

# The Indonesian Update

Monthly Review on Economic, Legal, Security, Political, and Social Affairs



## Main Report: Dispute on the Bill on the Special Region of Yogyakarta

### Politics

Euphoria over the Indonesian National Football Team ■  
The Conflict within of the Yudhoyono Government Coalition ■

### Social Issues

MDG Report: Achievement or Image Creation? ■  
Nine Years of the Special Autonomy of Papua ■

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## FOREWORD

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The wide authority of DIY always sparks conflicts between the local people and culture and the national government interests. These conflicts shall be settled by providing a regulation for the implementation of governmental activities. This is immediately required as Law No. 3/1950 of the Formation of the Special Region of Yogyakarta and other related regulations do not completely cover the special characteristics of DIY. This will be different from regulations on other special regions like Nanggroe Aceh Darussalam, Papua and DKI Jakarta, which have been agreed.

Some factors have caused the prolongation of the writing of Bill on DIY. First, the deliberations of the Bill on the Formation of Special Region of Yogyakarta was delayed by the inability of the 2004-2009 DPR to finish the Bill. The main topic of the negotiation is the positions of governor and vice governor of DIY. Also, the involvement of political interest in designing the Bill has been substantial, obstructing the improvement of social welfare.

This edition of the Indonesian Update also raises some important topics from the political and social fields. On politics, it talks about the euphoria over the Indonesian football team: between performance and politicization. Another topic is the clash between the coalition political parties supporting the SBY administration. On social affairs, it discusses the MDG report: achievement or image building and a theme on the nine years of the Papuan Special Autonomy.

The regular publication of the Indonesian Update with its actual themes is expected to help policy makers in the government and the business sector, academicians, and international think tanks get actual information and contextual analyses on economic, political, social, and cultural developments in Indonesia.

**Happy reading!**

## Dispute on the Bill on the Special Region of Yogyakarta

*The governance system of Indonesia, which is based on the Indonesian 1945 Constitution, acknowledges and respects some units of local governments that have special characteristics or extraordinary positions as regulated by laws. The acknowledgment and respect have been manifested by the extension of local autonomy to provinces. This policy has given a great authority to local governments to arrange and manage local governmental activities and social interests in accordance with their own needs under the Republic of Indonesia's governance system with its clear legal limitations and territories.*

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The Special Region of Yogyakarta, through the announcement of September 5<sup>th</sup> 1945, had declared Sri Sultan Hamengku Buwono IX as the leader of the region of Yogyakarta Hadiningrat and Sri Paduka Alam VIII as the leader of the sub-region of Kadipaten Paku Alaman, which had a monarchy model and became a special region of the Republic of Indonesia. This announcement was explicitly affirmed by the establishment of Law No. 3/1950 on the Formation of the Special Region of Yogyakarta as a Special Autonomous Provincial Region.

As an autonomous region, DIY has the authority to undertake its own governmental activities, except foreign affairs, defense, security, legal affairs, the national monetary and fiscal systems, and religion. This authority is protected by the Constitution. In addition, DIY also has some other specific authorities, including land affairs, culture, education, tourism, city governing system, and mutual consent for financing. It also has the ability to jointly undertake mutual cooperation with other regions, internal public agencies and institutions, as well foreign parties as regulated by an arrangement of the respective parties and based on regulations.

The wide authority of DIY always sparks conflicts between the local people and culture and the national government interests. These conflicts shall be settled by providing a regulation for the implementation of governmental activities. This is immediately required as Law No. 3/ 1950 of the Formation of the Special Region of Yogyakarta and other related regulations do not completely cover the special characteristics of DIY. This will be different from regulations on other special regions like Nanggroe Aceh Darussalam, Papua and DKI Jakarta, which have been agreed.

Some factors have caused the prolongation of the writing of Bill on DIY. *First*, the deliberations of the Bill on the Formation of Special Region of Yogyakarta was delayed by the inability of the 2004-2009 DPR to finish the Bill. The previous DPR-RI and government had agreed to recommend the next government and the 2009-2014 DPR-RI members to continue the deliberations. The main topic of the negotiation is the positions of governor and vice governor of DIY.

*Second*, the interests of the people of DIY are not protected by the Bill. The Bill has been written to maintain national government interests. *Third*, the internal mechanisms of DIY local government institutions and national agencies do not improve political and democratic issues. *Fourth*, the involvement of political interest in designing the Bill has been substantial, obstructing the improvement of social welfare.

