

**“Robohnya Sekolah Kami”**  
**ICW Report on Corruption at School Improvement Grant**  
**Program (SIGP) II at Garut, West Java**

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**Introduction**

School Improvement Grant Program is funded by The Netherland grant to improve the schools in poor area in Indonesia. The first of SIGP was conducted at the school year 2001/2002. The target were the school for refugee and the broken school caused by disaster. SIGP I was covering 10% of the poorest district/city in Indonesia as well. There were 73 district/city which got the grant of SIGP I.

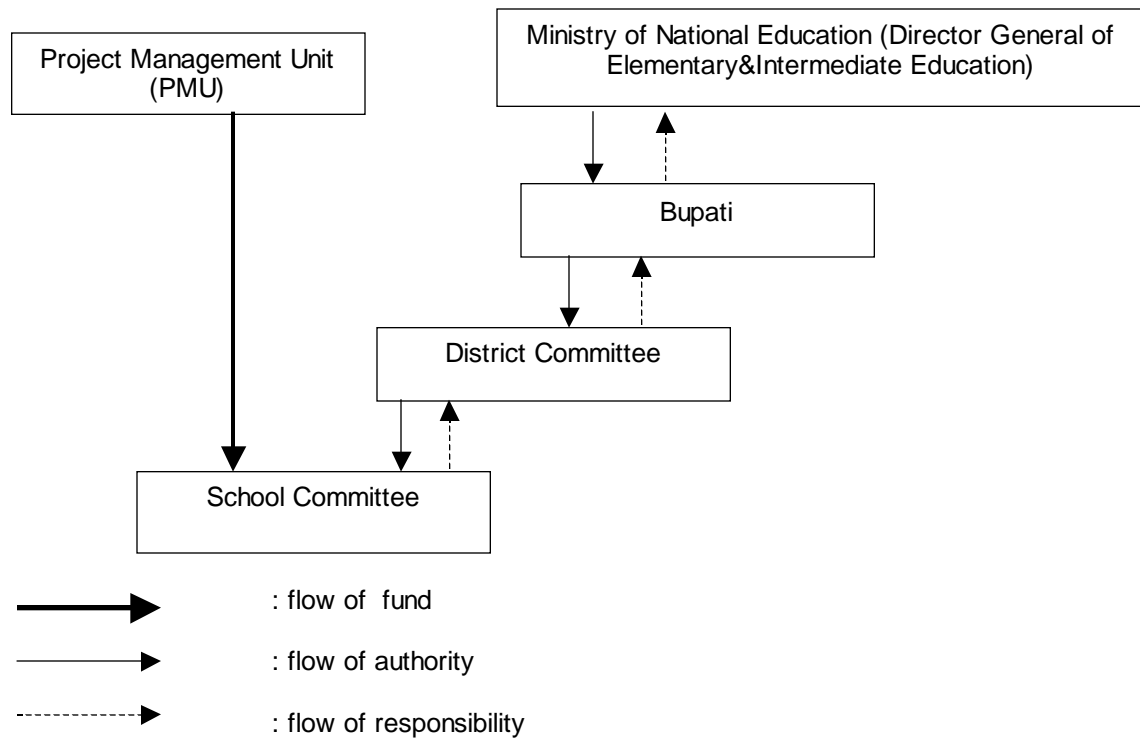
Because of the success outcomes, SIGP was continued for the school year 2002/2003. As a part of Social Safety Net in Scholarship and Operational Support Grant, SIGP II had general outcome to improve the school quality in poverty area. Meanwhile the specific goal of SIGP II is improving the teaching process quality by improving school infrastructure. The other goal of SIGP II is increasing society participation and school based management.

The government of Netherland provided Rp. 259 billion, allocated for 60 district and covering 2875 Elementary School and Junior High School, both public and Islamic school (MI and MTs). Each of school will get the grant about Rp. 50 million to Rp. 130 million. To disburse the grant, The Netherland Government give the management to The World Bank.

There were three indicators to select the district or city to get the grant. Those were poverty index, crude participation number and Local Government Bruto Revenue per capita. Then the selected district/city will establish the District Committee which are consist of Ministry of National Education, Regional Planning Agency and the representative of NGO and informal leaders. The committee will select the school with the poverty criteria, such as school building condition and access to the distric capital. The project implementation scheme can be explained from the graphic below.

