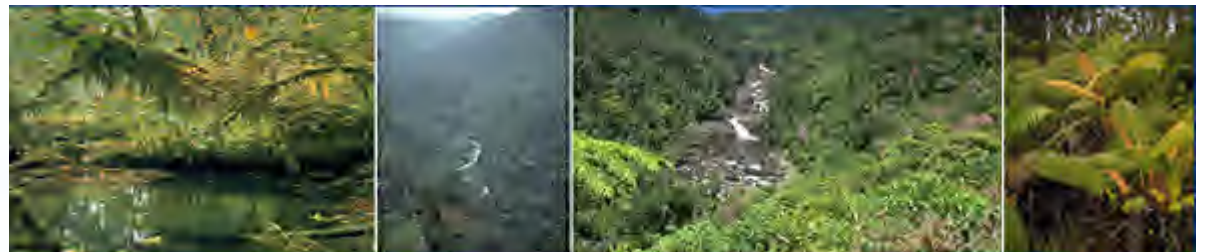


Indonesia Experience: Handling Corruption at Forestry Sector



GIRI SUPRAPDIONO
Corruption Eradication Commission (KPK
Indonesia)





Introduction



Indonesia *Highlight*

- 17,480 islands, 6000 inhabited and 33 provinces, 500 district.
- 1.922.570 km² land area and 3.257.483 km² covered with waters
- **69%** area covered by forest, 3rd in the world, **136.8 Million Ha** tropical forest area
- 25.000 species of plants & 20.000 species of medicinal plants, 4000 types of woods
- Home of million species of rare plant and animal

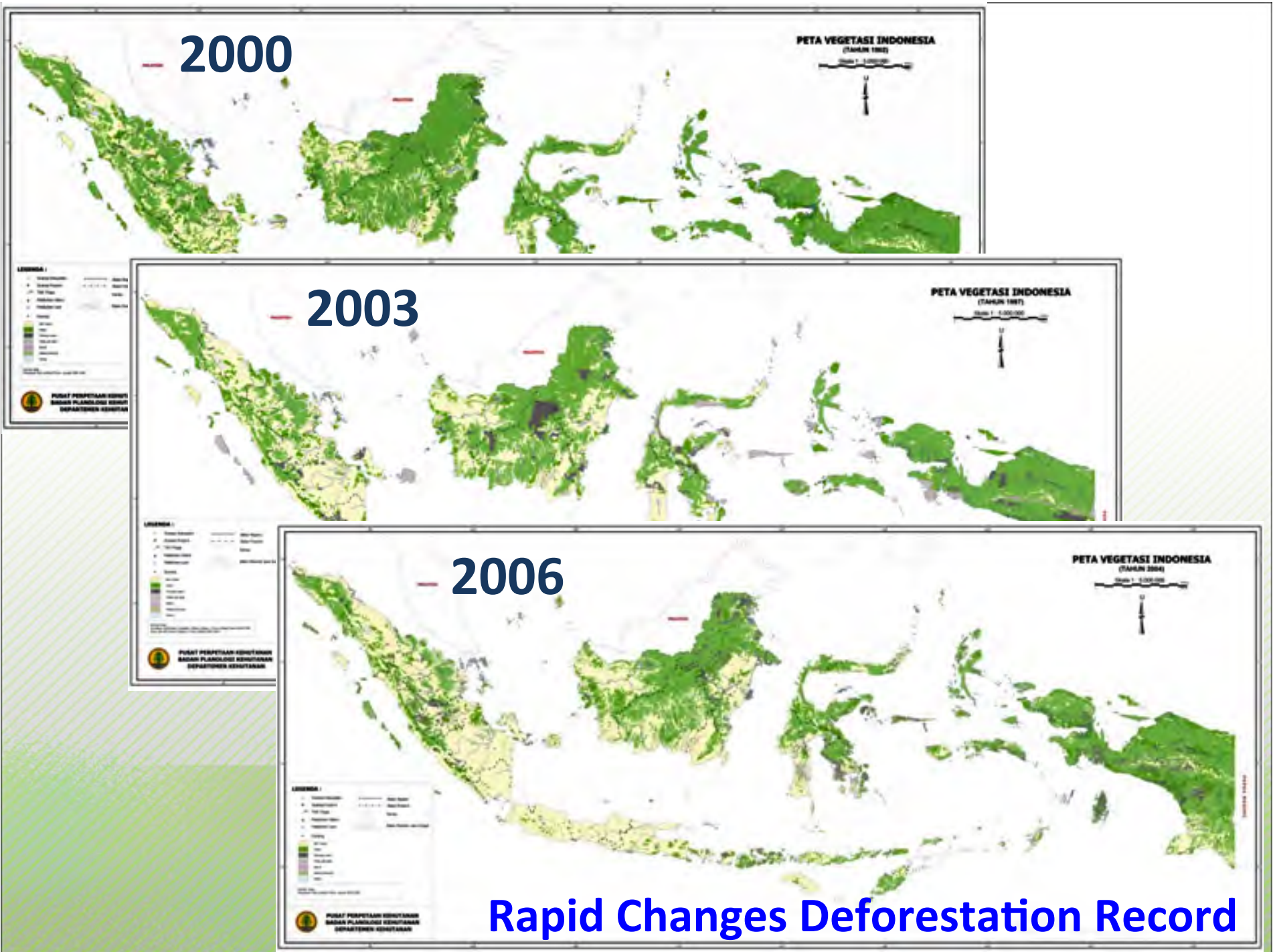




TROPICAL RAINFOREST, A HEAVEN ON EARTH



TROPICAL RAINFOREST, A HEAVEN ON EARTH



Rapid Changes Deforestation Record

Deforestation



Deforestation Process





KPK at glance

KPK-CEC

Komisi Pemberantasan Korupsi
Corruption Eradication Commission



Some features:

