



THE FUTURE OF INDONESIA BEYOND 2014: PROSPECTS AND CHALLENGES

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CONFERENCE REPORT

ORGANIZED BY THE INDONESIA PROGRAMME
AT THE S. RAJARATNAM SCHOOL OF INTERNATIONAL STUDIES
NANYANG TECHNOLOGICAL UNIVERSITY, SINGAPORE

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TABLE OF CONTENTS

Executive Summary	3
Opening Remarks	4
Session 1 : The Future of Indonesian Politics beyond 2014	5
Session 2 : The Future of Indonesian Security and Judicial Sectors beyond 2014	9
Session 3 : The Future of Indonesian Economic and Business Sectors beyond 2014	12
Session 4 : The Future of Indonesian Civil Society beyond 2014	16
Closing Remarks	20
Conference Programme	21
List of Chairpersons and Speakers	23
List of Participants	25
Information about the Indonesia Programme	29
Information about the S. Rajaratnam School of International Studies	30
Information about PT Ancora International	31

This report summarizes the proceedings of the conference as interpreted by the assigned rapporteurs and editor appointed by the S. Rajaratnam School of International Studies, Nanyang Technological University. Participants neither reviewed nor approved this report.

The conference adheres to a variation of the Chatham House Rule. Accordingly, beyond the paper presenters cited, no other attributions have been included in this conference report.

EXECUTIVE SUMMARY

On 4 November 2008 the Indonesia Programme at the S. Rajaratnam School of International Studies (RSIS), in collaboration with PT. Ancora International, organized a conference on the theme “The Future of Indonesia Beyond 2014: Prospects and Challenges”. The conference brought together some of Indonesia’s most prominent young leaders from various backgrounds and sectors—national parliament, political parties, academic and research institutions, as well as civil society—and scholars on Indonesian affairs to offer a future-oriented perspective in analyzing Indonesia beyond the 2014 general and presidential elections. The conference addressed critical challenges and prospects across several key sectors, namely politics, economy, security, judicial, and civil society—all of which are expected to be critical for the future of Indonesia in the next twenty to thirty years. The four-session conference was also aimed to provide a platform for potential Indonesian future leaders and opinion makers to voice their ideas and exchange views with internationally recognized Indonesian scholars and observers. The voice of this cohort of Indonesian young leaders is important because they are widely regarded in Indonesia as part of the emerging generation that will lead the country after 2014 elections.

The first panel addressed some possible scenarios for Indonesia’s future political scene. Discussions focused on matters relating to political parties, decentralization, democracy, and the 2009 elections. Presentations were delivered to explore issues ranging from working political ideologies to aspects of Indonesian statehood: its institutions, actors, and the state. One particular observation highlighted that Indonesia in 2014 will be shaped by the outcomes of the 2009 elections.

The second panel addressed Indonesian judicial and security sectors. In exploring the best ways to reform the judicial system—the least reformed sector since sweeping reforms was initiated more than a decade ago—the need to further amend the Constitution was raised. The panel stressed that unless systemic changes are made, the situation relating to the judicial sector will remain static. On the security sector, a presentation

was delivered on the rarely discussed topic of Indonesia as a maritime power. Unless doctrinal reform is carried out, the panel concluded that it will be unlikely for Indonesia to become a maritime power by 2014. Also highlighted was the need for Indonesian policy makers to focus serious attention to issues in the non-traditional security realm, particularly tackling the problem of environmental degradation.

Economic issues were addressed by the third panel. Issues range from poverty alleviation to trends of economic growth were discussed and analyzed. On the manner to increase economic growth, some strategies were suggested: preventing interest rates from rising, improving the performance of weak sectors such as agriculture, mining, and manufacturing, investing in human resources, and maintaining a sustainable energy supply. Of particular note was the concern that “it is not the question on whether or not Indonesia’s economy will be strong in the future, but how fast the country’s policy makers want to achieve it.”

The final panel addressed the topic of the civil society, namely their progress and expectations for a future Indonesia. The panel generally agreed that since the inception of the reform era, Indonesian civil society has blossomed. However, there remains room for improvement. Synergies between the government and the civil society were highlighted as the critical factor in the development and nurturing of civil society. The main weaknesses of civil society remain the lack of cooperation between various civil society groups and their weak analytical capability.

The conference closed with remarks emphasizing the reasons why a future oriented perspective was adopted rather than an analysis of 10 years of *reformasi*. The contention being Indonesia will continue to evolve, and that evolution needed to be interpreted and understood by those who would be part of an emerging generation of leaders. Next was the need to equip emerging leaders and opinion-makers of

Indonesia with the tools necessary to understand the changes that lie in the future through the development

of skills like strategic foresight and strategies on how to map possible futures for Indonesia.

OPENING REMARKS



Ambassador Barry Desker, Dean of the S. Rajaratnam School of International Studies (RSIS), warmly welcomed participants attending the *Conference on the Future of Indonesia beyond 2014: Prospects and Challenges*, organized by the Indonesia Programme at RSIS in collaboration with PT Ancora International. The Conference, he noted, commemorates the tenth anniversary of the fall of President Soeharto and the advent of political reform in Indonesia, as well as the fifth anniversary of the establishment of the Indonesia Programme.

Ambassador Desker commented on the significance of the Conference, noting that geographic proximity makes an understanding of Indonesia's future trajectory critical to Singapore. He mentioned that, although Indonesia began its political transition under extremely inauspicious conditions, the country has managed to rise from those depths, consolidated democracy, restored economic growth, and resolved major social conflicts. However, despite those positive developments, he also noticed that the country is still facing challenges such as corruption, inadequate infrastructure, and poverty. Nevertheless, Ambassador Desker expressed his optimism that there is a brighter Indonesia to come.

He observed that a younger generation of leaders is emerging in Indonesia; students and activists who

spearheaded the 1998 *reformasi* movement are now gradually moving into positions of leadership. He expressed his belief that they will bring new strategic thinking to the new complex national and global challenges facing Indonesia in the future.

It is therefore hoped that by gathering Indonesia's younger generation of leaders together with distinguished scholars and observers of Indonesian affairs to exchange ideas, the Conference would provide a perspective of what Indonesia may look like in the next decade.



Mr. Gita Wirjawan, CEO of PT Ancora International, began his remarks by identifying speakers and participants from Indonesia as "the future of Indonesia, who have represented good things in the past, and are likely to represent the next generation of leaders, and will have critical role in taking Indonesia forward."

Mr. Wirjawan expressed his appreciation of the level of stability and economic well-being in today's Indonesia, conditions that did not exist a decade ago. He furthermore highlighted three indicators that denote Indonesia's current sense of normalcy. The *first* indicator, he observed, is the ability of the Indonesian government to weather storms, especially at a time when the financial crisis compromised economic conditions in the United States badly. He attributed

the ability of the Indonesian government to accelerate spending and infuse liquidity into the financial system would act as a strong base to weather the storm. The *second* indicator is the rising level of investment in Indonesia over the past three years. That *last* indicator is the current degree of political stability. He remarked that despite the chaos in the past, Indonesia's democracy is now blossoming and there is no evidence of the nation facing a crisis of disintegration.

