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**Examining The Role of Foreign Assistance  
in Security Sector Reforms:  
The Indonesian Case**

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## ABSTRACT

Indonesia and the donor community are agreed that security sector reforms are needed to restore investor confidence and sustain the pace of economic recovery. However, donor-assisted programmes have had only a limited success so far and the army's post-Suharto reforms appeared to have ground to a halt. This paper offers some suggestions on how to restore the momentum for reform in the light of donor limitations, the military's historical circumstances and the current mood of intense nationalism. Donors should initiate a quiet Track II (non-official) dialogue with the military, the police, the civilian authorities and civil society to scope out a doable programme of cooperation. The issue of civilian supremacy should be dealt with pragmatically, allowing for a process of negotiation to find an effective working relationship between civilian and military authorities. The dialogue should frame the reform process as a burden for the entire society, reminding civilian leaders that they too have a responsibility to improve their performance and demonstrate their ability to oversee military affairs capably and fairly. Since U.S. assistance to the Indonesian military is likely to remain constrained, the paper proposes a "military donors club" that can expand the donor base and work informally with the World Bank-led Consultative Group on Indonesia. The dialogue should deal creatively and patiently with two of the most vexing issues relating to the army – restructuring its network of territorial commands and phasing out its controversial tradition of self-financing. This could be a difficult learning process for both sides of the civilian-military divide that could last a decade or more.

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# EXAMINING THE ROLE OF FOREIGN ASSISTANCE IN SECURITY SECTOR REFORMS: THE INDONESIAN CASE

## Introduction

The Consultative Group on Indonesia, the World Bank-led consortium of donors, made concerns about the country's security a major part of the agenda during its last annual meeting in Bali in January 2003. This is hardly a subject that the usual CGI attendees are comfortable with but it was forced on them by terrorist bombs that just three months before had shattered the tranquillity of this tourist haven and claimed more than 190 lives, mostly those of Australian and European visitors.

For the donors, the Bali bombing was a shocking reminder that Indonesia's investment climate would not improve unless it can adequately protect the lives and property of its citizens and visitors. They urged the Indonesian government to step up its efforts to deter this kind of horrific violence, and Dorodjatun Kuntjoro-Jakti, Indonesia's coordinating minister for the economy, in turn pleaded for help in "upgrading security, including training and equipment for the institutions involved." There was a general agreement among the donors to do what they can to provide this help.<sup>1</sup>

This paper offers some suggestions on how the donor community can make good on this commitment. It takes a brief look at some of the current donor activity in this field but also proposes a more thorough survey of these programmes to determine which are delivering the best results. It urges the donor community to open a dialogue with the Indonesian principals – the civilian and military authorities, the relevant parliamentary bodies and representatives of civil society – on what goals they can agree on and how these can be achieved. It proposes a multilateral framework for the provision of assistance which could encourage a high degree of complementarity among bilateral programmes and spread the financial burden through an expanded donor base. It finally calls for a patient and culturally adaptive approach to this kind of reforms in a new democracy such as Indonesia, and cautions that donors should be prepared for a bumpy stop-and-go pace

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<sup>1</sup> Opening statement of the Coordinating Minister for Economic Affairs at the 12<sup>th</sup> annual meeting of the Consultative Group on Indonesia, in Bali, 21 January 2002. Also, World Bank news release on 22 January summarizing the outcome of the meeting.

and results that at least in the near term may be short of the western models of civil-military governance.

## **The Historical Background**

At the height of the Cold War, the primary object of western military assistance to allied or friendly countries was to help them deter aggression from communist or other hostile states. In the case of some Southeast Asian recipients, it was also intended to strengthen their ability to resist internal subversion, particularly during and immediately after the Vietnam War.<sup>2</sup> After the dissolution of the Soviet bloc, the threat of external aggression receded for most of the aid recipients and donors began to key on programmes aimed at raising standards of professionalism, civil-military governance and respect for democratic processes and human rights.

In the late 1990s, the academic community identified this field of activity generally as “security sector reform,” placing under this rubric not only conventional arms-and-training packages for the military but also police retraining, civilianising intelligence services and creating the civilian structures for overseeing the security services. In a seminal paper, Theodore H. Winkler, the director of the Geneva Centre for the Democratic Control of Armed Forces, argues that to be effective this approach should involve multiple layers of government from the political leadership down to the military police and border guards. This is “not a one-off action and must be understood as a process,” he wrote.<sup>3</sup>

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<sup>2</sup> For accounts of how military assistance anchored U.S. security relations with Thailand and the Philippines, see Karl D. Jackson and Wiwat Mungkandi (eds), *United States-Thailand Relations*, Institute of East Asian Studies, University of California, Berkeley; and U. Alexis Johnson with Jef Olivarius McAllister, 1984, *The Right Hand of Power*, Englewood Cliffs, N.J. Prentice-Hall.

<sup>3</sup> From “Managing Change: The Reform and Democratic Control of the Security Sector and International Order,” a working paper by Theodore H. Winkler, Geneva Centre for the Democratic Control of Armed Forces, October 2002. Dr. Winkler reports that the term “security sector reform” is of comparatively recent coinage, appearing first in a 1997 U.K. Department of International Development White Paper, Clare Short, *Eliminating World Poverty: A Challenge for the 21<sup>st</sup> Century*. As Dr. Winkler defines it, security sector reform has five separate but interrelated elements:

- a. The reforms are guided by political leadership, according to democratic principles and the needs of state and society.
- b. The starting point is a broad view of the term “security” including military, societal, economic and environmental security risks.
- c. The reforms include all services, military police, intelligence agencies, state security, paramilitary organizations and border guards.

This paradigm shift has affected Indonesia more profoundly than most other recipients of U.S. and other western military aid.

Until the last decade the United States was the primary provider of military assistance to Indonesia. In the mid-1980s, despite the absence of a mutual security treaty with Washington, Indonesia was the third largest recipient of Foreign Military Sales financing in Southeast Asia, obtaining as much as \$45 million a year. However, as a user of U.S. International Military Education and Training (IMET) benefits, Indonesia topped all other Southeast Asian countries. In the 1980-81 U.S. fiscal year, Indonesia was the world's largest IMET recipient with grants totalling \$3.1 million. Since the 1950s more than 3,000 Indonesian officers, including many who later went on to take prominent roles in military and political affairs, participated in IMET or its predecessor programme.<sup>4</sup>

For a relatively modest investment in IMET, the U.S. has been well rewarded by the exposure of thousands of foreign students to the "U.S. military establishment and the American way of life, including democratic values, respect for internationally recognized norms of human rights, the concept of civilian control of the armed forces and respect for the rule of law," reports John Haseman, a retired U.S. Army colonel who managed Indonesia's IMET programme at its height. To U.S. policy-makers, the programme is even more valuable as a means of establishing personal relations with members of the politically influential Indonesian armed forces.