Any problems arising during the deliberations of the Bill on DIY have been postponed. Now, there is a new problem that has significantly influenced the political sphere of the Yogyakarta people. This all started with President SBY's statement that a local leader shall be elected by the people, not by an appointment. This statement was a reply to the agreement of a Yogyakarta people meeting in the DPRD DIY park, which was attended by thousands of Yogyakarta people from Kulon Progo, Bantul, Gunung Kidul, Sleman, and Yogyakarta. In the meeting, the Yogyakarta people had agreed to decide on Sultan Hamengku Buwono X and Sri Paku Alam IX as the governor and vice governor.

The decision was proclaimed by its chair, HM Mulyadi, in front of the people. The decision came into effect on 10 October 2008, because the governor and vice governor positions expired on 9 October 2008. Actually, the decision permitted President SBY to

authorize and invite Sri Sultan to the Presidential Palace. During the conversation, the President had named Sri Sultan and Paku Alam as DIY's governor and vice governor.

Actually, in the past, there was no way to conduct local leader elections in DIY. For the governorship of 1998-2003, the people's meeting had stated and settled Sri Sultan Hamengku Buwono X as the DIY governor. In 2003, the decision had been strengthened by a Plenary Session of DPRD factions. This settlement had been agreed for the governor position of the 2003-2008 period and enforced by the Arrangements of DPRD DIY.

The settlement is one of problems in the deliberations of the Bill on DIY. This shall require a priority consensus as the Sultan position must be specified by an appointment, but monarchy should not emerge in democracy, as the Sri Sultan is united with the people.

The above problems have sparked social disputes and protests from the people through mass demonstrations, political discussions, and a demand for a referendum. The problems have also caused political disputes between local and national politicians, including the Joint Secretariat. All the factions of DPRD DIY, except the Demokrat, have agreed to opt the appointment mechanism. Even some Demokrat members have finally followed this political way.

Not far from the national political constellation, parties that have dominant followers, like the PDIP, Golkar, PKS, PPP, and PAN, have a certain attention to DPRD DIY. The main dispute is the termination of Partai Demokrat DIY chair from the party membership, as the party has been a tenacious political supporter of the idea of special region.

An initial step has been done by the government through the Ministry of Home Affairs in accelerating the drafting of the government version of the Bill. But the important problems have not been covered yet, causing conflict of interests in DPR.

Actually, the above crucial problems could be resolved if political parties see comprehensively the content of the 1945 Constitution, but they only partially take into account some articles of it. Meanwhile, if we pay attention to Article 18B Point 1 of Chapter VI of the Second Amendment of the 1945 Constitution, it strictly states that the nation acknowledges and respects the special and

extraordinary units of local governments as regulated by law. It means that the Special Region of Yogyakarta is not considered as violating the Constitution and the NKRI (the Unitary State of the Republic of Indonesia).

The Article 18B Point 1 of the 1945 Constitution also conveys that the “special and extraordinary units of local governments” refer to four provinces in Indonesia i.e. Nanggroe Aceh Darussalam, Papua, DKI Jakarta and DI Yogyakarta. The existence of the Article 18B Point 1 provides a basic constitutional principle to the four provinces in considering some deviation from the general regulations of other regions.

It shall be considered to proportionally adopt the dynamics of the Yogyakarta people into the political, economic, cultural, social and communicative mechanisms between the local and national governments in order to maintain the Yogyakarta special region.

— Aly yusuf —

*It shall be considered to proportionally adopt the dynamics of the Yogyakarta people into the political, economic, cultural, social and communicative mechanisms between the local and national governments in order to maintain the Yogyakarta special region.*

## Euphoria over the Indonesian National Football Team: Between Good Performance and Politicization

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Political moves not only can be done in the state system, they can also be performed in other sectors, which actually should be sterile from politics. This is evident by some political moves (politicization) towards the Indonesian National Football team (timnas) during the 2010 Asean Football Federation (AFF) Suzuki Cup. It is called politicization because some Indonesian political figures have implicitly taken a political advantage from the Indonesian people's euphoria over the achievement of timnas in the AFF Cup.

### Performance

Timnas, which has won several matches, has drawn sympathy and sparked pride of the Indonesian people. This has been caused by several things.