Nevertheless, there are still challenges confronting Indonesia and further policy initiatives are necessary. He noted that the issue of labour is still a major factor. He also mentioned legal uncertainty as a condition that still concerned foreign investors. Last but not

least, he noticed that Indonesia still confronted the challenges brought about by poverty. Thus, he emphasized the importance of closing the gap between the rich and the poor.

He concluded his remarks by expressing his optimism that Indonesia, with its 420 billion dollar economy, large population base, 6 percent rate of economic growth, and growing in political confidence, still has a bright future and hence those with an interest in Indonesia should take a long term perspective. A new generation of Indonesians, including those who were present at the Conference, he remarked, could well propel the Indonesian dream.

SESSION 1

The Future of Indonesian Politics beyond 2014



The first presenter, **Mr. Budiman Sudjatmiko**, a parliamentary candidate from the Indonesian Democratic Party for Struggle (PDI-P) and the leader of REPDEM (one of the party's organizations), focused on the issue of contesting working political ideologies in Indonesia. He mentioned at the beginning of his presentation that he was speaking in his own personal capacity and not as a member of the PDI-P.

Mr. Sudjatmiko assessed four post-1998 contesting working ideologies that he believed would shape Indonesia's political scene in the future. He classified the ideologies as representing either the right or left of the political spectrum. The two on the right-end are

urban-based private liberalism and rural-based capitalist developmentalism, while those on the left-end are either *urban-based socialist democratic or rural-based popular nationalist movements*.

He noted that in the last ten years the two ideologies on the right-end of the spectrum have been dominating the Indonesian political scene, supported by the media, think tanks, and universities—all of which have been very influential in shaping political and economic development in Indonesia over the last ten years. The urban-based socialist democratic ideology—supported by environmentalists, labour, peasants, and feminist movements—on the other hand, is in the process of anchoring themselves in the mainstream of Indonesian politics. The rural-based capitalist developmentalist ideology, however, has been discredited in the last decade.

In his analysis, he argued that the abovementioned model of political ideologies will be further developed—both intellectually and theoretically—in the year 2014 and beyond. He remarked that the development would be very promising for Indonesian politics because during the last ten years he has seen how the Indonesian political scene has fragmented instead

of evolving into natural differentiated political streams. Fragmentation, he further argued, is not necessarily based on a fixed platform but rather on contesting vested political interests. He also stressed that, in order to see the four ideologies at work there are four main requirements that need to be fulfilled. These include: maintenance of law and order, safety, and stability; encouragement for social interaction; regulations on financial and economic interactions; and a focus on social developments as well as the proper allocation of public goods and services. He observed that those four requirements have been absent for the last decade.



The second presenter, **Dr. Anies Baswedan**, Rector of the Jakarta-based Paramadina University, delivered a presentation that focused on three areas relevant to the Indonesian politics: *the institutions*, *the actors*, and *the state*. These areas were then discussed under a framework of democracy and political reform.

From the institutional perspective, he said, Indonesia is still undergoing a transformation process. For the past ten years Indonesia has been struggling to undo the system that was employed under Soeharto with the aim of creating a more democratic system. He stressed that democracy is not about winning elections but about governing, thus a democratically elected government should be able to govern and deliver the promises it made during the campaign. Problems arise when leaders with reform-minded attitudes are faced with institutions that are unsupportive of their aspirations to deliver change, hence posing a challenge to their ability to govern effectively. To support this argument, he pointed to the example of the Indonesian Presidential Office, which is filled by people from the Soeharto era. He further added that such problems also occur at the

regional level. Dr. Baswedan thus emphasized the need for bureaucratic reform in his discussion.

With regard to actors, Dr. Baswedan expected that by 2012 local leaders would rise to the national level and be ready to become potential candidates for national leadership. Such a situation is deemed possible because the 2005 local elections have already facilitated the emergence of local leaders. Nonetheless he observed that what is currently happening is the exact opposite: national figures have been competing to become local leaders. He further added that there has been and will be competition between politicians coming from political dynasties versus those who advance on the basis of political meritocracy. He regretted the absence of a test of competence to fairly facilitate the competition between the two groups.

Concerning the subject of the state, relations between state and religion were the focus of Dr. Baswedan's discussion. Although state-religious relations in Indonesia have always been and will always be dynamic, he was assured that Indonesia in the future will still follow a secular path. He also remarked that Indonesia is an example of how democracy can go hand in hand with religiosity.



The first paper discussant, **Dr. Marcus Mietzner** of the Australian National University, began his discussion by arguing that while thinking about 2014 is important, we should not forget about 2009. His impression was that although the importance of focusing on 2014 is justifiable due to the expected generational changes in Indonesian national leadership, however one fact remains true: how Indonesia evolves in 2014 will depend on the outcome of 2009 elections.

With regard to the 2009 elections, he highlighted the competing paradigms among the leading presidential candidates on a variety of issues. On Aceh, for example, he pointed out that it would be difficult to see the continuation of peace if nationalist candidates come to power, not to mention the fact that GAM leaders have made it very clear that they signed the Helsinki Agreement because they trusted the Yudhoyono administration. On corruption eradication initiatives, he acknowledged that although Indonesia has progressed positively, he also noted that future progress hinges on the outcome of 2009.

Another point that Dr. Mietzner raised was the fact that participants of Indonesian politics seem to perceive the status quo negatively due to an inordinate focus on the negative aspects of post-Suharto Indonesia. In his opinion however, status quo does not necessarily equate with expected worst case outcomes. He pointed to the example that by maintaining the status quo Indonesia was able to engineer good economic growth and created favourable conditions facilitating the resolution of the Acehese conflict. Furthermore, there was an occasion where a local election in the volatile area of Maluku was conducted under peaceful conditions but received little media attention because it was considered a non-event. He concluded that for Indonesia's next elections, a result reflecting the continuation of the status quo should not be regarded as the worst outcome to be expected.



The second paper discussant, **Dr. Michael S. Malley** of the U.S. Naval Postgraduate School, focused on institutions, decentralization and democracy. He agreed with Dr. Baswedan's perspective on how institutions intersect each other and how the effects of different

kinds of institutional interconnectedness produce dynamics that persist overtime. He emphasized that without bureaucratic reform it would be a big mistake to think that the democracy can effectively deliver its promises.

