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ECONOMY
**THE THREAT BEHIND THE BANK INDONESIA LAW REVISION**

LAW
**ENDANGERED BIRDS SMUGGLING**

# TEMPO
ENGLISH



# POOR PROTECTIVE EQUIPMENT

**Irregularities in the procurement of protective gear has resulted in the demise of medical workers**

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*REUTERS/Willy Kurniawan*

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CHAIRMAN OF BOARD OF COMMISSIONERS, FINANCIAL SERVICES AUTHORITY





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### THE MIDDLE PATH FOR FRIENDLY ENERGY

THE government is striving to boost the development of new and renewable energy by various rules. Through a presidential regulation to be issued soon, there will be three schemes of electricity purchase from environment-friendly power generators. Believed to be the middle path to secure an affordable price for the state electricity company PLN, this regulation will also provide incentives in order to achieve the target of 23 percent power generators of new and renewable energy in 2025.

LAW **37**

### THE SUMATRAN BIRD CATCHERS



THE smuggling of songbirds from the forests of Sumatra has disrupted their population on the island. Some of these birds belong to the category of protected species. From Sumatra, the birds are transported to Java by different routes and sold for far higher prices. *Tempo* has tracked down songbird hunting practices in the Sumatran forests and met with the smugglers.



COVER STORY **14**

### IMPROPER PROTECTION

**THE confusion over the procurement of personal protective equipment (PPE) has continued since the beginning of the Covid-19 pandemic. Instead of being distributed to various regions, 2 million protective gear sets are just collecting dust in the supplier office. Amid pressing demand, the health ministry has even appointed an inexperienced company to produce PPE. This has reportedly led to the demise of medical personnel.**



GRAMEDIA DIGITAL APPLICATION ONLY

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## Response from East Java High Prosecutor's Office

WITH reference to the news in the Law section of *Tempo*'s September 1-7, 2020 issue, we would like to convey our response as follows.

- It is not true that the East Java Provincial Attorney General's Office investigates the process of importation conducted by ACC as reported in the news. What is being done by the investigating team is collecting provisional data and information to serve as material, and the results of which cannot yet be revealed due to their closed and secret nature.
- It is not true that the East Java Attorney General's Office has sealed the containers owned by ACC and given a discharge permit because this is under the authority of the Customs Office based on its basic tasks and functions. We are in the phase of *pro justisia* (at the service of justice) in handling this activity.
- It is not true that member of the House of Representatives, Adies Kadir and Sarifuddin Sudding, called the Chief of the East Java High Prosecutor's Office as written in the report.

**Anggara Suryanagara**
Head of the Information Center, East Java High Prosecutor's Office

Thank you for your response. We obtained information that the sealing was based on the request of the East Java Provincial Attorney General's Office. We also requested a clarification about it from the Chief of the East Java Prosecutor's Office M. Dhofir, but there was no response until this article was published–*Ed.*

## IndiHome's Refund Service Disappointing

IN the morning of July 25, 2020, I contacted the call center of IndiHome to subscribe to a household Internet package. I inquired repeatedly whether the network was available and the Internet could be installed at the home address as I had given. An officer said the network was available in my neighborhood and asked me to make an immediate payment and fulfill other requirements so that the installation request could be promptly met.

I received IndiHome's official e-mail, informing subscriber's track ID MYIR-10201576470xxx and the link for sending other required data. As I needed it badly to prepare children's study from home in the new school year, on the same day I completed the required papers and paid a one-month deposit worth Rp345,000. I got an email reply that my registration succeeded five minutes after the payment. An IndiHome officer also called to confirm the payment I had made and notify that someone would come the next day for installation.

At the time between the sending the required details by e-mail and the payment, two WhatsApp (WA) messages appeared, claiming to come from IndiHome. The texts asked me to send my citizen's ID and provide personal data for verification and network checking. I replied that I had sent the same details by IndiHome's official e-mail. One of the WA account owners replied by hoping that I would not receive refund service in the end. I was rather suspicious of this answer.

I asked about the WA texts claiming to come from IndiHome when an officer of IndiHome called me that day. The officer said the messages were not from them and asked me to keep the messages as evidence because the owners of the numbers were not IndiHome's employees.

On June 26, 2020, two technicians came. One of them indicated that the vacant network point did not cover my house. He failed to explain how to measure the distance. He only made a random answer about the point. He said he would report the case to his superiors.

From that day, there was no information from IndiHome service. A week later I contacted the call center again. An officer replied that the Internet could not be installed and the ID number appearing on the call center's answering machine belonged to another person. There was no good clarification. My money would be refunded within 14 days.

The two account numbers I entered into the myIndiHome application were considered invalid, while in fact they were the same to my account books. The next day an officer offered to assist in the process and make sure the payment would be made no later than 14 days. After I called the call center, myIndiHome application Inbox gave information about the refund. This message repeated more than 10 times. One of them said the refund succeeded and the payment would be processed in 14 days.

For several days the same message filled the Inbox. But the payment was not realized until a month. Strangely, myIndiHome application Inbox was cleared, while actually I had never deleted the messages. How poor is Telkom's service.

**Hesti**
South Tangerang, Banten

## Telkom's Response

To meet the request for the deposit refund, we have sent the link for the deposit refund form to the e-mail address of the person concerned and the myIndiHome application. Please check the myIndiHome application Inbox and fill out the deposit refund form in complete detail.

**Jawin**
Customer Care, Telkom Indonesia

Letters will be published together with the response from related parties, or when there is no response given in seven days.

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**WASHED ASHORE**
CHILDREN climb on top of a dead whale shark (*Rhincodon typus*) at the Paseban Beach, Jember, East Java, Sunday, August 30. The nine-meter long whale shark was found stranded on the beach, a second case in the last two months in Jember Regency.

ANTARA/SENO




*It's from us just to strengthen our cooperation and to help each other. **Thank you...It's quite heavy, isn't it

[CONSTITUTIONAL COURT LAW REVISION]



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# OPINION

*Tempo*, September 8-14, 2020

## DANGEROUS PANDEMIC POLICIES

THE government's poor handling of the Covid-19 pandemic has played a significant role in the high number of deaths of healthcare workers in Indonesia. The chaos over the supply of personal protection equipment (PPE) is just one example of the incompetent crisis management of this pandemic. The administration of Joko Widodo should immediately put things right in order to prevent more deaths.

At least 181 health care workers in this nation–most of them doctors–have died of Covid-19 as of the beginning of September. According to Amnesty International, deaths in Indonesia are around 2.5 percent of the total deaths of health care workers in the world over the same period despite the number of deaths of patients from Covid-19 in Indonesia being only 0.09 percent of the global total. This shows how health workers in Indonesia face a much higher risk of death than their colleagues in other nations.



The lack of protection for health care workers was apparent since the beginning of the pandemic. Health policy was disorganized. Minister of Health Terawan Agus Putranto, who should have been the conductor, seems to have been playing his own music–in ways such as promoting 'Corona-preventing traditional herbal medicine'. Because of the emergency situation, the Covid-19 task force and the health ministry acted quickly by ordering 5 million sets of PPE from a consortium that usually supplies protective equipment to South Korea.

However, while this was underway, the Finance and Development Supervisory Agency (BPKP) concluded that the price being paid by the government was too high. This conclusion forced the health ministry to halt the project, even though production continued and 5 million sets of PPE were produced in line with the order. As a result, approximately 40 percent of the equipment ordered has been piled up in warehouses ever since. At the same time, another company withdrew because it was unable to produce PPE despite already being in receipt of a government order.

This chaotic PPE project is both tragic and ironic. While millions of sets of PPE are stacked in warehouses, many health staff work to deal with the Corona pandemic without proper protection. In addition, the additional payments for health care workers promised by President Jokowi in April have not yet been paid in full.

It is not an overstatement to conclude that not only the virus, but also bad government policymaking has played a role in the deaths of more than 100 health care workers. The loss of these doctors and medical staff at a time of pandemic is truly deplorable. And matters are made worse by the ratio of doctors to population in Indonesia, which is still low at 36 doctors per 100,000 people.

Of course, the high death rate among health workers could be the result of a number of factors. As well as unsatisfactory protection, there are aspects such as lack of rest, the health of the doctors themselves and the lack of medical capacity in this nation. But the right policies applied quickly should be able to stop matters getting worse. After all, many other nations have implemented sound health policies. According to the Indonesian Public Health Experts Association, only Russia and Egypt have a worse death rate among health care workers than Indonesia.

President Jokowi should immediately put right this crisis management. Health Minister Terawan has proved unable to overcome the problem. His inability to understand the problems of the pandemic have put health workers in danger. Even public safety is increasingly under threat.

Now there is the impression that the spread of the coronavirus in Indonesia is increasingly out of control. Everyone appears to be giving up. The government has given a false sense of security by promising that the pandemic will end soon if Indonesia produces a vaccine. But the fact is that the anti-Corona vaccine is still at the clinical trial stage. The chances of success are the same as those of failure. Even if it does pass the trials, a significant length of time will be needed to distribute and then give injections to Indonesia's hundreds of millions of people.