*First*, the majority of the current timnas players are quite productive. Even though not all of them are young, they all have good quality. The National Team Body (BTN), which had been authorized to choose 25 names for timnas, selected the best players who were drawn from various football associations (clubs) in Indonesia. Here are the names of the players who join timnas (Source: [www.goal.com](http://www.goal.com))

**Goalkeepers:** Markus Horison [Persib Bandung], Ferry Rotinsulu [Sriwijaya FC], Kurnia Meiga [Arema Indonesia].

**Defenders:** Zulkifli [Arema Indonesia], Benny Wahyudi [Arema], Nova Arianto [Persib], Maman Abdurahman [Persib], Hamka Hamzah Persipura Jayapura], M Roby [Persisam Samarinda], M Nasuha [Persija Jakarta], Slamet Riyadi [Persela Lamongan].

**Midfielders:** M Ridwan [Sriwijaya FC], Arif Suyono [Sriwijaya FC], Toni Sucipto [Persija], Firman Utina [Sriwijaya FC], Eka Ramdani [Persib], Ahmad Bustomi [Arema Indonesia], Hariono [Persib], Oktovianus Maniani [Sriwijaya FC], Oktavianus [Persija].

**Strikers:** Christian Gonzales [Persib], Irfan Bachdim [Persema Malang], Boas Salossa [Persipura], Bambang Pamungkas [Persija], Yongky Aribowo [Arema].

*Second*, the coach factor. Although not having perfect records of training, Alfred Riedle, through discipline, has proven that he is capable to direct Timnas to perform an attractive football with an attacking style.

*Third*, naturalizes players. Undeniably, the presence of naturalized players, Christian Gonzalez and Irfan Bachdim, have brought some colors to the national team. Chris, a player from Uruguay, and Irfan a naturalized player from the Netherlands, have scored some goals.

Although it has not yet confirmed as the AFF Cup champion, at least Indonesia's success to enter the final game with Malaysia and its beautiful performances have made the people of Indonesia very proud of its achievement.

### **Politicization**

Indonesia's current national team has been formed through a long process. The good or bad conditions of Indonesia's current national team are a result of the things conducted a dozen years ago. The Indonesian football has applied a tiered system, in which it all starts from players who play in a tiered competition system (Division II, Division I, the main division and super league.) This tiered system selects the players who qualify to join the national team.

The enthusiasm of football fans does not easily arise. Football itself is not just a sport, as it has become a sub-culture that forges loyalty and extraordinary fanaticism. In the case of the euphoria over the Indonesian national team, now it seems that the euphoria comes from those who love the game and also from some groups in the society that previously did not care much about the game.

In this context, a sociologist from the University of Indonesia (UI), Musni, stated that the euphoria of the people from all elements of the society is a reflection of public anxiety over today's socio-economic conditions. Due to economic pressures, finally the people

have been looking for a means to escape for problems.

This momentum should not be wasted by the country's politicians. PSSI's management, which is packed with a certain political party, seems to be easily exploited by that political party. For example, Ical (Ical) invited the national team for a breakfast at his residence on 20 December. PSSI and the whole team attended the event, which was not really that important for the game. Not only that, Ical also gave a bonus about Rp 2.5 billion for the national team because its success to enter the final round. In fact, Ical also promised to provide 25 hectares of land in Jonggol, Bogor, West Java, to be used for the training center of PSSI teams.

That was obviously Ical's heavy political maneuvers. This was a move to enhance the image of the Golkar party in the eyes of Indonesian football fans. However, the politicization was not done by Ical himself. Other party leaders, like Ruhut Sitompul of the Democratic Party, also took advantage from this momentum by attacking the Golkar Party when the team was beaten 3-0 by Malaysia in the first leg of the finals in Kuala Lumpur.

Ruhut Sitompul, in his statement to the press, said that the national team's defeat was an indication of the Golkar Party's future defeat in the 2014 general elections. Anis Matta, the General Secretary of PKS, also attacked the Golkar Party by declaring that the national team's defeat in the final leg in Kuala Lumpur, was, among others, due to this politicization. At this point, Ical and Golkar have utilized the good momentum of the national team games through their politicization of the national team.

In fact, the politicization of the national team for the benefit of a particular party is a reflection of the tangled PSSI management in managing the Indonesian football. Politicization has proved useless in contributing to the improvement of national team appearances. Therefore, in this momentum, the great attention from the people of Indonesia to the national team should be used to unravel the tangled PSSI management. Sports management should be from free political interference. The professionals should be used for the glory of Indonesian football.

— **Benni Inayatullah** —

*There should be an attempt to unravel the tangled PSSI management, so the resurrection of national team could be a momentum to free sports managements from political interference, thereby placing professional people for the glory of Indonesian football and sports.*

## The Conflict within of the Yudhoyono Government Coalition

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The ties between President Susilo Bambang Yudhoyono his coalition partner parties have begun since the second round of the 2009-2014 elections. The patterns are still the same as the previous rounds; namely, political maneuvering of two-legged political parties and transactional politics between Yudhoyono and the coalition parties.

