



The Habibie Center



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Consulting Group



SEMINAR ON Outlook for Indonesia's Presidential Election

LE MERIDIEN JAKARTA
12 NOVEMBER 2018



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The image features a dark blue background with a large, diagonal white shape on the left side. On the right side, there is a decorative pattern of overlapping triangles in various shades of orange, yellow, and light blue. The word "Introduction" is centered in the lower half of the page in a white, sans-serif font.

Introduction



JAKARTA – On Monday, 12 November 2018, The Habibie Center, in collaboration with Insperon Consulting Group held a seminar on “Outlook for Indonesia’s Presidential Election 2019” at Le Meridien Hotel in Jakarta. The seminar was part of The Habibie Center’s 19th anniversary celebration and featured as speakers **Mr. Putra Nababan** (National Campaign Team for Joko Widodo and Ma’ruf Amin), **Ms. Rahayu Saraswati Djojohadikusumo** (National Campaign Team for Prabowo Subianto and Sandiaga Uno), **Dr. Djayadi Hanan** (Executive Director, SMRC), and **Prof. Dr. Indria Samego** (Board of Experts, The Habibie Center). Meanwhile **Dr. Rudi Sukandar** (Associate Fellow, The Habibie Center) served as moderator.

The objectives of the seminar were: (a) to assess Joko Widodo’ administration for the past four years; (b) to analyse each candidates’ vision and mission; and (c) to assess factors that may affect the presidential election in 2019.

This discussion report summarizes the key points of each speaker, as well as the question and answer session that followed.



Opening Remarks

**Mr. Hadi Kuntjara,
Ph.D.**

Executive Director,
The Habibie Center

Excellencies, Distinguished Speakers,
Ladies and Gentlemen,

On November 10, 1999, The Habibie Center was established by Prof. Dr. Ing. B.J. Habibie as an independent, non-governmental, and non-profit organization. In the years that have since passed, The Habibie Center has been at the forefront in promoting and upholding the values of democratic life and human rights in Indonesia.

It is in that sense that we have great hopes and expectations for next year's elections as they represent the realization of our vision and mission. Namely, promoting the modernization and democratization of Indonesian society based on the morality and integrity of sound cultural and religious values.

It thus very appropriate that we celebrate our 19th anniversary by organizing today's seminar on 'Outlook for Indonesia's Presidential Election 2019.'

Excellencies, Distinguished Speakers,
Ladies and Gentlemen,

Today's seminar has three main aims. Firstly is to assess the performance of



the Joko Widodo government over the past four years. What have been the main achievements? What have been the shortcomings? What should continue? What should change? Our democracy means holding our Government to account and next year's elections is a reminder to our national leaders that their mandate comes and goes with the the people's support.

Second, to analyse the vision and mission of the two presidential-vice presidential candidates: Joko Widodo-Maaruf Amin and Prabowo Subianto-Sandiaga Uno. What would the candidates do if elected to the highest

office? What would they do in the area of social welfare given that it has the greatest impact on the daily life of the average voters?

Thirdly, to assess the factors that may affect the presidential elections next year. Will it be economic issues? Will it be identity politics? And how about social welfare that arguably matters most to the average voters?

Lastly, given Indonesia's growing importance on the global stage, it is unsurprising that next year's elections will draw the attention of the international community. What would likely be the main concerns of the international community with regards

to the upcoming Presidential Elections and also what message would the two candidates like to convey to them.

Excellencies, Distinguished Speakers, Ladies and Gentlemen,

I hope today's seminar will help address some of these questions. I am delighted that we have been joined by such distinguished speakers to help enlighten us on these pressing issues. I would thus like to thank Mr. Putra Nababan (National Campaign Team for Joko Widodo and Ma'ruf Amin), Ms. Rahayu Saraswati Djojohadikusumo (National Campaign Team for Prabowo and Sandiaga Uno), Mr. Djayadi Hanan, Ph.D (Executive Director, Saiful Mujani Research & Consulting) and Prof. Dr. Indria Samego (Board of Experts, The Habibie Center) for being with us today.