This pandemic is a marathon, not a sprint. To win, President Joko Widodo cannot only depend on quick fixes. If the president does not immediately bring his subordinates into line, we will find ourselves in a worsening position in the long war against the coronavirus. FULL STORY PAGE 14

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# SITI'S WAY OF PROTECTING BIRDS



**The hunting of rare birds is on the increase. Removing them from the list of protected species is a crime against the planet.**

THE country is short of money, but environmental protection should not be sold off to fill the coffers. The decision two years ago by Environment Minister Siti Nurbaya to remove five types of birds threatened with extinction from the list of protected species has long been condemned. Although it was claimed this was to end the practice of illegal hunting, their removal has only increased it. Now the hunters are not only after these five types of bird, but also other wildlife under threat of extinction.

At the time, Minister Siti's reasoning was the five bird species–the yellow-crowned bulbul, the Asian pied starling, the white-rumped shama, the Arafura shrikethrush and the Sangihe shrikethrush–were widely bred for competitions. Given their high economic value, the government's excuse was that the population of these rare songbirds was abundant. The problem is that there has been no evidence that their populations have remained stable, yet alone risen.

A number of investigations have proven just the opposite. According to data from BirdLife International 2020 for example, there were only between one and 49 Asian pied starlings living in the forests of Java. Meanwhile, only between 600 and 1,700 yellow crowned bulbuls remain in the world. In Java, it is possible they are already extinct.

An investigation by *Tempo* and the Agriculture Quarantine Agency in a number of locations found widespread smuggling of rare and unprotected birds. There was no evidence of the large-scale breeding claimed by the environment ministry. The high demand has led to the market value of these songbirds increasing. On top of this there is the belief among collectors that songbirds taken from the wild are far more melodious then those bred in captivity.

Allowing people to keep birds using the excuse that it is a hobby or that it increases the economic value is a primitive way of protecting wild animals. Their habitat is in the wild, not in cages. Their function is far more important than simply being home ornaments.

Wild animals play a key role in balancing the ecosystem. If the number of birds falls, restoration of nature through the spreading of seeds from trees by birds will also decline. Eventually biodiversity will be under threat.

This biodiversity is needed by humanity and the planet. The lack of wildlife, with its natural behavior, damages forests. Forests with fewer trees means less production of oxygen and less absorption of carbon dioxide. The Rp4 trillion annual trade in birds is meaningless when compared with the price that we will have to pay if the earth's ecosystem is ruined.

As well as upholding the law against those who smuggle protected wild animals, the government should not bow down to lobbying from bird collectors using economic excuses. Last year the United Nations warned that in the last 40 years, 1 million species, including birds, have disappeared from the earth.

It is time the government drew up policy based on data at this time of the threat of global warming. We owe a debt to future generations: we must preserve wildlife animals so that they will not only know them from museums and books. FULL STORY PAGE 37

# DON'T MESS WITH THE CENTRAL BANK



**The plan by the government and the House of Representatives to reduce the independence of Bank Indonesia is very dangerous. It would damage the markets and is against the Constitution.**

THE independence of the central bank is a cornerstone of the markets' trust in a nation's financial system. With the central bank free of government intervention, the monetary policy of a country is more credible and trustworthy. In the end, investors become more certain when putting their money into that nation's financial markets. The currency becomes stronger and more stable.

This classic formula is now under threat in Indonesia. Initially reports of a plan by the government to issue a governmental regulation *in lieu of* law (*perpu*) on reforms to the financial system were followed by the news that the House of Representatives (DPR) has a similar plan through a revision to the Bank Indonesia Law. Both these initiatives are aimed at reducing the independence of the central bank.

Like many other controversial bills from the DPR elected in 2019, it seems that this revision will pass easily. The coalition supporting President Joko Widodo holds the majority of seats in Senayan. Its members are usually not too interested in opposition from people outside Senayan. This means the public and businesspeople do not have much choice other than to prepare themselves for the shock of negative market sentiment as a result of this fundamental change.

In the revised Bank Indonesia Law drawn up at Senayan and released to the public, efforts to reduce Bank Indonesia's (BI) independence are clearly apparent from a number of the proposed changes. For example, Article 4 paragraph 2 proposes to return BI to government control. It explains that BI would have to coordinate with the government in carrying out its duties and using its authority.

Another fundamental change is the establishment of a monetary board. This body, comprising the finance minister, coordinating minister for the economy, BI governor, BI deputy senior governor, and the chair of the board of commissioners of the Financial Services Authority (OJK), would take over the role of the central bank in planning and implementing monetary policy. The board would be led by the finance minister, not the governor.

The draft of the revised law also removes from article 19 the ban on intervention in BI carrying out its duties. The central bank's authority to reject and/or ignore intervention from others would also be removed. This change underlines the follow up plan to eliminate BI's independence.

No less worrying is that the revised Bank Indonesia Law includes a plan to change the aim of the central bank. In the future, BI would not only be responsible for maintaining the stability of the rupiah, but for also increasing economic growth and creating jobs. This is clearly a strange proposal because economic growth is the responsibility of the fiscal authority which is under the control of the government.

There are reports that to stop the central bank protesting about this plan, the job of overseeing the bank would be returned to BI. The OJK would only oversee the capital markets. All of these drastic changes seemed to have been triggered by the government's plan to ask BI to print more liquidity to cover next year's budget deficit, something that the BI board of governors has repeatedly opposed.

Whatever the motive is, this is clearly a step backwards. The structure of the central bank and the establishment of the monetary board proposed by Senayan is the same as that of the New Order regime. As a result of the central bank not being independent, our economy was ravaged by the 1997-1998 monetary crisis.

The independence of Bank Indonesia cannot be removed. Article 23D of the 1945 Constitution clearly states this. If the government and the DPR insist on returning to the New Order, the constitution will have to be amended first. A difficult conflict would be unavoidable. FULL STORY PAGE 29

# A NEW HOPE FOR CLEAN ENERGY



**The presidential regulation on tariffs for electricity has many incentives. Transparency is the key to avoiding moral hazard.**

IT is never too late to do the right thing. The government is shortly to provide many incentives to investors in renewable energy power plants that will be detailed in a presidential regulation. This regulation has been long awaited because many investors have been reluctant to put money into developing clean energy sources. As well as the high investment costs, there is no guarantee that the electricity will be purchased by state electricity company PLN at a suitable price.

The government is the key to reducing the complexity in building clean electricity power plants. Clearly PLN does not want to buy electricity from new power plants because it will lose money: the purchase price is high, but the sale price to consumers is determined by the government. Without a satisfactory price, investors will be unwilling to enter the market because they will have problems getting their money back. Almost every nation provides incentives in a variety of forms to encourage the development of renewable energy.

Development of renewable energy in Indonesia is proceeding slowly because there are still abundant sources of fossil fuels, particularly coal. At present, coal is responsible for around 60 percent of electricity generation, the same as China. In many nations, coal is still the *prima donna*, supplying 40 percent of world electricity. Since 2000, the capacity of coal fired power plants has doubled to 2,045 gigawatts (GW).

However, if the impact on the environment and mankind is considered, coal cannot be classed as cheap. Therefore, the provision of incentives for renewable energy could be way to expand the use of clean energy as a substitute for polluting energy sources. Government support in a number of forms, namely schemes to set attractive tariffs, fiscal incentives, simplification of regulations and cost guarantees could accelerate the development of renewable energy.

One very attractive new clause states that the government will cover exploration costs for new working areas. For example, exploration of geothermal energy sources will be carried out by appointed state-owned companies and the results will be auctioned to investors. This way, investors will avoid the risk of high exploration costs. Another scheme is the repayment of costs to investors prepared to carry out exploration, similar to the cost recovery scheme in the oil and gas industry.

At this point, the presidential regulation could lead to an increase in electricity generated from clean energy to 19.9 GW, equivalent to 23 percent of total capacity in 2025. At present, clean energy contributes 10.8 GW. It is true that the state will have to pay much more to cover the costs of generating electricity from renewable sources compared to continuing to depend on cheap but polluting energy generated by fossil fuels. But the government must be very careful to ensure that regulations are not misused.

The goodwill on the part of the state to make matters easier and to cover exploration costs could be taken advantage of by dishonest investors. These new incentives create a potential for moral hazard. Investors could collude to obtain state funds, as happened in the oil industry. In 2006 for example, the Supreme Audit Agency discovered that seven oil and gas contractors had inflated cost recovery claims to the tune of Rp4 trillion.

It will also be easy to manipulate the tariff determination mechanism, especially if it uses the take or pay principle, meaning PLN will have to buy privately generated electricity. Frequently, PLN has to buy electricity at a higher price. Therefore, the price that is decided must be a fair price. These incentives must not fail to cover the externalities arising from dirty energy.

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INVESTIGASI BERSAMA TEMPO #5

This report is the collective work of *Tempo*, Tempo Institute, and Free Press Unlimited as part of the Tempo Collaborative Investigation Program.

COVER STORY

# A TRAGIC END OF POOR PROCUREMENT

**The procurement process for protective equipment during the Covid-19 pandemic seems to be riddled with issues. The health ministry's chief of health crisis center, as the commitment-making official, appointed a company with no experience in manufacturing personal protective equipment or PPE. The move resulted in the scarcity of protective equipment, which may have caused health workers to be infected with Covid-19. This report was made possible through the collaboration between *Tempo*, Tempo Institute, and Free Press Unlimited.**



ANTARA/FB ANGGORO

Nurses donning in PPE in a Covid-19 intensive care unit in Pekanbaru, Riau, last June.



