

CAMBODIA¹

SUMMARY

Cambodia's coup of July 5 – 6, 1997 set back the political gains that followed the 1993 parliamentary elections, which were conducted under the auspices of the United Nations Transitional Authority in Cambodia (UNTAC)². During the past five years, multi-party competition has returned, although the nation's political life is still dominated by the Cambodian People's Party (CPP), which controls most of the electronic media, civil bureaucracy, the judiciary, as well as the police and military. The authoritarian style of government that prevailed between 1978 and 1991 and the semi-authoritarian regime that exists today, have provided ample opportunities for corruption. Some CPP officials have benefited by siphoning off state resources for their personal benefit. It is widely believed that at least a few of the members of the CPP's junior coalition, the National Front for an Independent, Neutral, Peaceful and Cooperative Cambodia (known by its French acronym, FUNCINPEC) have also profited from official corruption. Nevertheless, civil society, the international community and some political party leaders are beginning to more seriously address the issue of money in politics.

BACKGROUND

Political Context

Cambodia only recently emerged from the devastation of more than 25 years of armed conflict and civil violence, including four years of genocidal rule by the Khmer Rouge regime under Pol Pot. In late December 1978, Vietnamese-led forces, including defected Khmer Rouge cadres that had fled to Vietnam, invaded Cambodia and quickly consolidated control of the country under the Cambodia People's Party (CPP). The Khmer Rouge fled to the jungles in north and west Cambodia and formed alliances with various anti-Vietnamese and pro-royalist factions, including King Norodom Sihanouk's National United Front. A UN-brokered peace deal ended the civil conflict in 1991 with the signing of the Paris Peace Accords.

Parties to the peace process agreed on a United Nations mission to implement the Paris Peace Accords and manage the transition to multi-party democracy. The United Nations Transitional Authority in Cambodia (UNTAC), a two billion dollar operation employing over 25,000 civilian and military

personnel, had multiple mandates, including the responsibility to establish an environment conducive to free and fair elections. Although many question UNTAC's success in meeting this and other objectives, in 1993 Cambodia held its first election in nearly five decades.³ The Khmer Rouge boycotted the elections, and armed conflict continued sporadically until 1998, when the remnants of the Khmer Rouge, fighting from the jungle areas along the Thai border, finally surrendered.

The Paris Peace Accords and 1993 Elections

The 1991 Paris Peace Accords established the constitutional framework for the Kingdom of Cambodia. The constitution establishes a pluralistic liberal democracy and includes guarantees for multi-party elections, universal suffrage, freedom of speech, an independent judiciary, and other civic rights. Cambodia is a constitutional monarchy, with a King serving as head of state. Although designed primarily as a ceremonial position, the King has played an active role in mediating domestic political disputes.

General elections must be held every five years through a provincial proportional list system. Seats in the National Assembly are allocated to each province based on its population, and political parties submit a ranked list of candidates by province. These lists identify who will fill the parliamentary seats earned by each party. Cambodia uses a "closed list" system: voters select their preference of party only and are not able to select individual candidates.

The party winning the most seats in parliament forms the government and appoints a prime minister. The prime minister serves as the head of the executive branch and determines cabinet members. In addition to the executive and legislative branches, the constitution provides for an independent judiciary, headed by a Constitutional Council that serves as the highest arbiter of constitutional and electoral disputes.

In the 1993 elections The National Front for an Independent, Neutral, Peaceful and Cooperative Cambodia (Front Uni National pour un Cambodge Independent, Neutre, Pacifique, et Cooperatif, FUNCINPEC), the royalist party led by Prince Norodom Ranariddh, won a small majority over the CPP, led by Hun Sen; however, the CPP refused to accept the election results. The threat by the CPP of resumed violence led to a power-sharing arrangement between the two parties. Parliament selected two prime ministers: a first prime minister from FUNCINPEC (Prince Ranariddh), and a second prime minister from CPP (Hun Sen). This political coalition of former armed opponents governed the country from 1993 to 1997. Despite its more senior position in government, FUNCINPEC remained the weaker partner. The CPP continued to control

many of the key institutions of state power, including the armed forces, civil bureaucracy and judiciary -- a legacy of 12 years of one-party rule. The CPP also continued to dominate local government through previously appointed commune officials.

In the period following the 1993 elections, a multi-party parliament was established, the economy grew, a vibrant NGO community emerged, and the threat from Khmer Rouge forces waned. The coalition, however, was fragile, and the government became increasingly unstable. In 1995, FUNCINPEC secretary general Prince Norodom Sirivudh was accused of plotting to assassinate Hun Sen and was forced into exile. In March 1997, a grenade attack at a rally for opposition party leader Sam Rainsy killed 16 people. Periodic fighting resumed between FUNCINPEC and CPP troops in the northwest, each side accusing the other of collaborating with Khmer Rouge units.

The 1997 Political Crisis and 1998 Elections

In July 1997, Cambodia again plunged into political crisis as tensions between the two governing coalition partners erupted. On July 5, Hun Sen and his armed bodyguards and military supporters overthrew Prince Ranariddh's government while the prince was out of the country. Violence continued in Phnom Penh over the next several days and FUNCINPEC loyalists were arrested and many were killed. Ho Sok, secretary of state and a senior FUNCINPEC official, was executed outside his office. Foreigners evacuated the country.

Many of Cambodia's political leaders fled into exile. Prince Ranariddh and other exiled leaders formed an alliance, the Union of Cambodian Democrats (UCD), comprising FUNCINPEC, the Khmer Nation Party of Sam Rainsy, the Buddhist Liberal Democratic Party, and the Khmer Neutral Party. The UCD accused the CPP of gross violations of human rights, politically motivated violence, and extra-judicial killings. These accusations were confirmed by reports from the United Nations Center for Human Rights. Following the 1997 crisis, human rights investigators found the graves of senior FUNCINPEC officials and estimate that there were more than 40 executions of CPP opponents.

His opponents in exile, Hun Sen quickly consolidated his power over the National Assembly and disarmed and detained nearly all the military, police, and intelligence forces loyal to Prince Ranariddh. The National Assembly voted to strip Prince Ranariddh of his parliamentary immunity and elected Foreign Minister Ung Huot as first prime minister, although Ung Huot's nomination did not have the constitutionally required consent of the president and vice presidents of parliament. The United Nations would not allow the Hun Sen

government to occupy Cambodia's seat in the UN General Assembly. The international community, including the Association of Southeast Asian Nations (ASEAN), eventually urged the Hun Sen government to establish certain conditions to allow for the safe return of the political exiles and for national elections in 1998.⁴

Cambodian political parties ultimately accepted the results of the 1998 elections, which were marred by widespread pre-election violence and controversy regarding the allocation of seats.⁵ The results of the elections left CPP in control of the government with 64 of 122 seats. FUNCINPEC won 43 seats, and the new opposition Sam Rainsy Party, led by former FUNCINPEC Finance Minister Sam Rainsy, gained 15 seats. The 1998 elections ended the political violence and led to the revival of the CPP-FUNCINPEC coalition -- this time with the CPP as the senior partner and FUNCINPEC as the junior partner. Currently, Hun Sen serves as prime minister, Prince Ranariddh is the president of the National Assembly, and cabinet ministries are shared between the two parties.

Current Political Climate

With the political situation at least temporarily stabilized and the Khmer Rouge effectively defeated, the country can at least begin to address pressing national problems. The fundamental development need, according to many civic and political leaders, is to consolidate the peace, promote national reconciliation, and strengthen justice and the rule of law. Economic development is also a major priority for Cambodia, one of the poorest countries in the world.

In the area of governance, the long-awaited commune (local government) elections took place in February 2002. The commune elections were viewed as a step in decentralizing state power, promoting local participation, and enhancing accountability in local politics and governance. However, as was the case in the 1998 polls, the CPP controlled the electoral machinery, creating an environment unfavourable to other parties. Moreover, there were significant instances of pre election violence and intimidation, including the deaths of activists and candidates from opposition parties.

Corruption in Cambodia

Within this broad political context the problem of corruption emerges in Cambodia. Decades of civil strife have created an atmosphere of lawlessness, and opportunists have been able to pillage Cambodia's precious natural resources with impunity. The country has only a rudimentary legal system,

the electronic media is compliant with the demands of the CPP and civic organizations are not strong enough to provide an effective check on corruption. Even following the 1993 elections and the formation of a multi-party parliamentary system, legislative oversight systems remain weak or nonexistent, and the country has been unable to implement meaningful legal reform. Moreover, with the opening of Cambodia's economy, opportunities for corruption have skyrocketed.⁶ Timber, gems, and ancient artifacts continue to flow out of the country, mostly to Thailand, through illegal trade.

Although the timber, gem, rubber, and fishing industries are the most notorious "big dollar" corruption items, the accounts of political and civic leaders, as well as ordinary Cambodians, indicate that corruption permeates almost every aspect of life and represents one of the key development challenges to the nation. Because of the informal rules and norms that emerged during years of lawlessness and civil conflict, people believe they have little choice but to participate in corrupt exchanges. Parents must pay bribes for their children to attend public school, police regularly extort money from communities and businesses, and healthcare workers demand pay-offs before providing needed treatment. Even if corruption cases do make it to court, the bribing of judges is routine practice. Many anti-corruption activists believe that poverty has contributed to the petty corruption in the country. Civil servant salaries, for example, are not enough to make ends meet.

A recent survey of public perceptions on corruption in Cambodia conducted by the Center for Social Development (CSD), a Cambodian NGO, found that ordinary citizens most often pointed to corruption in the sectors of education, health care, traffic police, and the administration of justice. The survey also revealed the following regarding public attitudes toward corruption:

- 98 percent of Cambodians think that ending corruption is very important;
- 84 percent of Cambodians think that bribery is the normal way of doing things in Cambodia;
- 58 percent of Cambodians do not agree at all that corruption helps make the country run more smoothly; and, importantly,
- 90 percent of Cambodians say that corruption reduces people's confidence in the government.

Corruption mars the electoral and political processes as well, and vote buying is widespread. Parties and candidates across the country have provided gifts, money, or other services to voters for their support. At the same time, voters also exert pressure on political parties to engage in widespread vote buying, as they have the expectation of being paid for their votes. According to the

country's Anti-Corruption Unit, party leaders are placed in a difficult bind: voters demand an anti-corruption agenda from politicians, but still expect to be paid for their votes. The party that campaigns empty-handed in the provinces risks losing support to the party that brings resources to the community.

Corruption is prevalent not only in the national election process but also in more general political transactions. Within parties, civic leaders allege that those who contribute financially to the party are rewarded with favourable positions in the party, preferred slots on the party's electoral list, and high-ranking government posts. When party nominations are determined by a vote among party members, political observers allege that candidates must pay members for their votes. Internal party corruption completely undermines the meaning of representative democracy by engendering a leadership based not on merit and the representation of the public's interests but on money.

Inter-party corruption is also reported. In 1997, for example, two senior FUNCINPEC leaders denounced the leadership of Prince Ranariddh and were joined by a dozen other FUNCINPEC politicians to form a breakaway faction, claiming the name "FUNCINPEC" as their own. It was widely reported that these two leading FUNCINPEC defectors were paid \$500,000 USD each and received villas and land, while the more junior officials received smaller payment, from the CPP in order to divide FUNCINPEC. Other parties have also complained of rampant "candidate purchasing," alleging that their candidates or officials have been bought by opponents to ruin the party's image.

In 1994, the Ministry of the National Assembly, Senate Relations, and Inspection began drafting a comprehensive anti-corruption bill, which was considered by the legislature in 1996. To date, however, the law has not been enacted. At the center of the delay is disagreement on the independence of the anti-corruption body to be established by the law. According to opposition leaders, pressure is mounting on the Hun Sen government to adopt the law with a fully independent anti-corruption body. These leaders claim that there exists broad support in parliament for the legislation, not only from FUNCINPEC and Sam Rainsy Party parliamentarians but also from many CPP legislators.

As a first step, the government established an Anti-Corruption Unit in 1999, which functions under the direction of the Office of the Prime Minister. However, according to its own leaders, the Anti-Corruption Unit is "simply not independent enough." To date, the Anti-Corruption Unit has focused its activities on prevention measures and education about governmental reform proposals. One civil society leader called the current Anti-Corruption Unit an "empty institution without any teeth."

Commentators argue that focusing solely on an anti-corruption law and body is shortsighted when there is no monitoring or enforcement of existing laws, the entire legal system remains weak and ineffective, and some of the most essential judicial institutions have not convened. The police and other enforcement bodies have done little to monitor for corrupt behavior and arrest perpetrators. In many cases, it is simply too dangerous due to the power and influence of those involved. There is little confidence in the justice system, with a shortage of competent judges and lawyers and rampant corruption in court proceedings. The nine-member Constitutional Council is supposed to function as the final arbiter of constitutional and election-related disputes. The Council, along with the National Election Commission (NEC), came under substantial criticism following the 1998 elections after rejecting all of the complaints filed by opposition. The complaints were rejected without a public hearing. An agreement has not yet been reached on the appointment of the Office of the Auditor General, a critical independent body designed to serve as a check on the executive branch and promote greater transparency and accountability in government activities. Without basic legal checks and enforcement in place, corruption will continue to flourish.

Recently, the Asian Development Bank (ADB) and World Bank studies formed the basis of the Royal Government of Cambodia's "Governance Action Plan" of April 2001, providing a holistic strategic plan for governance reforms in Cambodia.⁷ Priority areas include strengthening anti-corruption and accountability mechanisms throughout the government, including the establishment and promotion of ethical standards, political finance reform, and improved enforcement and scrutiny.

POLITICAL PARTY ENVIRONMENT

*Political Parties Law*⁸

The basic law governing political party activity is the 1997 Law on Political Parties. The law outlines fairly simple requirements for establishing political parties. A party should submit to the Ministry of Interior its statutes, a list of its leaders, a statement of policies and political program, a party name and symbol, bank accounts, and the names and signatures of at least 4,000 registered Khmer citizens. According to the law, any appeals regarding party registration are to be adjudicated by the Constitutional Council. In practice, opposition political parties have often faced difficulty in party registration, alleging political interference from the ruling party.

The Law on Political Parties also requires each party to have certain basic structures, including a national congress, a central committee, and an executive council, or their equivalents, as well as specialized committees to deal with arbitration and monitoring. Because of these provisions, the organizational structures of most Cambodian political parties appear quite similar, though party operations vary widely among parties. Some parties employ highly centralized decision-making processes, while others are more decentralized. The balance of power between various party structures differs from party to party. These differences will be explored more fully below.

The Party Law requires that each political party submit an annual report to the Ministry of Economy and Finance and the Ministry of the Interior for monitoring purposes. The report must include the party's financial records, including bank statements, lists of expenditures, and a narrative report of the party's principal activities. Although parties are required to submit financial records of expenditures, they are not required to submit a public declaration of the party's assets. The ministries are responsible for reviewing these reports to ensure that there is no conflict with the constitution. However, according to the Anti-Corruption Unit and directors within the Ministry of Interior responsible for this monitoring function, in practice, the reviewing committee lacks the capacity to perform this oversight role effectively. Indicative of the government's inability to monitor party finances and activities, a senior government official stated, "We do not even have the parties' addresses."

Permissible sources of party funds include members' contributions or dues, income from business interests owned by the party, state funds, donations from private Khmer enterprises or charitable individuals, and the assets of the political party. Parties are prohibited from accepting funds from any public enterprise, government institution or non-governmental association, or from foreign corporations (with the exception of any state funds provided under a public funding scheme). Article 28, Chapter VI, of the Party Law provides the constitutional framework for state funding of political parties. However, the government has not yet enacted enabling legislation. The provision would require equitable distribution of state funds among competing parties. A political party winning less than 3 percent of the total valid votes cast or without at least one seat in the National Assembly would have to reimburse the funds to the state.

The law also guarantees the parties equal access to state-owned media, although this provision is routinely violated. In the 1998 parliamentary elections and in the 2002 commune elections, there was widespread agreement among domestic and international election observers that news coverage was biased.

*Election Law*⁹

The 1997 Law on the Election of the National Assembly establishes a provincial proportional representation system with a closed party list system. Each party submits a ranked list of candidates to the election authorities prior to the election. The list is closed, so voters are not able to identify their preference within a party's list for individual candidates and can only select which party to support. Independent candidates are not permitted. Seats are filled from party lists based on the number of seats earned by each party from the tabulation of the vote. The law does not specify how to divide the remainder of votes after initial seat allocations have been determined. This important detail was the subject of significant controversy in the 1998 elections. The seat allocation formula is determined by the election commission. Opposition parties and some election observers contended that the election commission changed the seat allocation formula without adequate notice and the new formula explanation provided the CPP with a majority of seats in the National Assembly. To compete in the elections, political parties must pay a deposit of 10,000,000 *riels* (approximately \$2,500 USD). The deposit is returned to the party if it secures 3 percent of the national vote or one seat in the National Assembly through the provincial lists.

The election law establishes the National Election Commission (NEC) as the principal authority responsible for administering and overseeing all aspects of the election process. Its responsibilities include registration of voters and parties, voter education, security, recruitment of staff members, balloting and counting, and the resolution of grievances. The law prescribes that the NEC be composed of 11 members, consisting of: two "Khmer dignitaries," two citizens, two NGO leaders, two high-ranking officials from the Ministry of the Interior, and one representative from each of the political parties represented in the National Assembly. The Ministry of Interior is charged with selecting the list of NEC nominees, which is reviewed by the Council of Ministers before being approved by vote in the National Assembly.

Despite this effort to create political balance in the composition of the NEC, opposition parties, NGOs and many observers in the international community consistently asserts that the NEC is biased in favor of the ruling party. Prior to the 1998 elections, for example, the Council of Ministers, dominated by the CPP, chose the nominees of the splinter factions of FUNCINPEC and the BLDP, reportedly loyal to CPP, to represent those parties in the NEC. In addition, many observers contend that the ruling party controls the NEC by illegally influencing independent appointees through bribery. A new five-member NEC was recently established, but the new commission, too, has come under criticism. The NEC is now to include representatives of the parties but does not include a representative of the Sam Rainsy Party, which has 15 seats in the 122 seat National Assembly.

The Electoral Act prohibits vote buying by candidates or political parties during the 30-day campaign period. Any political party or candidate found guilty of “offering material or monetary incentives to buy votes” will be disqualified, “regardless of any possible criminal penalty.” The electoral regulations, which expand upon the provisions of the law, prohibit: engaging in corrupt behavior; offering contributions, gifts, and rewards, in cash or kind, to ensure voter support; or offering rewards or gifts to encourage someone to stand as a candidate or withdraw his or her candidacy.

The Electoral Act also charges the NEC with “supervising the income obtained and expenses incurred by candidates and political parties during election campaigns.” Parties are required to submit a statement identifying one central bank account, to which all campaign contributions and campaign expenses must be credited and debited, and their account books to the NEC. The NEC “may examine the account book, if necessary,” but the law does not require the NEC to do so. Many political leaders believe that the law is insufficient, as most transactions take place in cash, never appearing in the parties’ account books.

Several flaws in the law have been identified. The financial reporting and other requirements only apply during the official campaign period, defined as the 30 days immediately before voting. However, campaigning is often underway long before this official period begins. In addition, there have been no NEC inspections of the party accounts although the law permits such inspections.

The Governance Action Plan of April 2001 recommends a comprehensive review of the current system of electoral campaign and party finance, citing the increasing costs of political campaigns in Cambodia and the associated rise of political corruption to meet these costs. The Anti-Corruption Unit estimates the current cost of electoral campaigns to be more than \$1 million USD per campaign and that figure is rising every year.¹⁰

Media

Access to media greatly affects the environment in which political parties function and compete, and although there are a variety of media outlets and journalists with diverse political affiliations in Cambodia, it is widely acknowledged that most media sources in Cambodia are politically dominated. CPP owns two television stations (*Apsara* and *Bayon*) and two radio stations. FUNCINPEC owns one television station (Channel 9) and one radio station. Most other news sources are run by the state and are allegedly controlled by the interests of the ruling party. There is one privately owned, independent radio station that frequently criticizes the government’s management and administration and is able to air reports on corruption. The government also manages the

Law on the Press Regime that governs the operations of the media, and many opposition parties contend that the enforcement of this law is biased. Prior to the 1998 elections, for example, several “pro-opposition” newspapers were shut down¹¹.

As a result, according to media monitors, there is disproportionate coverage of CPP personalities and dignitaries. Prior to the 1998 elections, for example, a report from the UN Secretary-General for Human Rights showed that in May 1998, Hun Sen had 170 appearances on three television stations and on national radio, while Prince Ranariddh and opposition party leader Sam Rainsy appeared only five times.¹² Today, monitoring organizations rank FUNCINPEC as the second “most covered” party in the media, but the party still falls well behind CPP. The Sam Rainsy Party is rarely covered in the media.

The media in Cambodia is also vulnerable to corruption. It is reported, for instance, that journalists are frequently paid for favourable stories. Additionally, there are accusations that journalists have blackmailed individuals with information they have gathered. Notably, the editor-in-chief of the *Bakong News* was arrested on charges of extortion, although he was later released. These trends are particularly troubling given the emphasis anti-corruption activists place on the media as a key antidote to public corruption.

Codes of Conduct and Disclosure for Elected Officials

Cambodian law does not contain mandatory codes of conduct for government office-holders. Additionally, there are no laws requiring declarations of assets or financial disclosure for political parties, candidates, political party office-holders, ministers, or MPs. The 2001 Governance Action Plan, however, makes specific reference among its recommendations to the possibility of asset declaration for high-level public and elected officials and their close relatives to enhance transparency.

