eko Soesanto, Dir. Public Education, Mr. Tjiptadi and team
Afternoon	UNCAC GAP Analysis	Prof. Mark Pieth and Dr. Zora Ledergerber, Basel Institute on Governance, 1 st meeting with Prof. Romli and partners / team at KPK
Evening	UNCAC GAP Analysis	Prof. Mark Pieth and Dr. Zora Ledergerber, Dedo Geinitz and Hannes Hechler
Wednesday, 24 May 2006		
8:00 am	Mid-term review	Appraisal team at GTZ Office
10:00 am	WB and ADB engagement in AC; support for KPK and potential for cooperation	Mr. Soren Davidsen, World Bank Mr. Staffan Synnerstrom, Asian Development Bank at World Bank Office Jakarta Stock Exchange Building Tower 2, 12th Floor, Jl. Jend. Sudirman Kav. 52 - 53 Tel.: +62 (021) 52993060
10:00 am	UNCAC Gap analysis	KADIN: Mr. Soy Pardede and board, Prof. Mark Pieth, Dr. Zora Ledergerber, Hannes Hechler, Hubert Trapp

Date/Time	Itinerary	Participants
12:00 am	Briefing at SfGG	Messrs. Günter Felber, Peter Rimmele and Dr. Bernhard May, Appraisal team
1:30 pm	GTZ projects in economic reform and AC	ProFi, Dr. Michael Hamp (Dr. Alfred Hannig): Mr. Hannes Hechler
2:00 pm	POLRI, TimTAS-TIPIKOR (AC-coordination Unit, Pol-AG-BPKP)	Brig. Jen. Indarto, Dir. III and team, Appraisal team, UNCAC team
3:30 pm	Data and information management	KPK: Dr. Budi Ibrahim, Dir. Information & Data Processing, Appraisal team
4:00 pm	UNCAC Gap analysis	2 nd meeting with Prof. Romli's team at KPK
Thursday, 25 May 2006		
	Public Holiday	Concluding work, preparation for workshop and report
8:30 am	Briefing on Appraisal; workshop	KPK: Mr. Amien Sunaryadi (Commissioner), Dr. Dedo Geinitz
9:00 – 12:30 am	UNCAC Gap analysis	KPK: Mr. Amien Sunaryadi, UNCAC team and Dr. Dedo Geinitz
14:00 pm	Review of findings, planning for workshop	Appraisal team
19:00 pm	Procurement	Informal meeting with Mr. K.H. Waescher, CIM Expert with BAPPENAS, Dr. Dedo Geinitz and Hannes Hechler
Friday, 26 May 2006		
9:00 – 10:15 am	UNCAC Gap analysis	Mr. Marc Pasotti, French Embassy, Dr. Dedo Geinitz
10:30 – 12:00 pm	UNCAC Gap analysis	Partnership Governance Reform in Indonesia: CEO Mrs. Shanti and team, Ms. Sofie Schuette, CIM, Dr. Dedo Geinitz
12:30 pm	UNCAC Gap analysis	ADB: Mr. Staaffan Synnerstrom, Dr. Dedo Geinitz
13:00 am	Civil service reform project	Mr. Markus Lange, Dedo Geinitz
Saturday, 27 May 2006		
	Concluding work, workshop and report preparation	Appraisal team
Sunday, 28 May 2006		
	Concluding work, workshop and report preparation	Appraisal team
Monday, 29 May 2006		
9:00 am	BAPPENAS, AC in procurement	Mr. K.H. Waescher, BAPPENAS, BBD 22 floor, P3: Hannes Hechler
9:00 am	IPW, experience in transparency in procurement; potential for co-operation with KPK	IPW: Mr. Hayie Muhammad, Mrs. Indu Devi Sartadi, Wisma Seacons, 2 nd Floor, Jl. Tebet Raya No. 3A, Jkt Selatan, 021-70963279, 8296452 Ms. Dewi, Dedo Geinitz
10:00 am	Pre-investigation an KPK	Mr. Iswan Elmi, Dir. Of Pre-investigation, KPK, Jl. Veteran Hubert Trapp
4:00 pm	Mission findings, preparation for workshop	KPK: Messrs. Waluyo and Syamsa, Mr. Hendro, Appraisal team