I would also like to thank Mr. M. Aru from Insperon Consulting Group for supporting today's event. This is the second time we have worked with Insperon and building on today's and previous successes I look forward to future cooperation.

To end, I would like to wish you all a very fruitful discussion and hope that by the end of this event we will come away with a greater understanding to some of the issues raised in the questions outlined before.

Thank you.

M. Aru

Managing Partner,
Insperon Consulting Group

Excellencies, Distinguished Guests, Bapak & Ibu Good Afternoon.

My name is Aru. I'm from Insperon Consulting Group. Let me share more about Insperon. We are an economic & political risk consultancy based in London. We focus on South Asia & Southeast Asia. Our insights guide clients to make informed strategic decisions that mitigate future risks in uncertain economic & political conditions. Coincidentally, two of the countries we cover, India & Indonesia, will hold national elections around the same time next year.

Currently, the biggest Muslim democracy, Southeast Asia's largest country & the world's 4th biggest population, Indonesia has the 7th largest economy in the world. By 2030, Indonesia is expected to be the 5th largest economy. As an emerging economic power, any development in Indonesia affects this region.

Looking at the 2019 Presidential Election, some see it as a rerun of 2014. Yes, the candidates are the same, but the circumstances are different. One is the incumbent, while the other is running for higher office for the 3rd time. But the most interesting aspect is the choice of Vice-President. The choice of respected



Muslim cleric Ma'aruf Amin can be seen as reducing the influence of SARA issues, especially religion & he appeals to Muslim conservatives. On the other hand, the choice of successful businessman Sandiaga Uno can be seen as focussing on the Economy; that Indonesia can perform much better than 5% & given his relative youth, he appeals to millennials.

Who is expected to win the Election? It will be the candidate who wins the hearts & minds of Indonesians. So, the seminar today will look at each candidate's vision, examine issues that will influence the election outcome & assess the Jokowi administration's performance for the past 4 years.

After the heat of campaigning & the results are final, it is hoped that:

One – Whoever earns the people's mandate heals any division, unites society & governs for all Indonesians

Two – From a businessman's perspective, it will be good for Indonesia to be an investment-friendly destination with predictable rules & stability

Three – In terms of geopolitics, a strong Indonesia will be a balancing influence in this region within the context of US-China rivalry

Before I end, let me take this opportunity to thank The Habibie Center for partnering Insperon for this seminar. In particular, Executive Director Pak Hadi Kuntjara & his team; Ibrahim, Natassa & others behind the scene. I also thank the Speakers for taking time from their busy schedules to share their ideas & perspectives. Last but not least, I thank you, the audience, for joining us today.

I look forward to an engaging afternoon of presentations & discussions, thank you.



Presentation from The Panelist

Mr. Putra Nababan

National Campaign Team
for Joko Widodo and
Ma'ruf Amin

Mr Putra Nababan began by wishing The Habibie Center happy anniversary and explained to the audience that he had been asked by the organizers to talk about the government's welfare program over the last five years and what a Joko Widodo-Ma'ruf Amin administration would do if elected in 2019. He noted that in social welfare it is important to prioritize the addressing of inequality and poverty. One of the main focuses of the President is not to forget the villagers. Mr Putra Nababan pointed out that in the last couple of years the government has succeeded in reducing the price of goods and levels of disparity - especially in East Indonesia where the President regularly visits.

He went on to highlight how the 'sea tolls', especially for areas outside of Java, has shown significant results and that this was proven by the affordable prices for basic needs now enjoyed by communities as a result of the 'sea toll' implementation. Moving on to the topic of social security, Mr Putra Nababan pointed out that the government had spent a lot in this area and that it had brought about results. He noted the growth of Indonesian Smart Card users



as one example, explaining that in 2016 12.6 million smart cards had been distributed to school children allowing them to attend school without worrying about financial burdens. As a result, literacy rates among school children had improved. Mr Putra Nababan went on to highlight similar achievements in the distribution of health cards that had helped to improve the lives of Indonesians, not only for school children but also workers and mothers. He noted that as a candidate running for parliament he often met with people who testified the positive impact of the health and smart cards.

