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The Next Indonesian Presidency and the Future of Malaysia-Indonesia Relations

Mr Achmad Sukarsono is Principal Consultant at The Habibie Center (THC) Associates in Indonesia. Associate Professor Dr Farish A. Noor is Senior Fellow at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU) in Singapore, and Visiting Fellow at ISIS Malaysia. Both gentlemen were guest speakers at an ISIS International Affairs Forum on 22 August 2014. Their presentations sought to examine the outcomes of Indonesia's landmark presidential election and explore the implications for Malaysia-Indonesia relations. The Forum was moderated by Tan Sri Rastam Mohd Isa, Chief Executive of ISIS Malaysia. ISIS Analyst Ms Zarina Zainuddin reports.

People first

Who is Mr Joko Widodo, or "Jokowi" as he is known in Indonesia? Why is he the "Man of the Masses"? Historically, Indonesian presidents and presidential candidates came from the military and political elite. Jokowi, however, grew up in the slums. He comes from the major ethnic group (Javanese) and largest religious group (Muslim) in Indonesia. As a Muslim, he is devout but not conservative and supports pluralism. As Mr Achmad Sukarsono put it, Jokowi "walks, talks, eats, dresses" like ordinary Indonesians. For the Indonesian masses who supported him, Jokowi is "one of them".

Jokowi's first priority, said Achmad, is to champion the interest of all Indonesian people. Jokowi aspires to change the mindset of the people; for Indonesians to self-reflect and move forward with a mental revolution. He intends to begin the process by providing the Indonesian masses with better access to healthcare and education. Protection for the masses as well as minority and marginalised groups is expected to increase, while fewer incentives will be provided for the elite. According to Achmad, Jokowi serves not to be served, a concept that is new for Indonesians.

A nationalist reformer

Jokowi is a reformist and a late bloomer who is part of the "new breed of post decentralisation politicians". He joined the Indonesian Democratic Party – Struggle (PDI-P) in 2005, and given his background, Jokowi has an intrinsic understanding of the people on the ground. He does not, however, have political experience at the national level and is likely to depend on members of his party. The PDI-P is nationalist by nature. Achmad expects PDI-P's brand of nationalism to permeate Jokowi's government.

As a nationalist, Jokowi is likely to concentrate on domestic over international issues. Achmad contends that Jokowi will be keen to protect the sovereignty of Indonesian territories and pursue the concept of Indonesia as a maritime state. Despite being the world's largest archipelago state, Indonesia

has not behaved like one. For one, Indonesia does not have a strong navy, one that is able to protect its sea lanes and curb illegal fishing as well as other incursions. Jokowi also wants to step up patrols in the Strait of Malacca using new technologies such as drones. In addition, he plans to improve and greatly expand internal shipping lanes within Indonesia to keep shipping and transportation costs lower.



Jokowi receives his inauguration as president in front of the people's consultative assembly in Jakarta. Photograph: Denny Pohan/Demotix/Corbis.

Experience matters

Jokowi is a self-made businessman; he struggled for years facing many obstacles including being swindled and going bankrupt before finding success in the property and furniture business. As a businessman, he has encountered corruption, competition, trade barriers (exporting to Europe), tedious bureaucracy and various management issues. Achmad believes Jokowi will use his vast experience to address and deal with economic issues in Indonesia.

... Jokowi will be keen to protect the sovereignty of Indonesian territories and pursue the concept of Indonesia as a maritime state.

Jokowi is likely to favour strengthening and increasing incentives for small and medium enterprises (SMEs) as his own business was also considered an SME. With the ASEAN Economic Community (AEC) looming, he plans to “play smart” about economic liberalisation. While understanding its benefits, he is also cognisant of the challenges the AEC poses to Indonesian businesses. Achmad said that Jokowi intends to put in place non-tariff barriers as a buffer for local businesses although the finer details are not yet known. Jokowi wants Indonesia to be prepared; to find competitive sectors and strengthen weaker ones. According to Achmad, these were some of

the lessons Jokowi learnt while exporting to Europe. Even though Jokowi supports intra-Indonesia migration, he wants a closer scrutiny over the process of economic migration. Given his experiences, many Indonesians have expressed confidence in Jokowi's ability to handle economic issues.