Date/Time	Itinerary	Participants
Tuesday, 30 May 2006		
9:00 am	Role of CSO – TI: potential for cooperation with KPK	Transparency International: Bpk. Anung Karyadi, Koordinator Lobby and Advocacy and Bpk. Heni Yulianto, Programme Manager - TI Indonesia TI New Office: Senayan Bawah No. 17, Kel. Rawa Barat, Belakang Blok S., Kebayoran Baru, 7208515 Ms. Dewi, Hubert Trapp, Hannes Hechler
3:00 pm	ICW's experience in AC; potential for cooperation with KPK	ICW: Mr. Teten Masduki, Jl. Kalibata Timur IV/D No. 6 021-7901885 Ms. Dewi, Dedo Geinitz, Hannes Hechler
Wednesday, 31 May 2006		
9:00 am	Preparation for WS at MENPAN	Appraisal team and moderator Mr. Faisal Djalal
Thursday, 1 June 2006		
12:00 – 5:00 pm	Workshop on Anti Corruption Clearinghouse: Mission findings and recommendations, preparation of result's chain, contributions, agreement	Mr. Erry Riyana Hardjapamekas, Commissioner, Senior and operational staff of KPK, Partner institutions Mr. Faisal Djalal, moderator Mr. Peter Rimmele Mr. Guenter Felber SfGG staff Appraisal team
Friday, 2 June 2006		
10:00 am	Donor working group on legal reform and preparation for 15 th CGI meeting, 14.06.2006	Netherland's Embassy, WB, USAID, AusAID, Danida, NORAD, SIDA, DFID, Partnership, Dr. Dedo Geinitz, Ms. Sofie Schütte
12:00	Danida's activities in anti-corruption and governance	Mrs. MusidahRoyal, Danish Embassy, Sofie Schütte, Partnership and Dedo Geinitz
2:00 pm	Support for governance in Indonesia, AC, KPK	USAID, Mr. Jason Ginger, Paul Simonet, Ibu Kusumasditi
15:45	Briefing GTZ Country Director	Mrs. Sabine Markert, Mr. Sulaiman Saleh, Peter Rimmele, Hannes Hechler,
Saturday, 3 June		
	Working on report	Appraisal team
16:30	Briefing on mission outcome	Sofie Schütte, Partnership, Dedo Geinitz
Sunday, 4 June		
	Working on report	Appraisal team
Monday, 5 June 2006		
Morning	Preparing de-briefing at MENPAN; Preparing MoM	Appraisal team; SfGG, Mr. Guenter Felber
3:30 pm	Presentation and discussion of proposed project concept, next steps and TA context; Draft report and MoM	KPK: Mr. Amien Sunaryadi, Commissioner, Jalan Veteran, Mrs. Sabine Markert, GTZ Country Director, Appraisal team
Tuesday, 6 June		
8:30 am	Next steps, De-briefing GTZ	Mrs. Sabine Markert, GTZ Country Director, Dedo Geinitz and Hannes Hechler
12:45 ETD	Departure Dedo Geinitz and Hannes Hechler	

Annex 2 – Terms of Reference of Appraisal Mission

Terms of Reference

Appraisal Mission for the project proposal

“The Anti-corruption Clearinghouse”

1. Background

The Corruption Eradication Commission (KPK) has requested in a letter to the German Embassy dated April 15, 2005 to consider the proposal for an “Anti-corruption Clearinghouse Project” under the Indonesian-German Technical Co-operation Agreement. The project is supposed to contribute to the formation of an Information and Documentation Centre focusing on corruption in Indonesia (Anti-corruption Clearinghouse). The project proposal is based on a number of coordination meetings between KPK and GTZ. A proposal of a German expert for information- and documentation systems handed over to KPK is incorporated in the project proposal.

During the Indonesian-German Government Negotiations on Development Cooperation in Jakarta, 12 – 13 December 2005, the German Government has committed Technical Assistance for up to 2.0 Mio Euro. (Summary Record page 7: 3.2.3.4. **Assistance in Preventing and Combating Corruption in Indonesia – KPK**. Support to be provided to the preventive work of the anti-corruption commission (KPK) set up in December 2003 through the establishment of an information and documentation centre (anti-corruption clearinghouse). The intention is to build capacity for the analysis of the causes and effects of corruption, for public education work, and for advising the government on preventive action (especially public administration reform). In order to appraise the proposal and undertake necessary preparatory steps for the development of a project implementation concept, GTZ will assign one expert on a short-term mission to Indonesia. The other members of the team will be recruited locally.