**PILES** of cardboard boxes lay inside GA Indonesia's office in Cibinong, Bogor, West Java, on Friday, September 4. The office's lobby, cafeteria, health clinic, and employee locker room were packed with Kaltech-brand personal protective equipment (PPE). GA Indonesia Chief Executive Officer (CEO), Song Sung Wook, said his office is holding 37,000 boxes, each weighing 20 kilograms. "Containing 2 million PPE sets," he said.

GA is part of a South Korean PPE manufacturer consortium, comprising 20 factories in Indonesia. Through Permana Putra Mandiri, a medical equipment company in East Jakarta, the consortium received an order of 5 million equipment units from the health ministry on March 28. In May, the consortium had distributed around 3.1 million PPE sets to the government, made up of 2.1 million Boho brand sets and the rest were Kaltech sets.

Song is unaware as to why the government never purchased the remaining 2 million units of PPE. The health ministry never sent a letter to cancel their contract to the consortium. "We're waiting for certainty from the health ministry," said Song. According to Song, the last shipment from his factory occurred on May 18.

Chief of the Health Ministry's Health Crisis Center, Budi Sylvana, explained that the government ordered PPE from the South Korean consortium because they were able to quickly manufacture them. Budi said the 5-million figure was a mere estimated demand at the start of the Covid-19 pandemic. After shipment, Budi became disappointed because the consortium sent them two different brands, namely, Boho and Kaltech. "I never ordered other brands besides Boho," said Budi, who signed the letter ordering 5 million units of PPE.

Sri Lucy Novita, a representative of the South Korean consortium, claimed that Boho and Kaltech brands have equal quality, and that both have passed laboratory testing. The only difference is that Kaltech has a thicker fabric. The consortium sent Kaltech PPE because of its cheaper manufacturing cost compared to Boho, which requires an additional fee to purchase the brand. "We were pursuing a more efficient price," said Lucy.

In May, when controversy surrounding the procurement of PPE began, the Covid-19 mitigation acceleration task force announced that 55 medical workers, made up of 38 doctors and 17 nurses, had died from Covid-19. Indonesian Medical Association (IDI) spokesman, Halik Malik, said one of the causes of deaths among medical workers in the early stage of the pandemic was the limited number of PPE available. Many doctors had to wear whatever was available to protect themselves, such as raincoats and plastic bags, with some re-using masks.

IDI sent a letter to the Covid-19 task force on March 26, asking the government to continuously provide PPE, not only at referral hospitals, but also in clinics and other health facilities. In the letter, IDI said the availability of PPE was crucial to the safety of health workers. "Most health workers aren't adequately protected during the pandemic," said Malik. As of Wednesday, September 2, IDI had recorded 104 Covid-19-related deaths among doctors.

A number of regions also experienced PPE scarcity in April-May. Jambi Mayor Syarif Fasha says his region's health workers had trouble obtaining level-3 PPE, which must be used to treat Covid-19 patients. The PPE Syarif imported from China could not be immediately used as the equipment had to be quarantined for two weeks. Likewise, Sibolga Mayor Syarfi Hutauruk had trouble obtaining PPE.

IDI Jambi Chairman, Deri Mulyadi, confirmed reports that PPE was scarce during the early days of the pandemic.



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GA Indonesia PPE factory in Cibinong, Bogor, West Java, September 4.

Chairman of the Indonesian Nurses Association (PPNI), Harif Fadhillah, confirmed these reports. He said the scarcity of hazmat suits was one of the reasons nurses became infected with the novel coronavirus. As of September 4, over 1,000 nurses were diagnosed with Covid-19 and 71 had passed away.

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THE controversy over the purchase of protective equipment began when the government ordered 5 million sets of PPE from Permana Putra Mandiri. According to the contract *Tempo* managed to obtain, dated March 28, the price of one PPE set was agreed at US$48.8, or about Rp784,000 at an exchange rate of Rp16,200 to the US dollar. The contract was signed by Health Crisis Center Chief, Budi Sylvana; Permana Putra Mandiri Director Ahmad Taufik; and Energi Kita Indonesia Director Satrio Wibowo, who was appointed as the official vendor of Boho PPE in Indonesia.

On May 7, the Health Crisis Center chief revised the contract with Permana and Energi, lowering the price of one PPE set to US$44 for items sent until April 27. Items distributed on April 28 to May 7 were to be purchased for Rp366,850 per set. Lastly, Permana and Energi received a quota of 1 million PPE sets for the month of May at a price of Rp294,000 per unit. The South Korean consortium then sent 3.1 million PPE sets in stages to the Merpati Sports Center in the Halim Perdanakusuma Airport Complex until the end of May.

Before renegotiating with Permana and Energi, Budi Sylvana invited several potential PPE supplying garment and textile companies to his office. A number of suppliers came in the last week of April to present their products. "I involved the expert team, the Finance and Development Supervisory Agency (BPKP), and the National Public Procurement Agency (LKPP)," said Budi.

According to Budi, the process of purchasing the PPE went transparently and that all potential PPE suppliers brought samples and laboratory testing results. The expert team also tested the quality of each product. Six new companies were then chosen to be PPE suppliers, with a total order of at least 2 million units. On May 7–the same day Permana and Energi renegotiated the contract–the six companies received an official order from Budi.





Brilian Cipta Nusantara office in Kemayoran, Central Jakarta, September 4.

Stacks of boxes containing PPE units in GA Indonesia office lobby in Cibinong, Bogor, September 4 (left).

TEMPO/ADE RIDWAN

One of the companies that received a PPE quota was Brilian Cipta Nusantara, at 1 million sets. *Tempo*'s investigation shows that Brilian did not have a distribution permit when it received the order letter from Budi. According to a document *Tempo* obtained, the distribution permit listed in the order letter to Brilian was "KEMENKES RI AKD 2160302XXXX." In comparison, the order letter for Kasih Karunia Sejati–one of the six companies that were given quotas–included its complete distribution permit. Kasih Karunia Sejati, a company based in Malang, East Java, received a quota of 200,000 PPE sets.

Andre Gracia–listed as Kasih Karunia Sejati's director in the contract–said his company participated in the selection process after he received information that the health ministry was looking for a PPE supplier. During his three presentations in Jakarta, he was asked about the company's profile and production capacity. He also negotiated the price for one protective equipment set. After proposing a price of Rp320,000, Andre and the ministry finally agreed to Rp250,000 per set. "The laboratory testing documents for quality were complete," he said.

The ambiguity concerning Brilian's distribution permit was confirmed by Industry Ministry Director of Textile, Leather and Footwear Industry, Elis Masitoh, who said that Brilian was not on the ministry's list of textile and garment companies. "There are 92 companies with distribution permits for PPE, but I didn't find the name," said Elis.

Budi argued that Brilian was given a quota based on the information he received from his team that the company had met administrative requirements. He conceded that he never verified the information. According to him, Brilian's team even brought along a South Korean owner of its factory, who then explained the factory's production line. "I didn't feel tricked because their items were good then," he said. "I was simply amazed."

According to the company's articles of association (AoA), Brilian was established in April 2016, with an office in Jalan T.B. Simatupang, South Jakarta. There were no changes in the four years since, but the company made several revisions to the shareholder composition, directors and office address only 11 days before it received the PPE order. Since April 25, the AoA has listed Brilian's office at Graha Cempaka Mas, Central Jakarta.

On the morning of Thursday, September 3, Brilian's office appeared to be closed. The office complex's cleaning staff said the company moved there around March. Brilian's office is in the same complex as Troy Astri Pratama's house. Troy had been the company's CEO since April 25. After three weeks as CEO, Troy was replaced by Ebdung Tripriharto–a business motivator. Ebdung was reluctant to explain Brilian's involvement in PPE procurement. "I can't comment on it because it has been a long time," he said when contacted on September 2.

Later on, Brilian withdrew from the contract. The company never managed to manufacture and deliver even one set of PPE to the health ministry's warehouse in Halim Perdanakusuma. Ebdung told Budi that his company had some internal issues and could not supply the ordered PPE.

Despite the PPE scarcity in May, the health ministry chose not to absorb the remaining 2 million PPE from Permana. Budi said he received a copy of the BPKP audit on May 22, on the 3.1 million PPE sets that had been sent by Permana. The audit that *Tempo* managed to see explains that there was an over-payment of Rp625 billion above the price for 2.1 million Boho PPE sets. Meanwhile, the BPKP considered that the price given for 1 million Kaltech PPE sets was Rp48 billion too expensive.

Permana Putra Mandiri Director, Ahmad Taufik, questions BPKP's accusation of "unreasonable price." According to him, the BPKP calculated the manufacturing cost based on normal conditions, while his company was manufacturing protective equipment at a time when materials were scarce and numerous countries wanted to get their hands on PPE. "We were also willing to reduce our price for the two delivery stages in April-May," he said.