- Independent from the Executive, Legislative, Judiciary and any other powers
- Responsible to the Public
- Financially, KPK is audited by the Indonesian Supreme Audit Board (BPK)
- Established in Dec 29th, 2003
- Supervise & Coordinate Attorney General Office & National Police in handling Corruption cases
- Authorized handling money laundering cases since 2010

Other features:

- 5 Commissioners
- 724 officers (HQ)

The KPK's Duties

(Article 6 Law No.30 year 2002)

Coordination
(Article 7)

Supervision
(Article 8)

Duties of
KPK
(Article 6)

Monitoring
(Article 14)

**Pre-investigation,
Investigation &
Prosecution**
(Article 11)

**Prone to corrupt area
Study: forestry sector**

Prevention
(Article 13)





Corruption Cases Successfully handled by KPK (2004-2011)*[†]

- ✓ **44** Member of Parliaments
- ✓ **8** Ministers/Head of Ministerial Level
- ✓ **7** Province Governors
- ✓ **26** Mayors and Head of Regents/District
- ✓ **8** Commissioners of General Election; Judicial; Anti-Monopoly Commissions
- ✓ **4** Ambassadors (incl. former Chief National Police) and **4** Counsels General
- ✓ **1** Governor of Central Bank & **4** Deputies Governor
- ✓ **3** Judges, **2** Prosecutors and **3** Defense Counsels/Lawyers, Tax Investigators, Customs Investigators, incl. KPK's investigator
- ✓ **Dozens** of High rank Gov Official echelon I & II (Director General, Secretary general, Deputy, Director, etc)
- ✓ **Dozens** High rank CEO of state owned companies and private sectors involved in public corruption

**100% conviction rate
Within 6 years**

ASSET RECOVERED



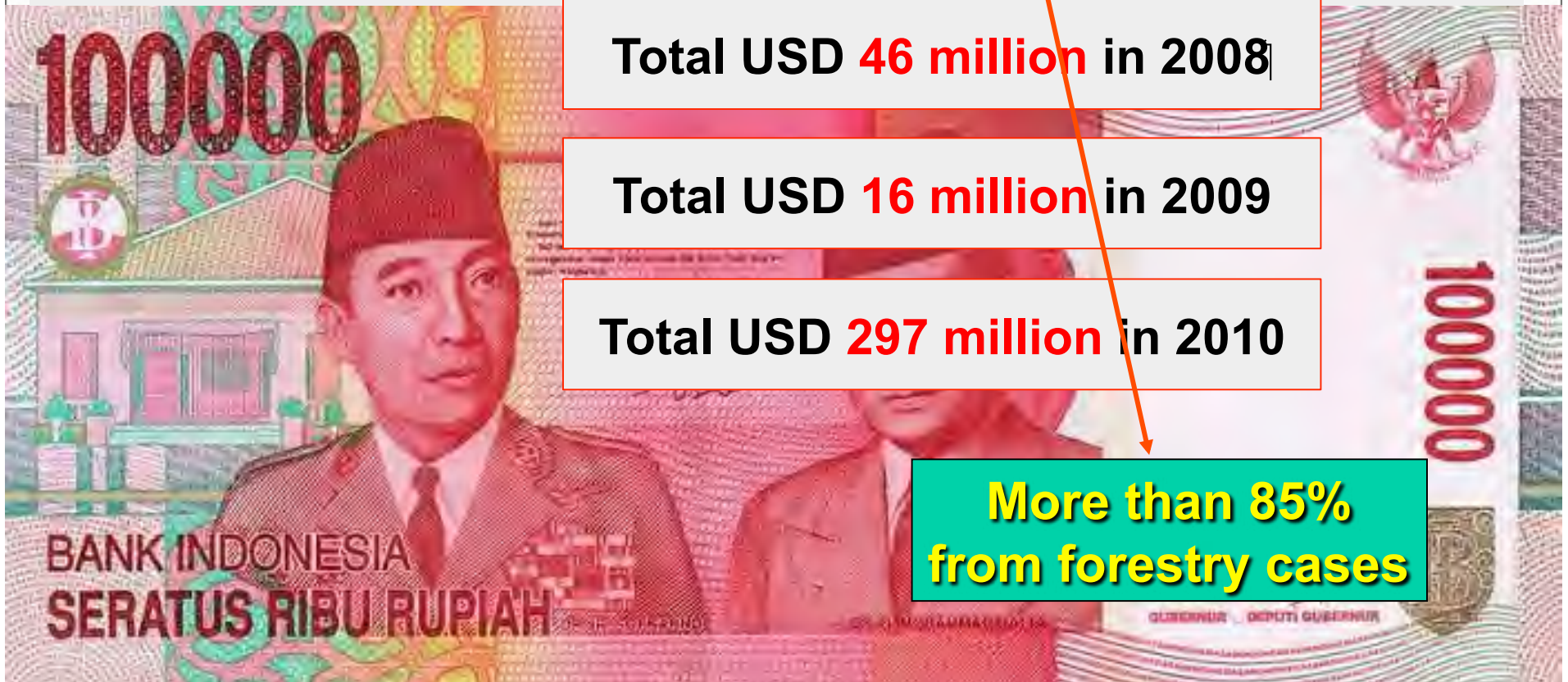
Year	2005	2006	2007	2008	2009	2010
Asset Recovered (in IDR 000,000)	6,959	12,991	48,455	411,800	144,282	134,360+ 2,540,000