2. Terms of Reference for all members of the Project Appraisal Team

The Appraisal Team consisting of

- ❖ the Team Leader/ Anti-Corruption Specialist,
- ❖ the Information and Documentation Specialist,
- ❖ the Local Governance Expert, and
- ❖ the Coordination Officer (GTZ GOJ),

will be in charge of proposing viable concepts for the project to be appraised. In doing so, they will have to take all synergy potentials into consideration in order to ascertain maximum benefits for the planned project. They will therefore closely cooperate and draw on each other’s expertise and findings.

The experts shall carry out their work in line with the Country Implementation Strategy (LUST) and relevant guidelines for project appraisal. Adaptations can be made in agreement with GTZ (to be documented in the report). The mission members will participate in meetings and workshops as scheduled and present their major recommendations. The following cross-cutting issues shall be assessed/discussed and commented upon by each team member of the mission with regard to the individual topics he/she is dealing with, leading to recommendations for the project design and implementation strategy. In co-operation with the Corruption Eradication Commission (KPK) and other relevant institutions the short-term experts will undertake the following tasks:

- to explore the proposal in depth,
- to analyze the situation pertaining to the proposal
- existing problems, government policies,

- important stakeholders including mapping and analysis of relevant activities of other international donors,
- risks for the German development cooperation,
- to map and analyze cooperation potential between other relevant projects and utilize innovations and instruments developed ,
- to illustrate the fight against corruption as a contribution to the cross cutting issue strategy of governance and decentralization including the integration of the new project into GTZ Anti-Corruption Strategy,
- describe the potential for development partnerships with business partners if applicable (PPP),
- clarify together with KPK the aim of the Clearinghouse and what tasks are connected with that
- proposing where the project should internally be placed within the KPK, how should the relations between Clearinghouse and prevention unit be configured?
- proposing the way of internal cooperation of the project with KPK
- to describe the concept for personnel required,
- Time and resource planning, estimate of needed counterpart funds for the budget years 2007 – 2009.
- describe the expected and needed German inputs, and the required inputs from the Indonesian side. To what extent is the KPK willing and able to provide counterpart funding and to continue the project's approach once the German assistance has come to an end?
- assess whether proposed project could be complemented by other instruments and mechanisms of German development cooperation suitable for the needs of KPK. How can „classical“ TA be complimented by other instruments (like training programmes of INWENT, provision of Integrated Experts (CIM), etc.)?
- recommend the outlines of a German contribution to the project that is both significant and relevant to its outcome,
- determine how interaction of the project activities with the activities of the “Security and Development Funds” can be achieved to make use of synergy effects,
- elaborate on the chain of results
- discuss the findings and conclusions of the mission with the relevant Indonesian stakeholders in a final workshop.
- prepare the decision for award of contract or implementation by GTZ,
- prepare the appraisal report (Ergebnisbericht), the ZAK presentation, the draft project offer (Angebot/Aura including acceptance by certified offer writer) to the Federal Ministry for Economic Cooperation and Development (BMZ) and the draft implementation agreement between GTZ and the KPK.

Upon the conclusion of the mission and if and to the extent that a result has been reached that embodies a German contribution to the Indonesian project proposal, the mission will inform the relevant Indonesian authorities on the outcome of the mission.

The mission will later inform both GTZ (Headquarters in Germany and the Management Team Indonesia (MTI) and the Ministry of Economic Co-operation and Development (BMZ) of their findings and recommendations, including the result of the concluding workshop.

3. Specific tasks of the individual members of the Appraisal Team

3.1 Team Leader/Anti-Corruption Specialist

In general the Team Leader will among others be responsible for

- the coordination of the work of the individual team members,
- the coordination of the contributions of the individual members of the appraisal team to the final report,
- the presentation of interim results to the responsible Indonesian authorities and GTZ Indonesia,
- the production of a comprehensive appraisal report following the “Guidelines for Appraisers working on Project Preparations”,
- proposing a set of indicators for the project planning,
- proposing where the project should internally be placed within the KPK,

- proposing the way of internal cooperation of the project with KPK
- evaluating what personnel would be requested,
- proposing what strategies should be implemented,
- assigning further tasks to the team members according to the requirements.
- prepare the appraisal report (Ergebnisbericht), the ZAK presentation, the draft project offer (Angebot/Aura including acceptance by certified offer writer) to the Federal Ministry for Economic Cooperation and Development (BMZ) and the draft implementation agreement between GTZ and the KPK.

