

HIGH LEVEL SEMINAR ON ANTI CORRUPTION COMMITMENT FOR BETTER INVESTMENT

Investing in Transparency and Integrity in the Public and Private Sector to Improve
Productivity

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FIGHTING CORRUPTION AS THE 'SPIRIT' OF REFORM

- 1998/99: President Habibie presided over freedom of the press
- Oct 1999: MPR passed a decree calling for state agencies to be “professional, efficient, productive, transparent and free from corruption, collusion, and nepotism”
- The Clean Government Law (Law 28/1999) requiring public officials to declare their assets and agree to periodic audits. It also established the Commission to Audit the wealth of State Officials (KPKPN)
- The Law on the Eradication of Criminal Acts of Corruption (Law 31/1999) which was amended in 2001 to broaden and clarify the definition of corruption and increase penalties
- Keppres 44/2000 by President Wahid establishing the National Ombudsman Commission
- Keppres 80/2003 establishing the National Procurement Office
- Law 15/2002 and Law 25/2003 on money laundering and mandating the establishment of the Center for Financial Transactions Reporting and Analysis (PPATK)
- Law 30/2002 establishing the KPK and Special Court for Corruption, amended in Law 19/2019

INDONESIA'S COMPLIANCE ON RECOMMENDATION OF UNCAC IMPLEMENTATION REVIEW 2010-2015

Indonesia has only completed 8 of the 32 UNCAC review's Recommendations

From the 2010-2015 review, Indonesia received 32 recommendations in 4 areas: criminalization, law enforcement, extradition, & mutual legal assistance.

Lack of political support

Draft UNCAC recommendation law:

- a. Revised Corruption Act Bill
- b. Draft of Asset Seizure Bill
- c. Revision of the Criminal Procedure Code
- d. Draft of Extradition Bill
- e. Draft of Revision of the MLA Act Bill

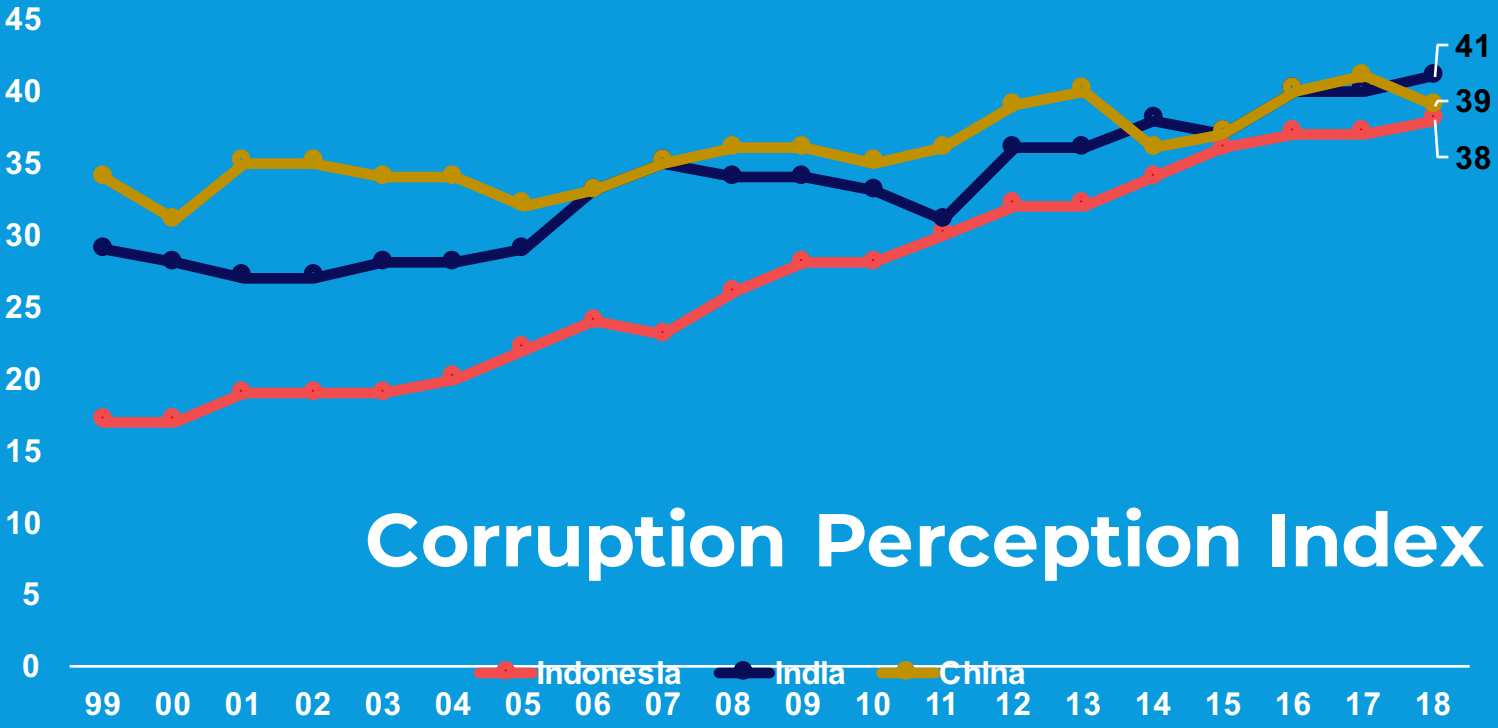
The government prefers to revise the KPK Law, although it is not the object of the recommendation