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THE PPE controversy has not only impacted the safety of health workers. On August 4 and 19, the South Korean embassy sent a letter, asking the government to mind the supply of 2 million PPE sets produced by the South Korean consortium. The letter was sent to the health ministry, foreign affairs ministry, the LKPP, and the BPKP. The South Korean embassy has not yet answered *Tempo*'s request for confirmation, which was sent via email on September 3.

On August 14, Chief of the National Disaster Mitigation Agency (BNPB) who is also Chief of Covid-19 Task Force, Doni Monardo, held a meeting to discuss the supply of 2 million PPE sets. According to the meeting minutes *Tempo* obtained, Doni stressed that the controversy over the procurement of PPE must not damage the bilateral relationship between Indonesia and South Korea.

In a special interview with *Tempo* on Friday, September 4, Foreign Affairs Minister Retno Marsudi was reluctant to explain government's response to the South Korean embassy's letter. According to her, the health ministry was the institution with the authority to answer the question. Health Crisis Center Chief, Budi Sylvana, who was present at the meeting, confirmed that the diplomatic letter was discussed. "It was sent by the (the embassy's) trade office," he said.

There is still ambiguity as to how the contract for purchasing PPE from the



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South Korean consortium will be resolved. Likewise, regarding the PPE supply in the regions. Chairman of Jambi IDI, Deri Mulyadi, heard from his colleagues that PPE supplies were dwindling, particularly at community health clinics (*puskesmas*). Deri himself claimed to has been using recycled surgical suit when operating on patients this past week. Indonesian Nurses Association Chairman, Harif Fadhillah, also received news that nurses do not have enough protective equipment. These nurses work at private hospitals and puskesmas in red zones, such as East Java as well as Jakarta and its surrounding areas. ● RAYMUNDUS RIKANG, HUSSEIN ABRI DONGORAN, DEVY ERNIS, FAJAR PEBRIANTO, ADE RIDWAN (BOGOR)

# PROJECT AWARDED TO NEWCOMER

ON September 3, Johan Agung's office could not be found along Jalan Sam Ratulangi V, Oesapa Barat administrative village, in Kupang, East Nusa Tenggara. Locals *Tempo* met did not know the whereabouts of the company that won a project at the Kupang Health Polytechnic run by the health ministry.

Johan Agung's address, as listed on the health ministry's webpage *lpse.kemkes.go.id*, is RT (neighborhood unit) 16 RW (community unit) 07, Sam Ratulangi V. But RT 19 chief, Wempi Ello, said the street is not in RT 16, but rather in RT 19. "There is no company called Johan Agung," he said.

Johan Agung was mentioned in a study by the Indonesia Corruption Watch (ICW). In July, the company was appointed by the health ministry to supply masks for Kupang Health Polytechnic students at a total price of Rp77 million. One month prior, the limited partnership was also appointed to supply protective equipment and hand sanitizers for the same university at the same price.

ICW found that Johan Agung did not have prior experience in supplying medical equipment or gear. According to ICW researcher Siti Juliantari Rachman, Johan Agung instead supplies office equipment. "Also textbooks for private middle schools at the Lembata Regency education office," she explained.

According to Siti, some other companies believed to have zero experience in supplying medical gear have also been involved in Covid-19 mitigation. For example, Ziya Sunanda Indonesia, which received a star–usually given to project winners–in the health ministry Electronic Procurement System's evaluation column for Covid-19 reagent suppliers. Despite usually joining tenders for network development and construction, Ziya competed with 129 other companies in the auction worth Rp2.7 billion.

Recently, another company was awarded the project. Ziya CEO, Herry Sunanda, admitted his company indeed participated in the tender but did not get the project. "We are indeed in the goods and services sector," he said.

Procurement of medical equipment in other regions has also been fraught with irregularities. In Ambon, fogging machines and wash stations for 81 villages in the South Buru Regency are believed to have been bought at an unreasonably high price. South Buru Pemerhati Forum Executive Coordinator, Levinus Rodrigues, said Longray fogging machines, type T5-35a, were purchased at the price of Rp22 million each, while water tank hand-washing stations were purchased at the price of Rp5 million each. In comparison, the market price for same type fogging machines is Rp8 million each, and water station Rp375,000-425,000.

According to Levinus, there was a difference of Rp324 million with the market price in the procurement of hand-washing stations. "And for fogging machines, the difference was Rp1.134 billion," he said. When asked to comment on the finding, South Buru community empowerment office head, Umar Mahulete, did not respond to *Tempo*'s phone calls and WhatsApp messages.

Health Ministry's Chief of Health Crisis Center, Budi Sylvana, admitted that the procurement process for goods and services during the pandemic has been less strict. As long as a company has a permit for distributing medical equipment, the company would be allowed to participate in a tender.

Corruption Eradication Commission (KPK) Deputy for Prevention, Pahala Nainggolan, said his institution could not immediately investigate these irregularities because of Presidential Instruction No. 4/2020 on budget reallocation and the procurement of goods and services to mitigate the Covid-19 pandemic. "As long as a company has the goods and can prove that its prices are reasonable, nothing can be done," said Pahala.

● DEVY ERNIS, M. JAYA BARENDS (AMBON), JOHN SEO (KUPANG)



TEMPO/HILMAN FATHURRAHMAN W

**Spraying disinfectant on a health worker in the Duren Sawit Community Health Center, Jakarta, September 3.**



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## CHIEF OF THE HEALTH CRISIS CENTER AT THE HEALTH MINISTRY BUDI SYLVANA:

# THE RESPONSIBILITY IS MINE

THE lack of available personal protective equipment (PPE) is deemed to be the root cause of the deaths of hundreds of doctors and nurses. The health ministry has refused to continue contract with Permana Putra Mandiri which supplies personal protective equipment from South Korea. There are still some 2 million PPE units from an order for 5 million units as yet undistributed. Met by *Tempo* reporters Devy Ernis, Raymundus Rikang, and Nur Alfiyah in his office on Friday, September 4, Chief of the Health Crisis Center at the Health Ministry Budi Sylvana explained PPE procurement procedures, including the appointment of Brilian Cipta Nusantara, which it turned out does not hold a distribution license.

**What's the procurement procedure for PPE in a pandemic?**

We involved expert teams, including from the Persahabatan, Sulianti Saroso, and Gatot Soebroto hospitals. I showed them the equipment, and asked them to select the most comfortable and appropriate one. But we did the tests first, did they screen droplets well, and so on. So, it was the users who selected the equipment, not me. After the expert teams made their choice, then I looked at the price. The price tag was the last component I looked at.

**You ordered 5 million PPE units from Permana, but 2 million of that total was not used. Was there a miscalculation?**

The need for 5 million units was based on our calculations in the pandemic. At the end of March, no one was producing them, only that Korean company. So, that was it, I placed an order for 5 million units. In the course of time, they were only capable of producing 2 million units of the agreed upon total number. They replaced the rest with another brand. Of course it as different, and it was no longer the goods I had ordered. Eventually, I made a pre-order batch for another 1 million units which quality was much lower than what they had shown me. I accepted these because, at the time, PPEs were not readily available.

**The South Korean government sent a letter to settle the issue. Did this have an impact on diplomatic relations?**

This was a business-to-business deal, not a diplomatic issue. The letter was sent by the trade *attaché*, not the ambassador. Of course they had to come in on behalf of the Korean company. But, regarding procurement of goods and services there are specific mechanisms that need to be complied with.

**So you do not plan to absorb the remaining 2 million PPEs?**

Should I really go on with a purchase in which we discovered contain certain issues?

**What did you discover?**

There were two audit findings by the Finance and Development Supervisory Agency (BPKP). First, the 2 million PPEs we had absorbed, they were deemed too expensive by Rp666 billion. Second, the 1 million PPEs were too expensive by Rp48 billion. I was threatened with a lawsuit by their attorneys. Well, so be it. If according to the court I was at fault, I would make the purchase. They did not accept this because our price correction was considered too steep. As the official who had made the deal, I would have been at fault, but only if these were normal times. But, look, this is a pandemic, things are different. Suppliers have to be responsible to prices that have been fixed and should be willing to be audited.

**You distributed PPE quotas to several companies. One was Brilian Cipta Nusantara, which did not have a distribution license. Didn't you check first?**

The selection process involved the BPKP, the National Public Procurement Agency (LKPP), and the inspectorate. They were the ones scrutinizing administrative matters. I was too hectic going all over the place. They helped me make the selection based on administrative procedure. I was convinced by the LKPP and the BPKP that, administratively, things were in order. At the time, I was given their joint assessment. The LKPP and the BPKB are both credible institutions, which assisted me in making that assessment. The responsibility lies with me. I was the one who made the decision, but the selection procedure included my colleagues.

**Do you feel tricked?**

If I knew the company tricked me, I would slap them with a lawsuit. But in the course of time, they came and withdrew from the project because they did not have the production capacity, also because they were going through their own internal problems. So, before any funds were distributed and before production, they had already withdrawn themselves from the contract. ●



HEALTH MINISTRY HEALTH CRISIS CENTER DOC.

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Medical staff wearing PPE enter the isolation ward in the Athletes' Dormitory Covid-19 Emergency Hospital, Jakarta, last May.




Health service at the Duren Sawit Community Health Center, Jakarta, September 3 (right).

