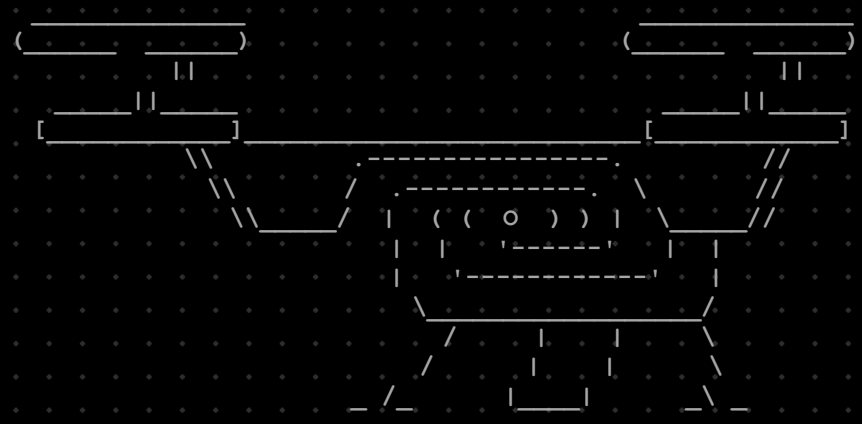
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Built Fast, Governed Slow

Indonesia's defence and security sector: policy, institutions, capabilities and national resilience



W. Hario Widodo

Diemas S. Hawkins

Data cut-off: 23 October 2026

ABOUT THIS REPORT

Built Fast, Governed Slow

Indonesia’s defence and security sector: policy, institutions, capabilities and national resilience

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SCOPE AND DATA CUT-OFF

This report reviews Indonesia’s defence policy, command structure, procurement, defence industry, technology base, transparency, cyber and artificial intelligence governance, intelligence system, public safety and regional security environment, and sets out policy options. Information is current to 23 October 2026. Figures drawn from news reporting are attributed to their sources and should be read as the best available public evidence rather than as audited data.

METHODS NOTE

This report is desk-based. It draws on legal texts, official statements, audit findings reported in the public domain, international indices, think-tank and academic studies, civil society monitoring and news reporting up to 23 October 2026, and does not draw on interviews or classified material. Section 1.1 sets out the analytical approach.

The report was AI-assisted and human-led. AI tools supported drafting, editing and design. The authors directed the research and are responsible for the analysis, judgements and conclusions.

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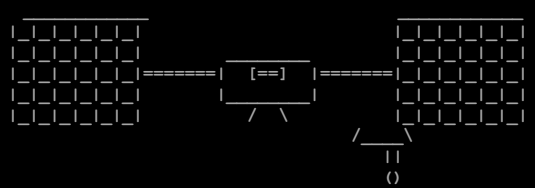
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SECTION 01

1. Indonesia’s Defence Policy and Strategy



1.1 Purpose, scope and analytical approach

This report assesses the condition of Indonesia’s defence and security sector at the end of October 2026. It has three aims. The first is to give a comprehensive account of how the sector is organised, financed and governed. The second is to identify its principal problems in an evidence-based way and to show how they connect with one another. The third is to set out workable options for reform in the context of national security, national resilience and the longer-term goal of a self-reliant and democratically accountable defence establishment.

The analysis applies three tests to every part of the sector. The capability test asks whether forces, equipment and institutions match the threats Indonesia actually faces, from maritime coercion to cyber intrusion and natural disaster. The accountability test asks whether the sector is subject to effective civilian, legal and public oversight, a concern that has long been central to the study of civil-military relations (Huntington, 1957). The resilience test asks whether the state and society can absorb shocks and keep essential services running. Together the tests reflect a security sector governance view, in which effectiveness and legitimacy are treated as mutually dependent.

Three bodies of international relations thought inform the interpretation without dictating it. Structural realism helps to explain why a large archipelagic state with unsettled maritime boundaries and a shifting regional balance of power invests in air, naval and missile capabilities (Waltz, 1979). The English School draws attention to the norms and institutions, notably ASEAN and the law of the sea, through which Indonesia seeks order and not merely balance (Bull, 1977). Jervis’s work on perception and misperception is used in Section 10 to show how signals in the South China Sea and in great-power diplomacy can be misread even when intentions are limited (Jervis, 1976, 1978).

The evidence base consists of legal texts, official statements, audit findings reported in the public domain, international indices, think-tank and academic studies, civil society monitoring and news reporting up to 23 October 2026. Where a figure comes from a news report that quotes officials, it is attributed and treated as indicative. Two limits should be stated plainly. Much defence contracting is not disclosed, so values and quantities are often reported estimates. The report is also desk-based and does not draw on interviews or classified material.

1.2 Constitutional and statutory foundations

Indonesia's defence order rests on Article 30 of the 1945 Constitution. It makes defence and security the task of the whole population, organised as a people's defence and security system in which the TNI and the police are the main forces and citizens are the supporting force (Republic of Indonesia, 1945). This is the doctrinal root of the territorial approach and of the long-standing emphasis on community-level resilience. Statutory detail is supplied by the instruments summarised in Table 1.

Table 1. Principal legal instruments shaping the defence and security sector

Instrument	Core content	Observation as of October 2026
1945 Constitution, Article 30	People's defence and security system, with the TNI and the police as main forces	Constitutional basis for the territorial approach and for civilian participation in defence.
Law No. 3 of 2002 on State Defence (Republic of Indonesia, 2002)	Defence principles, command lines and, in Article 15, a National Defence Council	The Council was established only in December 2024, twenty-two years after the mandate (Antara, 2025b).
Law No. 34 of 2004 on the TNI, as amended by Law No. 3 of 2025	Roles, command, civilian posts and retirement of soldiers	The 2025 amendments widened military tasks beyond war and the list of civilian institutions open to active officers from 10 to 14 (Republic of Indonesia, 2025).
Law No. 31 of 1997 on Military Justice (Republic of Indonesia, 1997)	Jurisdiction of military courts	The Constitutional Court ruled on 15 October 2026 that it must be revised within two years (see Section 2).
Law No. 17 of 2011 on State Intelligence	Intelligence functions and the coordinating role of the State Intelligence Agency (BIN)	Criticised since enactment for vague definitions and weak safeguards (Human Rights Watch, 2011).
Law No. 16 of 2012 on the Defence Industry	Local content, offsets and technology transfer in foreign procurement	Offsets raised skills but did not build deep supply chains (Savitri, 2016).
Presidential Regulation No. 202 of 2024	Creates the National Defence Council, chaired by the President, with the Defence Minister as daily chair	Replaces the 1999 arrangement for the National Resilience Council (Republic of Indonesia, 2024).

Source. Compiled by the authors from the legal instruments listed in the bibliography, Antara, 2025b, Human Rights Watch (2011) and Savitri (2016).

Two features of this framework deserve emphasis. First, key institutions were created long after the legal mandate. The National Defence Council, provided for in Article 15 of the 2002 defence law, came into being only when President Prabowo issued Presidential Regulation No. 202 of 2024, which was promulgated on 14 December 2024 and held its first session on 7 February 2025 (Antara, 2025b; Republic of Indonesia, 2024). Second, several instruments are now in an active phase of change. The TNI Law was amended in March 2025, the Constitutional Court has ordered the military justice regime to be revised by October 2028, and a cybersecurity bill is under deliberation in the House of Representatives. The legal foundations of the sector are therefore being rewritten while the security establishment itself is expanding.

1.3 Strategic doctrine and posture

Since taking office in October 2024, President Prabowo, a former special forces commander and defence minister, has treated defence as a first-order national priority. Defence Minister Sjafrie Sjamsoeddin set out the government's agenda to the House Commission I in November 2024. It combined a continued build-up of defence capabilities, reform of the defence bureaucracy, a role for the Indonesia Defence

University as a national defence laboratory, a stated preference for cooperation outside military pacts, and the formation of territorial battalions linked to food and energy self-sufficiency (Ministry of Defence, 2024a). The long-term vehicle for modernisation is the Perisai Trisula Nusantara, or Nusantara Trident Shield, a programme of force-posture development that one regional assessment projects at roughly USD 125 billion over 25 years (Marzuki, 2025).

Marzuki (2025) characterises the early record as one of stylistic change and directional continuity. Continuity is visible in the emphasis on defence diplomacy, in the modernisation priorities inherited from the previous administration and in the growing role of the armed forces in civilian sectors. In this report's reading, the distinctive elements are the pace of decision-making, the personal involvement of the president, the creation of a standing defence council, and a willingness to commit to large-ticket purchases from many suppliers at once.

The National Defence Council is the main new coordinating device. It is a non-structural body chaired by the president, with the vice president, the ministers of defence, foreign affairs and home affairs, and the TNI Commander as permanent members and the defence minister as daily chair (Republic of Indonesia, 2024). It replaced the National Resilience Council arrangement of 1999, which had been led by an active three-star officer (Republika, 2025), and the defence minister has said it will have deputies for geostrategy, geopolitics and geoeconomics (Investortrust, 2025). The Council is a defence body. Indonesia still lacks a statutory national security council that would bring together defence, internal security, intelligence, cyber, economic security and disaster management under one civilian-led process. Section 11 returns to this gap.

Foreign policy continues to be framed by the "free and active" principle, which in practice has become a broad multi-alignment. Indonesia became a full member of BRICS in January 2025 (Government of Brazil, 2025). As Sections 3 and 10 show, it signed a Treaty on Common Security with Australia in February 2026, concluded a major defence cooperation partnership with the United States in April 2026, and has contracted weapons from France, Turkey, Italy and India while reportedly considering Chinese combat aircraft. The combination can be read as hedging in a contested region. It also creates integration, maintenance and dependency risks that are examined later in the report.

1.4 Presidential centralisation and an expanded security remit

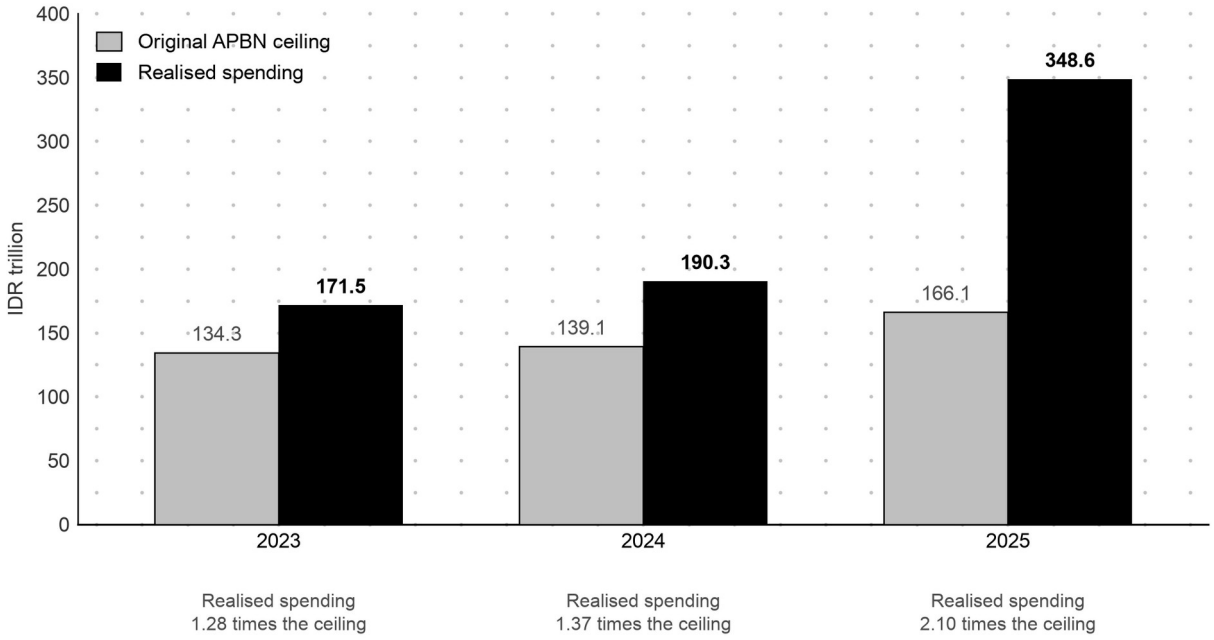
A defining feature of the current period is the enlargement of the military's structure and tasks. Six new regional military commands (Kodam) were created in 2025, bringing the total to 21, and the Defence Ministry announced a plan to raise 150 territorial development battalions a year with an eventual aim of one Kodam per province, or 37 in all (Indonesia Business Post, 2025). On 5 October 2026 the president inaugurated 204 further units, including six more Kodam, 30 territorial development brigades and 150 territorial development battalions, which brought the number of Kodam to 27 (Cabinet Secretariat, 2026c; The Jakarta Post, 2026). The government had earlier planned 514 territorial development battalions, one for every regency and city (The Jakarta Post, 2026). These units are tasked with food security, infrastructure and support to the free nutritious meals programme as well as defence. Section 2 examines what this means for command, cost and civil-military balance.

1.5 Defence spending and fiscal context

Reading Indonesian defence expenditure requires a distinction between the budget of the Ministry of Defence and the wider defence function of the state budget, which also captures spending channelled through other budget accounts, including loan-financed procurement. Figure 1 compares the original

ceilings in the annual state budgets with realised spending on the defence function for 2023 to 2025, using figures from the audits of the central government financial statements as reported by Ali (2026a).

Figure 1. Defence function of the state budget, original ceiling and realised spending, 2023 to 2025 (IDR trillion)



Source. Ali (2026a), citing the Audit Board of Indonesia (BPK) audit reports on the central government financial statements for 2023 to 2025. Ratios calculated by the authors.

The pattern is striking. Realised spending exceeded the original ceiling by 28 per cent in 2023 and 37 per cent in 2024, and was about 2.1 times the ceiling in 2025, when the defence function reached IDR 348.6 trillion. According to Ali (2026a), about IDR 213.5 trillion, or roughly 61 per cent, of the 2025 total was capital spending, and the defence function accounted for about half of all central government capital expenditure that year. Personnel spending was about IDR 58.4 trillion and spending on goods about IDR 77.0 trillion.

The gap between plan and outcome has at least three implications. It shows that the headline budget understates what the state actually spends on defence, which complicates public scrutiny. It suggests that additions made during the year and loan drawdowns, rather than the annual planning cycle, now drive much of the modernisation effort. It also means that annual figures from different sources cannot be compared unless the definition of the budget is stated.

The 2027 draft budget proposes IDR 329.5 trillion for the defence function, which is 10.1 per cent above the IDR 299.1 trillion outlook for 2026 (Okezone, 2026). The path to that figure shows how contested the allocation is. The Ministry of Defence reportedly asked for IDR 667 trillion for 2027, saw its indicative ceiling set at IDR 139 trillion, and in June 2026 requested a further IDR 195 trillion to fund 20 programmes (Bisnis.com, 2026d). The 2026 state budget, as enacted, allocated IDR 337.4 trillion to the defence function, compared with IDR 125.8 trillion in 2021 (Sasmita, 2026). Foreign borrowing is central to the plan. The Ministry of Finance has issued a funding source determination of about USD 34.8 billion for foreign-loan-financed defence equipment for 2025 to 2029, and the ministry must find roughly USD 5.2 billion in rupiah for down payments (Ali, 2026a, 2026b).

These ambitions coincide with fiscal pressure from the 2026 energy shock. The war involving the United States, Israel and Iran, which began on 28 February 2026, pushed oil prices well above the USD 70 a barrel assumed in the 2026 budget. The state budget had allocated IDR 381 trillion to energy subsidies, and the free nutritious meals programme is expected to cost about IDR 335 trillion this year (Soeriaatmadja, 2026). Analysts note that the government can absorb these costs only by cutting subsidies, trimming flagship programmes or breaching the legal deficit cap of three per cent of GDP (AFP, 2026; Jaffrey, 2026). Defence spending will therefore compete with other priorities that the president regards as equally central.

1.6 Assessment

> The strategic picture has clear strengths. Apex coordination is stronger than it was, capital investment is rising, the supplier base is diversified and the diplomatic network is wide. There are also tensions that the rest of this report develops. Mandates and money are expanding faster than public doctrine. No new Defence White Paper has been issued since 2015, and the Minimum Essential Force programme expired in 2024 without meeting its targets, while its successor was still under discussion when the most recent analysis was published (Pandie, 2025). Analysts at ASPI observe that the 2016 guidelines on non-military defence are outdated and that more recent policy documents mention cyberattacks and hybrid warfare without defining the military's role or response (Priyandita & Lebang, 2025). Structure is growing most quickly in the territorial Army, while the threat picture emphasises maritime, air, cyber and disaster contingencies. Realised spending is far above what the annual budget discloses, and a large share is financed by foreign debt at a time of fiscal stress. These tensions explain why questions of command structure, procurement discipline, industrial depth and transparency, taken up in the following sections, matter as much as the size of the budget.

