

## **Kuntoro Mangkusubroto – Head, Presidential Work Unit on Overseeing & Controlling Development**

*(Ketua Unit Kerja Presiden Pengawasan dan Pengendalian Pembangunan, UKP4)*

**Political affiliation:** None

**Place and date of birth:** Purwokerto, West Java, 14 March 1947

**Religion:** Muslim

**Marital status:** Married to Tuti Hermiatin, with five children

### **Education**

|      |  |
|------|--|
| 1982 | PhD, Decision-Making Technology, Bandung Institute of Technology (ITB) |
| 1976 | Masters, Civil Engineering, Stanford University, US                    |
| 1972 | Degree, Technology, ITB  |

### **Career**

|              |   |
|--------------|---|
| 2009-present | Head of the Presidential Work Unit on Monitoring and Controlling Development (UKP4) |
| 2005-09      | Head, Rehabilitation and Reconstruction Agency for Aceh and Nias (BRR)              |
| 2000         | President Director, State Power Company (PLN)                                       |
| 1997-99      | Minister of Mines and Energy  |
| 1993-97      | Director-General of Mining, Ministry of Energy and Mining                           |
| 1989-93      | President Director, PT Tambang Timah (state-owned tin-mining company)               |
| 1983-88      | Expert Staff to the Junior Minister for Increasing Domestic Production              |

### **Profile and comment**

Kuntoro Mangkusubroto was widely expected to become coordinating economics minister in President Yudhoyono's October 2009 cabinet, but instead the post went to Hatta Rajasa, a politician with no formal training in economics. Nonetheless, Mangkusubroto was asked by Yudhoyono to head a newly created team, the Presidential Work Unit on Monitoring and Controlling Development (UKP4). The unit resembles the Prime Minister's Delivery Unit formed in the UK by Tony Blair in 2001. It revives a similar entity that Yudhoyono created, but never used, in 2006: the Reformasi Work Unit. Should Mangkusubroto's unit function as intended, namely to coordinate and monitor the bureaucratic progress of development and "de-bottlenecking", he will have a crucially important role to play in Yudhoyono's second term.

Mangkusubroto's background represents an exceptional depth of experience in both government and state-owned industries. After obtaining his doctorate in computer science in 1982 at the prestigious Bandung Institute of Technology (ITB), Mangkusubroto served for five years as expert staff to Ginandjar Kartasasmita, then junior minister for increasing domestic production. Subsequently, both Kartasasmita and Mangkusubroto rose rapidly through government ranks, with the latter eventually becoming head of the troubled state-owned tin producer, PT Tambang Timah.

Mangkusubroto restructured the company and reduced the workforce from 25,000 to 9,000, without creating significant unrest. Within a relatively short time he turned the company's

finances around and returned it to relative financial health, a performance that was rewarded with the post of director-general of mining in the (then) Ministry of Mines and Energy. Mangkusubroto maintained the position for five years (from 1993 to 1997) during which the Indonesian mining industry thrived. The sector largely escaped the taint of corruption scandals that often plagued the related oil and gas sector during this period.

In early 1998, Mangkusubroto was appointed minister of mines and energy, one of the few bright spots in Soeharto's otherwise disappointing final cabinet, which served for only two months. President Habibie, Soeharto's successor, retained Mangkusubroto, who proceeded to lay the ground work for the sector's most far-sighted deregulation to date: the 2001 Oil and Gas Law. Despite considerable resistance from vested interests, the legislation stripped Pertamina of its regulatory functions, rendering it a commercial (albeit state-owned) entity. Mangkusubroto coordinated the effort with Susilo Bambang Yudhoyono, who headed the powerful Armed Forces Faction of parliament at the time.

President Abdurrahman Wahid, who replaced Habibie in 1999, strove to accommodate a host of political and military interests in the cabinet; as such, Mangkusubroto surrendered the energy portfolio to Yudhoyono (an appointment that obliged Yudhoyono to retire prematurely from active military service). Mangkusubroto himself showed humility by agreeing to assume a lower-level position: president director of the troubled State Power Company (PLN). His performance garnered him respect, but he only served for a short period in 2000. In the following years he faded from the public view, until his appointment to the Reconstruction and Rehabilitation Agency for Aceh and Nias (BRR) returned him to the political limelight.