TEMPO/URDJANSAH, TEMPO/HILMAN FATHURRAHMAN W

# HEALTH WORKERS RISKING THEIR LIVES

**Over 100 doctors died from Covid-19. Meanwhile, the number of patients arriving at hospitals in poor conditions continue to rise.**

IN mid-May, Ketty Herawati Sultana spoke about some of her patients to her daughter, Margareta Oktaviani, via video call. The general practitioner at Medistra Hospital, Jakarta, helped treat Transportation Minister Budi Karya Sumadi, who suffered from diarrhea as well as a fever and a cough. Later on, Budi was diagnosed with Covid-19 and referred to the Gatot Soebroto Army Hospital in Jakarta. Besides Budi, some of Ketty's other patients had tested positive for Covid-19.

Ketty was also treated at Medistra. She admitted to her daughter, also a doctor at the T.C. Hillers Maumere Regional General Hospital in East Nusa Tenggara, that she did not always use personal protective equipment (PPE) and did not always wash her hands. After a swab test, Ketty was diagnosed with Covid-19. Two days after her video call with Margareta, Ketty's conditions worsened and she had to be treated in the intensive care unit (ICU). Two weeks later, she passed away, on the first Saturday of April. "Mama had hypertension and asthma," Margareta said on Friday, August 4.

Ketty was among doctors who died in the early stage of the pandemic. As of Friday, September 4, 104 doctors had died from Covid-19. Imai Indra, an anesthesiologist at the Zainal Abidin Hospital, Banda Aceh, Aceh Province, was the last to pass away. Three weeks before he died, Imai operated on a Covid-19 patient. Besides doctors, 71 nurses have died in the past six months. Until today, it is not yet clear how many health workers have been infected with the virus. On September 4, Indonesia had recorded over 187,000 positive cases.

Indonesian Medical Association (IDI) spokesman, Wachyudi Muchsin, said the number of patients continues to rise while there are not enough doctors available. Health workers have had to work hard, in the end suffering from exhaustion. Wachyudi has witnessed many of his colleagues not having the time to rest because patients continue to arrive. "When they are tired, doctors' immune system will also collapse," he said. In Makassar, South Sulawesi, five doctors have died from Covid-19.

Amellina Nurika, a doctor at a private hospital in Bogor, West Java, said that during the Covid-19 pandemic, it has taken longer to examine one patient, usually because of the procedure applied by the hospital. For example, she explained, someone with Covid-19 symptoms must undergo two laboratory testing, get a lung X-ray, and be examined for internal diseases.

While waiting for results, Amellina must explain the various procedures that the patient must undergo. For example, a patient who has been diagnosed with Covid-19 must not receive visitors and must be isolated. She also has to explain the availability of the isolation ward, ventilators, as well as protocols for deceased patients. These explanations often discourage patients, she said. Not to mention, some patients refuse to accept a positive diagnosis and instead resorts to arguing. "This is of course tiring, especially when the number of patients is sharply increasing," said Amellina.

The rise in coronavirus patients has become more apparent, especially after several regions began relaxing their large-scale social restrictions policies in June. The daily average of new cases spiked to over 1,000. The following month, the daily average was around 1,000-2,000. In August, the daily average had reached 2,000. And in early September, the daily average for new cases reached 3,000.

The increase can be seen from bed occupancy in isolation wards. On Thursday, September 3, Bogor Mayor Bima Arya Sugiarto said that as many as 81 percent of hospital beds specifically meant for Covid-19 patients were already occupied. Bima also prepared non-treatment health facilities for those who are Covid-19 positive but exhibit no symptoms. Bima has asked two referral hospitals, namely, Marzuki Mahdi and Hermina, to prepare more beds in their isolation ward.

In the capital city, isolation ward occupancy has reached 70 percent of the available 4,456 bed units. ICU occupancy in Jakarta has even reached 84 percent out of 746 wards. The Jakarta provincial government plans to add 137 new ICU wards and 746 isolation beds in the hope to bring bed occupancy down to 60 percent. "The addition of beds is done simultaneously with the appointment of new referral hospitals," said Jakarta Health Office Head of Disease Control and Prevention, Dwi Oktavia.

Ayu Anandhika, an emergency unit doctor at a type-C private hospital in Jakarta, said it has been difficult to find a referral hospital as of late. On several occasions, patients have had to be treated in her hospital's ICU because referral hospitals did not have adequate beds. "In the end, (the patients) died in our establishment," she said.

The Gadjah Mada University graduate confessed that she was working 16 hours per day. At the start of the pandemic, Ayu would treat over 25 patients in one day. When large-scale social restrictions were implemented, the number of patients went down and she would treat only around five patients per day. As soon as the social restrictions policy was relaxed, there was a spike in new cases. Those who come to the hospital are usually already in poor condition, which means that health workers have had more work to do.

Sasfia Candrianita, a doctor at a referral hospital in Bandung, West Java, said that in order to address the workload, her hospital implemented a one-week-on and one-week-off policy. She claimed the system helped her manage her exhaustion, especially because she is now studying internal medicine and is also spearheading Covid-19 mitigation. Currently, her work hours have returned to normal at five days a week, 12 hours per day.

Although hospitals implement strict protocols, such as the use of PPE and placing patients with Covid-19 symptoms in special wards, Sasfia said there is still a great chance for health workers to get infected. For example, some patients do not show Covid-19 symptoms when examined in the emergency room but they are confirmed to be positive while being treated in the hospital ward. As a result, the ward must be sterilized and health workers who have had contact with such patients must take a swab test.

Ayu Anandhika has similar concerns. She is aware that working in a red zone means that she may be infected at any time. Over a dozen of her colleagues at her hospital have tested positive for Covid-19. Ayu likens the situation to an *arisan*—a savings raffle in the Indonesian culture: meaning, anyone can get it at any moment.

WAYAN AGUS PURNOMO, IMAM HAMDI



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## PROCUREMENT CONTROVERSY

**MARCH 2**
The government announces the first Covid-19 cases.

**MARCH 18**
The health ministry names an estimated PPE demand of around 5 million sets to a South Korean consortium.

**MARCH 22**
The ministry orders 15,000 PPE sets verbally, but the items are already in a bonded zone, waiting for export to South Korea. Customs finally agree to releasing the items as long as the tax is paid.

**MARCH 28**
Health ministry chief of health crisis center orders 5 million PPE sets through an order letter sent to Permana Putra Mandiri and a South Korean consortium.

**MARCH 29**
The National Disaster Mitigation Agency (BNPB) sends a letter to the South Korean embassy in Jakarta, asking assistance for procuring materials for manufacturing 5 million PPE sets.

**APRIL 6**
The Indonesian Medical Association (IDI) announces that 24 doctors have died from Covid-19.

**APRIL 27**
The health ministry requests an addendum to the PPE order contract with Permana.

**MAY 7**
- Renegotiation. The price for one PPE set is lowered. Permana has sent 3.1 million PPE sets, with around 2 million sets remaining.
- The health ministry issues a PPE order letter for other companies, among others, Brilian Cipta Nusantara, with no experience in supplying medical equipment and PPE.

**MAY 22**
The Finance and Development Supervisory Agency (BPKP) finds that the purchase of 3 million PPE sets was made at a price that was Rp600 billion more expensive.

**JULY 6**
- The government discusses the PPE supply that has not yet been absorbed.
- The South Korean embassy sends a letter asking the government to resolve the unabsorbed 2 million sets of PPE

**AUGUST 14**
The BNPB holds a meeting to discuss the fate of the 2 million PPE sets owned by Permana.

**AUGUST 19**
The South Korean embassy sends another letter, asking the government to mind the PPE sets already ordered.

**SEPTEMBER 2**
PPE scarcity in numerous regions. IDI announces that 104 doctors have died from Covid-19.

### ALL-INSTANT DURING THE PANDEMIC

THE National Public Procurement Agency (LKPP) issued a special circular to regulate the procurement of goods and services during the Covid-19 pandemic. In the circular letter, No. 3/2020, LKPP Chief Roni Dwi Susanto says that the letter's instructions are meant to make it easier for institutions to accelerate the procurement of goods and services during this emergency situation.

**Proxy of budget user (KPA) determines the demand for goods and services.**

**The KPA orders the commitment-making official (PPK) to perform procurement.**

**The PPK appoints a goods and services supplier.** Note: Said provider must have already supplied the same goods or services to a government office or is recorded as a supplier in the electronic catalogue.

**The PPK issues an order letter agreed upon by the supplier.**

**The PPK orders supplier to provide averment for price reasonableness**

**The PPK pays based on the amount of goods received.** Note: Payment can be done with a down payment or after the goods are received.

**The PPK requests an internal auditor or the Finance and Development Supervisory Agency to ensure that the prices are reasonable.**

# ORDER FIRST, LEAK MONEY LATER

**THE procurement of personal protective equipment (PPE) during the Covid-19 pandemic has been fraught with problems. The government appointed companies with no track record of supplying PPE, and some PPE sets were bought at unreasonably high prices. Some regions are experiencing PPE scarcity. The Indonesian Medical Association (IDI) says PPE scarcity is one of the factors contributing to doctors being infected by the novel coronavirus.**



A health worker waering a plastic raincoat in Tamblong Cummunity Health Center, Bandung, West Java, last April.

