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The education sector

The fragmentation and adaptability of corruption

One sector of Indonesian life where corruption arouses surprisingly little passion is education. While few Indonesians would deny that corruption is present throughout the education system, there have been relatively few high-profile and spectacular cases in the sector. Many people view corruption in education, particularly at the school level, as being petty, unavoidable and perhaps even morally acceptable. They see it as an understandable response by low-status public servants and teachers to supplement their miserable incomes. Moreover, a large amount of corruption in the sector simply passes under the radar of the public: it either takes place behind the closed doors of bureaucrats and politicians, or it takes the form of various education fees and charges that school children and their parents routinely pay without even realizing they are illegal.

It is the contention of this article that corruption in Indonesia's education system is both pervasive and fundamentally political in character. A number of cases of high-level corruption in the sector reveal a pattern of collusion between senior bureaucrats and politicians that resembles in form and style corruption in other sectors of government. Meanwhile, surveys and detailed case investigations carried out by my organization, Indonesia Corruption Watch (ICW), suggest that petty corruption at the school level, in the form of illegal fees and charges, is ubiquitous and closely related to the structure of corruption in the national education bureaucracy. Corruption in schools exists because local authorities and bureaucrats permit it, do not punish it, even require it (Widoyoko et al. 2007; Widoyoko 2007).

The chapter, therefore, has several aims, and it makes several key arguments. The first aim is to explain the structural context that shapes corruption in Indonesia's education sector. Here, following the work of Michael Johnston, I argue that the general pattern of corruption in Indonesia is typical of a highly fragmented polity with a weak civil society. In particular, corruption in Indonesia since the collapse of Suharto's New Order regime in 1998 has undergone a process of decentralization that follows the broader rearrangement

of the political structure. Instead of corruption occurring within a single, unified and centralized 'franchise system' (see McLeod in this volume), it has proliferated in an uncoordinated fashion around the new power centres that have emerged. The education sector is an example of this phenomenon. Education sector reforms have decentralized power and control over budgets both to the regions and to schools. As a result, the regional bureaucracy and the schools have become much more important foci of corrupt activity than in the past.

A second aim is to explain the structure of corruption in the sector itself. Here I argue that corruption is visible at four different levels. In the first and upper level the typical pattern involves collaboration between senior bureaucrats and politicians, with the former providing corrupt payments from the education budget or from project funds in order to secure political or personal support. At the second level, in the regional education bureaucracies, local government officials and bureaucrats are the key actors. As in the first level, a key mode of corruption involves collaboration between government officials and private business in the manipulation of tenders and project funds, though local bureaucrats also treat school principals and teachers, and school budgets, as important targets of predation. Finally, the third and fourth levels of corruption, involving school principals and teachers respectively, are both located in the schools themselves, and to a large degree involve the extraction of illegal levies from parents. It is these bottom two layers of corruption that have become more prominent as a result of Indonesia's recent political and education sector reforms.

A third and final aim is to scrutinize attempts to reform the education system and eliminate corruption from it, to evaluate their successes and failures and to suggest ways forward. Here it is noted that strategies so far pursued have been based on a public sector reform approach and have thus involved manipulating the internal rules and mechanisms used by the education bureaucracy (such as by making transfers of payments of school funds directly to schools rather than to local education bureaucrats). However, these initiatives fail to consider the broader context and the political structures within which education sector corruption takes place. As a result, corruption in the sector has shown an amoeba-like ability to adapt to the new reforms, demonstrating that a more fundamentally political approach involving empowerment of societal participation in the sector is required.

The fragmentation of corruption and its effects

In contextualizing corruption in Indonesia's education system, it is helpful to draw on the analysis and framework presented by Michael Johnston in his research on corruption and politics, and the typology of corruption.

Corruption is frequently understood in narrow terms, usually focusing on bribery and actions that cause the state financial loss. This understanding is reflected in the corruption perception indexes that so dominate public discourse on corruption in Indonesia. A narrow understanding of corruption means that strategies that are used to reduce and prevent corruption often differ little from one state to another. However, there are many factors and actors to be considered in corruption. Johnston (1997) proposes a typology in which he groups corruption into four syndromes, each based on a distinctive balance between state and societal, or private, interests (see Table 1). He does this by comparing the strength of elite interests (he focuses on both economic and political elites, and measures their influence in terms of their control of centres of political power and economic resources) to those of civil society.

Thus, in conditions where the ruling political elite is weak and where societal participation is high, such as in most Western liberal states, corruption takes the form of 'interest group bidding', in which powerful interest groups are able to influence and even enforce their will on state elites and so extract corrupt favours from them. The next category is 'elite hegemony' which is marked by both a powerful elite and high participation by society. In such circumstances political competition is limited and corruption predominantly takes the form of incumbent elites selling political access and directing the profits to themselves and their cronies. In conditions of elite hegemony, the border between the state and private interests is blurred, and collaboration between political elites and interest groups produces systemic and legal corruption. Examples include Japan under the Liberal Democratic Party, or Hong Kong before the formation of its Independent Commission Against Corruption.

More relevant to our own discussion is a system of corruption dominated by a patronage machine, which is how Johnston categorized Indonesia under Suharto. Patronage machine systems are characterized by a powerful elite and a weak society, in which interest groups can exercise little influence on the state. In such systems, corruption is centred in the patronage machines that infuse the state: in Suharto's Indonesia they were based around Suharto and the presidential palace. Yet this system also has implications for stability:

The machine leadership profits, politically and economically, from the status quo; it is in business for the long term, and will dole out patronage with a goal of maintaining its dominance rather than of looting the state. This is not to imply that the corruption involved is not serious, or that it does not do economic and social damage. Machine-style corruption diverts wealth into the hands of the few, levies a 'political tax' on business, investment, and many ordinary jobs, and maintains the poor in a state of political dependency. (Johnston 1997:18-9.)