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<sup>1</sup> All of the writer are the member of ICW's working committee



The SIGP II is different with other development project. From the graphic, we can see that the money is transferred directly from the Project Management Unit to the School Committee. The School Committee itself is quite new for the Indonesian education system. The School Committee is consisting of student parents and informal leader in the society where the school located. Together with the Headmaster, The School Committee has to design school budget and do fund raising for the school. Actually, The School Committee is not much different with the “BP3” in the past.

To monitor the implementation, World Bank was using CIMU (Central Independent Monitoring Unit). CIMU was established by World Bank and other donors in Indonesia: Ausaid, The British Council, Asian Development Bank, The Netherland Embassy, etc. The mission of CIMU was monitoring the implementation of social safety net in education sector, particularly in scholarship and operational support fund. Then SIGP grant was put under the social safety net project, that’s why the monitoring was done by CIMU.

### **SIGP II at Garut.**

SIGP II for West Java Province is implemented at four districts: Cianjur, Kuningan, Sukabumi and Garut. Garut District itself, got Rp. 8.82 billion for 98 SD, MI, SLTP and MTs. Beside Netherland Grant which is managed by The World Bank, Garut Local Government contributed support fund Rp. 600 million. Rp. 500 million was taken from APBD (Local Government Budget) 2002 and the remainder, Rp. 100 million is taken from APBD 2003. The table below shows the composition of SIGP II at Garut.

Table 1. Source of fund of SIGP II at Garut

<i>Source</i>	<i>Amount</i>
Dutch Grant	Rp. 8.820.000.000
Local budget	Rp. 600.000.000
<b>Total</b>	<b>Rp. 9.420.000.000 ( EUR 991,580,-)</b>

From the table above, the Dutch Grant is the biggest contribution of SIGP II at Garut. But all of the Dutch Grant is managed and supervised by World Bank.

### **Irregularities and corruption in SIGP II at Garut**

According the project manual, the implementation of SIGP II is under the responsibility of The Bupati (Head of District) of Garut<sup>2</sup>. To implement the project, Bupati established the District Committee. The committee was an institutionalizing the people participation because the member background were various. The members were from NGO, local government officials, representative of school and informal leader. Here are the irregularities and indication of corruption in the project

#### **Bupati intervention**

According to the manual, Bupati transferred its authority to the District Committee in the SIGP II implementation, including deciding the school. In fact, the school which was got the grant was chosen by Bupati decision<sup>3</sup>. This irregularities was very clear because according to the manual, the school should be chosen by The Head of District Committee decision. From the legal perspectives, the Bupati decision was bring out suspicion because the letter was published without official stamp seal.

#### **No participation in the project**

Behind the irregularities can be seen that the District Committee actually did not run properly. From the member composition that can be seen in Appendix 1, the committee is dominated by the local government officials. The head of committee is chaired by Hilman Faridz. Hilman Faridz is the Head of Regional Planning Agency (Bappeda). As the committee secretary is Darjo Sukardjo, Head of Dinas Pendidikan at Garut. In the project officer level, like the manager and treasurer, are chaired by Dinas Pendidikan staffs. That's why since the beginning the participative process can't be gained. There is no representative from teacher association or the student parent as the real stakeholder of the project.

The project manual also said that the committee has to organize general meeting, once per month, for the entire member. In reality, the decision to choose the school was taken directly by the Bupati. The head of committee didn't involve in the decision process. The

<sup>2</sup> The project manual is refer to the book, "Petunjuk Pelaksanaan. Program Peningkatan Mutu Sekolah Hibah Pemerintah Belanda", published by Ministry of National Education.

<sup>3</sup> To decide the school which got the grant, Bupati of Garut issued letter Nb. 421.1/Kep.40-Dispend/2003 at February, 5th 2003. When the corruption allegation arose, Bupati take the letter back and then Hilman Faridz as Head of District Committee issued letter Nb. 420/191/Bappeda at March, 25th, 2003. From this fact, actually corruption involved The Bupati of Garut.

other committee member didn't know as well. The committees just realize the problem in SIGP II when the corruption was revealed by local media.

From the school side, the project implementation should be done through participative process as well. To get the grant, Headmaster and Head of School Committee must make the proposal. But this procedure also was not run properly because the Headmaster just fill the form which has already provided by The District Committee.

In the implementation at the school, the Headmaster should hold three times meeting with the student parent and the society. First meeting aim announces the school that they got the grant project. The second meeting is planning to use the grant and making the schedule. Third meeting is making the project report. But these procedures weren't implemented. The information of the project was keep by the Headmaster and a few of teacher who related with him.