With regard to the importance of understanding institutional connectivity, Dr. Malley delivered his analysis at two levels: abstract and practical. At the abstract level, he remarked that in social science it is common to match reality with general statements. For example, there is a statement highlighting that certain combinations of political institutions may create situations for more enduring democracy. Democracy, federalism, and nationalism are identified as the ingredients for a stable democracy. Countries that are democratic but endowed with multinational populations and territorially-based ethnic groups with different languages should embrace federalism if it aims to achieve conditions leading to more resilient democratic conditions. Since Indonesia has all of the characteristics of a federal system, this prompted a question whether Indonesia has been "federal enough" to have an enduring democracy?

At the practical level, Dr. Malley expressed his pessimism on whether the emergence of a new and younger generation of leaders would make a difference. The reasons behind his pessimism were threefold: *firstly*, the persistence of certain political institutions in promoting older generation leaders; *secondly*, the ability of most politicians to recast themselves from New Order bureaucrats to those that can be perceived as more democratic; and *thirdly*, the inclination of democratically elected leaders to craft laws that in essence mostly benefit the established political parties. He also pointed out that due to the democratic system currently adopted, Indonesia over the next ten years will witness many older generation leaders acquiring new legitimacy by being directly elected through local elections. This could open the possibility of not only hindering the emergence of young leaders but also shifting the balance between Jakarta and the regions. In the end he expected local leaders to pressure the central government for not only a more decentralized system of governance but also for the localization of the political party system.

Discussion

The first comment raised a concern that an optimistic view of the rise of younger leaders is actually challenged by the fact that demographically Indonesia is aging, and consequently, key areas in business and politics will still be dominated by old players. In response, Dr. Baswedan maintained his optimistic view and argued that there is still hope for young political leaders despite the demographic trend. This was based on three reasons: *first*, the establishment of many new political parties in the past decade; *second*, the high participation rate of young activists assisting the running of political parties; and *finally*, the recruitment and training of young cadres across the archipelago by the large established political parties.

Another participant wanted to know how (as argued by Mr. Sudjatmiko) would parties with rural-based ideologies secure their place on the national stage due to the fact that Indonesia has experienced increased urbanization over the past several decades? Mr. Budiman responded by stating that regardless of urbanization, rural-based values such as *gotong royong*, common interests, land tenure, and agrarian reform will still be politically relevant in rural areas where the majority of the Indonesian population still reside. He further pointed out that politicians are still not thoroughly familiar with rural-based issues, and are therefore unable to take advantage of such issues as a channel to represent the interests of rural-based populations. Consequently, political parties on the left of the spectrum will secure their position in Indonesian politics.

On the subject of decentralization, one participant argued that institutional reform should be accompanied by deeper reform on ideological aspects. He remarked that weakening conditions in Indonesia even after a decade reform is a consequence of the way the state

perceives itself as the centre of all activity. If a system of meritocracy is to be established, he further argued, this state-centric view could be dismantled. Although Dr. Baswedan essentially agreed with that opinion, he added that Indonesia will remain a unitary state regardless of the levels of decentralization the state is trying to achieve. To him, maintaining the unitary state model is what matters most although flexibility could be exercised regarding the delegation of authority by taking into account the unique circumstances of each region. Dr. Malley also shared his view on this matter. He believed that in some fields, decisions should be made at the sub-unit level rather than by the central government or parliament.

The issue of political coalitions was also raised. Here the question was asked on how to decide which political parties support the government and which would oppose it? Mr. Sudjatmiko responded that the Indonesian political scene is too fluid making it difficult to measure the stability or permanence of coalitions. Indeed, Indonesian political scene will continue to be characterized by loose coalitions.

The issue of the Law on Pornographic Materials, which was coincidentally being debated by the Indonesian Parliament at the time of the Conference also received much attention. Dr. Baswedan held the view that even if the law is enacted, its impact with regard to political perceptions would not be great. The Indonesian people, he stressed, usually do not identify directly with a party in relation to its support of a particular policy. Thus, the impact on the results of upcoming elections would be minimal. This view was also shared by Dr. Mietzner, who argued that the voting behavior of the Indonesian population is based more on their identification of a party's affiliation to the government rather than to the policies it supports.

SESSION 2

The Future of Indonesian Security and Judicial Sectors beyond 2014



The first presenter for the second session was **Mr. Zainal A. Mochtar**, Executive Director of the Center for Anti-Corruption Studies (PUKAT) at Gadjah Mada University. He focused on the importance of judicial reform aided by further amendments to the Indonesian Constitution. He began his presentation by identifying obstacles to attempts at reforming the Indonesian judicial system.

The *first* problem is rampant corruption. He noted that since decentralization was implemented, corrupt practices had been rampant at all levels of local politics. This is due to the failure of the government to tackle corruption and bring it down to manageable levels before decentralization was implemented. The *second* problem is the existence of judicial “mafias”—those who are involved in racketeering relating to court cases. He specifically highlighted the Supreme Court as one of the main obstacles to the process of eradicating this judicial mafia. The *third* problem lies with the parliament, especially some of its members who are suspected of using such judicial “mafia services” when faced with corruption charges. The *fourth* problem is the conflicting legal structures that created confusion, especially those rules that contradicted each other.

The *fifth* problem relates to the fact that judicial reform efforts have been hijacked by political parties or political interests for their own benefits. This condition is made worse by the fact that in a multiparty system like Indonesia, the President has to take into account the interests of many parties, thus hindering any integrated attempt to reform the judiciary.

Mr. Mochtar predicted that the situation will remain the same unless systemic changes take place. These changes were defined as changes initiated by amendments to the Constitution. He argued that amending the basic rules should allow for structures to be created that could help reduce or minimize the intrusion of political interests. He stressed, however, that while amending the Constitution is not the only way to jump start judicial reform it remains one of the best options to sustain the momentum for reform.

If constitutional amendments are to be accomplished, he suggested several steps to be taken, among others: improve the election system and strengthen the Upper House or Regional Representatives Council (DPD). Changing the election system by allowing independent (non-party) candidates to run for president and changing the current multiparty system to a simpler model could help weaken the influence of political interests and/or allow the President to make decisions without too many parliamentary interventions. Strengthening the Senate would create a stronger mechanism of checks-and-balances, and could help lessen the degree of intervention by political interests. Mr. Mochtar also stressed the importance of strengthening the Judicial Commission, the official agency tasked to monitor the judiciary. Finally, he ended his presentation by stating that without constitutional amendments, there will only be “dusk, not dawn” for Indonesia’s judicial reform.



Analysis on the future of the Indonesian military was delivered by the next presenter, **Mr. Andi Widjajanto**, concurrently a PhD candidate at RSIS and Director of Defense Economics at the Jakarta-based Institute of Defense and Security Studies. While the focus of his presentation was on the need to strengthen the Indonesian Navy, his talk however, centred on why Indonesia would not be able to become a maritime power by 2024.