Total USD **46 million** in 2008

Total USD **16 million** in 2009

Total USD **297 million** in 2010

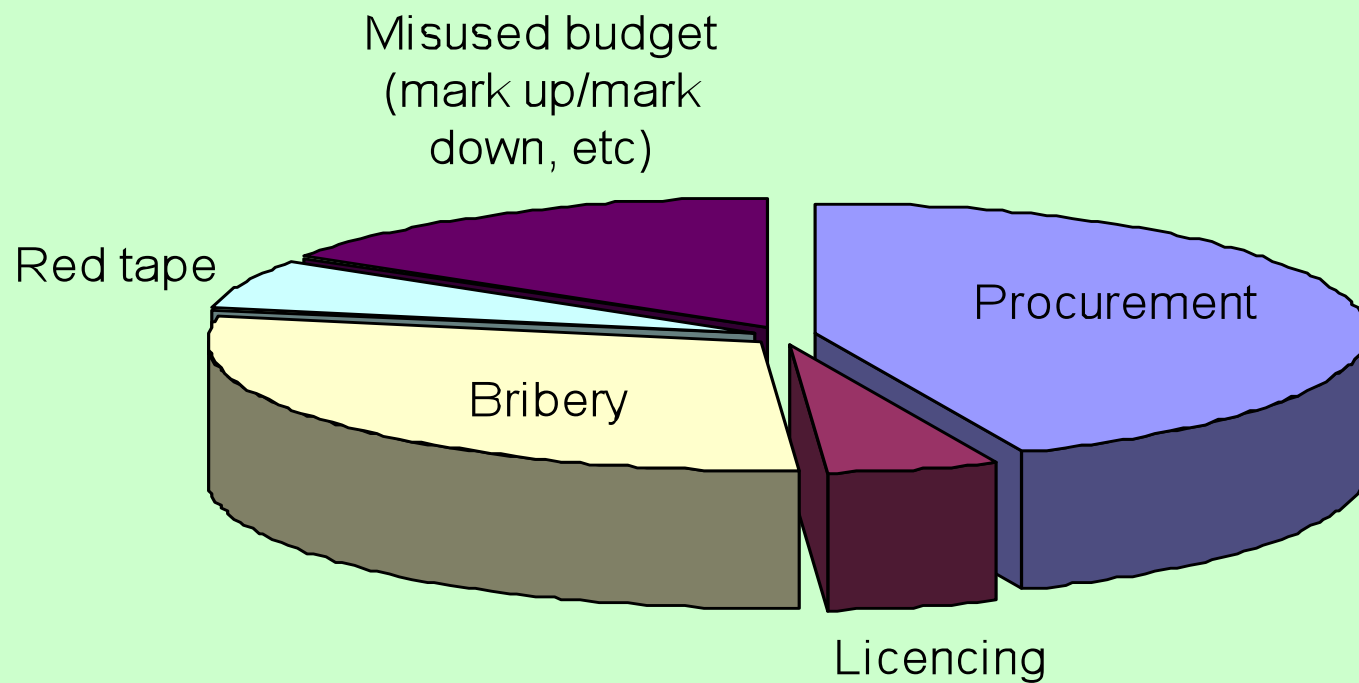
**More than 85%
from forestry cases**



KPK Key Success Factors

- ▶ **Involvement of investigator and prosecutor** since in the beginning of pre-investigation
- ▶ Dedicated **Asset Tracing Unit** in LEA
- ▶ **Immediate action** handled by Rapid Movement Unit
- ▶ **Comprehensive technology support** for intelligent and investigation operation (interception, forensic, database and tactical technology)
- ▶ **Certainty of time frame** in the process of indictment, prosecution and court process by law
- ▶ Could **not stop any investigation in the mid way**
- ▶ Put an extra efforts to gather **evidence more than the required threshold evidence**
- ▶ **The strength and support of International Cooperation Team**
- ▶ **Admissible electronic evidence** support during court proceeding

Types of Corruption handled



■ Procurement ■ Licencing ■ Bribery ■ Red tape ■ Misused buget (mark up/mark down)