Australian historian R.E. Elson notes that between 1956 and 1959 more than 200 high-ranking Indonesian officers trained in the U.S. as well as hundreds of other lower-

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- d. Security sector reform is not a one-off event but a continuous process. It is not a goal in itself but aims at providing security both to the state and to its citizens.
  - e. The reforms concern both the organization of the security sector (legal framework, structure of institutions, division of labour) and the human dimension of the security sector services – that is, creating services staffed with professionals.

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<sup>4</sup> A history of the stops and starts of the IMET programme can be found in a monograph prepared for the U.S.- Indonesia Society by John Haseman, a retired U.S. Army colonel and former Defence and Army attaché (1990-94) at the U.S. Embassy in Jakarta. A table comparing U.S. military assistance to Indonesia and other ASEAN countries in that period can be found in Donald E. Weatherbee, "U.S. Perspectives on ASEAN and Regional Security" in Jackson and Mungkandi.

ranking officers but Suharto, then a little-known division commander, was not one of these trainees. It is an intriguing thought how Indonesian history could have been different if Suharto had gone and been exposed early in his career to American military culture and the American political system.<sup>5</sup>

Reports of serious misconduct by the Indonesian military in East Timor caused the U.S. Congress to step in and severely restrict the application of the programme. Since 1993, the programme has been subject to periods of suspension, contraction or substitution with less controversial ones. Following President Suharto's cancellation of purchases of U.S. F-16 fighters, the United Kingdom took over as Indonesia's leading arms supplier and its own military education programmes along with the contributions of other countries have served as a virtual substitute for IMET.

The end of Suharto's New Order regime left the Indonesian military disgraced and demoralized and struggling to find its bearings. The violence inflicted on East Timorese by army-organized militia in the aftermath of the 1999 referendum on the territory's future further lowered the military's standing in both domestic and international opinion. This clearly was a military that badly needed to change the way it did its business.

Reform, however, has come only episodically and without sustained momentum. This is an unusually painful process for the military because it means giving up a legacy of extraordinary entitlement based on its historic role as a "people's army" and cofounder with civilian leaders of the Indonesian republic. In addition to its security responsibilities, the armed forces claimed a socio-political role which allowed officers to take prominent non-military positions and to operate foundations and enterprises for the ostensible purpose of supplementing officially budgeted funds. There were early attempts by reform-minded officers to curb the abuses of this so-called "dwifungsi" (dual function) system but the institution could not muster the will to make the reforms stick until after President Suharto was forced out of office amidst the tumult of the Asian financial crisis.<sup>6</sup>

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<sup>5</sup> R.E. Elson, 2001, *Suharto: A Political Biography*, Cambridge, England: Cambridge University Press. Elson suggested that Suharto was never selected for a career-enhancing IMET scholarship because of his "relative lack of sophistication, his inability to speak English, and perhaps a perception in Jakarta that his career would never rise to significant heights."

<sup>6</sup> The internal debate within the Indonesian officer corps over the proper interpretation of dwifungsi is recounted in a number of excellent histories including David Jenkins, 1987, *Suharto and His Generals*:

In the immediate aftermath of Suharto's departure the military chief Gen. Wiranto announced a major programme of reform called the *Paradigma Baru* (New Paradigm). This most serious attempt yet to remake the security establishment separated the police from the armed forces, cut loose the military's partnership with the Suhartist political party Golkar, and required officers to retire from the service before they could take civilian careers. The reform movement reached its peak during the administration of Abdurrahman Wahid who, breaking with tradition, named a civilian defence minister and placed a navy admiral as the head of the armed forces. More recently, the Tentara Nasional Indonesia, as the military is now called, agreed to give up its quota of 38 seats in the national parliament in 2004. University of California Los Angeles historian Geoffrey Robinson attributes these moves towards greater civilian power to an emergent and assertive civil society, the willingness of civilian leaders to stand up to the military, some "honest soul-searching" within the TNI's own ranks and the uprise of international opinion supporting good governance and human rights.<sup>7</sup>

Recently, however, the enthusiasm for transformative change appears to have ebbed for a number of reasons that need to be seriously examined. In their recently published Rand Corporation study on the TNI, Angel Rabasa and John Haseman noted a "curious reluctance" on the part of the army to engage in internal security operations, allowing "sectarian and religious violence to rage almost uncontrolled for weeks, and in some cases for months." They attribute this risk-averse passivity to a newly-acquired sensitivity to criticism about the TNI's treatment of human rights.<sup>8</sup> Other observers detect a lack of trust in the ability of civilian leaders to exercise fairness and objectivity in dealing with military affairs.

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*Indonesian Military Politics, 1975-1983*, Cornell Modern Indonesia Project, Ithaca, N.Y.; and Adam Schwarz, 1996, *A Nation in Waiting*, St. Leonard, Australia Allen & Unwin.

<sup>7</sup> Robinson, 2001, "Indonesia: On a New Course?" in Muthiah Alagappa (ed), *Coercion and Governance: The Declining Political Role of the Military in Asia*, Stanford University Press, Stanford, California. For other accounts of the development of the reformist doctrine *Paradigma Baru*, read Damien Kingsbury, 2000. *The Politics of Indonesia*, 2<sup>nd</sup> Edition, Oxford University Press, and Marcus Mietzner, "From Soeharto to Habibie: the Indonesian Armed Forces and Political Islam during the Transition," in Geoff Forrester (ed), 1999, *Post-Suharto Indonesia: Renewal or Chaos?*, New York, St. Martin's Press and Singapore, ISEAS.

<sup>8</sup> Angel Rabasa and John Haseman, 2002, *The Military and Democracy in Indonesia: Challenges, Politics and Power*, Santa Monica, California: Rand Corp.



