Country Brief:

INDONESIA
Indonesia’s demographics, its colonial past and sprawling archipelagic territory present a unique combination of security issues. Though terrorism has plateaued in recent years, it remains a major threat to national security, and the defence and security forces are actively engaged in various operations to curb terrorist groups. In parallel, separatism, ethnic and religious conflict, and piracy and organised crime, continue to pose particular challenges. Looking beyond national threats, Indonesia’s location to the south of the South China Sea make it an important player in the region’s geopolitical competition where it has historically sought to balance various interests.

Asia-Pacific

The Asia-Pacific region is home to some of the biggest military and economic powers in the world, as well as critical financial and trade hubs, natural resources and around 60 per cent of the world’s population, and the region has become a major area of geopolitical rivalry. The continuing deterioration of Sino-American relations is having widespread implications for countries in the region. Security challenges presented by an increasingly assertive China, the continuing threat posed by North Korea and the protracted insurgencies in Thailand, the Philippines, Myanmar, Indonesia and Malaysia will also remain key concerns moving forward, as will emerging security threats related to cyberwarfare and the impact of climate change. However, Asia-Pacific has huge variations in the quality of defence governance mechanisms, which will determine how well defence institutions can respond to these challenges. It is home to both New Zealand, the highest scorer in the index, and Myanmar, one of the lowest. Though challenges are extremely varied across the sample, corruption risks are particularly pronounced in relation to financial management and procurement, where defence exceptionalism remains pervasive and exempts the sector from standard reporting and publishing standards. Operations too are highly vulnerable to corruption, while personnel management and policymaking are considered significantly more robust.

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**Overall scores**

The size of the colour band corresponds to number of countries that fall into that category.

**Risk Comparison**

**INDONESIA SCORE**

**HIGH RISK**

**D**

47

A - 83-100 **VERY LOW**
B - 67-82 **LOW**
C - 50-66 **MODERATE**
D - 33-49 **HIGH**
E - 17-32 **VERY HIGH**
F - 0-16 **CRITICAL**
Presidents in Indonesia have frequently formed oversized legislative coalitions to neutralise the controlling power of parliament and President Widodo’s coalition is no exception, with a legislative supermajority of 69%. This has limited the legislature’s ability to hold the government to account, including on defence issues. Despite strong formal powers over the sector, in practice the House of Representatives’ (DPR) scrutiny is not entirely effective. Under the 2014–2019 parliament, the number of bills proposed and laws issued was markedly lower than other sessions and the DPR drew criticism for absenteeism and a lack of expertise. Specifically, Commission 1 on Defence and Foreign Affairs is empowered to exercise oversight, legislative and budgetary functions in this field. The Commission has proved relatively effective at holding the government to account over its implementation of defence policies. In the past, for instance, the Commission has rejected budget proposals that it deemed incompatible with long-term national planning. The Commission has been active in conducting inquiries into strategic issues, such as the involvement of the military in counter-terrorism operations. Nevertheless, the commission’s influence is undermined by weak subject matter expertise, resulting in discussions on defence being deferred to members who are former military officers and creating a situation where the commission’s position on defence issues echoes that of the Ministry of Defence (MOD). Equally, it should be noted that parliamentary involvement in the MOD’s procurement spending has been limited, even in the face of conflicts of interest. Parliamentary oversight is complemented and supported by audit institutions. Within the MOD, the Inspectorate General conducts internal auditing of defence expenditure. Its reports can be requested by Commission 1, however this is rarely done in practice. For its part, the BPK is fully independent from the executive and is active in auditing military spending. There is also evidence that its findings are taken into account by the MOD, as seen in the noted improvement in financial management practices during the 2018 audit.

Government transparency remains limited in Indonesia. Broad exemptions to the freedom of information law and the criminalisation of ‘leaking’ of vaguely defined state secrets are significant impediments to transparency. In parallel, Indonesia’s effective and independent Corruption Eradication Commission (KPK) is being folded into the civil service, in what many see as an overt attempt by the government to limit the reach of its investigations. These limitations are particularly evident in defence where the implementation of the law on Openness to Public Information is hampered by the MOD’s strict classification regulations. Despite legislation stipulating that state secrets include only information relating to strategy and tactics of defence operations, classification has been used to substantially restrict the amount of non-sensitive information that is released. For instance, the MOD used state secrecy clauses to keep the final cost of the acquisition of AW-101 Helicopters confidential, despite the fact they were acquired with public funds and mined in corruption allegations. Elsewhere, defence institutions do proactively release some financial information in the form of relatively comprehensive budgets and financial reports. The budget contains details of separate programmes and activities, however, it is not fully disaggregated. For example, planned procurement spending does not contain any details on technical specifications or the number of units, making it difficult to assess what funds are allocated for. Financial transparency is also undermined by the opaque nature of off-budget revenue that the Armed Forces generate. Legislation has helped to curb the military’s extensive economic interests and reduced economic activity by up to 80%. However it remains difficult to gain a complete picture of off-budget income generated by defence, especially in ‘grey areas’, such as business networks managed outside of military institutions.