The fact is quite clear, at the end of the first year, the government was busied with the political drama about the Century scandal. The tug attitude of the coalition partner parties - especially the Golkar Party - in the Century Bank case, Finance Minister Sri Mulyani resignation, and the establishment of the Coalition Joint Secretariat with Golkar Party Chair Aburizal Bakrie as the daily chair, are some explicit examples about political bargaining and bartering within the coalition.

At the beginning of the second half of the administration, we watched another political drama of tax mafia cases involving tax official Gayus, who is often associated with the Bakrie Group companies. The legal process is full with the smell of politics, indicating the pattern of transactional relationships within the coalition.

### **The parties are being held hostages**

The pattern of transactional relationships within the coalition - through the Coalition Joint Secretariat - has become stronger as the members of the coalition are also being held hostage by some legal cases. The Democratic Party since the beginning of the Yudhoyono-Boediono government has been held hostage by the Century Bank case. PKS has also been held hostage by the Misbakhun case.

In the case of Century, Yudhoyono and Democrats have been cornered by his own coalition partners; namely, the Golkar Party and PKS. Therefore, it is no surprise that the public has associated

the Misbakhun case as an attempt by the Democrats to silence and hold hostage PKS. The reason is that Misbakhun is a Member of Parliament from the PKS faction who was also one of the initiators of the Century questionnaire in the Parliament.

Some people believe that the Misbakhun case is more a civil case than a criminal case. The smell of political intervention in the case was more obvious when President Yudhoyono highlighted the light sentence - one year in jail, which was far below the eight year imprisonment wanted by the prosecution - for Misbakhun. Therefore, it is no surprise that some PKS politicians have harshly criticized the government. Recently, PKS criticized the leadership and mechanisms within the Coalition Joint Secretariat, which is dominated the Democratic Party and Golkar. PKS also introduced the idea of building a middle political power by persuading PDIP to discuss possible presidential candidates for the 2014 elections.

In addition to the coalition partner parties, opposition party of PDI-P has also been held hostage by some legal cases, as some of its politicians have been named suspects in the traveler check case in the election of Bank Indonesia Senior Deputy Governor Miranda Goeltom. This case has to some extent muted PDIP an opposition party, making it not too critical of the government and making the opposition level lower.

Recently, at the end of year 2011, the Golkar Party, which is the strongest party coalition partner of Yudhoyono and the Democratic Party, has also been held hostage by the Gayus tax mafia case. Gayus' testimony in the court proceedings revealed that he had obtained money from a number of companies evading taxes owned by Chairman of the Golkar Party Aburizal Bakrie Bakrie. This case clearly can be used as a political weapon for Democrats to put some pressure on the Golkar Party, which is often maneuvering in the coalition.

The maneuvering Golkar Party, as the second largest party in the Parliament, of course has the ambition to reach a more optimal power. A year with Yudhoyono-Boediono, It seems that Golkar under the leadership of Aburizal Bakrie has not got it. Golkar has not actually had free room for maneuvering in influencing governmental power. Accordingly, some time before a year of the government, a strong aspiration has emerged among Golkar members for a cabinet reshuffle to put some pressure on Yudhoyono and the Democrats.

In these conditions, it is possible that Golkar will strengthen its two-legged political role by strengthening the role of opposition in parliament if the Yudhoyono and Democrats fails to tame Golkar through transactional or political bartering.

### **Transactional coalition**

Based on previous experience, the ending of the legal processes that ensnare and hold hostage political parties usually end without clarity through compromises and political bargaining behind the scenes. In these situations, law enforcement and government performance will be held hostage.

Therefore, Yudhoyono's relation with coalition partners during the year 2010 was a continuation of previous rounds. Yudhoyono still rely on political image building based on rhetoric in maintaining "vertical legitimacy" of the people, thereby promoting political compromises and barter-based transactional politics to strengthen the base for "horizontal legitimacy" of the Parliament and the parties.

The transactional model of the coalition has manifested in the form of the coalition joint secretariat. It has collaborated with the stronger interests of Golkar to "influence" political policies, governance, and the characters of Yudhoyono's leadership. It is very likely that we will again see some more political dramas that will hold the government hostage in the remaining four years of the SBY government.