In the midst of the urgency to strengthen the articles on corruption eradication, the Government of Indonesia actually reduced the authority of the KPK with the revision of the KPK Law

JAKARTA PRINCIPLES 2012

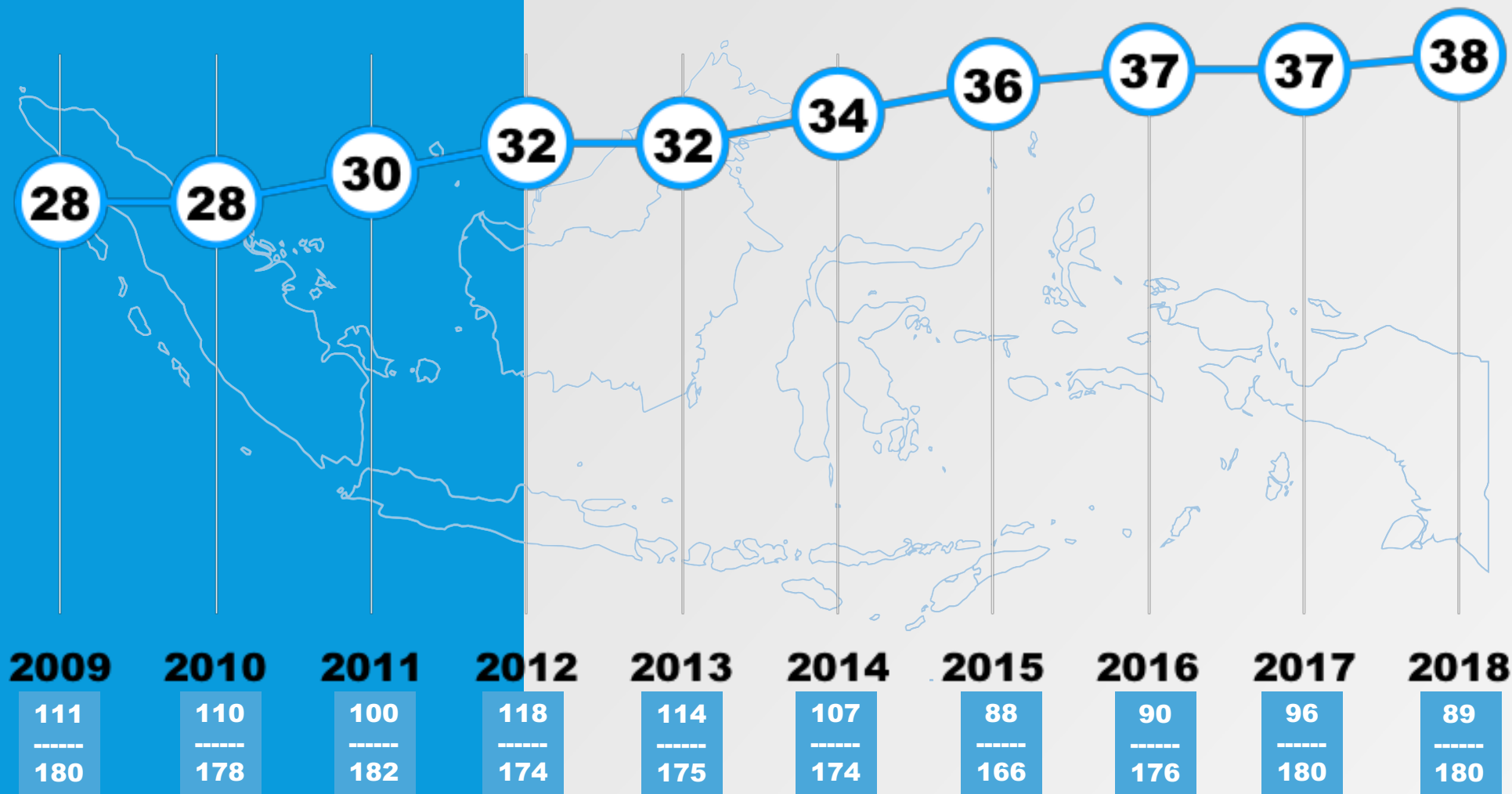
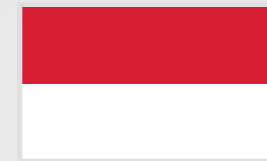
No.	PRINCIPLES	DEFINITION
1	Mandate	Combatting corruption through prevention, education, awareness-raising, investigation and prosecution, by relying on a single AOA or multiple coordinated ACAs
3	Permanence	ACAs are established by the Constitution or a special law to ensure their continuity and permanence
4	Appointment	ACAs heads are appointed through a transparent process that ensures their apolitical position, impartiality, neutrality, integrity, and competence
8	Immunity	ACA heads and personnel are immune and protected from civil and criminal proceedings for acts committed within the performance of their mandate
10	Authority over human resources	ACAs have the power to recruit and dismiss their own staff according to clear and transparent internal procedures
11	Adequate and reliable resources	ACAs have sufficient financial resources to perform their tasks, taking into account the country's budgetary resources, population size and land area. ACAs are entitled to timely, planned, reliable, and adequate procedures, for the gradual capacity development and improvement of their operations and the fulfilment of their mandate

TI Corruption Perception Index



Compared to India and China, Indonesia's score on TI's CPI has improved over the years, showing an upward trajectory