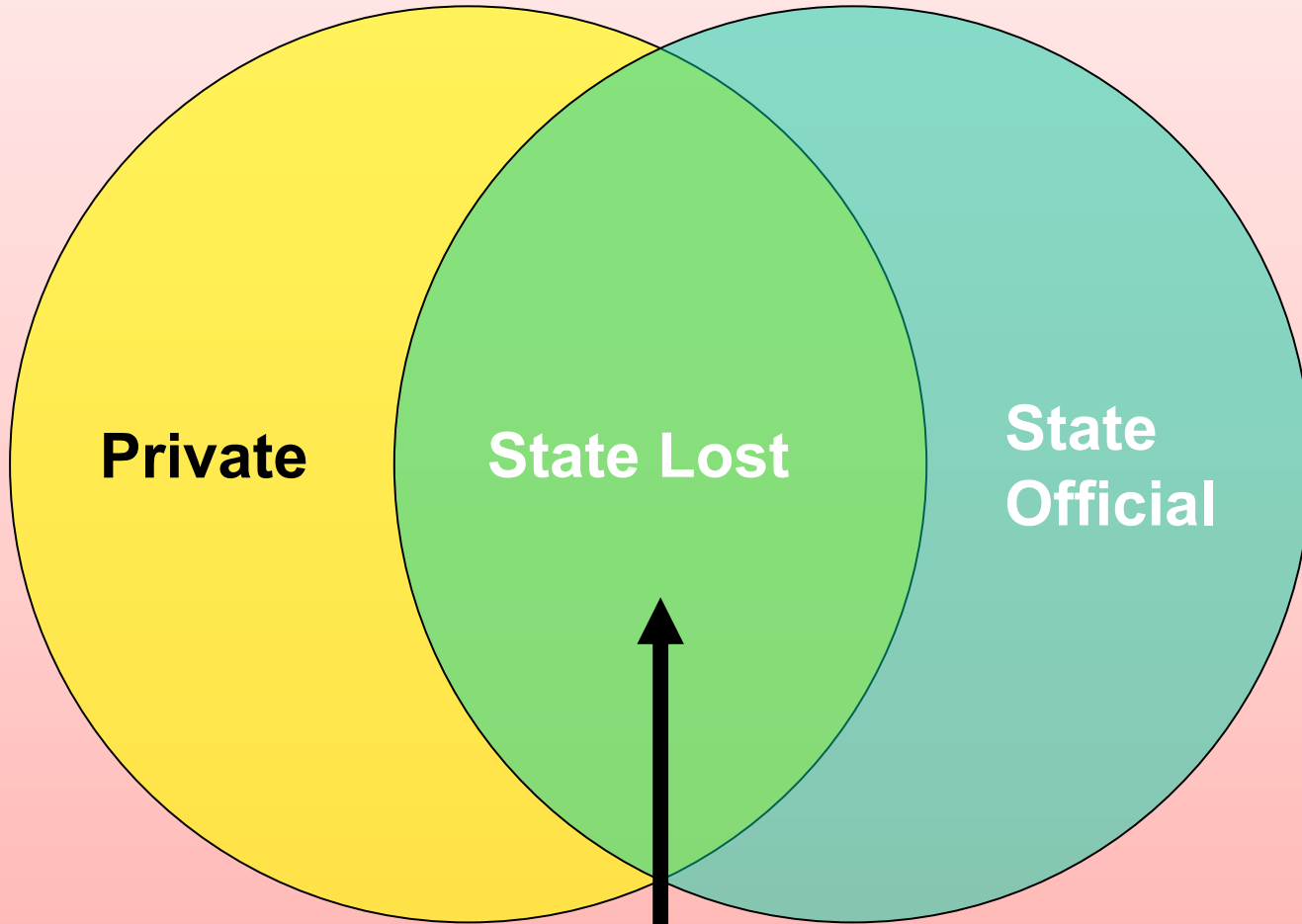
Anti-Corruption at Forestry Sector

State Lost in 2010-2010

From corruption cases

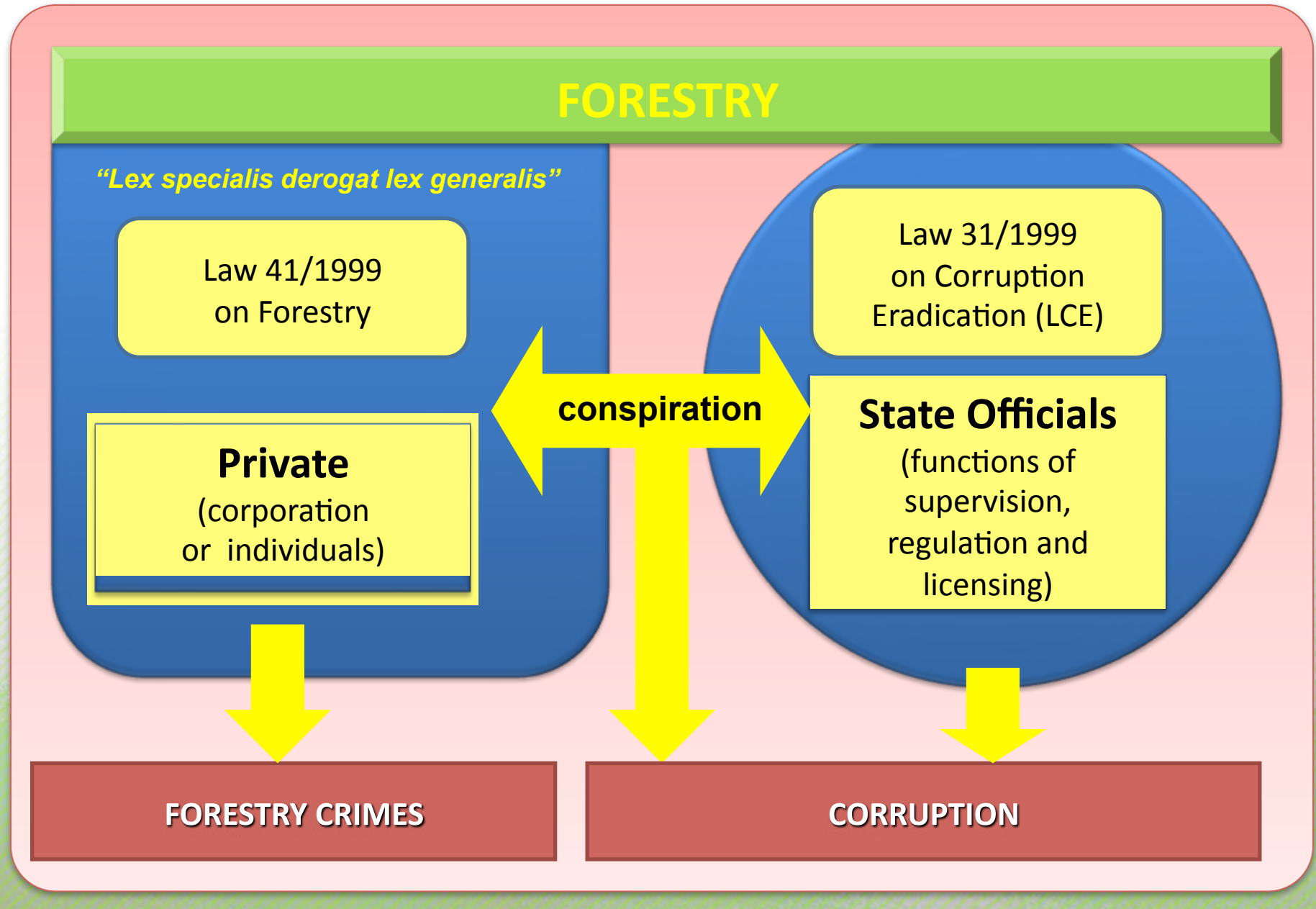
SECTORS	AMOUNT (IDR)	%	MODUS
Education	204,290,102,725	0.4	Procurement
health	113,496,000,000	0.2	Procurement
Infrastructure	597,570,000,000	1.3	Procurement
Forestry	2,349,449,790,118	5.0	Forest conversion, etc
Oil and Gas	40,119,594,452,426	86.0	Cost recovery, lifting cost
Local Devt Fund	1,397,353,386,417	3.0	misused, procurement
Bangking	1,849,128,000,000	4.0	Abused of power