SECTION 02

2. The TNI's Command Structure and its Deficiencies



2.1 Formal architecture

The President is Supreme Commander of the armed forces. Policy and strategy sit with the Ministry of Defence, while the deployment and use of force run from the President through the TNI Commander (Republic of Indonesia, 2025). The TNI is organised into the Army (TNI AD), the Navy (TNI AL, which includes the Marine Corps) and the Air Force (TNI AU). The International Institute for Strategic Studies counts 404,500 active personnel, of whom about 300,400 serve in the Army, 74,400 in the Navy and 30,100 in the Air Force (Metro TV, 2025; Santika, 2025). The Army therefore accounts for roughly three quarters of the force.

Three features define the structure. It is overwhelmingly a land force. It combines a conventional operational chain with a territorial system that mirrors civil administration down to the village. And it operates within a reform settlement, reached after 1998 and codified in the early 2000s, that was meant to remove soldiers from politics and business, subordinate the military to civilian authority and refocus it on external defence (Pepinsky, 2019). The Civil Society Coalition for Security Sector Reform (2025) notes that important parts of that agenda remain unfinished, namely a law on military assistance tasks, reform of the military justice system and restructuring of the territorial commands.

2.2 Expansion of the territorial structure

The most visible change since 2025 is the growth of the territorial structure. Six regional commands (Kodam) were added in 2025 and six more on 5 October 2026, bringing the total to 27 against an aim of 37, one for each province (Indonesia Business Post, 2025; Cabinet Secretariat, 2026c). The October 2026 expansion also created 30 territorial development brigades and 150 territorial development battalions (Cabinet Secretariat, 2026c). The government had earlier planned 514 such battalions, one for every regency and city (The Jakarta Post, 2026), and the Ministry of Defence has set a target of 750 battalions by 2029, which Ali (2026a) calculates would require close to 892,500 personnel if standard organisation tables are followed.

These units are justified by their contribution to food and energy self-sufficiency and, in practice, by support for flagship programmes such as free nutritious meals (Ministry of Defence, 2024a; Marzuki, 2025). The Defence Minister has also designated Aceh, Jakarta and Papua as centres of gravity critical to national stability and economic activity (Fulcrum, 2026).

The expansion raises three questions. The first is cost. Personnel and goods spending already absorbed nearly 39 per cent of the defence function in 2025 (Ali, 2026a), and every new battalion adds recurring salary, housing and logistics obligations. Because foreign loans are directed at equipment (Ali, 2026b), these recurring costs must be met from the domestic budget. The second is mission drift. Fulcrum (2026) argues that the expansion of Kodam and the planned battalions will test the limits of professionalism by diverting the TNI from its external defence orientation. The third is public perception. A January 2026 survey by Indikator found trust in the TNI still the highest of any institution at 93 per cent, though slightly lower than a year earlier, a change its director linked to the military's widening non-defence roles (Antara, 2026c).

2.3 Civilian posts and military tasks beyond war

Law No. 3 of 2025 was passed by the House on 20 March 2025 with the support of all eight party factions. It amended only three articles, yet its effect was wide (The Jakarta Post Editorial Board, 2025). The number of civilian institutions open to active officers rose from 10 to 14. The list of military operations other than war grew from 14 to 16 tasks, including defence against cyber threats and the protection of citizens and national interests abroad. Retirement ages were also changed (The Jakarta Post Editorial Board, 2025; Republic of Indonesia, 2025). Tenggara Strategics (2025) notes that military personnel had already been working in the four newly listed institutions for some time without explicit mention in the law, so the amendment partly legalised existing practice.

The process drew sharper criticism than the content. The bill was not on the 2025 priority legislation list, deliberations were conducted with little transparency and meaningful public consultation was absent (The Jakarta Post Editorial Board, 2025; StratSea, 2025). The Civil Society Coalition for Security Sector Reform (2025) argued that the revision would revive the dual function doctrine of the New Order and distract from overdue reforms. The record is nonetheless mixed. StratSea (2025) observes that active personnel had held civilian posts for years even without the amendment, and locates the more serious failure in a military justice system whose procedural laws have been missing for 25 years. The difficulty is that the amended law leaves wide discretion to the president and offers few safeguards against civilian posts being used to absorb surplus officers, a pattern examined next.

2.4 Officer surplus and promotion bottlenecks

Beneath the debate on posts lies a structural personnel problem that predates the present government. A study by the Centre for Strategic and International Studies, reported in 2017, found that job transfers of senior officers vastly outnumbered promotions between 2009 and 2014, that there were too few posts for the surplus of senior officers from the 1987 and 1988 academy cohorts, and that the shortage of posts was linked to the growing presence of officers in civilian offices (Sapiie, 2017). Honna (2020) describes the surplus as a time bomb that successive army chiefs were expected to defuse. Pepinsky (2019) argues that the proposal to place surplus officers in civilian bureaucracies revealed how incomplete post-1998 reform remained. Analysts writing in The Strategist (2025) cite estimates that at least 120 senior officers lacked active postings and argue that extending retirement ages would aggravate the problem.

Current data suggest an uneven pyramid. Katadata Databoks (2025a) reports that the Army has more special high-ranking officers than the Navy and the Air Force, and a compilation drawn from a TNI leadership meeting showed the largest staffing shortfall at the start of 2024 at the rank of captain (Katadata Databoks, 2025b). In this report's assessment, a force with too few mid-level officers to lead companies and too many colonels and generals will tend to create posts at the top and to look for roles outside the force. The enlargement of the territorial structure can be read as one response, because every

new Kodam, brigade and battalion opens command billets. Whether this is intended or incidental, it ties force structure to personnel management rather than to threat assessment, which is the opposite of what the 2004 reform envisaged.

2.5 Jointness, capability gaps and new domains

A force that is about three quarters Army is a poor fit for the defence of an archipelago whose principal vulnerabilities are maritime, aerial and increasingly digital. The planned arrival of Rafale fighters, Scorpene submarines and other major platforms (Section 3) will place heavy demands on technical personnel, maintenance systems and joint planning that the territorial expansion does not address. The gap is clearest in newer domains. The TNI Cyber Unit created in 2017 had filled only about 40 per cent of its planned positions, and the military has no published cyber strategy even though the 2025 amendments added cyber defence to its tasks (Priyandita & Lebang, 2025). Jointness also depends on common equipment standards and data links, a problem taken up in Section 3.4. Fulcrum (2026) warns that stalled reform risks weakening operational effectiveness and combat readiness if the TNI must face an external adversary. The point is not that territorial units have no value in disaster response or community resilience. It is that they should be sized by assessed need and funded transparently, and not allowed to crowd out the joint, technical and maritime capabilities that deterrence requires.

2.6 Accountability and military justice

Accountability is the weakest element of the structure. Law No. 31 of 1997 allows soldiers accused of general crimes to be tried in military courts, a feature that civil society groups have long argued sustains impunity (Civil Society Coalition for Security Sector Reform, 2025; The Jakarta Post, 2025b). On 15 October 2026 the Constitutional Court ruled unanimously that the law fails to distinguish military offences from general crimes. It ordered the House and the government to amend the law within two years, warning that it would otherwise become unconstitutional (Uli, 2026a). The ruling gives reform a firm deadline of October 2028. Legal scholars had already argued for a shift from status-based to offence-based jurisdiction (Albani, 2026).

The case that did most to bring the issue to a head was the acid attack on Andrie Yunus, deputy coordinator of the human rights organisation KontraS, on 12 March 2026 in Central Jakarta. Mr Yunus had been a vocal critic of military involvement in civilian affairs and suffered severe burns and probable loss of sight in one eye (Human Rights Watch, 2026; FIDH & OMCT, 2026). Four members of the military's Strategic Intelligence Agency (BAIS) were tried in a military court. On 10 June 2026 they were convicted of premeditated assault and sentenced to between one and a half and three years in prison, which rights groups described as lenient (Uli, 2026b). An appeals decision dated 20 August 2026 reduced the sentences of two of the four and overturned their dishonourable discharges (Human Rights Watch, 2026). Independent investigators identified 16 people as involved in the attack, and UN experts expressed concern at the decision to prosecute before a military court (Hivos, 2026; Human Rights Monitor, 2026c).

The case matters beyond its victim. It involved an intelligence unit of the armed forces, it concerned a civilian critic of the military's expanding role, and it was resolved in a forum whose independence is contested. It therefore illustrates how deficiencies in command, oversight and justice reinforce one another. Section 8 returns to its implications for intelligence oversight.

2.7 Assessment

> Table 2 summarises the principal deficiencies identified in this section. Taken together they describe a force whose structure is growing faster than its doctrine, whose officers are managed more by career pressures than by threat requirements, and whose accountability mechanisms lag behind its expanding remit. None of these problems is new. What has changed is scale and speed, and the fact that the expansion now takes place at a time of fiscal strain and deep public sensitivity about the military's role.

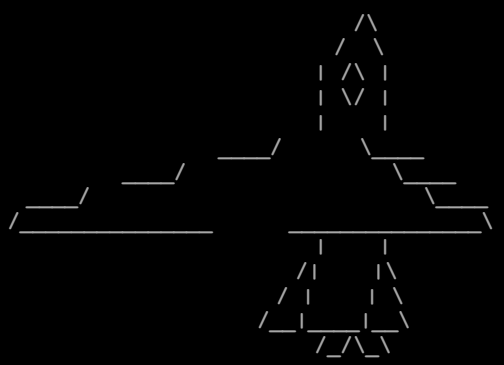
Table 2. Principal deficiencies in the TNI command structure

Deficiency	Evidence	Consequence
Territorial growth outpaces threat-based planning	Kodam rose from 15 to 27 within two years against an aim of 37. A target of 750 territorial battalions by 2029 (Cabinet Secretariat, 2026c; Ali, 2026a).	Recurring costs rise and resources are diverted from external defence.
Widening civilian posts and tasks	Civilian institutions open to active officers rose from 10 to 14. Military tasks beyond war rose from 14 to 16 (The Jakarta Post Editorial Board, 2025).	Erosion of civilian primacy and of professional focus.
Army-heavy force structure	About 74 per cent of 404,500 personnel are in the Army (Metro TV, 2025).	Weak fit with maritime, air and cyber demands.
Officer surplus and uneven pyramid	Senior officers without postings and a shortfall at captain rank (The Strategist, 2025; Katadata Databoks, 2025b).	New commands and civilian posts used to create billets.
Lagging capability in new domains	Cyber unit about 40 per cent staffed and no published strategy (Priyandita & Lebang, 2025).	Readiness gap as new tasks are added.
Military justice and impunity	Soldiers tried in military courts for general crimes. Lenient sentences in the Yunus case. Constitutional Court ruling of October 2026.	Weak accountability and falling public confidence.
Closed legislative process	Bill outside the priority list and little public consultation (The Jakarta Post Editorial Board, 2025).	Legitimacy deficit for the amended law.
Missing statutory pieces	No law on military assistance tasks and no procedural laws for military courts for 25 years (StratSea, 2025).	Legal vacuum around new tasks and trials.

Source. Compiled by the authors from the sources cited in each row.

SECTION 03

3. Defence Procurement



3.1 How procurement is planned and financed

Indonesian defence procurement follows a sequence in which the Ministry of Defence proposes programmes, the planning ministry and the Ministry of Finance set ceilings and funding sources, and the House of Representatives approves the annual budget. For large equipment the decisive step is the funding source determination issued by the Ministry of Finance. In May 2026 it approved about USD 34.8 billion for foreign-loan-financed defence equipment covering 2025 to 2029, and most defence procurement spending to 2029 is expected to rely on euro and dollar loans whose interest and principal are repaid from the ministry's own capital spending line (Ali, 2026b). The medium-term plan has been unstable, since the foreign borrowing blueprint was revised five times between 2020 and 2024 (Ali, 2026b).

Foreign loans have financed the largest recent purchases. The Rafale programme is an example. In November 2022 the Ministry of Finance authorised the Ministry of Defence to seek up to USD 3.9 billion in foreign loans, and the second and third tranches of the Rafale order drew on foreign loan facilities (Quwa Team, 2026a). The ministry must also find about USD 5.2 billion in rupiah for down payments (Ali, 2026a). Law No. 16 of 2012 requires foreign suppliers to provide local content, offsets or technology transfer (Republic of Indonesia, 2012; Savitri, 2016), a requirement whose results are discussed in Section 4.

3.2 Major programmes

The programmes contracted or delivered since 2022 are the most ambitious modernisation effort in the history of the TNI. Table 3 lists the principal ones. Air power is the centrepiece. Six of 42 Rafale F4 fighters had been delivered by 18 May 2026, together with Falcon 8X transport jets, a second A400M and a first batch of Meteor missiles (Quwa Team, 2026a). Indonesia announced a purchase of 48 Turkish KAAN fighters in June 2025 and signed the agreement at the IDEF exhibition in Istanbul in July 2025, at a reported value of about USD 10 billion (Middle East Eye, 2025; Defense News, 2025). Media reports since 2025 have also linked the Air Force to Chinese J-10 fighters, although the reports reviewed here did not include an official contract value or delivery schedule (South China Morning Post, 2025; IDN Financials, 2026). On the sea, two Italian-built Thaon di Revel patrol frigates have been delivered, the first Merah Putih frigate has been launched at PT PAL, construction of the first of two Scorpene Evolved submarines began on 7 August 2026 (Rahmat, 2025; Naval News, 2025; Malufti, 2026), and the former Italian carrier Giuseppe Garibaldi was commissioned as KRI Sriwijaya in September 2026 (Sasmita, 2026). A contract for the BrahMos coastal missile system was signed with India on 7 July 2026, and the Indonesian side has not published the value (Naval News, 2026).

Table 3. Selected major defence procurement programmes, as reported to October 2026

Programme	Supplier and local role	Scale and reported value	Status as reported
Rafale F4 fighters, with Falcon 8X, A400M and weapons	Dassault Aviation, Airbus and MBDA (France)	42 Rafale ordered in three tranches from 2022. Contract of about USD 8.1 billion.	Six Rafale in country by 18 May 2026. Letter of intent for up to 24 more (Quwa Team, 2026a).
KAAN fighters	Turkish Aerospace with Indonesian partners	48 aircraft. About USD 10 billion reported.	Agreement signed in July 2025. No deliveries reported (Defense News, 2025).
J-10 fighters (reported)	Chengdu Aircraft (China)	Quantity and value not officially disclosed.	Media reports only (South China Morning Post, 2025; IDN Financials, 2026).
M-346F Block 20 light fighters	Leonardo with PT ESystem Solutions	12 aircraft.	Contract reported in July 2026 (Quwa Team, 2026b).
Scorpene Evolved submarines	Naval Group, built by PT PAL in Surabaya	2 submarines. Contract of March 2024.	Steel cutting on 7 August 2026. Delivery planned for 2032 and 2033 (Malufti, 2026; Navy Leaders, 2026).
Thaon di Revel patrol frigates	Fincantieri (Italy)	2 ships. EUR 1.18 billion (USD 1.39 billion).	Both delivered by 22 December 2025 (Rahmat, 2025).
Merah Putih frigates	PT PAL with an Arrowhead 140 design and Turkish combat systems	2 ships.	First ship launched on 18 December 2025. No commissioning date announced (Naval News, 2025).
KRI Sriwijaya (former Giuseppe Garibaldi)	Italian surplus aircraft carrier	One ship.	Commissioned in September 2026 (Sasmita, 2026).
BrahMos missile system	BrahMos Aerospace (India)	Quantity and value not officially disclosed. Indian sources cited by Reuters put it at about USD 630 million.	Contract signed on 7 July 2026 (Naval News, 2026; Reuters, 2026b).
Kizilelma unmanned fighter	Baykar (Turkey) with PT Republik Aero Dirgantara	Framework agreement.	Signed on 6 May 2026 (Quwa Team, 2026c).

Source. Compiled by the authors from the sources cited in each row. Values are as reported by the sources and are not audited.

Two observations follow. First, the reported headline values of the Rafale and KAAN programmes alone exceed USD 18 billion, which is roughly half the size of the foreign-loan funding source determination for 2025 to 2029. Because the financing arrangements of each programme have not been published in full, it is not possible to say how much of that determination is already committed. Second, many of the programmes involve a local partner or local construction, which is consistent with the policy of building industrial capacity. Whether that capacity is real is the question for Section 4.