Why should Malaysia care?

Jokowi is likely to address the issue of Indonesian migrants. The “maid block” or migrant workers, for the most part, strongly back the newly elected president. Jokowi has conveyed a strong desire to protect Indonesia's overseas workers and look into the various issues faced by them, including unscrupulous syndicates that dispatch domestic and other workers overseas. He would like to manage migrant worker issues with Malaysia to lessen the tension and reduce problems that often occur. Smoother relations with Malaysia will also prevent other politicians from stirring up nationalistic sentiments for their own political gain.

Jokowi is also likely to reinforce Indonesian borders, although not necessarily in a contentious manner. Achmad discussed the case of Tanjung Datu, which is claimed by both Malaysia and Indonesia. Unlike the case of the Sipadan and Ligitan islands, Tanjung Datu is at the northwesternmost tip of Borneo, divided into two with border lines at the centre — left is Indonesia, right is Malaysia. As a way forward, Jokowi prefers cooperation rather than a “stealth movement” by either side. As Achmad affirms, Malaysia and

Indonesia are intertwined, linked together, whether we like it or not.

Furthermore, Jokowi wants to tackle the haze problem and is likely to target Malaysian owned palm oil plantations. It should not come as a surprise if the first plantation company to be punished is Malaysian owned. Going after Malaysian owned assets is a fairly safe action for the Indonesian president to take.

Regardless of Jokowi's many good traits, Achmad feels that the new president still has to address and resolve countless issues. Jokowi's weak position in his own party could pose a problem for him. With only a minority government, the new president faces resistance to his reform proposals.

At ground level

Dr Farish A. Noor agrees with Achmad's views, for the most part, but looks at the issue from a different angle. He began by introducing three Indonesian friends, each a representative of the different strata of Indonesian society. Andi, who is US-educated and works in the financial sector, is from a wealthy ethnic minority and represents Indonesia's elite. Itoh, a fellow colleague and academician working with the Bajau Laut in Sulawesi, is from the typical Indonesian middle class while Yudi, a *beca* (trishaw) driver in Jogjakarta, is part of Indonesia's lower income

group, which is part of the Indonesian masses that makes the bulk of Jokowi's supporters. The question is how would Jokowi, whose personality and campaigns were deeply imbued with the notion of "populism", fulfil his promises and satisfy the needs of all Indonesians?

Jokowi will inherit a weak budget, with a lot of allocations to subsidies. It would be difficult for Jokowi to limit the subsidies particularly when running on a people-friendly populist campaign. Yet, not everyone will benefit from these subsidies. For example, petrol subsidies will benefit Andi who owns four cars and middle class Itoh, but there is no direct benefit for Yudi who is not likely to own a car in his lifetime.

Indonesia has middle class aspirations. Yet, for many like Yudi, who on a good day earns about 50,000 rupiah (RM10), it is an uphill battle to improve his situation. Yudi is stuck in the lower income trap. Red tape and inefficient bureaucracy does not help. If Yudi wants to start a small business, he will have to obtain 159 permits. Moreover, *beca* drivers and those in the tourism related sectors are vulnerable to outside perceptions of Indonesia, terrorist threats and bombings, pandemics, or any event that would negatively influence the influx of tourists. All these will adversely impact the income of Yudi and others like him. These are the realities that Jokowi has to contend with.