### **Extortion in SIGP II**

To get the grant, there are some general criteria. Like the school didn't get the other grant from other donor in the last two years, access from the school to the District capital, level of damage of the school, and amount of the ruining building.

In the implementation, some of the school which got the SIGP II grant, actually had ever got grant from the other donor, such as from local government budget, World Bank or OECF There were school belong to the local elite got the grant as well although the condition is still good. On the contrary, lot of school which are damaged didn't get the fund.

Table 2. List of the school which are inappropriate with the project requirement

<b>Nb</b>	<b>Name of The School</b>	<b>Type of irregularities</b>
1	SDN Langensari III	Still in good condition, in 2002 got support fund from local government budget.
2	SDN Kadungora III	In 2002 got support from OECF. The Headmaster is one of public officer at Dinas Pendidikan.
3	SLTP II Malambong	In 2002 got support from APBD Rp. 150 million, still in good condition as well
4	SLTPN V Tarogong	Still in good condition
5	MI Alhidayah	Still in good condition. The owner is The Chairman of The Awakening Party at Limbangan Sub District
6	MI Pulosari	The owner is Abdurahman, S.Ag, Vice Chairperson of Commission E (Commission for Education) Garut Local Parliament (DPRD II)
7	SLTP II Malangbong	Still in good condition, has got support from local government budget previously.
8	SLTP 5 Tarogong	The physical condition is quite good.
9	SDN Pasirkiamis II	Still in good condition. In 2002 got the rehabilitation fund Rp. 115 million.
10	SDN Sarimukti II	The condition is quite good and got the rehabilitation fund at 2002.

Table 3. List of school which are broken but didn't get the fund

Nb.	Name of The School	Area	Facts
1	SDN Jayamukti I	Ciruhip	The school building is ruining totally (cause by land slide)
2	SDN Jayamukti II	Ciruhip	Two units were broken (caused by typhoon)
3	SDN Selaawi II	Talegong	The condition is broken.
4	SDN Tanjungjaya II	Pakenjeng	Class room and roof are broken. Two class room without roof and some of the student have class at the nearest SDN. There are no toilet for teacher and student.
5	SDN Simpen III	Balubur-Limbangan	Three class room are ruining.
6	SDN Simpen V	Balubur-Limbangan	One class room and teacher room are ruining.
7	SDN Cipicung 3	Banyuresmi	The school building are broken. Many student moved to other school because scare the school will be ruining.
8	SDN Padasuka III	Padasuka	The school condition are broken and can't use anymore
9	SDN Neglasari 3	Pakenjeng	The school is broken, the land-floor will be watering when the rain fall and the building made from bamboo.

Behind the grant controversy, there were indication of corruption<sup>4</sup>. Grant was not disbursing following the procedure and criteria with transparent and accountable mechanism. Some member of district committee offers the grant to the headmaster like a tender. If the school want to get the fund, the headmaster had to pay “down payment” Rp. 1 million - Rp. 10 million. That payment also followed by agreement that 10% of the fund will be transferred back to the Head of Dinas Pendidikan<sup>5</sup>.

#### **Lack of transparency in the project**

As the transparency, SIGP II must announce three times in local media. First is about the general information of SIGP II. Second, list of school which got the fund and the information about the amount of fund, headmaster and representative from the society. Third publication is in the form of interactive dialogue with local NGO, journalist and radio to disseminate the information about SIGP II.

In reality, the advertisement of SIGP II grant just announced one time at Priangan Daily in June 2003. The advertisement is done after the local media were reporting about corruption in SIGP II. The advertisement just shows the list of 48 schools (from total 98 schools which got the grant) without the name of headmaster and representative from society. The interactive dialogue with NGO and journalist was never done at Garut.

Another transparency requirement is showing the announcement board in front of the school and can be seen easily by everyone. In the board must be state amount of the received fund and the use of the fund, for whom and who will take the responsibility. In fact, lot of school never makes the announcement board.

<sup>4</sup> To avoid the indication of corruption, Indra Jati Sidi said to the public when Minister Agnes van Ardenne visit to Indonesia, there is no corruption in SIGP II but inappropriate target.

<sup>5</sup> In Garut, although the school condition is different, the grant was disbursed in the same amount to all of school. Each of the school will get Rp. 90 million.