Illegal Forestry Business



KPK

Legal Approach



Expert Statement Opinion about State losses within Forestry Crime

“Any activity in the case of illegal exploitation of timber in a contravention of law, there have been losses to the state at least at the economic value of the logged timber.”

Corruption Eradication Act in Forestry Crime

- Ministry of Forestry Officer and every officer that have authority in Forestry Management have to comply with all Forestry Law and Rules.
- Forest is part of State Wealth (Article 33 Indonesian Constitution - caused state lost).
- Person or Company that hold unlawful forestry license and get profit from any forestry crime.



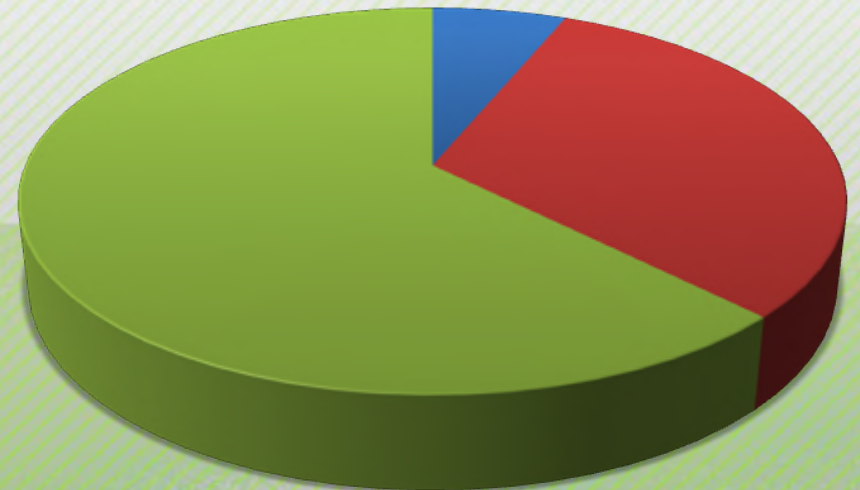
LCE in Forestry crime

State apparatus/officials in Forestry:

- Article 2 and 3 LCE (Law on Corruption Eradication): caused state losses
- Article 11 and 12 (a) and (b) LCE : receive a payment (bribery)
- Article 5 (1) and (2) : give or promise something to state apparatus (bribery)

FORESTRY ACTORS

1. Preparators of illegal logging without license
2. Preparators with legal license (logging outside the permitted location)
3. Preparators with legal license (illegally granting licenses)





Case study

FORESTRY CASES THAT HANDLED BY KPK

1. COURT VERDICT (FINAL & BINDING) :

- a) Kalimantan Case (SAF – Former East Kalimantan Governor, MTS, UUA & RBN)
- b) Sumatera Case (TAJ – Pelalawan Head of Regent)

2. ASK APPEAL FOR HIGHER COURT :

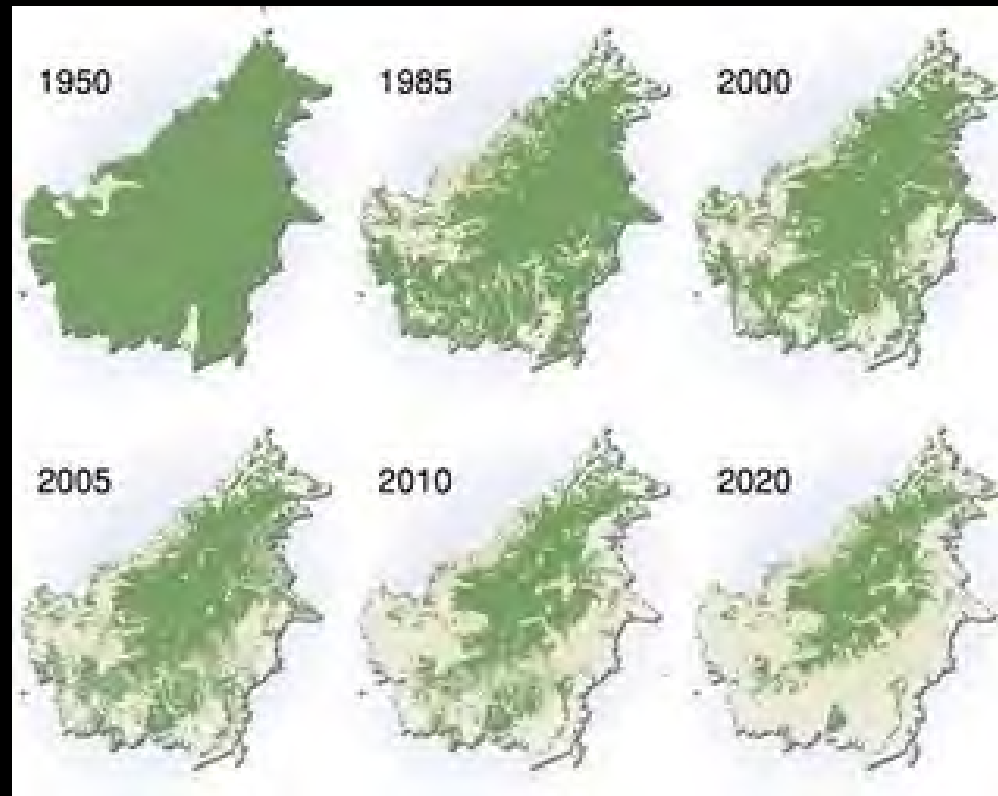
- a) Head of The Regional Office of Riau's Ministry of Forestry Case (AR) – (court decision 5 years imprisonment)