On the issue of the government's land reforms, he attested to the importance of owning a land certificate and its relationship with a person's sense of dignity. Another area where the government had made a positive change was in the implementation of

a single price for fuel across Indonesia. This had been warmly received in Papua which had paid vastly higher prices before the new policy.

Mr Putra Nababan briefly touched on the 'One Million Houses' program as well as the government's efforts to work with the banking sector in order to provide microfinancing to people who otherwise would not have access to capital.

To end, Mr Putra Nababan argued that to develop Indonesia, a Joko Widodo-Ma'ruf Amin administration would focus on improving the quality of life, ensuring equality in the education system, to continue to reduce poverty in villages, to increase tolerance, promote unity and diversity, and increase the role of youth in the road towards tolerance.

Ms. Rahayu Saraswati Djojohadikusumo

National Campaign Team
for Prabowo Subianto and
Sandiaga Uno

Second to speak was Ms. Rahayu Saraswati Djojohadikusumo who congratulated The Habibie Center for its 19th anniversary. She began by introducing herself not only as a

member of Parliament representing Central Java but more importantly as a mother, a wife and an activist. Asked by the organizers to assess the government's performance in the area of social welfare, Ms. Rahayu Saraswati Djojohadikusumo stated it was important to highlight any policy shortcomings that did not align with the needs of the people.

She noted the government's focus on infrastructure and asked whether there was too much focus on this area, asking at what cost. She explained that in Central Java, many were leaving their villages and farms because there were no more jobs and those that did stay could not live a decent life. She highlighted the plight of farmers who worked all day for little financial reward/profit.

Ms. Rahayu Saraswati Djojohadikusumo questioned the 'magic cards' that the government has relied on as its answer to issues of social welfare. She noted that while poverty has gone down, the rate of poverty reduction has been the slowest during the current administration compared to its predecessors.

She explained the lack of up-to-date data and suggested this was one of the causes of poor policies. She argued that even a great program would not be effective if it was based on wrong or outdated data, as it would likely mean the program would not impact on the people that need it most. Ms. Rahayu Saraswati Djojohadikusumo did praise the current administration's focus on increasing access to education, including enrollment in vocational schools, but argued that data showed that the graduation to employment



rate from vocational schools has great disparity. She suggested it was not a lack of funding that was the problem but more a case of the quality of the schools and the relevancy of its programs that may not always reflect the needs of a changing job market.

Ms. Rahayu Saraswati Djojohadikusumo went on to highlight some of the proposed programs of a Prabowo Subianto–Sandiaga Uno administration, before touching on other areas where the current government had come up short. These include the maternal death rate which was seen as still unacceptably high and the lack of preparedness for an ageing job market in the near future which may have a negative effect on Indonesia's GDP.

Towards the end of her presentation, Ms. Rahayu Saraswati Djojohadikusumo questioned why the government

had only now decided to raise the budget for social welfare from IDR 35 trillion to IDR 56 trillion. Ms. Rahayu Saraswati Djojohadikusumo asked why this budget increase only came in the President's fourth year during an election year? Lastly, she addressed the concern that a Prabowo Subianto – Sandiaga Uno administration would be anti-foreigner, reassuring that if elected they would not be against foreigners or their investment but that they want to see Indonesians be able to stand on their own two feet.

Dr. Djayadi Hanan

Executive Director,
SMRC

Third to speak was Dr. Djayadi Hanan who began with his conclusion, mainly that as of September 2018 the incumbent was in a good position to be re-elected. However, he cautioned that an incumbent's position was neither secure nor unbeatable. Since the elections are still five months away, much could still happen.