Mr. Widjajanto stressed that even if we could assume that military reform is completed between the years 2010-2014 and the military successfully reaches its goal of becoming a professional force, Indonesia “still cannot be a maritime power.” Although becoming a maritime power is a natural strategic objective for Indonesia due to the country’s geostrategic considerations, Indonesia is not expected to become a maritime power due to three factors: limitations in its military doctrine, force stagnation, and wide strategic gaps in its defence economy.

In terms of doctrinal limitations, Indonesia’s heavy dependence on a doctrine emphasizing the use of a people’s army or militia hinders the creation of a modernized military. The doctrine, he further argued, manifests itself through unconventional ways of force deployment. Concerning force stagnation, he observed that Indonesia does not have an ideal force and the country is currently experiencing a state of defence dependency. He argued that no country could be a great maritime power without military independence. Regarding its defense economy, Mr. Widjajanto argued that Indonesia would find it impossible become a maritime power unless it makes adjustments to its defence economy. There is a huge strategic gap evident in Indonesia’s current military budget which in 2007

was US\$10 billion dollars. The solution is adjusting the defense economy, and Indonesia, he suggested, has to start focusing and prioritizing naval procurements and developments.

Mr. Widjajanto concluded his presentation by delivering some possible scenarios should Indonesia fail to develop strong naval capabilities by 2024. The *first* scenario predicts that Indonesia would continue to have a transitional force—involving a degree of innovation—but nonetheless failing to close the strategic gap. The *second* scenario portrays Indonesia as a militarily weak state. The *third* scenario depicts Indonesia as successful in revamping its defense economy but failing to innovate its military doctrine—resulting in a military less responsive to threats.



The first paper discussant was **Dr. Simon Butt** of the University of Sydney. Dr. Butt noted that there are three factors that should be considered when discussing the Indonesian judicial sector. The *first* relates to the consolidation of the progress made by the Indonesian Constitutional Court (MK), *second*, the issue of the person who will replace the current Chief Justice of the Supreme Court, and *third*, the continued existence of the Court for Corruption Cases (*Pengadilan TIPIKOR*).

Dr. Butt acknowledged that the Constitutional Court has been successful so far in upholding the Indonesian Constitution. To some degree it has also been successful in ensuring that enacted laws do not violate human rights principles. On occasions, however, the MK has made unusual judgments. For example, the MK has prohibited the Judicial Commission to exercise its main function of monitoring judges arguing that such a function compromises the principle of an

independent judiciary. Dr. Butt also highlighted the fact that the MK has also declared that the *Pengadilan TIPIKOR* was established unconstitutionally and hence should be dissolved unless the government enacts relevant laws. Dr. Butt was concerned that all future efforts to eradicate corruption will be insignificant if there is no court to prosecute the cases. Concerning the successor to the current Chief Justice of the Supreme Court, he stressed the importance of appointing someone with reformist credentials. Since the judiciary is now independent and immune from intervention, appointing a non-reform minded Chief Justice would undoubtedly hamper efforts at reforming the judiciary.



The second discussant was **Dr. Douglas A. Kammen** of the National University of Singapore. Although essentially agreeing with the points Mr. Widjanto delivered earlier, Dr. Kammen offered a different perspective on how Indonesia could strengthen its naval capabilities.

He began his discussion by quoting data from the year 2002. In that year the Indonesian Navy had 113 ships, of which only 70 were operational. The 2024 plan calls Indonesia to have 274 ships. He pointed out that if Indonesia starts with 70 operational ships, then the plan to increase the number to more than 270 means that there should be a 300 percent increase in the country's naval capacity—a development he considered extraordinary. He remarked that the budget in 2002 for the maintenance of the military was 3.3 trillion, while the budget for the maintenance of naval vessels was less than 10 percent of that total, reflecting the Navy's plight.

Dr. Kammen concluded with two issues. *First*, he noted the importance of exercising civilian control over the military. There is, however, one particular issue that for the time being remains neglected. Citing civilian dependence on the military he pointed out that “civilians feel insecure without the military holding their hands, and that is true in a number of political parties.” In essence he questioned the readiness of civilians to exercise their control over the military. *Second*, he stressed the need to focus on the issue of ecological degradation and its security implications. Dr. Kammen warned that beyond traditional security issues, new non-traditional concerns like ecological degradation, deforestation, overdevelopment of watershed areas, persistent flooding, erosion of land, and global warming will probably be pressing long-term security issues for Indonesia in the future.

Discussion

A participant commented on Indonesia's subservience to cultural models contributing to its present condition. He argued that in order to make the political system function efficiently, perhaps an evaluation of the “cultural way” of doing things was necessary. He observed that some Indonesian presidents seem to emulate Soeharto by acting behind the scenes and using ministers explain government policies to the public—a behaviour he associated with that of a Javanese king. The question was thus whether an all-encompassing legal and security sector reform should be approached from a cultural rather than a systemic perspective?

In response, Mr. Mochtar maintained his argument that judicial reform should begin with systemic, not cultural changes. Systemic changes would eventually lead to cultural changes, as long as the stakeholders of judicial reform faithfully adopt the new system. With regard to the Indonesian military, Mr. Widjanto argued that the culture of the Indonesian military is not primarily Javanese since those who helped shape the military's strategic culture initially were in fact non-Javanese, obvious from names such as Nasution, Tan Malaka, and Simatupang. The matter of reviving the defence economy remains the critical objective in the attempt to building a militarily strong Indonesia and it will not be resolved through cultural models.

Another participant wondered why Mr. Widjanto's presentation was focused on the prospect of Indonesia becoming a maritime power? Since it is the army that has always dominated the Indonesian military, should not the presentation be focused on the army instead of the navy? Mr. Widjanto responded by again stressing the point that due to Indonesia's archipelagic geography—building a strong naval force is a natural

option for Indonesia. He also mentioned the Mahanian concept emphasizing the importance of decisive naval battles or naval victories—which are crucial not only to slow down enemy mobilization but could also have the potential to strike enemy forces decisively. As Indonesia's enemies will likely channel their forces through the sea, it is important for Indonesia to have a strong naval force acting as an effective deterrent measure.

SESSION 3

The Future of Indonesian Economic and Business Sectors beyond 2014



Mr. Ari Perdana, economist with the Centre for Strategic and International Studies (CSIS), Jakarta, was the first presenter for this session. He focused on economic development and poverty reduction in Indonesia. He started by noting that unlike 20 or 30 years ago, poverty reduction efforts today are no longer sensitive to the vagaries of economic growth patterns. Thus the challenge is how to make market mechanisms, institutions, and policies work better for the poor. He argued that the issue of reducing poverty in Indonesia can be approached by analyzing four characteristics of the poor in Indonesia.

The *first* characteristic is that most impoverished Indonesians live in rural areas and depend on agricultural-related activities for their sources of income. He suggested four poverty alleviation strategies: (1) a shift from low-productivity farming to the more productive commercial farming, (2) a shift from an informal labour market to a formal one, (3) change

their activities from farming to non-farming methods, and lastly (4) move to urban areas where a more productive economy is to be found.