In such circumstances, the ruler or his circle can also control corruption if necessary. In Indonesia, if particular sites or varieties of corruption threatened the broader interests of Suharto and his cronies, he took action to curb it and order law enforcement. One widely known example was the privatization of the customs office in the mid-1980s which occurred when corruption there and poor law enforcement against smuggling threatened the economy. The famous 'mysterious killings' that occurred in the 1980s, and for which Suharto himself claimed credit, can also be seen as a tool to control crime rates when they were seen as threatening the economy (MacIntyre 2003; Duncan and McLeod 2007). With very high rates of corruption, but corruption that was centralized and controlled, Indonesia then enjoyed high rates of economic growth and was even considered in some quarters to be a successful development model.

Although the Soeharto franchise imposed net 'private taxes' on the outsider firms, it still provided sufficient in the way of the institutions needed for reasonably good economic performance, because it was in its own interest to do so. On occasion when elements of the franchise became too greedy, Soeharto stepped in to bring them back into line. (Duncan and McLeod 2007:78; see also McLeod 2000.)

After the fall of Suharto, political power fragmented, giving rise to new power centres. At the national level, power was no longer so exclusively concentrated in the hands of the president. Parliament became much more influential and state reforms also created new auxiliary institutions, such as the Constitutional Court and the Corruption Eradication Commission (Komisi Pemberantasan Korupsi, KPK) that have become very influential. Equally importantly, the government's decentralization policy distributed power to the regions. Local executive government leaders – governors, mayors and district heads (*bupati*) – enjoy greater independence, as do local legislatures. The national government can no longer guarantee easy implementation of national policy as it could under Suharto. This, of course, also applies to anti-corruption policy: so we see that although President Susilo Bambang Yudhoyono has made eradication of corruption a priority in his administration, he has been unable to ensure that all government units and departments comply. At the same time, societal interest groups remain relatively weakly organized and find it difficult to control the government. In short, Indonesia has become what Johnston (2000:21) would categorize as a system of "fragmented clientelism" in which elites are poorly institutionalized and economic opportunities are scarce; political entrepreneurs build personal followings by promising material rewards, but find it difficult to "deliver".

In a fragmented clientelistic polity, according to Johnston (2000:21) 'a corruption spiral is a real possibility' because politicians' followers are poorly

disciplined and 'leaders must compete with other factions by promising ever-larger spoils.' Fragmented power in Indonesia has thus created mushrooming corruption throughout the country. Virtually all public officials now have greater authority and thus new opportunities to engage in corrupt activity. At the same time, members of the political elite generally feel more insecure than they did in the Suharto era, because of the much greater competition for power. The motives of corruption are thus not only self-enrichment, but also maintaining access to power and resources, by building political coalitions up into the state, down into society and even horizontally, to potential rivals. As a result, it is not only state officials and government leaders who can engage in corruption in Indonesia; corruption is often shared with outsiders, even members of the political opposition. To reduce internal opposition and threats from within the state, meanwhile, ruling elites share the proceeds of corruption with their staff in the bureaucracy, or at least tacitly give them permission to engage in petty corruption. This permission reduces instability within the institution headed by the official concerned. Finally, all this corruption flourishes in a system of fragmented clientelism such as contemporary Indonesia because society and organized interest groups remain insufficiently powerful to prevent it.

Table 1. Regime types and patterns of corruption

Elite			
	Weak	Strong	
Civil society	Strong	<p><i>Interest group bidding</i></p> <p>Strong private interests, accessible elites; economic competition, interest groups use wealth to seek influence; corruption is largely individual and non-systemic.</p>	<p><i>Elite hegemony</i></p> <p>Entrenched elites exchange scarce political access for wealth.</p>
	Weak	<p><i>Fragmented clientelism</i></p> <p>Fragmented and politically insecure elites build personal followings that are poorly disciplined, unstable; mafias, violence and intimidation may be linked to corruption.</p>	<p><i>Patronage machines</i></p> <p>Strong elites control participation and limit competition via patronage and capitalize upon followers' poverty; political monopolies; parties are hierarchical and tightly-controlled and extend power into state and society.</p>

Modified from Johnston 1997.

Indonesia's system of fragmented clientelism has been highly consequential for Indonesia's education sector during the Reformasi period, especially since decentralization. It has generated a pattern of fragmented corruption in the sector. Before analyzing that pattern in detail, it is necessary to understand the new policy and institutional framework.

A policy of decentralization has been pursued in education. In the tertiary sector, it has led to the transformation of universities into state-owned legal entities (Badan Hukum Milik Negara, BHMN) which can request much higher tuition fees from students than previously, meaning that some high-demand courses in elite universities have become unaffordable even for comfortable middle class families. In the elementary and secondary schools (the main focus of this article), decentralization has taken the form of the introduction of a new system of school-based management (Manajemen Berbasis Sekolah, MBS). With this system, unlike in the past when all authority was concentrated with the bureaucrats in the Ministry of Education, school principals together with school committees, which consist of representatives of parents and the community, have the authority to formulate school budgets, design curriculum and handle school management in its entirety. At the city and district level, the MBS policy also promotes the establishment of local education councils that give recommendations regarding education to the local/city government (Irawan et al. 2004).

The MBS policy was thus intended to encourage societal participation in the education sector, particularly in school management. In part, the model was inspired by successful international experiences. Fung (2003), for example, has described how participatory school management in Chicago through the vehicle of Local School Councils (LSCs) has been widely seen as a successful model of grassroots participation in governance to rival the famous Porto Alegre participatory budgeting process.¹ In Chicago, the LSCs are elected every two years, and each consists of six parents, two community representatives, two teachers, the principal and an additional non-voting student. LSCs enjoy substantial powers and responsibilities, such as in hiring and firing principal, spending discretionary funds, and developing and implementing strategic plans for school improvement in areas including curriculum, physical design and administrative operation (Fung 2003:111). Fung does not pay particular attention to the problem of corruption; however, it is easy to surmise that the level of scrutiny of school affairs envisaged by LSC system would provide a mechanism for parents and community members to closely monitor, and reject, wasteful or unnecessary spending in the school budget.²

¹ On the Porto Alegre participatory budgeting experience see Baiocchi 2003.