Parliamentary Oversight

| Legislative oversight of budget (Open Budget Survey, 2019) | 82/100 |
| Military expenditure as share of government spending (SPIRI, 2020) | 4.7% |
| Committee members with defence expertise (%) | 25% (13 of 51) |
| # of meetings/year | Data is not publicly available. |
| Last review of defence policy/strategy | 2015 (Defence White Paper) |

Financial Transparency

| Defence-related access to information response rates | (1) % granted full or partial access: Data is not publicly available. |
| Defence-related complaints to ombudsman/commissioner | Data is not publicly available. |
| Does the commissioner have authority over the MoD? | Yes |
| Audit reports on defence (2018-2020) # | Data is not publicly available. |
| Open Budget Index (IBP, 2019) | 70/100 |
| World Press Freedom Index (RSF, 2021) | 113th out of 180 |
activities that are publicised to only a limited extent. and the promotion of the practice has been limited to awareness-raising broadly. Defence institutions have also proved slow to prioritise this issue not specifically focus on whistleblowing, but on witness protection more slowly in defence. This is partly due to the fact the legislation does measures will be implemented to address this gap.

As the eight largest troop contributor to UN Peace Operations, Indonesian troops are deployed as part of multilateral forces around the world.27 Yet, in spite of this significant commitment to such operations, Indonesia currently lacks strong anti-corruption safeguards to ensure corruption risks are mitigated during deployments. Indonesia’s military doctrine does not address corruption as a strategic issue for operations, with the only reference to corruption being as a socio-cultural issue.28 The lack of a strategic conceptualisation of corruption has a knock-on effect in terms of training. At present, anti-corruption training delivered to personnel does not specifically address operations and commanders do not receive specific pre-deployment training on corruption issues. This includes training delivered at the Peace Maintenance Mission Centre that is used prior to deployment on UN missions. There is also little evidence of any practice of monitoring and reporting on corruption issues during deployments, and personnel are not equipped with M&E tools to detect and mitigate corruption risk in the operational environment. This is also true for personnel in sensitive positions, such as contracting, where there is no evidence of guidelines being available in order to contend with specific risks associated with this function.

5. GOVERNMENT DEFENCE INTEGRITY INDEX

Personnel Ethics Framework

Operations

<table>
<thead>
<tr>
<th>Whistleblowing legislation</th>
<th>Partial (Witness and Victim Protection Act 2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td># defence-sector whistleblower cases</td>
<td>Data is not publicly available</td>
</tr>
<tr>
<td># Code of conduct violations</td>
<td>Military: No code of conduct exists.</td>
</tr>
<tr>
<td>Financial disclosure system</td>
<td>Civilian: Data is not publicly available.</td>
</tr>
<tr>
<td></td>
<td># submitted: Disclosures not required.</td>
</tr>
<tr>
<td></td>
<td># of violations: Disclosures not required.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total armed forces personnel (World Bank, 2018)</th>
<th>675,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Troops deployed on operations #</td>
<td>1,212</td>
</tr>
<tr>
<td></td>
<td>in Lebanon</td>
</tr>
<tr>
<td></td>
<td>UNIFIL, 1,024 in DRC</td>
</tr>
<tr>
<td></td>
<td>MINUSCO, 200 in CAR</td>
</tr>
<tr>
<td></td>
<td>MINUSMA, 10 in Mali</td>
</tr>
<tr>
<td></td>
<td>MINUSMA, 3 in South Sudan</td>
</tr>
<tr>
<td></td>
<td>UNMISS, 3 in Western Sahara</td>
</tr>
<tr>
<td></td>
<td>UNIFSR, 2 in Abyei</td>
</tr>
</tbody>
</table>