If Yudhoyono does not immediately change the course of his administration -- that is, leaving the political rhetoric of verbal-based image building; adopting the performance-based image building and hard work; reducing the proportion of accommodative politics and political compromises; and transactional politics -- hence, it is most likely in the year 2011 the government will continue to be held hostage.

Of course, Yudhoyono and his coalition party elite should equally participate to contribute. They need to rearrange their priorities. They should put the interests of the people above all else in order to get out from the above problems (including the existence of the being held hostage government and the political octopus government as the results of the coalition's transactional politics).

— **Hanta Yuda AR** —

*Based on previous experience, the ending of the legal processes that ensnare and hold hostage political parties usually end without clarity through compromises and political bargaining behind the scenes. In these situations, law enforcement and government performance will be held hostage.*

## **MDG Report: Achievement or Image Creation?**

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The Millenium Development Goals (MDGs) Program has reached the tenth year of its implementation since it was announced in 2000. MDGs consist of eight developmental goals. The countries that are affiliated with the United Nations Organization (UNO) are committed to achieving these goals by 2015. MDGs have become developmental challenges of the world. MDGs Declaration has been adopted by 189 countries, and has been ratified by 147 state leaders, including Indonesia, at the Millenium Summit Confrence in New York, September 8, 2000.

After 10 years of its implementation, this means that there are five more years to achieve all the targeted goals . So, the MDGs report has become an important matter. Each year, every country that is committed and has signed the Millenium Declaration has a mandatory duty to submit the report of MDG achievement in the country. Meanwhile, UNO is responsible for submitting the join report of MDGs' world achievement. At the regional level, it has conducted ministerial meetings on MDGs. The Asia Pacific regional meetings on the fifth year (August 2005) and tenth year (August 3-4, 2010) of MDGs were conducted in Indonesia. The delegations presented the results of regional meetings to the World Summit 2005 and the MDG Plenary Meeting on September 20-22, 2010 in New York, USA.

### **Global achievement**

There are eight goals that are detailed in 18 concrete targets and indicators of measurable achievements. They are: (1) Poverty and hunger reduction, (2) Education for all, (3) Gender equality and women empowerment, (4) Decreasing child mortality, (5) Improving maternal health, (6) Combatting HIV/AIDS and other transmitted diseases, (7) Ensuring the sustainability of bio-environment, (8) Developing the global partnership.

So far, some experts have criticized that MDG targets are too idealistic and difficult to be achieved by 2015. According to the Indonesian National Coordinator for MDGs, Ivan Hadar, the ambitious promises of almost all of UNO countries to end the poverty and hunger, to improve education and health, and to have sustainable bio-environment by 2015, and also to decrease the gap between North-South will be still far from achievement.

However, for a while, the UN publication of world achievement sounds optimistic. For example, the number of people who lived in extreme poverty with income under 1.25 USD per day had decreased from 46 percent in 1990 to 27 percent in 2005. Beside that, about 84 percent of people in the world had access to clean water. Until 2010, according to UN General Secretary Ban Ki-moon at MDGs World Summit on September 23, 2010 the targets to decrease the infant mortality and maternal mortality rates were still the two most difficult MDG targets to be achieved.

### **Indonesia's achievement**

The Ministry of National Development Planning/ Board of National Development Planning (Bappenas) reported that Indonesia had achieved some MDG targets in 2010. In the document "Road Map to Accelerate MDG Achievement in Indonesia", Bappenas reported that Indonesia had achieved the MDG targets in three categories: (1) target has been accomplished, (2) target has showed a significant improvement and can be achieved by 2015 or still on the right track, (3) target that needs more efforts to be achieved. Bappenas in December 2010 reported Indonesian MDGs as per 2010 as below:

