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Subverting the Emergency Exception: Kinship, Direct Appointment and the Alleged Diversion of Indonesia's Ready-to-Use Disaster Fund

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Abstract: *Emergency funds are built to move fast, and the speed is usually bought by suspending competitive procurement. This article asks how that suspension interacts with kinship ties inside a government agency when disaster money is spent through direct appointment. It examines Indonesia's Ready-to-Use Fund (Dana Siap Pakai, DSP). In October 2026 the Corruption Eradication Commission (KPK) named five suspects in connection with procurement worth about IDR 148 billion at the National Disaster Management Agency (BNPB). One suspect was an adviser to the agency head and, according to most reports, the head's younger brother. Using documentary process tracing across press accounts of KPK statements, statutory texts and a literature base screened through the Consensus research database, I reconstruct the alleged two-cluster structure and compare it with findings from emergency procurement research. I argue that the case exposes a gap that principal-agent models handle poorly. The adviser held no formal procurement authority and therefore sat outside the accountability chain, yet his closeness to the principal gave him practical influence over the officials who did hold it. I call this position a proximate principal. Direct appointment, thin beneficial-ownership screening and after-the-fact audit allowed it to operate, and the alleged conversion of proceeds into cash, gold, crypto-assets and listed shares shows that assets moved faster than any audit could begin. I derive four reforms and set out the evidence and risks behind each. All allegations discussed here remain unproven in court.*

Keywords: *emergency procurement, disaster funds, conflict of interest, nepotism, principal-agent theory, beneficial ownership, Indonesia*

1. INTRODUCTION

Disasters create a particular kind of budget. Money has to leave the treasury within days, often to buyers who have never worked with

the sellers, and for goods whose price nobody can check because the market is disrupted. Governments respond by relaxing the rules that normally slow spending down: open tendering, public notice periods, independent selection panels and pre-award review. The relaxation is rational. It is also the point at which procurement systems are most exposed. A review of corruption in emergency procurement concluded that it shrinks the resources available for life-saving work, lowers the quality of what is delivered and diverts aid away from the people who need it most (Schultz & Søreide, 2008). Later work on the Italian experience shows that the exposure does not end when the emergency does. Contract-level evidence from areas hit by natural disasters links the events to a rise of roughly 14 to 17 percentage points in single-bidder contracts and a fall of roughly 19 to 21 points in published tender notices that is still visible three or more years afterwards (Fazekas et al., 2025). Corruption and disaster outcomes also travel together at a larger scale. Panel evidence from 135 countries associates higher corruption with more disaster deaths (Cevik, 2023), and the earthquake literature has long pointed to construction oversight as the mechanism (Ambraseys & Bilham, 2011).

Indonesia is a country where this problem is not abstract. It sits on the Pacific Ring of Fire, loses land to floods and peatland fires every year, and has a long record of reconstruction spending that attracted opportunists as well as relief workers. Studies of Aceh after the 2004 tsunami describe actors who used the post-disaster moment to acquire land for export agriculture (Wulandhari, 2020). The state's standing answer to the speed problem is the Ready-to-Use Fund (Dana Siap Pakai, DSP), a reserve held by the National Disaster Management Agency (Badan Nasional Penanggulangan Bencana, BNPB) that can be released as soon as an emergency status is declared. The fund exists because waiting for the normal budget cycle would cost lives. That same feature, money that is liquid by design, is what makes it attractive to anyone who wants to move funds quickly.

On 13 October 2026 the Corruption Eradication Commission (Komisi Pemberantasan Korupsi, KPK) carried out a sting operation at BNPB headquarters and detained 14 people, among them the agency's Main Secretary, who was later treated as a witness. The next day the KPK named five suspects and divided the case into two clusters (Kompas.com, 2026a; Katadata, 2026). The first cluster concerns conflict of interest. It centres on an expert adviser to the agency head who is reported to be the head's younger brother and who is alleged to

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have steered DSP procurement to companies affiliated with him. The second concerns bribery. A procurement official and a second adviser are alleged to have taken fees from vendors in exchange for direct awards. The KPK also alleged that part of the money was used to buy shares in a listed company, and it seized cash, foreign currency, gold and crypto-assets. At the time of writing nobody has been convicted, and the facts below are allegations made by an investigating body and reported by the press.

The case invites an easy reading in which a few bad actors abused a loophole. This article argues for a more specific reading. The loophole in question, direct appointment during an emergency, has been written about extensively, and the usual remedy is more transparency. What stands out here is that the central suspect in the first cluster did not hold the formal authority that procurement law attaches to responsibility. The accountable officer in procurement is the commitment-making officer (Pejabat Pembuat Komitmen, PPK). An adviser is not a PPK. He signs nothing, certifies nothing and, in the standard design, answers for nothing. Yet an adviser who is the principal's brother can influence the officials who do sign. The accountability chain then runs around the person with the most influence.

The article addresses four questions. First, how did the alleged scheme use the emergency procurement rules, and which control was removed at each step? Second, what does kinship add to a bribery story that bribery alone does not explain? Third, what does the alleged financial trail say about the time available to detect diversion? Fourth, which controls would have bitten, and what would they cost in speed? The answers draw on a documentary reconstruction of the case and on a literature base on emergency procurement, favouritism, beneficial ownership and money laundering whose bibliographic details were checked through Consensus where the service allowed it.

The article makes three contributions. It proposes the concept of a proximate principal to describe actors who exercise principal-like influence without principal-like accountability, and it shows why standard agency models do not capture them. It audits the public record, listing where reports of the case disagree and what can currently be treated as established. And it turns the analysis into reforms stated precisely enough to be tested, including the conditions under which each might fail. Section 2 sets out the method, including the literature

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review, the analytical framework with its four propositions, and the data and the limits of the evidence. Section 3 presents the findings. Section 4 discusses them and draws out the policy implications, and Section 5 concludes.

2. METHOD

2.1. Philosophical and Methodological Foundations

2.1.1. Philosophical Orientation and Research Design

The study is a single-case analysis using documentary process tracing. A single case limits generalisation, but it suits a question about mechanism. The aim is to trace how a sequence of institutional features (the emergency status, the direct appointment, the adviser's role, the ownership of the suppliers, the conversion of proceeds) fit together in one episode, and to compare that sequence with what comparative research predicts. The case was selected because it is recent, because the investigating body has described its structure publicly, and because it involves features that the literature treats separately, namely emergency procurement, kinship ties and rapid asset conversion. It is a critical case for the propositions in Section 2.2.9 in the modest sense that if the mechanism cannot be seen here, with the KPK's own account to work from, it is unlikely to be visible elsewhere.

2.1.2. Data Generation Techniques

The empirical material comes from three kinds of documents. The first is press reports of KPK statements and press conferences between 13 and 16 October 2026, drawn from a research dossier prepared for this study that lists 42 Indonesian news and legal-commentary sources. The second is legal texts: Law No. 24 of 2007 on Disaster Management, Government Regulation No. 21 of 2008, BNPB Regulation No. 4 of 2020 on the use of the Ready-to-Use Fund, the procurement rules in Presidential Regulation No. 16 of 2018 and LKPP Regulation No. 13 of 2018, and the anti-corruption law (Law No. 31 of 1999 as amended by Law No. 20 of 2001). The statutory content is taken from the dossier and from secondary legal commentary, and I did not consult the original instruments directly. The third is the academic literature.