Indonesia missed an opportunity to bring closure to suspicions of army complicity in the militia rampage that killed more than 1,000 civilians in East Timor after the province voted for its independence in 1999. Reform advocates were disappointed that a human rights tribunal convicted only a handful of 18 military and civilian individuals implicated in the violence and failed to bring any of the army's top generals to account. Many defendants got off because judges were ill-prepared to handle the evidentiary complexity of these cases and some witnesses may have been intimidated into silence. Separately, East Timor prosecutors indicted Gen. Wiranto and six other senior military commanders but this process is virtually powerless to bring any of them to an actual trial.

East Timor thus served only to increase the army's reputation for impunity, whether deserved or not. The army appears generally guilt-free about its role in East Timor and in other violent episodes going back to the Suharto era. Gen. Wiranto's lamentation, "We, too, were victims of the New Order," expresses the belief of many officers of his generation that the army was forced or seduced by the president and his family to be complicit in corrupt actions. Other officers in private conversation question why the armed forces alone should be punished for the sins of the entire society.<sup>9</sup> It is common to hear from close observers of the TNI that they can find supporters of reform only among the most senior officers or among the recently retired ones. The presumption is that younger officers are less enthusiastic about change because they are still waiting for opportunities to enrich themselves once they rise higher in the chain of command. This is, of course, an unprovable smear on a whole generation of future military leaders. But the anecdotal evidence so far suggests that the post-Suharto reforms are losing steam if not dead in the water. It may take a fresh set of civilian leaders or further nudging by the donors to revive the momentum.

One reason for the stasis may be the fact that early TNI reformers like Agus Widjojo and Susilo Bambang Yudhoyono have retired from active duty or moved on to civilian positions where they can no longer drive the thinking of the officer corps. The current army commander, Gen. Ryamizard Ryacudo, is a tough-as-nails conservative

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<sup>9</sup> Typical of the prickliness of the TNI officer corps on this subject were the remarks of Maj. Gen. Sriyanto Muntasram, commanding general of the elite Kopassus, or Special Forces, in a January 2003 interview with *Tempo*. Denying reports that Kopassus is seeking to regain the political muscle it had during the Suharto era, he said it was not just Kopassus that had to bear responsibility for the sickness in the society but "the whole nation. Kopassus has been made the scapegoat (*kambing hitam*) for the nation's ills."

unwilling to give up the army's increasingly redundant network of territorial posts as some reformers have urged. This reorganization would wipe out in a stroke scores of billets for generals and attenuate their paths for promotion.

The army, moreover, hasn't seen much cause to fully trust civilian leadership. It blames former President B.J. Habibie's surprise call for a referendum on East Timor's status for the loss of that province. There is also some heartburn about former President Abdurrahman Wahid's decision to separate the police from the armed forces, and about President Megawati's acquiescence to foreign mediation of the conflict with the Aceh Freedom Movement or GAM. The hard-core TNI view is that only military force can defeat this separatist movement. At the time this paper was being written the cessation of hostilities agreement brokered by the Henry Dunant Centre was in danger of collapse because of alleged GAM violations. A return to hostilities could further retard progress towards military and police reforms.<sup>10</sup>

The run-up to the 2004 presidential elections has the effect of strengthening the TNI's hand in protecting its interests and making it less willing to give up more of its prerogatives. It is inconceivable that President Megawati will not continue to seek the TNI's support for her re-election campaign. Other political parties looking to expand their legislative holdings have a similar desire. The TNI casts a political shadow not only through its formal presence in all the provinces and regencies but also through its retirees who serve as governors and other local officials.

### **The Current programmes**

A definitive assessment of the effectivity of donor participation in this field will have to await a more rigorous examination than what is offered in this paper. From publicly available information and informal inquiries, however, it is clear that U.S. restrictions against directly assisting the military continue to affect the nature of donor activity. Donors currently channel a disproportionately large portion of aid in this sector

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<sup>10</sup> Conveying the gist of his conversations with TNI sources during a recent field trip, Ohio State University professor William Liddle told a U.S.-Indonesia Society forum that the army has a "growing catalogue of grievances" against civilian politicians including all these supposed derelictions as well as unabated corruption and a hasty decentralization process which undermines army influence in the provinces.

to the Indonesian police which now operates separately from the military. The U.S., for one, is considering allocating as much as \$10 million for assistance to the police and just \$400,000 for the revival of IMET support for the military. The Japanese and European aid programmes also are designed primarily to help upgrade police capability and have little or no comparable interest in the military.

The U.S. funding preferences are to a large extent a reflection of the explosive growth of rule-of-law programmes of which police reform is an important subset. David H. Bayley, an authority on these international programmes at the State University of New York at Albany, estimates that the U.S. spent almost \$1 billion on these activities from 1994 to 1998 and \$75 million on international police deployments in the 2000 fiscal year alone. Much of the specialized training of foreign police is undertaken through the International Criminal Investigative Training and Assistance Program (ICITAP) which Bayley describes as a “jerry-built agency – organizationally located in the U.S. Department of Justice, funded by the U.S. Agency for International Development and supervised by the U.S. Department of State.”<sup>11</sup>

The Indonesian police is clearly deserving of whatever support the international community can spare. Immediately after the Bali bombing, most Indonesians appeared to have swallowed a prevailing conspiracy theory about the blast being the work of the U.S. Central Intelligence Agency. But irrefutable evidence turned up by the police investigation have made more citizens aware that the roots of this violence lie within their own community.<sup>12</sup> The apprehension of as many as 31 Bali bombing suspects to date, some linked to the Jemaah Islamiyah network, demonstrated how quickly the police can respond to a serious terrorist threat with the assistance of U.S., Australian and other foreign police agencies. This foreign assistance could not have been timelier. The International Crisis Group, which has delved into the murky history of this radical group which first gained notoriety by attacking Christian churches and priests, reports that it is now making the U.S. and its allies its main targets.<sup>13</sup>

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<sup>11</sup> Bayley, David H., 2001, *Democratizing the Police Abroad: What to Do and How to Do It*, Washington D.C., National Institute of Justice.

<sup>12</sup> From a talk before the U.S. Indonesia Society on 16 January 2003 by Indonesian ambassador to the U.S., Soemadi Djoko M. Brotodiningrat.