**AVAILABLE SUPPLY***

**PPE:**
6,656,568
PIECES

**Surgical suits:**
4,065,326
PIECES

**Surgical Masks:**
81,071,905
PIECES

**N95 Masks:**
81,000 UNITS

*END OF JULY 2020

### PROCUREMENT IRREGULARITIES

**INDONESIA Corruption Watch found several irregularities in the procurement of health equipment during the Covid-19 pandemic, from incomplete procurement package names to projects awarded to companies with no relevant experience.**

- The names of procurement packages are too general and do not clearly show the job to be performed.
- Not all ministries mention the location of the work to be done.
- The volume of work is rarely included. As a result, it is difficult to estimate reasonable prices.
- Specifications of goods are not described in detail.
- There are no general procurement plans.
- Projects are awarded to companies with insufficient relevant experience.



TEMPO/PRIMA MULIA

### PERSONAL PROTECTIVE EQUIPMENT (COVERALL DISPOSABLE MEDICAL GRADE)

- **92 companies** are licensed to distribute and manufacture PPE
- **43,841,850 pieces/month** total production capacity
- **34,004,215 pieces/month** real capacity
- **319,570,000 pieces/month** estimated production until December 2020
- **8,530,000 pieces** domestic demand
- **311,080,000 pieces** export potential

### SURGICAL SUIT

- **47 companies** produce surgical suits and have permits to distribute
- **16,216,817 pieces/month** total production capacity
- **12,517,967 pieces/month** real capacity
- **112,660,000 pieces** estimated production until December 2020
- **3,210,000 pieces** domestic demand
- **109,450,000** export potential

### SURGICAL MASK

- **80 companies** have the permit to distribute and manufacture surgical masks
- **439,670,000 pieces/month** total production capacity
- **323,850,000 pieces/month** real capacity
- **2,914,700,000 pieces** estimated production until December 2020
- **129,800,000 pieces** domestic demand
- **2,784,900,000 pieces** export potential

### N95 MASKS

- **1 company** has the permit to distribute and manufacture N95 masks
- **360,000 units/month** total production capacity
- **360,000 units/month** real capacity
- **3,240,000 units/month** estimated production until December 2020
- **7,640,000 units** domestic demand
- **4,410,000 units** domestic deficit

### HEALTHCARE WORKERS FATALITIES

**MEDICAL personnel are most vulnerable to Covid-19. According to Amnesty International, at least 7,000 healthcare workers have death because of the pandemic.**

**INDONESIA**

**1.3%** doctor fatalities ratio

**104 DOCTORS | 70 NURSES**
**8 DENTISTS | 15 MIDWIVES**

**MEXICO**
- **1,320** healthcare workers death
- **2%** healthcare workers fatalities ratio

**USA**
- **1,077** healthcare workers death
- **0.58%** healthcare workers fatalities ratio

**UK**
- **649** healthcare workers death
- **1.5%** healthcare workers fatalities ratio

**BRAZIL**
- **634** healthcare workers death
- **0.51%** healthcare workers fatalities ratio

**RUSSIA**
- **631** healthcare workers death
- **3.5%** healthcare workers fatalities ratio



**TEXT:** RAYMUNDUS RIKANG | **SOURCES:** INTERVIEWS, INDUSTRY MINISTRY (JULI 2020), INDONESIAN MEDICAL ASSOCIATION, AMNESTY INTERNATIONAL, INDONESIA CORRUPTION WATCH



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# NOT ENOUGH CONTACT TRACING

**The whereabouts of thousands of Covid-19-positive patients are unknown. Contract tracing and isolation ratio is still low.**

AFTER several times closely interacting with Covid-19 patients in the past two months, Jo—not his real name—has reason to be wary and confused. The doctor, who is currently pursuing a medical specialty in Jakarta, has never been tested for the disease. "I've already filled out a close contact form, and even submitted a letter to the hospital last month, but I've never had a swab test," he said on Friday, September 4.

Jo's studies require him to practice at several university hospitals in the span of several months. He has now moved on to a new hospital without learning whether he carries the SARS-CoV-2 virus. "Meanwhile, I'm entering a new environment and treating patients. This is dangerous," he said.

Jo has had trouble accessing Covid-19 testing since the start of the pandemic. His close family member, also a doctor, died from the disease in March. The hospital that treated him promised to perform swab tests on his closest family members, Jo included. But after waiting for days, they were never tested. They only had a swab test after Jo's colleague contacted a health office worker he was acquainted with. The community health clinic (*puskesmas*) worker directly tested them.

In July, said Jo, his mother was also treated at a private hospital for another disease. Based on the swab test, the mother was diagnosed positive for Covid-19. But not one health worker followed up on the test. There was no contract tracing, let alone a visit to family members to perform swab tests. "I was confused, did I need to contact the health office again?" he said.

The chaotic contact tracing has also been noted by Kawal Covid-19 (monitor Covid-19). According to their data, only a handful of regions adequately perform contact tracing and isolation. "For example, Riau, West Kalimantan, and Jambi," said Kawal Covid-19 data coordinator, Ronald Bessie.

Meanwhile, contact tracing and isolation ratios in other regions are still poor. In Jakarta, for example, the rates for contact tracing and isolation have continued to decline since June. At this time, the province's contact tracing and isolation ratio is at 2, meaning, in every Covid-19-positive case, only two people are then traced and isolated. "Meanwhile, all you need to do is point at a family living in one home for close contact and you'll already have four people," he said. Nationally, the tracing and isolation ratio is at 3.9.

Ronald added that another problem is the unknown whereabouts of many individuals who are Covid-19 positive. In Jakarta alone, there are over 12,500 people diagnosed with the disease, whose whereabouts are unknown. One of the issues is poor coordination between testing hospitals and the health office. Over 50 percent of Covid-19-positive cases in Jakarta are discovered through independent testing at hospitals, and not through contact tracing, as experienced by Jo's mother.

According to World Health Organization (WHO) guidelines, at least 80 percent of people who have had contact with a Covid-19-positive patient must already be found in under 72 hours. They must immediately be tested and be put under isolation while waiting for results. WHO also requires tracing over 30 people for each positive case. "That would be best," said Pandu Riono, an epidemiologist from the University of Indonesia's public health department.



Surakarta government employees in Central Java take a swab test in August.

TEMPO/BRAM SELO AGUNG MARDIKA

If done massively, said Ronald, testing, contract tracing, and isolation can suppress Covid-19 transmission. These methods would also allow those who have the disease to be diagnosed as early as possible, while the symptoms are still not severe. "We're seeing that all hospitals in the Greater Jakarta area are already full. In fact, if you want to suppress transmission, you must begin at the start," said Pandu. But, he added, the problem is, there is no minimum number of contact tracing to be done by tracing officers in the field.

Ahmad Tantowi, a contact tracing officer from the Pundong subdistrict puskesmas, Bantul Regency, Yogyakarta, confirmed this information. Ahmad works according to a manual for Covid-19 prevention and mitigation published by the health ministry in June. "I can only trace 10 people from one positive patient," he said.

Chief of the Batam City Health Office, Riau Islands, Didi Kusumarjadi, also said that there is no quota for field officers. And he does not know, at the top of his head, his officers' average contact tracing rate. "We never calculated that way. It's a hassle," he said.

Covid-19 task force spokesman, Wiku Adisasmito, said the government has not set a minimum contact tracing quota for each positive patient because patients have different mobility, meaning they meet different numbers of people. But, he added, contact tracing is not a simple matter. Tracing is the activity to immediately detect those who may have been infected after a positive case becomes known. The trouble is, the result of a swab test can only be known between one day to one week after the test is performed.

During the waiting period, the person tested does not yet have the certainty as to whether he or she is infected, leading the patient to feel healthy. Said patient may go anywhere and meet anyone. The slower the result comes out, the larger the potential of the patient to have contact with others. "When the result is positive and he is asked to recall whom he has met, he has perhaps already forgotten some," said Wiku. This creates a problem for officers, causing tracing to fall below WHO standards.

According to Wiku, if someone is found to be Covid-19 positive after he becomes a patient at a hospital, the hospital must report to the local health office so that contact tracing can be performed. The health office must then visit every individual who has had contact with the patient, to perform tests.

If one patient has had contact with 20 people, then all 20 must be visited. Meanwhile, the daily average for new cases is at around 3,000. "Do local offices have the funds to perform tracing, officers who understand how, and regional heads who can creatively mitigate the pandemic in their regions? Not all regions have these," said Wiku.

Ahmad Tantowi said the primary challenge to contact tracing is that not everyone will honestly answer the officers' questions. Many are reluctant to talk about where they have gone and whom they have met. "Some families are secretive about their travel history," said Ahmad. In such cases, he would receive fewer than 10 contacts.

According to Head of Bogor City Health Office, Sri Nowo Retno, many patients are unwilling to openly answer questions because they are worried that they would be poorly treated by people around them due to the stigma attached to Covid-19 patients. "They are willing to lie," she said.

As stated by Yogyakarta government spokesperson for Covid-19 mitigation, Berty Murtiningsih, there is a short supply of competent human resources. Contact tracing requires special skills. "We're attempting to address this challenge by organizing training," said Berty.

