

BOTH-AND

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Selamat pagi. Senang bisa bersama Anda.

Satu hal lagi: Saya cinta Indonesia.

As the presenter said, I have been your friend for many years, through many changes. And I speak to you this morning as an admirer of the progress you have made, in part because of one of the world's foremost anti-corruption agencies, KPK. An admirer of your President Joko Widodo, Jokowi, who promises to continue the fight against corruption, as one of the means to the goal of Indonesia's becoming one of the world's top five economies by 2045. I admire the President's focus on jobs and his emphasis that jobs follow investment. And I agree with him that to spur investment, Indonesia has to do BOTH control corruption AND speed up big infrastructure projects

And so, in this spirit of friendship and admiration, may I offer you, in all humility, some perceptions of where you are now, where you want to be in five years, and how progress with KPK might enable those goals and dreams.

Where Are You Now?

You have one of the pre-eminent anti-corruption agencies in the world, coexisting with unacceptable levels of corruption.

You have made progress. In 2003, Indonesia was at the 6th percentile of the corruption perceptions index. By 2008, it rose to the 40th percentile. That is remarkable.

Was it good enough? Is it good enough now? No one would say that, least of all the people of Indonesia.

As you know, evidence from around the world shows that corruption means worse public services. Therefore more poverty, less opportunity, weaker national unity.

Corruption also leads to lower levels of investment. There is a seeming paradox here. In the short run, allowing lots of corruption may speed up investment projects. You pay to get the permit, and the permit happens quickly.

But that's only the short run. In the longer term, investors shy away, at least the good investors you want for your plans of economic transformation. Clean competition, efficient procurement, good incentives for public servants: all these enable investment.

Let me underscore this point: over time, more corruption leads to worse investments. The wrong projects. The wrong players. The wrong quality. And therefore, to disappointing results in terms of jobs, poverty reduction, multiplier effects of infrastructure, and growth.

I'm delighted you can learn later today from Dr. Bandar Ahmad Abaalkhail, Vice President of the Saudi National Anti-Corruption Commission. Like Indonesia, Saudi Arabia has an aggressive and impressive plan for long-term economic transformation. Like Indonesia, Saudi Arabia has given priority to some major infrastructure projects.

One of these projects is so large it reminds me of your plans to move the national capital to Kalimantan.

Saudi Arabia's NEOM is a planned cross-border city in the Tabuk Province of northwestern Saudi Arabia, near Jordan and Egypt. It will cover a total area of 26,500 km² and will extend 460 km along the coast of the Red Sea. It will incorporate smart city technologies and also function as a tourist destination. Saudi Arabia aims to complete the first section of NEOM by 2025. The project has an estimated cost of \$500 billion.

Imagine the ambitious plans for national and international investment that accompany NEOM.

What Dr. Bandar will explain to you is the importance of anti-corruption in ENABLING these many investments. Saudi Arabia enacted the "Competition and Government Procurement Act." It contains an on-line platform called *etimad* (<https://monafasat.etimad.sa/>). All government purchasing and projects should go through this platform. Saudi Arabia receives many invitations from various countries want to see how this platform works. In fact, earlier this year leaders from KPK came from Indonesia to see the procedures of *etimad*.

I'm also delighted that representatives are here from the World Bank, the UNODC, and other international institutions. They have vast experience in improving procurement in ways that limit corruption and AT THE SAME TIME speed up effective, high-performing projects.

I want to mention another seeming paradox, concerning politics. Anti-corruption programs are SUPPOSED TO be apolitical, in the sense that they are not the servant of a particular party or Congress or president. They *respond* to politics, of course; but like courts, like the police, KPK and other anti-corruption institutions are not commanded by politics.

This is a tricky balancing act everywhere in the world. A congress may decide to limit funding for an anti-corruption body, rendering it ineffective. A congress may name people to leadership and oversight positions who INTRODUCE politics into anti-corruption agency.