The problem of political party corruption in Cambodia is not, of course, a matter of laws alone. In fact, many laws that are designed to protect the integrity of the political process are routinely violated. The problems of violence directed at opposition candidates and the lack of equitable treatment of the parties by state-owned media, for instance, involve violations of clear legal mandates. Even more important, the question remains as to whether the dominant party, the CPP, is willing to accept any rules that truly establish a level playing field for contesting parties and candidates and threatens its position of dominance. Until Cambodia’s leaders accept each other as peaceful competitors rather than intractable enemies, democratic progress remains in doubt.

External Party Environment

		Yes	No	Comments
1	Is there a law on political parties?	Y		The Law on the Election of the National Assembly and Political Parties (1997) addresses party registration, party structure, and party finances.
2	Are there laws regulating party finance?	Y		The party law covers sources of political funds, not amount of contributions or expenditures.
2a	Contribution limits?		N	
2b	Spending limits?		N	
3	Are there campaign finance regulations?	Y		The Law on the Election of the National Assembly and Political Parties regulates campaign finance.
3a	Contribution limits?		N	
3b	Spending limits?		N	
3c	Filing financial returns?	Y		Parties must file returns with the National Election Commission.
3d	Returns made public?		N	Financial returns are not made publicly available.
4	Can political parties accept contributions from:			The party law provides five legal sources of funding: membership dues, businesses owned by the party, state funds (should they be provided by law), private Khmer enterprises or individuals, and party assets. Illegal sources include foreign corporations, public institutions, and NGOs.
4a	Businesses?	Y		
4b	Unions?		N	
4c	Foreign sources?		N	
4d	Can parties own businesses?	Y		
5	Do parties have to reveal the sources of their funding?		N	Parties are not required to reveal their funding sources.
6	Does the state provide public funding to political parties?		N	The party law includes a provision for public funding, but enabling legislation has not been adopted.
7	Are annual financial audits of party accounts required?	Y		The party law requires parties to submit party financial records to the Ministry of

				Economy and Finance and Ministry of Interior
7a	Are audit results made public?		N	
8	Do party officials have to declare assets and liabilities?		N	Party officials are not required to submit asset declarations.
8a	Are these declarations made public?		N	
9	Is there an Anti-Corruption Commission?		N	Comprehensive anti-corruption legislation is pending, but a temporary Anti-Corruption Unit exists under the Office of the Prime Minister
10	Is there an independent Election Commission?	Y		The National Election Commission is established as a neutral body, but it is widely recognized as controlled by the government.

POLITICAL PARTY EXPERIENCES

Three political parties currently are represented in the National Assembly in Cambodia: CPP (64 seats), FUNCINPEC (43 seats), and Sam Rainsy Party (15 seats). Cambodia's political parties have, to varying degrees, taken some initial steps toward the development of strategies to limit their vulnerability and exposure to political corruption. Corruption remains a serious problem and the two members of the coalition government, the CPP and FUNCINPEC, are generally thought to be the chief beneficiaries.

Cambodia People's Party (CPP)

Background

The Cambodian People's Party (CPP) has roots in Vietnam and later in the People's Republic of Kampuchea (PRK), known later as the State of Cambodia (SOC). The PRK (1978-1989) and the SOC (1989-1991) were one party states (the only recognized party was the People's Revolutionary Party of Kampuchea (PRPK)¹² and no national elections were held in Cambodia until the UN conducted elections in 1992. The SOC, led by Hun Sen, abandoned its commitment to Marxism-Leninism after the withdrawal of Vietnamese forces in 1989. The CPP, having its roots in a one-party state, inherited a legacy of dominance that has in large measure continued through the present. While Cambodians are now able to organize opposition political parties, the CPP remains in control of the state's institutions, including the civil bureaucracy,

military, law enforcement, the judiciary, and state-owned media. Furthermore, while the CPP has liberalized the nation's economic policies, welcoming foreign investment, for instance, its political posture is strongly authoritarian. While there are party members who see the need to modernize and democratize the party, the party retains its strong grip on the nation's political life.

The party's platform includes five main goals: (1) ending the war, promoting peace, and ensuring that the Khmer Rouge never return to power; (2) fighting against poverty; (3) protecting and respecting the constitution of Cambodia; (4) promoting national reconciliation and political stability; and (5) rehabilitating and developing the country. The CPP agenda also includes a commitment to reforming the judiciary, encouraging economic development, and effective resource management. To achieve these objectives, the party's statutes emphasize the CPP's willingness to form coalitions with other political parties in Cambodia.¹⁴

Party Perceptions of the Political Party Environment and Corruption

The CPP is satisfied with the environment in which political parties function in Cambodia. According to the party's secretary general, the party believes that the Law on Political Parties, the Election Law, and the National Election Commission all function effectively. The party's position on the composition of the National Election Commission is that it should remain consistent with the provisions of the existing law. In other words, the CPP does not support any reforms to the NEC. Moreover, the party does not currently propose any changes to the current legal framework for political parties. CPP leaders acknowledge, however, that the laws and regulations governing political parties and elections might not satisfy other political and civic leaders in Cambodia.

The party recognizes corruption as a significant challenge to both the country and the party and claims that it "is determined to eliminate corruption." The party's platform includes a commitment to fighting corruption and to ensuring justice and transparency in all levels of government operations. The party points to its role in developing the draft anti-corruption law and oversight bodies, including a specific ministry charged with inspection and an Office of the Auditor General, as a demonstration of its anti-corruption credentials. The party also claims that the CPP government has fought corruption by improving the qualifications, salaries, and employment conditions of public servants. Most outside observers, however, note that these developments have not led to any decrease in the incidence of corruption.

Party Structure and Decision-Making

The supreme organ of the CPP is the party congress, which meets every five years. The role of the congress is to vote upon the broad principles that should guide the party and to elect 75 members to the central committee. The central committee discusses and develops party policies and programs and runs all party operations between the meetings of the party congress. The central committee also elects the party's chair, vice chair, honorary chair, and 19-member permanent committee. The permanent committee serves as the cabinet of the party, and most of its members are simultaneously government ministers.¹⁵

In addition, the party has established six special commissions at the national level, all elected by the central committee. Included among these are a central finance commission to manage the party's finances and a central controlling commission to monitor party activities and finances and help resolve internal disputes. At the national level, the committees consist of 10 members each, with one chair. These structures also exist at the provincial and commune levels of the party hierarchy.

At the local level, the CPP has a strong network of provincial, district, commune, and branch level offices. In many cases, there is no distinction between local public officials and CPP branch chiefs. Until the recent commune elections, local government posts remained appointees of the CPP-led government. Some of these local officials held their positions since 1979, and many of them were elected in the February 2002 polls.

CPP has a highly centralized decision-making process. For both the 1993 and 1998 elections, a special committee of senior-ranking CPP officials determined CPP candidates, allowing little input from rank and file members. Similarly, in policy-making, the central committee determines policies, instructing the branch offices to implement them. However, in preparation for the 2002 commune elections, the party implemented reforms to decentralize party operations. The CPP secretary-general acknowledges that provincial and commune level members of the party have been dissatisfied with the party structure, arguing that the party is not sufficiently accountable to its broad membership. Members of the party have proposed reforms that would involve local offices setting their own agendas and priorities and selecting their own candidates through a secret ballot among village party leaders. The upper party structure would provide oversight, giving approval for these decisions taken at the local level.

Money Management and Party Financing

CPP leaders assert that the CPP is not a wealthy party. Before the establishment of a multi-party system in Cambodia, said the secretary general, the CPP could use the money from the state for party purposes. According to the secretary general, this is no longer true. However, opposition political figures as well as civil society leaders contend that the CPP misuses state resources to assist the party during election campaigns. The secretary general listed as the sources of CPP financing all of the sources allowable by law:

- Funds from party officials “according to their status;”
- Personal contributions from party members and supporters;
- Legal business operations of the party;
- Property owned by the party; and
- Khmer charities.

Civil society leaders point to significant problems of corruption in the party’s finances. Groups claim that the CPP requires payment for party positions and government posts. Moreover, party leaders themselves plainly state that party officials are expected to contribute funds to the party according to their status, frequently prior to their appointment. This recognition is consistent with the allegations that party officials must purchase their leadership positions within the party and their preferred placements on the party’s candidate list.

The party has two committees that control funds and expenditures: the permanent control committee and finance commission. According to a party spokesperson, the persons managing these committees hold advanced university degrees and have extensive experience in accounting and financial management. The party also conducts an annual audit. The finance commission reports on the party’s financial accounts and business holdings only to the party’s central committee. Party financial information is not made available to members of the party, or to the public. Although the party owns business interests, the CPP does not have any provisions to disclose the party’s assets.

According to senior CPP officials, when reviewing the financial accounts of the party, there are always examples of mismanagement of funds. Such problems are reported to the disciplinary and control committees, which investigate the problem to determine its cause. These committees propose a punishment for the guilty individuals, and the central committee makes the final decision on the fate of the accused. According to one CPP official, the consistent problems uncovered in the party’s financial records demonstrate the need for greater financial transparency within the party.

Ethical Standards and Discipline

The CPP provides guidance in its statutes and outlines the main principles for the eligibility of candidates for leadership positions within the party and the government. According to party leaders, aspiring leaders must be honest and have good relations with the people. New officials and new members of the party are required to complete an application form, which includes referrals and recommendations from two current members of the party. The qualifications of all party candidates are made public.

The CPP has no separate, formal code of conduct. Party members, however, must pledge their adherence to the general party principles and the party's platform when completing applications for general membership, party positions, or electoral nominations. The party's platform, as stated above, includes general reference to fighting corruption. The CPP has no provisions for financial disclosure or declaration of assets for positions of leadership within the party. However, a CPP official stated that the party is planning to develop and enforce declarations of assets for CPP candidates for 2003, when the next general elections are scheduled in Cambodia.

The party has established internal structures to monitor party operations and finances. Party controlling commissions operate at all levels of the party hierarchy – national, provincial, district, commune, and branch. The controlling commissions have the following functions:¹⁶

- To monitor the activities of party organs and members;
- To monitor the finances of the party;
- To control the status and rank of party members;
- To control and monitor the implementation of party programs; and
- To prepare evidence and determine the severity of the disciplinary process and punishment when violations have occurred.

The secretary general of the CPP reported that “of course, every year” the party deals with problems related to corruption among CPP officials and the central committee must take disciplinary action.

In addition to this extensive monitoring process, the party states that it has developed several educational strategies in order to prevent corruption among party officials. The secretary general reports that the party holds weekly and monthly meetings with party officials at all levels and that many of these meetings include anti-corruption themes. The party sends senior, trusted officials to conduct training programs in financial matters. The party has also developed a mentor system, which matches up senior leaders with younger leaders. The senior leaders are intended to serve as role models for and advisors to the younger leaders.

FUNCINPEC

Background

The National Front for an Independent, Neutral, Peaceful and Cooperative Cambodia (Front Uni National pour un Cambodge Indépendant, Neutre, Pacifique, et Coopératif – FUNCINPEC) is led by Prince Norodom Ranariddh. FUNCINPEC is a royalist-democratic party, based on its close ties to King Sihanouk and the royal family of Cambodia. FUNCINPEC emerged out of the National United Front, which was founded on March 21, 1981 at the Cambodian-Thai border to liberate Cambodia from the “Vietnamese occupation.” In 1991, the party’s name was changed to FUNCINPEC.

In the 1993 elections, although FUNCINPEC’s ability to campaign in rural areas was restricted due to intimidation and violence perpetuated by the CPP, the party won a majority of seats in the National Assembly. However, FUNCINPEC agreed, under a UN brokered agreement, to share the government with the CPP. Prince Ranariddh served as first prime minister, but FUNCINPEC remained the weaker partner in the coalition government due to the CPP’s control of key state institutions of power.

During the 1997 political crisis the majority of the FUNCINPEC leadership fled into exile, returning in early 1998 when their safety was guaranteed by the CPP and the international community. FUNCINPEC accepted the 1998 election results, in which it won 43 seats in the National Assembly, despite widespread pre-election violence, irregularities in the counting of votes, and controversy over the allocation of seats. FUNCINPEC is now the junior partner in the governing coalition with the CPP, holding several key national posts and important ministries. Prince Ranariddh serves as the president of the National Assembly. FUNCINPEC performed poorly, however, in the recent commune elections, winning fewer commune chief positions than the Sam Rainsy party.

FUNCINPEC’s platform emphasizes the party’s commitment to six broad principles: (1) To protect and defend the interests, independence, territory, integrity, and sovereignty of Cambodia; (2) To promote a pluralistic, democratic society that respects and protects the rights of citizens; (3) To work diligently to improve the living standards of Cambodian people; (4) To protect the environment, culture, religion, and national heritage; (5) To reintegrate Cambodia into the regional and world community; and (6) to stop corruption, nepotism, and cronyism.¹⁷

Party Perceptions of the Political Party Environment and Corruption

According to senior leaders in FUNCINPEC, corruption in Cambodia is rampant and affects nearly all functions of governance and economic development from top to bottom, and the party has expressed its commitment to tackling corruption. The party's expanded platform states: "FUNCINPEC will eliminate corruption by prompting the promulgation of laws prohibiting all types of corruption including bribery, stealing state assets, and favoring one's own relations and clan."¹⁸ Party leaders stress that this anti-corruption message forms a central component of the party's agenda and addresses the party's efforts both to enact national anti-corruption legislation and to implement internal party reforms.

FUNCINPEC leaders do not believe that the current legal framework for political parties is effective. According to party officials, the political party law has minimal requirements and the Ministry of Interior, which regulates the party law, does not have the capacity or resources to enforce the regulations. The party's administration secretary, who is also a secretary in the Ministry of Interior, confirms these sentiments and asserts that the law provides no control mechanisms in the area of party finance.

FUNCINPEC leaders argue that the National Election Commission is similarly ineffective. While the NEC does have sufficient power to administer the electoral process and conduct the elections, FUNCINPEC leaders believe that the NEC does not perform the equally important task of monitoring the electoral process for fraud, vote-buying, and other irregularities. Moreover, FUNCINPEC representatives believe that the NEC cannot effectively serve as both the organizer of elections and the adjudicating body, resolving all appeals to the conduct of its own elections. Party leaders state that the NEC is too large, too politicized, and too partisan in favor of the CPP. This, they allege, is due to the ruling party's practice of buying NEC members. FUNCINPEC agrees with NGO proposals to de-politicize the composition of the NEC, although NGO representatives claim that they have not received a sympathetic ear from FUNCINPEC on this issue.

Party leaders also see the need to strengthen other branches of government and create independent bodies to serve as more effective checks on the executive branch. According to top party leaders, Cambodia still lacks an effective, neutral judicial system and oversight bodies. FUNCINPEC leaders describe the underlying problem as the absence of political will in the government. FUNCINPEC officials cite government delays in the adoption of the anti-corruption legislation, the appointment of the Office of the Auditor General, and the implementation of already existing legislation. One party

leader expressed frustration at the concentration of power in the hands of the prime minister: “We defined the strategies, we created the ministries, and we passed legislation on the auditor general and anti-corruption commission. But, despite all of this, Cambodia remains a one-man show.”

Party Structure and Decision-Making

FUNCINPEC’s formal organizational structure closely resembles that of the CPP. The supreme body of the party is the party congress, which meets annually. The primary functions of the congress are to determine the policies of the party and to deliberate and decide on internal working procedures. Members of the party join the congress at the invitation of the president. The president, elected by the same party congress, serves five-year terms, with no limits. If the president is named historic president by party organs, he or she does not need to be re-elected at the end of each term.

The party congress elects at least 120 members to the national advisory board, which meets once every three months, to initiate party policies and oversee party affairs. Members of the national advisory board are elected for six-year terms, with one-third of the members changing every two years. The national advisory board elects at least 15 of its members to serve on the national board of directors. The board of directors manages and conducts all party activities and operations. The national board of directors is also charged with monitoring the finances of the party, approving the entry of new party members, and serving as the disciplinary body of the party. Representatives on the board of directors serve five-year terms with no limits.

FUNCINPEC initiated reforms to decentralize party operations ahead of the commune elections. Candidate selection, for the first time, took place at the local level, rather than through a centralized national process.

Money Management and Party Financing

FUNCINPEC leaders state that they face significant challenges raising the resources required to fund party operations and run campaigns. According to one party leader, “The party itself has no real money to speak of.” Rather, party candidates must fund their campaigns themselves. Sources of funding were identified as the relatives of party leaders, party members’ own personal savings, and “other personal contributions” from party supporters. One party leader stated that, unlike the ruling party, businesses do not provide contributions to FUNCINPEC “because we are not in power.” FUNCINPEC also raises party funds by imposing a levy on the salaries of any party leaders holding elected government office. FUNCINPEC-appointed ministers must pay

obligatory fees of \$150 USD per month, members of parliament and the senate and secretaries of state pay \$100 USD per month, and undersecretaries of state and provincial/municipal governors and deputies pay \$50 per month.

FUNCINPEC leaders claim that, unlike other parties, party leaders are not required to buy their cabinet positions from the party, and that there is no relationship between financial contributions from party leaders and assignments in the party or government. In contradiction, party leaders acknowledge that those candidates placed at the top of the party's electoral lists are expected to contribute more money to the party. In the words of one FUNCINPEC official, this is "to look out for those beneath them on the list." Sources within the government's Anti-Corruption Unit also assert that it is common practice for both governing parties, CPP and FUNCINPEC, to assign government posts based on financial contributions to the party. There may, in fact, be little to distinguish the graduated contribution scale described by FUNCINPEC officials from the selling of leadership positions described by the anti-corruption commission.

The president of the party appoints a finance director for a five-year term, upon the approval of the board of directors, to manage all party funds. The board of directors also appoints a finance committee of at least three members to monitor the activities of the finance director. The director must compile an annual report on all incomes and expenditures of the party. The party employs professional accountants, all of whom have master's degrees in economics and accounting. The party has never completed an audit, and all financial reports are considered secrets of the party and are therefore not made available to general party members or the public. The financial reports are shared only with members of the board of directors, steering committee, and finance and treasury committees. The party claims that it has never had any problems in its management of funds.

The party does not require that party leaders declare their personal assets and liabilities. However, the party has requested mandatory declarations for government ministerial posts, although this proposal has not been adopted.

Ethical Standards and Discipline

According to FUNCINPEC's leaders, corruption does not pose a problem for the party internally. They attribute this to the leadership of the prince and the high ethical standards he sets. Other observers, however, particularly from the NGO community and the government's Anti-Corruption Unit, have noted an increase in corruption within the party since it rejoined government as the coalition partner of the CPP.

Regardless of the actual level of corruption among party leaders, FUNCINPEC has developed a few concrete internal party mechanisms to combat corruption. As the party's secretary for administration stated, "We must clean up ourselves first – change the system, change the flow of politics and money." Party practice, he said, must serve as a model for the national standards promoted by FUNCINPEC.

FUNCINPEC developed a contract in 1993 that the party's elected officials, including ministers, secretaries of state, undersecretaries, members of parliament, and provincial governors and deputy governors must sign before accepting their appointment. Upon signing this contract, the individual agrees to resign voluntarily from his or her position in the government, without waiting to be dismissed by the party, if he or she violates the provisions in the contract. The provisions in the contract relate to job performance and ethical behavior. The contract is reportedly based on experiences from Australia and other Asian countries. There has been no resistance to this measure from any party officials, and everyone has voluntarily signed the contract before accepting nomination for government seats and public offices. Party officials who do not hold public office do not sign this contract or a code of conduct.

FUNCINPEC has developed an evaluation process to monitor adherence. All party officials who hold public office are supposed to be evaluated in terms of their performance in the positions they hold and their conduct. The evaluation includes 13 criteria:

- Punctuality
- Reliability
- Quality of management and leadership
- Level of achievement
- Time management
- Multi-tasking and flexibility
- Initiative
- Technical capacity
- Staff management
- Communication
- Morality and attitude
- Organization and planning
- Monitoring and observation
- Self-improvement and development

FUNCINPEC public officials conduct a self-evaluation, and an inspection committee undertakes fact-checking excursions to the provincial and commune levels as required to conduct a thorough evaluation. Any official

who performs properly and serves the party's interests well will be promoted through this evaluation process. In instances of poor performance or violations of the contract, the inspection committee files a report and the board of directors serves as the disciplinary committee and makes final decisions on the removal of officials.

According to party spokespersons, the contract and evaluation process have had a positive impact on the performance of party leaders. The party has been effective in bringing disciplinary measures against improper performance. Recently, FUNCINPEC removed four provincial and municipal governors for breaching the contract.

Sam Rainsy Party (SRP)

Party Background

In November 1995, Sam Rainsy, a former FUNCINPEC finance minister, founded the Khmer National Party (KNP) to “peacefully promote a genuine democratic order in Cambodia.” As finance minister, Rainsy was known as an outspoken critic of the government and his own political party on the issue of political corruption, which in part led to his expulsion from the party. Despite significant legal obstacles and political violence targeted towards the fledgling KNP, party membership and popularity grew rapidly. During the 1997 political crisis, the leadership of the party was forced into temporary exile.

Upon its return from exile in 1998 in advance of the general elections, the party continued to face a hostile environment of widespread political intimidation and violence. In one incident, several party supporters were killed when a bomb exploded at a KNP rally. Moreover, the media, widely recognized as being controlled by partisan interests, refused to provide any press coverage to the party.