### **Early warning system doesn't run properly**

The project monitoring was done by Central Independent Monitoring Unit (CIMU). Beside supervised the SIGP II, CIMU also monitor other projects under the Scholarship and Grant Program (SGP) and Social Safety Net in education sector.

To do its job, CIMU collaborates with Project Management Unit (PMU), especially to monitor in order to improve the program. The method that was used by CIMU are survey, case study, and field monitoring routinely. CIMU is conducted investigation to follow up the embezzlement. Furthermore, CIMU is supported by regional independent monitoring based at several provinces in Indonesia.

In SIGP II case, early warning system by CIMU didn't run properly. The allegation of corruption had been becoming public debate at local media since February 2003. Even, ICW had ever launched the indication of corruption to the public and no adequate response from CIMU at that time.

Quoted in local media, CIMU sent the letter to PMU and said that there was no corruption. CIMU also said that ICW didn't have enough data to prove corruption allegation in SIGP II. In fact, CIMU was based on formal report from Bawasda (Badan Pengawasan Daerah – Local Government Audit Agency). When the corruption was reported by media, Bawasda and District Committee organized meeting with all of Headmaster at Garut (February, 22nd - March, 1st, 2003). In that meeting, the Headmasters requested to make a statement that there were no corruption to get the fund (Metro Daily, 17/03/03). The Headmaster who were absent from the meeting, were requested the same statement directly by Kepala Cabang Dinas Pendidikan at their school or their house. The action of Bawasda to cover the corruption was used by CIMU to resist against ICW and its partner at Garut.

### **After media expose**

ICW warning about corruption at Garut did not get adequate response. This case then attracting public concern after Dutch media published at the same time of the visit Ministry of Overseas Development, Ms. Agnes van Ardene to Jakarta. The publication by Dutch media didn't give option for the related institution except put much concern in this issue.

After the publication, CIMU was ordered by The World Bank to do investigation on SIGP II at Garut from July 14<sup>th</sup> – August 7<sup>th</sup> with 14 staff. The summary of CIMU investigation report can be seen in CIMU web site ([www.cimu.or.id](http://www.cimu.or.id)).

The most significance response was the meeting, held by Ministry of National Education to gather all of the related party on August, 14<sup>th</sup>, 2003. The meeting was attended by ICW and its partners from Garut, CIMU, The World Bank, Ministry of National Education Officials, Project Officers from Garut and journalists. In that meeting, both ICW and

CIMU presented their investigation. The meeting made some recommendation to be implemented by project officers at Garut. Those were<sup>6</sup>

1. Illegal payment had to return to the school.
2. Schools and related parties had to return the mark up of purchase price.
3. Schools complete their bookkeeping in generally accepted manner.
4. The persons found guilty will be penalized according to the law.

Based from CIMU and ICW report, Bupati of Garut then ordered the Bawasda to audit the school. Based on the audit of Bawasda, Bupati Garut then ordered to give the money back to school. From the first phase, they have returned a total of Rp. 34.565.000 to 18 schools. The remainder, Rp. 24.210.000 will be delivered during a second phase in the near future<sup>7</sup>.

Beside, Bupati of Garut sanctioned 10 district and sub-district officials in Garut. Two sub-district officials have been demote and given less strategic jobs, three section heads from the Dinas Pendidikan have been reassigned to non-essential jobs, while 5 district officials have been reassigned to different departments.

For ICW, the sanction like that is not a punishment. Actually, there is a chance to come back after being transferred to less strategic position. Beside they can do the same thing in their new position. Moreover, it must be inquire because The Bupati of Garut and Bawasda are a part of problem. They were involved in the corruption although in the different degree.

What has happened at Garut is an on going process. ICW still monitor the implementation of the August 14th recommendation. But from the case, they are some recommendation that can be implemented in the future.

## **Recommendations**

### **1. Monitoring from the procedures of project implementation.**

From the corruption in SIGP II, one of the important factor is the early warning system isn't run properly. Corruption warning from the society, such as ICW and media report, didn't get adequate response from the project officer. Even the corruption became public debate in the local media, there was no serious action from the project officer. The real action just taken after the case reveal by media at Holland. Because of that, the commitment of project officer and CIMU to eradicate corruption should be inquire. Supervision and project monitoring can be done since the beginning of the implementation. Project manual regulates clearly some of transparency and authority limitation. The decision to choose the schools by Bupati

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<sup>6</sup> Quoted from The Letter of Director General of Basic and Intermediate Education, Indra Djati Sidi to the Bupati Garut, Nb. 6140/C.C3/KU/2003, August 21<sup>st</sup>, 2003.