² Currently my organization, ICW is working on participatory budgeting at the school level in Garut and Tangerang. Our experience is that during budget meetings, parents reject irrelevant school levies, automatically reducing the amount of money to be paid by parents.

The school-based management policy in Indonesia is seen by its supporters as a measure to return schools to community control, after the New Order years when schools were viewed as being dependent upon the government, thus killing their creativity and initiative. The policy is envisaged as a means to revive schools as an 'instrument for the community to achieve its interests', as Bejo Sudjanto, the Rector of the Jakarta State University has put it (Irawan et al. 2004:50). One focus of the policy is the school budget, which supporters of the policy view as being an important instrument of participatory governance. The idea is that the school budget would be subject to the scrutiny of parents and the broader community via the school committees. Clearly stating all school revenues and expenditures, and providing information about school programs, finances and sources of funds, the idea is that the budget would become the tool whereby community members would ensure that schools serve community needs, and not be used for other purposes, including corruption.

Unfortunately, the systemic character of corruption has made the policy of decentralization of school management to local committees fail in achieving its goal of eliminating corruption. Instead, corruption in education is now carried out 'in a new way, via school-based management. The chief actor in this new model of corruption is the school principal, assisted by the school committee and the education bureaucracy' (Purwanto 2008). As we shall see, corruption in the school is still not the only form of corruption in the education sector, but it remains virtually ubiquitous. The school-based management policy has clearly not worked as intended. One of the problems is that the members of school committees generally lack adequate capacity: most of them do not have the skills or experience to challenge school principals on budget formulation, and they generally lack sufficient information about school expenditures, income, curriculum and special projects to be able to form a clear picture of what might be wasteful expenditure or illegal charges. The result is that school principals dominate policy formulation and budgeting at the school level. Parents often even lack access to school budget documents. This imbalance in power relations often results in the school committee simply endorsing, and therefore providing a legal basis to, the various payments arranged by the principal in the budget. Very often, therefore, instead of improving societal participation, the new system legitimates corrupt practices in the school. Without better skills on the part of committee members, the participatory governance envisaged by the school-based management approach is unlikely to be meaningful. Furthermore, despite the policy, corrupt practices at the school level remain linked to the interests and intervention of the bureaucracy. To a large degree, local education authorities (specifically, the district and city offices of the Ministry of National Education) still control schools. Unlike the LSCs in Chicago that decentralize power right down to parents, the Indonesian policy of decentralization of education, despite being

called school-based management, in some crucial regards stops at the level of the local bureaucracy. The power to hire and fire principals, and to approve school budgets, remains in the hands of local education authorities. Overall, the new school committees have become something like a fashion accessory in Indonesia's new education system: beautiful to look at, but not performing a meaningful function, and certainly not bringing about basic change in the way that the system is run.

The pervasiveness of corruption in education

Most Indonesians perceive corruption in the education sector as being relatively inconsequential, and as involving mainly petty corruption by low-level public servants and school teachers. Moreover, everybody knows that the salaries of teachers and junior public servants are relatively low. Many ordinary citizens are relatively forgiving of small-scale corruption by such people, viewing it as an understandable attempt to generate extra income by people in difficult personal economic circumstances. This situation then makes the education sector appear not to be as corrupt as many other government institutions, a picture confirmed by various corruption perception surveys (for example, ADB 2002, Simanjuntak and Akbarsyah 2008). The low ranking of the education sector in these surveys, it should be noted, partly reflects the backgrounds of the respondents: most such corruption perception surveys poll investors and businesspeople, who understandably highlight institutions whose corruption impinges most directly upon their own business affairs. Nevertheless, there does seem to be a wider public perception that corruption in the education sector is not especially serious.

As we shall see, the public perception is not entirely accurate. Corruption is as pervasive in education as in most other sectors of government. But the perception also does contain an element of truth. Certainly, the education sector is not mostly a site of the grand corruption that has so scandalized Indonesian public opinion over the last decade. In contrast, for example, to corruption in the banking sector, which has seen episodes like the Bank Indonesia Liquidity Support (Bantuan Likuiditas Bank Indonesia) scandal that nearly caused the collapse of the entire Indonesian economy, most corruption in education gives rise to only relatively minor state losses. Moreover, corruption in education relatively rarely involves prominent public officials or politicians (though, as we shall see, there are exceptions). More frequently it involves only school principals, teachers and low-ranking public servants.

Although corruption in education does not cause huge state losses and rarely involves elite politicians and businesspeople, it also has special characteristics of its own. Instead of involving theft of state money, corruption in

education typically involves taking money directly from the pockets of ordinary citizens. Most commonly this happens when parents of schoolchildren are charged all kinds of irregular and unauthorized fees for their children's education. This kind of corruption, therefore, affects ordinary people very directly. Unfortunately, however, citizens are often not aware that money is being extorted from them to provide a public service that is theirs by right. A general lack of transparency and accountability at the school level make many parents think that the numerous levies they must pay are not corruption but obligatory charges for services. This lack of civic awareness about people's rights as citizens in turn creates opportunities and incentives to act corruptly.

The 'citizen report card survey' conducted in 2005 by Indonesia Corruption Watch shows that many parents share a perception that the government is not obliged to fully pay for their children's education (ICW 2005). The survey was conducted in three cities: Jakarta, Garut and Solo, with 1500 parents as respondents. Many of those surveyed agreed that parents should contribute to education costs, some even believed that it was the obligation of parents to fully pay for their children's education (Irawan 2006:40). In fact, the fourth amendment to the Constitution, passed in 2002, stipulates that every citizen should receive a basic education and that the government has the obligation to provide it (Article 31). Law no. 20/2003 on the National Education System states 'National and regional governments have the obligation to provide good education services and facilities, with a guarantee of good quality, and without any discrimination to all citizens' (Article 11(1)). Article 11(2) adds that 'National and regional government have to guarantee the availability of a budget for the education of every citizen aged between 7 and 14 years'.

