

# Defining the Scope of Corruption in the context of forestry sector

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# Definition of corruption: political perspective

- Abuse of power/authority
  - Imbalance of power relations between state and civil society
  - Power surplus on state and its apparatus side
  - Power deficit on civil society side

# Definition corruption: legal perspective

- Breaking the law/regulations
- Causing state financial loses
- Enriching him/herself or others

# Policy Capture

Legal framework	Domain/locus	Corruption risk	Modus	Actors
Law	Executive + legislative	**	Collusion, bribery	Government official + Private sector + Politician
Presidential decree	Executive	*	Collusion, bribery	GO + PS + P
Ministerial decree (various licensing)	Executive	***	Collusion, bribery	GO + PS, + P
By law	Executive + legislative	***	Collusion, bribery	GO + PS + P
Mayor/regent decree	Executive	****	Collusion, bribery	GO + PS + P

# Budget process capture

Budget process	Domain/Locus	Corruption risk	Modus	Actors
Planning	Executive	**	Collusion and nepotism	Government official + private sector + politician
Approval	Legislative + Executive	***	Collusion and nepotism	GO + Politician
Implementation	Executive	****	Collusion, nepotism and corruption	GO + PS + P
Auditing	Supreme Audit Agency	**	Corruption	Auditor + GO

# Judicial Capture

Judicial process	Domain/Locus	Corruption Risk	Modus	Actors
Investigation	Police/ Attorney	***	Collusion, Bribery	Prosecutor, suspected, lawyer Cs
Inquiry	Police/Attorney	***	Collusion, bribery	Prosecutor, suspected, lawyer Cs
Trial	Court	***	Collusion, bribery	Prosecutor, Judges, suspected, lawyer Cs
Detention	Penitentiary	***	Collusion, bribery	Court, penitentiary officer, convicted, lawyer CS

# Some empirical Fact: Magnitude and prevalence

- State financial losses due to forest are conversion licensing in Kalimantan is amounted to IDR 273 T or USD 30 B (Source: Ministry of Forestry)
- Number of corruption cases (2011) in Kalimantan
  - West Kalimantan, 97
  - East Kalimantan, 168
  - Central Kalimantan, 111
  - South Kalimantan, 69



# Some Empirical Facts: Murdayagate

- Hartati Murdaya, successful business woman, who was close to President, detained by KPK recently
- She is a suspect to bribe Buol Regent, Central Sulawesi, in order to have land use license for her oil palm plantation firm

# Some empirical fact : Licensing and Illegal Logging

Stages	Modus
Licensing	Collusion, bribery in order to get business license Issued regulation/decreed for the benefit of timber baron
Cutting-off	Authorities letting illegal logging happened Cutting off the tree beyond legal area Timber laundering through legal company
Shipping	To bribe law enforcer and local government official Shipping license trading
Auction	Auction of confiscated illegal timber (legalizing illegal timber) Embezzlement state revenue from the auction
State revenue	Do not pay forest product fee such as Forest Rehabilitation Fund Do not pay tax/tax avoidance/tax embezzlement

# Some empirical Facts: Riau

- *1. Regulatory chain:*
  - *Bribery used to change the zoning of an area within the spatial land use planning and forestry planning to allow logging.*
- *2. Licensing chain:*
  - *Bribery used to acquire a licence without a technical review or recommendation, or through the manipulation of data and analysis.*
- *3. Timber supply chain:*
  - *Bribe the person in charge of Area management planning to falsify the needed documents, conflict of interest; public officials owning shares of logging company.*

# Riau

- 4. *Enforcement chain:*
  - *Bribery used to persuade officers to be hard on competitors, to avoid reporting violations or to withdraw sanctions.*
- 5. *Certification chain:*
  - *Bribery used to pass certification processes without meeting required standards.*

# Some empirical Facts: Aceh

- *1. Land rights:*
  - *Bribery to unduly allow the use of land or to manipulate documents.*
- *2. Licensing:*
  - *Bribery to obtain licences, change the forest zoning or to manipulate data from EIA reports.*
- *3. Forest management and utilization of forest products:*
  - *Bribery to let companies log outside the authorized area.*

# Some empirical facts: Papua

- *1. Laws and regulations: Abuse of authority to weaken regulations,*
  - *Bribery to expand operations to protected areas.*
- *2. Forest management:*
  - *Bribery to falsify EIA documents.*
- *3. Revenues and taxes:*
  - *Bribery to funnel tax revenue away from appropriate recipient.*

# Some empirical Fact: Risk of corruption on REDD

Areas for possible corruption	Aceh	Riau	Papua
Law , regulation and policy	Significant	High	High
Economic and money flow	High	High	High
Implementation activity	Significant	High	High
Measuring, Reporting and Verification	Low	Low	Low
Law Enforcement	Significant	High	High

# Conclusion

- Politically: Imbalance power relations between state actor and civil society led to high risk and prevalence of corruption
- Legally: Concise and succinct definition of corruption
- Scope of corruption in forestry sector have wide spectrum from policy capture, budget process capture to the judicial capture
- For programmatic purposes we can choose and focus only to certain kind of those captures





# Implications

Let We Discuss



Closing

Thank You