3. BEING PROSECUTED :

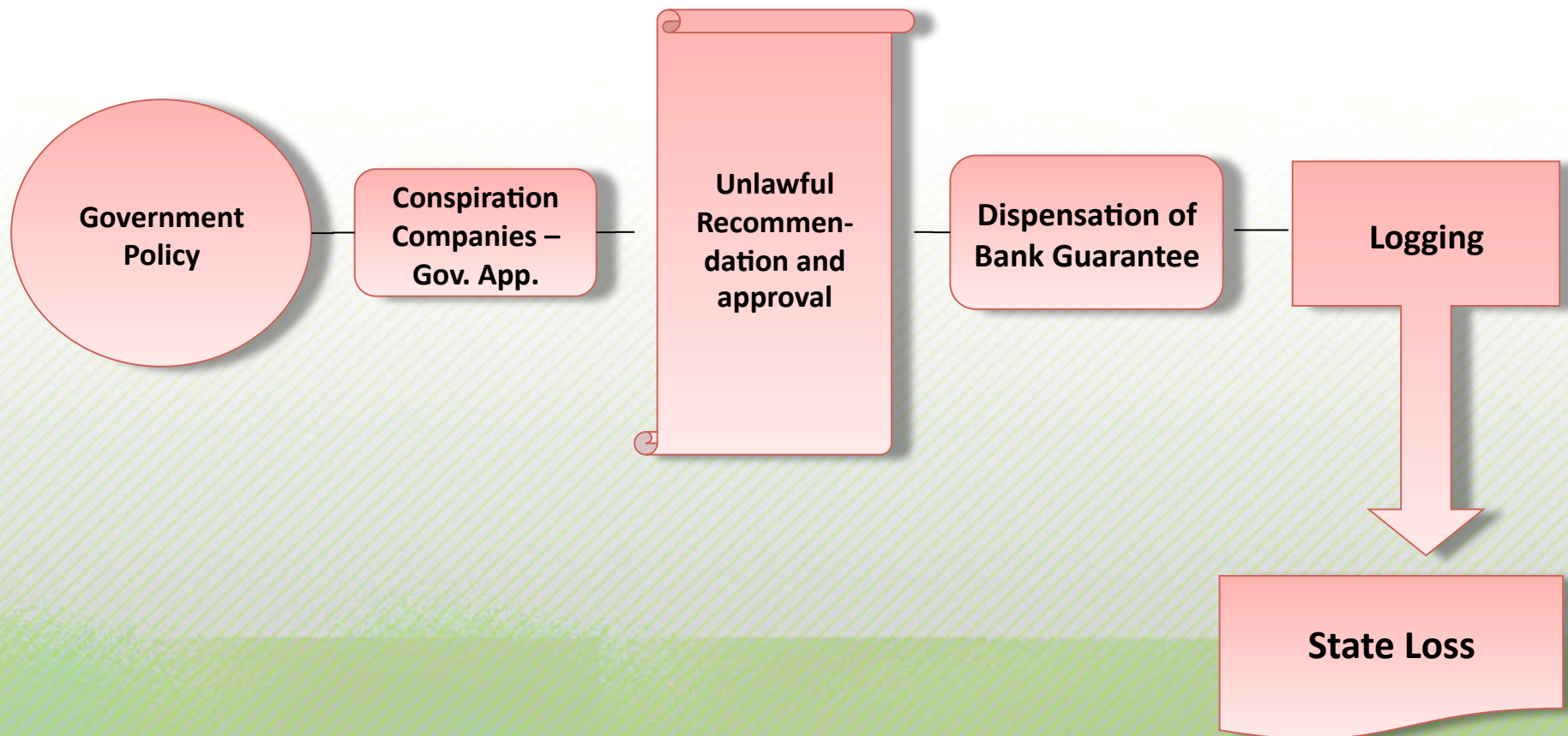
- a) Siak Head of Regent (AAS), Head of The Regional Office of Riau's Ministry of Forestry Case (ST & BH)



Condition of Kalimantan



KALIMANTAN CASE



KALIMANTAN CASE

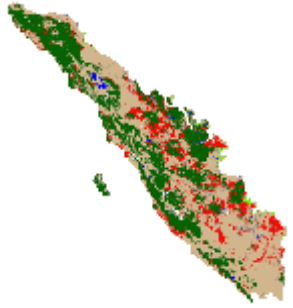
Case Background :

- Provide unlawful recommendation for Palm Oil Plantation (1 Million Ha)
- Temporary Right Approval in Forest Plantation Business and Timber Utilization License provided by Governor. (Permit of Release Forest Area shall be issued by Minister of Forestry.
- Provide Principal Approval for Land Clearing and Timber Utilization, provide dispensation for Bank Guarantee Submission Obligation to companies of Surya Dumai Group (SDG).

