

# Indonesia Country Notebook 2013

## Political Dynasties Pave Road to Disrepair and Corruption in Provinces

By Nivell Rayda\*

The small parking lot at Indonesia's Corruption Eradication Commission (KPK) office could very well be mistaken for a luxury car dealership.

Sitting at one end, in one neat row, are a Nissan GT-R, a Rolls-Royce Phantom, a Ferrari California, a Bentley Continental and a Lamborghini Aventador under constant watch of security guards. The owner of the cars, businessman Tubagus Chaeri Wardana, is just meters away, locked up in a detention cell inside the building.

Wardana's fleet of automobiles has become a showcase not only for luxury, but also the rise of local political dynasties in Indonesia and their relationship to corruption in districts and provinces.

Wardana, the younger brother of Banten province's governor, RatuAtutChosiyah, was arrested in October 2013 on suspicion of bribing Constitutional Court Chairman Akil Mochtar with 1 billion rupiah (US\$88,000). The bribes allegedly secured a ruling in favor of Amir Hamzah, the regent candidate in the Lebak district election and a longtime family friend of Chosiyah's.

The bribery came a day after Mochtar and his panel of judges annulled election results that favored Iti Octavia, the daughter of Mulyadi Jayabaya, the previous district head and longtime political rival of Chosiyah. The judges instead ordered a revote, as requested by Hamzah.

It was later revealed that in 2011 Wardana and Chosiyah allegedly paid 7.5 billion rupiah (US\$660,000) to Mochtar to secure Chosiyah's victory in a dispute over the Banten election for governor.

**Despite Family's Wealth, District Languishes.** Lebak, a district in Banten province just 90 kilometers west of the Indonesian capital Jakarta, is among the country's poorest and most undeveloped districts, with 52 percent of its residents living on less than \$2 a day and where as many as 12,000 children are undernourished, according to 2011 local government statistics.

Similar conditions can be found across Banten, although the province is one of the richest in Indonesia, with an annual growth of 21 percent (the highest percentage in the country), according to the Ministry of Finance. It has thriving industrial complexes and a major transportation route connecting Java and Sumatra, two of Indonesia's major islands.

Under Chosiyah's administration, the road system in Banten has fallen into an advanced state of deterioration, schools have crumbled because of shoddy construction and several bridges have collapsed from neglect, sometimes causing fatalities.

The contrast with the enormous wealth of Chosiyah and her family could not be starker. Chosiyah's home in Serang, Banten, sits on a massive property. She owns at least eight properties in Indonesia, Australia and Singapore, now seized because Chosiyah is under investigation for money laundering.

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After his arrest, Wardana was revealed to own a total of 22 luxury cars, not including others that he has allegedly given away to politicians, bureaucrats and mistresses, according to various news reports.

The family has claimed innocence in the scandal, saying all of its assets can be explained. "My wealth comes from Allah (God)," Wardana's wife, Airin Rachmi Diany, who is also the mayor of Banten's South Tangerang, told reporters. Mochtar, the Constitutional Court chairman, was also arrested in relation to the scandal and other alleged bribes and has said he is innocent.

**Activists Cite More Links.** The Corruption Eradication Commission (Komisi Pemberantasan Korupsi, or KPK) was able to trace the bribe money back to Chosiyah, who was also arrested a few weeks later. That arrest led the anti-graft agency to look back at the mountains of corruption allegations that activists had lodged against Chosiyah's family since the start of her rule as deputy governor in 2002 and as governor in 2005. The allegations range from bid rigging to embezzlement to bribery.

The KPK has opened an investigation against Chosiyah on suspicion of bid rigging and budget inflation linked to the procurement of health equipment in Banten between 2011 and 2013.

The KPK cited an audit by the Supreme Audit Agency that found that the procurement was awarded to Wardana's company, PT Bali Pasific Pragama, which ballooned the budget and health equipment obtained and caused state losses of more than 30 billion rupiah (US\$2.64 million).

But activists say that the KPK has only scratched the surface. The agency refused to comment, saying it could not discuss an ongoing investigation.

Indonesia Corruption Watch (ICW), the country's most prominent watchdog, along with Banten-based activists, has conducted extensive research on the family and concluded that the governor and her family controlled at least 175 projects in the province between 2011 and 2013 worth a combined 1.14 trillion rupiah (close to US\$100 million). During the period, Banten had an annual budget of from 3.4 trillion rupiah to 6 trillion rupiah.

ICW said the 175 contracts were distributed among 10 companies owned directly by members of the governor's family, and 24 affiliated firms. The 10 companies belong to Chosiyah's mother, two stepmothers and 21 of her siblings and half-siblings.

"Not to mention the state coffers which are channeled to charity foundations directly or indirectly controlled by Chosiyah and her family under the province's social aid programs," ICW coordinator Ade Irawan said.

Irawan alleged that Banten government officials channeled 34.9 billion rupiah (US\$3 million) in public funds to their foundations in a single year, skimming off about 30 percent of the central government's allocation for social aid programs in the province. "We can see it by analyzing Banten's spending. We have also looked at public records and found that these foundations are led, founded or co-founded by members of [Chosiyah's] family," he said.