The Indonesian national police (Polri) is getting by far the larger share of foreign assistance in this field. Donor agencies say that it attracts as much as \$50 million a year in grants and technical assistance. The U.S., the Netherlands, Australia and New Zealand support training programmes while Britain and Japan provide models for community policing. Some of the Japanese funds go into upgrading equipment for forensic investigations and communications. The police is also getting the close attention of the Partnership for Governance Reform, a donor coalition with a cross-cutting agenda led by the United Nations Development Programme, the World Bank and the Asian Development Bank.

There is no questioning the importance of raising the capability of the police, given the immediate danger of home-bred terrorism. This kind of criminal activity is more effectively countered by sustained police work than by conventional military deployments. Comparatively little is being done to help the TNI proceed along a similar track of modernization and structural reform. The paucity of programmes specifically for the TNI is a reflection both of tepid donor interest as well as the military's ambivalence towards further reforms.

There remain modestly-funded programmes for military scholarships and exchanges and technical assistance in key functions like budgeting, auditing and legislative affairs. Indonesian officers are currently restricted by law from receiving IMET support for participation in U.S. military training although exceptions can be made for special courses on civil-military relations and counter-terrorism at the Naval Postgraduate School in Monterey, California.

Although it cannot assist the TNI directly, the U.S. Agency for International Development is active on the civilian side of the civilian-military relationship. These programmes have had some limited success. In 2001, a USAID-assisted team of civilian military experts drafted defence-related legislation which the parliament chose to adopt instead of the TNI's original submission. This little-noticed event "ended decades of TNI-dominated defence- and security-related legislation" in the assessment of a USAID

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<sup>13</sup> Indonesian Backgrounder: How the Jemaah Islamiyah Terrorist Network Operates, International Crisis Group, 11 December 2002.

programme manager. The U.S. agency is also supporting civilian participation in the drafting of a defence white paper which civilian reformers have sought for some time.<sup>14</sup> If the drafting exercise succeeds, it could help provide definition and transparency to the TNI's missions for the first time and take the TNI a step closer to the practices of democratic societies.

A third USAID project is aimed at encouraging civilian-military collaboration in rewriting TNI doctrine. Little is publicly known about this sensitive enterprise. The TNI's original doctrine of "hankamrata," or total people's defence is based on the young Republic's fears that it might have to fight a guerrilla war to defend its independence and territorial integrity. This doctrine has been invoked by the TNI to justify the wide dispersal of small units across the archipelago and as far down as the village level, almost matching the civilian political structure. Some civilian critics believe that this doctrine is already outdated – Indonesia is under no serious threat of invasion – and that whatever separatist inclinations remain can best be countered by political and economic means. The Suharto-era doctrine of developmentalism (*pembangunan*) is deemed by these critics an anachronism given the TNI's well-considered decision to give up its institutional role in politics.<sup>15</sup>

The extent to which USAID-assisted reindoctrination is sinking in remains questionable, however. A TNI-drafted armed forces bill that was submitted to the president has stirred controversy because one of its provisions (Article 19) authorizes the TNI chief to deploy troops in an emergency without having to inform the president within 24 hours of the troop movements. The offending provision is not likely to be approved in its original form nor does it suggest the existence of a plot to seize power from an elected

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<sup>14</sup> A preliminary accounting of these USAID programmes can be read in "Military Reform and Civilian Conflict," by Marcus Mietzner, 2002, in *Development Alternatives*, Volume 8, September.

<sup>15</sup> The TNI was not the only Asian military that holds "total defence" as a doctrine. Singapore adopted the concept in 1984 on the belief that it can survive a war only if the entire society – and not just the armed forces – is prepared to act in its defence. The Thai army with the explicit support of the U.S. embraced a doctrine of "developmentalism" as part of its counter-insurgency strategy during the Vietnam conflict. See Tai Tong Tin, "Singapore: Civil-Military Fusion" and James Ockey, "Thailand: The Struggle to Redefine Civil-Military Relations" in Alagappa, 2001.

government. But the mere release of such language betrays insensitivity on the part of its drafters to civilian concerns about the proper role of the military.<sup>16</sup>

A more thorough survey of donor activity can determine whether comparable programmes offered by other countries are enough to make up for the limitations in U.S. assistance. In 2001, Britain announced a \$750,000 programme to support “reform of the security sector” in Indonesia and a separate outlay of \$46,500 to help “enhance transparency and accountability” in the national police.<sup>17</sup> The British Ministry of Defence also encourages exchange visits with Indonesian counterparts as part of its “defence diplomacy.” Australia like Britain continues to reserve a few seats in its military schools for Indonesian officers. A \$10 million grant that Australia is providing to bolster Indonesia’s security would not go to the armed forces but to support civilian functions like improving airport security and immigration and customs procedures and stemming the flow of money to terrorist organizations.

The Partnership for Governance Reform promises the kind of wide-reaching engagement with Indonesian society needed to advance security sector reforms. Its proposed activity includes “interventions in critical but sensitive issues that require a high level of Indonesian ownership and engagement and are traditionally difficult for donors to assist directly.” Susilo Bambang Yudhoyono, the current coordinating minister for political and security affairs and one of the TNI intellectuals who drafted the New Paradigm, is co-chair of the Partnership’s high-profile governing board.

Its working group on police reform attracts senior police executives, parliamentarians and NGO and donor representatives to its monthly meetings. As of November 2002, the Partnership has approved seven projects to promote community policing, anti-corruption vigilance, public-police interaction and other similar objectives. With only \$3.8 million committed outside of the UNDP’s administrative costs, these

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<sup>16</sup> For accounts of the controversy over Article 19, read Muninggar Sri Saraswati and Fabiola Desy Unidjaja, *The Jakarta Post*, 7 March 2003; and John McBeth, Indonesia’s Army Plays Power Politics, *The Far Eastern Economic Review*, 27 March 2003.