Based on cases that have come to the attention of Indonesia Corruption Watch and research conducted by our teams in the field down the years, it is clear that corruption in education is systematic and embedded in every level of the education bureaucracy's structure. Virtually every actor who has authority in the structure abuses that authority by acting corruptly. Thus, the so-called petty corruption that is the most visible form of abuse exists because principals order it or at least give their permission for it to go ahead. The principals then use some of the money that is paid by parents to pay bribes, disguised as transportation fees or other payments, to the school supervisors from the local education authority (*dinas pendidikan*). As a reward for such payments, the local education authority will prioritize the schools run by the most 'generous' principals for projects, and also protect such principals from investigations or parents' complaints. ICW and parents associations have had experiences of filing reports on corrupt principals, who are then backed up by the local education office, rather than being punished. If public complaints increase dramatically, the office tends at most to transfer the principal to another school, where he or she will again engage in corrupt practices.

As well as this school-level corruption that involves direct interaction with parents, there is also less visible corruption in the education system, including in the higher echelons of the education bureaucracy and leaching into the world of national politics. As a major function of the government involving large sums of money (the Department of Education gets a budget allocation that surpasses that of other government departments) education is as vulnerable to corruption as other parts of government. Much of the education budget goes on costs, such as teachers' salaries, that are relatively free of manipulation (though even here bureaucrats sometimes invent phantom (*fiktif*) teachers or public servants to enable money for salaries to also be diverted). However, the government also provides funds for purchasing materials (school books for example), constructing school buildings and other projects, all of which are vulnerable.

By analyzing corruption cases that have come to light over the last decade, I have formulated a typology of corruption in the education sector summarized in Table 2. It can be seen here that only at the lower levels does corruption involve direct extraction of fees from parents, at the higher levels corrupt actors directly access government funds, or engage in manipulative behaviour to attract payments from private companies. Despite the differences, however, there is a common pattern: at each level government functionaries access whatever sources of funds they exercise direct authority over (money from parents at the school level, money for major national projects in the central ministry) and use those funds both for their own consumption and to buy political support and protection from more powerful players in the education hierarchy. Thus, teachers transfer money to principals, principals transfer money to local education authorities, and so it goes on, right up the chain to the senior ministry officials who make payments to national politicians to buy their support.

The first layer of corruption

The first layer of corruption involves high-level public officials at the Ministry of National Education. The motives of corruption at this level in the post-Suharto period, besides self-enrichment and the enrichment of cronies, include buying political protection by giving education projects to politicians or their allies. In particular, unless senior bureaucrats 'share' their corrupt activities with politicians, especially by making projects available for parliamentarians to distribute to their constituents and supporters, there is a likelihood that parliament will oppose, frustrate, delay or under-fund every education policy. This is how and why legislators have become such prominent participants in corruption in the new system of 'fragmented clientelism': legislatures at

Table 2. *Varieties of corruption in education*

Layer of corruption	Actors	Mode of operation
First layer	Ministry of National Education officials	<ul style="list-style-type: none"> ▪ 'Tendering' education projects for local government or allocating projects without proper procedures to crony contractors. ▪ 'Buying' political support by giving vouchers to politician.
Second layer	Local education authority officials	<ul style="list-style-type: none"> ▪ 'Tendering' government or donor-funded projects to schools. The schools that provide the highest bid in bribes will win the project. ▪ 'Tendering' principal's position to teachers.
Third layer	Principals and school committee members	<ul style="list-style-type: none"> ▪ Double budgeting. The principals request money from parents for activities that have been funded by the government. ▪ Using school funds for non-educational activities, such as 'coordination fees' to be paid to bureaucrats and the police.
Fourth layer	Teachers	<ul style="list-style-type: none"> ▪ Teachers use their authority to collect additional payments from students, for photocopying, examinations and so on.

Source: Irawan et al. 2004; Aditjondro 2002.

every level have the potential to be veto-players in all manner of government policy and budgets.

There are several examples of this first layer of corruption. One was a well-publicized scandal in a book procurement project funded by the World Bank. ICW publicly revealed details of this case in 2000. The case began in the final years of the Suharto government, with a Book Reading Development Project (BRDP) launched in 1995 by the Department of National Education. The aim of the project was to provide books to junior high schools. The total cost of the project was US\$132.5 million, funded by a World Bank loan. It was planned that the project would be implemented in four phases between 1996 and 2000 but public complaints about corruption resulted in the fourth phase being cancelled and the project being closed on 31 December 2001, after it had disbursed only US\$53.23 million.

The project involved Regional Offices of the Department of Education organizing book procurement by tender, although the books they purchased were from a list already recommended by the central office of the Department. According to the investigations by ICW, at least 19% of the budget was distributed corruptly to various actors. Ten percent went to local project leader (*pimpro*), 5% to the Directorate General of Basic and Intermediary Education (Ditjen Dikdasmen), 1% to World Bank staff, 1% to the book centre (Pusat Perbukuan) of the Ministry of Education, 1% to the State Treasury Office (Kantor Perbendaharaan Kas Negara) and 1% to other parties. Furthermore, every publisher that won a contract had to purchase paper from PT Pinasti, which charged 20% more than normal market prices.³

Because of the massive publicity in the national and international media that this scandal generated, the World Bank sent staff from INT, its Department of Institutional Integrity, a section based in Washington DC with authority to investigate corruption in World Bank projects. In 2004, the Bank acknowledged that corruption had occurred in the project. In response, it published a black list of publishers and persons who were not allowed to receive further World Bank projects for durations of between two and fifteen years. The list included top Indonesian publishing companies such as Grasindo, owned by the Gramedia Group, the publisher of Indonesia's leading newspaper *Kompas*, as well as Mizan, Erlangga and Kanisius.⁴

Corruption in the book project occurred, or at least began, in the final years of the Suharto regime and, typical of the pattern of corruption in that period, the chief beneficiaries of the Suharto 'patronage machine' were located in the state bureaucracy. A more recent case of national-level collusion involves a national education voucher project (Irawan 2007). This scandal

³ ICW report to Dennis de Tray, The World Bank Representative at Jakarta, September 1998.