Tabel. Pencapaian MDGs Indonesia hingga Tahun 2010

Category	Goal	Achievement
Target accomplished	Goal 1. Poverty reduction	The proportion of people with income per capita under 1 USD per day had decreased from 20.6 percent in 1990 to 5.9 percent in 2008.
	Goal 3. Gender equality and women empowerment	Pure participation ratios (PPRs) for girls and boys in elementary school were 99.73 and 101.99 in 2009. Meanwhile, the literacy ratio between female and male 15-24 years old was 99.85 in 2009.
	Goal 6. Combating transmitted diseases	Tuberculosis prevalence decreased from 443 cases in 1990 to 244 cases per 100.000 people in 2009.
Target showed significant improvement and can be achieved on 2015 (or still on the track)	Goal 1. Poverty and hunger alleviation	Bad nutrition prevalence amongst infants had decreased almost by half, from 31 percent in 1989 to 18.4 in 2007. The 2015 target is 15.5 percent and possible to be achieved.
	Goal 2. Education for all	PPR for basic education was almost 100 percent and literacy was above 99.47 percent in 2009.
	Goal 4. Decreasing child mortality	PPRs for females and males in secondary and higher education in 2009 were 96.16 and 102.95. It is expected that target 100 percent by 2015 can be achieved.
	Tujuan 4. Mengurangi tingkat kematian anak	Infant mortality had decreased from 97 per 1,000 births in 1991 to 44 per 1,000 births in 2007. It is expected that target 32 per 1,000 births by 2015 can be achieved.
	Goal 8. Developing global partnership	Foreign debt ratio to GNP had decreased from 24.6 percent in 1996 to 10.9 percent in 2009. Debt Service Ratio was had also decreased from 51 percent in 1996 to 22 percent in 2009.

Category	Goal	Achievement
<b>Strong efforts are still needed to realize the targets in 2015</b>	Goal 5. Increasing maternal health	Maternal mortality had decreased from 390 in 1991 to 228 per 100,000 live-birth in 2007. It still needs more efforts to achieve the target of 102 per 100,000 live-births by 2015.
	Goal 6. Combating HIV/AIDS	The number of persons with HIV/AIDS had increased, especially amongst the high risk groups amongst the drug injection users and sex workers.
	Goal 7. Bio-environment sustainability	Until 2010, there were only 47.73 percent of households that had sustainable access to decent drinking water and 51.19 percent that had access to decent sanitation. The other problems: to increase the forest coverage, combat illegal logging, and decrease carbondioxide emission.

Source: Bappenas, 2010

The Indonesian MDG achievement report above shows us an optimistic picture. However, Bappenas also noted that the local discrepancy is still a constraint. The question is whether the real conditions in the communities have already improved or not? We hope that the Indonesian MDGs are a real achievement and not only an image creation.

— Antonius Wiwan Koban —

*The Indonesian MDG achievement report until 2010 has become important because it serves as an oversight in the tenth year. This means that there will only be five more years to achieve all the targets by 2015. We hope that they will be a real achievement, and not a mere image creation.*

## Nine Years of the Special Autonomy of Papua

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Papua is an irony. The two resource-rich Papuan provinces hold the titles of Indonesia's poorest provinces. Papua has abundant natural resources. The Freeport gold and copper mine operates here. Papua has the Tangguh LNG plant, the world's largest gas field. Papua is also home for forests are rich with biodiversity. Yet, the majority of its people still struggle with acute poverty.

A Central Bureau of Statistics report in March 2010 stated that the number of poor people in Papua was 761,620 people (36.80%), while in West Papua in the same period it amounted to 256,250 persons (34.88%). The total poor population in both provinces in March 2010 amounted to a level of 1,017,870 peoples. Compared with the poor in 2002, when the initial policy of special autonomy in Papua was introduced, the number amounted to a level of 984,000 people (41.80%), meaning that number of poor people rose by 33,870. The poverty rate in Papua also far exceeds the national average of 13.33%.

It appears that since the special autonomy was introduced on 21 November 2001, its implementation has not been able to reduce the number of poor people in Papua significantly. On the other hand, the implementation of the special autonomy policy has increased the amount of the special funds during 2002-2010. However, as in its development, the granting of the special autonomy funds, outside the three balance funds, has not had positive impacts on poverty reduction in Papua.

From 2002 to 2010, the central government has channeled more than IDR 23 trillion to fund the Papuan autonomy. However, funds have been largely used for the welfare of the people, even though much of them have been corrupted. It had been confirmed from the findings of the Supreme Audit Board (BPK). Based on the examination of the 7 trillion autonomous budget for the 2004-2009 periods, there was a misuse amounting to Rp 578 billion, or 16%. There were about 70% of irregularities in the form of expenditures that could not be justified.

According to the auditors, this deviation was categorised as moral hazard. Some misuse of funds was indicated as corruption. There were fictitious projects, inflating the value of the projects, expenditures that deviated from the allocation, or asset purchases that did not fit the rules. In fact, there were projects that were engineered. Some regents withdrew funds for unclear purposes (*Suara Pembaruan*, October 27, 2010).

Funds should be used to build the economy, build infrastructure network, or to improve public welfare. They should not be wasted by the agents themselves. Shopping dominates the state apparatus. It seems that there is no positive correlation between autonomy and the improvement of Papuan people's welfare. These bad practices must be stopped. There should be a budget control mechanism that is more rigorous and systematic.