Meanwhile, head of Central Java health office, Yulianto Prabowo, admitted to a limited budget. They must split a budget of Rp400 billion for this year. The money is used for all efforts to mitigate the Covid-19 pandemic, including quarantine, personal protective equipment for officers, purchasing health equipment, and tracing. "If spent now, what about later?" asked Yulianto.

To improve contact tracing, Health Ministry Director of Surveillance and Quarantine, Vensya Sitohang, said the ministry has drafted a module for contact tracing in collaboration with the Food and Agriculture Organization (FAO). The ministry is also preparing volunteers, funding, and is developing an app for recording and reporting tracing. "The app has already been tested in Banyuwangi (East Java)," said Vensya.

NURALFIYAH, SHINTA MAHARANI (YOGYAKARTA), JAMAL A. NASHR (SEMARANG), NOFIKA DIAN NUGROHO (MADIUN), YOGI EKA SAHPUTRA (BATAM), MURTADHO (BOGOR)



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# SAFER IN THE VIRUS' HOME TURF

**A total 59 countries closed their doors to Indonesian citizens. The government is doing hectic lobbying in the interests of business.**




A Malaysian immigration officer scan body temperature of passengers arriving at Sepang Airport, Malaysia, last March.

REUTERS/LIM HUEY TENG

FOR almost half a year now, Kharisma Larasndaru has missed seeing her husband, Anugrah Wahyudi, who is in Kuala Lumpur, Malaysia. In mid-March, the 30-year-old left Anugrah, who works as an information technology expert for a company in Malaysia, to visit their child left in the care of her parents in Pekayon, Bekasi, West Java.

Not long after her departure, the Malaysian government closed its doors to foreigners because of the coronavirus contagion. Despite the ban being annulled in early June, Laras– as Kharisma Larasndaru is usually called–chose to not return to Malaysia because of the inhibiting costs needed to go into quarantine. She relied on video calls to keep contact with Anugrah online. "Our kid misses him the most, because the last time they met was in November 2019," said Laras, who used to work for a private company in Malaysia.

Later, Anugrah gave news that the Malaysian government was allowing self-isolation by visitors from other countries to be conducted in their own homes. Laras applied to the embassy for a spouse visa through her husband's company in July. Her documents had not yet finished being processed when the Malaysian government at end of August issued an entry ban for citizens from Indonesia, the Philippines, and India. Laras was crestfallen. "We have no idea when we can meet again," she said.

The ban was only announced by Malaysian Defense Minister Ismail Sabri Yaakob on Tuesday, September 1, to come into effect Monday, September 7. The Malaysian government assessed Covid-19 positive cases in the three countries have increased sharply. Indonesia has more than 187,000 positive cases, with over 7,800 people deceased. The Malaysian government has no wish for visitors from the three countries infecting their own citizens.

The Coordinator for Social, Culture and Information Affairs of the Indonesian Embassy in Kuala Lumpur, Agung Cahaya Sumirat, said that since the Covid-19 pandemic, many workers originally from Indonesia have decided to not return home. This, said Agung, is because they know it would be difficult to re-enter Malaysia. Later, Malaysia also banned visitors from all countries having over 150,000 Covid-19 positive cases.

One day after the announcement, the foreign affairs ministry called on the Malaysian Ambassador to Indonesia, Zainal Abidin Bakar. In a special interview with *Tempo* on Friday, September 4, Foreign Minister Retno Marsudi said she had dispatched Director-General for Asia-Pacific and Africa, Desra Percaya, to seek explanation. Zainal Abidin said he had given clarification regarding the Malaysian government's policy. "We also discussed other bilateral issues to work together to handle the pandemic," Marsudi told *Tempo*.

Retno Marsudi considered it the right of the Malaysian government to ban entry into their country. Indonesia has a similar ban in place, she said. According to Retno, to date, Indonesia has not opened general access for foreigners into this country. The main considerations, obviously, are health issues and to impede Covid-19 contagion. "We are also imploring Indonesian citizens to not make trips abroad except for very urgent reasons," said Retno.

Besides Malaysia, 58 other countries have also banned entry for Indonesian citizens. These include Hungary, the United Arab Emirates, and South Africa. Indonesian Ambassador to Hungary, Abdurachman Hudiono Dimas Wahab, said the ban was partially eased in August under condition visitors take two polymerase chain reaction tests. But, beginning September, the ban came back into place. The embassy has urged around 400 Indonesian citizens in Hungary to re-consider going home to Indonesia. It could well be they would face difficulties trying to re-enter Hungary. "I myself wish to have a leave and go home, but I cannot," said Abdurachman.

Two government officials said, since the entry ban by 59 countries, the Indonesian government has not stayed still. It has lobbied those countries to loosen the policy, so that Indonesian citizens can enter. But, despite the requests, said the two sources, still many countries have either refused entry to Indonesians, or have given no definite response. Some of the 59 countries are not only reviewing the high number of positive Covid-19 cases, but are also scrutinizing the government's capacity to overcome the contagion.

A World Health Organization (WHO) official said, one of the organization's concerns is the way cases are being handled in Indonesia. The WHO recently sent a warning to the government regarding the way it managed the pandemic. The first warning came in a letter sent by WHO Director General Tedros Adhanom Ghebreyesus to President Joko Widodo on March 10. In the same month, the WHO Regional Director for Southeast Asia, Poonam Khetrapal Singh, requested that Southeast Asian countries be more aggressive in overcoming the coronavirus.

Foreign Minister Retno Marsudi admitted to communicating with countries to relax their ban against Indonesian citizens entering their borders. But easing of the restriction does not apply to general visitors, and is only for businesses in strategic projects and for urgent travel by government officials. "In essence, it is so business can continue without sacrificing health issues," she said.

Countries that have opened communications with Indonesia, said Retno, are the United Arab Emirates, South Korea, and China. Currently, another country being lobbied to ease their sanctions is Singapore. Retno refrained from commenting on the high number of corona positives in-country, and other countries' view on Indonesia's management of the contagion. Retno claimed the government is very focused on health matters and on overcoming the devastating effects of the coronavirus.

In the midst of the case spike in Indonesia, contrarily, Wuhan, China, the original 'home turf' of the coronavirus, is celebrating because the region is now virus-free. Two Indonesian students in Wuhan who returned home end of last year, Ahmad Syaifuddin Zuhri and Nur Musyafak, told *Tempo* how they and some friends are concerned on how Covid-19 is being dealt with here. According to Zuhri, in a chat group of Indonesian students in Wuhan, some of his colleagues said they wished to go back to China. "Because being in Wuhan is now much safer than being here," he said.

HUSSEIN ABRI DONGORAN, KUKUH S. WIBOWO (SURABAYA), DAVID PRIYASIDHARTA (LUMAJANG)



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BANK INDONESIA LAW REVISION



34
THE PRICE OF RENEWBALE ENERGY

ECONOMY

# MARKET PULSE

## TOYING WITH PILLARS OF CREDIBILITY

THERE is no president or prime minister who would want to see the welfare of their people be compromised by a recession. That also applies to Indonesia. President Joko Widodo has repeatedly stated that he will not hesitate to take extraordinary measures to mitigate the effects of Covid-19 on the economy.

The problem is, when overdone, those extraordinary measures can create a problem that is worse than the recession it tried to overcome. Especially if those policies are toying with the main pillar of economy in this very open era, in which capital moves freely without restrictions. That pillar is central bank independence in managing monetary policy. This is the main anchor of economic credibility, especially in an emerging market like Indonesia, which still needs capital support from foreign investors.

Without that credibility, investor trust falls apart. No one will be interested in buying financial assets in Indonesia. Even if they are willing, Indonesia must pay higher interest or offer higher yields on investment. The supply of foreign currency which this country desperately needs is at risk of falling.

Not to mention the risk of the rupiah losing value against foreign currencies. If financial markets judge that the central bank that is issuing the rupiah is no longer in full control, whether due to political pressure or direct intervention, the charisma of the rupiah will dissipate.

Going into the first week of September, that negative perception has dominated the market. First, the coming of the news that the government will issue new regulation *in lieu of* central bank law or *perpu*. Furthermore, not only the government, the House of Representatives (DPR) is also preparing a revision to the Central Bank Law. In principle, these two planned regulations amendment carry the same spirit, creating the impression that the central government and the DPR both want to strip Bank Indonesia's (BI) authority and independence.

Yet, President Jokowi reaffirmed that the government will maintain BI's independence. He conveyed that position during his meeting with foreign media in the Bogor Palace, Tuesday, 1 September. But in the same forum, he also conveyed something contradictory to that statement: the government will ask BI to fund the budget deficit until 2022.

If the President is asking for help from the central bank until 2022, that is the same as forcing BI's board of governors to violate its own ruling. This year, BI has helped to fund the budget deficit. Through a mechanism called burden sharing, BI directly bought government bonds in the primary market amounting to Rp397 trillion. This scheme is the same as BI printing new rupiah liquidity for the government. Understanding the risk, BI stressed that a scheme like this will be the first and the last of its kind. It is only in this year that BI has directly printed new money to fund a budget deficit.