<sup>17</sup> From Britain-in-Indonesia, the official website of the British Embassy in Jakarta.

programmes appear to be seriously under-funded given the scope of the work and the resources available to the sponsoring organisations.<sup>18</sup>

For all the attention it has gotten from the international community, the Indonesian police has still far to go to meet Bayley's definition of a "democratic" police force.<sup>19</sup> As far as military reform is concerned, non-government organizations active in this field still see much work left to be done on both the civilian and military sides of the relationship. The National Democratic Institute, for one, urges more support for capacity-building in the national parliament's Commission One which is responsible for overseeing both foreign affairs and security. As of late 2002, the panel did not have a single professional staff member to assist in drafting legislation. The parliament has little say in the TNI's funding either so it still has much to learn in asserting legislative oversight of the military.<sup>20</sup> The Partnership for Governance Reform is disappointed it does not yet have a working group for the TNI like it does for the police. It has sought to interest the TNI in this activity but has so far not received a positive response.<sup>21</sup>

Both sides of the donor-recipient relationship have to share the onus for these shortcomings. With the exception of the Partnership, donors still conduct their business on a bilateral basis so there is little opportunity to compare notes, look for implementation gaps and develop the synergy that can only come with concerted action. Until the Bali bombing which was a wake-up call all around the Indonesian government showed no sustained interest in transformative changes in the operations of the security services.

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<sup>18</sup> From Work Plan 2002, the Partnership for Governance Reform website, and documentary material provided by the Partnership's working group on police reform.

<sup>19</sup> Bayley, 2001. He writes that a "democratic" police force must:

- a. "Give top operational priority to servicing the needs of individual citizens and private groups.
- b. Be accountable to the laws rather than to the government.
- c. Protect human rights, especially those that are required for the sort of unfettered political activity that is the hallmark of democracy, and
- d. Be transparent in all its activities."

<sup>20</sup> Interviews with Jerome Cheung, Manager of the National Democratic Institute for International Affairs' civil society organization programme in Jakarta, and with Ibrahim Ambong, Chairman of Commission One of the Indonesian parliament (DPR).

<sup>21</sup> According to a donor member of the working group for the police, the rivalry between the police and the TNI is so intense that the Partnership risks losing the cooperation of the police if it were to offer similar benefits to the TNI.

Juwono Sudarsono, the civilian defence minister under President Habibie, was a strong reform advocate but his successors have not carried on with the same enthusiasm. Donor representatives are encouraged by the willingness of the incumbent TNI chief Gen. Endriartono Sutarto to listen but have a hard time finding other champions of reform in the rest of the military leadership.<sup>22</sup>

### **A Holistic Approach to Sectoral Reforms**

When it gathered in Bali, the donor community, without saying so explicitly, all but endorsed the kind of holistic approach urged by reform specialists. The World Bank stressed that to restore investor confidence Indonesia must double its efforts across the full range of public policy. In addition to citing the importance of improved security, they called for further reforms in the justice sector, a more red tape-free bureaucracy, a credible Anti-Corruption Commission and a tougher stance against money-laundering and illegal logging.<sup>23</sup>

It will be a mistake to leave the military out of this process given its continuing responsibilities for preserving the territorial integrity of the country. It still provides a major part of the talent pool that staff not only the security services but many key civilian posts in both the administration and the parliament. The impact of raising the standards of excellence in this institution will be broadly felt throughout the society.

A holistic approach means that it would not be enough to jail abusive soldiers and policemen and force generals to give up off-duty perks. The civilian authorities should also assert their responsibility to oversee the performance of the military and the police. The institutions of justice should be seen to be operating fairly for all members of society.

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<sup>22</sup> Interview with Ed Masters, former U.S. Ambassador to Indonesia and former President of the U.S.-Indonesia Society. Jusuf Wanandi, Chairman of the Centre for Strategic and International Studies' supervisory board, had a similar impression of the lack of intellectual leadership in the armed forces when he spoke at a Usindo meeting on 15 January 2003. A Usindo brief quotes him as saying, "The military is in disarray. They don't have any strategic thinkers. The new leaders are not politicised. (Army chief of staff) Ryamizard Ryacudo is a tough and disciplined soldier. He did well running a peacekeeping operation in Cambodia. He is not interested in politics."

<sup>23</sup> The 22 January World Bank press release, in a clear indication of the fullness of the reform agenda, called for "urgent attention to be paid, inter alia, to improved security, strengthening the justice sector, reducing bureaucracy and red tape, ensuring planned new regulations, maintain(ing) labour market flexibility, reducing the uncertainties caused by decentralization and avoiding a severe power crisis."



The awareness that all other political institutions should change their ways could ease the TNI's concerns that it is bearing an unfairly large share of the burden of reform.

Donors should be under no illusions about the difficulty of trying to talk to and influence Indonesian decision-makers, particularly at this time of intense nationalism. "You see it in a variety of forms: anger at the sale of Indonesian assets; resentment at being pushed around by Western governments or Western-dominated institutions; and most prominently, determination to prevent foreign interests from undermining the unity of the Indonesian republic," reports Sidney Jones, the International Crisis Group's Indonesian project manager.<sup>24</sup> Indonesia's opposition to the Iraq war, moreover, further complicates its relations with the U.S. But the government remains at its core a pragmatic one, unwilling to shut itself off from its base of international support. While Jakarta may terminate an onerous International Monetary Fund programme at the end of this year, it will continue to depend on the World Bank and other CGI members for loans and grants and on the international community as a whole for investments and trade.

The Iraq conflict does not necessarily have to be a liability for donor relations. The aftermath of this war could actually provide a model for reform if the U.S. and its coalition partners succeed in creating democratic institutions and, just as importantly, a disciplined and professional Iraqi military out of the remnants of Saddam Hussein's defeated army. Only the timing of donor-assisted reforms remains problematic. The Megawati administration cannot be expected to risk alienating members of the military and the police in the run-up to the 2004 presidential election; so no serious talk about reform is likely at least until a new and hopefully more politically integrated administration takes office. It is also possible that the succeeding administration could be more conservative and reform-averse than the current one so the reform process even then may only proceed in fits and starts.

But it is not too early for prospective donors to start a quiet dialogue with the parties concerned to find what reforms are possible in the short term and in the foreseeable future. It can begin with members of the civilian government and the military and later be broadened to include the political parties and civil society. This initially can be done

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<sup>24</sup> From "Aceh, Papua and Rising Nationalism in Indonesia," a briefing by Ms. Jones for the U.S.-Indonesia Society on 3 April 2003.

through Track II, or unofficial, channels so that the principals can freely exchange views and explore a wide range of options. There are a number of nongovernment or quasi-government institutions that can serve as a forum for such discussions, including the Centre for Strategic and International Studies in Jakarta which already is assisting the civilian interaction with the military.