Crowds lined the streets for a glimpse of the new President. Photograph: Associated Press

According to Farish, both Jokowi and his challenger Prabowo had focused on feel-good (strong and resurgent Indonesia) and societal (subsidies, and so on) types of issues. However, Farish argues that, fundamentally, Indonesia's challenges are the institutional structures of its economy. Jokowi and his predecessors had focused on a populist agenda when they should have tackled existing economic challenges and improved economic management even if that included putting in place unpopular measures. Indonesia should not waste its budget on increasing subsidies but allocate more resources in growth sectors. The fishery sector, for example, grows over 7 percent, higher than the gross domestic product (GDP) growth of about 5.8 percent. Nevertheless, less than 1 percent of the budget was allocated to the sector.

... fundamentally, Indonesia's challenges are the institutional structures of its economy.

Indonesians and the outside world

Farish explained that foreigners have to recognise that even as Indonesia strives to move forward, it faces many limitations — strict structural limitations, institutional and legal limitations, political cultural limitations, existing oligopolies, nepotistic networks, and the “perceptions of difficulties” facing Indonesians. Foreigners have to understand these insecurities that ordinary Indonesians feel.

The failure of the state to tackle problems, provide adequate goods and services, and offer protection has led many Indonesian power figures to tap into the heightened nationalist feelings to distract the masses from the realities of domestic difficulties. In that context, foreign investors can often be cast as a scapegoat, to be beaten at times

when the state fails to deliver. Controversy is always manufactured in Southeast Asia, but above all, this strategy only works when there are disaffected masses and Jokowi needs to cater to those Indonesian masses.

As Indonesia faces economic liberalisation in 2015, courtesy of the AEC, things can get complicated if the condition of everyday life of Indonesians does not improve. People outside Indonesia have to understand two things, Farish clarified. First, every Indonesian was taught since primary school that the land, sea and natural resources of Indonesia belong to the people of Indonesia. This is the reason behind the existence of economic nationalist sentiments in Indonesia.

Second, the way some foreign capital has conducted itself in Indonesia can be described as predatory. The injustices that Indonesians feel are compounded with the fact that foreign capital often works with local political elites at the expense of ordinary Indonesians. This is the reason behind Jokowi's stand against foreign investments, namely foreign investments in the retail industry. Foreign investors are understandably alarmed at such actions, but according to Farish, it is a stand that Jokowi has to take to safeguard the interests of the Indonesian masses. These are the dynamics one needs to keep in mind when looking at Malaysia-Indonesia relations under Jokowi. It is not the decision making elites of both countries that matter to Jokowi but the interests of the ordinary citizens that make up his supporters.

Achmad ended by reminding us that voters picked Jokowi because of his clean reputation, honesty and humility. However, being a man of the masses is not an act of divinity. On that note, Achmad advised against having expectations of Jokowi that are too high. Have a managed expectation instead, Achmad said. Jokowi is many things and many of which are good, but a miracle worker he is not!

Waste Management in Japan and Malaysia: Centralise or De-centralise?

Associate Professor **Dr Kohei Watanabe** of Teikyo University Japan is a Senior Fellow with The Nippon Foundation's Asian Public Intellectuals' Fellowship Programme and a Research Associate at the Malaysian Commonwealth Studies Centre, University of Cambridge. On 11 September 2014, he spoke at an ISIS International Affairs Forum on waste management approaches opted by Japan and drew out lessons learnt from case studies, which can be applied in Malaysia. The Forum was moderated by **Dr Hezri Adnan**, Director for the Technology, Innovation, Environment and Sustainability (TIES) Programme, ISIS Malaysia, and the discussant was **Mr Mohd Rosli bin Haji Abdullah**, Director General of National Solid Waste Management Department (JPSPN). ISIS Researcher **Ms Michelle Kwa** reports.

Dr Kohei Watanabe offered his insights to reconcile the operational efficiency of both centralised and decentralised municipal waste management systems, and equity derived through local democracy and participation in general.

