



## Case Story

### Transparency International-Indonesia

#### 1. Background

TI-Indonesia is the Indonesian chapter of Transparency International, which promotes greater transparency in government and business. TI-Indonesia produces an Indonesia's Corruption Perception Index, which is based on a survey of businessmen in 21 cities. TI-Indonesia also vigorously uses the TI Corruption Perception Index and Global Corruption Barometer to campaign for stronger anti-corruption measures in Indonesia. At the local level, TI-Indonesia has assisted Kabupaten Solok District in West Sumatra with the development of its Integrity Pact. The Integrity Pact is now broadly implemented in others regencies, as well as in central government institutions.

Since 2004, TI-Indonesia has been promoting the Integrity Pact in around 20 cities and districts in Indonesia, including promoting IP in the General Election Commission. The goal is to help prevent corruption in procurement. Through the Integrity Pact, TI-Indonesia in partnership with national and local government agencies have been working to monitor public procurement processes. TI-Indonesia receives support from several donor agencies, including GTZ, the Danish International Development Agency, and the Department for International Development of the United Kingdom.

#### 2. Integrity Pact -- Kabupaten Solok District

In 2003, inspired by his participation in a TI workshop, "Bupati" or District Head Gamawan Fauzi, now the Governor of West Sumatra, required that all civil servants and suppliers sign an "Integrity Pact". The pact obliges them to refrain from corruption, to not receive or provide bribes, to provide transparency to the public, and to avoid collusion and cronyism. The Bupati also reformed the rules for procuring goods and services in the Kabupaten, simplifying documentation, reimbursement of funds, and correspondence in the procurement process. In early 2004, Kabupaten Solok District eliminated civil servants honoraria, the salary supplements received by government staff for working on specific projects. The objective was to reduce corruption as well improve employee



welfare overall.<sup>1</sup>

The "Pakta Integritas Kabupaten Solok" (PIKS), which was signed and declared on 11 November 2003, is a pact between three key actors: government, the private sector and civil society. The PIKS has been issued as a Perda (Local Government Regulation). This provides for a more solid foundation and allows for its practical enforcement and sustainability. The Integrity Pact extends to all civil servants under the jurisdiction of the Kabupaten. Thus, it is also a pact to more generally elevate the working moral of all civil servants.

A system of not only incentives, but also disincentives within the public sector has been created. Initially, civil servants receive incentives for their pledge to be "clean and incorrupt". In addition to applying criminal and disciplinary sanctions in case of a violation of rules, they can be punished for absence during working hours through disincentives consisting of a reduction of the incentives. At the same time, there are also incentives for the private sector in form of a "priority list for clean vendors". The system of sanctions for both sides does not differ very much from the one designed in the original Integrity Pact.

The monitoring of the process is not limited to one single organization of either of the sectors, but implemented by a so-called "Complaint Management Team" (TPP) consisting of members of different public institutions as well as of several civil society organizations. There are also two more institutions through which complaints can be channeled, namely the "Local Control Body" (BAWASDA) and the complaint box of the Kabupaten.

After a complaint has been placed, there are several informal mechanisms for conflict resolution, such as arbitration or mediation on the local level, or through the National Ombudsman Commission or a national arbitration agency. If this fails, there is also the possibility of getting a formal resolution through a legal procedure. The top-down tradition in Indonesia makes it particularly important that the local government takes the initiative for the implementation of the PIKS.<sup>2</sup>

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<sup>1</sup>From a presentation by Prijono Tjiptoherijanto, Professor of Economics, University of Indonesia. "Corruption Prevention in Indonesia," EROPA PANEL, WCF, Seoul, Korea, May 5-9, 2009.

