

Instances of corruption widespread in Java reconstruction program

Community-based development approaches were used in both the US\$84 million Java Reconstruction Fund (JRF) and in the \$387 million state-financed rehabilitation and reconstruction programs for earthquake victims in Yogyakarta and Central Java.

Yet, reports and allegations of corruption and mismanagement of funds have been much more frequent with respect to the latter.

While not a strictly apples-to-apples comparison, contrasting the two programs could prove useful, as they were implemented in the same areas and designed to meet the needs of the same earthquake victims.

Local legislators, journalists and NGO activists, all of whom closely monitored reconstruction efforts, acknowledged various forms of corruption were more prevalent within the state-funded program than under the JRF.

According to the groups, program managers and victims fabricated data on the extent of damage, in addition to fraudulently deducting from state funds in the name of public interests.

"Data collection and verification were supposed to be made in consultation with victims, but most of the process was controlled by government officials, from the village level on up to the district and provincial governments," said Wasingatu Zaktyah, an executive of the Yogyakarta-based Institute for Development and Economic Analysis (IDEA).

IDEA conducted disaster budget tracking studies in several sub-districts in Bantul, the worst-hit district in Yogyakarta, discovering widespread instances of fraud and misreporting.

The state-run program's classification scheme for potential beneficiaries left the program highly vulnerable to acts of corruption. According to the scheme, those whose homes were completely destroyed and uninhabitable were entitled to Rp 15 million each, while those with medium and minor damage received Rp 4 million and Rp 1 million, respectively.

By contrast, the JRF program

helped only victims whose homes were uninhabitable, with each beneficiary receiving Rp 20 million.

"Many officials, in collusion with victims, falsified data and figures on house damage, in order to qualify for the highest benefit category. Victims whose houses were only slightly damaged were more than willing to share their disbursements — sometimes half of it — if their condition was upgraded to the total loss category of Rp 15 million in aid," Zaktyah said.

"You cannot expect that, overnight, (people) will become assertive and speak up just because the government told them to do so under a community-based development approach."

— Wasingatu Zaktyah, IDEA

Such a sum might have proved too tempting for many in the area around Yogyakarta and Klaten, where the regional per capita income was around Rp 7.5 million in 2006, half the comparable national figure. Klaten was the Central Javan district most heavily damaged by the earthquake.

Bantul district legislators Amir Samsudin and Agus Sunarsono of the Prosperous Justice Party confirmed many facilitators who were hired to help empower community groups turned out to be corrupt, colluding with officials in the embezzlement of reconstruction funds.

In early 2007, the Bantul district administration, upon discovering widespread instances of corruption, announced that criminal charges would not be pursued for those involved who returned the embezzled money.

"The announcement succeeded in recovering more than Rp 3.5 billion

in stolen funds," Amir said.

However, Bambang Muryanto, a freelance journalist currently conducting an investigative report on corruption in the management of reconstruction funds, put that figure at Rp 7.5 billion.

"But it was back to business as usual, as the supervision was quite weak while government officials were so corrupt. Many of the facilitators, who were recruited in a hurry to assist community groups, were basically crooks," added Muryanto.

Part of the problem was the influence of village officials and their administrations in the formation of community groups and in the hiring of facilitators, legislators Amir and Agus said.

The two expressed concern that many of the houses rebuilt might not be earthquake resistant, as the pervasive mentality of corruption had resulted in the lowering of building standards.