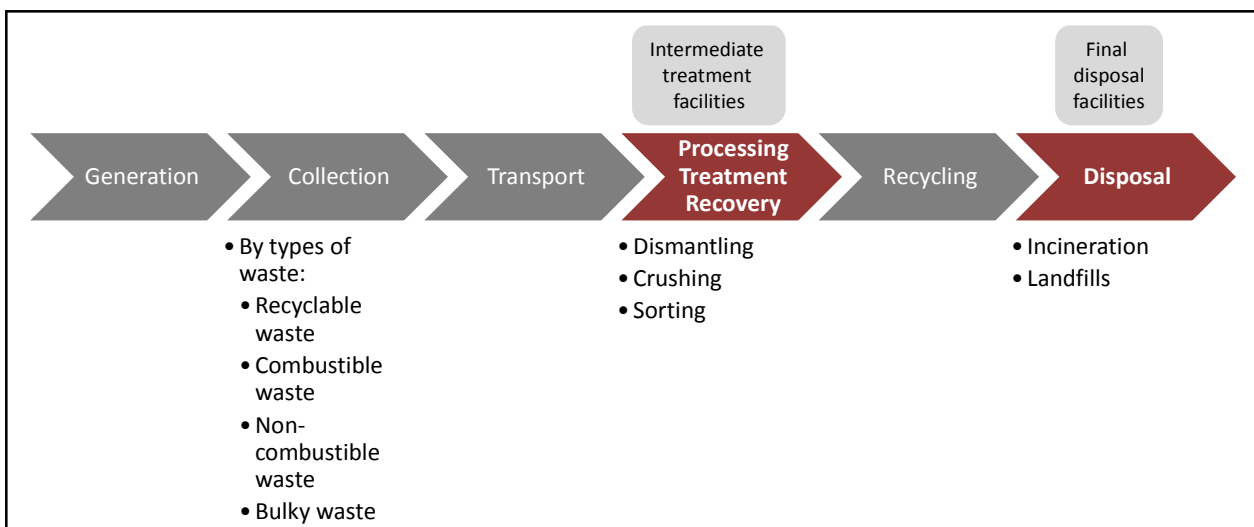
He first drew upon the basic systems for waste management in Japan according to the Waste Management Act of 1970 — municipalities are responsible for managing municipal waste while it is the responsibility of waste-generating business operators to manage industrial waste. Against this notion, Watanabe's talk was targeted to address municipal waste. Notably, a decentralised system in the Japanese context refers to a smaller facility serving a smaller area while a centralised system is classified as a bigger facility serving a larger area. The issue tackled was the extent of the municipalities' involvement in their service area instead of the convergence of

national and local waste management regulations. Figure 1 provides an overview of waste process classification.

War on waste

The landscape of waste management in Japan, by and large, is deeply rooted in the principle of local self-sufficiency. Historically, this scene was largely catalysed by a waste conflict between Koto and Sugunami wards¹ back in 1971 in Tokyo (Figure 2). Koto Ward blockaded waste from Sugunami Ward into their overloaded landfill sites. The situation reached a deadlock when residents of Sugunami Ward opposed the construction of a new incineration plant (Suginami Incineration Plant) to treat the waste originated in their ward, prompted by fears over toxic emission from incineration plants. After a period of long negotiations, public engagements and

Figure 1: Landscape of Waste Management in Japan



Source: Adapted from Dr Kohei Watanabe's presentation

Figure 2: Mayor Minobe declared “War on Waste” in 1971



Source: Dr Kohei Watanabe's presentation

consultations, local residents ultimately accepted the “waste disposal in one’s own ward” ethic, reinforcing the principle of self-sufficiency of waste facility (each ward should have one incinerator). This policy rectified the social “NIMBY-ism” (Not In My Backyard) syndrome attributed to illegal dumping and shortages of landfill sites amid rapid economic growth. Reform of this waste disposal impasse was fundamentally driven by the local community who gave precedence to neighbourhood cleanliness and environmental protection. In the case of “War on Waste” in Tokyo, the public acceptance is deemed imperative to leverage the social costs of waste disposal and environmental inequality between wards.