3.2 Information and Documentation Specialist

The Information and Documentation Expert will among others be responsible for

- Studying and evaluating the IT concept (Blue Print) of KPK,
- Describing the demand and the technical possibilities for the Clearinghouse,
- Describing the basic elements and technical preconditions as well as priority measures for the implementation of the Clearinghouse concept,
- Evaluating the communication structures of the Clearinghouse including the potential for decentralization of functions
- Suggesting what technical personnel might be required.

3.3 Local Governance Expert

The Local Governance Specialist will among others be responsible for:

- Over viewing and evaluating the different institutions relevant for the implementation of the Clearinghouse,
- Describing the legal framework and the key functions of the KPK in the preventive field relevant for the clearinghouse project,
- Describing the major target groups for the project,
- Evaluating the potential for cooperation with civil society groups,
- Evaluating the potential for cooperation with other government institution especially with the Ministry of Administrative Reform in the field of Administrative / Civil Service Reform,
- Evaluating the cooperation potential with other GTZ projects/CIM experts especially with the project Support for Good Governance (SfGG)

3.4 Coordination Officer (GTZ GOJ)

The Coordination Officer will be responsible for coordinating the itinerary of the mission with stakeholders, government officials and resource persons, for arranging the final wrap-up workshop in Jakarta, for further administrative support tasks assigned by the team leader and for supporting the logistical arrangements for the mission's work.

4. Organizational Arrangements

On the part of the Indonesian Side it is expected that the Corruption Eradication Commission (KPK) will be the responsible partner for the execution of the mission.

On the part of GTZ, the Senior Advisor for Governance Reform of the Project "Support for Good Governance", Peter Rimmele, will be responsible for organizing the mission.

5. Resources

In Jakarta

- German Embassy Jakarta
- GTZ Office Jakarta: Mrs. Sabine Markert, Mr. Riza Tadjoeidin, Mr. Sulaiman Saleh,
- GTZ-SfGG: Mr. Günter Felber, Mr. Peter Rimmele,
- Other GTZ projects: Urban Quality (Mr. Gerd Sippel),
- Corruption Eradication Commission (KPK): Mr. Amien Sunaryadi, Mr. Erry Riyana Hardjapamekas, Mr. Syamsa, Mr. Waluyo,

- Partnership for Governance Reform: Mrs. Sofie-Arjon Schuette,
- MENPAN Mr. Edi Topo Ashari, Mr. Gunawan Hadisusilo

In Yogyakarta

Yayasan USC Satunama: Dr. Michael Hollaender

At the start of the appraisal, the mission members will receive a set of supporting documents and background reading, including the initial request for support from KPK (April 2005), the draft “Strategy Paper for the Crosscutting Area of Governance and Decentralization” (April 2006), and the National Anti Corruption Strategy (RAN PK), the Law about the Corruption Eradication Commission, the KPK Blue Print concerning the IT structures of KPK.

6. Time Schedule

The Members of the mission will be working on the above assignment in Indonesia 1 to 17 of May 2006.

The mission will meet with selected KPK and government officials, donor representatives and NGOs at national level. The mission will spend the entire time in Jakarta; travel to the regions is not required.

7. Reporting

The draft of the appraisal mission report which is to be prepared by the appraisal mission team leader in English (appraisal report, project planning matrix, draft implementation agreement) and German (Ergebnisbericht, Angebotsentwurf) languages shall be sent to the GTZ-SfGG Senior Advisor Peter Rimmele until 31.05. 2006⁵⁷ The GTZ-SfGG Advisor will review the report within 7 (seven) working days after receipt. The mission team leader will then incorporate any comments into the final version of the appraisal mission report.

⁵⁷ The schedule for the appraisal was changed into mid May; The report would be ready by 30.06.2006.

Annex 3 – Project Proposal

COPY

Jakarta, 15 April 2005
Rsf.: 8.425/KPK/IV/2005

To

Counsellor for Development Cooperation
German Embassy
Jin. M.H- Thamrin No.1
Jakarta 10310

Subject: Project Proposal for Indonesian –German Cooperation and Technical Assistance in
Preventing and Combating Corruption in Indonesia

Dear Sir,

We would like to refer to the meeting with you and the director general of the BMZ in our KPK during the last CGI conference in Jakarta.