3.3 Fiscal exposure and execution risk

The modernisation drive is being financed at a moment of fiscal stress. The 2026 energy shock raised subsidy costs and put pressure on the deficit limit (AFP, 2026; Jaffrey, 2026). Ali (2026a) notes that the government set an ambition to disburse close to three quarters of the foreign-loan funding source determination in a single year, a pace that tests the absorptive capacity of the ministry, the military services and the industrial partners. In this report's assessment, three execution risks stand out. The first is exchange rate exposure, because loans are denominated in euros and dollars while the ministry's

revenue is in rupiah. The second is debt service, which will compete with new equipment inside the same capital spending line. The third is delivery risk, since large simultaneous programmes depend on shipyards, training pipelines and maintenance facilities that are still being built.

These risks are not hypothetical. The 2025 experience described in Section 1 shows that realised defence spending was about 2.1 times the original ceiling, which indicates how much of the programme is financed outside the headline allocation (Ali, 2026a). A procurement system that relies on in-year additions and loan drawdowns is difficult to plan, to audit and to explain to Parliament and the public.

3.4 Supplier diversification and the case for picking a lane

The supplier list now includes France, Italy, Turkey, India and South Korea (Section 4), with China and the United States also in the picture. Diversification has a strategic logic. It reduces exposure to any single supplier's export controls or political preferences, a concern sharpened by the memory of past arms embargoes (Pandie, 2025; RSIS, 2021). It supports the free and active principle and spreads technology transfer opportunities across several partners. The United States and Indonesia concluded a major defence cooperation partnership in April 2026, and Indonesia has also deepened ties with Australia and India (Section 10).

Diversification also has costs that are now visible. RSIS reported in 2021 that the Air Force's main combat aircraft, the F-16, the Hawk and the Su-27 and Su-30, came in six variants from three manufacturers, that only 45 per cent of its equipment was considered operational, and that the Rafale and F-15EX options would add two further supply chains with little interoperability among the types (RSIS, 2021). Pandie (2025) adds that a wide range of aircraft means non-standardised maintenance systems, more effort and money to source spare parts and multiple parallel training pipelines. Defense News observed in July 2026 that the air force already operates a hotchpotch of American, Russian and Korean types and that, if all current aspirations were realised, Indonesia could end up with one of the most complicated and varied combat fleets in the world (Defense News, 2026b). Analysts have described the pattern as silo procurement, in which each platform is bought on its own merits and not as part of a network (Asian Military Review, 2025).

The problem is not only logistical. Each supplier brings its own communications architecture, software, maintenance regime, weapons interfaces, training systems and logistics, so a force drawn from many technological ecosystems can gain political independence while becoming harder to integrate in battle (Sasmita, 2026). Modern combat depends on sensors, data links and command systems that pass targeting information in seconds. Aircraft, ships and units that cannot share a common operational picture fight as separate forces. The Ministry of Defence and the National Defence Council recognised the problem in September 2026, when they convened a forum on interoperability, network-centric warfare and C6ISR, including the standardisation of communications and data links, which drew in the services, the research agency BRIN, the cyber agency BSSN and domestic defence firms (Sasmita, 2026).

In this report's assessment, Indonesia should pick a lane. It should choose a primary equipment ecosystem for each domain, namely air, sea, land and the networks that join them, and buy platforms, weapons, data links and training that belong to that ecosystem. The logic is simple. If Indonesia wants to operate as part of a Western, NATO-standard system, it should buy mostly Western equipment with compatible data links, weapons interfaces and support arrangements, so that aircraft, ships and ground forces can exchange data and can be maintained and trained in a common way. The same logic would apply if Indonesia chose a Russian or a Chinese ecosystem. What cannot be sustained for long is an inventory that draws on all of them and then tries to connect them afterwards. Most of the large purchases since 2022 already come from France, Italy and Turkey, all of which are NATO members, so a de facto

lane may be forming. The exceptions are the BrahMos missile, which has Russian-Indian origins, the Chinese J-10 reported to be under consideration, and the legacy Su-27 and Su-30 fleet. The 2026 exercise with France, in which Indonesian Rafales flew alongside French Rafales and a tanker aircraft, shows the practical benefit of belonging to a common system (Sasmita, 2026).

Picking a lane does not mean buying from one country, and it carries risks of its own. The sanctions that left the F-16 fleet largely inoperable and the troubled Su-35 deal both showed the danger of dependence on a supplier whose government may restrict exports (RSIS, 2021). A lane should therefore be defined by common standards and not by a single supplier, so that several countries can provide compatible equipment. It should be backed by contract guarantees on spares, software and support, by licensed production or local maintenance capacity (Section 4) and by a sovereign integration layer, meaning a national system that controls how data is shared among platforms. Systems that fall outside the lane, such as a coastal missile battery, should be limited to roles that do not require them to share data with the main network, or should come with an explicit integration plan and budget.

3.5 Governance and integrity risks

Procurement is the area where the integrity risks documented by independent assessors are most concentrated. Transparency International's Government Defence Integrity Index found that most defence acquisitions were single sourced, that actual purchases were rarely disclosed, that controls in contracting were absent and that scrutiny of offset contracts was weak (Transparency International Defence & Security, 2021a). Section 6 reports the detailed scores. Recent practice adds new questions. Contract values and quantities for the BrahMos and J-10 programmes have not been published, and Ali (2026b) warns that an additional layer has entered procurement execution that has no formal legal status. Transparency International Defence & Security (2021a) also refers to corruption cases involving helicopter, radar and fighter-aircraft acquisitions as evidence of recurring risk.

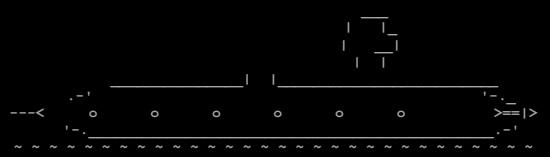
These concerns are not an argument against modernisation. They are an argument for matching its scale with the safeguards that large expenditure demands, namely published multi-year investment plans, independent price checks, disclosure of contract values with a classified annex where necessary, and enforceable offset milestones. Section 11 sets out these measures.

3.6 Assessment

> Indonesia is buying a modern, multi-role force at unprecedented speed, and the first deliveries show that the programmes are real. The capability gains in air defence, submarine warfare and maritime patrol are significant. Yet the system that delivers them rests on foreign debt, in-year budget additions and limited public disclosure. The principal risk is not that Indonesia buys the wrong platform. It is that the force cannot afford to operate, maintain and integrate what it buys, and that public confidence erodes if spending cannot be explained. A coherent equipment lane is a further condition, because platforms that cannot share data or common support will not operate as one force. Strengthening planning discipline, transparency and ecosystem coherence is therefore a precondition for sustaining the modernisation effort, not a constraint on it.

SECTION 04

4. Local Defence Contractors and Manufacturing



4.1 The state-owned defence holding

Indonesia's defence industrial base is anchored by state-owned enterprises grouped since 2022 in the Defend ID holding, with PT Len Industri as the parent company and PT Pindad, PT PAL Indonesia, PT Dirgantara Indonesia and PT Dahana as members (Cabinet Secretariat, 2022). Table 4 summarises their roles. The holding is large by national standards and modest by global ones. In 2025 it reported operating revenue of IDR 20.71 trillion, a consolidated net profit of IDR 913.05 billion and total contracts of IDR 113.85 trillion, of which IDR 94.78 trillion was carried over from earlier years and IDR 19.07 trillion was new (Binekasri, 2026). The contract book is therefore equal to about five and a half years of current revenue, a ratio calculated by the authors that points to a long delivery pipeline and to heavy dependence on a small number of large programmes.

Table 4. Members of the Defend ID holding and selected indicators

Entity	Core domain	Selected evidence
PT Len Industri (holding company)	Defence electronics, radar and command systems	Manufactures transmit and receive modules under a technology transfer arrangement with Thales for 13 GM403 radars, a programme of about USD 390 million (Quwa Team, 2026a).
PT Pindad	Small arms, ammunition and armoured vehicles	Only 18 Harimau medium tanks had been purchased, with no certainty about a follow-on contract (Triantama, 2026).
PT PAL Indonesia	Naval shipbuilding	Builds two Scorpene Evolved submarines and two Merah Putih frigates. On-hand contracts were planned at IDR 42.32 trillion for 2025 (Kontan, 2025; Naval News, 2025; Malufti, 2026).
PT Dirgantara Indonesia	Aircraft manufacture, maintenance and upgrades	Holding member (Cabinet Secretariat, 2022). Supplies aerostructures and components to Airbus commercial, military and helicopter lines (Airbus, n.d.), as discussed in Section 4.5.
PT Dahana	Explosives and energetic materials	Drilling and blasting services provided 49.3 per cent of 2021 revenue, which shows a large civilian mining component (Kontan, 2022).

Source. Compiled by the authors from the sources cited in each row.

Independent assessments qualify the headline figures. SIPRI ranked Defend ID 96th among the world's 100 largest arms producers for 2024, with arms sales of USD 1.1 billion, an increase of 39 per cent on 2023 and the first time an Indonesian firm entered the list. The ranking remains far short of the earlier official aim of reaching the top 50 (Triantama, 2026). Reported exports reached about USD 114 million

(Investortrust, 2026a). Profit figures also vary by source and date. The 2026 results release gives the 2024 net profit as IDR 172.24 billion (Binekasri, 2026), whereas a presentation to the House of Representatives in February 2025 was reported to show IDR 699.6 billion for the same year (Triantama, 2026). Such differences are not unusual in corporate reporting, but they underline the value of consistent public disclosure for firms that depend on public money.

4.2 Policy instruments, offsets and local content

The Defence Industry Law of 2012 is the main legal instrument. It requires foreign suppliers to provide local content, offsets or technology transfer in exchange for access to the Indonesian market (Republic of Indonesia, 2012). It also describes a four-tier industrial ecosystem, from raw materials at the bottom through components and principal components to primary equipment at the top (Triantama, 2026). In practice the ecosystem is thin. Previous reports cited by Triantama (2026) indicate that transactions between tiers account for only about 9 per cent of the total, which limits the spillover of defence production into the wider economy. The government and Defend ID aim to raise local content in flagship items from 43 per cent in 2024 to at least 50 per cent by 2029 (Triantama, 2026).

The only doctoral study of the offset system found in the sources reviewed reached a mixed verdict. Savitri (2016) found that offsets had a positive effect on skills and technology transfer but seldom led to new employment, supply chain creation, exports or research and development. Recent programmes show the same pattern. The Thales radar contract transfers manufacturing of specific modules to PT Len (Quwa Team, 2026a). The Scorpene Evolved programme goes further. The technology transfer agreement with Naval Group covers hull outfitting, machinery installation, electrical systems integration and weapons system assembly, and harbour and sea acceptance tests will be carried out in Surabaya (Malufti, 2026). PT PAL previously assembled the Alugoro submarine with support from South Korea’s DSME, now Hanwha Ocean, and the Scorpene programme involves a significantly broader scope of local construction, technology transfer and supply chain participation (Malufti, 2026). These are real steps, but they are steps in outfitting, integration and assembly. Mastery of design, propulsion, combat systems and sensors remains largely with foreign partners, although PT PAL’s chief executive has said the aim is to build the capability to design next-generation submarines in the future (Malufti, 2026).

4.3 A widening private-sector role

A notable recent development is the emergence of private Indonesian firms as local partners to foreign manufacturers. PT ESystem Solutions is the Indonesian partner in the contract for 12 Leonardo M-346F light fighters (Quwa Team, 2026b), and PT Republik Aero Dirgantara, known as Republikorp, signed a framework agreement with Baykar in May 2026 that made Indonesia the launch customer for the Kizilelma unmanned fighter (Quwa Team, 2026c). The KAAN programme is also described as involving Indonesian partners (Defense News, 2025). Private partners can bring flexibility, capital and links to foreign technology holders that state enterprises lack. They also raise governance questions about how partners are selected, how offsets are valued and how conflicts of interest are managed, questions that the current framework does not answer publicly.

4.4 The KF-21 programme as a cautionary case

The KF-21 Boramae fighter programme with South Korea shows how industrial ambition can outrun financial capacity. Indonesia agreed to bear about 20 per cent of development costs, then around 1.6 trillion won, in return for technology transfer and a prototype, but it fell behind on payments and had paid

about 400 billion won when the two governments finalised a revised agreement in June 2025 that cut its total contribution to 600 billion won, about one third of the original sum. The negotiation was complicated by tension over a police investigation into alleged technology theft by Indonesian engineers at Korea Aerospace Industries (The Korea Times, 2025). In July 2026 Defense News reported that Indonesia had dropped its co-production plans and was considering buying ready-made aircraft, after completing the reduced payment in exchange for a single-seat prototype (Defense News, 2026a).

Three lessons follow. Commitments to international development projects must be matched by a protected budget line. Technology security requires strong controls on personnel and data. And co-production only makes sense when there is a credible production base and a firm domestic order, conditions that were not secured in this case.

4.5 Dual-use production and the problem of volume

Defence demand in Indonesia is small and arrives in large, irregular programmes. The economics of defence industries are well established. They combine high fixed and development costs with small production runs and a dominant single buyer, so capacity built for one programme is often underused between programmes (Sandler & Hartley, 1995; Hartley, 2011). An industry that depends only on state orders loses skills when orders pause and cannot expand quickly when they surge. A commentary in Defense News, written in the light of the war in Ukraine, argued that manufacturing capacity follows expenditure down when defence budgets fall, and that an industrial base should not be held in a constant state of tension between rapid scaling and rapid downsizing (Defense News, 2022). Analysts at the Center for Strategic and International Studies reach a related conclusion, namely that production is a form of deterrence, that whole supply chains and not only prime contractors must be able to expand, and that commercially available dual-use technologies such as drones are part of the answer (Center for Strategic and International Studies, n.d.).

Indonesia already has examples of dual-use production. PT Dirgantara Indonesia supplies aerostructures and components across the commercial, military and helicopter lines of Airbus, including parts for the A320 family and the A350 and the main fuselage assembly and tail boom of the H225 helicopter (Airbus, n.d.). This keeps skilled production lines working regardless of Indonesian defence orders. The company says that it has delivered more than 460 aircraft, civilian and military, to 50 customers worldwide (PT Dirgantara Indonesia, 2022). Dahana drew about half of its 2021 revenue from drilling and blasting services (Section 4.1), and drone firms such as FROGS rely on agricultural and mapping markets (Section 5). The history of the aircraft industry shows the risk of the alternative. When state financing of the flagship N-250 programme was ordered to stop in 1998, the programme was left stranded (GlobalSecurity.org, n.d.-b).

In this report’s assessment, the state should treat dual-use capacity as an explicit objective of industrial policy. It should identify the components, materials and skills that serve both civil and defence markets, such as precision machined parts, electronics and power systems, batteries, motors and propulsion, composites, explosives and shipbuilding steel, and should favour suppliers that can sell to both. It should require foreign suppliers to place dual-use component work in Indonesia as part of offset obligations, as Airbus has done with aerostructures. It should fund minimum maintenance, repair and overhaul volumes to keep production lines active, and it should pre-qualify civilian manufacturers in sectors such as automotive, shipbuilding and electronics for surge production under standby agreements. A summary of a periodic surge capacity audit, published for Parliament and the public, would show where the gaps lie. The aim is an industry that is viable in peacetime because it sells to civilian customers, and that can be expanded in a crisis because its lines, skills and suppliers already exist.

4.6 Licensed production as a learning path

Where indigenous development is too expensive, licensed production offers a way to build experience at the price of some extra spending. Indonesia's aircraft industry began this way. IPTN was established in 1976 under B. J. Habibie with a staged plan. The first stage was licensed production, of the CASA NC-212 transport and the MBB BO-105 helicopter. The second was co-design and co-production, beginning with the CN-235 in 1979 under a joint venture with CASA. The third was a fully indigenous design, the N-250 (GlobalSecurity.org, n.d.-a). The staged approach built real competence, but the N-250 still relied heavily on imported advanced components, and its financing ended in 1998 (GlobalSecurity.org, n.d.-a, n.d.-b). Eriksson (2003) attributes the industry's long-term difficulties to technology and management impediments.