Small is beautiful – decentralised system in Japan

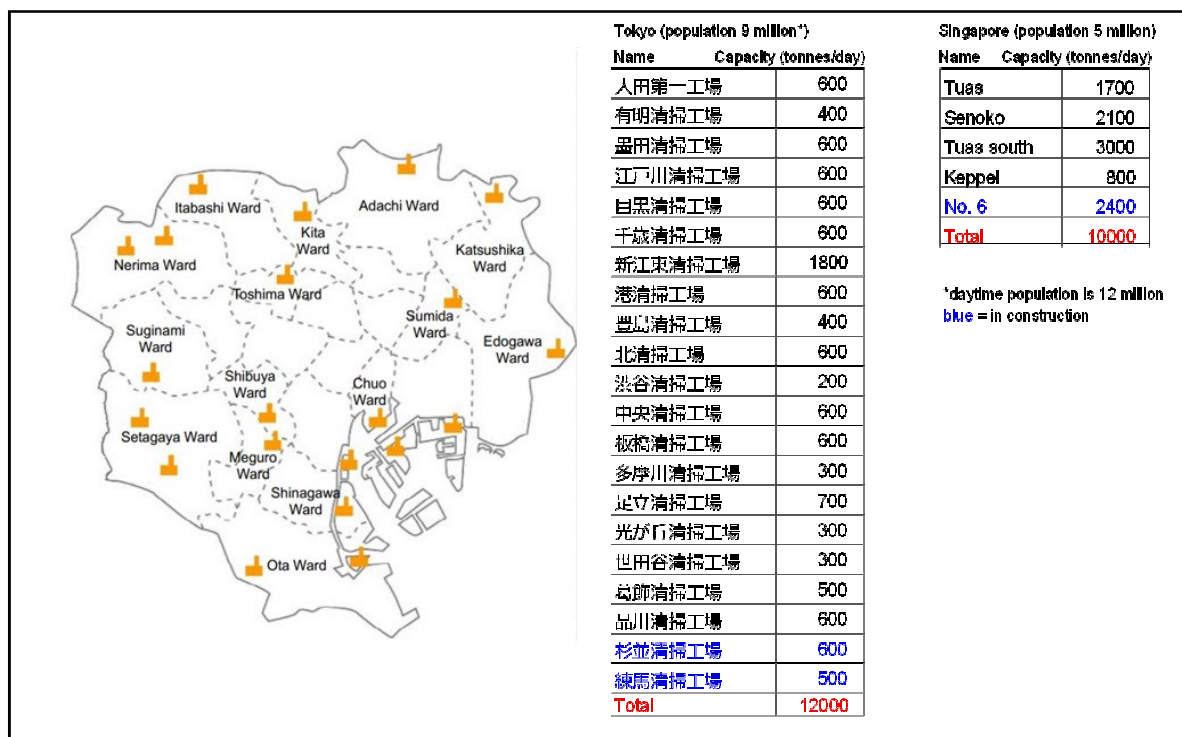
To safeguard the interest of the citizens, Tokyo has evidently adopted a more decentralised system (Figure 3). Although a decentralised waste management is seen as most relevant in the Japanese context, it is arguably not the most economically viable option. Against this backdrop, Watanabe further discussed the rationale and constraints of applying the local self-sufficiency principle.

First, Japan is facing land scarcity issues especially in conurbation areas. Hence the final

disposal at landfill sites is difficult in highly urbanised areas. Second, a stringent requirement is imposed on the emission standard as well as the efficiency of advanced incinerator with energy recovery. For an instance, an incinerator with waste-to-energy (WtE) demands a capacity of at least 500 tonnes a day (a population of one million inhabitants) in order to achieve high energy efficiency. Presently, only 304 out of 1,221 incinerators in Japan generate electricity from waste of which only 16 facilities exceed 20 percent efficiency. Operation costs for sanitary landfills on the other hand are too high for a single rural municipality.