Today we would like to present you our project proposal for Indonesian - German Cooperation and Technical Assistance in Preventing and Combating Corruption In Indonesia. We want to establish an Information/Documentation Centre/Clearing House on Corruption in Indonesia within the KPK. We seek cooperation with BMZ/GTZ in this field as we trust there is a lot of experience and expertise what could be very beneficiary for the development in Indonesia if being made accessible for us.

We have some more proposals especially related to the Bundeskriminalamt (BKA) but we will send you later after this project proposal can be approved as the entry point to our cooperation. We are aware that they are hardly matters of the Federal Ministry of Development cooperation but of the Federal Ministry of the Interior. We therefore would like to follow the suggestion of Mrs. Schaefer-Preuss to send all the requests to you and ask for the forwarding to the relevant German agencies.

As far as the Anti Corruption Clearinghouse is concerned we are ready to start soon. Please forward this project proposal for the agenda of the upcoming Indonesian-German Government negotiations on May 10th 2005. We are looking forward to a positive decision and hope that the necessary appraisal mission can be started soon.

Best Regards

Amien Sunaryadi

Vice Chairman

1. Bappenas
2. GTZ, Country Director
3. GTZ – Support for Good Governance

PROJECT PROPOSAL
INDONESIA – GERMANY COOPERATION AND TECHNICAL
ASSISTANCE IN PREVENTING AND COMBATING
CORRUPTION IN INDONESIA

- THE ANTI-CORRUPTION CLEARING HOUSE -

BACKGROUND

Indonesia is in transition from authoritarian political and economic systems toward democracy and the market economy. Corrupt acts have been on the increase over the years, both in terms of the number of uncovered cases and the losses to society, and occur in almost all levels of bureaucracy and law enforcement bodies institutions, such as in the police departments, the officers of the public attorney, and the courts of justice, as well as in private enterprises. Studies have shown, that corruption in Indonesia undermines economic growth and sustainable development efforts to combat poverty, reinforces economic disparities and injustices, and strengthens the economic power of small elite and their influence and “ownership” of the government and the media by money politics. It corrodes confidence in public institutions and increases citizen frustration, and shapes cultural mindsets and conduct that are unethical and anti-democratic. In these and other ways, corruption has undermined the democratisation process in Indonesia and continues to jeopardize sustainable development and the rule of law. Therefore, corruption can no longer be considered as an ordinary crime but as an extraordinary crime.

Law enforcement with regards to the eradication of corruption so far has been lackluster. The absence of checks and balances, transparency, and accountability in the government institutions has provided numerous opportunities for corruption. In order to improve this condition and to realize the supremacy of the law, at the end of 2003, the Commission for Eradication of Corruption (KPK) was formed with the primary purpose of improving the effectiveness and efficiency of efforts to eradicate acts of corruption. The KPK has a wide authority to conduct, coordinate and supervise investigations, indictments and prosecutions against corrupt acts. To avoid corruption in Indonesia in the future, KPK was also installed with preventive function. In this context effort in education, improvement of public services, research and development, collection and dissemination of information, and the follow up of citizen’s complaints need to be mentioned.

In the process of forming the KPK, recruitment of new employees, capacity and competency building of human resources through education and training programs are very important issue. A comprehensive and interdisciplinary approach is required to prevent and combat corruption effectively. The availability of technical assistance and advances equipment can play an important role in enhancing the ability of KPK, including by strengthening capacity and by institution building, to prevent and combat corruption effectively.

1. ANTI-CORRUPTION CLEARINGHOUSE

Since corruption shuns the light of the day the most effective way of fighting and preventing corruption is to shed some light on it. Thus, the provision and dissemination of information and data on corruptive practices is crucial for effectively fighting corruption. It is important to make such practices public and not to allow the perpetrators to remain the dark. However, it is as important that any public campaign and accusation is based on well-founded facts and not on suspicions. This is where most media, politicians, NGOs, and researchers came to their limitations. There are in fact numerous documents and data on corruption available in Indonesia but they are spread all over the country’s research organizations at universities, NGOs, documentation units of the media, etc. and it is nearly impossible not to lose track of the information available. It is also very difficult to get the information needed in time and quickly find out where to possibly get which information.