The realizations of the budget for education and health have also been well below the minimum limits as stipulated in Law No. 21/2001 on Special Autonomy. It can be seen in the analysis of ICS and Fitra Jakarta on APBD Papua Province in 2009. The budget allocation for education in the budget of Papua in 2009 amounted to IDR 242.06 billion. This amount did not meet the provisions of Law No. 21/2001 on Special Autonomy, Law No. 20/2003 on National Education System, and Regulation No. 5/2006 on the Development of Education in Papua Province.

According to Law No. 21/2001, Papua's special autonomy fund is primarily intended to finance education and health. This should be reflected in the budget, where the percentage of education funding must be larger than any other sector. The National Education System Law regulates that the education budget should be set at a level of 20% of the budget, but in Papua it is only set at 4.7%.

If referring to the law, the education budget should be at 30% of the special autonomy fund, or IDR 313.18 billion. But in this budget, education only received 24.18% of total budget funds (40% of the total autonomy funds). About IDR 171.93 billion, or 84.51 % of the education funds, was used for personnel expenditures (salaries, allowances, honorariums) and office administration costs, business travels, and meals. So, education funds that were directly spent for public interests only stood at a level of IDR 31.52 billion, or 15.49% of education funds (ICS Fitra Papua and Jakarta, 2009).

### Direction of improvement

The central, provincial and district/city governments have to change the perspectives of the current development in Papua. Development which will be implemented is the development for Papua. This requires a pure motive, so when there is stagnation and failure, the central government no longer blames Papua. Focusing on the socio-cultural issues is one of the keys to a successful implementation of development of the people of Papua.

In addition, stakeholders in Papua must rediscover (reinventing) the spirit of development for Papua, putting a greater emphasis on regional-based multidimensional development to accelerate economic and social restructuring of the region, rather than focusing on the process of regional division. There are still many poor people, and the existence and social inequality in Papua indicate that there is no tendency towards convergence, as access and capital resources are still controlled by particular parties, and not aimed at optimally improving the welfare of the Papuan society.

Welfare issues in Papua cannot only be viewed from one aspect and interest only. One of the things that need attention is a communication problem in the process of social development. Dialogical communication is needed to foster trust between the Central and Papua and vice versa. The people of Papua should be positioned as the local ownership of social development activities in Papua, as they better understand the real needs and the complexity of the problems that have existed since the beginning.

*The central, provincial and district/city governments have to change the perspectives of the current development in Papua. Development which will be implemented is the development for Papua. This requires a pure motive, so when there is stagnation and failure, the central government no longer blames Papua.*

— Endang Srihadi —



# THE NDONESIAN INSTITUTE

CENTER FOR PUBLIC POLICY RESEARCH

**The Indonesian Institute (TII) is a** Center for Public Policy Research that was established on 21 October 2004 by a group of young, dynamic activists and intellectuals through the initiative of Jeffrie Geovanie. Its current Executive and Research Director is Anies Baswedan, and the Program Director is Adinda Tenriangke Muchtar.

**TII** is an independent, non-partisan, non-profit institution, whose main funding stems from grants and contributions from foundations, companies, and individuals.

**TII** has the aim of becoming a main research centre in Indonesia for public policy matters and has committed to giving contribution to the debates over public policies and to improving the quality of the planning and results of public policy in the new era of democracy in Indonesia.

**TII's** missions are to conduct reliable research that is independent and non-partisan and to channel the research to the policy-makers, the private sector, and academia in order to improve the quality of Indonesian policy-makers.

**TII** also assumes the role to disseminate ideas to the society so that they are well informed about the policies that will have a good impact on the people's lives. In other words, TII has a position to support the democratization process and the public policy reform, as it will be involved in the process.

The scope of the research and review on public policies undertaken by TII includes economic, social, and political factors. The main activities have been conducted in order to achieve vision and mission based on research, surveys, training, public discussions, policy brief, and weekly analysis.

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## Research on the Business and Economy

### Business Analysis

The business sector needs a comprehensive analysis in order to minimize the potential risks, while at the same time increasing the value of its business. Business analysis is a solution in corporate strategic planning to make reliable decisions. The TII Business Policy Research Division is present to provide company leaders with practical recommendations on the decision-making process.

Research that TII offers are: **(1) Company Financial Analysis**, which encompasses financial analysis and financial risk analysis. **(2) Corporate Planning Consultancy**, which includes economic and industrial research, business valuation, and brand valuation. **(3) Strategic Marketing Analysis**, which encompasses strategic marketing and *Corporate Social Responsibility* (CSR) program design.