The military’s influence over Indonesian politics and its increasing involvement in civilian affairs29 and in the provision of internal security functions,30 are raising pressing questions around accountability, and whether governance mechanisms are robust enough to mitigate corruption risks associated with this expanding remit. Already, evidence of extensive human rights violations in Papua and West Papua by defence forces points to a failure to guard against abuses of power by personnel.31 For instance, the armed forces do not have a code of conduct in place to regulate behaviour. Instead, they have a code of ethics consisting of seven points, with no anti-corruption provisions.32 There is also no evidence of any training being delivered on the code of ethics. Similarly, general anti-corruption training appears irregular. Training on corruption issues overwhelmingly focusses on military police and the bulk of military personnel receive only very limited training on such issues.33 Though the military’s Bureaucratic Reform programme has identified the need to enhance integrity-building measures in personnel management, it remains too early to assess what measures will be implemented to address this gap.34 A significant obstacle to integrity-building and anti-corruption in defence is the weakness of whistleblowing protection systems. While whistleblowing systems have been integrated with the KPK and implemented in government departments and in line with the Witness and Victim Protection Act,35 implementation has been slower in defence. This is partly due to the fact the legislation does not specifically focus on whistleblowing, but on witness protection more broadly. Defence institutions have also proved slow to prioritise this issue and the promotion of the practice has been limited to awareness-raising activities that are publicised to only a limited extent.36

29 Sambhi, ‘Generals Gaining Ground’.
33 Indonesian Defence Forces, ‘Sapta Marga’.
34 Kompas, ‘Chief of TNI sends 50 POM officers to join law enforcement training at Commission of Corruption Eradication’, 27 April 2017.
35 Indonesian Defence Forces, ‘TNI AD implements eight areas of Bureaucratic Reform change at the IM Military Command’.
Defence investment has been a key policy of President Widodo, with the goal of modernising the armed forces and establishing a self-reliant national defence industry.\textsuperscript{39} To this end, in 2021, the government announced an ambitious military modernising plan costing US$125 billion over the next 25 years.\textsuperscript{40} However, as things stand, Indonesia has a number of key weaknesses in its acquisitions processes that increase the risk of corruption in procurement.\textsuperscript{41} As a general rule, the bulk of arms procurement is exempt from public procurement regulations and is regulated instead by the Law on Defence Industry\textsuperscript{42} and other MoD regulations, which create mandatory offset obligations for foreign suppliers to help Indonesia build its industrial base.\textsuperscript{43} However, the process has been highly non-transparent and there have been few assessments of the impact of individual procurement deals on national defence industry.\textsuperscript{44} The vast majority of defence procurement is single-sourced and the procedure selection is conducted from the outset by the Directorate General of the Defence Forces when procurement requirements are elaborated.\textsuperscript{45} This means that such decisions are not justified to external oversight bodies and can be made without scrutiny, increasing corruption risk in the process. Generally speaking, procurement transparency is poor. Contract details are not made available to the public and actual purchases themselves are frequently not disclosed either. Most acquisitions are not included in the Public Procurement Portal as they are carried out through direct awards or restricted tenders, and parliament exercises only extremely limited oversight over the procurement process as a whole. This ensures that the process can be highly secretive and has led to numerous corruption cases coming to light in recent years, including in relation to AW 101 helicopters, GCI radar procurement, and the acquisition of F-16 aircraft.\textsuperscript{46} Each of these cases was facilitated by poor transparency and extremely weak oversight throughout the process, which resulted in significant sums of public funds being siphoned off.

\textsuperscript{39} Tangguh Chairil, ‘What is Indonesia’s US$125 Billion Arms Procurement Budget Plan About and What Does it Need to Do?’, The Conversation, 23 June 2021.
\textsuperscript{40} Jon Grevatt and Andrew MacDonald, ‘Indonesia Reveals USD125 Billion Military Modernisation Plan’, Janes, 1 June 2021.
\textsuperscript{43} MOD, ‘Regulation of the Minister of Defence of the Republic of Indonesia No. 17/2014 concerning the Use of Main Equipment and Weapons Systems’, 2016.
\textsuperscript{44} Sumarouw and Sipahutar, ‘TNI Modernisation’.
\textsuperscript{45} MOD ‘Regulation of the Minister of Defence of the Republic of Indonesia No. 35/2015’.
\textsuperscript{46} Xiaodon Liang and Sam Petco-Freeman, ‘Corruption in Indonesian Arms Business: Tentative Steps Towards an End to Impunity’, World Peace Foundation, December 2017.
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- Q045 Chains of Command and Payment: C 50
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### Overall Country Score

**Grade**: D

**Score**: 47

**Risk Grade**
- **A**: 83-100 VERY LOW
- **B**: 67-82 LOW
- **C**: 50-66 MODERATE
- **D**: 33-49 HIGH
- **E**: 17-32 VERY HIGH
- **F**: 0-16 CRITICAL

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We would like to thank the UK Foreign Commonwealth and Development Office (FCDO) and the Ministry of Foreign Affairs of the Kingdom of the Netherlands for their generous financial support of the production of the Government Defence Integrity Index. Thanks are also extended to the many country assessors and peer reviewers who contributed the underlying data for this index.

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