Legal obstacles, too, were erected to prevent the party from operating and campaigning effectively. A senior official in the Khmer National Party, allegedly paid off by the CPP, attempted to divide the party by forming a splinter group and claimed the party's name. Sam Rainsy filed a complaint to the Ministry of Interior to assert his rights to the KNP name. In a series of questionable and drawn-out court rulings, in which political interference was widely acknowledged, Sam Rainsy eventually was forced to rename his party. With the 1998 elections approaching, the name Sam Rainsy Party (SRP) was ultimately adopted because it was the only way voters could identify the party, by its leader.

During the general elections, SRP alleged that it was the victim of electoral violence and intimidation and irregularities in the vote counting and seat allocation processes, yet the party ultimately accepted the results of the election. As a result, Sam Rainsy Party earned 15 seats in the National Assembly. The party also obtained 11 commune chief positions, compared with FUNCINPEC's nine, in the 2002 commune elections.

Sam Rainsy Party sees itself as the party of reform, promoting “a peaceful transition towards a genuine liberalized democracy in Cambodia.” The party’s mission states: “To put it simply, Cambodia can no longer afford to uphold the old order with feudalistic traits that favor a select few and have caused so much anguish... it has been proved in human history that the old order cannot co-exist with an increasingly clear trend of the new order of liberalized democracy.” The party platform includes a commitment to: moral integrity; empowerment of the poor to improve their standard living; peaceful coexistence; adherence to the rule of law; respect for human rights and the democratic process; tight control over corruption; neutral public administration; social justice; land reform; and better management of national resources.¹⁹

Party Perceptions of the Political Party Environment and Corruption

Leaders in the Sam Rainsy Party charge that corruption is endemic in Cambodian politics and that “money politics is everything.” According to the SRP, the key cause of political corruption in Cambodia is the absence of the rule of law and the prevalence of poverty. Citizens must play by the informal rules that have emerged in order to survive. Vote buying is also a significant problem in Cambodian elections, which has now led to an expectation among Cambodians of receiving money for their vote. SRP claims that it is largely untouched by corruption because it has limited access to resources and is not in a position of power within the government.

Within parties, one of the key causes of political corruption is the absence of strong party ideologies, suggests Sam Rainsy. Rather than develop a program for national development, parties are machines for the capture of state wealth and power. According to SRP leaders, the problem ultimately stems from a lack of political will to address corruption and the uneven playing field for political party competition.

Sam Rainsy Party places anti-corruption as one of 10 fundamental components of the SRP platform. In the National Assembly, the party has advocated for adoption of a tough anti-corruption law and an independent anti-corruption commission. Included among these efforts is support for

mandatory declaration of assets for all elected leaders. Party leaders have regularly made public statements about corruption and continually advocate for political finance regulations.²⁰ Several NGOs report that Sam Rainsy Party is the most active of the three major parties in anti-corruption efforts, participating frequently in NGO anti-corruption activities and programs.

SRP leaders do not believe that the current legislative framework governing political party operations and elections is effective or administered impartially. Parties do not adhere to the campaign and political finance laws, and the laws are not enforced. Routinely, political parties conduct their affairs in cash, with no financial records or accountability. The SRP faced legal challenges in registering as a political party due to alleged partisanship of the governing institutions and party leaders support a change in the composition of oversight bodies.

Party Structure and Decision-Making

The SRP's organizational structure is similar to those of other Cambodian parties; this is largely a result of the political party law. The party congress is comprised of 3,000 delegates and sets the broad agenda for the party. In an effort to promote a more national identity, the congress often meets outside of the capital city. The congress elects members of the steering committee, and the steering committee may propose the nomination or appointment of other committee members, although they must be approved by the congress. The size of the steering committee was recently increased from 33 members to the current 48 in order to increase the representation of women at this level.

The president, vice president(s), secretary-general and deputy secretary-general(s), general treasurer, and auditor are automatic members of the smaller permanent committee. The party president nominates five additional permanent committee members from the steering committee, and steering committee members vote on the nominations. Members of both the permanent committee and the steering committee are elected for two-year terms. The party does not have term limits for any party leadership positions, although some party leaders express support for limits.

SRP is perhaps the most decentralized of all Cambodian parties. Provincial advisory councils, headed by the MPs from the province, make their own decisions and set their own programs of action in the province. While these decisions are communicated to the central party headquarters, national structures cannot veto the decisions of the provincial offices. Provincial leaders meet nationally once per month. The party has also formed advisory councils

at the district and commune levels of the party. According to the party leadership, this decentralization of party structures is a result of the growth of the party. Decentralization has had a significant impact on party operations and party decision-making. As Sam Rainsy commented, “Transparency in decision-making does slow the party down, but it also motivates people. Plus, being slow is not always a disadvantage.”

In 1998, SRP did not have sufficient structures at the local level to have a local nomination process for the national elections. Therefore, candidate selection was determined by the steering committee. In the future, parliamentary candidates will be nominated through the provincial advisory councils. For local elections, the local advisory councils will manage the candidate nomination process. In order to combat and eliminate corruption in the nomination process, the party has formed a commission composed of three members from the provincial, district, and commune advisory councils to examine all nominations and determine qualified candidates, based on education, experience, popularity, and “minimum resources.”

Money Management and Party Financing

As a relatively new, small opposition party, raising funds is a challenge for the Sam Rainsy Party. The primary sources of funding for SRP are fees and dues from party members and donations from the party leaders. In addition, the party receives financial assistance from Khmer supporters living in Europe or the United States. According to party leaders, contributors understand that they are not buying influence within the party or within the government because of Sam Rainsy Party’s role as the opposition, with limited power to wield. However, there have been a few accusations from outside the party that money is an important factor in obtaining party leadership positions, as in FUNCINPEC and CPP. Party MPs contribute \$300 a month to the party from their salaries.

The provincial offices have fundraising responsibilities and maintain the accounts in the province, although the offices must report to the treasurer and steering committee in Phnom Penh through monthly accounting statements. Party fundraisers do not undergo any official training in financial accountability or fundraising strategies. The party’s financial accounts are made available to all members of the party. While party leaders report that there have not yet been problems with corruption through mismanagement of the party’s funds, they recognize that close monitoring and concrete strategies need to be developed as the party grows.

Ethical Standards and Discipline

Sam Rainsy Party reports that it has not yet encountered significant problems with corruption among party leaders. Party leaders recognize that this would most likely change if the party were to assume control of the government. One NGO activist supported this observation, noting that, “SRP tends to have the cleanest members. But SRP is not particularly powerful, therefore, it is not yet as corrupt.”

Party leaders claim that the largest problem with corruption among party officials is related to defections from the party, when members, officials, or candidates have been “bought” by other parties. On other occasions, those who have allegedly accepted payments from other political parties sometimes remain within the party ranks to tarnish the image of the SRP or cause internal turmoil. Party leaders state that there is very little they can do to prevent this problem, except to present the truth about these incidents to the public through the limited media space available.

Sam Rainsy Party has an oath, which all leaders are required to take, committing them to the pursuit of freedom, justice, and democracy for all Cambodians. Included within this leadership oath is a vow that party leaders “cannot use their position within the party to gain personal benefit.”

The party does not require party leaders or officials to declare their assets, nor does the party have specific provisions regulating conflict of interest. Party leaders recognize that they should now develop those instruments, before the party assumes power or grows in size. The party also recognizes that developing internal declarations of assets and conflict of interest clauses would put the party in a stronger position to advocate for these reforms for public officials and government leaders.

The party has a disciplinary and conflict resolution council, which is mandated to inspect and monitor activities of the party’s members at all levels. This council evaluates the performance of party officials and files reports with the steering committee. The steering committee will issue letters of appreciation where warranted and determine any action to be taken against reported wrongdoings.

Internal Party Anti-Corruption Strategies

		Yes	No	Comments
1	Do party members elect national officials?			
	CPP	Y		The party congress elects the central committee, which elects the standing committee and leadership positions.
	FUNCINPEC	Y		The party congress elects members of the steering committee and members of national advisory board.
	Sam Rainsy Party	Y		The party congress elects members of the steering committee.
2	Do local party members participate in candidate selection?			
	CPP	Y		
	FUNCINPEC	Y		The provincial operation offices select candidates for commune council elections, but not for general elections.
	Sam Rainsy Party	Y		For the national elections, candidates were selected by the steering committee. For commune elections, local party offices can identify and recommend candidates and the candidates are tested by a commission that is comprised of the chiefs of provincial, district, and commune advisory councils.
3	Are there regularly scheduled Party Congresses or Conventions?			
	CPP		N	Every five years.
	FUNCINPEC		N	Once every year in March.
	Sam Rainsy Party		N	The party has two types of congresses. The national congress is organized every three years, in order to elect the party's leaders. The extraordinary congress may be convened on an ad hoc basis.
4	Can all members participate in selection of delegates to National Party Congress?			
	CPP	Y		There are no primaries involving all party members. The local offices and headquarters usually select representatives to the congress.

	FUNCINPEC	Y		
	Sam Rainsy Party	Y		
5	Are local party offices elected?			Local party officials are appointed by headquarters, often on the advice of the provincial offices.
	CPP		N	
	FUNCINPEC		N	
	Sam Rainsy Party		N	
6	Are there term limits for party officials?			
	CPP		N	
	FUNCINPEC		N	
	Sam Rainsy Party		N	
7	Does the party own businesses?			
	CPP	Y		The party owns businesses, mostly rental real estate. Both the central and provincial offices own businesses.
	FUNCINPEC		N	
	Sam Rainsy Party		N	
8	Does the Party refuse political contributions from certain sources?			
	CPP		N	There are no legal sources of funding the party refuses.
	FUNCINPEC		N	There are no legal sources of funding the party refuses.
	Sam Rainsy Party	Y		The party refuses money from people whom the party has denounced, gamblers, and drug traffickers.
9	Do party MPs have to donate part of their salary to the party?			
	CPP	Y		Amounts not verified.
	FUNCINPEC	Y		Party ministers must pay fees of \$150 USD a month, members of the National Assembly and secretaries of state must pay \$100 USD a month, and undersecretaries of state and provincial/municipal governors and deputies must pay \$50 USD a month.
	Sam Rainsy Party			MPs pay \$300 USD a month.
10	Does the party employ professional accountants to manage party funds?			
	CPP			The party has two committees in charge of controlling funds and

				expenditure; they are the permanent control committee and financial committee. Many members have accounting backgrounds.
	FUNCINPEC	Y		The party's finances are managed by an accountant, who holds master's degree, and the current secretary of state of economics and finance.
	Sam Rainsy Party	Y		The party has a professional person holding a position as the general treasurer.
11	Does the party conduct an annual audit of its accounts?			
	CPP	Y		The party conducts an annual audit.
	FUNCINPEC		N	The party does not conduct an internal or external annual audit. In the future, the national audit authority may request to undertake external audit, and the party is ready to accept the request.
	Sam Rainsy Party		N	The party plans to conduct audits, but so far, it has never done so.
12	Does the party disclose the sources of its funds and expenditures to members of the party?			
	CPP		N	Financial information is shared only with the finance committee and the central committee
	FUNCINPEC		N	Financial records are shared only with members of the permanent committee and the steering committee.
	Sam Rainsy Party	Y		All party members have access to party's financial accounts.
13	Does the party disclose the sources of its funds and expenditures to members of the public?			
	CPP		N	
	FUNCINPEC		N	
	Sam Rainsy Party		N	The party is willing to release this information to public, should there be any request for it. The party claims it does not have the resources to publicize it.

14	Are party leaders required to disclose their personal assets?			
	CPP		N	Party leaders expressed the intention to develop this for the 2003 elections
	FUNCINPEC		N	The party's contract does not include a provision on the declaration of personal assets. Although both FUNCINEC and SRP have proposed that all those holding public offices should declare assets.
	Sam Rainsy Party		N	Party leaders expressed the desire to develop this mechanism.
15	Are party leaders required to sign a party code of conduct?			
	CPP		N	General principles are included in the party's statutes and job applications, but there is no signed contract.
	FUNCINPEC	Y		The party contract for leaders is a signed agreement.
	Sam Rainsy Party	Y		Oath of principles promising to respect the party's statute and its guiding principles. The provision of oath has been written in the statute and that every member is requested to give the oath in writing.
16	Does the party have a formal disciplinary procedure for members who have engaged in misconduct?			
	CPP	Y		There is a monitoring commission and disciplinary committee.
	FUNCINPEC	Y		The party has an inspection committee, which is tasked to evaluate the performance of each its leaders either serving the party in the public office. The disciplinary measures for removal from party positions will be judged and decided by the permanent committee.
	Sam Rainsy Party	Y		The party has a five-member disciplinary committee.

CONCLUSION

As in other countries, political corruption in Cambodia threatens to undermine the democratic process, enhance the already prevailing culture of impunity, and harm prospects for economic growth. Government efforts to tackle the problem remain weak and citizens are quickly growing impatient with the slow pace of reform. The national anti-corruption legislation has been stalled for several years, the Constitutional Council has still not convened, and agreement has not yet been reached on the appointment of the auditor general. These independent institutions would serve as important checks on the executive branch and promote greater transparency and accountability in government activities. In addition, external political finance regulations are minimal and not enforced. The Governance Action Plan of April 2001 does propose an investigation of the current political finance system and an exploration of alternative models, including suggestions for declarations of assets for elected leaders. However, the public remains skeptical about the implementation of this plan, doubtful of the presence of political will among leaders.

Although institutional weaknesses are key in enabling widespread corruption, political leaders are aware that political parties are also significant actors in the problem of political corruption. The political parties themselves have experienced varying challenges with respect to political corruption, often linked to the party's position in government or the opposition. The parties have started to take action – with varying levels of effort -- to address this problem. These measures have included the decentralization of party structures, greater transparency of the party's financial records, incorporating anti-corruption clauses and codes for ethical conduct in party statutes, and developing set criteria and evaluation procedures to hold political leaders accountable.

On the whole, however, there remain many opportunities for reform within political parties. A representative of the government's Anti-Corruption Unit stated: "There is little internal party democracy. We need to develop mechanisms for asset declaration, and we need to encourage greater oversight from civil society." An anti-corruption activist in the NGO sector presented the state of affairs within the party system as follows:

In all parties, there are some good members. Much of what it takes to fight corruption, however, must come from external sources, from society. But parties are doing very little themselves to fight corruption internally, and need to demonstrate both a greater commitment to anti-corruption and also the political will to take action. Verbal commitments alone can start this process; but they must also take action and dismiss those leaders who are corrupt.

Concrete suggestions for party reform revolve around the issue of civic oversight, and party representatives have expressed their commitment to enabling this process. Some party officials have proposed that parties disclose information about their internal practices, decision-making processes, financial assets, and sources of funding to the public in order to allow civil society to serve as a check. In addition, greater public participation in politics and parties is essential in enhancing the representative nature and accountability of parties. The greater voice and oversight capacity citizens have in political parties, the more difficult political corruption will become.

¹ This chapter is based on interviews with Cambodian political party leaders conducted in Phnom Penh May 20 – May 25, 2001. In many cases, party representatives spoke on the condition of anonymity and researchers have complied with this request.

² Doyle, Michael W., “Peacebuilding in Cambodia: The Continuing Quest for Power and Legitimacy,” *Cambodia and the International Community*, edited by Frederick Z. Brown and David G. Timberman (Washington, DC, published by the Asia Society, 1998).

³ See Doyle, Michael W., “UN Peacekeeping in Cambodia: UNTAC’s Civil Mandate,” *International Peace Academy Occasional Paper Series* (London, England: Lynne Rienner Publishers, 1995).

⁴ See The National Democratic Institute for International Affairs and the International Republican Institute, “The Continuing Crisis in Cambodia: Obstacles to Democratic Elections,” January 30, 1998.

⁵ The National Democratic Institute for International Affairs, “The July 26, 1998 Cambodian National Assembly Elections,” 1999.

⁶ Center for Social Development, “National Survey on Public Attitudes Towards Corruption,” 1998.

⁷ Royal Government of Cambodia Council for Administrative Reform, “Governance Action Plan,” April 2001.

⁸ Kingdom of Cambodia, “Law on the Election of the National Assembly and Political Parties,” 1997.

⁹ Kingdom of Cambodia, “Law on the Election of the National Assembly and Political Parties,” 1997.

¹⁰ Interview with the Anti-Corruption Unit, May 2001.

¹¹ NDI Report, “The 2002 Cambodian Commune Council Elections” March 20, 2002

¹² Report of the Special Representative of the UN Secretary-General for Human Rights in Cambodia on Access to the Media, 1998

¹³ The PRPK was established in 1951. Initially, most of its members had lived in Vietnam since 1954, though the composition of the party leadership changed considerably in the 1980s. For further background on the PRPK, see Sorpong Peou, *Intervention and Change in Cambodia: Towards Democracy?*, (Singapore: Institute of Southeast Asian Studies, 2000), pp. 67-69.

¹⁴ Platform of the Cambodia People’s Party.

¹⁵ Cambodia People’s Party, Organizational Chart.

¹⁶ Cambodia People’s Party, Statutes.

¹⁷ FUNCINPEC, “Party Principles,” Party brochure.

¹⁸ FUNCINPEC Party Platform.

¹⁹ Sam Rainsy Party, “A Party with Vision and Commitment,” Party brochure.

²⁰ Sam Rainsy Party, "Formation of SRP Technical Committees to Monitor the Work of the Royal Government," May 16, 2001.

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INDONESIA

SUMMARY

Corruption in Indonesia has been an intractable, and sometimes destabilizing, feature of the nation's public life. The legacy of President Suharto's New Order regime includes unusually strong relationships among business leaders, political figures, members of presidents' families and military officials. These relationships helped to establish patterns of illegal behavior that continue to affect key public institutions.

The demand for reform (*reformasi*) that swept the country in 1998 ushered in new leaders who had pledged to fight for a democratic government and for an end to corruption, collusion and nepotism or KKN (*korupsi, kolusi dan nepotisme*). During the interim administration of President B.J. Habibie, who had served as Suharto's vice-president, progress was made on several fronts. A new human rights law was adopted, the role of the military in the national legislature was reduced, legislation devolving power to the regional level was passed and the powers of the legislature vis-à-vis the president were increased. Dozens of new political parties emerged to contest the 1999 elections, where previously only three recognized political groupings were permitted during the Suharto years.¹ In addition, a vibrant news media emerged, in contrast to the censorship that prevailed during the Suharto years.

Following the 1999 election, the reform momentum faltered under President Abdurrahman Wahid (often referred to by his nickname, Gus Dur) after the new president was accused of corruption. Under increasing pressure from the public and political party leaders, the People's Consultative Assembly (*Majelis Permusyawaratan Rakyat*, or MPR), the state's highest body, removed President Wahid in July of 2001.

Many of Indonesia's political parties are new to the political scene, and even those that are not had no experience in democratic politics before 1999. During the Suharto era, Golkar, the ruling party, misused public resources to maintain itself in office and was closely linked to privileged economic interests. The two authorized opposition parties were restricted in their activities and often manipulated by the government. The public mistrust of political parties that grew out of the New Order regime will not easily be dispelled.

While the major parties appeal to distinct constituencies, their appeal is not based on issues, but rather on sociocultural, including religious, identities. Thus, party platforms are often vague, and the parties rarely articulate clear positions on major policy issues facing the nation.

In addition, most parties have underdeveloped internal structures that leave them vulnerable to unethical practices. Most of the parties, for instance, have not yet developed well-defined rules or policies, or internal disciplinary mechanisms, for regulating the conduct of their members. They also lack clear procedures for raising and spending funds. Financial contributions at the provincial level, for instance, are often not reflected in the financial reports that are filed at the national level. As a practical matter, provincial branches of the parties are often disconnected from their Jakarta-based headquarters on fundraising matters. Therefore, there is little accountability in the financial reporting that is required under current law.

As with Indonesia's anti-corruption laws in general, the enforcement of laws relating to political finance has been weak or nonexistent. None of the complaints made against the parties for campaign finance violations during the 1999 elections, for example, has yet been adjudicated.

BACKGROUND

Brief History

Ruled by the Dutch since the seventeenth century, Indonesia did not see the first stirrings of a modern independence movement until the 1920s.² It was during that decade that the Indonesian Communist Party (*Partai Komunis Indonesia* or PKI) emerged, finding support largely among workers in the industrial cities and laborers on colonial plantations. PKI-inspired rebellions in Java in 1926 led to a crackdown by the Dutch that essentially extinguished PKI political action until the end of Dutch rule. Other movements, however, arose to challenge the Dutch colonial regime. Sukarno and other students in Bandung, for instance, founded the National Party of Indonesia (*Partai Nasional Indonesia* or PNI) in 1929. Although Sukarno was arrested and the PNI banned, nationalist sentiment continued to grow despite suppression by the Dutch colonial regime. The situation abruptly changed with Japan's invasion of Indonesia in March 1942. While the Japanese took firm control of the government, they also sought to inspire anti-Dutch sentiment by elevating nationalist leaders like Sukarno and Mohammed Hatta. Japan's occupying forces also trained nationalist youths to defend the island against an allied invasion. These youth militias later became the core of the independence army.

The Republic of Indonesia proclaimed its independence on August 17, 1945 while still under Japanese occupation. Following the surrender of Japan's forces, however, four more years of fighting continued. In late 1949 Indonesian forces finally wrested control from the Dutch, who had attempted to resume their colonial role after the end of the war. On December 27, 1949, power was officially transferred to the republican forces.

Pancasila (five principles),³ a doctrine designed to encourage religious tolerance and national unity, became the government's official ideology. The perceived need for such a philosophy was understandable. The issue of establishing a national identity in a country that consisted of over 12,000 islands, 250 ethnic groups and many Christians, Hindus, Buddhists and animists, who lived along side the predominantly Muslim population, was of critical importance to the nation's new leaders.