A multi-party dialogue can build on what is already an implicit consensus between the donor community and Indonesia supporting security sector reforms as a key element in a strategy for economic recovery. At the same time donors should not allow their assistance to the military to be misconstrued as a preference for security over democracy and human rights. It should be made plain that this is a false choice and that the object is to help Indonesia become more secure as well as more democratic. To avoid sending the wrong signals the need for clearer accountability for the actions of TNI personnel should be part of the reform agenda, perhaps in the form of donor-supported programmes to improve the civilian and military justice systems.

This is an area, however, where political or diplomatic pressure from donors has proven to be largely counterproductive, as shown by the failure of the U.S. to use the IMET programme as leverage. The issue is best left for the Indonesians to resolve themselves, except in cases where foreign citizens are among the victims of these crimes. The donor community should seek to break the ice through non-official surrogates, ideally foreign policy or defence experts with the appropriate language skills and broad experience in Indonesian affairs.

The multi-party dialogue suggested by this paper should be informal, low-key, perhaps even confidential at times to allow opinions to be expressed fully without the risk of their owners being compromised or embarrassed by premature publicity. The dialogue should continue as long as it is necessary without any time pressure. The TNI participants are likely to be more responsive if their interlocutors are fellow-professionals in the security field and are persuaded that reform is not a euphemism for punishing the military for past sins but a process for expanding its capabilities and sharpening its professional skills.

While the TNI won't allow itself to be lectured to by foreigners about its human rights record, it is like most other Third World militaries willing to listen to proposals for raising the level of its professional competence. This may be the key to the start of a dialogue and a process that could address a core concern of critics who oppose assisting the Indonesian military. A higher degree of professionalism through its ranks may have the ultimate effect of minimizing the occurrence of rogue or abusive behaviour. If Gen. Wiranto is to be believed, some of the worst militia depredations in East Timor could have been averted if the proper command-and-control procedures had been in place.

While some of the human rights abuses committed by the TNI may have been deliberately planned, others simply could have been the result of poor leadership on the ground by inexperienced junior officers and indisciplined soldiers panicked into pulling their triggers. The so-called Dili Massacre in East Timor which led to the prosecution of several military personnel could be a textbook example of such random, unplanned violence. The recurrence of such incidents can be averted with better training and mid-level officer education which donors could throw into the bargain.<sup>25</sup>

The donor community should also seek to engage civilian authorities through the same informal intermediaries. The issue of civilian supremacy should be approached with open minds. Civilian supremacy is a convention rooted in the historical experiences of the U.S. and Europe but one that in the view of some political scientists may not necessarily be applicable to all democratising nations. After studying the cases of 12 transitional states including Indonesia, David R. Mares concluded that "civilian dominance does not assure consolidation of democracy, but neither does its absence preclude consolidation." Rebecca L. Schiff makes a similar argument. Her "concordance theory" holds that civil-military relations can be conducted in a reasonably democratic fashion in some Asian cultures through "dialogue, accommodation and shared values or objectives among the military, the political elites and society."<sup>26</sup>

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<sup>25</sup> From a private memorandum by Col. Don McFetridge, a retired U.S. Army colonel and former Defence and Army attaché who succeeded Col. Haseman (1994-98) at the U.S. Embassy in Jakarta.

<sup>26</sup> From Mares, David R., 1998, *Civil-Military Relations: Building Democracy and Regional Security in Latin America, Southern Asia and Central Europe*, Boulder, Colorado, Westview Press. Also see Rebecca L. Schiff in "Concordance Theory: The Cases of India and Pakistan" in Mares, 1998.

Although the TNI still nominally reports to the president, it cannot be said to follow strictly the principle of civilian supremacy. The defence minister has no direct authority over the armed forces nor can the legislature and the finance ministry assert control through the budgeting process. This might be attributed both to the TNI's reluctance to give up its status as "first among equals" and the lack of interest or confidence by the civilian authorities in an oversight role. If Indonesia wants to adopt a more conventional model of civilian supremacy, it should be understood that the onus is on the civilian authorities as well to learn how to assert it properly.<sup>27</sup> Samuel Huntington has warned that "future problems in civil-military relations in new democracies are likely to come not from the military but from the civilian side of the equation. They will come from the failures of democratic governments to promote economic development and maintain law and order."<sup>28</sup>

These are issues best resolved through a process of persistent but quiet consensus-building cognizant of the fiercely nationalistic reaction that such interventions can arouse. Donors should approach this undertaking with a great deal of humility and cultural sensitivity. As one former U.S. military officer with long experience in Jakarta has written, "the U.S. has never succeeded in reforming the military of another country without occupying it first. There are no wonder drugs for military reform; it takes time, patience and the willingness to accept imperfection along the way."<sup>29</sup>

Donors should consider a collective approach to donor assistance, perhaps one that would adopt the Partnership for Governance Reform model or emulate what the CGI already does to provide a regular forum for consultations with the Indonesian government on the nature and levels of economic assistance. Such a "military donors club" cannot be a high-profile institution like the CGI, given the highly sensitive nature of security affairs,

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<sup>27</sup> Larry Diamond defines civilian supremacy as a state in which a "democratically" elected government (has) unquestioned authority over all policy arenas including defining the goals and overseeing the organization and implementation of national defence, the military limited to matters of national defence and international security (and) the military relieved of all responsibility for internal security." From Larry Diamond, Marc F. Plattner, Yun-han Chu and Hung-mao Tien (eds), 1998, *Consolidating the Third Wave Democracies*, Baltimore and London: Johns Hopkins University Press.

<sup>28</sup> From Huntington, Samuel P., 1995, "Reforming Civil-Military Relations," *Journal of Democracy*, Vol. 6, No. 4, October.

<sup>29</sup> From McFetridge.

but it can perform a comparable service: forcing the TNI and police to set their reform priorities, matching recipient needs with donor resources and, just as important, expanding the donor base.

Although the U.S., Britain and Australia will continue to have a major influence in the process, the establishment of this forum could encourage other countries with little or no previous experience in this field to join the pool. Japan, for one, could step forward as a major contributor, given its World War II history of having helped train the first generation of Indonesian army officers and its increasing willingness to contribute to regional security. The Netherlands was also part of the early history of the Indonesian military and can be persuaded to participate if its concerns about TNI accountability can be adequately addressed.<sup>30</sup>

The effective U.S. ban on military supplies to Indonesia has caused the TNI to go farther afield for the restocking of its equipment. Russia, Germany, Spain and South Korea are among its newest suppliers. It is only natural for the new vendors to seek to improve their welcome in Indonesia by offering technical assistance and training. Singapore, Malaysia and the Philippines may be just as willing to contribute since it is the neighbourly thing to do. Whatever happens in Indonesia can affect their own security as well. The National Defense College of the Philippines has indicated its interest in hosting postgraduate courses for Indonesian and other Asian officers with the assistance of foreign donors.<sup>31</sup> Thailand could be a helpful participant in the dialogue and an exemplary model for Indonesian reformers as well, having fully asserted civilian authority over its once-politically dominant military.