Other countries followed a similar ladder. Korea Aerospace Industries took the licence-production route, starting with the F-5 and the F-16, built in Korea as the KF-16, in the 1980s and 1990s. It then developed the T-50 trainer with Lockheed Martin in the 2000s and went on to the KF-21 fighter (Asian Military Review, 2023). Turkey's TAI also started by producing F-16s under licence (STRASAM, n.d.) and now builds the KAAN, in which Indonesian Aerospace is a production partner (Chopra, 2025). Airframers across the Asia-Pacific region are moving from building under licence to developing their own platforms, and the same source warns of the opposite risk, since India's indigenous industry suffered in the 1970s and 1980s when urgent re-equipment sent its state manufacturer on a licence-production spree (Asian Military Review, 2023).

The lesson is that licensed production is a stepping stone and not a destination. It works when it is deliberately sequenced, with each stage building the design and integration know-how that makes the next stage possible. It fails when it becomes a permanent substitute for design capability. The KF-21 experience (Section 4.4) illustrates the opposite error, which is a leap into co-development of an advanced fighter that Indonesia could not finance. A middle path is better. For categories in which development is too costly, such as combat aircraft, submarines, advanced radars and missiles, Indonesia should acquire licences to produce proven designs, accept a time-limited premium over the cost of direct purchase as the price of learning, and tie each licence to a firm order, a full technical data package, local content milestones and a parallel research programme that absorbs the technology. The premium should be explicit, capped and reviewed so that Parliament can see what is being paid for. Licences should be chosen within the primary equipment ecosystem (Section 3.4), so that what Indonesia learns to build also fits the force it must operate. The Scorpene and radar programmes (Section 4.2) show that such arrangements can work when they are tied to orders.

4.7 Structural constraints

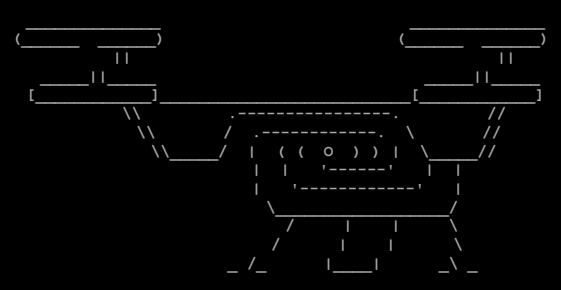
Four constraints limit the industry. The first is the balance sheet. Defend ID told Commission VI of the House in February 2026 that it carried interest-bearing debt of IDR 14.89 trillion, which compares with equity of IDR 15.23 trillion at the end of 2025, and a legislator asked whether it needed special financing arrangements to keep prices competitive (Bisnis.com, 2026a; Binekasri, 2026). The second is demand uncertainty. Because the state is the only significant buyer, Triantama (2026) argues that stable budgets and transparent multi-year contracts are non-negotiable preconditions, and cites the limited Harimau tank order as an example of inconsistent demand. The third is capability gaps. The holding lacks production facilities for radar and unmanned systems, both among the ten priority technologies of the defence industry plan, and facilities for submarines, aircraft and ship maintenance, and armoured vehicles need modernisation (Triantama, 2026). The fourth is the research base, which Section 5 examines.

4.8 Assessment

> Indonesia has moved from buying finished equipment towards co-production and local construction, and the Scorpene and Merah Putih programmes are tangible evidence. Yet the industry remains dependent on a single customer, on foreign designs and on imported components. Its balance sheet is heavily leveraged, its supply chain is shallow, and the most ambitious technology partnership, KF-21, has been scaled back. The policy challenge is to move from assembly to depth, and two tools deserve emphasis. Dual-use production keeps capacity alive between defence programmes and makes it expandable in a crisis, and licensed production, with an explicit and capped learning premium, builds experience where indigenous development is too costly. That requires predictable multi-year demand signals, enforceable offsets that prioritise design and component know-how, a stronger domestic supply base and a research effort proportionate to the ambition. Section 11 proposes measures in each area.

SECTION 05

5. Start-up and Technology Development



5.1 A thin national research base

Defence technology depends on the wider research system, and Indonesia's system is small relative to its economy. World Bank data cited in 2026 put research and development spending at 0.28 per cent of GDP, compared with a world average of 2.59 per cent, an upper-middle-income benchmark of 2.03 per cent, and regional figures of 1.01 per cent for Malaysia, 0.94 per cent for Thailand and 0.41 per cent for Vietnam (Investortrust, 2026b). Industry finances only about 7.3 per cent of national research spending, so the public sector carries most of the load (Bisnis.com, 2025b). President Prabowo has acknowledged that investment in research remains low and in June 2026 the government announced an additional IDR 4 trillion for research, with priority given to projects that address immediate national problems such as waste-to-energy and the shift from LPG to compressed natural gas (RRI, 2026b). A January 2026 announcement had described the earlier university research fund as IDR 8 trillion, or 0.34 per cent of the state budget (RRI, 2026c). The additional money is welcome. It is small, however, against the scale of the defence procurement programmes described in Section 3, and it is directed mainly at civil priorities.

5.2 State defence research

The Ministry of Defence's research arm, now the Defence Technology Agency (Batekhan), runs a portfolio of prototype projects that is broad but modest in scale. Programmes visible in the ministry's own publications include a ground-launched surface-to-air missile with a range of 20 kilometres and an infrared seeker, intended as the last layer of protection for vital national assets (Ministry of Defence, 2026a), and contracts signed in July 2026 for prototypes of a military ammonia hydrogen fuel cell and an anti-drone aerial interceptor (Ministry of Defence, 2026b). Earlier projects included kamikaze drone prototypes developed with a private firm, PT AKM Teknologi Nuswantara (Ministry of Defence, 2024b). The agency states that it aims to deepen cooperation with industry and to raise local content and technology transfer (Ministry of Defence, 2026a; Ministry of Defence, 2026b).

Two features of this portfolio stand out. First, it increasingly works through private firms and not only through state laboratories, which is a sound approach for fast-moving fields such as drones and energy storage. Second, the ammonia fuel cell project connects defence research with energy self-reliance, which is consistent with national energy transition goals. The principal weakness is the path from prototype to procurement. The sources reviewed contain no public account of how many prototypes have been bought by the services, which makes it hard to judge whether research spending leads to fielded equipment.

5.3 Start-ups and dual-use drone firms

Indonesia has a small but visible community of drone and unmanned systems firms. At the Indo Defence exhibition in June 2025, FROGS Indonesia, BETA UAS and AMX UAV exhibited alongside their industry association, ASTTA, and FROGS presented a multirotor drone designed to drop mortar rounds (Al Abrar, 2025). A private company from South Sulawesi, PT Kambria Pertahanan Indonesia, showed a survey drone, a kamikaze drone and an agricultural drone, and the state firms PT Len and PT Dirgantara Indonesia displayed tactical and combat-class unmanned aircraft (Ramadhanny, 2025). In February 2026 PT Dirgantara Indonesia announced a partnership with FROGS to expand into export markets. FROGS is described in that announcement as a company working mainly on agricultural spraying, aerial mapping, cargo surveillance and passenger drones (PT Dirgantara Indonesia, 2026).

These examples show a genuine capability in dual-use unmanned systems and a useful willingness of state enterprises to partner with smaller firms. They also show the limits of what is publicly known. The sources reviewed do not provide revenue, employment, funding or order data for these companies, and Indonesian defence start-ups appear largely to depend on civil markets and exhibition visibility. Larger private holdings, notably Republikorp, are following a different route by acting as local partners for established foreign manufacturers (Section 4). Dual-use markets matter for these firms. FROGS' work in agricultural spraying, mapping and cargo gives it revenue and operating experience that defence orders alone could not provide, and similar technology can be adapted to defence tasks when the state is ready to buy, an argument developed in Section 4.5. The two models are complementary. The first can generate indigenous design capability at the bottom of the supply chain, while the second can bring in advanced platforms quickly.

5.4 Barriers to scale

In this report's assessment, five barriers constrain the growth of a defence technology start-up sector. The first is demand uncertainty. The state is effectively the only buyer, and as Triantama (2026) argues, fragmented procurement patterns, short-term contracts and shifting priorities discourage investment in technological mastery. The second is the procurement model. Large foreign packages with offsets and a small number of state-owned partners dominate the market, leaving limited space for small firms to win first orders. The third is finance. Start-ups need patient capital and the public research budget is thin, as shown above. The fourth is testing, certification and security clearance, which require institutional capacity that small firms cannot build alone. The fifth is talent. The expansion of the armed forces and of civil technology industries competes for the same engineers, programmers and technicians.

These barriers are not unique to Indonesia, but they are felt more strongly where the research base is thin and procurement is concentrated. They also interact with the issues of transparency and intellectual property. If the state funds a prototype, it is not clear from public sources who owns the design, how the firm may sell it abroad, and under what conditions the services must consider it for purchase. Clear rules on these points would reduce risk for both sides.

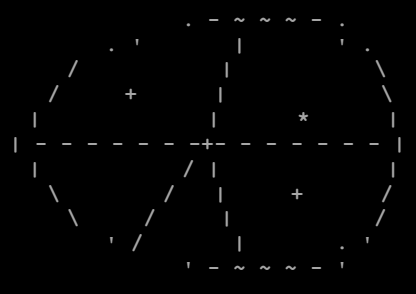
5.5 Assessment

> Indonesia has the beginnings of a defence innovation ecosystem. It has civil and dual-use markets that can carry young firms until defence orders arrive, a state research agency that contracts private firms, a visible drone community and state enterprises willing to partner with smaller companies. What it lacks is scale, funding and a dependable route from prototype to purchase. Without these, the system will continue to produce exhibits rather than fielded capability, and the large procurement

> programmes will continue to import technology that domestic firms could in part supply. The experience of the Scorpene and radar programmes shows that technology transfer can work when it is tied to firm orders. The same logic should be applied to small firms through predictable first-order purchases, shared test facilities and clear intellectual property terms. Section 11 develops these proposals.

SECTION 06

6. Transparency



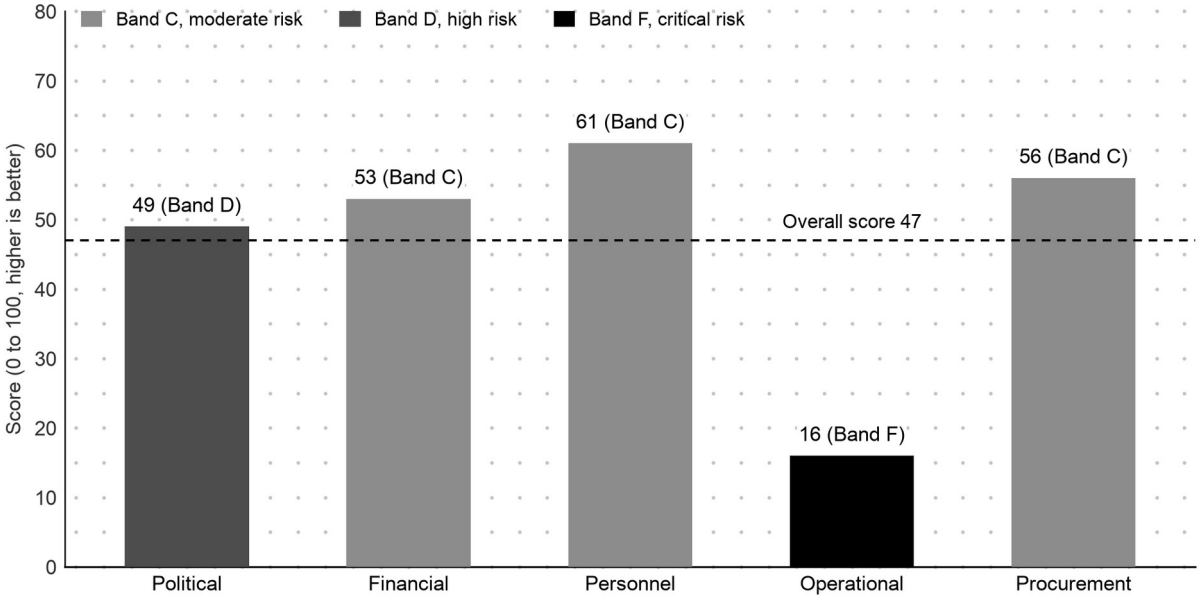
6.1 Why transparency matters in defence

Secrecy is a legitimate part of defence. Operational plans, intelligence sources and the technical performance of weapons should be protected. The difficulty arises when the same classification habits are applied to money, contracts and personnel decisions, which are the areas where waste and abuse are most likely to hide. A defence establishment that spends tens of billions of dollars of public and borrowed money must be able to show that it does so lawfully and efficiently, and the legislature and the public need enough information to judge whether it is doing so. Transparency in this sense is part of national security. It protects the value of scarce funds, sustains public confidence in the armed forces and signals to partners and suppliers that Indonesia is a reliable and well-governed buyer.

6.2 What independent assessment shows

The most comprehensive independent assessment of Indonesian defence governance remains the Government Defence Integrity Index published by Transparency International Defence & Security. The 2020 edition assessed 86 countries across five risk areas, and Indonesia received an overall score of 47 out of 100, which places it in Band D, or high risk of corruption (Transparency International Defence & Security, 2021a, 2021b). Figure 2 shows the scores for each risk area. These data were collected between June 2019 and December 2020, so they predate the 2024 to 2026 changes described in this report. They should therefore be read as a baseline and not as a current verdict, although the structural features they identify remain relevant.

Figure 2. Indonesia's scores in the Government Defence Integrity Index 2020, by risk area



Source. Transparency International Defence & Security (2021a). Band C is moderate risk, Band D is high risk and Band F is critical risk. Data collection ran from June 2019 to December 2020.

The profile is mixed. Indonesia scored well on several formal controls. Budget transparency and detail scored 88, off-budget spending 100, complaint mechanisms in procurement 100, external audit 81, legislative scrutiny 75 and corruption prosecutions 83. The assessors noted that the Audit Board is independent and active in auditing military spending, and that the ministry received an unqualified opinion for its 2018 financial statements. They also recorded a legislative oversight score of 82 out of 100 in the Open Budget Survey (Transparency International Defence & Security, 2021a).

The weaknesses were concentrated in operations and in the practice of procurement. Operational risk scored only 16, which is critical, with corruption monitoring in operations at 13 and controls in contracting at zero. The armed forces had no code of conduct, only a seven-point code of ethics without anti-corruption provisions. Civil society engagement scored 17, risk assessment 25, lobbying zero and export controls zero. In procurement, disclosure of actual purchases scored 13, tender board controls 33, procurement oversight mechanisms 42 and offset contracts 25. The assessors reported that the vast majority of defence procurement was single sourced, that the procedure was chosen at the outset by the Directorate General of Defence Forces, that contract details were not public and that most acquisitions did not appear on the public procurement portal. The ministry had used state secrecy clauses to keep the final cost of the AW-101 helicopters confidential even though they were bought with public funds, and the published budget did not show technical specifications or unit numbers for planned procurement. Only 13 of the 51 members of the House defence commission were judged to have defence expertise, and the assessors found that the commission's positions often echoed those of the ministry (Transparency International Defence & Security, 2021a).

6.3 Budget disclosure in a period of rapid change

The numbers in Section 1 show why disclosure has become more important. The 2025 defence budget was first reduced through efficiency measures, with one analysis estimating a 16 per cent cut (Marzuki, 2025), and then realised at about 2.1 times its original ceiling (Ali, 2026a). A reader who looked only at the headline allocation would have drawn the wrong conclusion twice. The detailed picture, including the split

between personnel, goods and capital spending, has been visible mainly through the audit reports on the central government financial statements, and the audit findings are now the most reliable public guide to what the state actually spends (Ali, 2026a). In June 2026 the defence minister was reported to have asked for an additional IDR 195 trillion in a closed meeting with the House defence commission, after the ministry's own proposal had been cut from IDR 667 trillion to an indicative ceiling of IDR 139 trillion (Bisnis.com, 2026d). The scale of the adjustments, and the fact that they were negotiated largely out of public view, make it difficult for citizens or independent analysts to follow the logic of allocation.

6.4 Contract and procurement disclosure

Recent contracts continue the pattern of limited official disclosure. When Indonesia signed the BrahMos contract in July 2026, neither government released the value, the number of missiles or the delivery schedule (Naval News, 2026). Indian sources told Reuters that the deal was worth about USD 630 million, while the Indonesian ministry had earlier indicated a range of USD 200 million to USD 350 million (Reuters, 2026b). Janes reported, citing documents from a source close to the House defence commission, that the Ministry of Finance had approved plans in September 2025 to finance the purchase through a foreign commercial facility (Janes, 2026). In other words, information about an Indonesian public contract reached the public mainly through foreign officials and leaked documents. A similar pattern applies to the reported J-10 purchase, which was discussed in the press without official confirmation of quantity or price (Section 3). Ali (2026b) adds a further warning that an additional layer has entered procurement execution that has no formal legal status.