<sup>7</sup> Quoted from The Letter of Director General of Basic and Intermediate Education, Indra Djati Sidi to the Mr. Jerry Strudwick, Task Manager of Scholarship and Grants Program The World Bank. Nb. 6757/C.C3/KU/2003, September 29<sup>th</sup>, 2003.

letter was very clear irregularity. If the project officer aware of the procedure irregularity, the corruption can be tackle.

## **2. Transferring the authority to manage the project directly to the people.**

In SIGP II, corruption was caused by the absent of transparency in the project. Since the beginning, the information about the project was never disseminating. That's why the participative aspect from the people couldn't be raised. The District Committee which was established as an institutionalized participative tends to be formality. In fact, the strategic positions in the committee were in the official from Dinas Pendidikan. Although the fund flow designed to transfer directly to the people, the decision maker is still in the official. Meanwhile the use of support fund from local budget was in the hand of Dinas Pendidikan officials as well.

In order to guarantee the fund goes directly to the real targets, the decision maker should transfer to the people. Based on this argument, the shift of the authority to disburse the fund should be followed by the shift of the discretion. Decision that has been made by the District Committee must disseminate and do the public consultation with the teacher and the student parents. By involving teacher and student parent or society at large, the decision to choose the school can fulfill the transparent and public accountability standard.

The involvement of soceity and teacher must start at the begining of the project and when the assesment to choose the school was conducted. Without it, the participative process will be trapped into formality.

## **3. Need strong political will to combat corruption**

Corruption in SIGP II was started when the Bupati of Garut intervene the project. By issuing the letter to choose the school, Bupati took over the authority of District Committee. Based on this fact, The Bupati of Garut was involved in that embezzlement.

Meanwhile, the implementation of SIGP II was based on the agreement between The World Bank, The Director General of Elementary and Intermediate Education and The Bupati of Garut. If the improvement of the program uses the formal mechanism, it can be predicted before that the corruption cases can be overcome.

Because of that, ICW's suggestion to stop the program temporary until the project mechanism revised to avoid corruption will not follow up by project officer. The Bupati did not use the investigation by the CIMU because the he was ordering the Bawasda to conduct another investigation with different result with the previous investigation by CIMU and ICW. However, Bawasda had ever mobilized headmaster statement to say that there was no corruption in SIGP II. Therefore, the recommendation from the August 14<sup>th</sup> meeting was disobeyed by the Bupati.

In this case, the PMU had to take over the authority of The Bupati. This action is need to show the political will of the PMU to combat corruption in their project. Without strong political will, the project will be corrupted in everywhere.

#### **4. Overcome the complaint by establishing Local Inspection Panel.**

In the systemic corruption like in Indonesia, bringing the case to police or prosecutors is not the best way. Since the court and its stakeholder involve in judicial corruption, bring the case to the court become a new problem. It can be estimated, if the case come to prosecutors or police, the case can be disappear before it is transferred into the court.

Another alternative that can be chosen is social and administrative sanction. Social sanction is the common technique practiced by civil society. The mechanism of social sanction is name and shame. Reveal the corruption and the corruptors name to public to make them shame.

Meanwhile, the project officer can do administrative sanction. The form of administrative sanction can be done in various ways, such as remove the project officer or stop the project for a while. The administrative sanction can be done by establishing inspection panel. This panel will invite all of stakeholders which related with the project. What has done by the Ministry of National Education in August 14th meeting can be seen as inspection panel. But the mechanism should be established in local level. The recommendation from the panel must implement by the project officer to cope the problem or to redesign the project.

Actually, the World Bank has established the inspection panel. But the panel just established for project, not the program loan or grant. In the case of SIGP II, if the warning by ICW and local media could be follow up by establishing inspection panel, corruption can be reduce since the beginning.

#### **5. Changing the grant to the P to P (People to People) scheme**

After the fall of Indonesian New Order Regime, people are very aware about the source of the money for financing the development. The success of anti foreign debt campaign makes the foreign-debt project watch tightly, not just by media and NGO, but also the project officer. The trend was coming from past experience when the foreign debt project became the target of corruption. Because of corruption, the debt must pay by all of the people but the benefit just deliver to the corruptor.

In the case of SIGP II, the money is coming from grant. Compare with the debt, there is no obligation to return back the money. The procedure to implement the grant is much simple compare with the debt. For foreign debt, usually started with the grant to conduct preliminary study. After that, followed by technical assistance loan and finally project loan. Therefore, the steps are much complicated.