An authority on civil-military relations cautions that instituting change could involve a “complex bargaining process” in which reformers and the security institutions negotiate every transformative step with the attendant commitments and rewards.<sup>32</sup>

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<sup>30</sup> For accounts of the Dutch and Japanese roles in giving birth to the Indonesian armed forces, see George Mt. Kahin, 1952, *Nationalism and Revolution in Indonesia*, Ithaca, N.Y.: Cornell University Press; Theodore Friend, 1988, *The Blue-Eyed Enemy: Japan Against the West in Java and Luzon 1942-45*, Princeton, N.J.: Princeton University Press, and *The Japanese Experience in Indonesia: Selected Memoirs*, 1986, Ohio University Center for Southeast Asian Studies.

<sup>31</sup> Interview with Nestor N. Pilar, NDCP Vice President for academic affairs.

Some of the hardest bargaining likely will be over the implicit need for the army to roll back its territorial commands and hand over most of its local peacekeeping responsibilities to the police. It will be entirely up to the TNI and civil authorities to agree on the terms of the bargain but foreign donors, if invited, should be prepared to offer sweeteners to facilitate the changes. Donor financing for the acquisition of certain equipment can be justified if it facilitates the reform process. The TNI, for instance, may agree to settle for a more compact basing structure if it has enough communications and transport equipment to be able to respond quickly to contingencies.<sup>33</sup>

Authorities in this field emphasize the importance of education for both military and its civilian administrators. Indonesia still lacks much of the “hardware” for the functioning of a democratic military – a civilian-staffed defence ministry and national intelligence agency among other institutions. But it lacks even more critically the kind of “software” which Canadian political scientist Douglas Bland believes must go together with the infrastructure. He defines software as the “framework of ideas, principles and norms that shape civil-military behaviour in liberal democracies (and) that needs to be adequately explained or incorporated into the officer corps, the political culture and the defence establishments of new democracies.”<sup>34</sup>

There is no more effective way to transmit this knowledge than through education. As soon as the statutory requirements are met, the U.S. should give TNI personnel as much access as budgets would allow to the IMET programme and a broader application

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<sup>32</sup> Mary P. Callahan in “Civil-Military Relations in Indonesia: Reformasi and Beyond,” 1999, Occasional Paper No. 4, The Center for Civil-Military Relations, Naval Postgraduate School, Monterey, California. She also cites Felipe Aguero, a student of military reform in Latin America, who similarly argues, “Civilian supremacy is unlikely to be asserted in one blow and does not necessarily come by civilian imposition.” Aguero, 1992, “The Military and the Limits to Democratization in South America,” in *Issues in Democratic Consolidation: The New South American Democracies in Comparative Perspective*, eds. Scott Mainwaring, Guillermo O’Donnell and Samuel Valenzuela. Notre Dame, Indiana: University of Notre Dame Press. Ms. Callahan also has a more positive view of the aptitude of younger TNI officers towards a more professional military. Citing a 1999 Cornell Modern Indonesia Project study, she suggests that members of the smaller military academy classes after 1975 would not have to scramble for non-military jobs as their elders did and would be “more inclined to restrict the military’s responsibilities to more traditional security roles.”

<sup>33</sup> Rabasa and Haseman recommend U.S. assistance in upgrading the TNI’s air transport capacity as part of a new engagement strategy along with medical and safety training and technical support for Indonesia’s civilian National Intelligence Agency (BIN) and the military intelligence agency (BAIS).

<sup>34</sup> Bland, Douglas L., 2001, “Patterns in Liberal Democratic Civil-Military Relations,” in *Armed Forces & Society*, Vol. 27, No. 4, Summer.

of it called Expanded IMET (E-IMET). President Suharto impulsively rejected the E-IMET programme in 1997 because the human-rights courses it offered were seen as a slap on the Indonesian army. There is a wealth of knowledge other than human rights to be tapped from the impressive array of U.S. military schools. Foreign scholars can learn military law in the Judge Advocate General School in Charlottesville, Virginia, budgeting in the Finance School in Ft. Jackson, South Carolina, military history in Carlisle Barracks, Pennsylvania and medical skills at the Naval School of Health Sciences in Bethesda, Maryland. Similar educational benefits can be offered by other donor countries if legal restraints continue to dog the IMET programmes.

Donors can also explore the possibility of helping the TNI upgrade the quality of its own educational institutions. If financial incentives are available, the University of Indonesia and other leading civilian institutions can be persuaded to offer graduate courses in defence and security affairs for both military officers and civilians. The infusion of donor aid into Indonesian educational institutions could be part of a larger programme to narrow what Karl D. Jackson calls an “education deficit” that has left Indonesia far behind the scientific advances of Western societies.<sup>35</sup>

This paper assumes an undiminished effort by the donors to promote the rule of law and strengthen civilian governance. Military reforms will not be possible unless the deficiencies on the civilian side of the divide are attended to with equal vigour. By most accounts the key to transforming the TNI into a more professional service subservient to civilian authority is to make the government fully accountable for the maintenance of the armed forces. Historical circumstances have forced the TNI to rely on military-owned enterprises and foundations for as much as 70% of its needs. There is no comprehensive formal accounting of this off-budget financing, leading some observers to question the propriety or legality of many of these activities.