There is a tension here, because alas like all institutions in the world, anti-corruption agencies (and courts and police) have sometimes fallen victim to corruption. Sometimes, to systemic corruption. You know the formula CORRUPTION EQUALS MONOPOLY PLUS DISCRETION MINUS ACCOUNTABILITY. If any organization—including police force or a court or an anti-corruption body—has monopoly power and lots of discretion and is NOT accountable, there is a vulnerability toward corruption.

Vulnerability doesn't mean inevitability. It means that accountability is advisable, carried out in a variety of ways, by other agencies of government, by citizens groups, by the business community, and by academic bodies who can bring their research tools to bear.

BUT what about overseers? What if a supervisory body is appointed? Could the overseers introduce politicization instead of preventing it? Who will guard the guardians? The hall of mirrors is visible: if there is an oversight body, who will oversee it? And so forth.

Where are we, then? I think with these tensions:

First, Indonesia has enormous potential and inspiring plans for job creation and growth, including large infrastructure programs.

These plans will require more investment, of the right kinds, by the right actors, with the right incentives.

And this will require, in turn, improvements in governance and the control of corruption.

Second, the fear that anti-corruption, like law enforcement and justice systems more generally, may become politicized. That anti-corruption investigations and wiretaps may become political tools, in effect being politically corrupted. And so, there is a new law calling for a new oversight body for KPK. And then comes the hall of mirrors: will this new oversight body itself become politicized? Could the result be the opposite of good intentions: a less effective, more biased anti-corruption agency?

Third, continuing with politics, the desire to include more political parties in government leadership. If experience in other countries can provide any guidance for Indonesia's unique situation, with regard to anti-corruption a tension may emerge. In some countries, political parties and leaders have been suspected of activities that are contrary to the law, in how they raise campaign money, in how they buy votes and influence. In those countries, the political parties may try to block investigations of *political parties*.

This can have several effects. In the short run, with less fear of being investigated, there may be easier collaboration across parties.

In the long run, though, what might happen? More political corruption? Even less trust in government?

Where Do You Want to Be?

In five years, say, where would we like the anti-corruption effort to be in Indonesia?

Anti-corruption activities are HELPING the national economic transformation, for example through even better systems of procurement, leading to even more and better investment.

HELPING the creation of jobs not only through lower corruption for licenses and permits but also through better public services.

HELPING the fears of politicization through an oversight body or bodies with unblemished people representing many parts of Indonesian society. People possessing technical skills in better systems, not just better investigations.

HELPING politicians gain the trust of the public by working with the political parties in preventive strategies.

NOT THIS SCENARIO, THOUGH: Indonesia becomes more corrupt and slower, with a gutted and politicized KPK. This will jeopardize investment, jobs, and political stability.

How to Get There

Yes, there can be tensions, indeed will be inevitable tensions, in anti-corruption work.

Anti-corruption activities can create fear and paperwork, which slows down projects.

Politicization is a danger, BOTH within the anti-corruption agency AND by politicians trying to resist investigation and perhaps diminish anti-corruption activities through insufficient funding and “oversight” that itself becomes politicized.

No one wants anti-corruption as red tape. Few people want anti-corruption to become politicized.

How can we escape? Think of BOTH-AND.

BOTH less corruption AND faster, more transparent, more effective public administration. Like Saudi Arabia, BOTH ambitious infrastructure programs AND state-of-the-art procurement systems.

BOTH an oversight body that guides and helps and provides transparency AND ardently resists to politicization. Meaning that who is on the oversight body is crucial.

And perhaps, that there could be more than one oversight body. One for approving wire tapping. Another for the improvement of systems BOTH to prevent corruption AND speed processes.

BOTH political leadership that is unifying the country, with many parties participating in the cabinet, AND the strengthening of collaboration between the political parties and KPK and other anti-corruption agencies such as the election commission, external auditing bodies, and so forth. Looking together to the improvement of political campaigns and the prevention of abuse, through better systems and more oversight by civil society.

And speaking of Indonesian civil society, BOTH more and better help from civil society and from Indonesian business and universities AND taking advantage of international knowledge and support. Better systems. Better oversight. More efficiency. More trust.

BOTH-AND. You can do it. Kamu bisa melakukannya.

Terima kasih.