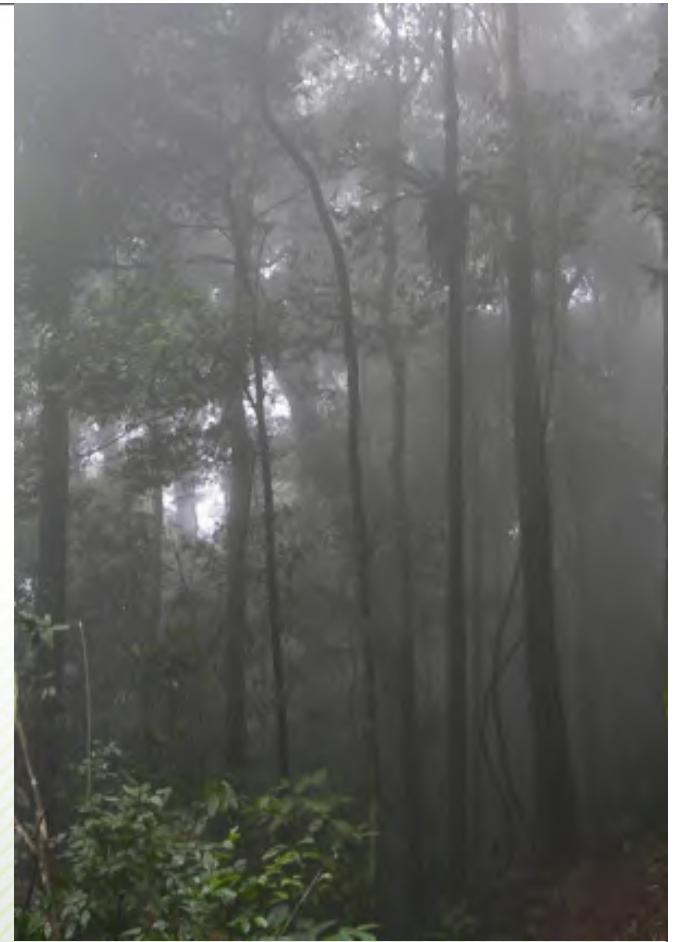
KALIMANTAN CASE

- Violation Article 2 section (1) Jo. Article 18 Corruption Eradication Criminal Act Jo. Article 55 section (1) Number-1 Jo. Article 64 section (1) Criminal Act.
- Violation under Article 3 Jo. Article 18 Law of Corruption Eradication Criminal Act Jo. Article 55 section (1) Number-1 Jo. Article 64 section (1) Criminal Act.
- Total State Lost are **IDR 346.823.970.564,24**
- Court Verdict:
 1. Governor East Kalimantan found guilty **4 years** Imprisonment and IDR 250.000.000 compensation.
 2. Company Director of SDG **18 months** Imprisonment and **IDR 346,8 Billion** compensation.
 3. Head Office of The Forestry Departement and Head of The Regional Office Ministry of Forestry each **4 Years** Imprisonment and **IDR 200.000.000,-** compensation

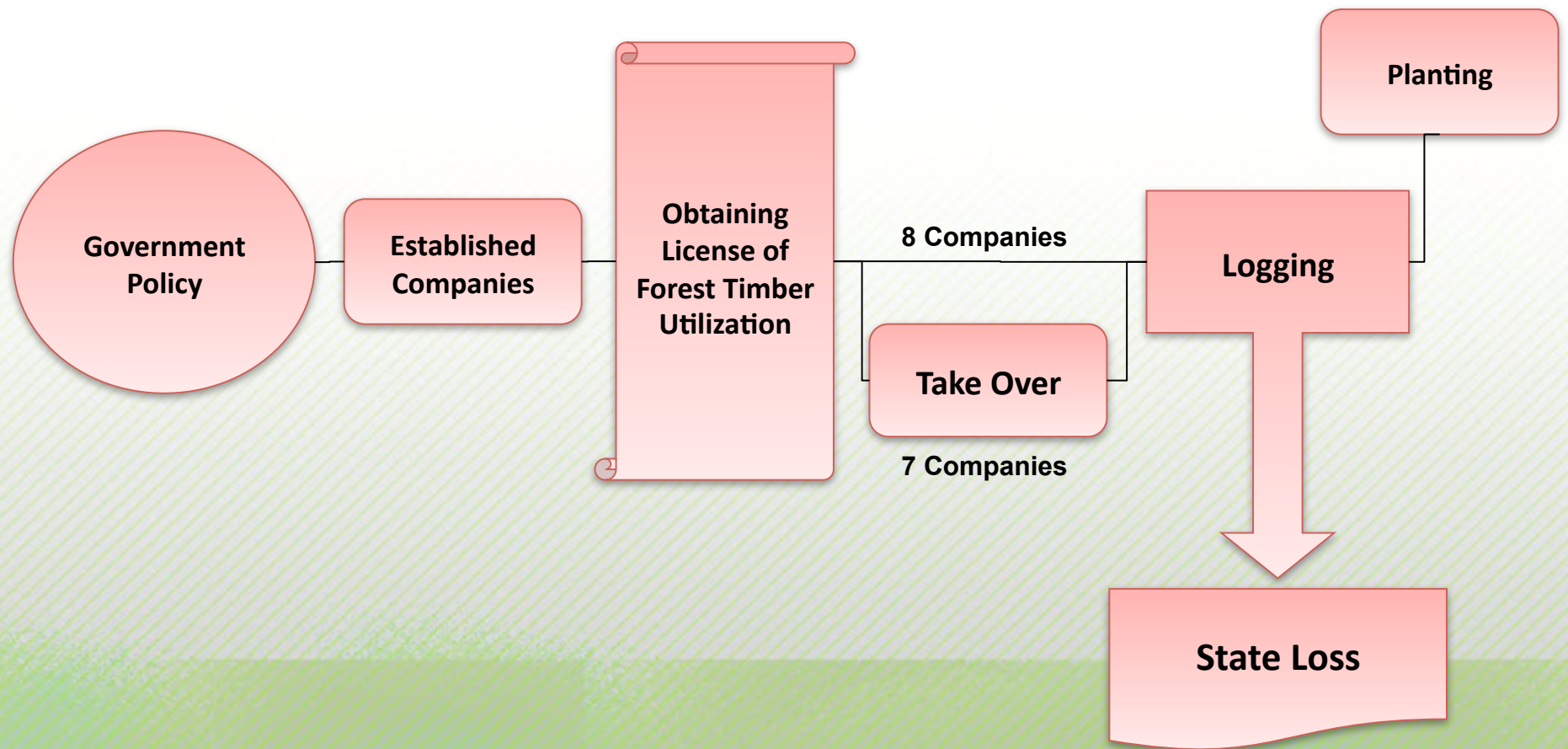
Asset Recovered Rp346.8 B (USD 42 Million)