While the size of the TNI’s budget deficit have made reformers shrink from even attempting to fix it, World Bank economists believe it can be done without putting too much pressure on the government finances. The World Bank has advised the Indonesian

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<sup>35</sup> Jackson, the director of Southeast Asian studies at Johns Hopkins University’s School of Advanced International Studies, suggested that Indonesia would need “at least \$200 million a year for the next 5-10 years” for educational programmes aimed primarily at the Muslim community. From a report by the U.S.-Indonesian Society on its 22 October 2002 forum on “The Bali Bombings and Their Aftermath.”

government that the gap can be filled without further worsening the overall budget deficit if it simply takes over all the military businesses and compensates the military with additional budgetary resources equivalent to its accustomed business revenues. The bank points to China's People's Liberation Army as an example of a military that is dutifully shedding its unrelated business enterprises. If such a politically powerful institution as the PLA can be persuaded to divest itself of its money-making enterprises, it is argued, there is no reason why the TNI cannot do the same.<sup>36</sup>

Donors should study carefully how full public funding can be most effectively achieved – whether in one fell swoop through an across-the-board turnover of all off-budget assets to the state or in gradual stages to ease the pain and discomfort of conversion. This may be tantamount to a bargaining process given the reluctance of senior officers to give up the perks associated with military-related enterprises and how financial restructuring could alter the comparative positions of the army, the navy and the air force. Suggestions to implement reforms one service at a time have met strong opposition. The army, the dominant service branch, is unlikely to agree to any special treatment given to either the air force or the navy simply because of the archipelagic nature of the country puts a premium on their technical capabilities.<sup>37</sup>

Short of the government assuming full responsibility for TNI's upkeep, donors can consider a number of interim measures to improve the professional quality of the military. If military enterprises have to continue shoring up the TNI's finances in the interim, some assistance can be directed at training officers to run these businesses in the most financially sound and publicly beneficial manner. As a step towards eventually separating

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<sup>36</sup> In a report prepared for the Consultative Group on Indonesia's annual meeting in 2000 the World Bank advised donors of increasing reports of extortionate behaviour by some TNI units and called attention to a possible way of closing the armed forces' budget deficit. "On the upside, there is a way for the Government to pay all military expenditures from the budget in exchange for which the government would have to give up control of its business interests. Revenue from these businesses would then finance the military's extra on-budget spending, or better still, these business interests could be sold to reduce state debt. In 1998, such a deal was struck between China's government and its military, and the signs are that the deal sticks." For a less sanguine account of the divestiture of the People's Liberation Army's multi-billion-dollar businesses, see James Mulvernon, "China: Conditional Compliance," in Alagappa, 2001. Mulvernon, a Rand Corporation analyst, describes the divestiture as a "work in progress" initiated by reports of unbridled corruption in some of the business units but still muddled by complaints that the defence budget increases offered by the Communist party are not sufficient compensation.

<sup>37</sup> Indonesian economic officials in conversations with the writer, December 2002.



these enterprises from the military structure, those officers should be asked to retire from active duty just as they have to do before taking civilian positions. Similar training can also be extended to the Ministry of State Enterprises which for part of the transition process may have to assume the responsibility for overseeing these business units.

While there is occasional talk about downsizing the TNI as a reform measure, military professionals see little justification for it. With a roster of only 340,000 personnel, the TNI is one of the world's smallest militaries in relation to the size or population of the territory it has to defend.<sup>38</sup> A more practical remedy is to upgrade the quality of its officers and men, and this can only be done through education, training and professionalization. This is a field where donor assistance can be readily deployed.

Through example and training, the donor community can also help the TNI establish a more effective public relations regime. This task is not as simple as it may sound. The TNI general headquarters is located an hour's drive from Central Jakarta in a semi-rural precinct separated from its civilian neighbours by steel gates and hundreds of metres of open space. It is easy for visitors to be reminded of the prevailing military culture that sets the armed forces apart from ordinary citizens. As the TNI feels a greater need to explain itself it would be well-served to set up a better-trained, more centrally-located public affairs staff to deal with the media and civic organizations. Increased public accountability would also have the effect of internally encouraging higher standards of military conduct and proficiency.

## **Conclusion**

Security sector reform is a difficult, failure-prone process but foreign donors can find a role in helping the Indonesian military and police remake themselves if they are patient and culturally adaptive enough. Donors should take into account the tensions in this still-democratising society in which the military, the political parties, the Islamic community and civil society in general are still struggling to find the proper balance for

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<sup>38</sup> By way of illustrating the TNI's understrength, Gen. Endriartono noted that his command has to defend an area of 1.9 million square kilometres with 355 tanks, 62 (mostly small) naval craft, 108 fighter planes, two submarines and an annual budget of only \$1.06 billion. He said Thailand with a little more than half the territory to defend has 742 tanks, 97 warships, 136 fighter planes and an annual budget of \$2 billion, while Singapore has 413 tanks, 30 warships, 136 fighter planes, one submarine and an annual budget of \$2 billion. From Laxamana.net, 22 May 2002.

making their newly-minted democracy work. While donor assistance would have the effect of reinvigorating the TNI as an institution, it should not be seen to be tilting the political playing field one way or another – and certainly not to favour the military as a political force at the expense of the civil authorities, the Islamic community or civil society.

Donors should explore the possibility of a collective approach to providing assistance in this sector in roughly the same way the Consultative Group on Indonesia coordinates the pledging of economic aid. A military donors club and the CGI could well work together because the nexus between sustained economic recovery and security has become clearer than ever to the international community.

For donor-aided reforms to succeed, there has to be a substantial degree of trust between donors and recipients. Civilian supremacy is the ideal to be attained but civilian authorities should earn the right to be able to enforce it credibly and unconditionally. The TNI should be persuaded that reforms are not a euphemism for punishing or cutting the military down to size but a positive, forward-looking effort to help it meet the difficult security challenges of the 21<sup>st</sup> century.

The theory of security sector reform requires positive changes to occur at multiple levels of government and in a mutually reinforcing way. As the TNI makes painful adjustments to its territorial posture and financial structure, the police must follow suit and the civilian authorities must improve its ability to oversee both services.

Ideally, these programmes should not only strengthen Indonesia's capacity to deter terrorism, whether of international or domestic origin, but it should also enable the TNI to resume its participation in global peacekeeping duties and to join with its neighbours in enhancing maritime safety and combating piracy, smuggling and other transnational crimes. The participation of Indonesia's Asian neighbours in the donor pool could generate peer pressure on the TNI to catch up with the modernization of other Asian militaries.

It should also be recognized by all the concerned parties that the transformative process could be frustratingly uneven and contentious at times and one that may take

decades to complete. The donors may have to be prepared to settle in the near term for less than what they regard to be optimum reforms. Some of the lessons learned in the Indonesian experience can guide the donor community in providing similar assistance to other democratising countries in Asia and the Middle East.

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