The *second* characteristic is that impoverished Indonesians spend most of their household budget on food. Therefore a rise in food prices would have a detrimental effect on them. The government was thus advised to achieve low and stable food prices by increasing farmer productivity instead of opening the rice market to imports.

The *third* characteristic is that income poverty is usually associated with non-income poverty. For example, a poor person would correspondingly have a poor educational background, and suffer poor health. Thus, helping the poor financially would contribute to improving their quality of life. On the other hand, improvement in non-income areas, such as education or health, would create conditions that will also help increase their incomes. The problem lies with the government's limited budget and resources in delivering quality public services. Prioritizing is thus deemed vital in pursuing the abovementioned strategy.

The *last* characteristic that Mr. Perdana discussed was regional variations of poverty. In Indonesia the level of poverty varies vastly from region to region, therefore it is local governments—rather than the central government—that should be viewed as key players at the frontline in the attempt to reduce poverty in Indonesia.



The second presenter, Dr. **Purbaya Yudhi Sadewa**, Chief Economist at the Jakarta-based Danareksa Research Institute, focused on the need to increase Indonesia's economic growth rate to make Indonesia more prosperous. He began by emphasizing that in the long run, a healthy growth rate for the Indonesian economy is 7 percent. This would allow Indonesia to absorb the average annual number of job-seekers entering the workforce. The current growth rate of 6 percent is, he remarked, "good and optimistic, but not optimistic enough."

To achieve the advised 7 percent growth rate, Dr. Sadewa suggested seven measures for the Indonesian government to adopt. Long-term lower inflation trends being the *first* measure with the government needing to keep the inflation rate low to prevent interest rates from rising and eventually slowing down the entire economy. The *second* measure is to have sound monetary and fiscal policies, a crucial element in stimulating economic growth. Regarding the monetary sector, the government, through the Central Bank, should avoid adopting a tight fiscal policy. He reminded the audience that previous rigid monetary policy had pulled the Indonesian economy into the abyss. On the fiscal sector, Dr. Sadewa advised the government to disburse the budget in a timely manner.

The *third* measure is to promote equality of growth. In the past, the government relied too much on the trickle-down effect. Such an approach takes a long time to materialise and does not benefit people who live in rural areas. Focusing on developing the rural economy is the way to ensure some measure of social equity. The *fourth* measure is to improve the performance of weak sectors like agriculture, mining, and manufacturing. Indonesia's economy is still

predominately a commodity-driven economy, therefore enhancing the performance of industries producing commodities, such as mining, is crucial to promote economic growth.

The *fifth* measure is to provide sustainable energy supplies. He noted that the 6 percent rate of economic growth creates an annual energy supply demand of 10.25 percent. Without increasing and maintaining a sustainable energy supply, a 7 percent growth rate is difficult to achieve. The *sixth* measure is to invest in human resources, a crucial factor in creating a competitive economy. The *last* measure is to optimize the benefits of free trade agreements. Since Indonesia has yet to optimize and exploit potential markets in the region, the government needs to do so more aggressively.

Dr. Sadewa concluded his presentation by reiterating that one of the most important tasks for Indonesia's future leaders is to achieve and sustain a 7 percent rate of economic growth.



The first paper discussant was **Professor Iwan Jaya Aziz** of Cornell University. Initially, he expressed his optimism that the Indonesian economy will grow strong in 2014 and beyond, thanks to democracy and decentralization. The only question remains the method by which Indonesia wanted to arrive at that point of economic growth: slowly or quickly?

Prof. Aziz pointed out three major problems that could hinder the quick attainment of high economic growth rates. *First*, in terms of macro policies, the external environment is and will keep changing but the mindset of Indonesian economic policy makers do not, especially in the areas of macroeconomic, fiscal, and

monetary policies. If their mindsets are not adjusted to the external changes, then any success enjoyed by Indonesia thus far is more the result of good fortune rather than meticulous economic planning responsive to external changes.

The *second* problem is the absence of willingness on the government's part to improve social and economic conditions. Most economists often lay the blame primarily on institutional shortcomings—such as endemic level of corruption—as the cause behind slow socio-economic improvements. Prof. Aziz argued that they should instead be able to formulate effective policies given the prevalence of corrupt practices. The point he was trying to stress was that the attitude of blaming institutions made it easily for policymakers to shirk from their responsibilities in making the tough decisions necessary to implement corrective measures.

The *third* problem is a lack of awareness concerning climate change. He argued that climate change is an important issue to understand as it affects countries rich in natural resources like Indonesia. For example, countries may opt for alternative energy sources other than coal— a mainstay of Indonesia's energy exports. Overtime this sector of the economy will be gravely affected. He wondered if Indonesian policy makers were aware of such issues and whether such calculations had been considered when formulating an economic policy.

Prof. Aziz concluded by reiterating that, "Indonesia's economy will be strong in 2014. The question is whether the government wants to achieve such outcomes at a faster pace. Being an optimist, I hope the future leaders participating in this conference will achieve such a goal quickly."



Associate Professor Chris Manning of the Australian National University was the next discussant for the session. He focussed on predictions relating to the growth rate and the nexus between economic growth and the creation of employment.

Concerning the prediction of growth rate, he argued that Indonesia's economic growth rate will not go far from 6 percent. His argument was based on the fact that under democracy and decentralization the process of policy making—whether in economic or other fields—will be significantly more difficult, especially considering the continuous tug of war "between the cabinet and legislature." Furthermore, there are examples where the decision making process was much slower than expected, as seen in the response to the situation when oil prices rose in 2005.

In terms of the nexus between economic growth and the creation of employment, Assoc Prof. Manning noted that Indonesia has lost its comparative advantage in labour-intensive export, partly due to the unfavourable investment climate, infrastructure problems, and the emergence of China and Vietnam as competitors. The situation has resulted in the creation of a different relationship between growth and employment. He further added that of all the abovementioned issues, the infrastructure problem is the most severe and requires more attention. As infrastructure attracts investments, in turn it will also create employments. He further added that investment is the "breaker" of poverty, especially when it is done at the local level. The availability of small ports, facilities of transportation, or irrigation, for example, will attract investments at the local level. Thus it is important for local governments to pay attention to infrastructure building if they want their regions to attract investments.

Discussion

One participant wondered about the purpose of economic growth. In response, Mr. Perdana quoted Amartya Sen's view that human freedom is the ultimate goal of development. Economic growth—as a result of economic development—is thus perceived as having a strong correlation, not causation, with poverty reduction. Dr. Sadewa elaborated further by stating that economic growth, in his opinion, is a measure of what is happening in the economy. The increase of employment, profitability, and economic activities are reflections of economic growth. Thus, welfare cannot be separated from economic growth. “If you have economic development, you have welfare,” he contended. Thus he concluded that the purpose of economic growth is to create welfare, with poverty reduction as one of its means.