Third, monitoring of increasing waste flow under the management of Extended Producer Responsibilityⁱⁱ (EPR) is posing a challenge to the local authority. This is due to the fact that producers operate across local boundaries. As such, it is difficult to track movement of recyclables (waste). A viable measure taken to address this limitation is through the establishment of special-purpose local authorities, such as Joint Waste Management Authority (JWMA) and Wide-Area Service Union (WASU), which allow members to vote in the committee.

Figure 3: Comparison of Tokyo’s Decentralised Waste Facilities with Singapore’s Centralised Waste Facilitiesⁱⁱⁱ



Source: Image retrieved at https://www.kankyo.metro.tokyo.jp/en/attachement/waste_management.pdf;
Dr Kohei Watanabe’s presentation

Operational challenges of centralised system

Interaction and coordination of different collection and treatment bodies — collection by city, and treatment and disposal by JWMA — are hampered resulting from low transparency and uneven shared-responsibilities. Also, conflicting interests of various parties in the waste

management chain lead to policy disintegration. For instance, while incinerator operators rather burn plastics due to its high calorific value for electricity generation, collectors want to recycle plastic for income generation. Such policy incoherence ultimately fails to incentivise waste reduction. Table 1 gives a summary of the advantages and disadvantages of a centralised

Table 1: Pros and Cons of Centralised System

Advantages of Large Facilities	Disadvantages of Large Facilities
<ul style="list-style-type: none"> ◆ economy of scale ◆ ease of pollution control ◆ efficiency of waste to energy 	<ul style="list-style-type: none"> ◆ less resilience, longer distance to transport, road congestion ◆ distance between benefit-ers and disbenefit-ers ◆ lack of sense of ownership of the facility ◆ lack of civic awareness as citizen becomes “consumer” of waste services ◆ lack of incentive to reduce waste ◆ reduced opportunity for citizen participation

Source: Adapted from Dr Kohei Watanabe’s presentation

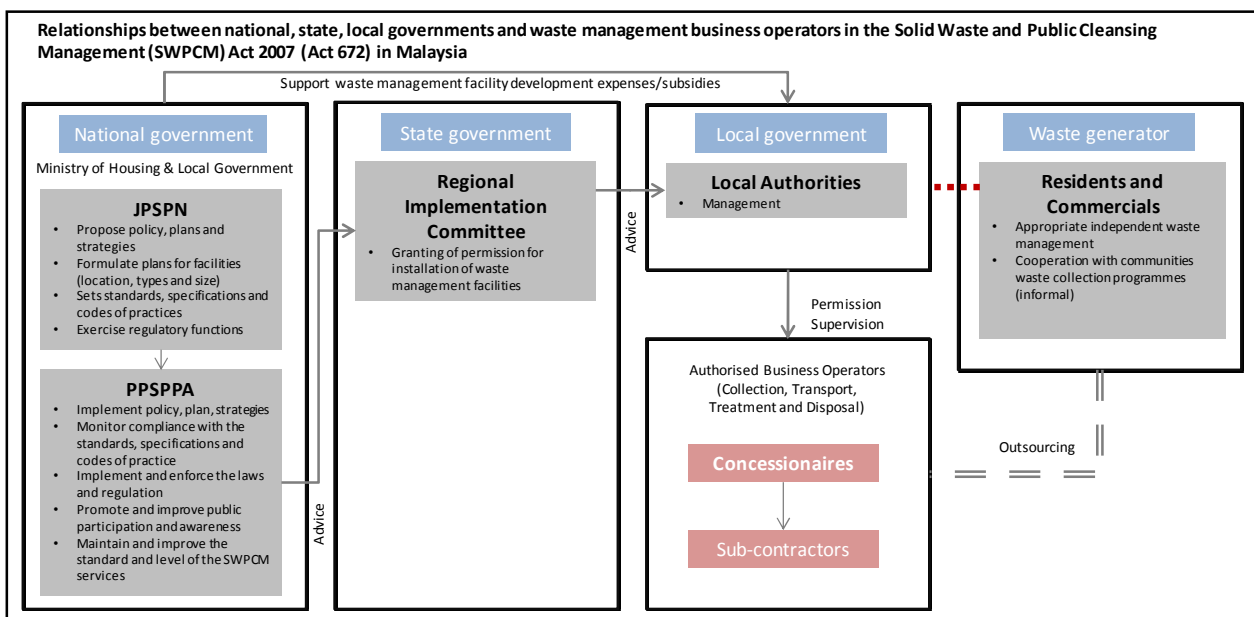
system.