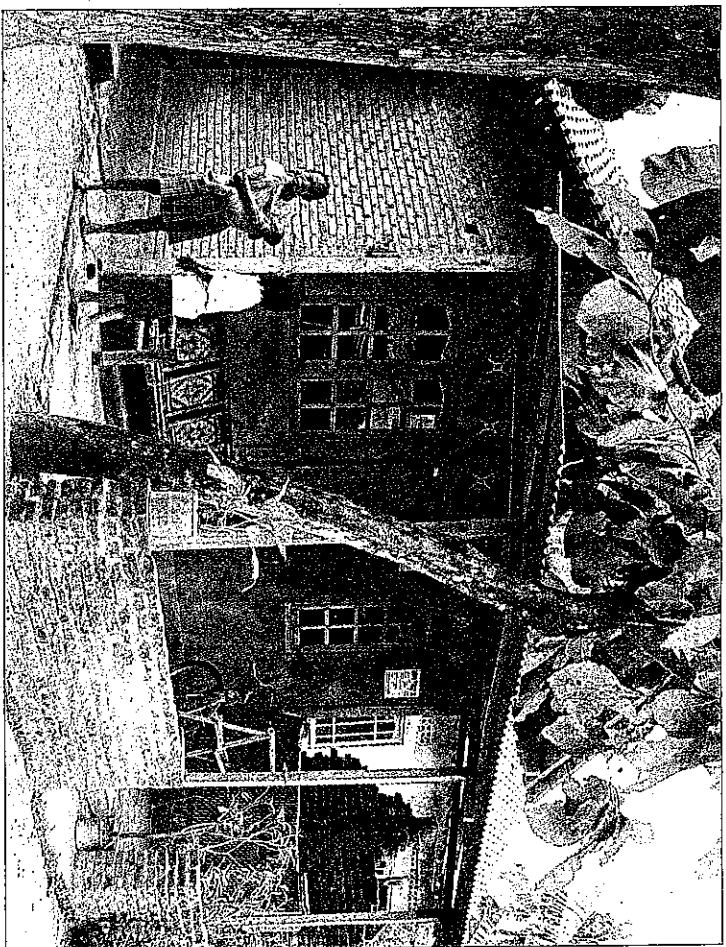
"We don't mean to say that the JRF program was entirely free of corruption in the midst of this ocean of malfeasance. But their internal control system was much more effective and the building standards used were much higher," Amir said.

Semi Suhartono, a secondary school teacher in Gesikan, Klaten, said his house was rebuilt under the state-funded reconstruction program.

"The construction of my house was not supervised. But my neighbors' houses, which were funded by JRF, were not only built under tight supervision, by technical facilitators, but were also tested for earthquake resistance by a team of engineers from Diponegoro University," he added.

Ih Hanjun Ismail, executive secretary of the Yogyakarta provincial administration, said very few instances of corruption could have been committed because reconstruction funds were transferred directly to the bank accounts of each of the community groups.

"Each community group and its members were obliged to sign legally binding statements stipulating they would be held responsible for any misuse of the funds," Iri added, acknowledging that several cases of



Courtesy World Bank

MY PLACE: A woman with her baby and daughter stands in front of her new house in Bantul, Yogyakarta in this undated photo supplied by the World Bank. The house is one of hundreds built under the JRF program.

corruption had been submitted to the police for further investigation.

For some, the allegedly high incidence of corruption was due to the public's indifference toward the problem.

"Our people have for so long been used to petty corruption, paying bribes or fees illegally to officials, that they were very tolerant of corruption in the disbursement of the reconstruction fund," IDEA Director Rinto Andhiono said.

During the peak period of reconstruction, Rinto's organization discovered stamps were used in the name of fabricated building material companies, in addition to fraudulent invoices, IDEAs Zaktyah added.

"The procurement system for the reconstruction program was very corrupt."

As the public has become accustomed to taking instruction from on high, "you cannot expect that, overnight, they will become assertive and speak up just because the government told them to do so under a community-based development approach," she said.

Indeed, development models of this kind are still in the early stages in Indonesia, yet to be molded into public awareness and attitudes.

Perhaps the greatest lesson learned from the JRF program was that investment in an effective con-

trol system is vital for proper project implementation and management.

The state-funded program, by contrast, seemed to consider expenditures for supervision and internal auditing too costly, as evidenced by the extremely inadequate resources allocated for facilitators and an internal control system.

State budget managers in Jakarta, Yogyakarta and Central Java have yet to realize that what they saved on supervision they paid for many times over in the losses incurred from widespread corruption within the rehabilitation and reconstruction program.

— JPVincent Lingga