To test the reliability of the dossier I checked its central figures against two further outlets that report the KPK's press conference (Katadata, 2026; RCTI+, 2026). Both confirmed the main structure: two clusters, five suspects, procurement of about IDR 148 billion, and

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the purchase of shares in PT Medela Potentia through an affiliated company. They also revealed discrepancies on some details, which are catalogued in Section 3.7 rather than silently resolved. Court documents, indictments and the KPK's formal case files were not available. The analysis therefore rests on what the KPK chose to say publicly and on how the press reported it.

The literature base was assembled in two stages. Thirteen targeted searches in the Consensus database, which covers peer-reviewed papers from Semantic Scholar, OpenAlex and PubMed, addressed these themes: disaster capitalism, emergency and COVID-19 procurement, corruption and disaster outcomes, principal-agent models and rent-seeking, nepotism and favouritism, beneficial ownership, humanitarian aid corruption, money laundering and financial intelligence, continuous auditing, corruption and human rights, and Indonesian anti-corruption institutions. A research-agent query in Consensus then returned a set of 14 papers with full metadata, including DOIs, on emergency procurement and disaster governance. A second validation query covering the remaining references could not be completed. Consequently, every work cited was confirmed to exist in Consensus with matching title, year, journal and lead author, and 14 were confirmed with complete author lists and DOIs. For the remainder the author lists are as returned by the search tool, which truncates long lists, and volume and page details should be completed against the publishers' records before submission. I did not cite any finding that I could not read in an abstract or in the research agent's extract.

2.1.3. Data Analysis

I first built a timeline of events and a table of actors, roles, charges and alleged conduct. Each alleged step was then coded against the four propositions: which control was absent, who held formal responsibility, whether ownership information was available at the point of award, and how long elapsed between the alleged payment and the alleged conversion into assets. Where two sources gave different values for the same item, I recorded both and noted which was closer to the KPK's own statements. Arithmetic in the dossier was recomputed. For example, the allocation figures by year were summed, the shareholding was multiplied out (150.4 million shares at IDR 206 per share gives IDR 30.98 billion), and the components of the seizure were added up.

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All individuals are named only as the KPK and the press named them, and all are presumed innocent until a court decides otherwise. Words such as alleged, reportedly and according to the KPK are used throughout and are not decoration: the case is at the investigation stage, and key facts may change. The analysis cannot settle guilt, the amount actually diverted or the intentions of any actor. It can show which institutional features the allegations rely on and whether those features are consistent with what comparative evidence leads us to expect. Names appear in the transliterations used by the sources, and one suspect's surname is spelled both Setyawan and Setiawan in the reports. I follow the spelling used by the KPK-based coverage in the dossier.

2.2. Theoretical Framework and Conceptual Model

2.2.1. Disaster capitalism and where the concept stops

The phrase disaster capitalism comes from Klein's (2007) argument that crises give powerful actors a window in which unpopular economic restructuring can be pushed through while the public is disoriented. The thesis is about policy and ownership: privatisation, deregulation and the reassignment of assets. Applications to disaster recovery have followed that line. Work on Aceh describes post-tsunami land conversion (Wulandhari, 2020), research on Nepal documents how cash transfers after the earthquake drew households into financialised recovery (Le Billon et al., 2020), geographers argue that recovery politics are shaped by neoliberal capitalism and are open to contestation (Cretney, 2017), and Bonilla (2020) reads the emergency in Puerto Rico as an extension of colonial relations. Most of these studies treat the market as the instrument of exploitation.

The BNPB case is not obviously of that kind. The alleged conduct is not a restructuring of property rights or a policy shock. It is the capture of an existing spending channel by insiders. I therefore use disaster capitalism with some caution, as a sensitising idea about crisis as opportunity, and I return in Section 4.4 to whether it fits. The more useful body of work for the mechanism at issue is the procurement literature.

2.2.2. Emergency procurement and corruption risk

Evidence that emergencies raise procurement risk is now broad. Beyond the Italian disaster study already cited (Fazekas et al., 2025), research on COVID-19 shows the same pattern in public health

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settings. A comparison of Italy and Germany found that objective corruption risks rose in both countries after procurement rules were relaxed, and that perceived risk stemmed from low competition, ambiguous rules and a politicised bureaucracy (Thomann et al., 2023). A qualitative comparison of Argentina and Canada argues that pre-existing institutional conditions decide whether emergencies are used as an excuse to relax controls (Porporato et al., 2023). Rose-Ackerman (2021) likewise treats the pandemic as a setting of elevated corruption risk. In Ghana, single-sourced contractors were not published as the law required, which hid who owned the firms and what the units cost (Tweneboah-Koduah, 2025), and in Nigeria irregularities in vaccine budgeting and distribution persisted despite supervision (Onwujekwe et al., 2023). A comparative study of African crisis responses finds that corruption clusters around procurement, relief distribution and the misuse of emergency powers, with relief-related corruption the most common (Sotola et al., 2025).

Two findings from this literature matter for what follows. The first is displacement. In a study of aid-funded procurement, tighter rules on standard contracts were followed by a move towards non-competitive procedures, with single bidding rising sharply in the unregulated channel (Dávid-Barrett & Fazekas, 2020). Controls on one door push the activity through another. The second is a warning about indicators. An analysis of Italian road contracts found that the most visible red flags, including the use of special procedures justified by urgency, were uncorrelated or even negatively correlated with corruption once the red flags became known (Decarolis et al., 2020). Officials adapt to the indicators that regulators watch. A framework proposed for emergency periods exploits the discontinuity that a crisis introduces to identify firms and buyers whose behaviour changes unusually after the shock (Gnaldi et al., 2024). The common implication is that formal markers of an emergency are weak tests of misuse and that screening must look at who is behind the supplier.

2.2.3. Principals, agents and corrupt principals

Corruption in procurement is usually analysed through principal-agent theory. The public, or the minister, is the principal. The procurement official is the agent with the information and the discretion. Corruption occurs when the agent trades discretion for private gain, and the standard remedies monitor the agent and shrink

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discretion. Evidence supports the logic. Discretion in Hungarian procurement raised prices and selected less productive contractors, and it helped firms connected to the governing party (Szucs, 2023). Italian municipalities made more discretionary, corruption-prone decisions under elected politicians than under appointed commissioners, which the authors read as a mix of expertise asymmetry and political influence (Mussari et al., 2025). Rent-seeking models add that contestable rents attract resources into competing for them, which means the social cost of corruption exceeds the transfer itself (Aidt, 2016), and cross-country evidence suggests rent creation can shape the composition of public spending (Hessami, 2014).

The framework has a recognised blind spot. Graycar (2022) points out that when agents behave corruptly the remedy is usually clear, because the principal can discipline them, but when principals behave corruptly the path forward is not clear at all, since there is nobody above to enforce the rules. A related problem arises with actors who are neither principal nor agent in the formal sense. An adviser, a political appointee or a relative advises the principal, has access to the same information and can lean on agents, but is not placed anywhere on the accountability chart. I refer to such an actor as a proximate principal: someone who has principal-like influence through closeness to the formal principal, and agent-like irresponsibility because no formal duty attaches to the role. The literature on favouritism describes the consequences (higher prices, lower quality, politically connected winners) but rarely isolates this structural position.

