

PARTNERING TO MAKE BUDGETS WORK FOR THE PEOPLE

Sekretariat Nasional Forum Indonesia Untuk Transparansi Anggaran (FITRA) - Indonesia

The Indonesian Forum for Budget Transparency (FITRA) was established in 1999 to promote the responsible management of public finances in Indonesia. Based in Jakarta, but with partners in 13 provinces and municipalities and a support network extending into 45 regions, FITRA conducts budget analysis and advocacy at the national, subnational, and local levels.

FITRA seeks to accomplish its mission of “realizing sovereignty of the people’s budget” through a variety of different campaigns. After conducting analysis of the planning, discussion, implementation, and evaluation stages of the budget process, FITRA works directly with regional legislatures to see how underfunded sectors, such as health and education, could be more effectively targeted. Its initiatives on gender responsive budgeting in West and Central Sulawesi are an innovative attempt to study the different impact budget proposals can have on men and women. FITRA is able to solicit advice from and make its work relevant to the public during conferences and meetings throughout Indonesia. The Indonesian Forum for Budget Transparency has recently begun taking on a more diverse range of nationally significant issues.

FITRA Pressures the Indonesian Government to Rescind Controversial Pay Raises

FITRA’s role in overseeing provincial level finances became increasingly important as Indonesia began to experiment with regional autonomy. Initial legislation empowered members of the Dewan Perwakilan Rakyat Daerah (DPRD), the local legislature, to determine their own salaries, pension benefits, and operating budgets. Stories of corruption and graft from some of Indonesia’s more remote provinces were common. Civil society organizations and the media became skeptical of the ability of the local governments to responsibly manage their finances and began to put pressure on some DPRD members to submit their budget and expenses for audit.

The controversy over regional budget outlays peaked in 2006 with the passage of Government Regulation Number 37 (PP 37), which provided additional retroactive income and funding for all DPRD members in Indonesia. The measure included a salary increase for legislators, as well as a communications and operational support allowance. In the context of its work to promote budget transparency in the various provinces, FITRA decided to examine the rationale for and policy implications of the DPRD funding increases. The results were striking. FITRA calculated that from 2005



INDONESIA
Open Budget Index 2010
Overall Score: 51
Government provides some information to the public on how it manages public resources.

Availability of budget documents critical for effective public input:	
Pre-Budget Statement	Yes
Executive’s Budget Proposal	Yes
Citizens Budget	No
Enacted Budget	Yes
In-Year Reports	No
Mid-Year Review	Yes
Year-End Report	No
Audit Report	Yes
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to 2006 DPRD total benefits would have increased by 306 percent for chairpersons, 266 percent for deputy chairpersons, and 136 percent for members.

The law was to be applied nationwide with no consideration given to the ability of each province to afford it. In many poorer regions, increased spending on DPRD operations under PP 37 would result in money being funneled away from already severely deprived education and health sectors. In the Polmas District, for example, the local government would be forced to spend up to 30 percent of its income to provide for the total DPRD allowance, while only 11 percent would be allocated towards basic human services. PP 37 was not only thought to be unwise policy but was also of dubious legality. FITRA pointed out that the retroactive nature of the regulation could violate legislation on budget management in a number of regions. The judiciary, which was unable or unwilling to challenge the power of the DPRD, would not consider this argument.

As a response to what it saw as the corruption and arrogance of the DPRD, FITRA established the National Coalition against Government Regulation 37, consisting of at least 45 NGOs (nongovernmental organizations) from all over Indonesia. The coalition coordinated a media strategy to broaden its reach at both the national and local levels. Members of the coalition, including the FITRA National Secretary, were invited by the media to offer comments and updates on the movement. Supporting articles were published in newspapers, including "Digging Regional Parliament's Grave" in *Kompas* daily and "Awaiting Susilo Bambang Yudoyono's (In) Decisiveness" in *Seputar Indonesia* daily. The coalition also gained the support of interfaith figures such as the chairperson of Nahdathul Ulama and a leading Catholic cleric. Both agreed to appear in a press conference in support of the National Coalition against Government Regulation 37. The movement against PP 37 lasted about 2 months and culminated in large public demonstrations in front of the State Palace, Home Affairs

Ministry, and the Supreme Court. Finally, a letter was sent to the president demanding the annulling or revocation of Government Regulation 37.

Under intense pressure from the National Coalition against Government Regulation 37, the president of Indonesia assembled a panel to review the measures and decided to annul the retroactive communications and operational provisions of the law. DPRD members were required to return funds already disbursed, and DPRD budgets are now allocated to reflect regional fiscal capacity. FITRA's actions with the National Coalition were directly responsible for the DPRD returning US\$155.4 million. FITRA demonstrated an exceptional capacity for mobilizing its grassroots network against the overreach of the DPRD and was ultimately successful in achieving its goals. The Indonesian Forum for Budget Transparency hopes to build on the experience it gained from the campaign and will continue to fight for accountability in Indonesian democracy.

FITRA's Participation in the Partnership Initiative

The civil society budget movement in Indonesia is widespread, diverse, creative, and supported by several donors. The Partnership Initiative's strategy in the country has been to support the budget transparency movement as a whole, rather than provide grants to individual organizations. This method fosters learning and cooperation among organizations in Indonesia, as well as within the PI network. All of the five partners in Indonesia, including FITRA, have a strong community participation link and will benefit from the technical and organizational capacity of the network. By becoming a PI partner, FITRA hopes to expand on its ability to do budget monitoring and help contribute to the strengthening of Indonesian democracy.

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The IBP's Partnership Initiative is a collaborative effort that seeks to enhance the impact of civil society budget work in selected countries of Africa, Asia, and Latin America. The initiative strives to contribute to the development of sustainable institutions; to increase public access to timely, reliable, and useful information; to enhance the effective participation of civil society in policy and budget processes; and to establish a platform of good practices on which future generations of civil society can build.