The 1945 Constitution called for representative institutions, but also provided for strong executive authority. Political parties proliferated during this period, with several small parties joining the four largest parties: PKI, PNI and two Islamic parties (Masjumi and Nahdlatul Ulama).

The first post-independence election was held in 1955, with dozens of parties competing. The four largest parties roughly split among them about four-fifths of the vote. In the years following independence, Sukarno, along with a succession of prime ministers, governed the country with unstable legislative coalitions (there were 17 cabinet reshuffles between 1945 and 1958).

Political unrest was escalating as a result of ethnic tensions, continued high rates of unemployment, official corruption and the increasing sentiment that power was too heavily concentrated in the hands of Javanese politicians. Rebels in the outer islands, such as Sulawesi and Sumatra, waged a guerrilla campaign against the central government in the late 1950s that was led by regional army commanders. This volatile political situation resulted in the proclamation of martial law in April 1957, substantially increasing the power of the army. In 1959, President Sukarno re-organized the cabinet and used the political unrest to justify his "Guided Democracy," which blended nationalism, communism and religion into a new form of authoritarian government. In 1960 the elected parliament was replaced with an appointed legislature. This marked the first time that military officers were appointed to seats in the legislature, and they were given ministerial posts as well.

Sukarno's foreign policy during this period became known as *konfrontasi* (confrontation). Attempting to assert Indonesian nationalism, Sukarno challenged the emerging state of Malaysia (and therefore indirectly the British)

on its territorial claims on the island of Borneo; opposed the continued Dutch presence in West Irian; and sided with the Soviet Union and China in the Cold War.

Domestically, Sukarno attempted to balance the major political groups, especially the army and the communists, by playing them against each other. Considered an adroit “puppet master,” or *dalang*, Sukarno successfully balanced the nation’s political left and right for six years. In 1965, the political situation unraveled when Sukarno agreed to arm the communists as a “fifth force” (the other four being the army, navy, air force and police) to act as an armed people’s militia.⁴ The prospect of arming the communists triggered a coup attempt that resulted in the killing of six generals. The motivations of the coup-plotters of September 30, 1965 are still unclear.⁵ In any case, army strategic reserve forces led by Major General Suharto put down the attempted coup quickly.

Sukarno termed 1965 as “the year of living dangerously” (*Tahun Vivere Pericoloso*), and indeed it was.⁶ A bloodbath followed the coup attempt as the army rounded up suspected communists throughout the country, executing many of them and imprisoning others. The purge generated communal violence as well, directed at those who were considered communist supporters. The violence sometimes specifically targeted Indonesia’s Chinese community, which was widely believed to sympathize with the communists. Estimates vary widely as to how many people were killed. Over the next year, between 500,000 and two million lives may have been lost in the ensuing violence.

Following the September 1965 events and the resulting widespread violence, Sukarno’s support within the military dwindled. In March 1966, Sukarno, under pressure from the military, formally transferred some of his presidential powers to Suharto. Over the next several months, Suharto used that mandate to consolidate his power. In 1967 the People’s Consultative Assembly officially named Suharto acting president.

Suharto’s foreign policy represented a departure from his predecessor’s. His strong anti-communist stance allowed him to repair relationships with the United States and other Western powers. As a result, international criticism was muted when Indonesia annexed West Irian in 1962 and seized East Timor in 1975.

President Suharto’s “New Order” domestic policies emphasized economic growth and development. The economy, fuelled by rising oil prices and lubricated by widespread corruption, maintained growth rates averaging 6 percent or more throughout most of Suharto’s tenure.

The New Order also fostered the growth of the military's power.⁷ The "dual function" doctrine (*dwifungsi*), adopted under Sukarno, called for the military to help in maintaining social order, preserving national unity and in developing the nation economically. The doctrine permitted the army to intervene in almost every aspect of civilian life. Suharto continued the practice, begun by Sukarno, of allocating legislative seats to the military. Military officers also served in provincial and district assemblies and as ministers, cabinet staff, ambassadors and provincial and district executives.⁸

During this period, political parties withered. Confronted with restrictions on their activities and subjected to repeated interference in their internal affairs, the two authorized opposition parties had little opportunity to evolve into modern institutions. In 1996, for example, the government engineered a split in the PDI (Partai Demokrasi Indonesia or Indonesian Democratic Party), resulting in the removal of Megawati Sukarnoputri (the daughter of the former president) as party chairperson.

The government's intervention, however, was not limited to political parties. Civil society and religious organizations were subjected to similar interference. In 1994, for instance, President Suharto sought to block Abdurrahman Wahid's election as chairperson of Nadhlatul Ulama (the Revival of Islamic scholars), the nation's largest social Islamic organization. There were allegations that the government tried to subvert the election process through massive vote buying and other illegal means.

Suharto was elected President by the MPR to six five-year terms between 1968 and 1998⁹ with strong support from Golkar,¹⁰ his election campaign vehicle, and the military. The electoral arena was weighted heavily in favor of the New Order government. The government, for example, freely and amply used state resources in support of its re-election bids. There was, however, also genuine support for the New Order government. By the mid-1990s, living standards had improved enormously and poverty and infant mortality had declined substantially from the 1960s levels. Indonesia's economy was considered one of the "Asian Tigers" and Indonesians were undeniably better fed, housed and educated than ever before. But all of that abruptly changed, when the Thai baht plummeted in July 1997, sending shock waves across the continent.

The Indonesian economy, which was underpinned by a system of "crony capitalism" and weak financial institutions, could not withstand the shock. By early 1998 the country's economy faced weakening foreign exchange, high unemployment, dramatic inflation, and capital flight.

As a result, political protest and civil unrest broke out in Jakarta. The demonstrations spread throughout the country as the crisis deepened in the spring of 1998. As the pressure on the Suharto regime increased, so too did the government's efforts to quash the growing civil strife. In May, police and military units suppressed a demonstration at Trisakti University in Jakarta, resulting in the deaths of four students. Rioting quickly broke out and spread to other parts of the city. The Chinese community became a special target of the ensuing communal violence triggered by the event.

Under mounting pressure, Suharto resigned in May 1998, just 72 days after being re-elected president by the MPR. Suharto's vice president, B.J. Habibie, became president and pledged to hold free and fair elections, to release political prisoners, and to remove restrictions on the press, political parties and labor.

The Transition

Over the next year the Habibie administration adopted many of the reforms advocated by the protesters, including a new election law.¹¹ The law permitted political parties to compete freely in the upcoming elections, and new parties rapidly emerged to fill the void created during the New Order. By the following spring, 200 new parties were registered with the Ministry of Justice. The vast majority were small parties without substantial nationwide support. Only 48 parties eventually met the legal requirement of having support in over one-third of the provinces and were allowed to contest the elections.¹² Approximately one-half of the eligible parties could be described as Islamic.¹³ All three of the New Order parties – Golkar, PDI and PPP – competed in the 1999 elections, as did PDI-P (PDI-Perjuangan or PDI-Struggle), which was established by Megawati as her campaign vehicle.

On June 7, 1999, Indonesia conducted its first competitive elections in 44 years. More than 90 percent of the country's 116 million registered voters cast their ballots for the national and provincial legislatures and district assemblies. Twenty-one parties obtained seats in the *Dewan Perwakilan Rakyat* (People's Representative Council, or DPR), but only six parties demonstrated sufficiently broad appeal to be eligible under the law to compete again in 2004. Islamic parties did not do as well as some political observers had predicted. The two major secular parties, Golkar and PDI-P, received, between them, a majority of the votes and seats. However, the smaller Islamic parties, along with PPP, were to hold the balance of power when it came to choosing a new president.

In October 1999, the MPR elected a new president and vice president, Abdurrahman Wahid and Megawati Sukarnoputri, in the most democratic transfer of executive power in Indonesia's history. Wahid was selected as president, although Megawati's PDI-P fared better in the election, obtaining slightly over 30 percent of the seats in the DPR. Wahid's party, PKB (*Partai Kebangkitan Bangsa* or National Awakening Party) came in fourth in the number of seats the party was awarded, but third in the total number of votes received in the general election. A loose coalition of Islamic parties, labeled the "Central Axis" (*Poros Tengah*), provided a winning majority of MPR votes for Wahid, but the legislative coalition supporting him proved to be unstable and quickly unraveled.

The tenure of President Wahid was plagued by political confrontation with legislators. On February 1, 2001 the DPR delivered a memorandum alleging that the president misappropriated state funds. The DPR memorandum gave the President three months within which to reply. Gus Dur's March 28, 2001 response satisfied neither the legislators nor the Indonesian public.¹⁴

The president maintained that the efforts to remove him were politically motivated and unconstitutional. At the same time, he attempted to broker power-sharing arrangements with Vice-President Megawati Sukarnoputri. The political compromises that might have worked earlier, however, had little appeal to Megawati and her followers.

Although Attorney General Marzuki Darusman cleared Wahid of the corruption charges, the MPR, responding to the DPR's memorandum, called a Special Session for August 1. Gus Dur's threat to call a national state of emergency, however, prompted the MPR to take action earlier. President Wahid declared a state of emergency in the very early hours of the morning on July 23rd. The declaration called for the suspension of the MPR (and therefore the DPR) and for new elections to be held within a year. The President's order also suspended Golkar until the Supreme Court could resolve a pending case in which the party had been charged with financial irregularities.

The Speaker of the DPR immediately asked the chief justice of the Supreme Court to issue an advisory opinion on the constitutionality of the president's action.¹⁵ That same morning the chief justice announced that, in his opinion, the state of emergency was unconstitutional. Later in the afternoon, the MPR removed Wahid from office, and Megawati Sukarnoputri was sworn in as president.

Corruption

Corruption has been a part of Indonesian life since colonial days, when the Dutch awarded monopolies and other concessions for the production of clove, nutmeg, tobacco and cinnamon. Since then, the state has continued to be viewed as a source of patronage and largess.

There are no reliable, authoritative sources that indicate the level of corruption in Indonesia over the past half-century. Nevertheless, news media reports and the accounts of informed observers indicate that corruption has been massive and pervasive. Transparency International, for instance, recently ranked Indonesia as one of the world's four most corrupt countries, based on "perceptions of the degree of corruption ... among public officials and politicians ... as seen by businesspeople, academics and risk analysts."¹⁶ The New Order regime, in particular, appears to have relied upon an elaborate system of kickbacks, bribes, and the awarding of contracts and monopolies to family members and political supporters to maintain power. The Suharto family, it is widely reported, amassed tremendous wealth. Its network of business enterprises encompasses interests in construction, oil, finance, the media, petrochemicals, and real estate. The news media have estimated the Suharto family's wealth to be in the billions of dollars.

Corruption, or allegations of corruption, has affected almost every state institution. These include agencies, such as the Indonesian Bank Restructuring Agency (IBRA), that are supposed to perform a key role in the nation's economic recovery. Other agencies implicated in corruption include the state oil and gas company Pertamina and the state logistics agency Bulog. Corruption, though, is not confined to the upper reaches of government or the private sector. Allegations of corruption are commonly made against police, prosecutors and judges, upon whom the public's protection depends.

Political parties have been the victims and beneficiaries of corruption. Golkar, under the New Order, routinely misused state resources in electoral campaigns and the government abused its power, financially and otherwise, to undermine opposition parties. Most recently, it was alleged that funds from Bulog, the state logistics agency, were channeled to Golkar during the 1999 elections. Akbar Tandjung, speaker of the DPR and chairman of Golkar, was convicted for his role in the Bulog matter and his conviction was upheld by an appeals court. His case, at the time of this writing, is pending before the Supreme Court. It has also been alleged that massive vote buying occurred during the MPR deliberations on selecting the president.

Opposition and smaller parties, however, are not immune from corruption. During the 1999 general elections, for instance, it was alleged that candidates from several parties sometimes purchased positions on their party's slate, raised money illegally and engaged in vote buying during the campaign.

Public confidence in the government's ability or willingness to tackle high-profile corruption cases has been eroded due to the well-publicized failures to successfully prosecute former President Suharto and members of his family. Hutomo Mandala Putra ("Tommy"), Suharto's son, was convicted in a large-scale corruption case involving the misuse of public funds. The Supreme Court justice who originally sentenced Tommy to 18 months in prison was assassinated and Tommy was implicated in the killing. The corruption case against Tommy Suharto was later overturned on appeal. However, prosecutors again filed charges against Tommy, stemming from the judge's murder, as well as bombing incidents in Jakarta, in December 2000. After spending almost a year as a fugitive, Tommy was arrested in December 2001 and convicted of these charges. He is now serving a term of imprisonment. In addition, attempts to prosecute three justices and the director of state administration at the Supreme Court were dismissed by their judicial colleagues at the district court.¹⁷

Corruption within the military is also widely suspected. The military's unique role in the nation's civil institutions has been especially problematic and has made the military highly vulnerable to corrupt conduct. The TNI, the Indonesian Armed Forces or *Tentara Nasional Indonesia*, retains representation in the MPR and in national and regional legislatures until 2004. Their influence also can be felt through TNI territorial structures in every province, district and sub-district where the armed forces ensure the loyalty of local citizens and manipulate local politics. TNI, particularly the army, is also represented in the state and military intelligence agencies that focus on political and social affairs. In addition, TNI's business enterprises raise funds to cover approximately 75 percent of military expenditures.¹⁸ These financial activities are generally not subject to public scrutiny and allow access to considerable resources that may be used to finance additional involvement in the nation's political life.

Strong political leadership will be needed to combat corruption, but institutional reform will be needed as well. It appears that there is a sufficient legal framework for addressing corruption, but few institutional resources or the political commitment to apply those laws.

Allegations of corruption could potentially derail the democratization process. Such allegations have already played a role in the political demise of the past three presidents. This point is not lost on the new President who stated when she first came to office, "I have gathered all my close relatives and have asked them to promise not to allow any opportunity for corruption,

collusion and nepotism.” She added, “Unlike in a feudalistic society which doesn't consider corruption a serious mistake, in a democratic society it is a big problem.”¹⁹

Since the fall of Suharto, several attempts have been made to strengthen anti-corruption laws. During President Habibie's tenure, for instance, the Anti-Corruption Law was amended and under President Wahid the Office of National Ombudsman was established.²⁰ In 1999, a law providing for a Commission Against Corruption and a regulation forming the legal basis for a Joint Investigating Team Against Corruption were also promulgated.²¹

There are signs, however, that legislators are making a new commitment to combat political corruption. The People's Representative Council, for example, recently enacted an anti-corruption law that strengthens the investigative powers of government authorities. The MPR also adopted guidelines during its October 2001 annual session that recommend a stronger executive commitment to anti-corruption efforts.²²

Political Party Environment

Civil Liberties

Civil liberties, such as the rights of free expression and assembly, are critical features of democratic life. While there has been a vast improvement in the exercise of these rights in recent years, the legacy of the politically active military, deteriorating economic conditions, religious strife and separatist movements could threaten the progress that has been made.

Prior to 1999, freedom of the press in Indonesia was severely restricted. Article 29 of the Constitution stated only that, “Freedom of the press shall be provided by law.” Restrictive press laws were adopted and their enforcement hindered critical reporting. As late as 1994, the government closed news magazines such as *Tempo*, *DeTik* and *Editor* because of their investigative reporting on the military. During the New Order, the news media also conformed to the government's expectations, practicing self-censorship. According to a 1989 Asia Watch report, the press was “very much a partner of the government, and not an independent or autonomous institution.”²³

When Suharto stepped down, Habibie enacted a number of reforms that permitted the media to report more fully and accurately. Prior to Habibie's June 1998 ministerial decree, the Minister of Information enforced a very strict set of compliance criteria for publishing enterprise licenses. Revocations

of licenses by the Minister of Information were thus a very serious threat. Habibie's ministerial decree of 1998, however, reduced this list of compliance criteria and required that all revocations be court authorized. The relaxation of these restrictions combined with a more open atmosphere in the country meant that the press was now able to report relatively freely.

Press freedom was further enhanced by the passage of a liberal print media law in October 2001. This new law eliminates licensing requirements, removes the government's ability to ban publications, and guarantees freedom of the press. It even imposes penalties on anyone who tries to restrict press freedom by interfering with media. Indonesian journalists are now working to create a new, autonomous press council, as required by the new press law. "Had we had a free press in 1989, we would not have had the problem that we have today in Aceh," said Bambang Harymurti, editor-in-chief of Tempo, the largest circulation magazine. "Jakarta would have realized what the military presence was doing to the province a lot sooner."²⁴

President Habibie also relaxed the rules governing the formation of mass organizations, including religious groups and nongovernmental organizations. Similar to the requirements on political parties, such groups were previously required to adopt *Pancasila*. Organizations are now required to "not be inconsistent" with *Pancasila*. A new freedom of expression law was passed in October 1998 that requires a three-day notice to police for demonstrations, rallies, large gatherings and public speeches. The law, widely criticized by human rights and political activists, requires that the police be informed of the purpose of the event and the names and addresses of the organizers. This did not, however, prevent political party campaigning during the elections, nor has it prevented protest demonstrations since then.

Human Rights

Human rights abuses have been of special concern in areas of the country in which separatist sentiments are strong; these include abusive behavior by security forces against civilians in Aceh, Papua and Maluku. In Aceh, the United Nations High Commissioner for Human Rights noted a "pattern of serious human rights violations ... including torture, extra judicial executions of civilians, and death threats against human rights organizations personnel."²⁵ In Papua, "A broad civilian independence movement has emerged alongside a decades-old armed insurgency ... and Indonesian security forces increasingly have responded with force, imprisoning civilian leaders and terrorizing villagers."²⁶ Finally, in Maluku, "troops (are) believed to have taken sides in the communal conflict ... (that) ... have left more than 200 people dead since June 21, 2000 ... (and) ... according to government sources, nearly 3,000 (have been) ... killed since January 1999."²⁷

Legal Framework

In August 2002, Indonesia completed a three-year process of review and amendment of the entire body of the 1945 Constitution, excluding the Preamble, which was left untouched. Following the 2004 elections, this process will have transformed the Indonesian political system from a unique hybrid of presidentialism and parliamentarism into a purely presidential system such as those found in the United States, the Philippines and much of Latin America. The president and vice president will be popularly elected, presidential impeachment procedures will only be based on legal – not political – transgressions, the DPR and subnational assemblies will no longer contain any unelected seats (such as from the military and police), a new upper house called the Regional Representative Council (Dewan Perwakilan Daerah or DPD) will be elected via individual (i.e., non-party) candidacies, and a new Constitutional Court will be established. A bill of human rights has also been inserted in the Constitution. The primary function of the new MPR, formed simply as a joint sitting of the DPR and DPD, will be as a constituent assembly to amend the Constitution.

The original 1945 Constitution, written as a temporary document and unamended until 1999, was relatively short compared to more recent constitutions, with only 37 articles, 12 of which related to the powers of the presidency. The Constitution established a unique system of government, with the MPR as the highest state institution. The MPR had the responsibilities of amending the Constitution, electing and removing the president and vice-president, and establishing “broad outlines of state orientation.” The 1999-2004 MPR has 695 members. It is composed of all 500 members of the DPR; 65 members selected from functional groups; and 130 regional representatives selected by provincial legislatures. The DPR consists of 462 elected representatives plus 38 seats reserved for the military and police.

The DPR and MPR are organized around political party groupings, called blocs (*fraksi*). According to the standing orders of the MPR, blocs are groupings of the members based on the political party configuration resulting from the general election, together with the Indonesian armed forces/police bloc and interest group delegates. Two or more political parties may form a bloc provided that it has at least ten members. Every member is required to join one of the blocs. Matters concerning the internal organization of a bloc are the sole responsibility of that bloc.²⁸ A similar provision is contained in the rules of procedure of the DPR.

Indonesia's laws relating to elections and political parties were put in place rapidly as the 1999 elections approached and they were the products of last-minute political compromises. These compromises resulted in an election system without precedent anywhere else in the world. It is a "unique combination of proportional representation by province, with some elements of a district system."²⁹ The dual nature of the system caused a great deal of confusion before, during and after the 1999 elections.

As in any proportional system, seats were assigned to a party in proportion to its share of the overall vote in each province. The parties submitted to the election commission a list of candidates. The names of the candidates on the party lists did not appear on the ballot. However, the party lists with the candidates' names were posted at polling sites.

Under the election law, when a party submitted its provincial candidate lists to the election commission, it was required to assign each candidate to a district within that province. When identifying the candidates to fill the seats won by that party through proportional representation, the party was required by election commission regulations to consider how many votes were cast for the party in each district. Candidates assigned to districts in which the party "performed best" were to be given preference in being awarded seats. The complexity of this system led to a number of disputes during the process of seat allocation and instances of parties switching their own candidates from districts that "lost" to districts that "won" in order to ensure prominent members seats in the new DPR.

Two laws passed in January 1999,³⁰ on political parties and general elections, establish the legal framework for political parties and set the parameters within which they must function. The laws established criteria for political parties to compete in national, provincial and district (county and municipal) elections. All parties must demonstrate "support in one-third of the country's provinces," obtain a "specified threshold in these elections in order to participate in the next elections," accept "*Pancasila* as the state ideology," and not propagate Communism or Marxism-Leninism.

There are, then, no purely local parties (except in Papua, where local parties are permitted under the province's special autonomy law, which was adopted in 2001). The law requires all political parties to have significant national reach. The ban on ideological affiliation, such as association with the communist party, appears inconsistent with international norms of freedom of expression and association.³¹ The 1999 electoral laws, however, revoked a previous requirement that candidates undergo ideological screening by government and military representatives. In addition, the laws placed restrictions on political party financing.