2.2.4. Kinship, nepotism and political connection

Nepotism research defines the phenomenon as preferential treatment based on kinship and distinguishes the people who instigate it, benefit from it and observe it (Schilpzand et al., 2024). Its procurement effects are measurable. Russian data show that companies hire the relatives of officials in order to win state contracts and preferential regulatory treatment (Szakonyi, 2019). Czech evidence puts a price on it: favouritism towards politically connected firms raised contract prices by about 6 percent of estimated costs without any quality gain, although higher-level oversight tied to European Union co-funding mitigated the effect (Baránek & Titl, 2024). A comparison of Hungary and the United Kingdom finds that politically favoured firms won 50 to 60 percent of the central contracting market in Hungary and about 10 percent in the United Kingdom, with the

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difference tied to institutional constraints on political influence over procurement (Dávid-Barrett & Fazekas, 2019). The Czech result is the most relevant here, because it suggests that external oversight can offset favouritism, which is exactly what emergency regimes remove.

2.2.5. Beneficial ownership and red flags

If favouritism runs through ownership, ownership data should reveal it. Matching 8 million government contracts to 11 million company ownership records in six countries, Fazekas et al. (2026) find that indicators capturing unusual ownership features, such as an owner appearing in many companies, frequent changes of ownership information and missing ownership data, behave in line with procurement risk, while indicators based on the countries of owners largely do not. Contract-level indicators such as single bidding and composite red-flag scores can be computed from standard public data (Fazekas & Kocsis, 2017), and data-mining systems that look for conflicts of interest, collusion and straw owners have been used to prioritise investigations in Brazil (Velasco et al., 2020). Transparency helps in particular when it arrives before the award, in a form that insiders and rival bidders can monitor (Bauhr et al., 2020). In Indonesia, legal analysis has noted that the identification of conflicts of interest between bidders rests on concurrent positions and cannot detect conflicts that run through multiple beneficial owners (Sianturi et al., 2019).

2.2.6. Proceeds, detection and time

The corruption literature tends to stop at the contract. Money laundering research asks what happens next. Laundering complexity depends on the amount, the visibility of the offence, the time before investigation begins and the expected scrutiny, and complex schemes depend on professional intermediaries (Levi et al., 2020). Interviews with practitioners list gold, real estate, mergers and acquisitions, currency exchange and private cash deals among the methods that remain effective (Teichmann, 2017). Court-case analysis suggests that crypto-assets are mostly used in the early stages of laundering and alongside fiat currency (Leuprecht et al., 2022), and research on the Global South shows that systemic corruption, construction companies and informal finance fall outside the actors that standard anti-money-laundering regimes cover (Angelico et al., 2025). Studies of Indonesia

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describe a financial intelligence unit, the Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK), that depends on reports from financial institutions whose compliance is uneven and whose data access is limited (Fitriana et al., 2025). Indonesian legal work has also begun to address how assets held in crypto form can be traced and withdrawn (Sahri et al., 2025). What this literature implies for emergency spending is a question of timing. If proceeds can be turned into assets within days and audits start months later, the audit finds a trail that has already been converted.

2.2.7. The Indonesian setting

Indonesia's anti-corruption architecture is built around the KPK, whose effectiveness against high-level cases has depended on political alignments and on pressure from civil society and the press (Umam et al., 2018). Electronic procurement has been associated with fewer procurement corruption cases in provinces with high capital spending (Puspita et al., 2022). The emergency regime sits inside the main procurement regulation, Presidential Regulation No. 16 of 2018 as amended (Maksum et al., 2025), and legal commentators point to overlap between administrative and criminal liability in procurement (Maksum et al., 2025). On nepotism specifically, a comparative legal study argues that Indonesia treats it narrowly, mainly as material harm in appointments and procurement, and that nepotism cases fall outside KPK jurisdiction under Act No. 28 of 1999 (Priyambodo et al., 2025). The BNPB prosecution therefore matters partly because it relies on the conflict-of-interest provision in procurement, Article 12(i) of the Corruption Eradication Law, rather than on the nepotism statute.

2.2.8. What the literature leaves open

Taken together, these literatures leave a gap at their intersection. Work on emergency procurement documents loosened rules and rising risk but treats officials as a single category of decision-makers. Work on favouritism and nepotism measures who benefits but usually in ordinary procurement, where competition and oversight still operate. Work on laundering describes how proceeds move but rarely connects the speed of conversion to the timing rules of public audit. Indonesian scholarship has examined the KPK, e-procurement and the legal treatment of nepotism and beneficial ownership, but I found no study that treats the interaction among emergency discretion, family ties to the agency head and rapid asset conversion in a disaster fund. The

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BNPB case offers a chance to examine that interaction, with the limits noted in Section 2.1.3.

2.2.9. Analytical framework and propositions

The review suggests a chain with four links, which I state as propositions for the case analysis.

Proposition 1. Emergency declarations lower the cost of directing a contract by removing external controls (selection panels, public notice, pre-award review), so that the award decision rests on the judgement of a few individuals.

Proposition 2. Where a proximate principal exists, the removal of controls is more damaging, because the person with the most influence over awards is outside the formal accountability chain and outside the screening that targets formal decision makers.

Proposition 3. Ownership opacity is what turns influence into profit: without a way for the buyer or an outside monitor to see who owns the supplier, kinship ties can be exercised unnoticed.

Proposition 4. Where proceeds can be converted into stores of value quickly, detection windows that depend on post hoc audit are structurally too late.

The propositions are derived from the literature and are examined against a single case. They are meant to organise the evidence and to give later comparative work something to test, not to be confirmed by one episode.

3. RESULTS AND EMPIRICAL FINDINGS

3.1. The institutional setting

The Ready-to-Use Fund is a standing reserve in the national budget intended to finance immediate response once an emergency has been declared. According to the legal commentary in the dossier, the statutory base is Law No. 24 of 2007 on Disaster Management, which obliges government to provide emergency funds, with Government Regulation No. 21 of 2008 setting out the operational scope (search and rescue, logistics, shelter, medical services) and BNPB Regulation No. 4 of 2020 governing access, execution and reporting (Liputan6, 2026). Access depends on a formal emergency or specific-situation decree issued by a regent, mayor, governor or the President. The applicant then submits the decree, an implementation plan with timelines, an itemised budget and a technical assessment, and unspent

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balances must be returned to the State Treasury at the end of the response (Liputan6, 2026).

Procurement with these funds follows the emergency provisions of the national procurement regime, Presidential Regulation No. 16 of 2018 as amended (Maksum et al., 2025), together with the procurement agency's implementing rules. In emergencies the regime allows direct appointment of a provider. The commitment-making officer, the PPK, chooses the vendor, negotiates the price and signs the contract without the multi-stage competition that would normally be run by a selection committee, the Pokja Pemilihan. Three consequences follow, and they correspond to the first proposition. Selection panels, which spread the award decision across several people, are absent, so the award rests with the PPK and whoever advises him or her. External notification is minimal, so rival bidders cannot object. And audit is moved after the event. Nothing in the regime, as described in the dossier, requires screening of the owners of the chosen vendor against the officials who select it.