Dr. Djayadi Hanan then went on to explain how he came to his conclusions. He told the audience that in 2019 there will be around 20,000 candidates from all the various parties hoping to be elected and around 800,000 polling stations. Looking at the sheer numbers,

Indonesia will without doubt have one of the most complex elections in the world. Dr. Djayadi Hanan went on to describe a number of simulations SMRC had conducted, and in one scenario the incumbent could lose by a significant margin. This was possible since around 30-35% of voters were still undecided and could swing either way, depending on a number of factors that could determine the race. However, it should be noted that the President's approval rating stands at approximately 70% but it was not that long ago that it dipped to 55% back in June 2015.

Dr. Djayadi Hanan went on to highlight that in general Indonesians felt the security situation was good and so too the economy in general, with inflation kept in check. The public also had a good evaluation of the government's performance in the areas of education



and health. However, there were negative evaluations with regards to the falling value of the Rupiah, unemployment, poverty, and ensuring fair good prices.

Towards the end of his presentation Dr. Djayadi Hanan noted other factors that might affect the elections including political parties and their machineries, identity politics, and even individual politicians and their personality.

Prof. Dr. Indria Samego

Board of Experts,
The Habibie Center

Last to speak was Prof. Dr. Indria Samego who stated he would continue on from Dr. Djayadi Hanan's presentation but from a more political perspective. He noted that one main concern with the election was that it was still a relatively new thing for Indonesians. It was only in 2004 that Indonesian directly elected their President and Vice President.

Prior to that, the country's leaders used repression to main control over the country. In this sense, when we are talking about Indonesia's modernization, it also referred to the country's democratization process. Prof. Dr. Indria Samego noted that when we talk about development, we



usually talk about planned changes with blueprints and so-called guided development. He noted that much has changed in Indonesia but for some, there was a concern that change was being made just for the sake of it and not for development. Democracy was also about having respect for the people, so whilst Indonesia may have had a type of democracy under Suharto, this was not really true as the New Order regime did not respect the people.

Prof. Dr. Indria Samego went on to say that democratization is totally unstoppable. With a democratic system we will face regular, peaceful and gradual circulation of the elites, massive political participation and not just participation but contestation. We also have not experienced such a massive system with around 90,000 candidates running for office. As such Indonesia is able to follow the international discourse

on democratization and operates with a new structural environment that brings benefits to the people. However, Prof. Dr. Indria Samego acknowledges there were some weaknesses including costly elections and the trade-off between political and economic development.

Moving forward, Prof. Dr. Indria Samego said Indonesia needed to avoid presidential elections just for the sake of having them. In other words it should bring real development to the country. In addition, Indonesia should strengthen the presidential system as well as continue to prioritize political

development. It is also important that we continue to involve society in this process.

To end, Prof. Dr. Indria Samego concluded that direct presidential elections are a new phenomenon in Indonesia, as it was only adopted in 2004. It is hoped that Indonesia can strengthen its presidential and political system. Having said that, Indonesia should take pride that it is now considered a "normal country" given that in the past it was considered "abnormal" by the rest of the world.





QUESTION AND ANSWER SESSION



SESSION I

Question:

How does the [slow] pace of the current Jakarta administration in making a decision to replace Sandiaga Uno as Vice Governor have an impact on the Prabowo Subianto – Sandiaga Uno campaign? Jakarta is the capital city and people look to it as a barometer for national politics. How does it reflect their vision and goals?

Question:

You've given a fairly internal view of Indonesia. But what is the best way that outside countries like the United States can best help you reach the goals that you outlined?

Question:

What are the geopolitical concepts/foreign policy of both candidates? How do they view the Indo-Pacific? How would they deal with ASEAN?

RESPONSE

Ms. Rahayu Saraswati Djojhadikusumo:

Thank you for the interesting question. For that decision of course it is mainly done in discussion between the two parties that pushed for Anies Baswedan and Sandiaga Uno and to be honest I am not privy to that discussion so I do not know what discussion has taken place. However, the priority is to choose someone who will serve the Jakarta people and someone who has the ability to help the Governor.