Divergence from decentralisation in Malaysia

Lastly, Watanabe and **Mr Mohd Rosli** gave an overview of the main actors and waste management mechanisms in Malaysia (Figures 4 and 5). Up until 2007, responsibility for municipal waste management lay exclusively with the local authorities. However, more stringent requirements for advanced treatment and sparse financial resources of a single local authority called for a more integrated solid waste management structure. A holistic approach to

provide executive authority to the federal government under the purview of the National Solid Waste Management Department (JPSPN) as the regulatory agency and Solid Waste and Public Cleansing Management Corporation (PPSPPA) as the implementing agency. While Malaysia has federalised solid waste management under Act 672 in 2007, this concentration of responsibility at the national level led to exclusion at the local level with a lack of active participation from the population. Representation of local citizens is constrained even though there are currently 53 existing PPSPPA branches in 144^{iv} local

Figure 4: Roles and Responsibilities of Different Entities in Municipal Waste Management



Source: <http://ensearch.org/wp-content/uploads/2012/07/Paper-13.pdf>, JPSPN, own illustration

Figure 5: Three Privatised Concessionaires^v

		
SWM Environment (South) Johor Melaka Negeri Sembilan	E-Idaman (Northern) Kedah Perlis	Alam Flora (Central and Eastern) Kuala Lumpur Putrajaya Pahang

Source: JPSPN

authorities.

In spite of the federalisation attempt, the enforcement of it is not uniform. Four states in the Peninsular have not adopted the Act, namely Perak, Selangor, Penang and Kelantan. At the state level, a Regional Implementation Committee is established to convene monthly with respective bodies^{vi} to designate land for new facilities, for example. Meanwhile, local authorities channel funds to the facilities’ operators. The government also subsidises local authorities facing inadequate financial resources.

Towards a zero-waste system

Undeniably, the spirit of “mottainai”^{vii} is less reflected in Malaysians when compared to the Japanese 3R (reduce, reuse, recycle) culture (see Table 2). Technology solutions such as advanced incinerators alone should not be seen as the silver bullet in waste disposal. Green technology such as biogas plants could be a feasible solution due to our high agricultural waste generation as well as high organic waste composition in households (52 percent of all household waste). From Watanabe’s perspective, an incentive mechanism to foster 3R initiatives should be in place for state and local authorities. An effective management of municipal solid waste applies at all levels of society and is highly reliant on active public

participation, awareness and acceptance. A typical instrument, which could promote coordination among the various actors, is public-private partnerships. Every change agent contributes towards a zero-waste system in support of sustainable growth.

Less is more — lessons learned from Japanese experience

Given the crucial importance of waste management in ensuring our environmental wellbeing, externalities of all economic, social and environmental costs have to be internalised. The case of Japan has clearly shown that in the provision of waste management facilities, considerations for economic and environmental efficiency are not the most critical factors. Social inclusion in decision making processes is the breakthrough to reformation and transformation. Essentially, a strategic supply chain for the integration of a waste management system has to be embedded. To support these efforts, motivation for waste reduction and recycling as well as inclusive governance throughout the process are vital key drivers. Above all, civil society at all levels — both public and private sectors — must nurture a common vision and shared goals to enable integration.