1.1. THE OBJECTIVE OF THE PROJECT

It is proposed to establish an Information/Documentation centre or Clearinghouse on Corruption in Indonesia that will serve the information demand of the Indonesian public. The most appropriate institution to locate such a centre is the recently established KPK. Stakeholders involved in the project are government agencies, civil society groups, media, universities and individual and researchers. Its main objective will be to fight and prevent corruption by:

- Collection, analyzing and processing information on corruption
- Collecting, analyzing and processing information on corruption related issues of the Indonesia civil Service reform;
- Recommendation to the Indonesian Government for the Civil service Reform based on this findings;
- Disseminating information on corruption as widely as possible, including the initiation of education on Anti-Corruption campaigns.
- Serving the information need of all interested parties, i.e. government institutions, civil society organizations, at the regional and national level, universities, media, donor agencies, and individuals.

The clearing house/documentation centre collects processes and disseminates information in any form on subjects related to corruption in Indonesia. Based on a survey to be carried out in the framework of the project appraisal, possible-cooperation partners will be decided upon. There will be three main tasks of the Information Centre/Clearinghouse: (1) setting-up of a library/documentation centre on corruption; (2) designing, establishing and maintaining data bases; and (3) disseminating of information.

1.2. DURATION AND PHASES OF THE PROJECT

The project will last for a minimum of three to five years. It will consist of a preparation phase (6 months) and an implementation phase.

Preparation phase:

The preparation phase should start as soon as possible, i.e. as soon as funding has been secured – hopefully in the course of 2005 – and at last for 6 months.

During the preparation phase, the following tasks need to be carried out:

- Placement staff
- Purchase of equipment
- Determining the software and standards
- Survey of and establishing good contacts with existing national and international information units on corruption

Implementation Phase:

The implementation phase will start immediately after preparation phase and will last for a minimum of three years, would a possibility to be extended. It will last for a minimum of three (or five) and can be extended. It is needed by KPK to have a “quick win” approach (e.g. 6 months) to have a pilot implementation which shows the benefit to the stakeholder which is initially KPK itself, followed by other stakeholders. For the tasks to be carried out during the implementation phase see above “Tasks”.

1.3. STAFF REQUIREMENTS

During the implementation phase there should be at last three local experts and two assistants and supporting staff:

- 1 (one) Information expert
- 1 (one) Librarian/documentaries
- 1 (one) Expert/Advisor on Corruption
- 2 (two) Library/information assistants
- Supportive staff

For a period of three years the project should be accompanied by a foreign advisor whether it need to be a long term position or can be done through recurrent short term input, should be evaluated by the appraisal mission.

Annex 4 – Minutes of Planning Workshop

Appraisal Mission KPK Anti-corruption Clearing House

Workshop on the Findings, Conclusions and Recommendations of the Appraisal Mission and Work on the Project Concept

1 June 2006, 12:00 to 18:00 at Alila Hotel, Jakarta

1. Opening

Introduction of the workshop, schedule, procedure by moderator, **Faisal Djalal**

Opening Remarks: **G. Felber**

The workshop is part of the project planning for cooperation between Indonesia through KPK and Germany through GTZ. The expected result is a common perception of KPK and GTZ on the project that will allow to move into a clear approach for implementation. Differences in understanding need to be sorted out in the workshop.

The Appraisal Team will present findings during the mission and its proposed project concept. The purpose of the project is to support KPK in implementing its mandates. Hence, during group work, participants are expected to assess the proposal based the needs of KPK and other stakeholders and provide inputs for improvement.

Opening Remarks: **Erry Riyana H.**

The idea of Clearing House was originally derived from the awareness that we (the Indonesians) are easily forgetful and do not want to learn from the past. CH is expected to become the source of information and learning for all parties including KPK, other law enforcement institutions, NGOs and the public for prevention and repression. In addition to having a common perception on CH, the workshop is also expected to come to an understanding on the clear limitation of the scope of the project. For instance, will the project also deal with the issue of coordination with other government institutions? In terms of repression, CH may facilitate the public to access information on the early status of a corruption case, important progress of a case and the decision of the court. At the end of the workshop, the definition of CH and the project concept should be made clear.

2. Appraisal mission: Presentation of findings, conclusions and Recommendations

Power point presentation and explanations by Dedo Geinitz

Questions and answers on the presentation

Erry Riyana H.: Gave input for a change in the formulation of the **proposed objective** into: *Increase the effectiveness of KPK to reduce corruption and increase performance significantly*

Answer **Dedo Geinitz:** the objective should be based on resources available, including project phase. i.e. what can be achieved?