The newly established Election Commission (KPU) was tasked with drafting regulations to define further these two laws. Comprised of representatives of the 48 parties found eligible to compete in the elections and five members appointed by the government, the KPU proved to be an unwieldy body, often finding it difficult to resolve contentious issues.³²

The KPU, however, managed to establish a rudimentary structure for regulating party and campaign financing. Specifically, the law on political parties and the law on general elections contain provisions on political party financing that are directly relevant to current efforts to curb financial corruption within parties. The political parties law has four articles (Articles 12, 13, 14 and 15) that define the types of contributions that are allowed, the limits on donations, the tax status of political parties and audit requirements.

Law No. 2 of 1999 on Political Parties

Article 12

paragraph 1: The funds of a political party shall be obtained from members' contributions, donations, and other legitimate activities.

paragraph 2: A political party shall get annual aid in the state budget based on its vote total in the previous general election.

paragraph 3: Determination of the annual aid referred to in paragraph (2) shall be made through a Government Regulation.

paragraph 4: A political party may not accept donations or aid from a foreign source.

Article 13

paragraph 1: Political parties shall constitute non-profit organizations.

paragraph 2: Pursuant to paragraph (1), political parties shall be prohibited from incorporating an enterprise and/or owning the shares of an enterprise.

Article 14

paragraph 1: The amount of donation of each person accepted by a political party shall be maximum Rp 15,000,000.00 within one year.

paragraph 2: The amount of donation of each company and any other body that is accepted by a political party shall be maximum Rp 150,000,000.00 within a period of one year.

paragraph 3: Donations in the form of goods shall be valued according to the prevailing market value and shall be treated in the same manner as donations in the form of money.

paragraph 4: Political parties shall maintain a list of donors and the amount of each donation, and these shall be open to be audited by a public accountant.

Article 15

paragraph 1: Political parties shall be obliged to report the list referred to in article 14 paragraph (4) together with the financial report at the end of each year and every 15 days prior to and 30 days after the general election to the Supreme Court of the Republic of Indonesia.

paragraph 2: The report referred to in paragraph (1) at any time may be audited by a public accountant appointed by the Supreme Court of the Republic of Indonesia

Unofficial English Translation

The law on general elections contains three articles with reference to campaign finance (Articles 48, 49 and 73). These provisions limit the use of funding by political parties and specifically prohibit bribery and establish sanctions for misconduct. The KPU also interpreted Article 48, section 2 as establishing campaign spending limits. Spending, per party, is limited to Rp 110,000,000,000 nationally, Rp 100,000,000 provincially, and Rp 1,000,000 at the village level.³³

Law No 3 of 1999 regarding General Elections

Article 73

3) Whoever during the election [held pursuant to the law] bribes someone with gifts or promises so that he will not exercise his right to vote or that he is asked to perform his right in certain ways will be sentenced with maximum three years in jail. That sentence will also be imposed upon electors who receive bribes or promises to [affect their right to vote].

Article 48

1) Funds for election campaign of respective contesting political party can be obtained from

- a) Contesting political party.
- b) Government, coming from state budget and regional budget
- c) Other independent groups such as private entities, companies, foundations or individuals.

2) The limit of campaign funds that may be accepted by contesting political parties is stipulated by the KPU.

3) Foreign countries are not allowed to give funds and other aid for election campaigns.

4) Breaches of the regulation of campaign funds...are subject to sanction...

Article 49

- 1) Funds for election campaigns as referred to in Article 50 are subject to auditing by a Public Accountant, and the results shall be reported by contesting political parties to the KPU 15 days before the polling day and 25 days after.
- 2) Breaches on the regulation ...are subject to administrative sanction in the form of the cessation of funds from the State/Regional budget.
- 3) A contesting political party that violates the campaign fund limits is subject to administrative sanction prohibiting it from participating in the next general election.

Unofficial English translation

There is growing agreement among political parties and civil society organizations that the financial regulations should be reviewed. A study by the International Foundation for Election Systems (IFES), for instance, identified several shortcomings. It stated, "Fundamental concepts must be defined. These include election campaign activity, campaign funds, and what constitutes expenditures or receipts by political parties or their candidates, particularly as to activities by other persons or groups who openly support them."³⁴

Official Enforcement

There also seems to be broad agreement that the enforcement of party and campaign finance laws has been ineffective. Obligatory public audits represent the only significant check on political party finance violations. Two sets of audits are required: election-related audits (pre-and post-election) and regular annual audits. The regular annual audits have yet to be conducted.

The two election-related audits were conducted under the auspices of the KPU and submitted to the Supreme Court. Unfortunately, the political parties' inadequate accounting systems make credible auditing difficult. Furthermore, auditors do not have the capacity or the authority to probe accounting weaknesses. An IFES report commented, for instance, "Auditors had no powers to investigate problems or demand further documentation from lower party committees or outside sources, such as television stations or other vendors."³⁵ Regarding the audits conducted during the election period, the report added, "Based on information from KPU officials and accountants involved in this process, the audit work during this first phase of reporting was clearly superficial."³⁶ This first test of the system highlighted a number of weaknesses in both the accounting systems of political parties as well as the audit process itself.

Current regulations also require a comprehensive assessment of the party's finances. It is, however, extremely difficult to determine parties' opening balances. This is particularly true for the older parties, some of which had been in existence for 35 years, since previous regulations did not require an accounting for funds stored in party coffers.

In the past election, most parties under-reported party campaign spending. In fact, "no party admitted to spending over the KPU's campaign spending limit, although some reported contributions exceeding legal limits."³⁷ The records submitted by the parties to the auditors also appear to have substantially under-reported expenditures. One NGO calculated the actual cost of campaigns to be one hundred times more than what was officially declared.³⁸

The audit process was also compromised by a number of timing issues. The KPU did not determine the campaign finance "caps" until very late into the election period. As stated earlier, the laws on political parties and elections were enacted in late January 1999, little more than four months before the June election. The obligation for political party financial reporting had not been widely publicized. As a result, political parties did not fully understand the requirements. Additionally, the auditors were given an extremely short period of 10 days within which to actually conduct the audits.

If auditors uncovered violations, there was little threat of legal sanction. There is no institution that has the authority and capacity to investigate or prosecute violators. IFES reported that, "despite the KPU's reports of acknowledged violations of contribution limitations and reporting requirements, and deep suspicions about unreported political finance activity, neither the KPU, the Supreme Court nor prosecutors appear to have initiated any enforcement actions against the political parties, persons, or entities involved."³⁹ Indonesian Corruption Watch, however, has brought a case against Golkar for its failure to comply with financial reporting requirements.

Finally, according to a former member of the KPU, audits are available to the public, but in practice they are very difficult to obtain. It is unclear, in fact, whether the KPU has retained these reports on file. Most political party officials are resistant to the idea of making their official audits available to the public.

The political parties law also requires parties to submit a regular “financial report [audited by a public accountant] at the end of each year ... to the Supreme Court.” To date, neither the KPU nor the Supreme Court has requested these annual audits nor has any party conducted one. As a result, non-election-related audits that accurately assess the financial situation of political parties in Indonesia are unavailable.

External Party Environment

		Yes	No	Comments
1	Is there a law on political parties?	Y		Law No 2/1999 regarding political parties.
2	Are there laws regulating party finance?	Y		Law No 2/1999 regarding political parties sets contribution limits at all times on individuals at Rp
2a	Contribution limits?	Y		
2b	Spending limits?		N	15,000,000 (\$1,545) within one year, and from companies or other bodies at Rp 150,000,000 (\$15,450) within one year.
3	Are there campaign finance regulations?	Y		Laws 2/1999 and 3/1999 regulate campaign finance.
3a	Contribution limits?	Y		Law No. 2/1999 regarding political parties limits contributions.
3b	Spending limits?	Y		The KPU set spending limits on campaigns to Rp 110,000,000,000 (\$11,416,700) nationally, Rp 100,000,000 (\$10,378) provincially, and Rp 1,000,000 (\$103) at the village level.
3c	Filing financial returns?	Y		Law No. 3/1999 regarding general elections states that funds for election campaigns are subject to auditing by a public accountant, and financial reports must be filed by contesting political parties to the KPU 15 days before the polling day and 25 days after.
3d	Returns made public?	Y		The election audits <i>de jure</i> are available to the public, but <i>de facto</i> hard to obtain.
4	Can political parties accept contributions from:			Law No. 2/1999 states: “The funds of a political party shall be obtained from members’

4a	Businesses?	Y		<p>contributions, donations, and other legitimate activities ... A political party shall get annual aid and state budget based on vote acquisition in the previous general election...A political party may not accept donation and aid from a foreign source.”</p> <p>Law No 3/1999 states, “Funds for election campaign of respective contesting political party can be obtained from</p> <ul style="list-style-type: none"> a) Contesting political party. b) Government, coming from state budget and regional budget c) Other independent groups such as private entities, companies, foundations or individuals.”
4b	Unions?	Y		
4c	Foreign sources?		N	
4d	Can parties own Businesses?		N	
5	Do parties have to reveal the sources of their funding?	Y		<p>Law No 2/1999 states, “Political parties shall maintain a list of donors and the amount of each donation, and these shall be open to be audited by a public accountant.” Law No 3/1999 states, “Funds for election campaigns ...are subject to auditing by a public accountant.” In practice, this has not been the case.</p>
6	Does the state provide public funding to political parties?	Y		<p>Both Laws No. 2/1999 and No. 3/1999 state that a political party shall get annual aid in the state budget based on its vote total in the previous general election. In practice, this has not occurred.</p>
7	Are annual financial audits of party accounts required?	Y		<p>Audits are required by No 2/1999 and No 3/1999 but have not yet been conducted.</p>
8	Do party officials have to declare assets and liabilities?	Y		<p>If they are elected to the legislature or executive office they must declare. But a very small percent</p>

				age of MPs have actually done so.
9	Is there an Anti-Corruption Commission?	Y		The Audit Commission on State Officials' Wealth (KPKPN) was recently established and is authorized to enforce party financing laws and regulations. The KPKPN's efficacy is untested.
10	Is there an independent Election Commission?	Y		The Election Commission is an independent body.

Political Party Experiences

During the ongoing transition, Indonesia's political parties have faced several daunting challenges. First, they had to compete in an election for which they were unprepared. The newly formed parties had little time to establish themselves as legal entities, register, select candidates, develop platforms, and establish campaign strategies and organizations. The parties also had to develop their own internal operating rules and organizational structures to recruit new members, raise funds, and develop policies and programs that appealed to the electorate.

After the elections, parties faced the task of organizing the new government and were soon confronted with major reform issues, including making constitutional choices regarding the relationship between the legislative and executive branches of government. Party representatives in the DPR and MPR also had to address issues such as the role of the military in national decision-making and the degree to which power should be devolved to lower levels of government. At the same time, they came under increasing pressure to remove a new president who challenged the legislature over their respective powers and who faced allegations of corruption.

As the fourth year of the on-going transition began, the major political parties were showing signs of splintering. The rifts within the PPP, the Islamic party chaired by Vice-President Hamzah Haz, were most apparent. Under the leadership of Zainuddin M.Z., the party's vice-chairman, several former party leaders split to form PPP *Reformasi*. Zainuddin's group has argued that the PPP has abandoned its reform agenda and the breakaway faction also opposes the party's support for the imposition of Islamic law.

Within Golkar, other senior party members have challenged Akbar Tandjung's leadership. As previously mentioned, Tandjung, the party chairman, has been convicted of illegally diverting Rp 40 billion (around US\$4 million at the time) from Bulog, the state logistics agency, to assist Golkar in the 1999 elections campaign. At the time of publication, his conviction is under appeal. The judge's ruling, however, did not implicate the party itself, which could have been threatened with dissolution by the Supreme Court.

PDI-P, too, is experiencing internal fissures, partly related to the influence within the party of Megawati's husband, Taufik Kiemas, and partly related to the party's support for certain constitutional reforms. PAN has also suffered from the resignations of top party officials, led by party deputy chairman Faisal Basri. The dissenters claim that the secular principles upon which the party was founded have been eroded as pressure from Islamists within the party has mounted. The internal divisions within PKB and PBB appear to be largely due to internal disputes that emerged in connection with Wahid's removal from office.

Indonesia's parties are often described as institutionally weak and personality driven. These shortcomings, however, are only part of the picture. The six largest parties (PDI-P, Golkar, PPP, PKB, PAN and PBB), by and large, have distinct identities and appeal to discrete constituencies. They also have relatively disciplined voting records in the national legislature (DPR), although this pattern has not always been replicated at the subnational level. The parties, however, have not developed specific policy positions on many issues of concern to the electorate, such as how best to combat corruption, develop the economy, deal with environmental challenges or implement regional autonomy.

Politically inspired violence has at times been the result of party-affiliated or party-sponsored groups. The largest political parties have maintained militia, or paramilitary groups, that have acted on behalf of their party patrons. Golkar, for instance, is said to have a relationship with Pemuda *Pancasila*, PDI-P with Garda Bangsa and PPP with Pemuda Kabah and Front Pembela Islam. Not surprisingly, little information is available regarding the precise links these groups have with the parties.⁴⁰

The six largest parties have branch offices in most provinces and in many districts. These offices display the seemingly contradictory characteristics of relative independence on some matters but strong dependence on central party headquarters on others. While they take direction from the national party officials (the key decision-making body for each of the parties is the executive council, or Dewan Pimpinan Pusat) in areas such as general policy formulation and platform development, branch offices are responsible for communicating with voters and constituency building. The provincial organizations remain

financially autonomous in terms of fundraising but are required to report their finances through a centralized process. In practice, however, the central office usually does not maintain these records. The viability of each branch office varies considerably across parties and regions.

The leadership in virtually all of the major parties recognizes that political parties are particularly susceptible to corruption. The national party leaderships of several parties have been under attack for alleged corruption, and new challenges will likely emerge as the focus of policymaking shifts to the lower levels of government through the implementation of the nation's regional autonomy laws.

Political party-related corruption in Indonesia takes several forms. The most frequently cited include:

- Engaging in illegal fundraising practices;
- Buying votes;
- Placing supporters and cronies in top governmental positions or in state enterprises;
- Paying to be selected as a candidate or to receive a top party position.

Most parties established rules and disciplinary procedures that address issues of party loyalty in their bylaws.⁴¹ Violations include party switching by elected officials and conducting activities contrary to party ideology or the national party program. Only PDI-P has ratified specific party rules and disciplinary procedures that address "money politics," cronyism or intimidation. Additionally, only PPP and PK have adopted term limits.

The parties will have to address an increasingly skeptical public that throughout the transition has expressed concern about corruption. As the following section indicates, Indonesia's parties are meeting the challenge of internal reform with varying degrees of capacity and skill. The section that follows is based on an examination of party documents such as constitutions and bylaws, as well as on interviews with party leaders and activists at the national and provincial levels.

Breakdown of Seats in the DPR

Party	Seats	%
Partai Demokrasi Indonesia (PDI-P) – Indo. Democracy Party-Struggle	153	30.6%
Partai Golongan Karya (Golkar) – Golkar Party	120	24%
Partai Persatuan Pembangunan (PPP) – Development Unity Party	58	11.6%
Partai Kebangkitan Bangsa (PKB) – National Awakening Party	51	10.2%
Reform Bloc:	41	8.2%
Partai Amanat Nasional (PAN) – National Mandate Party	(34)	(26.8%)
Partai Keadilan (PK) – Justice Party	(7)	(1.4%)
Partai Bulan Bintang (PBB) – Crescent Moon and Star Party	13	2.6%
Military (TNI)/Police (POLRI)	38	7.6%
Other parties (14) receiving 5 or fewer seats	26	5.2%
Total Seats: 500		

Partai Golkar

Background

Established on October 20, 1964 as a collection of anti-communist functional groups, rather than a party, Golkar was the principal political instrument of the Suharto regime. In July 1998, as a result of Suharto's resignation and the beginning of the era of "*reformasi*," Golkar added the word 'party' to its name to recast its image.

The problems Golkar faces are substantial. Until 1999, it had been the ruling party in a country that was widely considered to be one of the most corrupt in the world. The party's leaders had undoubtedly been among the greatest beneficiaries of that corruption. To repair its public image remains the party's greatest challenge. Yet, the party's leader, Akbar Tandjung, considered by many as a reformer just three years ago, has recently been convicted of diverting state funds to help the party during the 1999 elections.

Golkar's bylaws outline the purposes of the party as the following:

- a. To gather the working members of the society and functional groups who have the same political aspirations to attain a society that is fair and prosperous, materially and spiritually, based on *Pancasila* and the 1945 Constitution.

- b. To carry out, practice, and defend *Pancasila* as well as to develop programs in all fields without differentiating among ethnicity, religion, race, or class.
- c. To accommodate, share, channel, and struggle for the aspiration of the people as well as uplift the political consciousness and prepare cadres in all aspects of social, national, and state life.

The party's objectives are:

- a. To maintain, protect, and practice *Pancasila* and the 1945 Constitution;
- b. To realize the aspirations of the nation as stipulated in the 1945 Constitution;
- c. To create a fair and evenly prosperous, materially and spiritually, society based on *Pancasila* and the 1945 Constitution;
- d. To realize the sovereignty of the people in the framework of carrying out a Democratic *Pancasila* life that upholds and honors truth, justice, the law, and human rights.

Party's Perceptions of Corruption and the Political Party Environment

Golkar officials express their concern about corruption largely in terms of its impact on economic development. One party official stated, "Corruption occurs at every level in Indonesian culture and must be eliminated if development is to proceed." In particular reference to corruption within the party, members acknowledge that the party's reputation from the Suharto era is that of a highly corrupt and executive-controlled organization. It was acknowledged that some "older" members have not mended their ways and are still involved in various forms of corruption.

Some Golkar leaders would like to see further reform. One senior member stressed that almost 90 percent of party members are new, "young" (under 40 years of age), and "should not be judged against past party corruption." A younger member suggested, "If people are corrupt we can act against them. It is not the institution that is corrupt." Some new members of the party are seen as idealistic and committed to reform and were attracted to Golkar, which they viewed, in the words of one recent recruit, as "a stable party that has a lot of potential for reform."

Party spokespersons recognize that the nation's brief experience with the democratic system and a lack of detailed rules regulating the conduct of party officials may leave the party vulnerable to corruption. Government limits on party donations, however, are seen as inappropriate, and some party leaders believe such limits should be reconsidered. Some party officials also believe

that members of parliament should also increase the amount of their salary used to support the party. Party members at all levels, some officials stated, should be encouraged to pay membership dues on a scaled system.

Party Structure and Decision-Making

The party's national headquarters in Jakarta houses 110 members and staff including the central executive/leadership council (referred to by all parties as the *Dewan Pimpinan Pusat* or DPP at the national level)⁴² The DPP consists of the general chairperson, chairperson, 16 deputy chairpersons (supported by departments such as women's affairs, electoral victory, law and regulation), secretary general (supported by 10 deputies and staff), and the treasurer (supported by six deputies and staff).

This structure is repeated throughout the branch offices, which include provincial, district, sub-district and village offices. Party activists, or cadres, below the national level are unpaid volunteers. The national office provides training to branch members in a variety of subjects including party policy, strategy, and media relations, among other topics.

The DPP, as the highest executive body, has the authority to determine policies at the national level in accordance with the bylaws, national congress decisions, and national level meetings as well as other regulations, and to determine the composition and personnel of the DPW. This authority and responsibility is mirrored in the lower party levels.⁴³

According to party officials, national policies are determined by the DPP. The DPP relies on an expert team that meets approximately once a month. This team is supported by working committees, which provide guidance to the official party departments. The activities of the departments include cadre development, recruitment, political education, communication, youth organization and some religious activities. One senior official said that there is a more open relationship among the departments and the senior party members than there was in the past. According to one party member, "The DPP is open for criticism now – new cadres can openly criticize and speak up at meetings." One department chair stated that there is fairly easy access to the DPP members: "I can discuss individually with them my concerns and ideas." However, there remains tension between the need to conduct decision-making in a democratic manner and the need for efficiency.

The party holds a national congress every five years and annual meetings at all levels. The activities at the national congress include drafting and revising the bylaws, formulating the party program, evaluating the DPP, and

electing DPP members. Additional meetings include an extraordinary national congress (for critical situations); the leadership plenary meetings (as necessary to make decisions outside the authority of the national congress); national, regional, and sub-district coordination meetings (convened at least once a year to coordinate the implementation of the work programs); and national, regional, and sub-district working meetings (convened at least once every two years to evaluate the implementation of the party program.) When required, the party also holds a *silaknas*, or forum, to discuss current political events. Representatives participate from all levels including the district level. The party holds *silaknas* meetings at least every two years.

Candidate and Party Leadership Selection

As with most Indonesian parties, Golkar employs the *musyawarah* process in which decisions regarding leadership, candidate nomination, or national congress delegates are determined by discussion and consensus. If consensus cannot be reached, the branch members will vote. *Musyawarah* and voting occur at the meetings of each branch. Party leaders are selected through this *musyawarah* process within a *formatur* (committee appointed by an assembly to form the executive leadership) composed of a chairperson and several members. The chairperson of the *formatur* is also the general chairperson of the executive council of that level.

Party members suggested that branches have a high degree of independence and influence on such issues as selecting delegates to national congresses, executive council memberships, candidate selection, and disciplinary procedures. The DPP is involved less than previously in leadership selection. According to one Golkar official, the members at each level “know their rights” and often reject national proposals. Furthermore, the nominees must focus on local issues (regional or district) and be well known in their constituency.

Money Management and Party Financing

Structurally, the treasurer general is the highest financial authority within the party. The treasurer and his or her staff prepare financial statements, and the deputy treasurer manages general operations. Operational budgets are drawn up by party departments and approved by the DPP. Departments provide program reports to the DPP, although one official noted that these reports are rarely reviewed and there is little financial oversight. Receipts, for example, are not required.

