

PRESS RELEASE**JOKOWI'S DOZEN "HOMEWORK TASKS";
IMPROVING THE BUDGET AND PREVENTING CORRUPTION**

The democracy party has just finished, and all the people are euphoric about welcoming a new era lead by the new President, Joko Widodo. However, behind it all, based on Seknas FITRA's budget management records from the last 10 years of SBY's leadership, President Jokowi has a dozen 'homework tasks' that need to be actioned in order to improve budget management, and put a stop to the budget mafia in Indonesia.

The following are Jokowi's dozen 'homework tasks':

1. Publish K/L RKA and DIPA

Openness of budget information is still common practice. However, ministries/institutions and local governments should be publishing RKA and DIPA in their complete form, both of which contain budget information based on output unit-level costs. The public would then be able to participate in budget monitoring and opportunities for corruption would be minimized. Openness of budget information as implemented by the Provincial Government of DKI Jakarta may be used as an example.

2. Vehicles for Public Participation in Budget Discussions and Implementation

Public involvement in the budget planning process is limited to community consultations (*musrenbang*). The public isn't yet involved in the budget discussion process. As such, much of the budget is allocated to the routine activities of government programs, not to the people. Therefore, K/L need to conduct public consultations throughout the RKA drafting process, and discussions in DPR should involve all elements of society.

Moreover, public participation in the budget implementation stage also needs to ensure that the budget is being implemented in accordance with plans and there is no budget mafia i.e. by conducting social audits of the public service's infrastructure programs. Results of the BPK Audit of Semester II 2013 demonstrate that programs targeting the development of roads and bridges are not yet fully effective.

3. 5% of APBN for Healthcare

Over the last decade, the average healthcare budget was only 2.5% of APBN expenditure. In actual fact, however, it should be allocated 5% of APBN expenditure, as mandated in Law No. 36/2009 on Healthcare. How is it possible to have a healthy society if there isn't a sufficient healthcare budget?

- 4. Recommendations from the BPK Audit to be Immediately Actioned By K/L;**
It's been found that K/L has tended to be lazy in following up recommendations based on the BPK Audit. As a result, there's the potential that use of the state budget will not be accounted for, which may result in state losses. Based on results from the BPK Audit of Semester II 2013 from 2005-2013, it was found that Rp21.9 trillion of the state budget hadn't been accounted for, whilst Rp40.1 trillion wasn't being used in accordance with recommendations.
- 5. Personnel Expenditure in APBD Should Not Exceed 60%**
According to Seknas FITRA's records, during the period of 2008-2014, more than 200 regions allocated more than 50% of APBD expenditure to personnel expenditure. 11 regions were even found to have allocated more than 70% to personnel expenditure in 2011 and 2012. If this continues to happen, there will be no development in these areas and it's likely they'll become bankrupt.
- 6. Optimization of Budget Absorption in the First Semester**
Budget absorption towards the end of the financial year is already a common problem, and has the potential to render the budget ineffective and give rise to corruption. Over the last decade, budget absorption was only in the range of 20-30% in the first semester. It should be improved through the realization of a target closer to 50% in the first semester. Absorption in the Ministry for PDT and ESDM is often below 10%.
- 7. Gini Ratio Should be Included as a Macro Indicator in APBN**
APBN is a tool for economic stability, but also a tool for social stability that monitors levels of public inequality. BPS data shows that there's been a significant increase from 0.36 to 0.41 from 2005-2013, which means that inequality is getting higher. As such, the Gini Ratio needs to be included as a macro indicator in the APBN in order to monitor the welfare of all Indonesian people, not just a select few.
- 8. Integration of Budget Planning**
One of the problems with sub-optimal performance in development programs is that the budget planning system isn't integrated. Secondly, it's been separated by two different laws; Law No. 25/2004 on SPPN and Law No. 17/2003 on State Finances. As such, budget performance and development outcomes are difficult to measure. As a result, programs are repeatedly performed without any significant changes, as is the case in the development of coastal roads program.
- 9. Remove DPID and DPIP¹**
DPID and DPIP mechanisms violate provisions of the law because they're not recognized in Law No. 33/2004 on Fiscal Balance, and their implementation is only based on PMK. It's been alleged that DPID and DPIP funds are optimized funds disguised by members of DPR. Fund transfers open up potential for corruption of the state budget. In fact, the case of Wa Ode Nurhayati demonstrates that bribery often occurs in the process of determining regional beneficiaries.

¹ DPID are funds to strengthen local infrastructure, whilst DPIP are funds to strengthen local infrastructure and public facilities.

10. Moratorium on Remuneration

Remuneration has proved ineffective in minimizing corruption amongst government circles. In fact, a number of bureaucrats have been involved in corruption, such as the case with the former Secretary General of the Ministry of ESDM. The remuneration budget that's been enforced since 2008 has increased on average by 10-15% every year, but it should be reallocated to the construction of school buildings and health facilities - which are much more beneficial for the public. Incentives should also be provided based on performance.

11. Don't Allow The Introduction of New Programs in APBN-P

The introduction of new programs in APBN-P causes the sub-optimal absorption of APBN in the time remaining. It's even been proven that adding new programs in APBN-P has the potential to open opportunities for corruption. According to Seknas FITRA's records; a) the procurement, installation and maintenance of solar power (PLTS) has resulted in state losses of Rp2.729.473.128 and Rp 173.514.818 in APBN-P 2008; b) corruption occurred in the printing of Al-Quran in APBN-P 2011 and; c) corruption occurred in the athlete development program in APBN-P 2010. All of the above were new programs that were included in APBN-P discussions.

12. Remove Contracts from the Oil and Gas Sector

The oil and gas sector is one of the footholds that contribute to state income. However, a number of Cooperation Contracts (KKKS) in the oil and gas sector don't adhere to the provisions of cost recovery and taxation. Based on results from the BPK Audit of Semester II 2013, this has resulted in state losses amounting to Rp 995 billion.

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