There are also inconsistencies in the financial information of the defence industry. Two sources give different net profit figures for the Defend ID holding for 2024, namely IDR 172.24 billion in the 2026 results release and IDR 699.6 billion in a presentation to Parliament in 2025 (Section 4). Differences of this kind may have technical explanations, but without a published reconciliation they weaken confidence in the data on which the legislature and the public must rely.

6.5 Legislative and judicial transparency

Transparency applies to law-making as well as to spending. The 2025 amendment of the TNI Law was not on the priority legislation list, was deliberated with little public information and lacked meaningful consultation (The Jakarta Post Editorial Board, 2025; StratSea, 2025). The National Defence Council was established by presidential regulation, and its working methods, advisory outputs and relationship with Parliament are not described in the sources reviewed (Republic of Indonesia, 2024). In the courts, a civil society coalition criticised the lack of transparency of military court proceedings, which it said undermined justice for civilian victims (The Jakarta Post, 2025b). The Constitutional Court's decision of October 2026 on military jurisdiction, discussed in Section 2, is a significant step because it moves cases involving soldiers and civilians into civilian courts that are open to public and media scrutiny (Uli, 2026a).

6.6 Corruption perceptions and public confidence

The wider integrity environment has worsened recently. In the 2025 Corruption Perceptions Index, published in February 2026, Indonesia scored 34 out of 100, down three points from 2024, and fell ten places to rank 109 (Adzkia, 2026). Transparency International Indonesia linked the decline to weaker anti-corruption efforts, including reduced independence of the Corruption Eradication Commission, and to a narrowing public space (Adzkia, 2026; GoodStats, 2026). The index measures perceptions of public-sector corruption in general, not defence, but it forms part of the context in which defence institutions

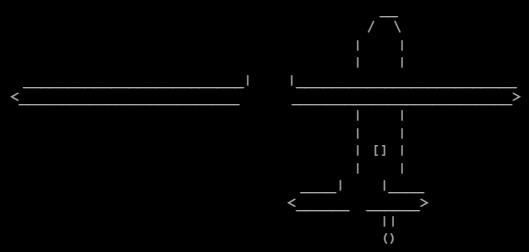
operate. High public trust in the armed forces, which stood at 93 per cent in a January 2026 survey (Section 9), is a valuable asset. It is better protected by openness about the use of public money than by assumptions that trust will persist without evidence.

6.7 Assessment

> Indonesia has strong formal budget controls and an independent audit institution, and these have made it possible to see how far realised defence spending departs from plan. The weaknesses lie in the interface between secrecy and money. Procurement is largely exempt from standard disclosure, contract values often reach the public through foreign sources, oversight depends on a legislature with limited defence expertise, and the legislative process on defence law has itself been opaque. These weaknesses are most dangerous at a time of record spending financed by foreign debt. The reforms proposed in Section 11 aim to keep legitimate secrecy for operations and technology while opening the financial and procurement record to scrutiny.

SECTION 07

7. AI and Cybersecurity



7.1 The threat picture

The National Cyber and Crypto Agency (BSSN) reports that its monitoring recorded about 5.2 billion traffic anomalies in 2025, equivalent to roughly 182 a second, and that 93.78 per cent were associated with malware that can develop into ransomware (Infobank, 2026). A separate statement by its deputy for cyber operations put the 2025 total at 5.5 billion and said it exceeded the combined total for 2020 to 2024 (Haryanto, 2026). From 1 January to 15 April 2026 the agency identified a further 1.5 billion anomalies (Haryanto, 2026), and by October 2026 about 3.1 billion, of which more than 85 per cent were malware-related. A BSSN official linked the prevalence of malware partly to the widespread use of pirated software (Untari, 2026). The most frequently detected families up to September 2025 included the Mirai botnet and the Remcos remote access trojan (Untari, 2025a). Threat intelligence analysts cited in the business press identify finance, energy, telecommunications and government as the main targets (Kontan, 2026b).

Three cautions apply to these figures. First, an anomaly is a suspicious traffic event and not a confirmed attack, and BSSN has indicated that anomalies are analysed further to separate compromises from attempts and failures (Haryanto, 2026). Second, the series is reported inconsistently across periods and the sources reviewed do not include a published methodology, so the numbers indicate scale and not a precise trend. Third, BSSN says that its monitoring covers less than 10 per cent of national internet traffic (Infobank, 2026), so the full picture is probably larger and certainly less well understood.

A structural weakness lies in enforcement. In 2025 BSSN issued 2,855 notifications about vulnerabilities and incidents and received responses to 2,186 of them. By mid-April 2026 it had issued 1,002 and received 776 responses. Its deputy stated that BSSN has no authority to press organisations that fail to act on a notification (Haryanto, 2026). An agency that can detect but not compel is limited in what it can achieve, which is one reason why the pending cybersecurity law matters.

7.2 The national data centre ransomware crisis

The most consequential cyber incident in recent years was the ransomware attack on the Temporary National Data Centre (PDNS 2) in Surabaya. The first disruption was detected on 17 June 2024 and services failed from 20 June. The attackers used Brain Cipher, a variant of LockBit 3.0, and demanded USD 8 million, about IDR 131 billion, which the government refused to pay (CNN Indonesia, 2024; Antara, 2024b). The communications minister reported that by 26 June 239 user agencies had been affected, including 30 ministries and agencies, 15 provinces, 148 regencies and 48 cities (Antara, 2024b). Other

official statements counted 282 tenants (Suryo, 2024). Immigration and other public services were paralysed for days (CNN Indonesia, 2024). Only 44 user agencies were verified as having backups, and officials acknowledged that data encrypted in the attack could not be recovered (Selular.ID, 2024).

The lessons are clear. The consolidation of government data into a single facility created a concentrated point of failure, and basic backup discipline was missing for most tenants. The incident also exposed the gap between the coordinating role of BSSN and the operational responsibility of the digital ministry and its contractors. The government's decision not to pay the ransom was defensible, but it left a large volume of public data unrecoverable. For national security the case is instructive because the same architecture that serves civilian ministries also supports functions that bear on border control, identity and public finance.

7.3 Institutions and legislation

Cyber governance is shared among several bodies. BSSN is the lead civilian agency, although its operational leadership includes a serving major general as deputy for cyber operations (Haryanto, 2026). The digital ministry regulates the sector and runs government platforms, the police handle cybercrime, and the TNI has a Cyber Unit created in 2017 that is staffed to about 40 per cent of its planned strength and operates without a published strategy (Priyandita & Lebang, 2025). The 2025 amendments to the TNI Law added defence against cyber threats to the military's tasks (The Jakarta Post Editorial Board, 2025), which makes the division of labour more urgent.

A comprehensive Cybersecurity and Cyber Resilience Bill has been discussed for years. It became a House initiative in 2019 but did not pass (Hukumonline, 2019). President Prabowo sent a new government bill to the House on 9 February 2026, and the House Commission I began deliberation with the government on 29 June 2026 and formed a working committee of 23 members from all factions (Rohman, 2026; Bisnis.com, 2026c). The commission chair asked that the draft not be circulated publicly during deliberation, which has limited outside scrutiny (Rohman, 2026). The chair also said that the discussion would not be rushed because he expected to find many gaps in the government draft (Arief, 2026). In August 2026 the Indonesia Cyber Security Forum proposed pausing the process for deeper study, citing 22 strategic blind spots, and asked that the roles of the TNI, the police, the digital ministry and the private sector be clarified (Bisnis.com, 2026b). The central design question is how to give BSSN the authority it now lacks without allowing military or police agencies to acquire open-ended powers in cyberspace. Section 11 proposes a division of labour.

7.4 AI governance and military AI

Indonesia has no binding national framework for artificial intelligence. The digital ministry has prepared two presidential regulations, one on an AI roadmap for 2026 to 2029 and one on AI ethics, which it describes as umbrella policies and not sectoral rules (Untari, 2025b). They were reported in December 2025 to be awaiting the President's signature with a target of early 2026 (Untari, 2025b), and in September 2026 the ministry was still saying that only the signature was missing (Wandira, 2026). The minister attributed the delay to requests for further discussion from several parties, including technology companies (Investortrust, 2026c). The ethics regulation is expected to classify AI uses in three risk tiers (Setyowati, 2026), and the ministry has chosen presidential regulations in preference to a law, in response to a House proposal for primary legislation (Bisnis.com, 2026e). Nine months of slippage on documents described as nearly complete suggests that AI governance has not yet reached the top of the executive agenda, even though AI is central to the president's stated technology priorities.

Military uses of AI are less visible still. The Defence Technology Agency's published programmes focus on counter-drone interceptors, missile seekers and fuel cells (Section 5), and the sources reviewed identify no public policy on AI in weapons systems, human control of the use of force, testing and accountability. That is a gap, because the TNI is adding drones, networked sensors and cyber tasks, and because the regional environment is moving towards automation. A public statement of principles, even a short one, would help the services, industry and partners to understand the rules.

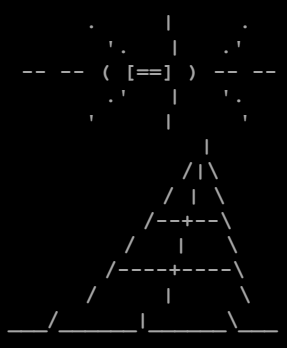
Surveillance technology raises a related concern. Amnesty International's Security Lab documented numerous imports and deployments of spyware and surveillance products by companies and state agencies in Indonesia between 2017 and 2023, supplied through a murky network of vendors and brokers, including intermediaries in Singapore (Amnesty International, 2024). The research did not identify specific individuals who had been targeted and the organisation stated that it had no evidence that the technologies described had been used against particular members of civil society. Its concern was the absence of transparent rules, oversight and accountability. Section 8 returns to the legal framework for interception and the oversight of intelligence agencies.

7.5 Assessment

> Indonesia faces a high and rising volume of hostile cyber activity, a documented failure of a flagship digital government project, thin enforcement powers in its lead agency, a bill that has been pending for years and AI regulation that remains unsigned. The governance gaps compound each other. Without a law, BSSN cannot compel remediation. Without a published military cyber strategy, the role of the TNI in a crisis is unclear. Without AI principles, the growing use of drones and analytics proceeds without agreed limits. The strongest lesson of the 2024 data centre crisis is that resilience depends on basic practices such as backups, segmentation and tested recovery plans, which cost far less than new platforms. Section 11 therefore proposes a short list of enforceable minimum standards alongside the legal reforms.

SECTION 08

8. Intelligence



8.1 Architecture and legal basis

Indonesia's intelligence community is led by the State Intelligence Agency (BIN), which coordinates national intelligence, and includes intelligence units in the armed forces, notably the Strategic Intelligence Agency (BAIS), in the police, in the Attorney General's Office and in several ministries. The legal basis is Law No. 17 of 2011 on State Intelligence, passed by the House of Representatives in October 2011 after a debate that began in the wake of the 2002 Bali bombings (Republic of Indonesia, 2011; International Crisis Group, 2011). Crisis Group noted at the time that the main threats to the state were defined as internal, namely separatism, terrorism and sectarianism, and that some proponents wanted BIN to have powers of preventive detention and intensive interrogation (International Crisis Group, 2011).

The law was criticised from the outset. Human Rights Watch said its vague and overbroad language could facilitate abuse, could be used to suppress political opposition and could restrict freedom of speech and the press. It also pointed to a provision that could be misused to shield abusive members of the agency from prosecution, and it recommended an independent oversight mechanism such as an inspector general or ombudsman (Human Rights Watch, 2011). The Jakarta Post (2011) observed that the law set no penalties for agents who abuse their special powers while punishing members of the public who leak intelligence secrets, and that Indonesia still had no state secrets law. The sources reviewed do not indicate that these design weaknesses have been corrected by later legislation.

8.2 Oversight and accountability

Independent assessment points to weak external oversight. The Government Defence Integrity Index scored intelligence services oversight at 38 out of 100, which is Band D or high risk, and intelligence services recruitment at 25, which is Band E or very high risk (Transparency International Defence & Security, 2021a). Under the 2011 law, parliamentary oversight rests with the House, yet the same assessment found that only 13 of the 51 members of the House defence commission were judged to have defence expertise (Transparency International Defence & Security, 2021a). The sources reviewed identify no independent body with the mandate and powers to review intelligence operations on behalf of the public.

The acid attack on the human rights defender Andrie Yunus in March 2026 (Section 2) is the most serious recent test of this system. The four men convicted were members of the military's Strategic Intelligence Agency. They were tried in a military court, and rights groups described their sentences of between one

and a half and three years as lenient (Uli, 2026b; FIDH & OMCT, 2026). An appeal decision reduced the sentences of two of the four (Human Rights Watch, 2026). Independent investigators identified 16 people as involved, and rights groups argued that the conviction of four men fell short of full accountability (FIDH & OMCT, 2026; Hivos, 2026; Human Rights Monitor, 2026c). Whether the attack was an individual act or part of a wider practice is disputed and cannot be settled from public sources. What the case demonstrates is that an intelligence unit with domestic reach can act against a civilian critic, that investigation and adjudication then remained within the military system, and that no independent civilian oversight body was positioned to examine the chain of responsibility.

Surveillance technology adds to the concern. Amnesty International documented numerous spyware imports and deployments by companies and state agencies in Indonesia between 2017 and 2023, supplied through opaque networks of brokers and resellers (Amnesty International, 2024). The research did not identify individuals who had been targeted. Its point was that without clear rules, judicial authorisation and oversight, the use of such tools cannot be verified and abuse cannot be excluded. Law No. 17 of 2011 remains the main statutory framework for intelligence activity, and Human Rights Watch said in 2011 that it should be repealed or amended to meet international human rights standards (Human Rights Watch, 2011).

8.3 Counterterrorism performance and new threats

Counterterrorism is the clearest area of success. The police reported zero terrorist attacks in each year from 2023 to 2025, and arrests of terrorism suspects fell from 147 in 2023 to 55 in 2024 and 51 in 2025 (Antara, 2025a). Jemaah Islamiyah, responsible for the 2002 Bali bombings, announced its disbandment in 2024, which Kidwai (2025) describes as one of the most critical milestones in Indonesia’s efforts against terrorism. The police credit proactive law enforcement by their Special Detachment 88 for the record (Antara, 2025a), so the leading operational role has been played by the police and not by the armed forces.

The threat is changing rather than disappearing. Densus 88 reported in November 2025 that it had identified 110 children aged 10 to 18 in 23 provinces who had been exposed to extremist recruitment online, compared with only 17 children identified between 2011 and 2017, and that five suspected recruiters had been arrested (Bernama, 2025). In September 2026 the counterterrorism agency said that 620 children aged 11 to 18 in 34 provinces had been exposed to violent and radical narratives online between January and August, and Densus 88 arrested 11 suspects in six provinces in early October (The Straits Times, 2026a). Arrest counts are a poor measure of success against online radicalisation of minors. The relevant tools are prevention, education, platform cooperation and child protection, in which intelligence has a supporting role and not a leading one.

8.4 Coordination and strategic warning

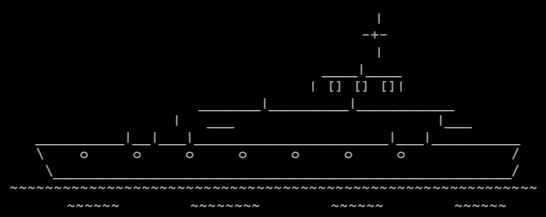
The public record says little about how intelligence feeds national decisions. Indonesia has a defence council (Section 1) but no statutory national security council that would bring together intelligence on internal security, maritime coercion, cyber operations, economic security and disaster risk. The 2025 amendments to the TNI Law allow active officers to serve in the intelligence agency and several other civilian bodies (Republic of Indonesia, 2025), and the Yunus case shows how military intelligence can operate in domestic civilian settings. In this report’s assessment, the boundaries between external and domestic intelligence, between intelligence and law enforcement, and between military and civilian roles are not clearly drawn, and the oversight regime has not kept pace with the growth in technical capability, particularly in cyber and surveillance.