Another question was raised in relation to the issue of state-market relations, specifically on state intervention. Dr. Purbaya responded by reminding the audience that markets also fail, and when that happens state

intervention is needed. Prof. Azis remarked that the question should not be whether the state should or should not intervene in the market, but rather on whether there is a more intelligent way of intervening. In the case of Indonesia, he argued, state intervention is not conducted in a sensible manner. The case of Direct Cash Assistance (*Bantuan Langsung Tunai* or *BLT*) aimed to help the poor amidst cut in subsidies was cited an example of unintelligent state intervention done by the Indonesian government.

Another participant asked Prof. Aziz to expand his discussion on the mindset of policy makers and how it affects current situation in Indonesia. In his response, he cited the example where economic policies remained unaltered during the 1990s. Economic policy is supposed to adapt to external situations. He added that post-1998 Indonesian economic policy is actually more suitable for the 1990s. To sum up, the current economic policy has merits but has been applied at the wrong time hence the socio-economic situation in Indonesia shows little improvement.

SESSION 4

The Future of Indonesian Civil Society beyond 2014



The first presenter for the last session was **Mr. Usman Hamid**, Coordinator for the Commission for the Disappeared and Victims of Violence (KONTRAS), who looked at the developments of civil society in Indonesia for the past decade and examined various possible scenarios for civil society-state relations for the year 2014 and beyond.

Mr. Hamid acknowledged that there have been major achievements for civil society in Indonesia over the past ten years. Today, civil society groups enjoy more political freedom compared to its situation under President Soeharto's New Order regime. He also appreciated Indonesia's ratification of the ASEAN Charter—a move he considered an entry point towards a regional mechanism for the promotion of human rights. He nevertheless identified some shortcomings of Indonesian civil society. *First*, the presence of communal conflicts and local bossism among civil society organizations, a situation that has been rampant since decentralization was initiated. *Second*, he noticed that the government has not been wholeheartedly supportive of civil society. The prolonged investigation and trial of the murder of Munir Said Thalib (one of Indonesia's foremost human rights activists) was cited as an example.

He continued by exploring some possible scenarios for the future of state-civil society relations. The *first* scenario is a situation where both the civil society and

the state are equally strong. Mr. Hamid regarded this scenario as the best possible scenario to be realized since not only will it empower civil society but at the same time also increase the provision of public services and government effectiveness. The second scenario, namely a conflict scenario, would be marked by the presence of conflict between a weak civil society versus the state. This was the situation during the New Order era. The *third* scenario portrays a stagnant situation characterized by a lack of progress in civil society-state relations. The *fourth* scenario depicts a situation where both the civil society and the state are weak. The state is perceived weak for its inability to deliver basic public services, while civil society is seen as being ineffective in promoting their causes.

Mr. Hamid concluded by expressing his hope that the first scenario would prevail in Indonesia beyond 2014. He stressed that in the future there should be synergies between civil society and the government. In order to achieve such a situation civil society organizations should strengthen themselves by focusing their attention on the issues of representativeness, legitimacy, and organizational integrity.



The second presenter was **Mr. Dicky Dooradi**, a Development Assistance Specialist at USAID Jakarta, who elaborated two main key-drivers, and its associated problems, that will determine the future of civil society organizations (CSOs) in Indonesia.

The *first* key-driver is the rules governing civil society activity. Mr. Dooradi mentioned that with regard to civil society, Indonesia has a restrictive law, namely Law No. 8 of 1985. Fortunately, in the reform era, the government has never used it to stop civil society activities. He also mentioned that the revision of this law is still in progress, although there seems to be mixed signals conveyed by the government. On some occasions government officials expressed their intention to formulate rules benefiting civil society, while in other situations, the government acted in a restrictive manner, such as pressing charges and putting restrictions on journalists. These mixed signals raised questions on whether revisions to Law No. 8 of 1985 will result in a more positive attitude towards civil society by the state.

The *second* key-driver is grassroots linkages. More often than not, civil society is disregarded by powerful elites, either at local or national levels. The question of “who are you representing?” has been frequently posed by government officials when dealing with representatives of civil society. Thus the importance of building networks with grassroots movements could not be emphasized more. Groups with large mass followings like religious-based groups are good examples of what CSOs should strive to become. Large membership is a good indicator of a strong mandate and support from the citizens whose interests the CSOs are trying to represent.

Despite the unaccommodating environment, Mr. Dooradi expressed his optimism that there was room for Indonesia’s civil society to thrive. He mentioned several factors giving him a sense of optimism: (1) the existence of Corporate Social Responsibility (CSR) schemes encouraging large local and foreign companies to provide financial support for CSOs, (2) the determination of CSO activists to maintain the momentum of reformasi, and (3) the new law on political parties mandating all political parties to develop their own CSOs.



The first discussant was **Professor Greg Barton** of the School of Political and Social Inquiry at Monash University. He began by commenting on Mr. Hamid’s presentation and conveyed that the state deserves credit for its economic management, its ability to maintain stability, its supportive gestures toward an open society, and its success in conducting free and fair elections while allowing anti-corruption initiatives, as well as for its attempts at conflict resolution. The state, however, still suffers from fundamental weaknesses in terms of infrastructure planning, implementation of the rule of law, policing and prosecuting, delivery of public services, investments in education, sustainable development, and environmental management.

With regard to Indonesia’s civil society, Prof. Barton noted that the strengths of civil society lie in their general commitment to democracy, advocacy for the freedom of the press, their role in election oversight borne out in a sense that elections have worked, and the quality of public intellectuals they have produced, as well as their continuous effort to strengthen non-governmental organizations. Their weaknesses, on the other hand, remain their lack of ability to network among themselves, lack of capacity to analyze, the growing cynicism that surrounds their activities, and the shallowness of the reports they produce in the media.

He then went on to assess the future of Indonesia’s civil society. On one hand, he depicted a situation characterized by the presence of poor performing politicians, crumbling society, ongoing contestation on the role of Islam, declining quality of life, and environmental and infrastructural degradations.

He also mentioned that even at the best of times, there will still be underemployment and poverty—conditions posing substantial challenges to the future of Indonesia’s civil society. On the other hand, on a positive note, he observed that there are positive expectations. If there is greater engagement and increased mobility between state agencies and civil society, an ongoing consolidation of democracy at the regional and national levels, steady institutional reform, and socio-political stability, then the future of Indonesia’s civil society would likely be brighter than at present. Prof. Barton concluded his discussion by predicting that future Indonesia will likely see both a government and a civil society that will be moderately strong.



The last discussant was **Dr. Hans Antlöv** of the Local Governance Support Program (LGSP), Indonesia, who spoke on the subject of civil society as a public sphere. The term civil society is usually used in the context of its role as a check-and-balance mechanism rather than its utility in the public sphere—a space for public deliberation on matters such as petitions to the government.