Table 1 sets out the controls that open tendering normally provides and what remains under emergency direct appointment as the dossier describes it.

Control	Open tender	Emergency direct appointment	Relevance to the case
Independent selection panel (Pokja Pemilihan)	Present	Absent; the PPK selects	The award rests with one official and whoever advises that official
Public notice and competing bids	Present	Absent or minimal	No rival bidder is in a position to object to a steered award
Price discipline	Through competing bids	Through negotiation by the PPK	The price depends on one person's judgement
Pre-award review	Normal	Replaced by review after the event	Review starts after funds have been spent
Screening of vendor owners against officials	Limited to concurrent positions between bidders (Sianturi et al., 2019)	Not required	Kinship ties between officials and vendor owners go unseen

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Table 1. Procurement controls under open tendering and under emergency direct appointment

An important point of interpretation: the emergency regime does not make direct appointment unlawful or even suspicious. It is the proper tool when the alternative is delay. The question the case raises is therefore not whether direct appointment is a loophole but what the regime assumes about the people who use it. The assumption seems to be that the officials who decide are the officials who are accountable, and that those officials have no interest in the vendors. The case, as alleged, breaks both assumptions.

3.2. Scale and timing

The KPK put the value of DSP procurement under examination at about IDR 148 billion, roughly USD 9.5 million, spread over three fiscal years (Katadata, 2026; Kompas.com, 2026a). The dossier divides the figure as shown in Table 2. The three yearly amounts sum to IDR 148.03 billion, so the headline figure is a rounding of the components. Reports differ on when the alleged conduct began. The KPK's own description, as quoted, refers to 2024 to 2026, one report speaks of 2025 and 2026, and a headline in the dossier says the conduct is suspected to date from 2022 (Republika, 2026). The longer the period, the greater the number of disaster responses touched, and the less certain it is that the same mechanism operated throughout.

Fiscal year	**Amount (IDR billion)**	**Disaster context**	**Alleged allocation mechanism**
2024	45.76	Forest and land fires in Kalimantan and Papua; earthquake response in East Nusa Tenggara	Direct appointment of affiliated companies
2025	52.27	Floods and landslides in Aceh, North Sumatra and West Sumatra	Direct appointment of pre-selected vendors
2026	50.00	Multi-regional contingency and recovery operations	Direct appointment with fee extraction
Total	148.03	National disaster response portfolio	Discretionary direct procurement

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Table 2. DSP amounts under examination by fiscal year, as presented in the research dossier

A caution applies to the table. The total is the value of procurement the KPK is examining, not a finding of the amount stolen. Goods may have been delivered, at an inflated price or at fair value, and the public record does not distinguish. Treating IDR 148 billion as the amount diverted, as some coverage implies, confuses exposure with loss.

3.3. The alleged structure: two clusters, five suspects

The KPK divided the case into two clusters with different legal bases (Kompas.com, 2026a; Katadata, 2026). Table 3 summarises the suspects and their alleged roles. The head of the agency is not among the suspects, and the Main Secretary, who was among those detained on 13 October, was kept as a witness.

Suspect	Position	Legal basis reported	Alleged role
Bima Setyawan	Expert adviser (tenaga ahli) to the BNPB head; reported younger brother of the head	Article 12(i), Law 31/1999 as amended by Law 20/2001 (conflict of interest in procurement)	Alleged to have directed DSP procurement to providers affiliated with him and to have used an affiliated company to buy shares
Gabriel Purwaka Sigit	PPK, Subdirectorate for Aid and Emergency Fund Management	Bribery provisions of the anti-corruption law	Alleged to have received fees in return for direct awards; one report puts his receipt at IDR 140 million
Richard Erlangga	Expert adviser to the BNPB head	Bribery provisions	Alleged to have requested a fee from a vendor; one report puts the request at IDR 2.38 billion
Gery Prasetiawan	Director of PT Trans Lintas Selaras (vendor)	Bribery provisions	Alleged to have paid the fee
Syifa Nrika Ghifarian	Vendor representative	Bribery provisions	Alleged to have paid commissions to obtain awards

Table 3. Suspects, positions and alleged roles as reported after the KPK announcement of 14 October 2026

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The sequence of events as reported is shown in Table 4. The share transactions are drawn from trading data cited in the press coverage, and the later dates from the KPK's public statements.

Date	Event
31 August 2026	AVE sells 400,000 MDLA shares (trading data cited in Katadata, 2026)
30 September 2026	AVE buys 150 million MDLA shares for about IDR 28.4 billion
13 October 2026	KPK sting operation at BNPB headquarters; 14 people detained; AVE holds 150.4 million MDLA shares, worth IDR 30.98 billion at IDR 206 per share
14 October 2026	KPK names five suspects; the Main Secretary is kept as a witness
16 October 2026	KPK press conference describing the two clusters, as reported by Katadata (2026)

Table 4. Reported sequence of events, August to October 2026

The two clusters differ in an important way. The second is a conventional bribery chain: a vendor pays, an official with formal authority awards, and an adviser brokers. The first is structurally different. The central figure there is alleged to have influenced awards without being the officer who made them, and the offence charged, participation in a procurement over which the person has some responsibility or authority, is a conflict-of-interest offence rather than a payment offence. The distinction matters for what the case teaches.

3.4. Cluster 1: influence without office

According to the KPK, Bima Setyawan held the post of adviser to the agency head and the DSP procurement that went to companies affiliated with him was made by direct appointment (Kompas.com, 2026a; Katadata, 2026). Two features of this description stand out.

First, the adviser's role is informal in the way that matters. An adviser is not a budget user, a PPK or a member of any selection body. The procurement regime attaches liability and verification duties to those positions. An adviser can, in principle, only recommend. For the alleged scheme to work, then, someone with formal authority must have acted on the recommendation. The dossier does not say who. The ordinary reading, consistent with the second cluster, is that the formal decision-makers were the officials who signed, and that the adviser's

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influence worked through them. That is exactly the situation I described as a proximate principal, with influence without office.

Second, the kinship tie meant that the adviser's closeness to the agency head did not need to be exercised explicitly. A request from the head's brother, or even the expectation of one, carries weight with subordinates whose careers depend on the head. The literature on nepotism describes beneficiaries and instigators as distinct actors (Schilpzand et al., 2024), and the case fits that pattern, with the head's role undetermined. The KPK has not alleged that the head knew or took part, and nothing here suggests it. The point is structural: the tie provided the influence whether or not it was used knowingly.

The Czech and Hungarian findings are a useful comparator. Favouritism towards connected firms there raised prices without raising quality, and external oversight dampened it (Baránek & Titl, 2024; Szucs, 2023). Direct appointment in an emergency removes the external oversight channel, the competing bidders and the selection panel, so what constrained favouritism in those studies is missing in the BNPB design.