A Decade of the CPI

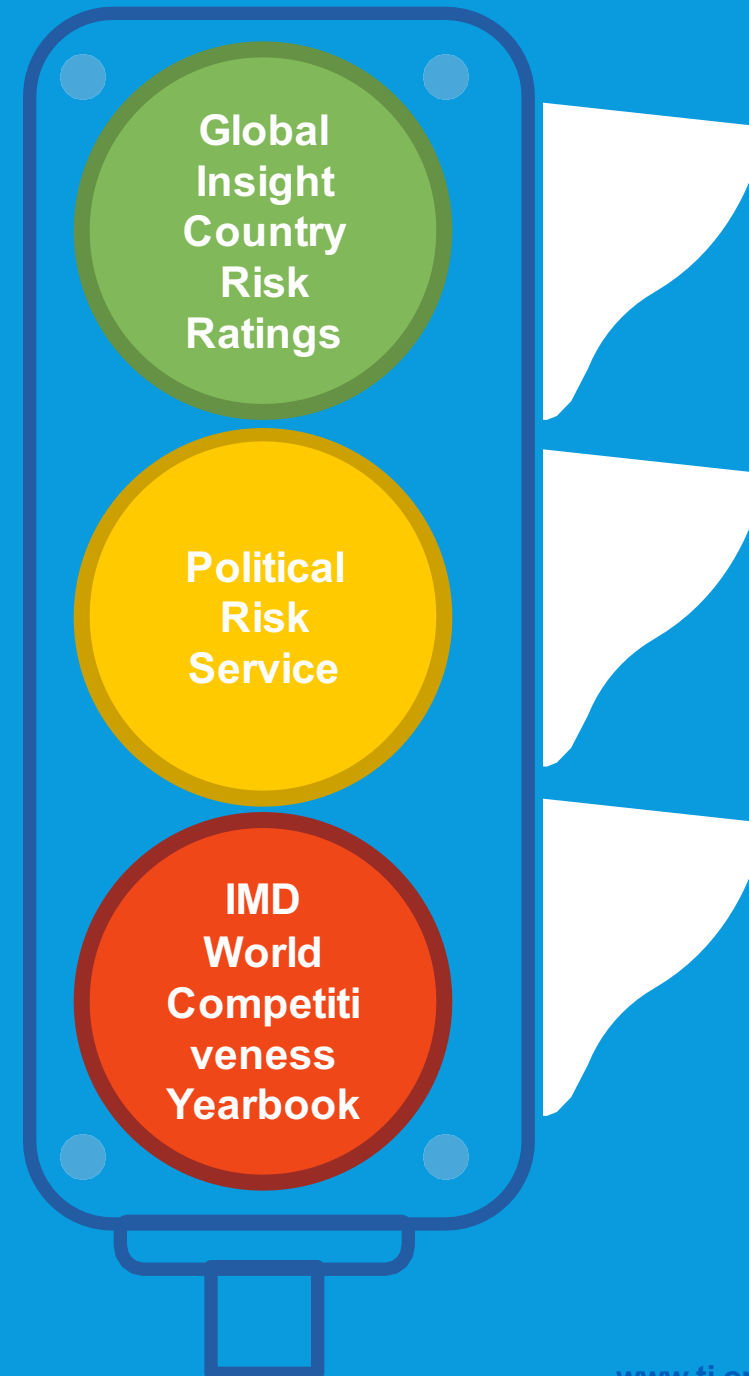


HIGHLIGHTS

Best performance in GI. A very good improvement and initiative to support a clean business & investment in private sector

Stagnant in PRS. The same condition on potential risk of corruption within the political system and suspiciously close ties between politics and business

Descending on IMD. It explained that bribing and corruption still exist within the political system.





Topik Prioritas

#1 Survei Penilaian Integritas 2018

Menghasilkan nilai indeks integritas institusi

#5 Kajian Penegakan Hukum – Mahkamah Agung

Perbaiki Manajemen Perkara di Pengadilan

#2 Kajian Pelayanan Publik bidang kesehatan dan pendidikan

Rekomendasi yang dihasilkan : pedoman Pencegahan fraud JKN, Perbaiki Tata Kelola Perguruan Tinggi dibawah Kementerian Lainnya

#6 Kajian Tata Kelola Lembaga Pemasyarakatan

Mendorong pemindahan Napi Koruptor ke Nusa Kambangan

#3 Kajian Sektor Sumber Daya Alam

Rekomendasi:
Mendorong Implementasi MOMI (Minerba One Map Indonesia), Peningkatan Pendapatan Negara dari Perkebunan Sawit

#7 Kajian Tata Kelola Upaya Peningkatan Produksi Hulu Migas

Penyederhanaan jumlah izin persyaratan untuk eksplorasi dan eksploitasi migas dari 176 menjadi 16

#4 Kajian Sektor Sumber Daya Alam Bidang Kehutanan dan Perkebunan

Piloting Kebijakan Satu Peta Sektor Perkebunan di Provinsi Kalimantan Tengah Implementasi Sistem Informasi Pengelolaan Hutan Produksi Lestari Terintegrasi