Regarding its role in the public sphere, Dr. Antlöv identified factors that could negatively influence its future. These factors emanate from both the government and civil society itself. On the government front, there are three factors to be carefully observed: *first*, the difficulties in conducting dialogues; *second*, the little time that the government has for public relations due to its busy day-to-day routine; and *third*, the attempts by the government to limit the flow of information to the media. From the civil society side, he identified five factors that could negatively affect the future of civil society: *first*, the elite-driven membership of civil society organizations; *second*, the

existence of ‘floating democrats’—activists that neither impact upwards nor root downwards; *third*, elite-driven leadership; *fourth*, distrust among civil societies; and *fifth*, a lack or even absence of a single national network.

Nevertheless, there are also factors that could positively affect the future of the civil society. They are: *first*, the enactment of Law No. 14 of 2008 on Public Information Transparency, *second*, the ongoing discussion—conducted by the Indonesia’s National Development Planning Board (BAPPENAS)—to include civil society in promoting good governance and democracy for the period of 2009-2014, and finally, the increase in philanthropy-related activities which have helped stabilize the finances of civil society organizations.

Dr. Antlöv concluded his discussion by identifying several aspects that should be carefully looked into if Indonesia wants to have strong civil society and a higher degree of public participation in the years after 2014. These aspects are: legal and funding issues, the repositioning of the government as a facilitator, a stronger emphasis to hold government and market actors accountable, the establishment of networks with more diversity, the monitoring newly elected pro-democracy legislators, and the establishment of national networks and dialogues among CSOs.

Discussion

Regarding the necessity for Indonesia’s civil society to establish linkages, a question was raised on its prospects for establishing international networks. In his response, Mr. Hamid said that international linkages are a useful venue for civil society groups to learn more about capacity building, which in turn will equip them with greater analytical skills and the skill to formulate effective policy recommendations. Dr. Antlöv added that international or regional linkages are a useful learning arena to gain knowledge about new trends and understand best practices.

The discussion about civil society and donors raised a question on the difficulty in establishing good coordination among donors. Mr. Dooradi said that coordination among donors is indeed difficult because each institution has a different mission. He further added that channelling assistance, such as

areas such as the environment, health, or education, but it is not effective in other areas such as corruption eradication or the promotion of democracy. Dr. Antlöv added that the problem of coordination between international donors and the Indonesian government lies in the absence of unity within the government itself.

Related to the role of donors, a question was raised on whether donors have a genuine interest in promoting the well being of civil society. Mr. Dooradi answered that such donor interest is indeed present. Nevertheless, the level of interest depends on the donors themselves and the extent of changes the government wants to make. Meanwhile, Dr. Antlöv argued that there is a need to look at larger issues. He noted that most donors work through civil society, yet civil society itself has not taken any initiative to look at broader issues.

The last question concerned the term “civil society” itself, which some find as a concept originating from the West and not truly rooted in the Indonesian context. Mr. Hamid responded by saying that he places greater emphasis on the achievements of civil society and its effectiveness rather than the ambiguities of how best to define the term. Where the term came from was not his concern as long as it suggests a situation where people can freely express their aspirations through civilized debates. Dr. Antlöv, on the other hand, disagreed with the notion that the term “civil society” has no resonance with the Indonesian context. According to him, the meaning of civil society depends very much on how each of us personally defines the term. What matters to him now is the existence of non-governmental groups in Indonesia enjoying more autonomy whose agenda is not primarily driven by state interests similar to the situation during Soeharto era.

CLOSING REMARKS



In his closing remarks, **Associate Professor Leonard C. Sebastian**, Coordinator of the Indonesia Programme at RSIS, expressed his appreciation to the Indonesian participants who he identified as the hope for the future of Indonesia. He expressed his appreciation to the discussants for their willingness to take time off their busy schedules and travel such long distances to reflect on the comments and presentations of the speakers from Indonesia.

Assoc Prof Sebastian remarked that the Conference initiative was part of a larger effort by the Indonesia Programme to grapple with the complexity of the *reformasi* aimed not only at trying to understand how *reformasi*-era movements, new thinking and policy initiatives would shape Indonesia's future but more importantly to get a better sense of how Indonesia's future would evolve as seen through the eyes of the young people who participated in demonstrations leading to the collapse of the Suharto regime. He hoped that despite their diverse backgrounds and ideological beliefs, the Indonesian participants would continue to cooperate with each other in an attempt to find common ground for a shared vision of Indonesia's future. He further added that the Indonesia

Programme's approach of looking into the future was based on the belief that Indonesia will continue to evolve. That evolution itself would not be a linear progression as Indonesia will go through periodic peaks and troughs.

It was the aim of the Conference, and the Indonesia Futures Workshop that preceded it, to equip the emerging leaders and opinion-makers of Indonesia with tools necessary to understand the changes that lie in the future by analyzing the sources, patterns, and causes of change and stability in the attempt to develop foresight and to map possible futures for Indonesia. Thus, he hoped that they continue to integrate the future studies or strategic foresight techniques they had learned while in Singapore with the aim gaining a holistic or systemic perspective based on insights from a range of different disciplines. This was the principle aim of the conference rather than an overview and analysis of 10 years of *reformasi*.

Assoc Prof Sebastian also announced the launch of two initiatives. The first pertained to the Programme's new website http://www.rsis.edu.sg/Indonesia_Prog/ which could be accessed through the RSIS webpage and the second relating to the Gita Wirjawan Graduate Fellowship donated by Ancora Foundation for a period of 5 years for an emerging Indonesia leader or opinion-maker to undertake a Masters degree at RSIS. Assoc Prof. Sebastian concluded his remarks by expressing that, having listened to the discussions of the day, he remained optimistic that Indonesia has enormous potential coupled with resilience to weather the impending economic downturn allowing it to emerge as a key player in the Asia Pacific in the near future.