⁴ The complete list can be seen at: <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20262893~menuPK:34464~pagePK:64003015~piPK:64003012~theSitePK:4607,00.html> (accessed 7-9-2010).

demonstrates that in recent years the pattern of patronage distribution has become increasingly fragmented.

In this scandal, the Ministry of National Education distributed vouchers to schools through politicians and other prominent figures. The so-called vouchers were in effect a block grant mechanism for private schools. Schools that received vouchers could submit proposals for the sum of the voucher – often up to hundreds of millions of rupiah – for financial support from the Ministry to build new class rooms or libraries, or to renovate school property. The case attracted media attention when the speaker of Indonesia's parliament (Dewan Perwakilan Rakyat, DPR), Agung Laksono, was exposed as distributing vouchers to schools. According to Bambang Sudibyo, the Minister of National Education, Agung Laksono was chosen not because he was speaker of the DPR but because he was the leader of Kosgoro, a mass organization related to the Golkar Party that owned around 600 schools (*Kompas* 19-10-2006). Then it was revealed that several other senior politicians, notably DPR members who served on the DPR's education commission, were doing the same thing. The MPs did not benefit by receiving money from these vouchers for their personal use, but they benefited politically, because they could determine where to distribute them. Instead of giving vouchers to the schools that needed them most, politicians distributed them to schools linked to their own constituents, as part of their attempts to construct their own patronage networks and expand or solidify their political influence. Investigations by ICW thus found that vouchers mostly went to schools that were linked closely to the individual politicians, their political parties or the socio-religious organizations with which they were affiliated. In particular, a large number of vouchers went to schools run by Muhammadiyah, the large modernist Islamic organization that runs many health and education services. It so happened that the Minister came from the National Mandate Party (Partai Amanat Nasional, PAN), a party that was established and previously led by Amien Rais, the former national leader of Muhammadiyah and which was still rooted in the Muhammadiyah milieu. Presumably, the minister needed to satisfy his own constituents in PAN and Muhammadiyah, and used the distribution of vouchers to do so. But other MPs also distributed vouchers to their own constituents, as the example of Agung Laksono and his distribution of vouchers to Golkar-linked Kosgoro schools demonstrates. In turn, by distributing these vouchers through politicians, rather than directly through the education bureaucracy, senior officials at the Ministry of National Education were buying good relationships with MPs and other politicians, with the aim of reducing criticisms of the Ministry's policies and securing their fast approval by parliament. In this way, the distribution of the vouchers was also creating a conflict of interest for MPs: receiving vouchers undermined their independence and meant they were less likely to objectively monitor the per-

formance of the Ministry. From the politicians' point of view, however, the key motivation was that the vouchers were a convenient means to build their support bases and buy political support, precisely what we would expect in a system of 'fragmented clientelism'.

The second layer of corruption

In the second layer, corruption involves local education authorities, most importantly the education bureau (*dinas pendidikan*) offices at the district level. Substantial authority over the education sector, including authority over how to spend the education budget, was transferred to this level of government by Indonesia's post-1999 decentralization reforms.

One example of corruption at this level concerns book procurement, which had caused such a scandal in 2000 at the national level. As part of decentralization, the authority to procure school books was transferred to local governments, along with the other responsibilities in education and other sectors of government. Now, the Ministry of National Education in Jakarta only devises a list of recommended texts. However, this decentralized procurement system was not accompanied by a comprehensive corruption prevention policy, with the result that not only the authority to make decisions about procurement was decentralized, but so too were the opportunities to benefit corruptly from procurement. In several recent corruption cases to attract outside attention, local government officials have marked up book prices, particularly in cooperation with PT Balai Pustaka, a state-owned publishing enterprise. In some cases, local governments pay more for books than the price they are available for on the open market, despite being ordered in bulk. Book publishers often aggressively lobby local governments and pay bribes to local officials to ensure that they win tenders to provide books. With the bribes to officials being paid for from the money allocated to do the work, the result is often that very poor quality books are produced, or simply that less books are purchased than they would be if normal market prices were paid. Some local governments, for example in the province of Bengkulu, even procured books that were not on the list of recommended books, and which thus could not be used when they reached the schools. In several districts, the district heads (*bupati*) as well as members of local legislative councils and heads of education bureaus have been charged with corruption in book procurement scandals.⁵

Another example of corruption at this level involves the School Improvement Grant Project (SIGP), a multi-donor project managed by the World Bank. The project provided grants to 8,000 schools in about 130 districts, at a total cost

⁵ For details, see Sugiyanti 2008.

of about US\$60 million (Baines 2004:2). This project is generally depicted as a good governance success story because it involved direct transfers of money to school accounts, a measure that was specifically designed to reduce corruption and respond most effectively to school-level needs (Baines 2004; Hallak and Poisson 2007). The rationale was that distributing money directly to schools would minimize opportunities for intervention by the bureaucracy and, therefore, corrupt manipulation by it. ICW conducted investigations into the program in 2003-2006 and showed that, indeed, there was no corruption in the program in terms of theft of state money. Probably 100% of the money distributed by the program went directly to the targeted schools, a considerable achievement. Nevertheless, the bureaucracy still played an important role. In particular, the local bureaucracy, namely the education bureaus at the district and sub-district levels, nominated which schools needed the grant. This gave local bureaucrats crucial power that they could abuse and they did so by inducing school principals to pay bribes, typically of around 10% of the total grant the school would receive, as a 'down payment' for being picked as a project recipient. This variety of corruption does not involve stealing state or donor money. An auditor would not find evidence of embezzlement in the project implementation. This is because the principals will have paid their bribe even before receiving the money from the grant, money which is then spent on school improvement as intended. To pay the bribe, however, the principals raised the money from other sources, such as fees charged to parents.