Provincial and local branches are seen as “independent” and responsible for their own revenue and expenditures, although national officials will visit branches and provide training in financial and accounting procedures. Within the party’s accounting system, branch (provincial and district) funds are to be kept separate. Campaign and operating funds are also to be segregated.

It was reported that all members have access to audits and financial reports. No member interviewed, however, could report having asked for access to an audit or report or had heard of another member doing so. In accordance with national tax laws (Law Number 16), Golkar maintains a taxpayer identification number and pays sales taxes, but not income taxes, since the party is not engaged in business activities.

Party funding is received from contributions and salary withholdings of elected members. This withholding is seen as an appropriate and acceptable practice. Donations and contributions are accepted from individuals and businesses as well. Party officials candidly admitted accepting anonymous donations (in violation of the law) and they could not identify any particular contributions that had been refused. Members often support party events and activities through “in-kind” or “out of pocket” contributions.

Party officials report that the requirement for regular audits is appropriate and should be enforced and that the existing reporting mechanisms are sufficient. Golkar prepared an annual financial statement for the KPU and the Supreme Court for the 1999 elections. However, this report did not incorporate the annual audits conducted at the branch level, which are reported to headquarters. Among all the parties, during the election period Golkar reported the highest expenditures to the KPU. Thus, party officials believe that Golkar’s financial reports are the most realistic.

Affiliations

Many of the ties between Golkar’s original founding organizations and the party have loosened considerably or been completely severed during the last several years. For instance, with greater freedom of association, corporatist entities like the official journalists’ association PWI and the official labor union SPSI became independent of the party. Furthermore, organizations like SOKSI, KOSGORO and MKGR helped found some of the other 47 parties that were eligible to contest the 1999 elections. Most of these parties fared poorly, however, and so the impact on Golkar’s share of the vote was relatively limited. Nonetheless, the party has loosely affiliated organizations that perform services that reach many of the party’s constituents. A women’s Islamic organization (KPMDI), for example, runs programs and activities for women and was originally established by the party; it has since become a registered, independent

organization. The KPMDI is independent in the sense that it determines its own programs and discusses issues unrelated to the party. “KPMDI discusses programs and activities - the party only discusses politics and women’s issues.” Members of KPMDI can be members of Golkar, but this is not necessary. The party, however, recruits new members from this organization.

Party Rules and Disciplinary Procedures

Disciplinary procedures are not formalized in written rules, but similar procedures appear to be commonly followed throughout the party structure. The DPP plenary meeting has the authority to dismiss the party leadership of the DPP. This authority is replicated in the branches. A warning is generally given to a member who has violated party regulations. If the behavior is not corrected, a hearing in front of the national advisory board will determine whether the member should be suspended or removed from the party. Once removed from the party, the violator can appeal for reinstatement. If the violation warrants legal action, the party will take action consistent with the court’s ruling. Golkar has removed members from seats in provincial councils for violating party rules. The party does not conduct programs aimed at informing their members of their ethical obligations or the party’s rules.

Partai Demokrasi Indonesia-Perjuangan (Indonesian Democratic Party-Struggle), PDI-P

Background

PDI-P, led by Megawati Sukarnoputri, contested for the first time in the 1999 elections. Megawati formerly was the chairperson of PDI, an officially sanctioned party during the New Order. However, after Megawati – the daughter of former President Sukarno – became the party’s leader in 1993, PDI was increasingly viewed as a potential threat to the leadership of the New Order government. Suharto engineered Megawati’s ouster from PDI in 1996. After Suharto’s fall in May 1998, a national congress was held in Bali by Megawati’s faction, which elected her as the leader of the newly named party, PDI-Perjuangan or PDI-Struggle (the rump PDI continued to exist and competed in the 1999 elections, but won few votes).

PDI-P is based on the principles of *Pancasila* and identifies itself as the facilitator and upholder of Indonesian democracy. The party emphasizes the “sovereignty of the people” and human rights. It has also stated its commitment to defending the national unity of the Republic of Indonesia.

Party's Perceptions of Corruption and the Political Party Environment

PDI-P officials appear to believe that the problem of political corruption should be addressed through a top-down approach. Party officials suggest that an anti-corruption law, the monitoring of the state apparatus, an increase in wages for government officials and reports of personal assets of government officials are necessary to combat corruption.

With respect to national regulations on political parties, PDI-P, like other parties, believes that the current spending limits are unrealistic and that it is difficult to run the operations of a party under these limitations.

Party Structure and Decision-Making

PDI-P's national executive council (DPP) is composed of a maximum of 45 persons, with 17 of these involved in day-to-day management. Approximately 28 head departments. The day-to-day management of the DPP is the responsibility of the general chairperson, eight chairpersons, a secretary general, four deputy secretaries general, a treasurer, and two vice-treasurers. Similar, yet smaller, structures can be found in the regional, district, sub-district, section and sub-section executive councils. Regional and district executive councils may form departments according to their needs.

The DPP manages the following: the secretariat, departments, blocs in state institutions, the research and development body, and the education and training body. The DPP also approves the structure, composition, and personnel of the DPW and DPD; determines party employees, and determines the leadership of the bloc in the MPR and DPR. The DPP also holds regular "plenary" meetings approximately every three months, with a minimum of once a year. At these meetings, operational issues and priority programs are determined, such as human resources and cadre development. Three representatives from each province attend these meetings. The party's consultative assembly (MPP) is composed of regional delegates elected through the regional conferences.

At all levels of the party there is a central advisory council (DEPERPU) to provide evaluations and suggestions to the executive council, either solicited or through their own initiative. The members are composed of party cadres at the each level and expert members of the party at the national level.

The national congress, convened by the DPP every five years, evaluates the accountability of the DPP and elects and inaugurates the DPP. The national congress is attended by: delegates from the branches; delegates from the DPWs;

DPP; members of the party central advisory council; and other invitees determined by the DPW. All the participants of the national congress have the right to vote. A similar process is conducted in holding regional, branch, and sub-branch conferences.

A national working meeting (*rakernas*) is convened by the DPP at least once a year (attended by DPP leaders, DPW functionaries who were determined by the DPP, and other invitees determined by the DPP) to: discuss internal and external problems; formulate operational policies; and ensure the implementation of party policies. At the regional and branch level the regional working meeting (*rakerda*) and the branch working meeting (*rakercab*) can be convened and both are similar to the *rakernas*.

Most decisions are determined through the *musyawarah* process where party officials attempt to reach a consensus without bringing issues to a vote. If a matter cannot be resolved in this manner, voting will take place. A small informal advisory team determined the central party platform and there are no plans to revise it.

There is not much concern expressed by branch officials about a lack of transparency in decision-making. Branch members report a fairly high degree of involvement in most party decisions, except those concerning national policies. They also report a high degree of influence in selecting delegates to national congresses and executive committee members, in candidate selection at all levels, and in imposing discipline for misconduct. Branch offices also report a substantial degree of independence in determining their budgets and establishing party programs.

Candidate and Leadership Selection

PDI-P, as a newly organized party, does not have formal procedures for selecting candidates, although officials state that the party plans to develop them before the next election. Any qualified member can be put forward as a nominee for candidate. Candidates are selected “based on their track record in supporting Megawati and the struggle,” their lobbying capabilities, their relationships to PDI-P key actors and their financial resources. The nomination process often begins at a lower level, such as the municipal office, where a candidate is recommended to the next level. Some of these nominations may be forwarded to national headquarters to be screened and approved by the DPP and the party’s general election committee. There is no formalized voting procedure during this process, although nominees are often selected through the *musyawarah* process.

The procedure for the selection of party leaders is more formalized. This process is also based on *musyawarah*, and each level of the party -- district, municipality, province, and region -- nominates candidates for the level above. Leaders are selected from the candidates at the congress at each level.

Money Management and Party Financing

The DPP and the party chairperson share financial authority. The treasury department is responsible for operational finances. Chiefs of departments and heads of commissions jointly determine operational budgets with the general secretary and the treasurer. All receivables and expenditures are recorded, and each department and commission, at the completion of any activity, prepares a report and submits it to the treasurer. The chairperson and secretary general must confirm expenditures above 50 million rupiah. Most of PDI-P's branch offices reportedly have bank accounts. However, there are no standard accounting systems used by the branch offices.

The *ad hoc* central and local committees for general elections manage finances for campaigns. An external audit was conducted for the 1999 election period, as required by regulation. Like most parties, PDI-P has not yet conducted a general annual audit.

The party raises funds through: contributions; salary withholding from MPs (Rp two million – around US\$225 – per month); in-kind contributions, such as furniture, clothing, flags, houses, automobiles and airline tickets; and fundraising events, such as auctions, seminars and book launchings. PDI-P members, like those from other parties, admit to accepting anonymous donations. Elected members must publicly disclose their assets, and candidates for office report their assets to the party. The party does not have a taxpayer identification number and does not pay sales taxes, an apparent breach of national tax laws.

Party Rules and Disciplinary Procedures

Party rules were formalized in January 2001 through a “Decision Letter of the DPP Concerning Disciplinary Rules”. The letter defines violations and sanctions. Members of PDI-P are prohibited from:

- a. Becoming a member in other political organizations.
- b. Engaging in activities detrimental to the reputation or interest of the party.
- c. Conducting activities and actions that contradict party regulations
- d. Revealing or disclosing party secrets

- e. Accepting or providing money or material goods from individuals or agencies for his/her private interest.
- f. Conducting or using physical violence or intimidation on behalf of the party.
- g. Providing or promising to give something to other parties to obtain political objectives or what is known as "money politics".

Violations fall under three categories:

1. A "light violation" is a behavior or action that indirectly discredits the reputation of the party (in which case the sanction is issued by the executive council at the same level.)
2. A "medium violation" is a behavior or action that directly discredits the party and is detrimental to the struggle to attain the party objective (in which case the sanction is issued by the executive council one level above and/or the DPP)
3. A "heavy violation" is a behavior or action that is very detrimental to the interest of the party and that is perpetrated by a member, such as, conducting a conspiracy or violent act that is detrimental to the interest of the party, fighting with party leadership, getting involved in money politics, or revealing party secrets to outside parties (in which case the sanction is issued by the DPP.)

Sanctions include warnings, suspensions, temporary dismissal, and expulsions.

The duties of the honorary council, a temporary, *ad hoc* commission (formed at any level), are to conduct an investigation, evaluate a violation, provide recommendations to the executive council at the level at which the honorary council was formed, and determine the category of the violation. When a party member has committed a criminal act, it can immediately issue a sanction suspending work, or temporarily dismissing or expelling the offender.

An appeal can be made to the next higher party office and all cases can be appealed to the national congress. There appears, however, to be a conflict between the party rules and government regulations regarding the removal of a member from an elected seat. The party guidelines allow members to be removed from elected seats, while this is prohibited by government regulations.

The party has not disciplined a member for financial misconduct who was not first prosecuted in the legal system. A PDI-P mayor in North Sumatra, for example, was convicted in a court of law and was subsequently sanctioned by the party. There have been sanctions imposed on members who do not perform their official duties, such as attending sessions. Party officials estimated that 10 to 15 local parliamentary members were expelled from the party in 2001.

Party blocs or committees that have made statements contradictory to the party platform have also been disciplined. In these cases, the committee in question is frozen, and the executive board of that branch office assumes the responsibilities of the committee for three months. Disciplinary action that has been taken against party members must be reported to the national congress.

While every member is provided with a copy of the party rules, in general, training on how the rules should be applied is inconsistent. Party leaders state that the party will soon begin more standardized trainings in each province. The party also distributes a monthly magazine that details party policies and current events.

Partai Kebangkitan Bangsa (National Awakening Party), PKB

Background

This Islamic-oriented party was established in Jakarta on July 23, 1998. PKB is strongly associated with the largest Muslim organization in Indonesia, the Nadhlatul Ulama (NU), formerly led by Gus Dur. The party, according to its literature, hopes to facilitate the demands of the *nadhliyin* (NU members) and the Indonesian people. The objectives of the party are:

- a. To materialize the aspirations of Indonesian independence in accordance with the 1945 Constitution;
- b. To create a society that is fair and prosperous externally and internally, materially and spiritually; and
- c. To create a national political order that is democratic, open, clean, and with a good character.

To obtain these objectives, PKB will employ the following:

- a. Religious aspect: increase the devotion to the One and Only God;
- b. Political aspect: maintain the unitary state of the Republic of Indonesia; uphold the sovereignty of the people; create a government that is democratic, clean and trustworthy; implement national development for the prosperity of the people; implement foreign political relations that are free and active as well as develop foreign cooperation to create lasting world peace, that is just and prosperous;
- c. Economic aspect: uphold and develop a pro-people economy that is just and democratic;
- d. Legal aspect: uphold and develop a state based on law that is civilized, capable of protecting all the people, upholds human rights and social justice;

- e. Social culture aspect: make an effort to build a culture that is advanced and modern by continuously cultivating the good identity of the nation to enhance the prestige and dignity of the nation;
- f. Educational aspect: make efforts to improve the quality of human resources to be good, noble, independent, skilled, professional, and critical towards the social environment surrounding them; make efforts to create a national education system that is pro-people, inexpensive, and continuous;
- g. Defense aspect: awaken the consciousness of every citizen of the state concerning their obligations so that they can join in the efforts to defend the state; push for the materialization of a self-defense society towards behaviors that create the feeling of insecurity, either those that come from private sector or certain institutions in the society.

Party's Perceptions of Corruption and the Political Party Environment

The PKB acknowledges that corruption in Indonesia is excessive. Officials claim that the party is working to create a clean, transparent government free from collusion, corruption and nepotism. Party spokesmen state that Indonesia's economic interests, such as natural resource extraction, lend themselves to corruption. One party official asserted that corruption occurs, to some extent, because the nation's legal system is inadequate. It was suggested by one member that laws governing the electoral system should be revised to eliminate opportunities for corruption.

Party Structure and Decision-Making

The advisory council at each level of the party has the highest authority and serves as the "primary reference for the general policies of the party". The executive council (*dewan tanfidz*) "implements strategic policies and manages the organization and program of the party" and is composed of the president, general chairperson, eight party chairpersons, secretary general, three deputy secretary generals, a general treasurer, two vice treasurers and seven department heads (e.g., women's empowerment, mass media and opinion development). This structure is repeated throughout the branches. The DPP formulates party policies, authorizes the DPW and DPD, implements party policies, and submits an accountability report to the national party congress.

The executive council at each level is elected by the relevant party congress to five-year terms. This is mirrored through the regional, sub-branch, and village levels. The DPP can freeze an executive council at a lower level with three written warnings followed by a decision of the executive council at one level higher.

The party maintains an institution to conduct economic, legal, social, educational, and cultural activities. The party's departments, coordinated by the DPP, implement the programs of the DPP. At the regional level, these departments are referred to as "bureaus", and "divisions" at the district level.

The types of party conferences include: the national congress; extraordinary congress; national working conference (convened by the DPP to evaluate party performance and programs at a national level with participants from the DPP and regional delegates); national executive council conference, as well as regional and sub-regional conferences; working conferences; and executive council conferences. The national congress, held every five years, evaluates the DPP, formulates or amends the bylaws, drafts guidelines, elects the advisory council and executive council chairpersons as well as those members to sit on the selecting committee. National congress participants include: DPP members; department chairs, institution chairs, and autonomous body chairs; regional delegates (advisory council chair and secretary, executive council chair and secretary, and a third representative); branch delegates and bloc leaders. Every participant of the national congress has the right to speak. Only the chairperson of the executive council from each level can vote.

The party also holds regular meetings as follows: executive council plenary meeting (convened by the DPP at least once every six months and attended by the members of the advisory council, executive council, leadership of institutions, leadership of autonomous bodies, and the leadership of departments/bureaus/divisions/sections); advisory council meeting (convened at least every three months and attended by the advisory council); and executive council meeting (convened and attended by the DPP at least once every three months).

Party members are generally supportive of the party's formal structure and procedures, but some members have expressed concern about the party's leadership. Most complaints tend to revolve around Gus Dur's highly personalized management style and his strong influence on members and decisions. His influence is reportedly exercised in the advisory council, which officially evaluates and approves all candidates for national public office. There is a paternalistic culture in the party, similar to the organizational culture of NU. Gus Dur is seen as the "father figure" and is reported to have significant influence in the selection of party leaders and candidates. The former president does not always prevail, however. Party members report, for instance, that Gus Dur's favored candidates are sometimes not selected and that branch officials sometimes thwart his preferences.

The official process of candidate selection is through musyawarah, although, as described above, party officials at the national level sometimes intercede. This most often seems to occur when the national party leadership favors a candidate who has the financial resources to fund his or her own candidacy. It has also been reported that, as in other parties, some candidates “buy” their positions.

Money Management and Party Financing

The general treasurer is the party’s highest financial authority. Budgets are reviewed and prepared on a monthly basis and reported to the party chairman. However, according to one official, “often only the treasurer knows where donations are received from.” Party spokespersons maintain that the party conducted the election period audit as well as the general annual audit, as required by law. It is unclear, however, if the party submitted its annual audit to the Supreme Court. Although party officials state that the party did not find the KPU audit process helpful, party officials view audits in general as essential to promote transparency and accountability within the party.

Party provincial offices operate autonomously and maintain independent bank accounts and petty cash. Each office can request financial support from the national party when necessary.

The PKB has concentrated fundraising efforts on contributions from individuals and businesses. PKB funds come primarily from: individual contributions, frequently from NU followers; fundraising events; in-kind contributions; and elected officials’ salaries (withholding Rp 2 million – around US\$225 – per month). Officials also acknowledge that the party accepts anonymous contributions. All contributions are supposed to be registered with the treasurer at each level in the party. PKB officials claim that they do not accept donations from businesses with a record of illegal activity or that have improper motivations.

Affiliations

The relationship between the party and NU is strong, but it is informal. NU originally launched PKB as a way of channeling its members’ political aspirations. In fact, NU members served as the party’s founding executive committee, and when the party was established, many members of NU joined PKB. There are no official structural or financial relationships between the party and NU. However, the party maintains a “broad political infrastructure through the regions... because of the NU” and the Islamic principles give the party “moral grounding.” PKB also recruits new members via the NU, although members

are not permitted to sit on executive boards or advisory boards of both organizations. Gus Dur's grandfather founded NU and the organization's leadership has always included members of his family.

The party is affiliated with "autonomous bodies," which assist in the implementation of party policies and serve as a source for recruiting new party members. The autonomous body for the youth segment is the *Gerakan Pemuda Kebangkitan Bangsa (GARDA BANGSA)* and the autonomous body for women is the *Pergerakan Perempuan Kebangkitan Bangsa (PPKB)*. Additional autonomous bodies can be formed according to need.

Party Rules and Disciplinary Procedures

Party discipline is outlined in the party bylaws as:

1. A member is prohibited from becoming a member of another party;
2. A member is prohibited from becoming a member of a social organization that has principles and/or objectives that are contrary to the principles and/or objectives of the party;
3. The members of executive councils must be subordinate to party leadership one level higher in matters that are not contrary with the bylaws.

Disciplinary sanctions are as follows:

1. A member can be temporarily suspended or dismissed because he/she committed an act contrary to the bylaws or he/she deliberately ignored his/her obligations as a member of the party, or he/she violated party discipline and/or tainted the honor and reputation of the party;
2. Before dismissing the concerned member, he/she is given a written warning three times by the executive committee where he/she is registered as a member (national, regional, branch, etc.). The interval of time for the issuance of the first written warning is at least two days;
3. In the event that after 15 days the last warning is still ignored, the concerned member can be temporarily suspended for three months;
4. In the event that during the temporary suspension, the concerned did not make a clarification to the party, he/she is automatically dismissed.
5. A letter of dismissal is issued by and based on the plenary meeting of the executive council where the concerned member is registered.
6. In the event that a member assumes a certain position in the party, the decision for the temporary suspension or dismissal will be issued by the executive council of the next higher level based on the proposal of the executive council where the concerned member is registered;

7. A member who is temporarily suspended or dismissed can defend himself/herself by submitting a request for a review to the highest deliberating forum in his/her area and/or to the executive council one level higher.

Most executive board members at all levels are aware of the party's codes of conduct. Most regular members do not, however, know about the code. The most severe sanction for a breach of the code is expulsion from the party.

Partai Amanat Nasional (National Mandate Party), PAN

Background

PAN was established in the aftermath of Suharto's departure from government and in response to the growing reform movement in Indonesia. Backed by public figures such as Amien Rais, current party chairman and speaker of the MPR, and Goenawan Mohamad, former editor of the national magazine *Tempo*, PAN was established as a political party in Jakarta on August 23, 1998.

PAN is closely affiliated with the second largest Muslim organization in Indonesia, Muhammadiyah, formerly led by Amien Rais. The party's platform includes respect for the sovereignty of the people; a commitment to democracy, progress, and social justice with roots in religious values; and the promotion of pluralism. The party supports non-sectarianism and non-discrimination and opposes forms of dictatorship, totalitarianism and authoritarianism. Unlike other Indonesian political parties, PAN has openly discussed the merits of a federal state.

The party's bylaws outline an ideology based on *Pancasila*, principles of faith and piety, peoples' sovereignty, justice and social welfare. The party's objectives include:

1. To establish the principles of faith and piety; to build an Indonesian society in possession of its own sovereignty, sense of identity, intelligence, and noble qualities.
2. To uphold justice; to strive for non-discriminative law enforcement in which all people are equal before the eyes of a judicial authority that is independent, just, timely, and cost efficient; to fight for a form of government that is clean, effective, and free from corruption, collusion, and nepotism.
3. To uphold the sovereignty of the people; to build the people of the New Indonesia on the basis of religious morality, and the principles of human rights and democracy.