CONFERENCE PROGRAMME

09.00 – 09.15	Opening Remarks	10.20 – 10.40	Discussion and Coffee Break
	Ambassador Barry Desker Dean, S. Rajaratnam School of International Studies Singapore	10.40 – 11.30	Session Two: The Future of Indonesian Security and Judicial Sectors beyond 2014
	Mr. Gita Wirjawan CEO, PT Ancora International Indonesia		Paper Presenters: Mr. Andi Widjajanto Institute of Defense and Security Studies Indonesia
09.15 – 10.20	Session One: The Future of Indonesian Politics beyond 2014		Mr. Zainal Arifin Mochtar Gadjah Mada University Indonesia
	Paper Presenters: Mr. Budiman Sudjatmiko Indonesian Democratic Party for Struggle Indonesia		Paper Discussants: Dr. Douglas A. Kammen National University of Singapore Singapore
	Dr. Anies Baswedan Paramadina University Indonesia		Dr. Simon Butt University of Sydney Australia
	Paper Discussants: Dr. Marcus Mietzner Australian National University Australia		Chairperson: Assoc. Prof. Leonard C. Sebastian S. Rajaratnam School of International Studies Singapore
	Dr. Michael S. Malley Naval Postgraduate School United States	11.30 – 12.00	Discussion
	Chairperson: Assoc. Prof. Leonard C. Sebastian S. Rajaratnam School of International Studies Singapore	12.00 – 13.00	Lunch

13.00 – 13.50 **Session Three:**
**The Future of Indonesian Economic
and Business Sectors beyond 2014**

Paper Presenters:

Mr. Ari Perdana

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Studies
Indonesia

Dr. Purbaya Yudhi Sadewa

Danareksa Research Institute
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Paper Discussants:

Prof. Iwan Jaya Azis

Cornell University
United States

Dr. Chris Manning

Australian National University
Australia

Chairperson:

Dr. Marleen Dieleman

National University of Singapore
Singapore

13.50 – 14.20 Discussion and Coffee Break

14.20 – 15.30 **Session Four:**
**The Future of Indonesian Civil
Society beyond 2014**

Paper Presenters:

Mr. Usman Hamid

Commission for the Disappeared
and Victims of Violence
Indonesia

Mr. Dicky Dooradi

USAID
Indonesia

Paper Discussants:

Prof. Greg Barton

Monash University
Australia

Dr. Hans Antlöv

Local Governance Support Program
Indonesia

Chairperson:

**Assoc. Prof. Melly
Caballero-Anthony**

S. Rajaratnam School of International
Studies
Singapore

15.30 – 16.00 Discussion

16.00

Closing Remarks

Assoc. Prof. Leonard C. Sebastian

S. Rajaratnam School of International
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End of Conference

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ABOUT THE INDONESIA PROGRAMME

The **Indonesia Programme**—coordinated by Associate Professor Leonard Sebastian—focuses on three areas. *Firstly*, to conduct research on issues pertaining to Indonesia that is of relevance to Singapore; *secondly*, to contribute to RSIS Master's Programmes by offering quality courses; and *thirdly*, to provide policy reviews and briefings to assist stakeholders and the policy community to better understand the complex changes taking place in post-Suharto Indonesia. At the regional and global levels, it aims to network and engage in collaborative research activities with like-minded international institutions interested in modern Indonesia, specifically post-Suharto Indonesia.

Research at the Programme encompasses a variety of key areas ranging from civil-military relations, developments relating to defence and security sectors, political Islam, militant Muslim movements phenomenon, terrorism, intra-state conflicts, Indonesian foreign policy/international relations, the Indonesian economy, problems of underdevelopment, and local politics and decentralization in the Riau region. Currently, the Programme's primary research focuses on five main fields: Defence and Security, National Politics, Local Politics and Political Economy, Islam, and Intra-state Conflicts. The need to contribute to policy-relevant knowledge that is specifically related to political, economic, and social trends in the provinces of Riau and Riau

Archipelago has resulted in the inauguration of a fortnightly publication called the Riau Bulletin in August 2006.

Over the past year our networking initiatives have sought to reach out to both the policy and academic communities. Particularly relevant in this regard was our inaugural Riau Roundtable, held on 27 June 2007. An in-house seminar entitled "Riau: Politics and Society" was held at RSIS on 25 October 2007 featuring scholars specializing on Riau, such as Associate Professor Lenore Lyons, Dr. Michelle Ford, and Mr. Nick Long. Essays from these events are to be combined into an edited volume on Riau.

The Programme has also hosted a number of seminars on politics, economy, civil-military relations and Singapore-Indonesia relations. In 2007, it featured Indonesian notable speakers, including Minister of Trade Dr. Mari Pangestu, Mr. Taufik Kiemas (PDI-P), Dr. Yuddy Chrisnandi (Golkar), and Dr. Sutradara Gintings (PDI-P). Analysis of the state of conflict resolution and peace building in Aceh were provided by Dr. Kuntoro Mangkusubroto (BRRI) and Dr. Irman G. Lanti (UNDP).

For more information on the Indonesia Programme, please visit http://www.rsis.edu.sg/Indonesia_Prog

ABOUT RSIS

The **S. Rajaratnam School of International Studies (RSIS)** was inaugurated on 1 January 2007 as an autonomous School within the **Nanyang Technological University (NTU)**, upgraded from its previous incarnation as the **Institute of Defence and Strategic Studies (IDSS)**, which was established in 1996.

The School exists to develop a community of scholars and policy analysts at the forefront of Asia-Pacific security studies and international affairs. Its three core functions are research, graduate teaching and networking activities in the Asia-

Pacific region. It produces cutting-edge security related research in Asia-Pacific Security, Conflict and Non-Traditional Security, International Political Economy, and Country and Area Studies.

The School's activities are aimed at assisting policymakers to develop comprehensive approaches to strategic thinking on issues related to security and stability in the Asia-Pacific and their implications for Singapore.

For more information on the School, visit www.rsis.edu.sg

ABOUT PT ANCORA INTERNATIONAL

Ancora is an investment firm focusing in oil and gas, real estate and mining with almost US\$ 200 million of assets under management.

Ancora began operations as an investment firm in 2007, with the aim to target medium to large-capital markets in high growth sectors in Southeast Asia. Indonesia, the largest economy in the region, is our primary focus. We have a rigorous investment approach, extensive due diligence focus, substantial transactions and financing expertise and focus on operational oversight. Ancora's investments cover three main sectors: oil and gas, real estate, and mining. In each, we make value-oriented buyouts and recapitalizations, generating strong risk-adjusted returns. Value creation is our ultimate objective as is identifying clear entry and exit strategies. We also give due consideration to investing in high-yield fast-return projects. To date, Ancora has almost US\$ 200 million of assets under management.

Our people are our biggest asset. We have the expertise and personnel necessary to generate superior returns for our investors. Ancora's principals draw on their experience, as well as

industry, financial and investor contacts, to identify investment opportunities. Having developed a niche as a regional business, we have offices and professionals in Jakarta, Hongkong and Australia. Our management has extensive experience in corporate finance, M&A, venture capital, capital markets and private equity transactions. Several are also experts in related industries, such as oil and gas, property, mining and IT. Our Board of Advisors are represented by senior industry captains, each with over 40 years of experience in their respective fields.

Together, our partners bring to the table more than eight decades of collective finance and investment experience gathered at world-class institutions such as JP Morgan and Citigroup. Along with that comes an extensive network with governments and leading businesses in Indonesia and Southeast Asia. We also have access to the sector expertise of a broad array of former senior corporate executives with whom we have established formal proprietary advisory relationships, and who work with our professionals to source and analyze potential investment opportunities.



S. RAJARATNAM SCHOOL OF INTERNATIONAL STUDIES

A Graduate School of Nanyang Technological University