More generally, it is well-known among teachers that being appointed as a principal is a costly exercise. Teachers who want to be promoted as a principal have to bribe Education Bureau officials. The cost varies with the type and location of the school: to be a principal of a senior high school in a city is much more expensive than becoming the principal of a village elementary school. This situation then creates a cycle of corruption because the principal has to recoup his or her 'investment' by charging various fees in the school.

Another mode of corruption involving the local-level bureaucracy was revealed by investigations carried out by ICW and the Civil Society Working Group (Kelompok Kerja Masyarakat Sipil, KKMS) in the district of Lombok Tengah. In this instance, in order to deal with the 'problem' that block grant money was transferred directly to the school, local education bureau officials ordered the principals to hand the school account books to the local bureaucracy, which would then manage the accounts itself. By controlling school accounts in this way, the local bureaucracy could take part of the money they contained for their own purposes. The principals had little choice but to accept this irregular way of doing things because, if they refused, they would receive no future projects and might suffer other repercussions.⁶

⁶ Interview with Syamsudin Sirah and Ade Irawan, 2-5 November 2006.

Such examples show how difficult it is to eradicate corruption, even by quite radical technical adjustments and good governance programs. Even transferring money directly to school accounts, with the purpose of cutting out the influence of a swathe of the middle bureaucracy, does not eradicate corruption. Instead, it only shifts the target of corruption and does not affect the underlying distribution of power within and over the school from which corruption flows. Principals, themselves the dominant player at the school level, remain accountable basically only to the local government authorities. Even with their new power to control school accounts and receive money directly, any principal who refuses to make corrupt payments to local government officials will suffer adverse consequences. His or her school might not receive future grants or government projects. The bureaucracy can also punish recalcitrant principals by transferring them to schools located far away from their homes, potentially causing great personal inconvenience and additional transport, accommodation and other expenses. Moreover, the SIGP example demonstrates another change in the mode of corruption in the education sector. In this case, principals and officials did not take money directly from the state budget but instead obtained it from parents. According to the current anti-corruption law in Indonesia, such activity is not categorized as corruption. The anti-corruption law defines corrupt practices as involving theft of public money or bribery, not extortion from ordinary citizens. This limits the law enforcement options at the third and fourth levels of corruption, to which our attention turns now.

The third and fourth layers

In order to measure corruption at the school level, in 2006 ICW conducted citizen report card surveys about school finances and accountability in public elementary schools in several cities and districts (Jakarta, Tangerang, Padang, Garut, Manado, Bau-Bau, Central Lombok, and West Sumba). Respondents were more than 8,000 parents of public elementary school children (ICW 2007).

The extent of corruption at the school level can be seen from the enormous range of illegal levies that parents are charged. Although a number of local governments have declared that education services at the elementary and secondary school level are entirely free, in reality even public education is never free. Parents of children at public schools are generally not charged tuition fees – it is true – but instead they have to pay various charges for uniforms, books, building costs, renovations, furniture, photocopying of teaching materials and even such basic materials as chalk. Students are often charged compulsory religious donations and even for purposes such as farewell parties for school principals or the weddings of their teachers. ICW's

surveys have identified at least 37 categories of such illegal levies for elementary school students in Jakarta alone (Irawan et al. 2004).

These various levies are illegal because the government already provides support through the national and local government budgets, block grants and school operational support transfers to cover costs for text books, new student registration, examinations, photocopying and the like. Likewise, parents should not be required to pay for construction or renovation of school buildings because these are also covered by national and local government budgets. Arguably, a few of the fees are in a legal grey area, such as those for photocopying, books and a few other expenses. In Jakarta, however, the Education Bureau announced to the public that there would be no entrance fees, school building fees or even charges for standard text books because all of those items had been covered by the local government budget (Elisabeth 2006). But parents regularly report that fees for such items are still charged in schools. Such fees seem legal to parents because they are directly administered by the school. There are even almost comical examples: such as when schools hold class competitions to clean up the school, requiring parents to purchase detergent, paint, brooms and other cleaning implements, even though the budget for purchasing items is already provided by the government. The levies thus involve another mode of corruption: double budgeting. The school requests money from parents for activities that actually have been paid for by the government. The excess money can then be used for the personal needs of the principal and teachers, for other more 'strategic' purposes, such as paying transportation fees or per diems for the school supervisor, or bribes to Education Bureau officials and other threatening actors.⁷

Teachers are the lowest link in the corruption chain in the school since various fees are announced or levied by teachers in the class. Teachers also can make profits themselves by levying their own fees for various activities, such as photocopying, buying particular books or sports. Of course the amount of money they collect is typically very small, because they exercise authority only over a small number of students and are limited by whatever subject or subjects it is that they happen to teach. Their motivations are typically more about basic economic survival because their salaries are small, so they view petty corruption as a way to supplement their income.

This pattern of school-level corruption reveals another feature of contemporary corruption in Indonesia: its adaptability. Post-decentralization changes in the way funds were disbursed in the education sector involved a new policy of making direct payments to school accounts. In particular, School

⁷ In the post-Suharto period, many journalists and NGO activists also target public servants for extortion, threatening not to expose them for misdemeanours in exchange for payment; schools are an attractive target for such extortion, not only because of their relative weakness, at the bottom of the bureaucratic feeding chain, but also because of new policies that transfer funds directly to school accounts.

Operational Assistance (Bantuan Operasional Sekolah, BOS) education subsidies are intended to cover all schools' operational costs and are transferred directly from the national ministry to school accounts. The amount of BOS subsidies payments received per school varies according to the number of students enrolled: the larger the school, the bigger the BOS transfer. At the same time, local governments also provide certain additional subsidies (thus, the Jakarta city government provides Education Operational Assistance (Bantuan Operasional Pendidikan, BOP) payments that are also transferred directly to school accounts. Transferring funds directly to school accounts was intended, in part, to cut a long corruption chain in the bureaucracy. The assumption behind the introduction of direct transfers was that schools were separable from the bureaucracy, and that reducing the bureaucracy's authority and discretionary power over school budgets, and therefore its capacity for abuse, would help to eliminate, or at least minimize corruption in the sector. However, as already indicated, our survey results show that much of the corruption that does occur now happens not by stealing state money, but by requesting parents to pay money. This is a clear adaptation in the pattern of corruption that has occurred since the post-Suharto reforms.