I have to say that that is not my field on how America can help but I will try my best. I think I started to mention in the last part of my presentation, I think it tends to be misconstrued our message to go back to the 33rd article of our constitution that somehow it sends an unfriendly message to foreign allies or neighbors but that is simply not the case. If you are questioning what foreign countries can do to help us improve, to help in our development I think number one is in the human capital aspect especially in education and training. I think it would be great for example that you would help, for example those who have studied abroad in your country can come back and help Indonesia. In addition, especially with such rapid changes in information technology our country is not ready for people to have such free rein without any ability to filter it, which is why I am such an advocate for education as the main driving force here in our home country.

For geopolitics, its not about being anti-foreign. Our message is please go ahead and invest but not at the cost of our people. If there are companies that do not benefit our people, its not about kicking investors away but instead renegotiating better terms.

Mr. Putra Nababan:

First of all let me tell you a little personal story about how I was told to talk about social welfare by the organizers. I responded positively, but when I read the proposal I questioned why is the discussion going to be in English? They told me the audience would be for foreign diplomats and foreign community but I thought this is our elections. When I was a news reporter in the U.S. it took me a year to get an interview with Obama. During the election period it was impossible, but once he became President I was able to. Then in his office, I asked why only now I got an interview, why they never replied my emails and messages and they told me, 'This is local politics, we don't give time for the foreign people.' But in Indonesia we are different, we are a bit too polite.

In any case, the constitution says Indonesia needs to play an active role for peace and justice and a global order. But in Bali the President said that countries need to work together in order to achieve a common goal but he underlined, prosperity for all. In 2013 the President said this time is the Indonesian century, this time we have to focus on our country. The foreign policy direction has really switched, there is acknowledgment that free trade does not equal fair trade and Indonesia has to be treated fairly. Of course we are big on promoting our investment sector like tourism. So infrastructure for tourism is a big priority in our program. We also are promoting climate change mitigation and improving environmentally friendly mass transportation.

SESSION II

Question:

In terms of the things you mentioned, a lot of the goals that you mentioned require a large amount of funding over an extended period of time. If you say that these are priorities while also saying that spending will be decreased so how will you finance this? In addition, how are you taking into consideration the fact that whoever gets elected will be inheriting a large economic burden given economic prognostics?

Question:

There is a lot of talk about Industry 4.0 and the Digital Economy. What is your broad approach to harnessing new technology for the benefit of the masses and how will you create an inviting environment for innovation?

Question:

What is the strength and weakness of the Prabowo Subianto – Sandiaga Uno program in comparison with the Joko Widodo – Ma'ruf Amin program? We all know the Indonesian condition right now?

RESPONSE

Mr. Putra Nababan:

Thank you for the questions, although it's not really about social welfare. However to answer your question, I am not really prepared to tell you where the money comes from because it is not my focus. However, if you see the programs you will see that the programs are focusing on developing the humans. I can say that we will focus on developing tourism but that question would have been better for the first session in the morning that focused on the economic aspects.

For the other question, it's also the same, it's not really about social welfare which is a shame because I have 39 slides about this important issue. But I can say that I used to be involved in a program for 1000 startups in Indonesia, and the President is focusing on the creative industry and digital economy. I have a startup myself in the digital platform and I train many of the founders from that program. We do a lot of collaboration with experienced professionals and now we are trying to answer how we can make these startups succeed. It is all about the environment, now we have a government that actually knows where it wants to go with these startup businesses without interfering but providing infrastructure.

Ms. Rahayu Saraswati Djojohadikusumo:

Please excuse us because I did mention that economy is not my specialty, and perhaps these questions would have been better addressed in the morning session. But I will try my best, in terms of the question I would say it is about performance, efficiency and effectiveness a lot of it is based on proportion. That is key. Our message has always been that you cannot leave behind human capital development because it is equally as important as infrastructure development; so it is about proportion. As I said the budget is actually tremendous, but another thing I will mention is good governance. There are budget leaks within our system. For example, I know that there are programs that I fight for my constituents but when I visited the people that were sponsored by these programs they told me that they did not receive the full amount. That is corruption, the distributors should not be receiving a cut and so that is an issue of good governance.