Lambok H.: Questioning the meaning “**except budget?**”

Answer **Dedo Geinitz:** Although KPK is an independent body, the budget comes from the state/MOF. Interference to KPK by the executive and/or legislative can be done through reducing budget allocation. Hence it is crucial for KPK to have a strong basis and gain support from other key stakeholders to reduce any interference.

G. Felber and **M. Hollaender:** Questioning the word “**support**” in output 2 and 3

It is too much input oriented. The technical assistance project will not take over the work of KPK but it will be integrated into KPK's work. The degree of the support should be elaborated in the indicator. It is suggested to **omit the word "support"** and reformulate it in a way that it reflects change.

Erry Riyana H.: Listening to the presentation he realised that in general KPK and GTZ **have the same expectation** of the project. The next step was to **enrich** the project concept by providing inputs and **defining the scope** of the project.

G. Felber: Clarification that the participants should focus on the main principles of the project and do not need to discuss details of project operation.

Answer **Dedo Geinitz:** clarification that the suggested project period is 3 years.

M. Jasin: Requesting further explanation on the **definition of CH** proposed by GTZ and requiring information on best practices of other countries.

Answer **Dedo Geinitz:** People's perception on CH varies. KPK expects to have CH similar to the one developed by TI. It takes time to develop such a complex CH. Can KPK achieve it within the project period? First, KPK has to be clear on what kind of information to be posted, who will use it, etc. The appraisal mission has not found the right term so the word CH is still used as a working term.

Syamsa: Explanation that since the last internal KPK discussion about CH, the understanding of CH continued to develop. GTZ's definition is still in line with KPK's concept but it is wider. Pak Syamsa demonstrated the common perception of KPK and GTZ by briefly displaying the IT concept that is planned to be established.

3. Group work:

For each output one group was formed with staff from different deputies and also NGOs. Focus on objectives, indicators and outputs and on a set of key questions

Output 1: KPK has sufficient capacities for prevention outreach.

- Additional word for output: KPK has sufficient capacities for prevention and **repression** outreach.
- Referring to the additional word in the output, an additional indicator is needed: collaboration and networking with police and AGO.
- Additional indicator: online updates of progress report of corruption cases.
- Additional activities: (1) develop SOP as a follow up of MoU. (2) Monitor case handling. (3) Regular review for prevention agenda.

Answers to questions under set I: Clearing house

CH is a **necessary and sufficient** condition for combating corruption in Indonesia. Through CH the public will have access to updated, interactive, reliable and credible information on anti-corruption. CH is an **interface between repression and prevention**. There is an interactive benefit between the two. Prevention can feed repression by providing information on LHKPN, public complaints, and gratification. The court decision can be mapped out to be used as prevention program for instance to improve the education program and prevention system. Repression acts will also serve as deterrent effect.

The **strategy for networking** includes:

- Develop trust and trust among key stakeholders.
- Conduct open discussion and regular meetings/sharing.
- Engage key stakeholders and get them involved in many activities/events as well as having KPK involved in their activities/events.
- Extend arms for intelligence initiatives.

Tumpal S: Will CH provide information on P21?

Waluyo: as explained by Erry Riyana H. in the opening remarks, CH will include information on the status of corruption cases, position of the progress and the court decision. However details will not be posted.

Output 2: Adequate support to information and knowledge management system is made available to KPK.

- Formulation of output 2: the word “support” to be omitted.
- Additional indicators: (1) information related to investigation is available. (2) The word “adequate” should have a quality dimension that is correctness, timeliness, and completeness. (3) Include not only good practices but also bad practices.
- Additional activities: (1) gain access to information from other institutions (police, AGO, banks, PPATK, BPN, etc.). (2) Conduct networking by taking into account technical and non technical aspects. (3) Finalise SOP on information security. (4) Collect information from local, national and international sources. (5) Facilitate training or higher education for staff.

Answers to questions under set II: Information and knowledge

The group did not work on the first two remarks. Instead, they concentrated on the other questions. How to improve the formal communication/information flow at horizontal level at KPK?

- CH will function as “information **tosser** to disseminate “correct” information for the “correct” level by collecting the “right” information and disseminate the information at the “right” time to the “right” person/level. → push
- CH should become a “repository” of information that is structured as such (e.g. levelling) so that information can be accessed “at any time” by the correct/appropriate level. → pull

How to improve the horizontal level of information?