Actually, the scheme of SIGP II was started with the assessment and socialization about the project. These activities were used support fund from local government

budget. But in reality, there is no socialization and the information about the project just circulated around the Dinas Pendidikan and Headmasters. From this fact, the conclusion is the SIGP II was conducted without adequate preparation. Because of that, the corruption is rampant in SIGP II.

From SIGP II case, there is one important question to the Government of Netherland. Why do they give the management of grant to the World Bank? Why the charity fund managed by bank? World Bank has two faces. One is the agent of development. The other one, World Bank is the real bank which is needed interest and fee to accumulate capital. The grant from the Netherland Government was managed by NGO, wasn't it? For many years, some Dutch NGO like Hivos, Novib and church as well, presence and managed so many activities in Indonesia. They know Indonesia well because they have been in Indonesia for many years. Their system to disburse the grant were also proven. There is no corruption or might be very little amount of irregularities. Why don't the Government give the grant to be disburse and managed by their own NGO?

Another important thing is the record of accomplishment of World Bank in Indonesia, which was involved in corruption. World Bank itself was acknowledging that almost 30% of their money has been corrupted<sup>8</sup>. Unfortunately for Indonesian people, World Bank reject public demand to audit the past corrupted project, meanwhile, The World Bank also do not want to give the compensation for the odious debt.

The alternative policy that can be considered by the Government of Netherland is changing the scheme for grant. From G to Go (government to government) to P to P through Dutch NGO.

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8 In year 2000, ICW had launched the investigation report of corruption in "Book Reading Project", funded by World Bank loan. The corruption was involving high rank officer in Ministry of National Education and World Bank staff.

## Appendix 1.

**List of The Members of District Commitee**

<b>Nr.</b>	<b>Position</b>	<b>Name</b>	<b>Institution</b>
1	Penanggungjawab	Drs. Dede Satibi	Bupati Garut
2	Ketua	Hilman Faridz, SE	Ketua Bappeda
3	Sekretaris	Drs. Darjo Sukardjo	Kepala Dinas Pendidikan
4	Anggota	Drs. Asep Ramlan	Kepala Kandepag
5	Anggota	Drs. Maman Sutarman	Asisten Sekda II
6	Anggota	Yayat Subaryat	Kepala KPRK
7	Anggota	Drs. H. Amin Minadiputra	Wakil dari BMPS SD
8	Anggota	Drs. Budi Setiawan	Wakil dari BMPS SLTP
9	Anggota	Drs. Asep Saefidin	Wakil dari BMPS SMU/SMK
10	Anggota	Drs. Tidjani Djakaria	Wakil dari Dewan Pendidikan
11	Anggota	Gaos Hamdani	Wakil dari Dewan Pendidikan
12	Anggota	Moch Dimyati	Wakil dari Dewan Pendidikan
13	Anggota	Arif Rahman Hidayat	Wakil dari LSM
14	Anggota	Anton Rahmat	Wakil dari LSM
15	Anggota	Adang Kusdinar	Tokoh Masyarakat
16	Anggota	Endang Achmad Sukardi	Tokoh Masyarakat
17	Anggota	Uba Suherman	Tokoh Masyarakat
18	Manajer Tim Sekretariat	Sutisna Waryono	Dinas Pendidikan
19	Bendahara Tim Sekretariat	Tini Mulyani	Dinas Pendidikan
20	Petugas Tim Pendataan	Ahmad Husain	Bappeda
21	Anggota Tim Sekretariat	Cecep Firmansyah	Dinas Pendidikan
22	Anggota Tim Sekretariat	Djadja Sudardja	Bidang Sosbud Bappeda
23	Anggota Tim Sekretariat	Abdul Mu'in	Kantor Depag

## Appendix 2

### **List of abbreviation**

APBD	: Anggaran Pendapatan dan Belanja Daerah (Local Government Budget).
Bawasda	: Badan Pengawasan Daerah (Local Government Audit Agency).
SD	: Sekolah Dasar (Elementary School)
SLTP	: Sekolah Lanjutan Tingkat Pertama (Junior High School)
MI	: Madrasah Ibtidaiyah (Islamis Elementary School)
MTs	: Madrasah Tsanawiyah (Islamic Junior High School)
PMU	: Project Management Unit
ICW	: Indonesia Corruption Watch
CIMU	: Central Independen Monitoring Unit