<sup>2</sup> [www.gtzsfgg.or.id/index.php?page=integrity-pact-kabupaten-solok&hl=en\\_EN](http://www.gtzsfgg.or.id/index.php?page=integrity-pact-kabupaten-solok&hl=en_EN)



### 3. Corruption Perception Index and Bribery Index

Research to measure level of corruption needs a good tool in order to get good results. The main reason why it is extremely hard to measure corruption is because of the nature of the phenomena itself, which by default is never conducted openly. To the contrary, it is often concealed very effectively. A perpetrator would not openly give information to a researcher. On the other hand, victims of corruption often do not realize that they are actually victimized.

A perception survey is one of the ways to overcome the obstacle on researching corruption. In its 2008 survey, TI-Indonesia gathered information from 2,371 respondents in 50 cities around Indonesia. The respondents were divided into three categories, businesspersons; local civil society figures, and public officials.

Compared to the previous surveys conducted in 2004 and 2006, the 2008 survey had more cities and a larger sample, following a more refined research design. The refinement of the design aimed to give a much more reliable index that can be used by stakeholders in corruption eradication efforts. A corruption measurement index will always be useful for government institutions in Indonesia, such as the Corruption Eradication Commission (KPK). Local governments measured in this survey can use the index as a way to evaluate their progress in curbing corruption. In addition, this survey, through its Bribery Index, also gave information regarding the prevalence level of bribery in 15 public institutions.<sup>3</sup>

### 4. Local Integrity System in Aceh<sup>4</sup>

In February 2006, TI-Indonesia launched a program in Aceh called "Empowerment of Civil Society and Local Government to prevent Corruption in Six Districts." Following the design of the program several activities was implemented in 18 sub-districts in one Municipality (Banda Aceh) and in the five districts of Pidie, Bireun, West Aceh, Nagan Raya, and Aceh Jaya. Those areas were chosen because they were the worst hit areas by earthquake and tsunami disaster of December 26, 2004.

<sup>3</sup> [www.ti.or.id/en/publication/84/tahun/2009/bulan/01/tanggal/21/id/3845/](http://www.ti.or.id/en/publication/84/tahun/2009/bulan/01/tanggal/21/id/3845/)

<sup>4</sup> [www.transparency.org/global\\_priorities/other\\_thematic\\_issues/humanitarian\\_assistance/ti\\_projects\\_activities#Indonesia](http://www.transparency.org/global_priorities/other_thematic_issues/humanitarian_assistance/ti_projects_activities#Indonesia)



At the initial stage of this project, TI-Indonesia held a preliminary study called the 'Post Disaster Aceh's Local Integrity System (LIS) Assessment' funded by BMZ, Germany. The study was conducted from November to December 2006. The study was intended as a mapping process. It identified the risk of corruption at the local level as well as identified the role of local government institutions in public budgeting policy within the districts covered by the project.

Overall, TI-Indonesia in Aceh follows an overarching strategy to build the foundations of the province's integrity system and take into account the specific context of a region recovering from the worst natural disaster witnessed in recent history and undergoing dramatic political and social changes.

The main achievements include among others:

- Community monitoring in 18 communities
- Partnership agreement with BRR (Agency for the Rehabilitation and Reconstruction of Aceh and Nias)
- Dialogues with donor institutions and aid agencies
- Advocacy in local elections
- Promoting Integrity Pacts
- Drafting local regulation on transparency and participation
- Public information through a documentary film depicting the situation of local communities affected by the tsunami.

## 5. Summary of Tools and Approaches

- TI-Indonesia approached local governments and worked out the details of an Integrity Pact under Presidential Decree 80/2003.
- TI-Indonesia introduced a complete Integrity Pact package into the procurement system in 22 districts and municipalities.
- The Integrity Pact is an agreement to bring fairness into business transactions in the bidding of government projects and to ensure transparent and accountable bidding.
- This makes government officials pledge that they will not take bribes.



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- Private companies also pledge not to give bribes.
  
- Commitment of local leaders is important.
- Integrity awards could serve as incentives.
- Independent monitoring by citizen groups is vital.
- Citizen groups must help ensure delivery of services, advocate bureaucratic reform, especially streamlining of procurement procedures.

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