Another reason for the proliferation of illegal levies at school is lack of accountability. Schools rarely provide adequate financial reports to parents about how their money is spent. Again, this is a topic on which ICW has conducted extensive research, with a survey of 8,265 parents of school children. When asked about the various additional levies they were charged, a majority of parents responded that information was not available from the school about how these charges were used (the figures ranged from almost 35% of respondents saying that such information was available for how fees for farewell parties were used, down to 8% availability of information for sports class fees). Clearly, one very basic problem of accountability at the school level is the absence of adequate financial reports for parents (for the full data, see ICW 2007).

Another source of the lack of accountability at the school level is parents' generally poor levels of participation in school decision making. According to the school-based management system, school budgets are together formulated by principals and school committees. The system also supposedly provides for participatory planning of the budget and for evaluation by parents of its implementation.⁸ However, to actively participate in school budgeting, parents have to be well-informed, not only about the substance but also about the procedures. The ICW survey of 8,265 parents thus checked whether parents were informed about school budgeting. One survey question asked parents if they knew about or had been invited to attend school committee

⁸ The relevant regulation is Keputusan Menteri Pendidikan Nasional (Kepmendiknas) no. 044/U/2002 Komite Sekolah dan Dewan Pendidikan (Minister of National Education Decree no. 044/U/2002 on School committees and Education Councils).

meetings to discuss the school budget: 78.4% respondents answered in the negative. Lacking access to such information, parents are obviously unable to actively participate in decisions on levies and charges, or to monitor how the school's budget is spent. Instead, principals are left to formulate and manage the budgets by themselves. Although formally speaking, school committees are powerful bodies, with bargaining power at least equivalent to that of school principals, because of the lack of skills, information, and knowledge about school management and other aspects of education on the part of their members and other parents, the committees are almost always dominated by the principal. Despite all the talk about participatory school governance in post-Reformasi Indonesia, in reality there is rarely extensive societal participation in school affairs, providing an environment in which corruption can flourish.

Critiquing the corruption eradication strategy

Anti-corruption and good governance programs in Indonesia over the last decade have often translated into attempts to improve public sector management, for instance by reforming the system of public finances. In this respect, the dominant response to corruption in Indonesia follows an approach that is promoted by many international financial and development agencies. For example, in their analysis of corruption in secondary and tertiary education systems around the world, published by the International Institute for Educational Planning, Hallak and Poisson (2007:22) recommend anti-corruption solutions like improving management skills, accounting, monitoring and auditing in the sector, indicating how they view corruption as essentially a product of poor public sector management.

In fact, if Indonesia's experience since 1998 has taught us anything, it is that corruption is not merely a product of poor management systems and skills, easily amenable to technical solutions. Instead, it is inherently political: it flows from the abuse of political power and from patterns of competition and cooperation among political actors, and is a part of how power relations are structured in society. A more satisfactory explanation for corruption can thus be found in Johnston's work (1997) that links different syndromes of corruption to relations between political elites and civil society, and finds that corruption becomes more systematic when the former are more powerful than the latter. The inherently political character of corruption helps to explain why technical solutions in the sphere of public sector management, such as those tried in Indonesia's education system, are not enough to eradicate corruption. In Indonesia, the decentralization of management in the education system was supposed to transfer ownership of schools directly to

society, by establishing school committees at the school level and education councils at the district level. But actually ownership was not fully transferred. Decentralization through the school-based management system transferred authority over school management only to principals. Moreover, authority to hire and fire principals remains in the hands of local government education offices, as does the power to approve school budgets. Both the new authority enjoyed by principals, and the authority that local education bureaucrats exercise over principals, have become new sources of corruption. Domination by the bureaucracy also makes the schools themselves cash cows and forces the principals to act corruptly themselves, and permits teachers to do the same, in order to finance the expenditures of the school.

Here the contrast with Chicago's LSC experience is instructive. In that case, decentralization involved genuine transfer of school management to school committees and, according to Fung (2003), these LSCs worked as local-level democratic institutions that effectively encouraged direct participation from the community. It did this by transferring real authority to the LSCs, including authority to hire and fire principals and authority to make strategic decisions for the school ranging from curriculum design to formulation of school budgets. In Indonesia, by contrast, as a consequence of the 'incomplete decentralization' and weak power of school committees, policy formulation and budgetary management at the school level remain dominated by school principals and, to make matters worse, principals are still positioned as part of the education bureaucracy. The resulting proliferation of illegal levies and other forms of corruption at the school level seems to perfectly exemplify the proposition that corruption flourishes in the absence of strong societal participation.

Another useful analysis of anti-corruption strategies, that leads us toward a similar conclusion, is offered by Emil Bolongaita and Vinay Bhargava (2004). To develop an effective strategy, they argue, program designers should consider three factors: the level of state capture by corrupt interests, the extent of petty corruption and the quality of governance. For the Indonesian context, where there is simultaneously high state capture, pervasive petty corruption and poor quality of governance, an effective anti-corruption program cannot rely solely on the state apparatus, because it will be easily subverted. In such a context, Bolongaita and Bhargava (2004:37) argue that effective anti-corruption reforms should be found and nurtured outside the state. Civil society and the private sector can be mobilized to foster external demand for change. Following this logic, attempts to curb corruption in the education sector are best anchored in groups outside the state, such as school committees and independent teachers' association, and empowering the school committees with greater authority would be a logical (and relatively easy) first step.