4. To establish social welfare; to build a civil society that is free from suffering, fear, oppression, and violence; to strive for an economic policy with the interests of the economically unfortunate and support the goals of social justice and prosperity.

According to party officials, PAN is concentrating on strengthening its internal structure, improving communications with constituents at all levels, and establishing a positive image of the party across the country. These officials report that the party's strengths lie in the widely recognized leadership of Amien Rais, having ethical members and officials, and the fact that the party was established during the *reformasi* period. The biggest challenges identified by members of PAN are the lack of human resources and lack of experience running a party. The national congress and constitution are in place, but translating the rules into practice has proven difficult. As with most new parties, PAN members suggest that its inability to effectively monitor and evaluate the party and members' performances are the weak points in the party's organizational capacity.

Party's Perceptions of Corruption and the Political Party Environment

Party officials said that Indonesia is in a "crisis of corruption." Anti-corruption efforts serve as one of the party's strategic pillars, and the party has established an anti-corruption department. PAN advocates the establishment of an ombudsman office and an independent monitoring institution to help curb corruption in government. One official noted that bureaucratic restructuring should be implemented in concert with the enforcement of state officials' asset declarations.

Party Structure and Decision-Making

PAN's DPP consists of the general party chairperson, a general secretary, eight deputy general secretaries, a general treasurer, five deputy treasurers, and a special committee of nine "divisions" that oversee 36 different departments, which develop party guidelines and programs. The DPP is chosen and appointed at the national congress for five-year terms. The party also has bodies that represent party interests internationally. These bodies include: the international representative committee (*Dewan Perwakilan Luar Negeri* or DPLN), coordinator of international affairs (*Koordinator Luar Negeri* or KLN), and the division committee. The advisory council (*Majelis Penasehat Partai* or MPP) advises the party at all levels. The representative council (*Badan Perwakilan Partai* or BPP) monitors the implementation of all party resolutions at all levels. The ad hoc action committees (*Komite Aksi*) are responsible for the

execution of all public service activities. The representative council (*Badan Perwakilan Partai* or BPP) monitors the conduct and performance of all party authorities at all levels, addresses the aspirations of party members, and has the authority to recommend the reshuffle of party positions. The party's autonomous bodies are community-based organizations.

PAN plans to hold a national congress every five years to discuss working programs, select national leadership and set policy. The national congress, as the highest decision making authority, has the responsibility for adopting and amending the bylaws, formulating the "general course of action" of the party, and requesting and approving the accountability report of the DPP. Three representatives from each province and two representatives from each district have voting powers. These authorities are repeated at the provincial, district, sub-district and village conventions.

On a yearly basis, the party also convenes a *rakernas*, involving representatives from each level of the party, to design short-term plans and programs. Officials report that the national executive only influences programs if there is some political issue at stake. The DPP also holds regular plenary meetings. This structure is mirrored throughout the branches.

Leadership and Candidate Selection

Leaders at all levels of the party are selected through elections. The party respects the "one person one vote" principle when determining its leadership. There are two steps in the voting process. Nominees are selected and a vote is held among the top nominees at each level.

Candidates for elected office must complete the party's advanced training, contribute Rp 20 million (around US\$2,250) to the party, visit the region they will represent and prove their eligibility through lobbying. Branches reportedly play a significant role in this process. Each branch level votes on candidates, and the branch office the next level up approves the outcome. The national executive is not heavily involved in this process.

Money Management and Party Financing

The treasurer has the highest financial authority and is responsible for producing the party's financial statements. In practice, much of this work is assumed by the secretariat. The party provides a two-week accounting training program for the financial staff persons in the party. Treasurers at all levels of the party are volunteers with financial backgrounds, and the party reports that members managing party funds are highly skilled.

The party's budgets are based on yearly work plans, formulated in the *Rakernas*. Financial statements and reviews are made on a monthly basis, and the information is reportedly available to all members. Although PAN conducted audits for election expenditures, the party has yet to conduct the general annual audit, as required by law. PAN does not have a taxpayer identification number and does not pay sales taxes, an apparent breach of national tax laws.

Provincial branches of the party control their own budgets and the DPP does not provide them with funds. PAN provincial branches are supposed to conduct internal audits and submit them to the DPP every five years. These are not made public.

Funds are raised through member contributions, donations, MP salary withholding (20 percent), in-kind contributions, and fundraising events. Party executive members may receive contributions on behalf of the party, and, according to PAN officials, the party also accepts anonymous donations. PAN members claim that the party is cautious about receiving funds that may be used to influence a particular agenda. However, party officials report that most party members are considered idealistic and, thus, "lobbyists have difficulty pressuring them."

Affiliations

PAN was established by Muhammadiyah and retains close, if unofficial, ties to this organization. Currently, there is a debate within the party regarding this relationship. However, according to one official, "most agree that the party's support comes from the Muhammadiyah and it would be impossible to leave Muhammadiyah." Although Muhammadiyah officially prohibits political action by its members and does not promote party propaganda, many Muhammadiyah activists are involved in PAN.

The party also has a number of autonomous bodies for youth, campus students, labor, women, etc. The operating procedures of these bodies are rather fluid. The youth wing, for example, is called the *Barisan Muda* PAN (BMPAN) and takes guidance from the party but implements its own programs and receives some funding from individuals and entrepreneurs. Because of the independence of these bodies, they are, according to one member, "not tied to party rules and financial regulations." However, these organizations are supposed to present financial reports to the national congress every five years.

Party Rules and Disciplinary Procedures

PAN has a code of conduct within its party bylaws, and discipline procedures exist at all levels of the party. Members who violate the code of conduct receive two warnings to correct inappropriate behavior. If they do not correct the behavior, members are expelled from the party and must resign from their elected seats. PAN officials acknowledge that the law is unclear on whether or not the party has the authority to recall members from their elected seats. An expelled member can appeal to the national congress for reinstatement. Thus far, a minister of education, a minister of labor, a regional member and a Jakarta MP have all been disciplined but have not appealed. The most common violation is keeping donations intended for the party.

When recruiting new members, PAN uses criteria including loyalty to the party, skill in public speaking, a background in the “struggle” against the New Order, the capacity to mobilize people, a commitment to fundraising, success in local elections, and a strong constituent base.

Partai Persatuan Pembangunan (Development Unity Party), PPP

Background

The PPP was established on January 5, 1973 as a fusion of four Islamic parties (NU, Parmusi, Perti and PSII) existing at that time. The PPP’s literature emphasizes the need for a unified Indonesia with regional autonomy. Party officials state that, in accordance with Islamic principles, the PPP does not tolerate discrimination. The party platform includes:

1. Upholding and developing the Unitary State of the Republic of Indonesia.
2. Applying Islamic values in the life of the individual, society, nation and state.
3. Building Islamic brotherhood to strengthen the unity of Indonesians in all activities of the society and state.
4. Promoting an exemplary climate for the performance of worship and religious activities in conformity with Islamic teachings.
5. Extending and deepening the knowledge of the people concerning their rights and obligations as citizens of a democratic, independent and sovereign state under the rule of law.
6. Encouraging participation in the nation’s development by all members of society and seeking an appropriate balance between the spiritual and material facets of development.

7. Cooperating with all other political parties and social groups to achieve common objectives on the basis of tolerance and mutual appreciation and respect.
8. Bringing an end to atheism, communism, and other belief systems contrary to Islam and Pancasila.
9. Maintaining friendly relations between the Republic of Indonesia and other nations on the basis of mutual respect and cooperation for building lasting world peace.

Party's Perception of Corruption and the Political Party Environment

One party official stated that corruption in Indonesia is a cultural phenomenon, based on a history of “bad habits.” The party views the ideology of Islam, which stresses the need for strong moral character, as a remedy to corruption. Some PPP officials argue that many Indonesians are not taking Islam seriously and that they do not implement Islamic practices in their lives. As a result, the mandate of the party must be to educate people about Islam. Party officials state that internal party corruption issues are addressed through an open management structure that encourages transparency. Party spokespersons recognize that party reform efforts are appropriate, but that new laws should not be too radical and should promote equity among the political parties.

Party Structure and Decision-Making

The PPP's national congress elects the party's DPP members for five-year terms. A person can only be elected as general chairperson or general secretary of the DPP and DPW for a maximum of two consecutive terms.⁴⁴ The structure of the executive councils at the lower levels are the same as the DPP. The advisory councils – elected by and for all levels – evaluate, advise, and provide religious instruction. There are 35 advisory council members at the central, 25 members at the regional, and 20 members at the branch levels. At the national level, the expert council advises the DPP on political issues. It assists the DPP in formulating party policies, strategies, and programs.

The party convenes a national congress every five years to: formulate or amend the bylaws; evaluate the accountability report of the DPP; formulate the party program; elect the DPP members; select the leadership of the advisory council and expert council; and make other decisions as necessary. Within the national congress, discussion is delegated to commissioners, who then present the results to the plenary. National congress participants include: the DPP, advisory and expert councils, delegates of the DPW (chair, secretary and third elected delegate), branch delegates and MPR/DPR fraction members. Every participant has the right to speak.

Musyawah and voting are used to reach decisions at the plenary. In the past, the party chair unilaterally has made some decisions related to implementation matters, such as how to prioritize programs. These unilateral decisions have not been in areas of party policy or platform formulation.

National working conferences are held at least once between national congresses. The participants of the national working conference include the DPP, department chairs, the advisory and expert council, chairs and secretaries of the DPWs, and bloc leaders. Similar rules and regulations guide the regional, branch, sub-branch, and section working conferences. Leadership meetings are convened to discuss and coordinate the implementation of decisions. The party also holds extra-ordinary national congresses, as well as conferences and working conferences at the regional, branch, sub-branch, and section levels. The executive council at each level may also hold a leadership meeting.

Most national policies are selected by the DPP and ratified by the national congress. Branch members interviewed for this publication felt that they are able to influence many party decisions including determining delegates to the national congress, executive membership, candidate selection, and disciplinary actions.

Candidate and Party Leadership Selection

At the local level, party chairs are selected by *musyawarah* or a vote at each level's congress. An elected commission of members closely aligned with the new chair then determines who will sit on the executive council of the branch. During this process, a member from the next party level will observe and participate in the commission's work to ensure that party standards are met.

Any qualified party member can stand as a candidate for public office. Candidates are chosen from nominees suggested by the branch offices. In some regions, the party holds debates among candidates to explain the candidates' agendas and clarify intentions. The local committee then selects the nominee, through consensus, or voting if consensus cannot be reached. Officially, the DPP signs off on all candidates. Money politics was not viewed as a factor in the most recent candidate selection process, although members reported that money has influenced selection decisions in the past.

Money Management and Party Financing

The treasurer holds the highest financial authority and reports to the party management at daily, weekly and annual meetings. The treasurers at all levels are generally chosen for their professional skills. The party also has pro-

fessional accountants on staff. The party has conducted audits for the campaign period, as required, but it appears that it has not conducted the annual party audit. PPP makes financial reports monthly, quarterly and annually, and these reports are supposed to be crosschecked through an internal audit process. Although branch offices are also required to make financial reports, they are not obligated to submit these reports to the DPP unless requested. To date, the party's financial accounts have not been made public.

The PPP views itself as one of the most poorly-funded parties due to its "strict ideology." Currently, party funds are obtained from a variety of sources including members and support organizations, such as cooperatives, community groups, and charities. Contributions both in cash and in-kind are accepted. Some MPs provide salary withholding (the party recommends 30 percent), but this is not an obligation. Any member of party management may receive contributions on behalf of the party. The party does not report having a taxpayer identification number or paying sales taxes, an apparent breach of national tax laws.

Affiliations

The party is affiliated with a youth organization (GNPI), which recruits and trains young party members to be party leaders. The PPP is generally seen as a traditional party and has a new focus on youth recruitment to reinvigorate this image. Programs of the GNPI include seminars, discussions, and debates on economic and social issues. The GNPI receives financial support from the party but also raises its own funds. The GNPI works closely with the party's official youth department but maintains its autonomy in decision-making.

The party also has a loose relationship with the KNPI (Indonesian Youth Council), which is an umbrella association for many youth organizations. Students often find PPP through this network. The network includes the GNPI as well as other organizations, such as Nadhlatul Ulama, Muhammadiyah, and Islamic university student groups.

Party Rules and Disciplinary Procedures

There is a code of conduct within the party's bylaws, but some party officials consider it vague and difficult to enforce. Most executive council members are cognizant of the code of conduct, but this is not generally true for rank and file party members.

The disciplinary process at each level of the party first involves an investigation, followed by a forum to hear the case. The decision is reported to the next level where sanctions are determined. If corruption is determined, the offending member can be suspended from the party. There are milder forms of sanctions, depending on the nature of the infraction.

The party's bylaws briefly outline sanctions for party violations as follows:

1. A member can be temporarily suspended or dismissed because he/she committed an action that is contrary to the bylaws or he/she deliberately did not implement his/her obligation as members.
2. The decision for dismissal is issued by the DPP. A temporary suspension is issued by the DPW after three (3) written warnings have been issued to the concerned member by the DPD.
3. In the event that a member has a senior position in the party (DPP, Advisory Council, Expert Council, Bloc, Department/Institution, and other affiliates of the DPP) or outside the party, the temporary suspension and/or dismissal will be issued by the DPP.
4. The member who is temporarily suspended and/or dismissed has the right to appeal to the executive council one level higher.

In general, the party punishes misconduct only when it is first identified by the authorities and prosecuted. Party officials, however, report that they dismissed one MP who could not adequately account for a significant increase in personal wealth. PPP does not have the authority, according to the party's official interpretation of its regulations, to recall an elected official at any level.

Partai Keadilan (Justice Party), PK

Background

Partai Keadilan (PK) was established as an Islamic party in Jakarta on July 20, 1998. The party believes that religious principles are the key to improving good governance. The party advocates independent executive, judicial, and legislative institutions and supports the concept of a unitary state.

In order to reach the party's general goals, the following objectives were formulated: to create a government that is honest, clean, authoritative, and responsible based on the values of truth and justice; and to establish an independent "Islamic Society" that is based on a constitution that guarantees the rights of the people and nation of Indonesia.

The party's platform includes: establishing national stability by using mass media; the development of a strong civil society; improving the resource-based economy on principles of equality and gradual industrialization; and developing an independent agricultural sector.

Party Structure and Decision-Making

The national party structure includes the following: the *majelis syuro* (consultative council) responsible for moral and religious issues; the advisory council responsible for day to day political issues; the national *syari'ah* council; the DPP; and the party's institutions. The *majelis syuro* (the highest authority within the party) appoints the party's DPP, which includes the president, chairs, secretary general, general treasurer, and department chiefs. The DPP formulates the party objectives, decisions, and recommendations of the national congress; formulates clauses for the amendment of the bylaws and political policies; determines the annual budget and makes a final evaluation based on the financial report; formulates the periodic work plan as well as supervises and evaluates its implementation; and makes a "firm and wise" response against defamation, critics, complaints, and accusations related to the party.

The advisory council, composed of one third of the members of the *majelis syuro*, has the authority to: disseminate the decisions of the national congress and *majelis syuro*; direct and supervise the implementation of the decisions of the national congress and *majelis syuro*; respond, along with the DPP, to general problems and political changes at the regional level, Islamic world, or international level; hold the national congress and the sessions of the *majelis syuro*; recommend the policies for the general elections and determine the candidates for the MPR and DPR; appoint representatives in institutions, organizations and congresses in the country and abroad; ratify steps to implement the party work program; ratify the project budget proposed by the DPP before submitting it to the *majelis syuro*; ratify the proposed structure and personnel of the DPP; take firm actions against slander, critics, complaints, and accusations related to the party and its members; and form an ad-hoc commission composed of the members of the *majelis syuro* and experts in their fields.

The *syari'ah* council serves as an "instructing institution" (a *qadha* institution) whose decisions are binding. Members of the *syari'ah* council are appointed by the *majelis syuro* and include a chairman, vice chairman, and 15 members. The *syari'ah* council implements special duties mandated by the *majelis syuro* and also serves as a court of appeals. Specific duties include: providing an Islamic basis to policies and problems; guiding the regional *syari'ah* councils; reviewing unsettled cases in the *syari'ah* councils; conducting investigations on issues, complaints, and accusations related to party leadership

and submitting their results to the *majelis syuro*; taking action in accordance with Islamic principles on issues delegated by the DPP or regional *syari'ah* councils; formulating the program and annual budget of the *syari'ah* council and later submitting it to the *majelis syuro*; and submitting a work report every two months to the *majelis syuro*.

The DPP formulates its program and annual budget and submits this to the advisory council and submits proposed amendments on the bylaws. The DPP accepts *waqaf*, grants and funds that are voluntarily given; submits financial reports and final evaluations to the advisory council; proposes names of temporary candidates for the legislative members to the advisory council; and submits a work report every two months to the *majelis syuro*. The DPP directs, authorizes, and supervises structural institutions; forms and coordinates support institutions; authorizes the administrative structure of the DPWs; and supervises and evaluates the implementation of the annual work program of the DPWs and other related institutions. Operationally, the DPP implements the policies issued by the national congress and *majelis syuro*; publishes official statements; prepares cadres in various aspects; and coordinates party members in legislative, executive and judicial bodies.

The DPWs are composed of a general chairperson, several chairpersons, a secretary, a deputy secretary, a treasurer, a deputy treasurer, and several members. The DPWs implement party policies issued by the regional congress and DPP; formulate the program and annual budget at the regional level and submit these to the DPP; direct, authorize and supervise the subordinate structural institutions; prepare financial reports and final evaluations and submit them to the regional conference and the DPP; convene the sessions of the regional congress; and submit a detailed work report every three months to the DPP. The duties and authorities of the executive councils are mirrored at the lower levels.

Members of executive councils at all levels are restricted by term limits. The maximum limit for the chairperson of the *majelis syuro*, the chairperson of the party advisory council, the chairperson of the central *syari'ah* council, and the president of the party is two terms.⁴⁵

In addition to the official party departments supervised by the DPP, there are “autonomous bodies” that focus on specific issues (e.g., youth and women). The relationship between the autonomous bodies and the party is strong but not structured. The party departments issue guidelines, which are then implemented by these autonomous bodies. The budgets of these autonomous bodies come from donations, legal businesses, and some regular subsidization by the party. These autonomous organizations do not report

finances to the party, while the official departments must report both financial and program activities to the DPP via the Treasurer.

The party holds a national congress every four years to elect the president, outline the party's guidelines, and elect the *majelis syuro*. The national congress is attended by the DPP, both the national advisory boards, and representatives from each level of the party. Approximately 10 representatives from each province attend, including the provincial chair and additional representatives determined by the number of cadres in each province.

Candidate and Party Leadership Selection

One level of the party nominates candidates for party offices at the next level. For example, the districts nominate candidates for provincial posts. First, the capabilities of each candidate are reviewed and at the district level the candidate is asked if he or she would be willing to accept the position. Second, the chair at the provincial level (in this example) convenes a meeting among the executive board and two advisory boards to determine by consensus which nominees will be offered leadership positions. The national DPP is not supposed to influence these decisions, other than to issue guidelines on the basic criteria for selecting candidates.

Candidates for elected office are chosen through a consensus process that is also decentralized and similar to the process by which party leadership is selected. Candidates are nominated and then prioritized by the executive council and the two advisory boards at each level. Candidates are reviewed for their personal and professional capabilities. The final decision is made by the executive council of the level of the public office for which the candidate is being selected. While it was reported that the national DPP does not influence these decisions, because PK is a new and small party, the DPP usually is familiar with the candidates. One member reported that while this process is generally transparent, there was one example of a priority list that was reversed (the lead candidate was dropped down to a lower level in the list) and the reason was not made known by the executive council. There were no reports by PK members that money influenced the candidate selection process.

Money Management and Party Financing

The president and the treasurer hold financial authority for the party. The deputy treasurer for the internal division, the deputy treasurer for the accounting division, and the deputy treasurer for the system division support the treasurer. One secretary and one cashier assist this team. All treasurers are professional accountants. The treasurer manages incoming and outgoing funds.

Specifically, the use of funds not immediately used for party activities are determined by the *majelis syuro*. The treasurer is entrusted with the following responsibilities: to regulate party finances; to register party finances and record expenses and revenues; to supervise all types of financial activities and to report this to the DPP periodically; and to formulate the budget and prepare the final evaluation.

The deputy treasurers record and authorize internal funds, and the cashier manages petty expenses. However, rules and procedures regarding the transparency of the budget process are unclear. PK does not consider the party a corporate entity and only holds a certificate of establishment, and not a taxpayer identification number. As a result the party does not pay any sales taxes, an apparent breach of national tax laws.

Party funding comes, in part, from salary withholdings of elected officials (25 percent) and contributions. The majority of funding comes in small amounts from members. DPP members may receive funds on behalf of the political party, which must be reported to and recorded by the treasurer. The PK is attempting to separate funds for campaign purposes and routine expenditures through the creation of the general election fund-raising team (*Lapilu*), an autonomous team responsible to the party president. Party officials are generally confident in the party's accounting procedures, and claim that the party is not hesitant to conduct public audits as required.

The party receives funding from:

1. Fees, obligatory *infaq*, and *shadaqah* that come from the members.
2. *Infaq* and *shadaqah* from non-members.
3. Contributions and financial support that are either permanent or temporary from the society, individuals or bodies that are interested in the activities of the Party, as long as these are voluntary and not binding.
4. *Wakaf*, inheritance, and other grants.