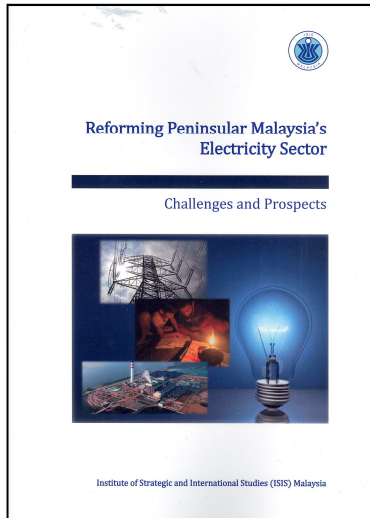
Table 2: Comparison Indicators for Municipal Waste Management

Indicator	Tokyo, Japan	Malaysia
Recycling rate (%) in 2012	20.8	10.5*
Municipal waste per capita per day (kg/cap/d)	1.09	1.17*

*Source: JPSPN, 2014

ⁱSpecial wards are 23 municipalities that together make up the core and the most populous part of Tokyo, Japan.
ⁱⁱExtended Producer Responsibility is an environmental protection strategy, which makes the manufacturer of a product responsible for the entire lifecycle of the product as well as for the take back, recycling and final disposal of the product.
ⁱⁱⁱThus far, there are 19 incinerators, one landfill and two incinerators under construction with a capacity of 12,000 tonnes a day in all 23 wards of Tokyo as shown in Figure 3. Comparably, Singapore’s centralised system is illustrated through five incinerators with similar capacity of 10,000 tonnes a day.
^{iv}There are 97 local authorities in West Malaysia and 47 in East Malaysia as of 2007.
^vThey are argued to have a monopoly of waste collection and transportation, with Alam Flora accountable for 40 percent of all waste collection.
^{vi}PPSPPA, state government, local authorities and concessionaires.
^{vii}A term conveying a sense of regret for resources turned into waste without being appreciated to its fullest.

Latest ISIS Publications

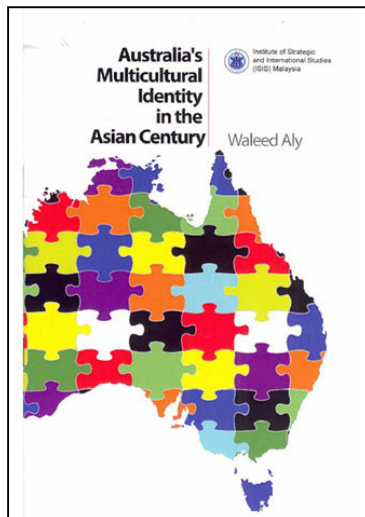


Reforming Peninsular Malaysia's Electricity Sector: Challenges and Prospects (E-book)

Kuala Lumpur: ISIS Malaysia, 2014

The e-book discusses the prospects and challenges associated with the objective of reforming the power sector in Peninsular Malaysia. It revolves around four themes, namely energy market outlook and regional experience with electricity market reform; electricity tariff review in Malaysia and its expected impact; reforms to increase competitiveness in Malaysia's electricity sector; and transition and adaptation to a new sectorial structure. These themes were drawn from the discussions that took place during the *Public Forum on Reforms in Peninsular Malaysia's Electricity Sector*, which ISIS Malaysia and MyPower Corporation co-organised on 7 November 2013.

Available at: http://www.isis.org.my/attachments/e-books/Electricity_Reforming_Final-book.pdf



Australia's Multicultural Identity in the Asian Century

Author: Waleed Aly

Kuala Lumpur: ISIS Malaysia, 2014

This monograph is based on a talk titled, 'Australia's Multicultural Identity in the Asian Century', given by the author at an ISIS International Affairs Forum on 30 April 2013 in Kuala Lumpur.

Available at: http://www.isis.org.my/attachments/e-books/Waleed_Aly.pdf

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