### Research on the Economy

The economy tends to be used as an indicator of the success of the government as a policy-maker. Limited resources have often caused the government to face obstacles in implementing economic policies that will optimally benefit the people. The increase in the quality of the people's critical thinking has forced the government to conduct comprehensive studies in every decision-making process. In fact, the studies will not be stopped when the policy is already in place. Studies will be continued until the policy evaluation process.

The TII Economic Research Division is present for those who are interested in the conditions of the economy. The results of the research are intended to assist policy-makers, regulators, and donor agencies in making decisions. The research that TII offers: **(1) Economic Policy Analysis; (2) Regional and Sectoral Prospects; and (3) Program Evaluation.**

## Research on the Social Affairs

### Social Research

Social development needs policy foundations that come from independent and accurate research. Social analysis is a need for the government, the businesspeople, academia, professionals, NGOs, and civil society to improve social development. The Social Research Division is present to offer recommendations to produce efficient and effective policies, steps, and programs on education, health, population, environment, women and children.

Social research that TII offers: **(1) Social Policy Analysis; (2) Explorative Research; (3) Mapping & Positioning Research; (4) Need Assessment Research; (5) Program Evaluation Research; and (5) Indicator Survey.**

## Political Survey and Training

### Direct General Election Survey

One of the activities that TII offers is the pre-direct election surveys. There are sundry reasons why these surveys are important (1) Regional direct elections are democratic processes that can be measured, calculated, and predicted. (2) Surveys are used to measure, calculate, and predict the processes and results of elections and the chances of candidates. (3) It is time to win the elections using strategies based on empirical data.

As one of the important aspects in the strategies to win the elections, surveys can be used to prepare political mapping. Therefore, campaign teams need to conduct surveys: (1) to map the popularity of candidates in the society (2) to map the voters' demands (3) to determine the most effective political machinery that will act as a vote getter; and (4) to find out about the most effective media to do the campaign.

### Local Council Training

The roles and functions of local councils in monitoring local governments are very important. They need to make sure that participative and democratic policies will be espoused. Members of provincial and regent local councils are required to have strong capacity to understand democratization matters, regional autonomy, legislative techniques, budgeting, local Politics, and political marketing. Thus, it is important to empower members of local councils.

In order for local councils to be able to response every problem that will come out as a result of any policy implemented by the central government or local governments, the Indonesian Institute invites the leaderships and members of local councils to undergo training to improve their capacity.

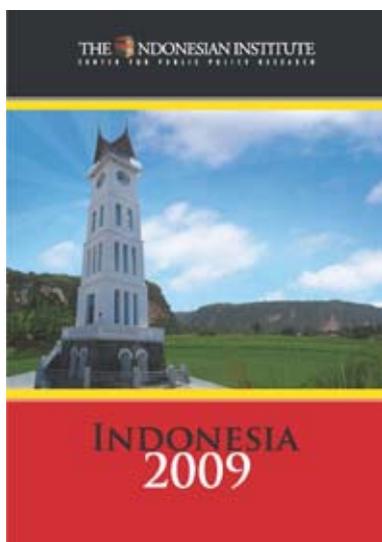
## Available now!

### The 2009 INDONESIA REPORT

**The Indonesian Institute, Center for Public Policy Research (TII)** has again published its annual publication, **Indonesia 2009**, after previously producing the report in the years 2005, 2006, 2007, and 2008.

The publication is aimed at presenting clear pictures of economic, legal, social, and political developments and of policies espoused by the Indonesian government. The 2009 Indonesia is published so as to give complete data on Indonesia in 2009. This annual publication is expected to become a basis for predicting Indonesia's short-term and long-term trends.

The publication of a report on Indonesia is also expected to assist policy-makers in the government, the private sector, academia, national and international think tanks in getting actual information and contextual analyses on economic, political, security, and social developments in Indonesia.



#### Topics that are raised in the 2009 Indonesia:

1. The Year of Economic Recovery
2. Progress of Infrastructure Development
3. Disputes of Three Law Enforcement Institutions
4. The Recycle of Regional Autonomy
5. Indonesian Politics 2009: Political Parties, Elections, Government Coalition and the Prospect of Democracy
6. Portrait and Representation Performance of the New Parliament (2009-2014)
7. Protection of Indonesian Migrant Workers Abroad
8. Gloomy Portrait of Child Protection

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