Affiliations

PK does not have an official affiliation with any religious organization, but many of its members belong to Muhammadiyah.

The party engages in a number of work programs for disadvantaged youth. An example of this is a for-profit cardboard collecting program, from which any profit made beyond the small salaries and administrative

costs go back into the program. The party also conducts trainings in technical skills, such as computer processing. Participants are not required to be members of the party, but some young members join as a result of these activities.

Party Rules and Disciplinary Procedures

PK officials are quick to note the party's emphasis on morality and integrity. The party, they claim, places a strong emphasis on the quality of its human resources, and many members are public servants or social workers that join the party for its reputation for integrity. PK's constitution emphasizes the importance of moral and religious character. Party officials believe that members are very idealistic and difficult to influence through extortion or bribery.

The party has written codes of conduct for recruitment and candidate selection, and most active members know of these codes. The disciplinary process involves an investigation and report by the DPP, with verdicts given by the *majelis syuro*. There have been instances of regular members reporting directly to the *majelis syuro*. Thus far, cases have been of a personal nature (e.g., a husband mistreating his wife or a party member incurring excessive financial debts). Often the DPP will discuss the issue with the offender. There are no reported cases of corruption that have been subject to party discipline.

Internal Party Anti-Corruption Strategies

		Yes	No	Comments
1	Do party members elect national officials?			Most parties employ a consensus (<i>musyawarah</i>) process that begins at the branch level where nominees are put forward. The names then are reported upwards through regional offices to national headquarters. Voting at each level is only used when consensus cannot be reached. National leadership makes final determination in most instances.
	PDI-P		N	
	Golkar		N	
	PKB		N	
	PPP		N	
	PK		N	
	PAN	Y		PAN is the only party that reports using voting procedures regularly.

2	Do local party branches participate in candidate selection?			Often through the <i>musyawarah</i> consensus process.
	PDI-P	Y		The nomination procedure often begins at a lower level where a candidate is recommended to the next higher level.
	Golkar	Y		Party leaders are often chosen on the quality of their programs and the debates in their locality.
	PKB	Y		
	PPP	Y		One member reported that the branches have a high degree of influence.
	PK	Y		
	PAN	Y		
3	Are there regularly scheduled National Congresses?			
	PDI-P	Y		Convenes a congress every five years.
	Golkar	Y		Convenes a congress every five years.
	PKB	Y		Convenes a congress every five years.
	PPP	Y		Convenes a congress every five years.
	PK	Y		Convenes a congress every four years or as determined by the <i>Majelis Syuro</i> .
	PAN	Y		Convenes a congress every five years.
4	Can all members participate in selection of delegates to the National Party Congress?			The delegates for national congresses are selected through the consensus process so that each branch determines nominees that are then approved by the national office.
	PDI-P	Y		Branch office has high degree of influence.
	Golkar	Y		Branch office has high degree of influence.
	PKB	Y		
	PPP	Y		Branch office has high degree of influence.
	PK	Y		
	PAN	Y		
5	Are local party offices elected?			<i>Musyawarah</i> or consensus process is used in most instances and voting only occurs if

				consensus cannot be reached.
	PDI-P		N	Does not have formalized procedures for selecting candidates.
	Golkar		N	<i>Musyawarah</i> is used.
	PKB		N	The official process of candidate selection is through <i>musyawarah</i> at the branch level.
	PPP	Y	N	Local party chairs are determined by consensus or a vote at each level's Congress.
	PK		N	
	PAN	Y	N	Leaders in the party are determined at all levels by voting. The party respects the "one person one vote" rule when determining leadership.
6	Are there term limits for party officials?			
	PDI-P		N	
	Golkar		N	
	PKB		N	
	PPP	Y	N	Only two consecutive five-year terms.
	PK	Y	N	Only two consecutive five-year terms.
	PAN		N	
7	Does the party own businesses?			Law No. 2/1999 regarding political parties states, "Political parties shall be prohibited from incorporating enterprises and/or own shares of an enterprise."
	PDI-P		N	
	Golkar		N	
	PKB		N	
	PPP		N	
	PK		N	
	PAN		N	
8	Does the party refuse political contributions from certain sources?			
	PDI-P		N	Not explicitly stated.
	Golkar		N	Not explicitly stated.
	PKB	Y	N	Explicitly stated that the party refuses contributions from "conglomerates with a dark past" or that are conditioned on obvious political motivations.
	PPP		N	Not explicitly stated.
	PK	Y		Explicitly stated that the party would refuse money that was trying to influence party decisions negatively or against party policies.

	PAN	Y		The party is cautious about receiving funds that may be attempting to influence. Members are considered idealistic and difficult to influence.
9	Do party MPs have to donate part of their salary to the party?			
	PDI-P	Y		Rp two million (\$206) a month
	Golkar	Y		
	PKB	Y		Rp two million (\$206) a month
	PPP		N	Not required but it does occur and is normally 30% of salary.
	PK	Y		25% withheld from salary.
	PAN	Y		20% withheld from salary.
10	Does the party employ professional accountants to manage party funds?			
	PDI-P	Y		Does not yet employ professional accountants. Financial responsibility rests with volunteers.
	Golkar	Y		Treasurer general is highest financial authority in the party. Accountants serve on his staff.
	PKB	Y		Treasurer is the highest financial authority in the party. Two professional accountants report to him.
	PPP		N	Financial responsibility rests with the treasurer who is supported by volunteers.
	PK	Y		While the party does not employ professional accountants, the treasurers at each level are professionally trained accountants.
	PAN		N	It does not appear professional accountants are employed by the party. The treasurer is supported however by a four person team (presumably volunteers).
11	Does the party conduct an annual audit of its accounts?			Law No. 2/1999 regarding political parties requires a “financial report at the end of each year...(which) may be audited by a public accountant appointed by the Supreme Court.” To date, the Supreme Court has not requested these audits.
	PDI-P		N	The party reports that this audit

				has not been conducted.
	Golkar		N	The party reports that this audit has not been conducted.
	PKB	Y		But not made public yet.
	PPP		N	The party reports that this audit has not been conducted.
	PK		N	The party reports that this audit has not been conducted.
	PAN		N	The party reports that this audit has not been conducted.
12	Does the party disclose the sources of its funds and expenditures to members of the party?			This does not include anonymous donations, which do not appear “on the books.” Each branch also has an autonomous accounting system, limiting transparency.
	PDI-P			Conflicting reports from the party regarding access to financial information.
	Golkar	Y		Reports, “all members may know anything about the accounts.”
	PKB			Not clear from interviews.
	PPP			Not clear from interviews.
	PK			Conflicting reports from the party regarding access to financial information.
	PAN	Y		Reports an “open management” style wherein books are available to all members.
13	Does the party disclose the sources of its funds and expenditures to members of the public?			In theory, public audits are to be available to the public from the KPU. In practice, this is not the case.
	PDI-P		N	
	Golkar		N	
	PKB		N	
	PPP		N	
	PK		N	
	PAN		N	
14	Are party leaders required to disclose their personal assets?			All elected officials are required to disclose assets. Non-elected party leaders do not disclose assets.
	PDI-P		N	
	Golkar		N	
	PKB		N	
	PPP		N	
	PK		N	

	PAN		N	
15	Does the party have a code of conduct that is a) separate from party bylaws and that b) outlines violations directly relevant to corruption (i.e., money politics)?			Most party bylaws briefly outline party rules and disciplinary procedures that focus on party loyalty.
	PDI-P	Y		Issued a “Decision Letter Concerning Disciplinary Rules” on January 8, 2001.
	Golkar		N	No discrete document.
	PKB		N	No discrete document.
	PPP		N	No discrete document.
	PK		N	No discrete document.
	PAN		N	No discrete document.
16	Does the party have a formal disciplinary procedure for members who have engaged in misconduct?			Most party bylaws briefly outline party rules and disciplinary procedures.
	PDI-P	Y		
	Golkar	Y		
	PKB		N	
	PPP	Y		
	PK			
	PAN	Y		

CONCLUSION

There are many similarities among political parties in Indonesia. The parties, for instance, have similar organizational structures and decision-making processes. Five of the six parties emphasize the use of a consensus (*musyawarah*) process to determine leadership positions and candidates for national elections. Only PAN reported using a “one person, one vote” system consistently. Most party officials interviewed feel that their parties are consultative and democratic in their approaches and members have ample opportunities to voice their opinions. This opinion seems less widely shared among officials and members at the branch levels.

Every major party plans to hold regular national congresses and ad hoc executive meetings to determine national policies. National executive councils (DPPs) usually include a party president or chairperson, general secretary, treasurer, and additional chairpersons responsible for various departments. Five of the parties have clearly defined advisory boards (PDI-P, PKB, PAN, PK, PPP), although the influence of each varies. In general, the Islamic based parties utilize their advisory boards to a greater extent than the secular parties, with PK’s advisory board members actually intervening in members’ religious and personal lives by offering them religious and moral guidance on personal matters.

Each party has a treasurer responsible for financial activities. A financial department supports most treasurers. Two of the six parties (Golkar and PKB) have professional accountants on staff, while PK members responsible for financial systems are generally professional accountants by training. All parties conducted independent audits for the pre- and post-election periods as required by law. Only PKB noted that it has conducted the first regular annual audit as required, but it has not yet been made public or submitted to the Supreme Court.

Indonesian political parties raise funds in a number of ways. Most political parties require elected members to withhold a portion of their salaries for the party. This is the most frequently cited source of income. PPP is the only party that does not require a portion of elected officials' salaries to be donated to the party, although in practice MPs do contribute. Parties also expect members to donate "in-kind" for special events and programs. All Indonesian political parties receive donations and contributions from individuals and businesses.

Unfortunately, these funding sources are often not sufficient, and parties allegedly utilize a number of other techniques, some legal and some illegal. While all contributions are meant to be recorded, the regulatory limits on the maximum amount of any donation and the negative public perception of individual or business support of political parties encourage under- and non-reporting. Officials from all of the parties interviewed admitted accepting anonymous donations, which are illegal. As a result, none of the parties fully discloses the sources of its income to the public. Three of the six parties interviewed specifically stated that some donations were unacceptable. These donations were from large conglomerates associated with the New Order or contributors with political interests that the parties found offensive.

Weak accounting systems that fail to meet most professional standards are common among all the parties and one of the most significant obstacles to party transparency and accountability. A KPU assessment acknowledged that "most political parties did not have an appropriate bookkeeping system ... and reports [were] likely constituting only a fraction of political financial activity conducted by or associated with many, if not most, of the parties."⁴⁶

Without strong reporting, it is impossible to monitor or to be monitored. In general, across parties, three major deficiencies can be noted.

There is a disconnect between the financial systems of the national offices and the branches. All six of the parties interviewed have independent accounting systems and bank accounts at each branch level. Financial informa-

tion is not coordinated with the central headquarters. This “decentralization” of the parties has a number of consequences, not the least of which is the difficulty in making accurate financial assessments of the party as a whole. “There is no financial coordination between party headquarters and the branches,” reports one auditor. “Therefore, the auditors don’t have any financial records to audit. If there are any, they are insufficient.”

The parties’ organizational cultures do not promote strong financial professionalism. Parties often fail to recognize the importance of financial controls and have difficulty recruiting members or staff with accounting backgrounds. Furthermore, many parties did not clearly separate the political from the operational tasks of treasurers. Leading up to the 1999 elections, party treasurers, in fact, were often campaigning or attending to other organizational tasks and were rarely in their office to serve in their official financial oversight capacity.

Many standard professional practices are not routinely followed. Some major problems that were flagged by auditors include:

- Transactions were often not recorded;
- Donations were sometimes accepted without names, addresses or contact information (often only recorded as “Gift of a servant of God”);
- Benefits and in-kind contributions from individual members were frequently not recorded;
- Loans to the party, which are not limited by regulations, were a “loop-hole” in the law often used to circumvent legal requirements;
- There were few, if any, written standard party guidelines on accounting procedures;
- The parties used “drop” boxes for donations, thus encouraging anonymous contributions.

Finally, most of the parties have rules and disciplinary procedures within party bylaws that govern membership loyalty. Rank and file party members, however, are frequently unaware of them. PDI-P is the only party to have issued a discrete document concerning issues of money politics. A few parties, such as Partai Keadilan (PK), seem to have incorporated ethics criteria in the selection of candidates and party officials. Preventive measures are rare, and training in the party’s rules does not take place. Several party officials have identified this as an area for future improvement.

¹ These artificial political groupings, mandated by the government in 1975 (Law No. 4, 1975) represented Suharto’s vision of the nation’s major political divisions. Thus, Golkar (*Golongan*

Karya, or “functional groups”) was a collection of social groups that was organized by the military in 1964 as a means of checking the growing power of the communist party, and beginning in 1971 it became Suharto’s primary election vehicle; PDI (Indonesian Democracy Party or *Partai Demokrasi Indonesia*) was the result of the forced amalgamation of secular opposition parties; and PPP (Development Unity Party or *Partai Persatuan Pembangunan*) represented the opposition Islamic parties. Under the previous 1969 law, 10 political organizations were allowed to compete in the 1971 elections.

² Pre-modern anti-colonial movements were largely based on Islamic and Javanese traditions that did not emphasize the importance of nationhood and had no national agenda.

³ Pancasila’s 5 principles, first announced in a Sukarno speech of June 1945 and since then enshrined in the Preamble to the 1945 Constitution, are: faith in one God, humanism, national unity, governing through a consultative process, and social justice.

⁴ The idea of arming the communists as a “fifth force” was suggested to Sukarno by China’s Premier, Zhou Enlai, on his visit to Jakarta in April 1965.

⁵ It is still unclear if the coup was an attempt by communist sympathizers within the military to take over the government or whether it was in effect a “counter-coup,” an attempt by a group of military officers to thwart a potential coup that was to be initiated by anti-communist generals.

⁶ See Michael Maher, *Indonesia: An Eyewitness Account* (Victoria, Australia: Penguin-Viking Press, 2000), p.20.

⁷ Because the MPR includes all members of the DPR, military members of the DPR also serve on the state’s highest policymaking body.

⁸ The 2000 and 2002 Annual Sessions of the MPR adopted amendments to the Constitution effectively ending military appointments – indeed, all appointments – to the MPR and to national, provincial and district assemblies beginning in 2004. Active military officers were also prevented from occupying any public office.

⁹ After Indonesia’s first election in 1955, national legislative elections were held in 1971, 1977, 1982, 1987, 1992 and 1997. Each of these elections was followed by an MPR session to elect a president.

¹⁰ Golkar was initially called *Sekretariat Bersama Golongan Karya* (Joint Secretariat of Functional Groups). When it was established, 64 functional groups were registered with the government. A “functional group” is a mass organization, including civil servants, farmers, veterans, students, etc., which is recognized under Indonesian law. Under current law, and since the 1960s, such groups were awarded non-elective seats in the MPR. Following the 1999 elections, the Election Commission (KPU) determined which functional groups would be awarded seats and how many seats each group would receive.

¹¹ The election law is discussed *infra* in the Legal Framework section of this chapter.

¹² Law No. 3/1999, Articles 39 and 82, permits parties to compete in the election if they are: recognized under the political parties law; have a committee in one-third of the nation’s (then) 27 provinces; have a committee in more than one-half of the districts or regencies in those provinces; and have submitted their name and logo. Parties competing in the 1999 general election may compete in the next election if they obtain 2% of the DPR seats or 3% of the provincial and district DPRD seats that are spread over one-half of the provinces and one-half of the districts/regencies.

¹³ The term, “Islamic,” is, of course, imprecise. As used here, it refers to parties that: identify themselves as Islamic; mention Islamic principles in their platforms; use Islamic images or symbols as part of their appeal; or which draw their support primarily from Islamic mass organizations.

¹⁴ In the first scandal, “Buloggate,” it was alleged that money had been embezzled from the state’s logistics agency (Bulog); the second involved the President’s failure to account for a large financial gift from the Sultan of Brunei, ostensibly for the purpose of providing financial relief for persons displaced by the conflict in Aceh.

- ¹⁵ At the time of the Special Session, the Supreme Court in Indonesia did not have a broad right of judicial review, but the Chief Justice could issue non-binding advisory opinions under certain circumstances. During the MPR Annual Session of November 2001, however, the Third Amendment to the constitution was adopted, which contains a provision for a Constitutional Court and new provisions for the removal of the president and vice-president.
- ¹⁶ Transparency International, "Global Corruption Report 2001," Berlin, Germany.
- ¹⁷ Ahmad Taufik, Dwi Arjanto, and Adi Sutarwijono. "Injustice Rewarded Part III," *Tempo*, September 18-24, 2001, pp. 55.
- ¹⁸ International Institute for Democracy and Electoral Assistance, *Democratization in Indonesia: An Assessment*, Capacity-Building Series 9, 2000, p. 103.
- ¹⁹ Mydans, Seth. "Megawati Outlines Cures for Indonesia's Ills," *New York Times*. August 17, 2001.
- ²⁰ For a list of the anti-corruption laws adopted under the Habibie administration, see AusAid-MTI, Report: Mapping Anti-Corruption Efforts in Indonesia, 2001. Presidential Decree No.44/2000 established the National Ombudsman Commission.
- ²¹ Article 43 of law No. 31/1999 provides for an Independent Commission Against Corruption; Regulation No.19, 2000 provides for a Joint Investigating Team Against Corruption. See Aus AID Report
- ²² Dadan Wijaksana, Kurniawan Hari, "Officials guilty of 'KKN' face administrative penalties," *Jakarta Post*, November 8, 2001. The MPR decree strengthens measures to combat corruption by accelerating legal proceedings against government officials, especially accused law enforcement officials and state administrators; increasing public participation in observing and reporting corruption by state officials; and evoking, changing or replacing existing KKN regulations.
- ²³ Asia Watch, "Human Rights in Indonesia" Report, 1989, p. 208. Suharto also attempted to influence the media through his family members. By the early 1990s, for example, all three commercial television stations were controlled by Suharto family members. Michael R.J. Vatikiotis, *Indonesian Politics Under Suharto: The Rise and Fall of the New Order*, (London: Rutledge Publishers, 3rd edition), 1998, p.108.
- ²⁴ Fuller, Thomas, "Indonesia's Press, Free at Last, Turns to a New Page of Ethics Issues," *International Herald Tribune*, December 31, 1999.
- ²⁵ Human Rights Watch, "Indonesia: Aid Workers Executed in Aceh," New York, December 8, 2000.
- ²⁶ Human Rights Watch, "Indonesia: Violence and Political Impasse in Papua," New York, July 3, 2001.
- ²⁷ Human Rights Watch, "Indonesia Must Control Troops," New York, June 29, 2000.
- ²⁸ "Standing Orders of the People's Consultative Assembly of the Republic of Indonesia: As laid down in Decree Number II/MPR1999 as amended by Decree Number I/MPR/2000 and Decree Number II/MPR/2000. Unofficial translation.
- ²⁹ National Democratic Institute for International Affairs, "The New Legal Framework for Elections in Indonesia: A Report of an NDI Assessment Team," February 23, 1999.
- ³⁰ Law No. 2/1999 on Political Parties and No.3/1999 on General Elections.
- ³¹ National Democratic Institute for International Affairs, "The New Legal Framework for Elections in Indonesia: A Report of an NDI Assessment Team," February 23, 1999.
- ³² After the unsatisfactory experience with the KPU, another law establishing a new Election Commission (KPU) was adopted in 2000. The new commission consists of 11 members who are nominated by the president and approved by the DPR. KPU commissioners may not be civil servants, public officials or political party members.
- ³³ International Foundation for Election Systems (IFES), "Money Politics: Regulation of Political Finance in Indonesia," December 1, 1999. In 2002 and 2003, the exchange rate was around Rp 9,000 to the U.S. dollar.
- ³⁴ International Foundation for Election Systems (IFES), "Money Politics: Regulation of Political

Finance in Indonesia,” December 1, 1999.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Interview with Hadar Gumay of the Center for Electoral Reform (CETRO), July 27, 2001.

³⁹ IFES, “Money Politics: Regulation of Political Finance in Indonesia,” December 1, 1999.

⁴⁰ For a discussion of the origins of such groups, sometimes called “preman” (thugs), see Dr. Tim Lindsay, “State Loses Control Over Preman”, *The Jakarta Post*, March 19 and 20, 2001. For a recent survey of their relationships with parties, see Akuat Suprianto, “Paramiliter dan Demokrasi: Pemetaan atas Kelompok Paramiliter Lima Partai Politik Terbesar di Indonesia” (Paramilitaries and Democracy: A Mapping of the Paramilitaries of the Five Largest Political Parties in Indonesia), NDI Security and Democracy Lecture Series, Jakarta, November 2002.

⁴¹ The term “bylaw” in this chapter refers to any law or rule governing the internal affairs of a party. This includes party statutes.

⁴² Indonesian political parties use similar names for the executive council at each level: Central Leadership/Executive Council (*Dewan Pimpinan Pusat* or DPP), Provincial/Regional Leadership/Executive Council (*Dewan Pimpinan Wilayah* or DPW), District/Municipal Leadership/Executive Council (*Dewan Pimpinan Daerah* or DPD), Sub-district/Sub-Branch Leadership/Executive Council (*Dewan Pimpinan Anak Cabang* or DPAC) and Village/Section Leadership/Executive Council (*Dewan Pimpinan Ranting* or DPRt).

⁴³ For all the parties, “levels” refers to the different sections of the party hierarchy. There are district, provincial, regional, and national levels for all parties. The party maintains offices at each level.

⁴⁴ Unofficial English translation of PPP bylaws.

⁴⁵ Unofficial translation of PK bylaws.

⁴⁶ Unofficial translation of a KPU

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