Something like the 1000 startups is something that we are interested in bringing to the national scale. It is not copy and paste but we do prioritize that the youth of this nation have a means to own their own businesses. However, if the people are not prepared to have all these technologies there can be negative consequences. As an advocate for tackling human trafficking I can tell you the negative impact of these technologies. We cannot have everyone on the

internet because there are people who will do things like recording women and children and getting money online for these services. This is why not everyone should have access to the internet and education instead should be a priority. One of the problems however is that the different programs are not synchronized, they are all working on their own and with different data. That's why we should create a one data platform that should be used by all.

SESSION III

Question:

We had quite peaceful local elections this year, do you think in 2019 the national elections will be the same or will there be harsh narrative coming out from both sides?

RESPONSE

Dr. Djayadi Hanan:

There will still be harsh narrative but I don't think it will be played out to the extent that we had in the Jakarta gubernatorial elections. Let's take one example, identity issues especially based on ethnicity and religion. I think as Indonesians should be aware that identity issues is something that is embedded into our lives. The question is when and how will these identity issues play out significantly and affect the results. Number one, there is a big polarization among the candidates that are competing identity wise. Number two, with only two candidates there is a very competitive election. Aside from identity issues because we have an incumbent this time around, the question of is the incumbent doing a good or not will be a factor. Both of these conditions were not present in the 2014 elections.

Prof. Dr. Indria Samego:

We all hope for peaceful and successful elections. Everyone acknowledges that there is competition, but it is different from the initial perception of Indonesian society where we can politicize differences like Jakarta's major elections. However, Jakarta is very different from Indonesia as a whole. People power in Indonesia is actually an illusion, what we have is (elite or political power?) converted into people power.



The Habibie Center is founded by Bacharuddin Jusuf Habibie and family, as an independent, non-governmental and non-profit organization. Our vision is to promote the modernization and democratization of Indonesian society based on the morality and integrity of sound cultural and religious values. And our missions are:

1. To establish a structurally and culturally democratic society that acknowledges, honors and promotes human rights, as well as to study and advocate issues in the development of democracy and human rights.
2. To promote and advance effective human resources management and the socialization of technology.

The mission serves as a platform for the strategic development of The Habibie Center's agenda in Democracy and Human Rights, Human Resources in Science and Technology, Media and Information, Maritime Resources, Democratization of Science and Technology, Networking and Cooperation.

The greatest asset and strength of The Habibie Center is in the people that are involved in the Center and their network. The prestigious names listed on our Board fully serve to assist in paving the way to ensure that the research and analyses conducted by the researchers are heard by the right individuals, institutions, and policy makers in Indonesia. The network that has existed since The Habibie Center was established has grown and broadened in the past years giving The Habibie Center an edge in disseminating the research. This has helped The Habibie Center carry out its mission and commit to work in concert with the relevant stakeholders.

The Habibie Center has also made its mark regionally as well as internationally, having several times been given the trust to manage grants and collaborations from and with national and international institutions, such as; the Hanns Seidel Foundation, International IDEA, National Democratic Institute (NDI), the Asia Europe Foundation, The World Bank, Center for Asian Strategic Studies-India, the National Bureau of Asian Research, Taipei Economic & Trade Office, European Union, Yayasan TIFA, USAID-SERASI and USAID-Chemonics.



In today's increasingly complex business environment, decisions on trade and investments are influenced by various factors including business environment and political risks. We are an independent business consultancy that specialises in both areas for India, Indonesia and the Philippines.

Every issue should be seen from different perspectives. With Local Partners, we organise conferences and seminars to connect people from various backgrounds to inspire new ideas and share fresh perspectives. This enhances our analytical skills, enabling us to provide valued insights that guide our clients to make informed strategic decisions that mitigate future risks amid uncertain economic and political conditions. Our forecasting and advisory services include finger-on-the-pulse country and regional analysis and updates.

While based in London, we have Analysts and Local Consultants on the ground in the countries we cover. They are both regional and subject matter experts who are plugged in to the local business and political scenes and understand the environment and the overarching geopolitical forces at play.

For more information, please visit www.insperon.co.uk