8.5 Assessment

> Indonesia’s intelligence services have contributed to a real counterterrorism achievement. Their legal framework is, however, more than a decade old and was criticised for vagueness and weak safeguards when it was passed. Oversight depends mainly on a parliamentary commission with limited expertise, there is no independent review body, and the most prominent recent case of alleged abuse remained inside the military justice system. As technical capacity grows through spyware, data analytics and AI, the absence of clear rules and independent review becomes a greater risk to civil liberties and to public trust in the services themselves. Section 11 proposes a revision of the intelligence law, an independent inspector general and an annual oversight report.

SECTION 09

9. Public Safety



9.1 What public safety means and how it is monitored today

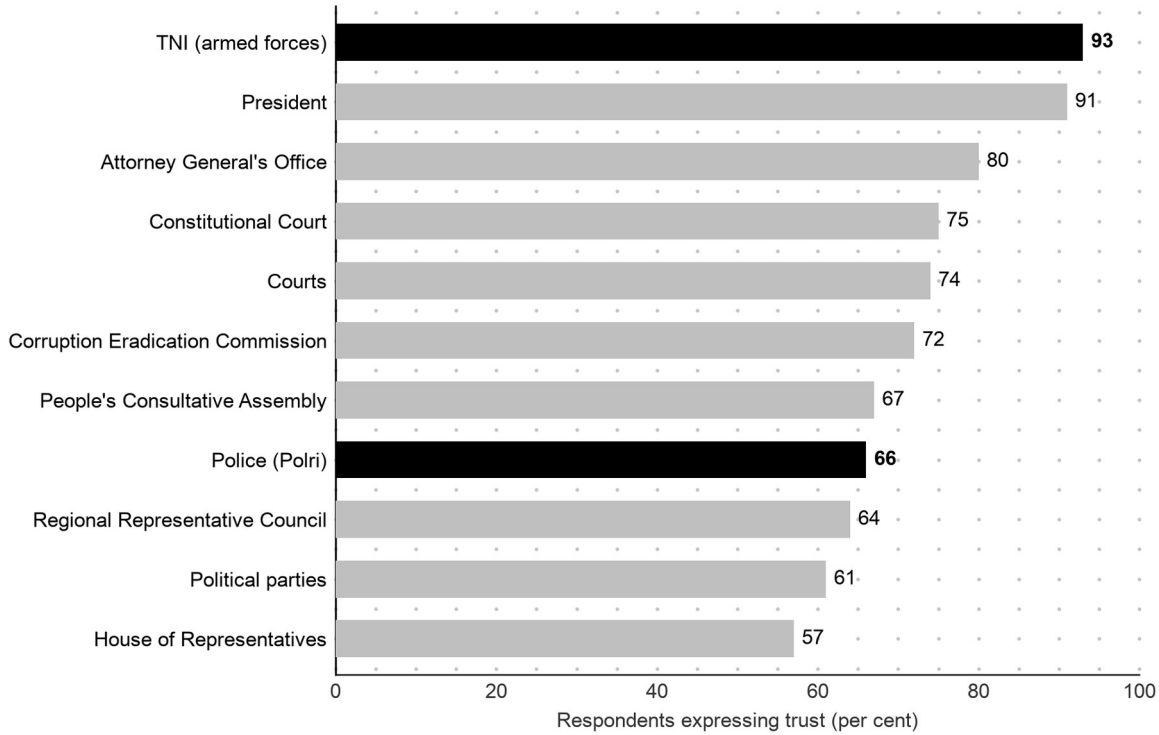
Public safety in this report means the protection of people from violence, disorder, disaster and harmful public services, together with the confidence citizens place in the institutions that are meant to provide that protection. It is the point at which defence and security policy meets everyday life. A state can field modern aircraft and submarines and still fail its citizens if a flood is mishandled, a protest ends in death or a public programme poisons children. For that reason, this section treats public safety as a core element of national resilience and not as a separate policing topic.

Indonesia has no single measure of public safety. Evidence is scattered among the statistics agency, the disaster management agency, the police, the human rights commission, civil society monitors, commercial pollsters and international indices. The Global Peace Index 2025 placed Indonesia 49th among the countries it covers (Thailand Business News, 2025), but such an index says little about where in Indonesia people feel unsafe, or about whether public services are meeting their needs. The following subsections set out what the available evidence shows and where the monitoring itself is weak. Section 11 proposes a composite index to close the gap.

9.2 Public confidence and satisfaction

The most useful recent snapshot of public confidence is the January 2026 national survey by Indikator Politik Indonesia, which interviewed 1,220 adults between 15 and 21 January with a margin of error of 2.9 per cent. Figure 3 shows the share of respondents who trust each institution.

Figure 3. Public trust in selected state institutions, January 2026 (per cent)



Source. Indikator Politik Indonesia national survey, 15 to 21 January 2026, n = 1,220, margin of error 2.9 per cent at 95 per cent confidence, as reported by Bisnis.com, 2026f and Antara, 2026c.

The ranking has a clear pattern. Institutions associated with order and command, namely the armed forces and the presidency, are trusted by more than 90 per cent of respondents. The police are trusted by 66 per cent, and the House of Representatives and political parties, which are the institutions of representation, are at the bottom with 57 and 61 per cent (Bisnis.com, 2026f). The survey director linked a slight fall in trust in the TNI to its widening non-defence roles (Antara, 2026c). High trust in the armed forces is an asset, but it is not unconditional and it coexists with doubts about the institutions that are supposed to check power.

Satisfaction with the performance of government is less stable and less consistently measured. Indikator reported that 79.9 per cent of respondents were satisfied with the president's performance in January 2026 (Suwanti, 2026). Saiful Mujani Research and Consulting recorded 51.1 per cent in July 2026, down from 81.2 per cent in November 2025, and linked the fall to worsening assessments of the economy, politics and law enforcement (JawaPos, 2026). Poltracking reported 55.1 per cent in August (Kompas.com, 2026) and Parameter Politik Indonesia reported 65.2 per cent in October (Sindonews, 2026). Differences in timing, sampling and question wording can account for part of this spread. It also shows that there is no common benchmark against which the public mood on safety and services can be tracked.

9.3 Policing and the use of force

The most serious public safety episode of recent years was the unrest of late August 2025. It began with protests over lawmakers' allowances and living costs and escalated nationwide after 21-year-old delivery rider Affan Kurniawan was killed on 28 August when a police armoured vehicle ran over him outside the House of Representatives (Al Jazeera, 2025). Several people died in the following days, including three in the burning of a regional parliament building (NPR, 2025). Amnesty International Indonesia said that no

one should lose their life for exercising the right to protest, and pointed to reports of firearms use, arbitrary detention and extrajudicial killing in other parts of the country (Al Jazeera, 2025).

The political response was to create a Police Reform Acceleration Commission on 7 November 2025. It delivered a report in ten volumes to the president on 5 May 2026. The president agreed to six main recommendations, including stronger independence for the National Police Commission (Kompolnas), binding recommendations, limits on the civilian posts that active officers may hold, and a push to demilitarise police work culture (Indra, 2026; Antara, 2026b). The commission also confirmed that the police would remain directly under the president and not be placed under a ministry (Antara, 2026b).

The legislative outcome was less clear. The House passed revisions to the National Police Law in a single plenary session on 9 June 2026, and the president signed them as Law No. 5 of 2026 on 17 June. A civil society coalition that includes KontraS, the Legal Aid Foundation, the Institute for Criminal Justice Reform and Indonesia Corruption Watch rejected the speed of the process. It argued that the law leaves accountability to internal mechanisms, permits active officers to hold posts in ministries and agencies without resigning, and raises retirement ages with extensions by presidential decree (Human Rights Monitor, 2026d). The government denied that the retirement provisions were meant to extend any individual's tenure and described them as parity with the military (Human Rights Monitor, 2026d). On 1 October 2026 the president installed General Suyudi Ario Seto as National Police Chief (Cabinet Secretariat, 2026b). Whether the new leadership will implement the commission's recommendations, or the revised law will prevail where they conflict, is the central question for police accountability.

9.4 Societal threats and risks

Table 5 summarises seven areas in which the safety of citizens is at stake and the state of the evidence for each. The list is not exhaustive, but it covers the main ways in which ordinary people experience insecurity, from the use of force by the state to fraud, unsafe public programmes, land conflict and disaster.

Table 5. Selected societal threats and the state of monitoring

Threat	Latest reported evidence	Monitoring gap
Policing and public order	Unrest of August 2025 after a rider was killed by a police vehicle. Several deaths, including three in a regional parliament fire (Al Jazeera, 2025; NPR, 2025). Revised Police Law of June 2026 (Human Rights Monitor, 2026d).	Accountability for force remains largely internal.
Land and agrarian conflict	341 conflicts in 2025 covering about 914,500 hectares and 123,612 families. 404 people criminalised and 19 shot (Konsorsium Pembaruan Agraria, 2026).	Counts come mainly from a civil society monitor.
Cyber-enabled fraud	432,637 reports and IDR 9.1 trillion in reported losses from November 2024 to January 2026 (Kontan, 2026a). 604,923 accounts blocked and IDR 723.7 billion secured by August 2026 (CNN Indonesia, 2026).	Funds secured are less than a tenth of reported losses.
Food safety in public programmes	211 incidents linked to the free meals programme, 48 per cent of food poisoning cases to November 2025 (Bisnis.com, 2025a). A civil society network counted 40,759 victims since 2025 (NU Online, 2026), while the Presidential Staff Office cited more than 5,000 for 2025 (Tirto, 2025).	Counts differ widely across institutions.
Natural disasters	Sumatra floods of November 2025 killed about 1,200 people and left 143 missing by January 2026 (ReliefWeb, 2026).	National disaster status was not used. Coordination was criticised.

Threat	Latest reported evidence	Monitoring gap
Armed conflict and displacement in Papua	About 122,000 people displaced by armed conflict acknowledged by the central government by August 2026 (Human Rights Monitor, 2026b). A regional council committee reported 124,000 displaced and 59 killed in 2026 (Human Rights Monitor, 2026a).	Figures vary across government, regional bodies and civil society.
Terrorism and online radicalisation	No attacks in 2023 to 2025 (Antara, 2025a). 620 children exposed to violent narratives online between January and August 2026 (The Straits Times, 2026a).	Arrest counts are the main published metric.

Source. Compiled by the authors from the sources cited in each row.

9.5 Disasters and national resilience

The Sumatra floods and landslides that began on 25 November 2025 after Cyclone Senyar were the deadliest natural disaster of the year. By 23 January 2026 the national disaster agency had recorded 1,200 deaths and 143 people missing in Aceh, North Sumatra and West Sumatra (ReliefWeb, 2026). More than 170,000 houses and about 1,200 items of public infrastructure were damaged (The Straits Times, 2026b). The agency's public online dashboard for the disaster is an example of the kind of open monitoring that the rest of the sector could emulate (ReliefWeb, 2025).

The government's handling was contested. The president said that he saw no need for a national disaster status because the situation was under control in three of 38 provinces (Antara, 2026a), while 113 organisations demanded the status be declared (KBR, 2025) and an analysis in The Jakarta Post argued that the administration had hesitated to acknowledge the severity of the disaster (The Jakarta Post, 2025a). Nearly five weeks after the floods, anger over the pace of relief produced street protests in Aceh and the display of separatist flags in parts of the province (The Straits Times, 2026b). Whatever the legal merits of the status question, the episode showed how the perceived quality of disaster response can affect national cohesion. It also showed that the military and other agencies were mobilised through ad hoc arrangements, and that clear criteria for escalation are lacking.

9.6 Papua as a human security concern

Armed conflict in Papua is the most persistent source of organised violence in Indonesia and the most severe humanitarian concern. The central government has acknowledged about 122,000 people displaced by armed conflict, and a Papua regional council committee has reported 124,000 displaced and 59 killed in 2026 (Human Rights Monitor, 2026b; Human Rights Monitor, 2026a). The figures differ because they come from different institutions, and neither is a substitute for an independent, published count. The victims are mostly indigenous civilians who lose access to homes, schools and clinics. The security approach and the humanitarian approach are often treated as separate, but displacement of this scale is a public safety problem that needs a civilian-led, evidence-based response alongside any security operation. Section 10 returns to Papua in the regional context, and Section 11 proposes specific measures.

9.7 Monitoring gaps and the case for a public safety index

Three weaknesses in monitoring cut across the cases above. The first is inconsistency. The number of people made ill by the free meals programme, for instance, was given as more than 5,000 for 2025 by one official source (Tirto, 2025) and as 40,759 since 2025 by a civil society network (NU Online, 2026), which suggests that definitions and reporting channels are not aligned. The second is fragmentation. Data on disasters, policing, fraud, land conflict and health sit with different bodies, and there is no public view that

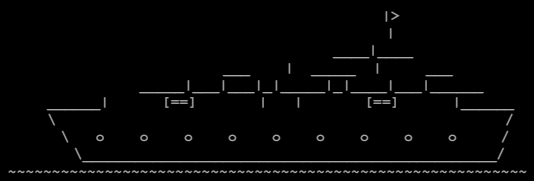
combines them by region. The third is the absence of a public voice in the system. Satisfaction and trust are measured by private pollsters, whose results diverge, rather than by a standard instrument tied to specific services. A composite public safety and trust index, with open methods, regular publication and regional breakdowns, would give the government, Parliament and the public a shared evidence base. A design is proposed in Section 11.

9.8 Assessment

> Indonesians trust their armed forces and their president more than the institutions meant to represent and restrain them. Public satisfaction is volatile, public order was gravely strained in 2025, and the response to large-scale disaster has divided opinion. The threats that most affect daily life are not conventional military ones. They are the use of force against citizens, fraud, unsafe public services, land conflict, displacement and flood. A national security policy that does not measure and respond to these will lose legitimacy even if its defence capability is strong. Strengthening monitoring is the first step, and it is inexpensive compared with the cost of failures that follow from not knowing.

SECTION 10

10. Regional Security and Geopolitics



10.1 Strategic setting and analytical lens

Indonesia sits astride the sea lanes that link the Indian and Pacific Oceans and is the largest state in Southeast Asia. Its foreign policy tradition, usually summarised as free and active, aims to preserve freedom of action in a region where the United States and China compete for influence. Structural realism predicts that such a state will balance and hedge, and the record since 2024 fits that expectation. Indonesia has joined BRICS (Government of Brazil, 2025), signed a consultation treaty with Australia, agreed a defence partnership with the United States, bought aircraft and missiles from France, Turkey and India, and been reported to consider Chinese fighters (Sections 3 and 10.3).

Two other bodies of thought help to interpret the pattern. The English School emphasises that Indonesia seeks order through institutions and norms as well as through power, notably ASEAN and the law of the sea, and that it treats ASEAN centrality as a national interest (Bull, 1977). Jervis (1976, 1978) warns that states often misread each other's signals and that defensive measures can look threatening to others. This matters because Indonesia now sends many signals at once. An agreement with Australia that Jakarta describes as consultation and not alliance, a defence partnership with Washington, and a joint statement with Beijing that uses ambiguous language about maritime claims can each be read differently by different audiences. Clarity and transparency in how Indonesia explains these steps are therefore a security asset.

10.2 The South China Sea and the Natuna waters

The North Natuna Sea is the point at which Indonesia's sovereign rights meet the largest of China's maritime claims. In October 2024 a Chinese coast guard vessel entered the area, was driven away by the Maritime Security Agency (Bakamla) and returned days later (Antara, 2024a). Bakamla later reported that Chinese coast guard vessels were no longer present in the area (The Jakarta Post, 2024). In November 2024, during President Prabowo's first visit to Beijing, a joint statement referred to joint development in areas of overlapping claims. The Indonesian foreign ministry said that this did not imply recognition of Chinese claims, and analysts noted that the wording created legal and political ambiguity that China could exploit (Syailendra, 2024).

The sources reviewed for 2026 do not document a repeat of the 2024 coast guard incidents, but the underlying problem remains. Indonesia has stated that it recognises no Chinese claim in these waters, the joint statement has not been clarified by a published interpretive declaration, and the two governments

continue to describe the arrangement in different terms. Indonesia's response has relied on a small coast guard with limited patrol capacity, and Section 3 shows that new naval acquisitions are only slowly entering service. In Jervis's terms, the risk is not that either side intends confrontation. It is that each side interprets the other's legal language and patrols as evidence of fixed intentions.

10.3 Major-power and partner relations

The relationship with the United States has been formalised and deepened. On 13 April 2026 Defence Minister Sjafrie and Secretary of War Pete Hegseth announced a Major Defense Cooperation Partnership built on three pillars, namely military modernisation and capacity building, training and professional military education, and exercises and operational cooperation. It includes co-development of maritime, subsurface and autonomous technologies (U.S. Department of War, 2026). This builds on long-standing exercises and arms ties, and it sits beside the purchase of non-American platforms. The tone of the partnership is pragmatic, but it also creates expectations about access and interoperability that Indonesia will need to manage openly if it is to avoid the perception of alignment.