Chosiyah has at least 30 family members in top executive and legislative posts, according to ICW, "not to mention the extended family members or those who are affiliated with the family," Irawan said. The total number of officials in Banten with ties to Chosiyah could be in the hundreds, he added.

**How Families Gain Control.** This allows the family to gain full control of the planning, spending, disbursing and monitoring of state coffers with little oversight and criticism.

"They are so powerful that even the local law enforcers and media outlets would not touch the family," said Dahnil Anzar, a lecturer at Banten's Tirtayasa University who has been monitoring Chosiyah's political dynasty. "They also have certain community and religious leaders in their pockets to make sure that dissents and criticisms are limited to a few [academics and students] in campuses."

Siti Zuhro, a political expert at the Indonesian Institute of Sciences, believes that there are close links between political dynasties and corruption in Indonesia. "Dynasties make it easy to run a government without transparency and accountability, as they dominate an area's social, political and economical aspects of society," she said.

She characterized their strategy to expand and preserve these controls as the "multiplication of actors." In other words, getting more family members into executive posts and legislatures.

The presence of political dynasties makes it more difficult for clean and independent figures without political affiliations to run for office, National Awakening Party lawmaker Marwan Jafar said. That leaves the respective regions and provinces with very few people who can challenge the ultimate rules of the dynasties.

**Decentralization Played Role.** Dynasties are not new in Indonesia. For 32 years, Indonesia was controlled by the Suharto regime, known for rampant corruption and nepotism with lucrative government projects awarded to Suharto's families and cronies.

When the regime was toppled in 1998, the government began decentralizing its power by awarding more autonomy at regional levels, in a bid to prevent another regime from controlling Indonesia.

"But this is not followed by guidelines and strict supervisions," Zuhro said. "As a result, autonomy has not created political freedom and economic independency, but instead paved the way for the creation of new rulers and new dynasties."

Although the reform movement that followed the Suharto regime paved the way for a massive fight against corruption and a freer press, decentralization has made anti-graft combat more challenging. This is particularly the case at the local level, where scrutiny from national media and the KPK -- with an office only in Jakarta -- are limited.

Meanwhile, the KPK has become a victim of its own success in arresting corrupt politicians. Its attempt to widen its reach by recruiting more staff was blocked by members of Parliament in 2012.

Though no other is as large as Chosiyah's, at least 25 political dynasties rule different parts of Indonesia, according to a list made recently by Republika newspaper.

These dynasties have much in common: succession and distribution of power to family members and their cronies, lack of transparency and accountability, absence of critical voices and challenge to their rule, control over resources, suspicions of bid rigging linked to government projects and, in most cases, a lack of infrastructure and development in a town. In contrast, the dynasties' vast wealth has accumulated in a short period.

The province of South Sulawesi is run by Governor Syahrul Yasin Limpo, once the district head of Gowa, a position that was held by his father, Muhammad Yasin Limpo, and later by Syahrul's brother Ichsan. Ichsan is now serving his second term. Syahrul also has brothers, sisters, sons and in-laws at the regional legislature and the House of Representatives. Syahrul's wife, Ayun Sri Harahap, heads the province's biggest hospital.

Rahmat Zena, a local journalist from South Sulawesi, said the family's wealth has grown exponentially since Muhammad first built his political empire. "Syahrul was once a poor village chief but now has a disclosed wealth totaling more than 10 billion rupiah. Every member of the family drives Toyota Alphards (worth upward of Rp 800 million or about US\$70,000 each) and lives in elite housing complexes," he said.

Nobody is asking them to explain their sudden wealth. That is also true in Lampung province, where no one is questioning how the family of Governor Sjachroedin Zainal Pagaralam is obtaining its fortune. The governor's father is a former governor and the governor's two sons sit as head and deputy head of two different districts.

While the members of dynasty have lived a posh lifestyle under Sjachroedin's rule since 2003, Lampung went from being a prominent industrial zone and major transportation route linking Sumatra to the rest of the country to one of the poorest regions in Indonesia.

"It is hard to get data of where the money went," Lampung-based journalist Yulvianus Harjono said. "We have 70 percent of our forest being cleared for plantations and logging concessions, but poverty remains rampant while infrastructures are left in decay."

Yulvianus said it is hard not to see that corruption plays a part in Lampung's lack of economic growth. But there are too few critical voices while the local prosecutors' office is too slow or even reluctant to investigate. "Our only hope is for the KPK to step in and investigate [corruption in Lampung]," he said.

ICW's Irawan said it is important for the KPK to use Chosiyah's case as a stepping-stone to investigate political dynasties in other regions.

“It is also important to strengthen the Regional Elections Law to prevent the creation of political dynasties and other laws to limit their power to control resources and state coffers,” he said. But activists and analysts debate as to how exactly these laws should be.

Tirtayasa University lecturer Anzar agreed, saying that, aside from Chosiyah’s, four other political dynasties rule different parts of Banten. “These rival dynasties have been using [Chosiyah’s] case to push their own political agendas,” he said. “The last thing we want is for one dynasty to crumble and be replaced by another dynasty.”

For now, occasional visitors come to the KPK’s parking lot to have their pictures taken in front of luxury cars that now symbolize the destructive power of corruption wreaked by local political dynasties controlling provinces and districts across Indonesia.

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