

Political Risk Alert (25 April 2019)

Indonesia: Election outcome should reassure investors

Event: On April 22, the General Elections Commission (KPU) reported that President Joko 'Jokowi' Widodo had won 54.9% of the 14.5% of ballots so far counted, with his challenger Prabowo Subianto winning 45.1%.

Significance: Although the final official result is not due until May 22, it appears that the president has retained power and that parties currently aligned with Jokowi's government will retain a majority in the country's legislature, the People's Representative Council (DPR). Although Prabowo has moved quickly to declare himself the winner based on exit polling by his own team and could yet stage protests when Jokowi's victory is declared, there is not expected to be a significant level of post-election disruption. There should be little change in government policy as a result of the election.

Analysis: On April 17, for the first time in Indonesia, the whole country voted in a single day for a president and vice-president as well as legislative bodies at national, provincial and local levels. Turnout was estimated at around 84%, from 70% in the 2014 presidential election. This suggests that a "no vote" campaign designed to reduce support for Jokowi was largely unsuccessful. The final result is due on May 22.

By the day after the election, the quick counts by Indonesia's largest polling and media companies showed Jokowi and his running mate Ma'ruf Amin winning around 54% of the popular vote, defeating the challenge of the Prabowo-Sandiaga Uno ticket. These exit polls have proved accurate in the past. The projected victory by 8-10 percentage points would be a slight improvement on the 6-point margin Jokowi had over Prabowo in the 2014 election, but less emphatic than the double-digit lead indicated by some pre-election opinion polls.

Jokowi's Indonesian Democratic Party of Struggle (PDI-P) is set to remain the largest party in the DPR, which is elected by proportional representation. The quick counts show the PDI-P winning around 20% of the vote, with support for other parties broadly similar to the levels seen in the 2014 legislative election. Prabowo's Gerindra will likely surpass Golkar as the second-largest party in the DPR. No party looks likely to reach the 25% threshold necessary to nominate candidates in the next presidential election.

Voting across Indonesia's 809,500 polling stations generally went smoothly and there were no major incidents of violence. However, there were some problems with the voting process. The KPU has acknowledged polling delays in Papua province's capital Jayapura and Central Sulawesi province that were related to the distribution of voting materials. Elections were postponed in 1,395 polling places and re-voting will be required in 38 places, although a timeframe for this has yet to be announced.

The Prabowo-Sandiaga campaign has claimed that there were fraudulent irregularities in the pre-election period as well as during the election. Prabowo's team has documented irregular information for 17.5 million voters, pointing out that the birthdays for most of these voters all fall on just three days. The KPU has said that, in some cases, birthdays were randomly assigned to voters who could not remember their dates of birth. Prabowo also says that some of his supporters were denied the opportunity to vote on election day and that polling stations opened late and closed early expressly to prevent his supporters from voting.

More significantly, Prabowo has claimed that the quick counts issued by private companies were part of a conspiracy to convince the public that Jokowi had won the election. He says that his own team's exit poll, based on some 5,400 voting places, shows him winning. Prabowo declared victory several times on election day although Sandiaga, his running mate, was not with him when he made these claims.

Prabowo quickly retreated from his earlier calls for supporters physically to defend ballot boxes, however. In 2014, Prabowo had also claimed that there was widespread electoral fraud and accordingly filed legal challenges with the Constitutional Court. He did not concede until just prior to the presidential inauguration in October that year. Indonesia looks set to face the same legal uncertainty after this week's election.

While this presidential election did not offer voters stark ideological choices, intense debates over social media and aggressive campaign activism suggest Indonesian politics could become increasingly polarised. Early in the campaign, it was expected that Prabowo would use protests by Islamist activist networks such as the Islamic Defenders Front (FPI) to challenge Jokowi on moral issues. This sort of strategy worked against the former Jakarta Governor Basuki 'Ahok' Tjahaja Purnama, who lost in his bid for re-election in 2017.

There were no large-scale Islamist protests during the campaign, but Prabowo relied heavily on support from the FPI, which provided advisors to his campaign and actively campaigned for him. There could still be street protests if Prabowo calls on supporters to challenge the outcome of the election.

Jokowi's election strategy probably helped him to gain votes from some conservative Muslims. His choice of the cleric Ma'ruf as running mate likely ensured support from the traditionalist Islamic social organisation Nahdlatul Ulama (NU), which has a membership of approximately 40 million people. Ma'ruf's presence on the ticket was probably responsible for the roughly 10% gains for Jokowi in the NU strongholds of Central and East Java provinces. These gains insulated the incumbent from relatively weaker showings in other conservative areas such as West Java and South Sulawesi provinces.

Indonesia's four Islamic parties were split in the presidential campaign, with the NU-affiliated National Awakening Party and United Development Party supporting Jokowi and the National Mandate Party (PAN) and Prosperous Justice Party supporting Prabowo; the PAN had been part of the pro-government parliamentary coalition. This time, the four parties will likely account for around 25-30% of the popular vote, which is about average for the country's Islam-based parties since the restoration of democracy in 1999.

Looking ahead: Prabowo will continue to reject the 'quick-count' results and very likely contest the official results, if they confirm Jokowi's victory; the Constitutional Court would rule on any legal challenges in August before the president is inaugurated in October. The Jokowi-aligned coalition in the DPR will likely remain largely intact, and foreign and domestic investors will likely view the outcome as positive for ensuring stability.

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