Poor Culture of Private Sector Integrity

18%

Business people lose business opportunities because their competitors pay bribes

62%

The company considers corruption as not a priority

80%

Corruption cases handled by the KPK involve businessmen

54%

Business people consider corruption as a habit

46%

Employers consider the convicted corrupt individuals are not strictly punished

47%

Business people who know the Corruption Act

34%

Business people who know the National Strategy for Anti-Corruption

Source

Indonesian Corruption Perception Index 2017 (Transparency International Indonesia) & Anti Corruption Clearing House 2018 (Komisi Pemberantasan Korupsi)

Increasing risk of Corporate Criminal Liability

Supreme Court Regulation No. 13/2016

CONTEXT

There was only a few corrupt conduct cases which put the companies liable for the criminal conduct

FOCUS

1. The corporation can obtain profit or benefit from the crime or the crime is carried out for the interest of the Corporation
2. The corporation condones the crime to occur
3. The corporation does not take steps necessary to take precautions, prevent greater impact and ensure compliance with applicable legal provisions to avoid criminal offenses²⁴

IMPACT

Corporate Anti-Corruption Program becomes an obligation

INDONESIAN SOEs TRANSPARENCY IN CORPORATE REPORTING

WHAT?

Indonesian SOEs Transparency in Corporate Reporting (TRAC) assessed disclosure practices of Indonesian State-Owned Enterprises regarding their anti-corruption program, organizational transparency, and country-by-country report.

WHY?

SOEs have crucial role in Indonesia economy. In order to give substantial contribution to the States, SOEs should be governed professionally and refrain from corrupt practices.

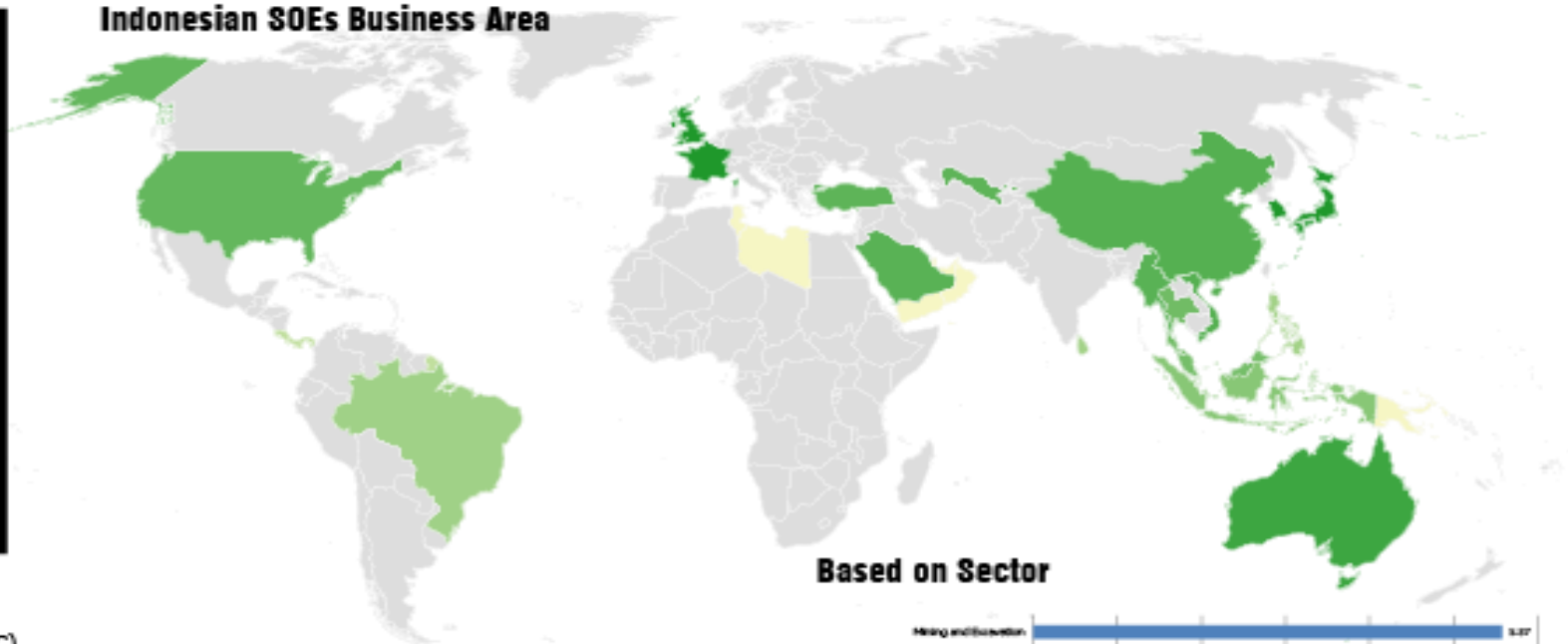
WHO?

