

Indonesia Scandal Snares Another Top Official
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By Our Correspondent

Head of SBY's party accused of being behind a shell company to win government contracts

Indonesia's long-running scandal over the November 2011 Southeast Asian Games has been blown wide open with accusations Wednesday that Anas Urbaningrum, the chairman of President Susilo Bambang Yudhoyono's Democratic Party, owned a shell company designed to win contracts for government work.

The allegation emerged during the high-profile graft trial of Muhammad Nazaruddin, the Democrats' former treasurer. Baskoro, a former human resources division head at a company mentioned in connection with several bribery cases, said Urbaningrum was the beneficial owner of the company and was called "Big Boss" by the employees.

A political observer in Jakarta said the longer the Democrats delay removing Urbaningrum from his position as chairman, the more damage is being done to the ailing party, adding that the embattled chairman likely has a trump card in the form of information about party finances that goes higher up the chain of responsibility. Political insiders say that what is likely underway now is a delicate game of trying to make a deal that will see Urbaningrum take a fall for his dealings while protecting higher ups.

The trial of Nazaruddin, the former Democratic Party treasurer, has been the focus of a string of spectacular allegations that have largely wrecked the party and appear likely to destroy any chance that it will be a major force in 2014 national elections.

"They (the Democrats) have to take stern action to clean up the party, otherwise they will always be under attack," a veteran politician said. "Even before he is indicted, he should be removed. But the Democrats do not have the courage to do this. But this is what they need to do if they are going to save the party."

The allegations have gone a long way towards destroying Yudhoyono's reputation as a reformer. The reputations of the group of young reformers surrounding the president, particularly Urbaningrum, have also been shredded. There is some talk that some of the reformers who are left could split off to form a new party. On one occasion, Nazaruddin's lawyer has hinted that Yudhoyono himself ignored warnings of corruption. There are concerns that the allegations could be making their way towards the president himself.

That leaves Indonesia's political situation in considerable flux. The slate of possible candidates for the 2014 race is entirely made up of tarnished old-guard, veteran politicians. No new faces have emerged, from the political morass. The latest Indonesian polls show Megawati Sukarnoputri, the leader of the Indonesian Democratic Party of Struggle, at the head of the list of presidential candidates. Few, however, expect that she could hold that lead.

Megawati is followed by Prabowo Subianto, the former Army Special Forces leader and son-in-law of the late strongman Suharto. Prabowo was accused of human rights violations in East Timor's fight for independence. The others are, in descending degrees of popularity, Jusuf Kalla, former head of Golkar Party and Yudhoyono's previous vice president in his first

term; and Aburizal Bakrie, the scandal-tainted patriarch of the Bkarie Group of corporations and head of Golkar.

Urbaningrum's indictment has been expected for weeks, along with several other top Democratic Party officials. If that happens, that would also play a major role in rebuilding the reputation of the Corruption Eradication Commission, which has been accused of going after only small fish instead of major political figures. So far the KPK, as it is known has compiled an enviable record of convictions, having never lost a case. An official told the Wall Street Journal/Asia Wednesday that the KPK is determined to clean out the entire network. It is unsure how close that will come to Yudhoyono himself.

Nazaruddin previously implicated Urbaningrum and former Youth and Sports Minister Andi Mallarangeng, both of whom had been mentioned as possible Democratic Party presidential candidates in the next round of presidential elections in 2014.

The former treasurer generated enormous publicity after he fled Indonesia in May 2011 just ahead of arrest. Reports alleged that he had hurriedly left the country after party officials warned him to make a run for it to avoid implicating them in the charges.

He left Indonesia almost immediately after the meeting at the president's house ahead of a request to appear before the Corruption Eradication Commission, the country's anti-graft agency, on charges that he had accepted at least Rp4.675 billion (US\$480,000) in bribes to rig a government tender for the construction of the athletes' village in Palembang in southern Sumatra for the now-concluded Southeast Asian Games, which ended Nov. 24.

The former treasurer was on the run for four months before he was finally cornered in the Colombian resort city of Cartagena and returned to Jakarta. He has continued with a vow he made while on the run to implicate top officials and destroy the party. Last week, Muhammad Yusuf, chairman of Indonesia's Financial Transactions Report and Analysis Center, Indonesia's anti-money laundering agency, told a hearing at the House of Representatives Commission III, which oversees legal affairs, on Monday that 23 large-money transactions had been made between Nazaruddin's personal accounts to top government ministers.

Baskoro, treasurer of Anugerah Nusantara, which is allegedly owned by Urbaningrum and Nazaruddin, said Urbaningrum usually came to his office on the sixth floor of the company's building in Tebet, South Jakarta, three times a week. Anugerah Nusantara has been mentioned in connection with several bribery and markup cases implicating Nazaruddin.

Timas Ginting, former head of administration and facilities at the Ministry of Manpower and Transmigration, was sentenced on Monday to two years in prison for awarding projects to Anugerah Nusantara. One such project involved the procurement of solar energy cells for several regions around the country, a scandal that is believed to have led to state losses of Rp3.7 billion (\$410,000).

The company has also been again mentioned in connection with a procurement case at Jakarta State University, which resulted in Rp 5 billion in state losses. In 2010, the university planned to buy equipment for a laboratory at a cost of Rp 17 billion. Two firms, Anugerah Nusantara and Marell Mandiri, won the contract to provide the equipment.

During questioning by the Attorney General's Office earlier this month, Mindo Rosalina

Manulang, a former Nazaruddin employee, said Ubaningrum had arranged for the company to get the project. The party chairman has denied all of the accusations, saying he had nothing to do with the company. Meanwhile, Nazaruddin accused Democratic Party lawmaker and senior official Didi Irawadi Syamsuddin of receiving kickbacks from several projects. Nazaruddin said Didi, a son of Justice and Human Rights Minister Amir Syamsuddin, received \$5,000 in 2010.

The Democratic Party's deputy secretary general, Ramadhan Pohan, defended Didi, saying that all the allegations against him have come from people outside of the party, with a goal of damaging its image ahead of the 2014 elections.

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