3.5. Cluster 2: fee extraction

The second cluster follows a script that the emergency procurement literature describes in many settings. A procurement officer with discretion over awards, assisted by an adviser who coordinates, receives fees from vendors who want the contracts. Comparative evidence points to the same combination of discretion, weak tracking and fee solicitation in emergency settings (Onwujekwe et al., 2023; Tweneboah-Koduah, 2025). The BNPB details are specific. One report states that a vendor director was asked for IDR 2.38 billion and that the procurement officer allegedly received IDR 140 million (Katadata, 2026). The sums are small compared with the IDR 148 billion in procurement, which is itself a finding: the fees are the visible side of the scheme, and the larger gains, if the allegations hold, lie in the margin on the contracts and in the first cluster.

The two clusters probably reinforced one another. A PPK who is willing to accept fees from some vendors has little reason to resist awarding to others who are connected to a powerful adviser, and an adviser with influence over awards has a use for a PPK who will sign. The dossier presents the clusters as separate in legal terms but linked in practice through a shared mechanism of direct appointment, and that reading is consistent with the evidence available.

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3.6. The financial trail

The most unusual part of the case is the alleged use of proceeds. The KPK alleged that PT Alfa Veritas Energizer (AVE), a company affiliated with the adviser, used part of the DSP-derived funds to buy shares in PT Medela Potentia Tbk (MDLA) (Katadata, 2026; RCTI+, 2026). According to trading data cited in the same coverage, AVE sold 400,000 MDLA shares on 31 August 2026 and bought 150 million shares for about IDR 28.4 billion on 30 September 2026. By 13 October it held 150.4 million shares, about 1.07 percent of the company, which at IDR 206 per share was worth IDR 30.98 billion (Katadata, 2026). Table 5 lists the stake and the assets seized in the operation.

Asset	Holding	Reported value	Possible function (author's interpretation)
Rupiah cash	Banknotes	IDR 3.35 billion	Immediate liquidity for payments
Foreign currency	USD 7,500 and SGD 9,000	About IDR 225 million	Portable store of value outside domestic accounts
Gold bullion	133 grams	IDR 315.8 million	Liquid wealth without a banking record
Digital gold	192 grams	IDR 452.0 million	Semi-liquid holding on a financial platform
Crypto-assets	Tokens	About IDR 1.10 billion	Fast transfer outside conventional banking
Listed equity	150.4 million MDLA shares held through AVE	IDR 30.98 billion (13 October 2026)	Conversion into a formal, yield-bearing asset

Table 5. Assets reported in connection with the case

Three observations follow from the table. The first concerns the ladder of liquidity. Cash, foreign currency, gold, digital gold, crypto-assets and listed shares sit at different points on a scale of liquidity, anonymity and legitimacy, and the portfolio spans the full range. Practitioner research on laundering describes gold, currency exchange and corporate transactions as methods that continue to work (Teichmann, 2017), and the case-based literature on crypto notes that it is used mostly early in the laundering process and together with fiat money (Leuprecht et al., 2022). The BNPB portfolio is consistent with both.

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The second concerns scale. The identified assets, the share stake plus the seized items, come to about IDR 36.5 billion, roughly a quarter of the procurement value. If the allegations are correct, the remaining three quarters either paid for goods that were delivered, were converted in ways not yet traced, or were spent. The record does not allow a choice among these. It does show that asset tracing at this stage covers a minority of the money flow.

The third concerns time. The large share purchase occurred on 30 September and the sting operation on 13 October, so the conversion into a listed asset took place 13 days before enforcement. For a stake bought on that date to be financed from DSP-derived money, the procurement payment would have had to precede it, which means the alleged conversion happened within the period of the emergency spending cycle and before any post hoc audit of that cycle could have started. This is the situation Proposition 4 describes. Indonesia has a financial intelligence unit, PPATK, whose role is to detect suspicious transactions, but its effectiveness depends on reports from financial institutions and on access to transaction data (Fitriana et al., 2025), and the dossier records no mechanism by which emergency procurement payments are reported to it in real time.

3.7. What the record does and does not establish

The sources are not uniform, and the gaps matter for how much weight the findings can bear. Table 6 sets out the main discrepancies and the treatment adopted.

Item	What the sources say	Treatment
Kinship	Most reports call the adviser the younger biological brother (adik kandung) of the BNPB head; one headline calls him a brother-in-law (adik ipar), and a quoted KPK official uses the generic word for younger sibling	Described as reportedly the head's younger brother; the point of the analysis, closeness to the principal, holds under either reading
Name	Setyawan in some reports, Setiawan in others	Setyawan, as in the dossier
Value of the share stake	IDR 30.98 billion is the market value on 13 October at IDR 206 per share; one report gives the purchase cost of the 150 million shares bought on 30 September as about IDR 28.4 billion	Both given; the market value is not treated as the amount diverted

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Item	What the sources say	Treatment
Amount diverted	IDR 148 billion is the value of DSP procurement under examination; the proportion that was diverted has not been stated	Treated as exposure, not loss
Year-by-year amounts	The dossier gives 45.76, 52.27 and 50.00 billion, which sum to 148.03; one report describes 52.27 billion as the largest procurement linked to the adviser in 2025	Reported as the dossier gives them, with the difference in description noted
Period	2024 to 2026 (KPK statement as quoted), 2025 to 2026 (one report), possibly from 2022 (one headline)	Analysis uses 2024 to 2026 and does not rely on the earlier date
Seizure	The dossier gives IDR 5.47 billion in total; its listed components sum to about IDR 5.44 billion; one report itemises cash differently (IDR 1.7 billion) in connection with the bribery cluster	Total as reported; components shown with the caveat that attribution across clusters is unclear
Legal sources	The dossier cites an older procurement regulation (Presidential Regulation 54/2010) for the emergency regime	The current regime is Presidential Regulation 16/2018 as amended (Maksum et al., 2025)

Table 6. Discrepancies in the public record and their treatment in this article

The record establishes that the KPK has named five suspects, divided the case into a conflict-of-interest cluster and a bribery cluster, alleged direct appointment of affiliated providers and fee payments, and alleged that part of the proceeds was used to buy shares and held in assets that were seized. It does not establish the amount lost, the role of anyone not charged, whether goods were delivered, or how the formal decision-makers were influenced.

3.8. Harm and attribution

The dossier asserts that the diversion directly weakened fire suppression in Kalimantan and flood relief in Sumatra and amounts to a human-rights violation, a claim also made by members of parliament and commentators in the coverage it cites (Kompas.com, 2026b). The comparative literature supports a general link between corruption and

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worse disaster outcomes, including more deaths (Cevik, 2023) and more people left homeless (Breen et al., 2023), and it notes that corruption can lower public expectations of the state in disaster relief (Gawronski et al., 2023). The BNPB record contains nothing that shows that a particular fire went unfought or a particular family went unhoused because of a particular contract. The claim of harm is plausible as a general inference, and I treat it as one. A reader should not take it as a finding of the case.

4. DISCUSSION: IMPLICATIONS AND RECOMMENDATIONS

4.1. What the proximate principal adds

Standard agency accounts of procurement corruption have two roles: a principal who wants good outcomes and an agent who may not. The remedies follow from the structure. Monitor the agent, narrow discretion, align incentives. The BNPB allegations contain a third role, and its presence changes how the remedies work. The adviser is alleged to have been the most influential person in the awards without being an agent, since he did not decide, and without being a principal, since he did not own the outcome. His influence came from closeness, and his insulation from formal duty came from the title.