The treaty with Australia is a different kind of instrument. The Treaty on Common Security, signed in Jakarta on 6 February 2026, commits the two countries to consult each other in the case of adverse challenges to either party or to their common security interests and to consider measures that might be taken (Department of Foreign Affairs and Trade, 2026). It was modelled on a 1995 agreement (Reuters, 2026a), and the Indonesian foreign minister stressed that it creates a consultation mechanism and not a military alliance or a new security initiative (Cabinet Secretariat, 2026a). The distinction is important for domestic and regional audiences because Indonesia's constitutional tradition is wary of military pacts.

Relations with China combine deep economic ties with the maritime frictions described above and with reported defence purchases. India has become a significant missile supplier through the BrahMos contract of July 2026 (Naval News, 2026), and Turkey and France are major aircraft and naval suppliers (Section 3). The overall picture is one of deliberate diversification. Its strength is that no single partner can dictate terms. Its weakness is that the number of relationships raises the burden of coordination and increases the chance that signals to one partner will be read as concessions by another. Pandie (2025) makes the point that choosing a weapons supplier is a political signal as well as a technical decision, and that buying from rival powers can send contradictory messages. A coherent equipment lane, as proposed in Section 3.4, would make Indonesia's intentions easier for partners to read.

10.4 ASEAN and the maritime code of conduct

ASEAN remains the main multilateral forum in which Indonesia pursues regional order. The Philippines chairs the association in 2026 and has set the end of the year as the target for concluding a code of conduct with China on the South China Sea (Philippine Information Agency, 2026). Analysts are doubtful. They argue that the consensus required inside ASEAN and the differences between claimant and non-claimant members limit what any chair can achieve (Asia Times, 2026), and they describe ASEAN's approach as incremental diplomacy that manages tension without resolving it (East Asia Forum, 2026a). For Indonesia, which is not a claimant to the disputed features, a binding and credible code would reduce the risk of misperception at sea. Without one, bilateral arrangements and national capability carry more of the burden.

10.5 The Middle East war and its spillovers

The war that began on 28 February 2026 when the United States and Israel attacked Iran has affected Indonesia more through economics and domestic politics than through direct security threats. Energy prices rose above the level assumed in the budget and the government had to choose between cutting subsidies, trimming programmes and widening the deficit (Soeriaatmadja, 2026; Jaffrey, 2026; East Asia Forum, 2026b). The war is extremely unpopular in Indonesia, and the economy has been hit by higher prices (Associated Press, 2026).

The conflict also disrupted Indonesia's commitments in Gaza. At the first meeting of the Board of Peace in February 2026 Indonesia pledged up to 8,000 troops for the International Stabilization Force (Indonesia Business Post, 2026). On 4 March the foreign minister said that Board of Peace discussions were on hold because of the war (Widianto, 2026), and on 17 March the ministry confirmed that the deployment was postponed (RRI, 2026a). The Indonesian Ulema Council had called for withdrawal from the Board, and on 6 March the president said that Indonesia would leave if the Board did not benefit Palestinians (Widianto, 2026; Reuters, 2026c). By late May the defence minister attributed the suspension to what seemed a lack of commitment from a distracted Washington and said that Indonesia had not received implementation guidelines (Associated Press, 2026). The episode shows that overseas deployments are shaped by domestic opinion and by the credibility of the sponsoring framework, and that the military's readiness for such missions can be held in reserve for long periods without a clear return on that preparation.

10.6 Papua and regional attention

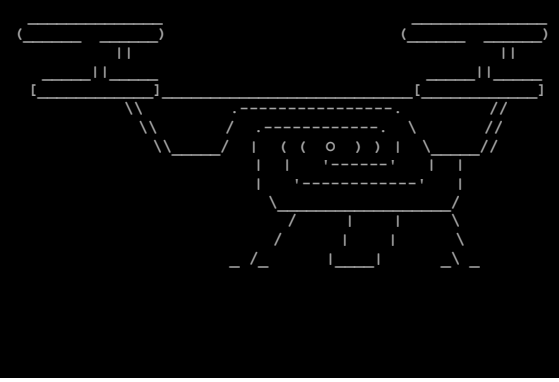
Papua is an internal security issue, yet its humanitarian dimension is visible to the outside world. The displacement and casualty figures in Section 9 mean that the region will continue to receive attention from international human rights bodies and civil society. A security-led approach that adds to displacement raises the political cost of Indonesia's position on self-determination and territorial integrity. A civilian-led approach that protects civilians and opens humanitarian access would be consistent with both national interest and international standing.

10.7 Assessment

> Indonesia's regional posture combines hedging, institution-building and selective engagement. It is more active than at any time in the past decade, and its treaties, partnerships and procurement choices reflect a clear aim of strategic autonomy. The main risks lie in ambiguity and capacity. Ambiguity arises when legal language, such as that in the 2024 joint statement, can be read in more than one way. Capacity limits arise when maritime law enforcement, naval patrol and surveillance cannot match the scale of the area to be protected. A prudent course would clarify Indonesia's position on the Natuna waters, publish short public summaries of its defence partnerships, strengthen coast guard and maritime domain awareness capacity, and use ASEAN to keep the code of conduct process alive. Section 11 develops these measures.

SECTION 11

11. Policy Recommendations



11.1 Principles and framework

The problems identified in Sections 1 to 10 are connected. Expanding force structure without a threat assessment drives costs that the budget does not disclose. Financing by foreign debt and in-year additions weakens parliamentary control. Weak transparency and a thin industrial base mean that purchases generate less local capability than they should. Gaps in cyber, intelligence and public safety monitoring leave citizens exposed to harms that no aircraft can address. The proposals below are therefore designed as a package. They serve three objectives, namely national security in the sense of credible and accountable defence, national resilience in the sense of the ability of institutions and society to absorb shocks, and defence self-reliance in the sense of a domestic industrial and technological base that can sustain the force.

Seven principles guide the selection of measures. Force structure should follow assessed threats and not the availability of posts. Civilian primacy and legal accountability should be strengthened wherever the remit of the armed forces and police expands. Legitimate secrecy should be protected for operations and technology, while money, contracts and personnel decisions should be open to scrutiny. Equipment should be bought as coherent ecosystems and not as isolated platforms. Industrial policy should reward depth and not assembly alone, and should keep capacity alive between programmes. Public safety should be measured and published so that policy can respond to evidence. Foreign policy should keep its strategic flexibility, with clear caveats that no partnership implies automatic military obligations and that binding commitments are notified to Parliament. Table 7 at the end of this section assigns each group of proposals to a time horizon of up to 12 months, one to three years, or three to five years.

11.2 Strategic coordination

Proposal 1. Enact a statutory National Security Council. Indonesia has a National Defence Council created by presidential regulation (Republic of Indonesia, 2024), but it has no body that integrates defence, internal security, intelligence, cyber, economic security and disaster management. A statute should create a civilian-led council chaired by the president, with a professional civilian secretariat, a duty to produce a National Security Strategy at the start of each presidential term and an unclassified annual threat assessment. The law should absorb the defence functions of the existing council as a committee, prohibit the use of the council for domestic political surveillance and require reporting to a parliamentary

committee. A statutory basis, rather than a regulation that can be revised at will, is the best protection against concentration of authority.

Proposal 2. Publish a new Defence White Paper and a rolling Defence Investment Plan. The existing guidance on non-military defence dates from 2016 and has been described as outdated (Priyandita & Lebang, 2025). A new White Paper should set out the threat assessment, the roles of the services, the place of territorial units and the principles of foreign partnerships. A five-year Defence Investment Plan, updated annually, should link capability priorities to costs, financing sources and delivery schedules, with a classified annex for sensitive detail. This would turn the long-term posture programme into a document that Parliament and the public can examine.

11.3 Armed forces, civil-military relations and accountability

Proposal 3. Review territorial expansion before extending it. The expansion to 27 regional commands and the plan for 750 territorial battalions (Section 2) should be subjected to an independent, threat-based force structure review that publishes the unit and recurring costs and sets sunset clauses for tasks that overlap with civilian agencies. The aim is not to halt useful community and disaster support but to size it to need and to fund it transparently, so that it does not crowd out joint, maritime and technical capabilities.

Proposal 4. Regulate civilian posts and military tasks beyond war. A presidential regulation should list the posts open to active officers, state the legal rule that officers in civilian posts are subject to civilian direction, and require a review every three years. A law on military assistance tasks, long promised, should require parliamentary notification, time limits and cost reporting. The same discipline should apply to the police under Law No. 5 of 2026, where Article 28A permits active officers in civilian posts (Human Rights Monitor, 2026d). The total prohibition of military participation in politics, already part of the post-1998 settlement, should be reinforced by explicit sanctions and a published code of conduct that includes anti-corruption provisions, which the 2020 assessment found to be missing (Transparency International Defence & Security, 2021a).

Proposal 5. Reform personnel management. The surplus of senior officers and the shortfall at captain rank (Section 2) call for a package of voluntary early retirement incentives, merit-based promotion, lateral entry for technical specialists and a cap on senior ranks tied to the approved force structure. An independent personnel audit should precede any further creation of commands. Professional education should draw selectively on international experience in staff training, joint command and civilian oversight, with an emphasis on joint operations in an archipelagic setting.

Proposal 6. Complete military justice reform by October 2028. The Constitutional Court has set a two-year deadline (Uli, 2026a). The revision should adopt offence-based jurisdiction so that soldiers accused of general crimes are tried in civilian courts, require open proceedings in the military courts that remain, and establish a protocol for independent, civilian-led investigation of serious allegations against soldiers, with a role for the human rights commission and the prosecution service. The Yunus case (Section 2) should be reviewed under this protocol, including the planning of the attack and the responsibility of superiors.

11.4 Procurement and fiscal discipline

Proposal 7. Reconcile the defence budget and disclose contracts. The gap between original ceilings and realised spending (Figure 1) should be closed by presenting all defence-function spending, including loan-financed procurement, in one budget document and by requiring parliamentary approval for in-year

additions above a stated threshold. The Audit Board should publish an annual reconciliation. For every major contract, the government should disclose the value, quantity, delivery schedule, financing terms and offset obligations within 90 days of signature, with a classified annex for technical details that the House defence commission can examine in closed session. This follows the principle that the secrecy of operations does not require secrecy of cost.

Proposal 8. Strengthen integrity controls. The measures should include supplier integrity pacts, independent price benchmarking for major purchases, disclosure of the beneficial ownership of local partners and agents, a whistleblower channel and an anti-corruption code of conduct, which addresses the weaknesses in contracting controls and disclosure recorded by the 2020 assessment (Transparency International Defence & Security, 2021a). It should also address the concern that an additional layer has entered procurement execution without legal status (Ali, 2026b).

Proposal 9. Manage debt and lifecycle cost. The Ministry of Finance and the Ministry of Defence should publish a defence debt service path, set an annual cap on loan drawdowns linked to the fiscal rule and stress test exchange rate scenarios. Each programme should carry a funded sustainment line for spares, training and maintenance, and a published integration plan should show how new platforms from different suppliers will operate together. Staging of the largest programmes, in line with delivery capacity and with the capacity of shipyards and training pipelines, would reduce execution risk.

Proposal 10. Pick a lane and publish an integration architecture. The Ministry of Defence and the National Defence Council should choose a primary equipment ecosystem for each domain and publish it in the Defence White Paper. The ecosystem should be defined by common data link standards, weapons interfaces, command and control architecture and support arrangements. New purchases should be tested against it, and a purchase outside the lane should be accepted only if it serves a role that does not need networking with the main force or comes with a funded integration plan. If the choice is to align with NATO-standard equipment, Indonesia should buy compatible Western systems and train and exercise with the partners that use them. If a Russian or Chinese lane were chosen for political reasons, the same discipline would apply. A single lane does not mean a single country. It means a common standard, supported by contract guarantees on spares and software, local maintenance capacity and a sovereign integration layer that controls how data is shared among platforms (Section 3.4). The September 2026 forum on interoperability, network-centric warfare and C6ISR (Sasmita, 2026) is the right starting point, and its outputs should be turned into binding standards.

11.5 Defence industry and technology

Proposal 11. Adopt an anchor-programme strategy with enforceable offsets. Industrial depth is more likely if the state concentrates multi-year orders on a few areas where Indonesia can build capability, such as submarines and frigates at PT PAL, radar and electronics at PT Len, ammunition and armoured vehicles at PT Pindad, and aircraft maintenance and light aircraft at PT Dirgantara Indonesia. Triantama (2026) argues that demand certainty and transparent multi-year contracts are preconditions. Offset rules under the Defence Industry Law should shift from assembly to design, component and software know-how, with technical data rights, local laboratories and supplier development as milestones, and with independent evaluation published annually, since the earlier offset system produced skills but little supply chain depth (Savitri, 2016).

Proposal 12. Build a dual-use industrial base. The Ministry of Defence, the Ministry of Industry and Danantara should jointly identify the components, materials and skills that serve both civil and defence markets and should give preference in procurement and offsets to firms that sell to both. Offsets should

require foreign suppliers to place dual-use component work in Indonesia, as Airbus has done with PT Dirgantara Indonesia in aerostructures (Airbus, n.d.). Minimum maintenance and overhaul volumes should keep production lines active, and civilian manufacturers in sectors such as automotive, shipbuilding and electronics should be pre-qualified for surge production under standby agreements. A published summary of a periodic surge capacity audit would show where capacity gaps lie. The aim is an industry that is viable in peace because it sells to civilian customers and that can be expanded in war because its lines, skills and suppliers already exist (Section 4.5).

Proposal 13. Use licensed production as a managed stepping stone. Where indigenous development is too expensive, as for combat aircraft, submarines, advanced radars and missiles, Indonesia should acquire licences to produce proven designs within its chosen equipment ecosystem and accept a limited, explicit premium over direct purchase as the price of learning. Each licence should be tied to a firm multi-year order, a complete technical data package, local content and capability milestones and a parallel research programme that absorbs the technology. The premium should be capped, reviewed every year and reported to Parliament. The plan for each licence should define the next rung on the ladder, from licensed assembly to licensed manufacture, co-production, co-development and finally own design, with exit criteria so that licensing does not become a permanent substitute for design capability (Section 4.6).

Proposal 14. Fund research and open the market to new entrants. A fixed share of the value of each major foreign contract, for example one to two per cent, could be directed to a defence research and supplier development fund. The Defence Technology Agency should run open challenge programmes that buy first-of-type prototypes from start-ups and university laboratories, with fast procurement windows for drones, counter-drone systems and energy storage and shared test ranges. Intellectual property terms should be standard, leaving commercial rights with the firm and use rights with the state. These steps would address the barriers described in Section 5 and build on the early work of the agency (Ministry of Defence, 2026b).

Proposal 15. Stabilise state-owned defence enterprises and link them to regional economies. Defend ID needs a restructured balance sheet with performance covenants and consistent public reporting (Section 4). A supplier development programme should help small and medium enterprises and cooperatives in regional clusters, such as the shipbuilding cluster in Surabaya and the aerospace cluster in Bandung, to supply components, maintenance and services. This would raise the thin inter-tier trade that Triantama (2026) identifies and would spread the benefit of defence spending to local economies. Environmental standards for industrial sites and ranges, and a priority for energy self-reliance in defence such as the ammonia fuel cell project, would align defence industrialisation with national energy transition goals.

11.6 Cyber, AI and intelligence

Proposal 16. Pass a cybersecurity law with clear division of labour. The Cybersecurity and Resilience Bill should make BSSN the lead civilian authority with binding powers, namely mandatory incident reporting, minimum security standards for critical sectors and audit authority, which would correct the enforcement gap described in Section 7. The role of the military should be limited to the defence of military networks and support to civil authorities under defined emergency conditions, with a published military cyber strategy. An independent body should oversee the use of intrusive powers. The draft should be published for consultation, and the working committee should hear industry, academia and civil society, in line with the concerns raised by the Indonesia Cyber Security Forum (Bisnis.com, 2026b).

Proposal 17. Set minimum resilience standards for government systems. After the 2024 national data centre crisis, every government system should meet a short list of enforceable standards, which include tested offline backups, network segmentation, multi-site redundancy for national data services, recovery objectives measured in hours, annual red-team exercises and a public register of significant incidents. These cost far less than new platforms and would directly reduce the chance that a single attack disables public services (Section 7).