Another important strategy for reducing corruption is law enforcement and effective punishment of wrong-doers. Huther and Shah (2000) sug-

gest that law enforcement is likely to have a relatively high impact in poor governance conditions. In Indonesia's education sector, however, there is typically only weak law enforcement with respect to corruption and penalties therefore have little deterrence value. An example is the SIGP project. Public servants revealed to be corrupt in this program were only punished by being transferred to similar positions in other offices or schools. Police and prosecutors never followed up complaints from parents about embezzlement of schools funds.⁹ At a much higher level, there was also no meaningful punishment in the scandal in the World Bank-funded book procurement project. The World Bank only sanctioned companies and individuals from the private sector, by black-banning them. Ministry of National Education and other public officials involved in the case were not punished. On the contrary, the World Bank and other donors still disburse large sums of money in the form of loans and grants through the Ministry which remains controlled by those involved in corruption. Of course, anti-corruption strategies cannot rely on law enforcement as their main solution: the simple fact is that there are not enough prisons in Indonesia to hold the huge numbers of people who are involved in what is a pervasive and systematic phenomenon. It would take decades to even prosecute all persons involved in corruption. But law enforcement is necessary, at least in exemplary cases, to show the public and the whole bureaucracy that corrupt practices are not tolerated as they were in the past. Law enforcement, in other words, should act as a 'shock therapy' that is then followed up by more substantial bureaucratic reform.¹⁰

In theory, law enforcement focusing on corruption at the school level should be relatively easy. Petty corruption in schools is small-scale when compared to corruption in banking, infrastructure, procurement and other sectors. Prosecuting corruption in schools therefore should not meet the political obstacles and sabotage caused by entrenched judicial corruption that often occurs in other cases. Instead, law enforcement at the school level faces a different obstacle caused by the prevailing narrow definition of corruption as involving only state losses. Law enforcement agencies define corruption as theft of state money, but in schools, as we have seen, corruption frequently involves taking money from parents rather than from the state. According to Indonesian anti-corruption law, this sort of fraud is not categorized as corruption. Furthermore, petty corruption at the school level is often

⁹ Interviews with Ade Irawan and activists of the Education Coalition (Koalisi Pendidikan) which often provided assistance for parents to submit complaints regarding misuse of school funds.

¹⁰ One relevant example is the recent high-profile (and large-scale) corruption in the central bank, Bank Indonesia. The KPK oversaw some dramatic prosecutions in the case, and then worked with the bank to reform its internal regulations (for example, those concerning overseas travel by family members of bank officials) in a way that reduced possibilities of corruption: 'KPK-BI rampungkan kajian aturan yang picu korupsi', *Media Indonesia* 9-5-2008.

missed in audits by the Indonesian Supreme Audit Agency (Badan Pemeriksa Keuangan, BPK), because BPK usually only examines the use of state funds, while fees paid by parents are not administered as a non-tax state revenue.

Conclusion

This study of the education sector has demonstrated how Indonesia, as a fragmented polity with a weak civil society, has become a place where corruption is all-pervasive and systematic. Petty corruption at the school level is part of a larger structure of corruption in the education bureaucracy. Corruption at the school level would not be allowed without permission from school supervisors in the local education authorities. In turn, corruption is entrenched even at the most senior levels of the bureaucracy where it is used, among other things, to buy political support and protection and to build political constituencies. In short, corruption is systematic and involves the top-level bureaucracy right down to the principals and teachers in the schools.

In such a context, it is worth considering briefly some of the consequences of corruption in the education system, not so far highlighted in this article. Corruption in the system has many deleterious effects. One major impact is on the quality of education itself because of all its ill effects on the standards of teaching materials, books and other facilities provided to students. Another impact is the cultivation of a culture of corruption among children, and the negative consequences this has for the future. Even young children are surprisingly aware of the extent of corruption in their schools. The KPK, Attorney General's Office and some international donors have promoted anti-corruption education programs for school students. However laudable the goals, it is possible that the effect of such programs is instead to drive home lessons about hypocrisy, when students know that the very people teaching them anti-corruption values are themselves directly implicated in the practice.

Another important lesson to be drawn from our discussion concerns the adaptability of corruption. During the Reformasi period there have been serious attempts to address some of the deficiencies in the education sector and to reduce corruption in it. In particular, international donors' good governance recipes have involved transferring money directly into school accounts and decentralizing management of the education system to the regions and to schools. These strategies had their roots in the 1997 economic crisis, after which donors (especially the World Bank) introduced a 'social safety net' policy by which money was transferred directly to poor people, a policy that donors judged to be successful. In education, the rationale has been to by-pass large segments of the intermediate bureaucracy, providing money instead to its ultimate users, and removing discretion over school accounts from middle-

level bureaucrats, and thus eliminating their ability to abuse those funds.

Unfortunately, the strategy has not worked well because it does not concentrate upon the root sources of corruption in education which, it has been argued here, flow from the structures of political power in both state and society. The anti-corruption strategy in the sector has only changed how money is transferred between the bureaucracy and schools, it has not replaced the existing corrupt structure in the education bureaucracy. The structure of accountability mechanisms still flows from top to bottom in the system, binding the schools to the education bureaucracy. The power to fire and hire principals is in the hands of local education authorities, making principals directly accountable to bureaucrats. To be appointed as principals, teachers must pay bribes; to maintain their positions, principals also have to provide regular payments to local bureaucrats. This dynamic has encouraged the proliferation of fees and levies directed at parents and made money raised from parents a crucial site of corruption, displacing state funds as the source drawn upon by corrupt actors at the school level when buying the political protection and support they need in the bureaucracy.

On the societal side of the equation, while Indonesian reform has made a good start by creating and empowering school committees, it has not gone far enough. For anti-corruption strategies to be effective, the authority to select principals would need to be transferred to school committees, making principals accountable to the community rather than to the education bureaucracy. Further powers for school committees to make vital decisions about school policy and spending would also help to eradicate corruption at the school level. Strengthening such societal mechanisms needs to be the starting point of anti-corruption programs in a system like that of Indonesia where civil society weakness is one of the crucial ingredients that helps corruption to flourish. Public sector reform and narrow goals of 'good governance' will not be enough. Experiences in the education sector show that without deeper changes in the political structures that motivate and sustain corruption, public sector reform will only make corrupt actors adapt their modes and methods.