Indonesian State-Owned Enterprises (Listed or Non-Listed SOE)

HOW?

The assessment method consist of 4 phases; (1) Data collection through desk study, (2) validation forum (2 times), (3) feedback from SOEs. The sources of data obtained from Code of Conduct, Annual Report, Financial Report, and Sustainability Report (2014 - 2016).

Indonesian SOEs Business Area



MAIN FINDINGS

TRAC using 0 - 10 scale, where 0 is least transparent and 10 is most transparent. The average score of Indonesian SOEs is:

3.2/10

It means that lots of Indonesian SOEs which have failed to give evidence regarding the existence of anti-corruption program, organizational transparency, and country-by-country report.

Anti-Corruption Program

46%

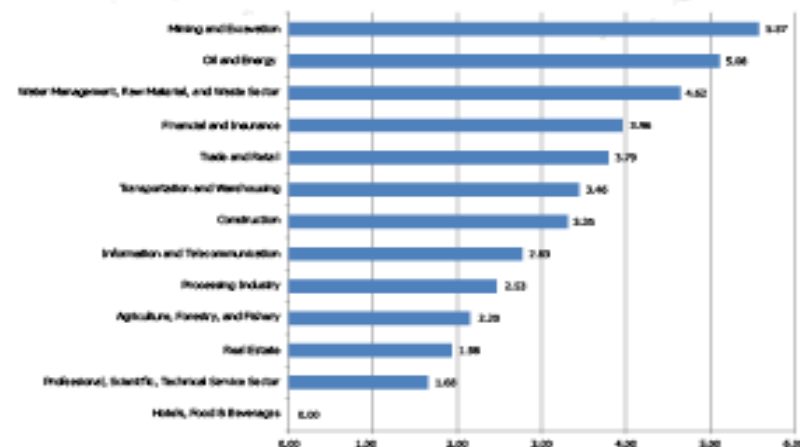
Organizational Structure

56%

Country-by-Country Reporting

0%

Based on Sector



Based on SOEs Status

4.7

SOEs

2.9

Non-Listed SOE

Corporate Governance Policies of the Indonesian State-Owned Enterprises



1. SOE Ministerial Regulation PER-01 / MBU/ 2011 regarding the Implementation of Good Corporate Governance in SOEs
2. Decree of Secretary of Ministry of SOE No: SK-16/S.MBU/2012 on the Indicators/Parameters of Assessment and Evaluation of Implementation of Good Corporate Governance in SOE
3. Minister of SOE's Circular Letter No. SE-2/MBU/07/2019 concerning the Good Governance of SOE through the Implementation of the KKN Prevention, Improvement of the Management of the Conflict of Interest, and the Strengthening of Internal Control

Corruption-Free Investments?

Realisasi Investasi 2015-2018

Dibandingkan dengan Target Renstra BKPM 2015-2019



CONTEXT

1. Investors originate from the corrupt countries (*bad investor*) tend to invest in the another corrupt countries (Cuelvo-Cazzura, 2006)
2. Investors originate from the clean countries (*good investor*) would pull out their investments in the corrupt countries (Cuelvo-Cazzura, 2006)

IMPACT

1. Corrupt conduct cases related to the foreign investment (Coal-Powered Power Plant Riau-1)
2. Corruption risk arises from the countries that have not criminalize the bribery of foreign public officials, or the countries with a weak law enforcement, such as China and Russia

Thank You!