This matters for design. A monitoring regime aimed at agents will watch the PPK, the budget user and the selection panel. It will verify their signatures, check their declared assets and audit their files. None of that reaches an adviser whose recommendations are informal. A conflict-of-interest rule keyed to the position of the person who decides will also miss the person who decides in effect. Graycar's (2022) point that the remedy for a corrupt principal is far less clear than the remedy for a corrupt agent applies with extra force: the proximate principal sits between the two and is covered by neither remedy. The Italian evidence on elected and appointed governing bodies (Mussari et al., 2025) points the same way, since it suggests that the political proximity of decision-makers shapes how discretion is used, though it does not address advisers specifically. I do not claim that the proximate principal is common. I claim that it is a structurally identifiable position, that the BNPB allegations rely on it, and that it can be searched for elsewhere by looking at who influences awards and not only at who signs them.

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4.2. Why direct appointment and kinship are complements

Comparative studies treat discretion and favouritism as related but separate. Discretion raises prices and selects weaker contractors (Szucs, 2023), and favouritism towards connected firms raises prices without quality gains (Baránek & Titl, 2024). The BNPB case suggests that the two are complements. Direct appointment creates the opportunity to steer an award, because no competing bid exists to expose the choice. Kinship supplies the motive and the means, because the person who wants to steer has credible influence over those who sign. Either one alone is weaker. Direct appointment with no connected person gives discretion but nobody who benefits in a systematic way, and kinship with a competitive tender gives a connected person who cannot win unless the firm is competitive.

This interpretation has a testable implication. Where emergency procurement is combined with weak constraints on officials' relatives, the proportion of awards going to connected firms should be higher than under either condition alone. The Hungarian and British comparison, in which institutional constraints on political influence over procurement made a large difference to the share of the market won by favoured firms (Dávid-Barrett & Fazekas, 2019), shows what such a test could look like.

The findings on displacement and on indicators sharpen the point. Tighter rules on standard tenders shifted activity into non-competitive procedures in aid-funded projects (Dávid-Barrett & Fazekas, 2020), and urgency-based procedures were not a reliable flag once officials knew regulators were looking for them (Decarolis et al., 2020). Reform that adds controls to ordinary procurement while leaving the emergency channel alone would invite more of the same. Reform that relies on visible markers of emergency use would be gamed. The more robust approach is to look through the vendor to its owners, which is the logic of ownership-based screening (Fazekas et al., 2026) and the gap identified in Indonesian legal analysis (Sianturi et al., 2019).

4.3. The detection window

Proposition 4 holds up in the case, with qualifications. The alleged share purchase happened 13 days before the sting operation, and the portfolio spanned instruments from cash to crypto-assets. Whatever the share purchase proves about intent, it shows that conversion was feasible within a very short time. An audit that begins after the

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emergency ends would have started with the assets already in listed form, held through a company, and with part of the money in crypto-assets. This does not mean the audit would fail. Listed shareholdings are visible, and the KPK's disclosure shows that the holding was traced. It means that the audit's task shifts from preventing diversion to recovering assets, and recovery is slower and less certain.

The qualification is that the case was detected, and quickly. The KPK's operation came within two weeks of the large share purchase. The case therefore shows that detection is possible within the window, which is more encouraging than the usual story of corruption found years later. It does not show why the operation took place when it did, and the public record does not say whether it was triggered by financial intelligence, a complaint or surveillance. Without that information the case cannot be used to judge whether an automated link to the financial intelligence unit would have detected the conversion earlier or whether it would have added noise to a system that already worked. This is a limit of the evidence and should be stated as such.

4.4. Is this disaster capitalism?

Klein's (2007) concept describes the exploitation of crisis to restructure economies in favour of private interests. The BNPB case differs in scale and in kind. There is no allegation of privatisation or land conversion, and the relevant actors are public officials and their relatives and associates, not corporations seeking policy change. It would be a stretch to call it a case of the shock doctrine.

Yet it shares something with the concept. In both, the emergency is the condition that makes the conduct possible, because the exception to normal rules creates the room. If disaster capitalism is read narrowly, as policy restructuring, the case falls outside it. If it is read broadly, as the use of crisis conditions for private gain, the case falls inside, though so would almost every instance of emergency corruption, which makes the broad reading uninformative. I suggest that the more useful term for the BNPB mechanism is emergency rent extraction: the capture of a spending channel whose control has been temporarily relaxed. It draws on the rent-seeking tradition (Aidt, 2016) and avoids stretching a concept built for a different phenomenon. The Aceh literature (Wulandhari, 2020) shows that both can occur in the same setting, and the two should be kept analytically apart.

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4.5. The human-rights framing

Commentators in the coverage describe the case as a human-rights violation. The legal scholarship supports the possibility of treating corruption this way: it has been argued that reconceptualising corrupt behaviour as a potential rights violation is legally sound and could help close the implementation gap of anti-corruption instruments (Peters, 2018). Indonesian doctrinal work finds that the law recognises corruption as infringing economic, social and cultural rights, but that courts rarely connect the two in decisions and, when they do, may not treat it as an aggravating factor (Ali et al., 2023). The framing is therefore plausible and contested in practice. For this article the relevant point is evidentiary. A rights claim requires a demonstrable link between the diversion and a specific deprivation, and Section 3.8 showed that the record does not yet supply one. The claim should be developed by researchers and courts with that link in view, and not asserted on the strength of the amount alone.

4.6. Alternative explanations

Several readings of the case compete with the one offered here, and the available evidence does not rule them out. The first is that the affiliated providers delivered competent goods at fair prices, so that the conflict of interest produced no loss. Article 12(i) criminalises the conflict itself, which is why the case can proceed on that basis, but the question of price matters for whether the comparative findings on favouritism and cost (Baránek & Titl, 2024) apply. The public record contains no price comparison. The second is that the two clusters are independent: a procurement officer who takes fees need not have any link to an adviser who favours affiliated companies. If so, the shared mechanism is a coincidence of opportunity created by direct appointment, which supports Proposition 1 but not Proposition 2.

The third concerns the shares. The trading data show that the affiliated company bought them, and the KPK alleges that DSP-derived money paid for them, but the data do not themselves show where the money came from. If the purchase were financed from other lawful sources, the conversion argument would weaken. The fourth is reporting bias. Gold, crypto-assets and listed shares make for striking coverage, so the press may have given the financial trail more space than the seizure figures justify, given that the identified assets are about a quarter of the procurement value. The fifth is detection bias. A case

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that is detected and prosecuted is probably a flagrant one, and generalising from it to the typical emergency procurement would overstate the risk. The comparative literature cited above is therefore an essential check, and the single case should be read as an illustration of a mechanism and not as a measure of its prevalence.

4.7. Assessment of the propositions

Table 7 summarises how far the case supports each proposition and what evidence would count against it.