Proposal 18. Adopt AI governance and a defence AI policy. The two AI presidential regulations that have awaited signature since December 2025 should be signed (Untari, 2025b; Wandira, 2026). The Ministry of Defence should publish short principles for military AI that require meaningful human control over the use of force, testing and evaluation before deployment, accountability for decisions and data governance. Rules on the acquisition of surveillance and spyware tools should require judicial authorisation, reporting to an oversight body and human rights due diligence on vendors (Amnesty International, 2024).

Proposal 19. Revise the intelligence law and create independent oversight. The 2011 law should be amended to define threats narrowly, to require judicial authorisation for interception and other intrusive measures, to ban the surveillance of lawful political activity and to separate intelligence from law enforcement. It should create an independent inspector general with access to files and the power to investigate complaints, a parliamentary oversight committee with security clearance and staff, and an annual unclassified oversight report. These features reflect widely accepted standards on the oversight of intelligence agencies (Born & Leigh, 2005) and respond to the concerns raised in 2011 (Human Rights Watch, 2011) and to the oversight gaps scored in the 2020 assessment (Transparency International Defence & Security, 2021a).

11.7 Public safety and resilience

Proposal 20. Create an Indonesian Public Safety and Trust Index. Section 9 showed that data on safety and satisfaction are fragmented and inconsistent. A composite index, published quarterly with regional breakdowns, would give the government, Parliament and the public a common evidence base. Table 6 sets out a design with six domains. The index should be managed by the statistics agency with an independent technical council that includes academics and civil society, use transparent methods, publish its component indicators separately and include a standard citizen survey on satisfaction with specific services. It should draw on existing sources and not create new reporting burdens, and the disaster agency's public dashboard for the 2025 floods is a model for open data (ReliefWeb, 2025).

Table 6. Proposed design for an Indonesian Public Safety and Trust Index

Domain	Example indicators	Likely data sources	Frequency
Personal safety and policing	Crime victimisation. Use-of-force incidents and complaints. Trust in police.	Statistics agency survey. Police and Kompolnas records. Human rights commission.	Quarterly
Quality of public services	Satisfaction with health, education and social programmes. Food safety incidents. Complaint resolution time.	Standard citizen survey. Food and drug agency, health ministry, ombudsman.	Semi-annual
Disaster resilience	Early warning coverage. Time to first relief. Recovery progress. Displaced population.	Disaster agency, regional governments, humanitarian reports.	Event-based and quarterly

Domain	Example indicators	Likely data sources	Frequency
Social cohesion and conflict	Land conflicts. Communal incidents. Armed conflict displacement and civilian harm.	Land agency, civil society monitors, human rights commission.	Quarterly
Digital safety	Fraud losses and recoveries. Significant incidents in government systems. Data breaches.	Financial services authority, BSSN, digital ministry.	Quarterly
Institutional trust and rights	Trust in key institutions. Perception of civic space. Access to justice.	Independent national survey, courts, civil society.	Semi-annual

Source. Proposal by the authors based on the evidence in Section 9. Indicators and sources are illustrative and would be refined by the technical council.

Proposal 21. Implement police reform and public order standards. The recommendations accepted by the president in May 2026, notably binding powers for Kompolnas, limits on external posts and demilitarisation of police culture (Indra, 2026), should be implemented through the revised law or by amendment where the two conflict. The police should publish use-of-force incident data, adopt crowd management standards consistent with international norms on proportionate force and create an external complaints channel with the power to refer cases to prosecutors.

Proposal 22. Reform disaster governance. The government should publish the criteria under which a national disaster status is declared and an escalation protocol that links the national disaster agency, regional governments and the armed forces. Regional logistics hubs, nationwide early warning and a standard public dashboard should be funded as part of resilience spending. Reviews of land use and forest governance in disaster-prone watersheds should be part of risk reduction, consistent with environmental protection goals, and the Sumatra floods should be the subject of an independent after-action review whose findings are published.

Proposal 23. Protect civilians in Papua through a civilian-led humanitarian approach. The government, the human rights commission and humanitarian organisations should establish a joint monitoring mechanism that publishes agreed displacement and casualty data. Humanitarian access should be guaranteed, civilian protection obligations under international humanitarian law should be reflected in rules of engagement, and any security operation should be accompanied by health, education and food support. Any durable approach must rest on respect for human rights and the participation of Papuan communities in decisions that affect them.

11.8 Regional strategy

Proposal 24. Clarify the Natuna position and build maritime capacity. The foreign ministry should issue a public interpretive declaration of the 2024 joint statement with China that states unambiguously that Indonesia recognises no Chinese claim in its exclusive economic zone. The Maritime Security Agency should receive resources and a clear legal mandate to patrol and to coordinate with the Navy, and maritime domain awareness through satellite, radar and information sharing should be expanded. Indonesia should continue to press for a credible code of conduct through ASEAN while recognising that conclusion in 2026 is uncertain.

Proposal 25. Make partnerships transparent and set rules for deployments. The government should publish short summaries of its defence partnerships, notify Parliament of any binding security commitment and adopt criteria for overseas deployments that include a United Nations mandate, parliamentary consent and assured funding. The suspension of the Gaza deployment (Section 10) shows why such rules

are useful. Strategic flexibility, including the ability to shift between closer and more distant alignments as conditions change, should be preserved within these caveats.

Proposal 26. Treat energy security as national security. The 2026 shock exposed Indonesia's fiscal and economic vulnerability to fuel price spikes (Jaffrey, 2026). Strategic fuel reserves, faster deployment of domestic renewable energy and diversification of suppliers should be part of national security planning and of the National Security Strategy proposed above.

11.9 Sequencing, expected outcomes and objections

Table 7 groups the main proposals by problem, lead institution, time horizon and success indicator. The first twelve months should focus on measures that require little legislation and have high returns, namely the budget reconciliation, contract disclosure, the force structure review, minimum cyber standards, the signing of the AI regulations, disaster criteria and the public safety index. The second phase of one to three years addresses legislation, namely the national security council law, the cyber law, the intelligence law, military justice and police oversight, together with the choice of a primary equipment ecosystem and its integration architecture. The third phase builds industrial depth, dual-use capacity, licensed production and the research base, which take longer.

Table 7. Summary of proposals by problem, lead institution, horizon and success indicator

Problem	Proposed reform	Lead institutions	Horizon	Success indicator
No integrated national security coordination	Statutory National Security Council. National Security Strategy. New White Paper and Investment Plan.	President, coordinating ministry, House	Up to 24 months	Law enacted. Strategy published.
Territorial growth outpaces threat planning	Independent force structure review. Publish costs. Sunset clauses.	Ministry of Defence, TNI, House	Up to 12 months	Review published. Costs disclosed.
Military justice and civil-military accountability	Amend Law 31/1997. Independent investigation protocol. Regulate civilian posts.	House, government, human rights commission	By October 2028	Civilian trials for general crimes.
Officer surplus	Early retirement, merit promotion, rank caps, personnel audit.	TNI, ministries of defence and finance	1 to 3 years	Surplus reduced. Captain gap closed.
Budget opacity and in-year additions	Single budget presentation. Annual reconciliation. Contract disclosure within 90 days.	Ministries of finance and defence, Audit Board	Up to 12 months	Realised spending near ceiling. Contracts disclosed.
Fragmented equipment ecosystems and siloed networks	Pick a lane for each domain. Publish an integration architecture. Standardise data links.	Defence ministry, National Defence Council, TNI headquarters	Up to 24 months	New platforms inside the chosen lane. Common data link standard adopted.
Debt and lifecycle cost	Drawdown cap. Stress tests. Funded sustainment. Integration plan.	Ministries of finance and defence	Up to 12 months	Published debt service path.
Low volume and high development cost	Dual-use sourcing and surge capacity audits. Licensed production with a capped learning premium.	Defence and industry ministries, Defend ID, Danantara	1 to 5 years	Dual-use share of industry revenue. Licence milestones met.

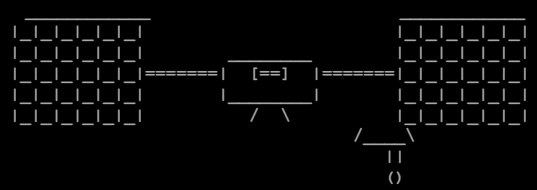
Problem	Proposed reform	Lead institutions	Horizon	Success indicator
Shallow industry and weak research	Anchor programmes. Enforceable offsets. Research fund. Start-up challenges.	Defence ministry, Defend ID, research agency	1 to 5 years	Local content at least 50 per cent by 2029.
Cyber and AI governance gaps	Cyber law with BSSN powers. Minimum standards. AI regulations. Defence AI principles.	House, BSSN, digital and defence ministries	Up to 18 months	Law passed. Recovery drills held.
Weak intelligence oversight	Revise Law 17/2011. Inspector general. Judicial authorisation.	House, BIN, law ministry	2 to 3 years	Oversight body operating.
Monitoring gap in public safety	Public Safety and Trust Index.	Statistics agency, disaster agency, police	Up to 18 months	First index published.
Use of force and disaster response	Implement police reform. Publish disaster criteria and escalation protocol.	Police, Kompolnas, disaster agency	1 to 2 years	Fewer force incidents. Criteria published.
Maritime ambiguity and partnership signalling	Natuna declaration. Coast guard capacity. Partnership summaries.	Foreign ministry, Bakamla, Navy	Up to 12 months	Declaration issued. Patrol hours rise.

Source. Proposals by the authors, drawing on Sections 1 to 10.

Four objections deserve a response. The first is that military involvement in food, infrastructure and disaster tasks is efficient because the armed forces have logistics and discipline. That may be so in particular tasks, which is why the proposals keep a role for the armed forces while demanding costing, sunset clauses and civilian direction. The second is that centralised presidential coordination speeds up decisions. A statutory council retains that advantage while adding accountability and continuity across administrations. The third is that transparency endangers security. The proposals protect operations, technology and sources and open only costs, contracts and outcomes, a distinction that is widely accepted in defence governance. The fourth is that fiscal pressure limits reform. Many of the measures, such as disclosure, standards and monitoring, cost little, and several, such as sustainment planning and debt management, prevent larger costs later.

SECTION 12

12. Conclusion



12.1 The state of the sector

Indonesia's defence and security sector in late 2026 is larger, better funded and more ambitious than at any time since the democratic transition. Realised spending on the defence function reached IDR 348.6 trillion in 2025, more than twice the original ceiling. The first Rafale fighters, the start of construction of the first Scorpene submarine at PT PAL and the launch of the first Merah Putih frigate show that modernisation is real. The country has a network of treaties and partnerships that gives it room to manoeuvre, a counterterrorism record that the police report as free of attacks in 2023, 2024 and 2025, an independent audit institution, and public trust in its armed forces that exceeds 90 per cent. These are significant strengths and they deserve to be recognised.

The report has also shown that the strengths rest on institutions that have not kept pace with the growth in money and mandate. The structure of the armed forces is expanding through new regional commands and territorial battalions that are justified by development tasks rather than by a published threat assessment, while the officer corps is shaped by a long-standing surplus of senior ranks. Defence spending is financed to a large degree by foreign loans and in-year additions that the annual budget does not show. Procurement lacks the disclosure and integrity controls that independent assessors have called for, and the defence industry remains dependent on a single customer, foreign designs and a thin supply chain. Research spending is small. Cyber governance depends on a lead agency without enforcement powers, as the 2024 data centre attack demonstrated. Intelligence oversight is weak. Accountability for the use of force remains largely inside the military and police, as the Yunus case and the revised Police Law show. Public safety is not measured in a coherent way, and the events of 2025 and 2026, from the August unrest to the Sumatra floods and the displacement in Papua, show what that costs.

12.2 Connecting the dots

The problems are not independent. A larger territorial structure raises recurring costs that must be financed domestically, while equipment is financed by foreign debt, so each new unit narrows the room for procurement discipline. Weak transparency makes it hard for Parliament to correct either trend, and low legislative defence expertise reduces the quality of oversight. The reliance on imports and the thin industrial base mean that spending abroad creates fewer jobs and skills at home than it could. Weak accountability, in turn, erodes the trust that the armed forces and police need in order to act in crises. Public safety failures, such as a poorly handled disaster or a fatal crowd control operation, damage

legitimacy in ways that no hardware can restore. In short, capability and legitimacy support each other, and neither can be built for long at the expense of the other.

This is why the proposals in Section 11 form a package. A statutory national security council and a published strategy would give direction to spending, and the choice of a primary equipment ecosystem would make the platforms bought under it work together. A reconciled budget, contract disclosure and integrity controls would make the spending accountable. Anchor programmes, dual-use production, licensed production with a capped learning premium, enforceable offsets and a research fund would give it industrial depth and keep capacity alive between programmes. Cyber, AI and intelligence reforms would protect the state and the citizen alike. A public safety index and reforms in policing, disaster governance and Papua would place the safety of people at the centre of the national security agenda. In the regional arena, clear positions on the Natuna waters and transparent partnerships would reduce the room for misperception that Jervis described.

12.3 Limitations and future research

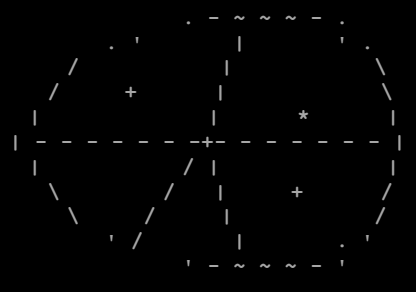
This report has limits. It is based on public sources up to 23 October 2026. Many contract values and quantities are reported by media or foreign officials and are not audited. The most comprehensive integrity assessment, the Government Defence Integrity Index 2020, is now several years old, and its scores should be updated. Cyber statistics are not reported on a consistent basis, and public opinion polls diverge. The report did not draw on interviews or classified material. Future research should include field studies of the territorial battalions and their costs, a new integrity assessment of the defence sector, an analysis of the implementation of the revised TNI Law and Police Law, a study of the offset record and supplier networks, and a pilot of the Public Safety and Trust Index in selected regions.

12.4 A final word

National security is ultimately about people. It concerns a delivery rider in Jakarta who did not come home, families in Aceh who waited for relief, children exposed to extremist recruitment online, farmers in land disputes, and displaced households in the highlands of Papua. Aircraft and submarines matter because they protect the country from external threats. But the state’s first obligation is to keep its citizens safe and to deserve their trust. Indonesia has the resources, the institutions and the public confidence to build a defence and security system that does both. The next twelve months, in which the military justice deadline, the cybersecurity bill, the 2027 budget and the implementation of police reform all fall due, will show whether it chooses to.

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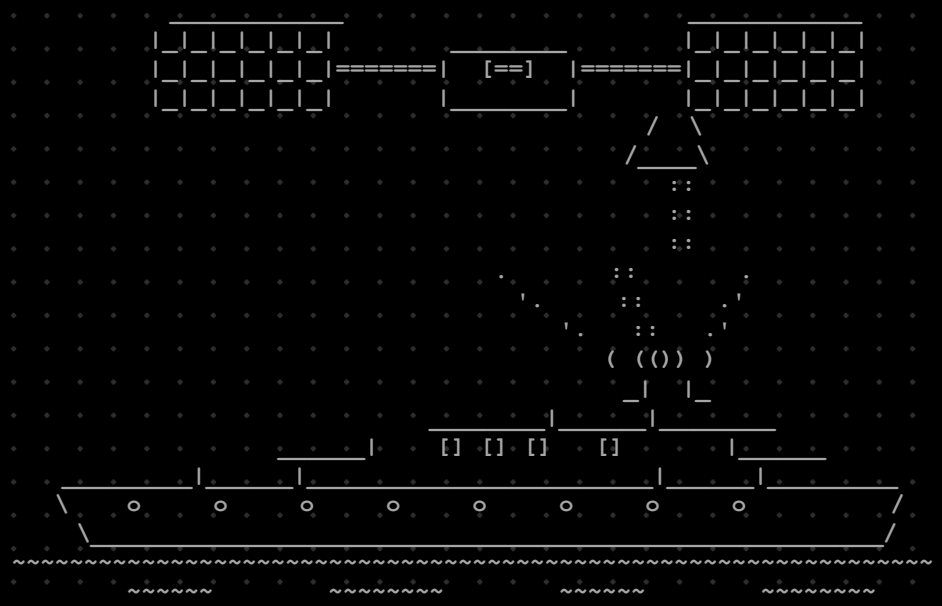
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Built Fast, Governed Slow

Capability and legitimacy support each other, and neither can be built for long at the expense of the other.

W. Hario Widodo

Diemas S. Hawkins