Following growing public concern at the slow progress of reconstruction in the tsunami-hit province of Aceh and the Nias islands in southwest Sumatra, Yudhoyono reacted in May 2005 by establishing a high-powered implementing agency, known as the BRR, to take responsibility for coordinating project work in the disaster areas. After taking over the 150-strong BRR, Mangkusubroto quickly improved the reconstruction effort's level of coordination and speed. In particular, he focused on accelerating construction of permanent housing for more than 500,000 Acehnese – the majority of whom were living in tented camps. The drive included some 30,000 new houses built by the end of 2005 – an impressive feat when compared with Indonesia's annual construction rate of about 60,000 houses nationwide. BRR's second priority was infrastructure, starting with roads but expanding to include schools, hospitals, harbors and religious facilities. The institution's third priority was rebuilding livelihoods, a process that involved the clearing of tsunami debris to allow for the re-cultivation of rice paddies and fishponds.

Mangkusubroto proved himself to be an effective interlocutor with foreign donors and the 420 NGOs that worked in Aceh in the wake of the disaster. Public criticism over the slow pace of reconstruction gradually diminished as it became apparent that solid progress was being made. One factor that reduced the speed of reconstruction, at least initially, was the risk of corruption: Mangkusubroto was highly sensitive to the issue and realized the importance of careful verification protocols for the disbursement of funds. In an example of Mangkusubroto's management style, in October 2005 he announced that a senior figure from the Free Aceh Movement (Gam), Tengku Kamaruzaman, would join BRR as his special advisor. Kamaruzaman had been Gam's chief negotiator in the 2003 peace talks before the security forces incarcerated the negotiating team. Kamaruzaman received a 17-year sentence. Mangkusubroto noted that the Helsinki Accord allowed former Gam figures to join BRR.

The agency finally wound up in mid-April 2009, handing further reconstruction work to the provincial government in Aceh. Overall, BRR was generally hailed as a success: over its four-year life, the agency allocated US\$6.7 billion and built over 140,000 homes, 1,759 school buildings, 363 bridges and 13 airports. Mangkusubroto can take credit for having helped to ensure that out of the total US\$7.2 million at its disposal, 93 percent had been disbursed by the end of BRR's mandate. No major corruption scandals affected the giant project – and this result vastly exceeded expectations that prevailed at the outset.

In his role as head of UKP4, Mangkusubroto will be attempting to succeed where Yudhoyono had tried and failed in his first administration, namely with the 'Reformasi Work Unit' (or Presidential Work Unit on Managing Policy and Reform Programs, with the acronym 'UKP3R') set up in 2006. UKP3R featured former Attorney General Marsillam Simanjuntak as its head, with two additional members: Lt Gen (ret) Agus Widjojo and former Bank Restructuring Agency (Ibra) head Edwin Gerungan. The 2006 agency explicitly targeted bureaucratic and judicial reform as top priorities, but was brushed aside when Vice President Jusuf Kalla voiced strong opposition to the unit's mission and several senior Golkar figures questioned its legality. Faced with such opposition, Yudhoyono allowed the unit to lapse.

The new UKP4 intends to recommend measures to the president that will cut red tape and dismantle bureaucratic impediments to investment. As a result of legal uncertainties and a variety of bureaucratic obstacles, Indonesia has lagged behind its regional rivals China and India in attracting investment. Consequently, economic growth and job creation have been sub-optimal. Therefore, given his reputation for cutting red tape and reforming institutions – and given his no-nonsense, results-oriented style – Mangkusubroto is ideal for the role. However, he will certainly face resistance from vested interests and less reform-minded ministers. Ultimately, his performance will depend on the degree of support and resolve provided by the president, who must choose whether to implement the unit's advice.

Mangkusubroto has said that he will tackle bottlenecks surrounding stalled tollroad, power plant and mining projects. He will also act as a link between investors and the state to address and resolve longstanding impediments such as uncertainty over cost-recovery and ownership issues. He will work on designing new land acquisition rules that should resolve some of the delays that have until now beset major infrastructure projects such as the trans-Java expressway. Indonesia's weak logistics will be another area of focus for Mangkusubroto as they have made Indonesian exports less competitive by hindering linkages between islands in Indonesia. Improvement in terms of the reduction of transport costs and improvement of port-handling would help to link up more areas across Indonesia to global supply chains, thereby making them more attractive destinations for investment.

In November 2009 the president added to Mangkusubroto's already ambitious list of tasks by vowing to "combat legal mafias" as the foremost priority of his administration. The priority was added in the wake of the revelation of wiretapped conversations that contained discussions, which were aimed at framing two Anti-Corruption Commission (KPK) deputies, that took place between senior law enforcement officials and the brother of a corruption suspect. The Indonesian public was incensed by the tapes, which many felt revealed the tremendous extent of legal system corruption.