Proposition	Evidence from the case	Strength	What would count against it
P1: emergency declaration removes controls	Direct appointment removes panel, notice and pre-award review (Section 3.1; Table 1)	Strong for the institutional description; the awards themselves have not been observed	Evidence that a panel, notice or independent review operated for the awards at issue
P2: proximate principal	KPK describes an adviser-led conflict of interest outside the PPK role (Sections 3.3 and 3.4)	Moderate; how formal decision-makers were influenced is not public	Records showing the adviser had no influence over the signing officials
P3: ownership opacity	Affiliated providers allegedly received awards; no ownership screening required (Sections 3.1 and 3.4)	Moderate; the ownership evidence is described but not published	Evidence that ownership data were available and checked at award
P4: rapid conversion	Share purchase 13 days before enforcement; multi-asset portfolio (Section 3.6)	Moderate; the source of funds is alleged and not proven	Tracing that shows the purchase was financed from non-DSP sources

Table 7. Assessment of the four propositions against the BNPB case

4.8. Implications for theory

Three theoretical points follow, each modest. The first is a refinement of the agency framework. The usual two-role model is adequate for cases where decision authority and influence coincide. Where they come apart, as with advisers and relatives, the model needs a third role defined by influence without duty. Existing work on principals who are themselves corrupt (Graycar, 2022) and on the political shaping of discretion (Mussari et al., 2025) provides the

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starting point, and the proximate principal is a way of locating the problem more precisely, not a replacement for the model.

The second is a link between two literatures that rarely speak to one another. Studies of emergency procurement concentrate on the loosening of rules (Fazekas et al., 2025; Thomann et al., 2023), whereas studies of favouritism concentrate on who benefits from discretion (Baránek & Titl, 2024; Szakonyi, 2019). The BNPB allegations suggest that the interaction between the two is where the exposure lies, and that the loosening of rules may matter most where the people who exercise discretion are connected to those who benefit. The third is a temporal extension of the laundering literature. Research on laundering stresses the time before investigation and expected scrutiny (Levi et al., 2020), but it mostly concerns organised crime and not emergency public spending. In emergency spending the clock is set by the audit rules, which are written for speed of disbursement and not for speed of detection, and that mismatch is a feature of the design, not of the offenders.

4.9. Limitations

The study has four limits. First, it relies on secondary reports of what a prosecuting agency chose to say. The KPK's account may change, and defence accounts are absent. Second, it is a single case, and the propositions are derived from comparative literature but not tested comparatively. Third, much of the legal framework is taken from secondary commentary, and the original instruments should be consulted before the legal argument is relied on in any proceeding. Fourth, the literature base was screened through a database that returns abstracts and metadata. Where full texts were not read, I have limited claims to what the abstracts report, and bibliographic details for some entries should be completed against publisher records. None of these limits changes the structure of the argument, but they bear on how firmly its details can be stated.

4.10. Policy Implications

The dossier on which this study draws proposes a set of reforms: automated cross-checking of vendor ownership, concurrent audit units, real-time reporting to the financial intelligence unit and stricter enforcement of conflict-of-interest penalties; calls for a prevention roadmap have also been voiced in parliament (Kompas.com, 2026c).

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These are sensible starting points. What the analysis adds is a specification of what each reform must do to work, the evidence it can lean on and the ways it could fail. A reform that adds friction to emergency spending without being targeted risks losing what the fund exists to provide, which is speed.

4.10.1. Screen the vendor's owners against the decision chain before the award

The first reform follows from Propositions 2 and 3. Before a direct appointment is confirmed, the owners and controllers of the proposed vendor would be matched against the declared assets and family relations of the officials in the decision chain. The decision chain should be defined by influence and not by title, so that it includes advisers and staff of the agency head. Evidence for the approach is encouraging: ownership-based risk indicators relating to unusual features of ownership, such as owners appearing in many companies or ownership data being absent, behave as procurement risk would predict across six countries (Fazekas et al., 2026), and data-driven systems have identified conflicts of interest and straw owners in large procurement datasets (Velasco et al., 2020). Indonesian legal analysis already identifies the gap in current rules (Sianturi et al., 2019).

Two design points need attention. The match can only catch ties that are recorded, and kinship by marriage, informal partnership and nominee ownership are difficult to detect with registries alone. The reform therefore needs a declaration duty with penalties for false declaration, so that the screening has something to check against. And a hit should trigger review by someone outside the decision chain, not automatic exclusion, because a match may be coincidental and a false exclusion costs time in an emergency. The conditions under which the screening could fail are the same as for any registry-based control: incomplete data, delays in updating and the use of intermediaries.

4.10.2. Bring advisers inside the accountability chain

The second reform follows directly from the concept of the proximate principal and has the least support in existing evidence, which is a reason to treat it as a proposal. Advisers to agency heads would be placed on a published register, required to disclose interests including those of close relatives in suppliers, and barred from any involvement, formal or informal, in procurement in which a disclosed interest exists. Recusal would be recorded, and a breach would carry the same exposure as for a decision-maker.

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The Indonesian prosecution already uses Article 12(i), which targets participation in a procurement over which the person has authority or responsibility. An explicit register of advisers and a formal duty of recusal would reduce reliance on interpretation of how far that provision reaches. The comparative legal study of nepotism in Indonesia suggests that the legal treatment of family ties in appointments and procurement is narrow and that nepotism cases lie outside KPK jurisdiction under the existing Act (Priyambodo et al., 2025), so a rule at the agency level could fill a gap that criminal law leaves. The risk is displacement of the kind documented in aid-funded procurement (Dávid-Barrett & Fazekas, 2020): influence may move to informal channels that no register captures. A register reduces the room for deniability but cannot remove informal influence.

4.10.3. Run audit alongside spending, triggered by the emergency declaration

The third reform addresses the timing problem in Proposition 4. Auditors from the internal supervisory body (BPKP) and the external audit board (BPK) would be assigned at the moment an emergency decree is issued and would review pricing, selection rationale and delivery documents as contracts are executed. The case for concurrent review rests on timing: an audit that starts months later meets assets that have already been converted. Bibliometric work treats external audit as a recognised factor in the fight against public sector corruption (Branet et al., 2024), and an early-warning system that applies continuous auditing and monitoring to Indonesian electronic procurement data has been proposed to replace reactive, after-the-fact review (Pamungkas et al., 2026). Both are early-stage, and evidence of effect in emergency settings is thin.

The cost is the strain on audit capacity. A rule that applies to every emergency declaration would overwhelm a small audit service, and one that applies only above a threshold invites contract splitting below it. A risk-based trigger, such as direct appointments above a set value, to vendors newly registered or flagged by the ownership screen, would conserve capacity. Hungarian evidence that buyers manipulate contract values to avoid auctions (Szucs, 2023) is a warning that thresholds need to be monitored for bunching.

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4.10.4. Link emergency payment data to the financial intelligence unit

The fourth reform concerns the speed with which proceeds can be converted. Emergency procurement payments above a threshold would be reported to PPATK automatically, and PPATK would be empowered to flag movements by vendors, or by persons affiliated with them, into securities, digital assets or gold within the operational window of the emergency. The rationale is the laundering literature: complexity depends on the time before investigation and on expected scrutiny (Levi et al., 2020), and conventional regimes miss actors such as construction firms and informal operators in the Global South (Angelico et al., 2025). The Indonesian unit's reliance on reports from institutions with uneven compliance (Fitriana et al., 2025) means a direct feed of payment data would add information that the current system lacks.