SUMATERA



SUMATERA CASE



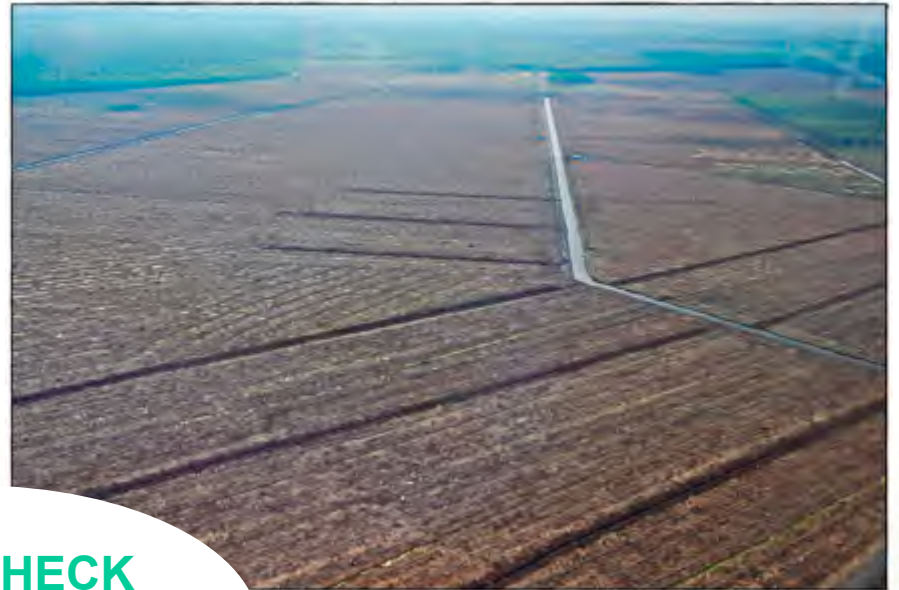
RIAU CASE (SUMATERA)

Background Case:

The unlawful issue of timber utilization license of forest plantation for several companies which have already break Technical Rules in Decree of Ministry of Forestry No. 10.1/Kpts-II/2000, 6 November 2000 on Guidance of IUPHHKHT Issue and Decree of Ministry of Forestry No. 21/Kpts-II/2001, 31 January 2001 on Criteria and Standard for Production Forest.

SUMATERA CASE

- Violation of Article 2 section (1) Jo. Article 18 Corruption Eradication Criminal Act Jo. Article 55 section (1) Number-1 Jo. Article 64 section (1) Criminal Act.
- Violation of Article 3 Jo. Article 18 Law of Corruption Eradication Criminal Act Jo. Article 55 section (1) Number-1 Jo. Article 64 section (1) Criminal Act.
- Total State Lost are IDR 1.208.625.819.554
(USD 131 Million)
- Court Verdict:
Head of regent convicted, 11 Years Imprisonment and Rp 500.000.000,- Fined and IDR 12.367.780.000 compensation



**FIELD CHECK
DURING
INVESTIGATION**







Other Bribery Case on land and forestry

IBR (Jakarta High Administrative Court judge) receive a bribe from DLS (Entrepreneur on Palm Oil) and ADS (Lawyer of DLS) with the aim of persuading the Judge on winning a land dispute against the Jakarta City Administration.



USD 34,000 in cash!

Other Bribery Case on Forestry

AAN (member of the House Commission IV, which oversees forestry, agriculture and fisheries) receive a bribe from AZW (regency secretary of Bintan) with the aim of persuading commission to give a recommendation on Forest Conversion Permit in Bintan by the Ministry of Forest.

Arresting process on Bribery Case (Red Handed)



Member of Parliament involved in forestry crime. Convicted for 8 years Imprisonment





Recommendation & challenge

RECOMENDATION

- Ministry of Forestry should prepare an action plan based on recent KPK's Assessment on prone corruption areas at forestry sector;
- Harmonization of regulations and SOP of granting forest utilization License & Regulation and Law on Forestry
- Strong Supervision of the MF government apparatus by IS, especially improving supervision on reforestation fund
- Focus on Law Enforcement and Asset Recovery for deterrence
- Exchange information and notice on blacklisted and non-ecofriendly product/company among international community.
- Follow International Environmental Commitment (UN-REDD+)
- Cooperation beyond the border in handling corruption cases related forestry

Major Challenges in General

- ▶ Government administrative **system prone to corrupt**
- ▶ Low of **integrity of law enforcement** and public officials
- ▶ **Low salary and Lack of human resources** management of public officials
- ▶ Internal **oversight system** is weak
- ▶ Law abiding citizen **culture**
- ▶ The **high expectations** of the public
- ▶ Corruptors **fight back**;
- ▶ Lack of law and regulation in the **private sector**
- ▶ **Political will**: inconsistency in supporting of the anti-corruption movement –willing to take part in corrupt mechanisms so long as they benefit from them



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Thank you

Q & A





Thank You

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