- Regular publication (of information?)
- Having common bank of data
- Regular meetings
- CH can accelerate culture change

Partners to generate information and knowledge: public, court, researchers, NGOs, and other stakeholders.

Partners who demand KPK’s information: public, NGOs, researchers, law enforcers, and decision makers.

Output 3: Support to KPK in developing structures and processes.

Comments on indicator:

- The term “quality management” is too broad. Should be clarified for instance including SOP, cross functional process flow.
- The term “active performance review/appraisal system” is too broad. Should be clarified as self assessment and quality control checks. When result shows a gap, it should be followed by an action plan for improvement.

Additional indicator suggested:

- The structure in KPK is defined and filled with qualified personnel.
- Coordination and supervision **tools and mechanism** to be developed for law enforcement agencies.
- Business continuity plan
- Disaster recovery plan (?)

Additional activities suggested:

- facilitate external communication (**two ways**) into the management structure including where KPK is and where it want go (future), the gaps, action plan.
- Facilitate the increasing **commitment** from internal and external actors.
- Develop AC 247 (database).
- Establish a coordination team.
- Develop institutional and modalities procedures.
- Establish a **monitoring system for internal system**.

Answers to questions under set III and IV: Capacity and future of KPK

How to overcome the expectation trap?

- Intensive and extensive communication and promotion of KPI which **shows KPK's targets and priorities**.
- **Publish/show results** in repression to build a deterrent effect.
- Conduct **parallel** repression and prevention initiatives.
- Publish results of prevention initiatives.
- Establish **KPK's branches**, starts in selected area.

How to enhance formal cooperation among law enforcement agencies?

- Share the process of catching big "fish".
- Listen to other's concerns and assist as needed.
- Share information regularly through CH and use data for regular meetings.
- Develop SOP for networking.

How to develop cooperation with civil society?

- Invite them to **share findings** and their view through CH.
- **Update progress** of their complaints through CH.
- Invite them to participate in KPK's activities/events.
- **Provide them with findings**, indications, reports of KPK.

Does KPK have the capacity to absorb donor support?

- Develop a strategy to maximise the use of funds.
- Can be absorbed when it can be used to enhance (the capacity of) other law enforcement agencies.
- Donor support can be well absorbed **when it is not only in the form of fund and project plan but also expertise** so that a new project will improve KPK's capacity without giving an extra burden to the staff. According to P. Waluyo, 3 KPK staff will be assigned to support the CH.

Future and image:

- There is **optimism** on the existence of KPK. Leaders and people can be removed but KPK as an agency will survive because Indonesia needs a super-body like KPK.
- **CH has to survive**, regardless the existence of KPK, because the content/information is needed to combat corruption.
- KPK should play the monitoring and supervision roles.
- KPK should have in place (clear, fair, transparent) reporting and coordination procedures.
- Ensure clear demarcation such as (1) guidelines of agencies, (2) KPK plays the role to handle disciplinary, misconduct and criminal matters.
- Proactive role to assist government institutions to overcome practices that lead to corruption. However sometimes it is impossible to prosecute.

How to protect KPK against threats?

- **Lobby** regularly the executive and legislative to promote the eradication of corruption and **propose strategies** to combat corruption.
- Strengthen **networking** with key stakeholders.
- Make a sound work **performance**.

- Indonesia needs a comprehensive “anti-corruption” law. It will enhance KPK’s existence.

CLOSING

Dedo Geinitz: I liked very much the very open and constructive contributions on the outputs, formulations of indicators and suggested activities. We have to keep in mind that the project has to set priorities. Clear answers were given on the questions, which confirm our findings that KPK is quite well established.

Next steps: Meeting with Com. Pak Amien on Monday, 5 June for briefing and discussion; also briefing of GTZ country director. The results of the mission will then transformed into a formal project design and forwarded to the Federal German Government for approval.

Products of the mission will be:

- 1) Agreed project design/concept based on the ppt and the draft report, which was circulated
- 2) Agreed minutes of meeting (Mission – Commissioner)
- 3) Draft basic agreement on implementation

Erry Riyana H: In summarising, he stated that fruitful discussions were held. He confirmed his expectation that this project can be realised soon to facilitate flow/exchange of information and lessons learned among those who are concerned in combating corruption in Indonesia. The name of the project could be CH or information centre, or other but most important is that both KPK and GTZ have the same understanding on what we want to achieve.