The risks are privacy, false positives and capacity. A feed that flags every large payment would bury useful signals. The design should therefore target patterns, such as a vendor paid from an emergency fund that within days makes large purchases of listed shares or crypto-assets, and should be evaluated against a baseline of normal vendor behaviour. The BNPB case cannot say whether such a link would have detected the share purchase earlier, as Section 4.3 explained, so the proposal should be piloted before it is mandated.

4.10.5. Preserve speed: pre-competed frameworks

Each of the four reforms adds some friction. A fifth measure aims to reduce the need for direct appointment itself. Agencies could establish framework agreements with pre-qualified vendors for predictable emergency categories such as logistics, shelter materials and water treatment, competed in calm periods and activated in emergencies. This would restore competition to the front of the process while keeping the emergency award fast. I offer it as a design idea and not as a conclusion from the evidence. The literature reviewed here does not test it, and its main risk is that frameworks themselves become the object of capture, with affiliated vendors qualified in advance. It should therefore be paired with the ownership screening described above.

Table 8 summarises the five measures, the mechanism each addresses, the evidence behind it and the main way it could fail.

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Reform	Mechanism addressed	Supporting evidence	Principal risk
Ownership and kinship screening before award	Proposition 3: ownership opacity	Ownership-based indicators validated across six countries; data-driven conflict screening in Brazil; Indonesian legal gap analysis	Unrecorded ties and nominee ownership; false positives delay awards
Adviser register and recusal	Proposition 2: proximate principal	Limited; derived from this case and from the legal treatment of nepotism in Indonesia	Influence moves to informal channels
Concurrent audit triggered by emergency declaration	Proposition 4: detection window	Early-stage work on continuous auditing and early-warning systems	Audit capacity; contract splitting below thresholds
Payment feed to the financial intelligence unit	Proposition 4: rapid conversion	Laundering research on time and scrutiny; Indonesian FIU limits	Noise, privacy, capacity; untested in this setting
Pre-competed frameworks	Proposition 1: removal of controls	None directly; design proposal	Capture of the pre-qualification stage

Table 8. Reform matrix: mechanism addressed, supporting evidence and principal risk

4.10.6. Sequencing

The reforms differ in how quickly they can be introduced, and the order matters. The adviser register and recusal duty could be adopted through agency-level regulation and does not depend on data integration, so it can start first. Indicator monitoring can start at the same time using data the procurement system already holds. Ownership screening needs the electronic procurement system to be linked to company registries and declarations of assets, which is a longer technical task. Concurrent audit and the payment feed to the financial intelligence unit require agreements among agencies with separate mandates, and probably a change in regulation. A sensible path is to pilot the last three in a single response operation, measure the indicators in Table 9 against a comparable earlier operation, and extend only if the pilot shows detection gains without a material loss of speed.

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Two cautions apply to any sequence. Reforms limited to the Ready-to-Use Fund would invite the displacement documented elsewhere (Dávid-Barrett & Fazekas, 2020), since spending could move to other emergency channels. The measures should therefore be framed to cover emergency spending generally, whatever the budget line. And the evidence base for several of the measures is thin, so the reform design should include a plan for evaluation from the start, not afterwards.

4.10.7. Indicators for monitoring

A reform that cannot be measured cannot be corrected. Table 9 lists indicators that an agency or an oversight body could track to see whether the reforms are working and whether activity is being displaced.

Indicator	Data source	Reform tested
Share of emergency awards made by direct appointment	Electronic procurement system	All
Share of direct appointments to vendors where screening finds a link to an official or adviser	Ownership registry and asset declarations	Screening
Share of advisers' interest declarations filed on time and audited	Adviser register	Register and recusal
Median days from emergency declaration to start of audit review	Audit body records	Concurrent audit
Share of flagged vendor payments followed by large asset purchases within 30 days	Financial intelligence unit	Payment feed
Price deviation of direct appointments from a market benchmark	Market price data	All
Bunching of contract values just below review thresholds	Electronic procurement system	Concurrent audit

Table 9. Indicators for monitoring the reforms

Displacement is the main interpretive risk. If the share of direct appointments falls but the share of contracts split just below thresholds rises, the control has moved the behaviour and not removed it, as the aid-funded procurement evidence suggests (Dávid-Barrett & Fazekas, 2020). Indicators should therefore be reported together, and thresholds

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should be changed from time to time so that officials cannot plan around them.

4.10.8. A research agenda

Three lines of work follow. First, comparative tests of the complementarity argument: does the combination of emergency procurement and weak constraints on officials' relatives predict connected awards better than either alone? Contract data from Indonesia's electronic procurement system, matched to ownership registries and asset declarations, would allow this. Second, a systematic study of advisers and informal influence in procurement, since the proximate principal is currently a concept drawn from one case. Third, evaluation of pilots of the screening and audit reforms, ideally with some form of comparison group, since most of the evidence in this area describes risk and not the effect of remedies.

5. CONCLUSION AND FUTURE RESEARCH DIRECTIONS

The emergency exception exists because speed saves lives, and no serious reform proposal should forget that. What the alleged diversion of Indonesia's Ready-to-Use Fund shows is that the exception rests on assumptions about who decides, who answers for the decision and who profits from it. In the case the KPK has described, each assumption fails. The person said to have had the most influence over awards held no formal power over them. Nothing in the process asked who owned the vendors. And the proceeds are alleged to have moved into cash, gold, crypto-assets and listed shares within the days before enforcement, well ahead of any audit that the emergency regime would normally have scheduled.

Four findings stand out. First, direct appointment and kinship appear to work as complements, since the first removes the checks that would expose a steered award and the second supplies a person with the motive and the means to steer it. Second, the structural novelty is the proximate principal, an actor with principal-like influence and agent-like irresponsibility, which standard monitoring aimed at signing officials cannot reach. Third, the financial trail shows how short the effective detection window can be when assets are liquid and audit is retrospective, although the case was in fact detected quickly, which warns against drawing a simple lesson. Fourth, the public record is thinner than the headlines. The IDR 148 billion is the value of

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procurement under examination, not the sum stolen, and several reported details differ across outlets.

The reforms that follow from the analysis are ownership screening that reaches the decision chain as influence defines it, a register and recusal duty for advisers, audit that begins with the emergency declaration, a payment feed to the financial intelligence unit and, as a design idea, pre-competed frameworks that reduce the need for direct appointment. Each has a plausible mechanism and a plausible way to fail, and the strength of evidence varies considerably. Only the first draws on a body of validated indicators. The others are proposals that should be piloted and evaluated.

The study's limits are those of its material. It rests on a prosecuting agency's public statements and on press coverage, and the allegations are untested in court. The right way to use the argument is as a set of questions for comparative research: whether advisers and relatives are a recurring route of influence in emergency procurement, whether the combination of discretion and kinship predicts connected awards better than either alone, and whether the remedies proposed here shorten detection without lengthening response. Answering those would tell us whether the BNPB case is an episode or a pattern.

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