This signal from the president is tripping the radar of the global financial market, putting it on alert. Analysts are now reviewing Indonesia's true direction. Will President Jokowi break the most orthodox economic rules, all while carrying the rupiah and even the Indonesian economy through the risk of losing all credibility in the market?

On Friday, 4 September, Finance Minister Sri Mulyani attempted to convince the market. She repeated the President's message which signifies the government's position.

Monetary policy must remain effective, credible and independent. On that day, as the Jakarta market closed, the rupiah is still on a downward trend at around Rp14,750 per US dollar.

This government contradictive approach is similar to the situation approaching the revision of the Corruption Eradication Commission (KPK) Law. Repeatedly, the President claimed that he will not weaken the KPK. In reality, the change went through and significantly reduced the power of the anti-graft agency which was once so feared by corruptors.

It is not impossible that the central bank's independence ends up sharing the same fate as the KPK's, if politicians are working in orchestrated manner. It is just that this time, what is at stake is the credibility of our country's economy.

YOPIE HIDAYAT (CONTRIBUTOR)

ILLUSTRATION: TEMPO/EHWAN



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(Front, L-R) Bank Indonesia Governor Perry Warjiyo, Finance Minister Sri Mulyani, and Financial Services Authority's Commissioner for Banking Supervision Heru Kristiyana at a meeting with DPR' Finance Commission at the Paliament Complex, Senayan, Jakarta, August 24.

ANTARA/RENO ESNIR

# TWO DRAFTS, ONE HEAD

**Parliament is coming out with plan to discuss revising law on the Bank Indonesia, which many fear will erode the central bank's independence. It seems to be heavily favoring the government.**

FINANCE Minister Sri Mulyani Indrawati started her press conference on Friday, September 4, by mentioning the President. Flanked by senior ministry officials, she opened the session by saying that President Joko Widodo has asked her to explain the government's position on plans to reform the financial system's stability. "The President's explanation is clear: monetary policies must remain credible, effective, and independent," she said.

One hour before Sri Mulyani began this online media session, President Jokowi discussed the same topic with chief editors of a number of media organizations who have been invited to the Bogor Presidential Palace. In addition to explaining the financial reform plans, Jokowi also spoke about plans to revise the Bank Indonesia (BI) Law, which were rolled out by the House of Representatives' (DPR) legislation body on Monday, August 31.

This financial system reform has already been the talk in the past two months. However, this Bank Indonesia Law revision plan has been an added headache for market players and analysts. The rupiah's exchange rate on Friday, September 4, closed at Rp14,865 to the US dollar, 1.6 percent down from the beginning of that week.

Jokowi underlined that the Bank Indonesia Law revision was an initiative from the DPR and has not been discussed with the government. "The government's position is that BI's monetary policies must be credible and independent," the president said.

BI's eroding independence is dominating concern among investors surrounding the plans to revise the Bank Indonesia Law. This issue overshadows other plans in the revision draft prepared by the legislation body, such as the removal of the Financial Services Authority's (OJK) jurisdiction to oversee banks and return it to the central bank.

The draft, for example, includes plans to

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form a monetary council. This highest authority in the central bank will be led by a minister. If this were realized, BI will basically be headed by the executive branch, just like it did during President Suharto's New Order era. Debates regarding these chapters are heard in the inner circle of the legislation body.

"Did you draft this text?" asked Benny K. Harman, a legislation body member from the Democrat Party. His question was addressed to Widodo, an expert within the legislation body, who read out the initial draft of the Bank Indonesia Law revision in a meeting on Monday, August 31. "No, I'm only the one reading it, *Pak*," Widodo replied. "I would like speak with the person who drafted this text. So, I won't continue my questioning," Benny answered.

When contacted by *Tempo* on September 4, Benny pointed his finger at the government as the party which wrote the initial draft of the revision. "It must be the Palace through its network in the DPR," he said.

●●●

PLANS to reform the financial system has been the topic of public discussion since early July, when rumors circulated that the government was considering giving back banking watchdog authorities to the central bank from the OJK. A source at the Presidential Palace said this idea came up because Jokowi was disappointed in the OJK's performance in overseeing the banking industry.

The President was disappointed, among others, about OJK's handling of the Muamalat Bank, the source said. A number of OJK reports to the president noted that the search for new investors for the bank was already sorted out, and only needed administrative handling. However, Muamalat's transfer of ownership has yet to happen.

Jokowi, the source continued, was also unhappy about OJK's handling of Bank Bukopin. OJK was seen as not being firm enough in dealing with Bukopin's capital problems, which actually already reared its head in 2018, when the bank had to revise its past three annual reports. Those two problems, in addition to the case of state insurer Asuransi Jiwasraya, has made Jokowi lose his patience with the OJK.

OJK Chairman Wimboh Santoso, in an interview with *Tempo* on Thursday, August 27, said that OJK's banking supervision has been adequate. He pointed out that banking problems which had been discovered was thanks to OJK's scrutiny. "However, we never publicize those problems," Wimboh said.

According to regulations, he continued, the OJK always asks bank owners to solve their problems. Only if the owner is unable to do this, then the OJK will summon the other stakeholders. "If they are still unwilling to do so, then we will hand it over to the Deposit Insurance Corporation (LPS)," Wimboh said.

When the Covid-19 pandemic broke out, the central bank also aggravated the President. This time, it was due to the rising budget deficit due to the handling of the impact of pandemic. BI was seen as not being supportive enough towards the government in budget financing, as it did not realize plans for purchasing bonds soon enough on the primary market.

Two other sources who know about these polemics between the government and BI said that another problem arose when the central bank declined a request for a short-term loan for Bukopin Bank, which was overdrawn when customers wanted to withdraw their savings. BI, the sources said, declined because the collateral appraisal was not renewed. Until Saturday, September 5, BI Governor Perry Warjiyo has yet to answer *Tempo*'s questions regarding the above matters.

This accumulation of disappointments, according to the source, led Jokowi to the idea of changing the leadership in those two independent institutions. "The way to do this is by revising the law."

So, when the government and the DPR revised the National Legislation Program (prolegnas) on July 2, the Bank Indonesia Bill started appearing as part of the 2020 Prolegnas. Two politicians from the Indonesian Democratic Party of Struggle (PDI-P) and Gerindra parties, who took part in the discussions, separately said that initially the government proposed two draft law revisions to the prolegnas: one on the Indonesian continental shelf, and the other on the central bank. The government, represented by Justice and Human Rights Minister Yasonna Laoly, finally agreed that the




(L-R) OJK Chairman Wimboh Santoso, Finance Minister Sri Mulyani Indrawati, BI Governor Perry Warjiyo, and LPS Chairman Halim Alamsyah at the finance ministry office, Jakarta, January 2019.

TEMPO/TONY HARTAWAN

Bank Indonesia Bill is to become the DPR's proposal through the legislation body. Even so, the academic text and the law's revision draft came from the government. "The government borrowed legislation body's hands," one politician said.

These two *Tempo* sources also said that the ministry of national development planning/national development planning agency (PPN/Bappenas) compiled the initial draft. Not long after the agreement on July 2, Bappenas on July 10 concluded a draft titled *Proposal of the Bank Indonesia Law Revision (Including the Return of Banking Regulation and Supervision to Bank Indonesia)*. *Tempo* obtained a copy of this document, which was accompanied by an academic text with a note "Draft Ver. 1."

This text is the blueprint of the draft law read out by Widodo at the legislation body meeting on August 31. The content of both documents was practically identical, aside from some minor differences. The "monetary council" in the legislation body draft, for example, was called "monetary policy committee" in the Bappenas draft.

Yasonna, when contacted by *Tempo* on September 4, did not answer when asked about the agreement on July 2. Meanwhile, National Development Planning Minister/National Development Planning Agency Chief, Suharso Monoarfa, denied reports that his ministry was tasked to outline the draft. Suharso said that the Bank Indonesia Bill proposal came from the DPR, not the government. "It's no longer done like that," he said in a telephone conversation on September 4.

However, Suharso admitted that he became a source for the United Development Party (PPP)—the party that he leads—Faction in the Bank Indonesia Bill discussion. That discussion also took place in July. "If the material has already become property of the DPR, then ask the DPR," Suharso said. "If it is then taken to the legislation body and was proposed (by them), that is their political right."

Ahmad Baidowi, legislation body deputy chairman from the PPP Faction, also denied reports that the draft read out by the legislation body expert staff came from the Bappenas. In tandem with what Suharso said, Baidowi pointed out that his party organized a discussion in their faction room in July. "According to the Bappenas chief, BI has indeed been insufficiently involved in handling the (Covid-19) pandemic," Baidowi said when contacted on September 4.

He claimed that the draft outlined by the legislation body was done by experts. The writing was done at the chief's meeting room on August 27. "I only included my thoughts which came from discussions with the Bappenas," Baidowi said.

Why, then, was the draft practically identical to Bappenas' draft? "I don't know. Legislation body experts can obtain material from anywhere."

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WHILE the Bank Indonesia Bill came out first, the government has actually been planning on a monetary system stability reformation through regulation *in lieu of* law (*perpu*). Finance Minister Sri Mulyani divulged the government's plan in a discussion session on July 27.

It turns out that three days prior to that, after a working meeting with the DPR's Finance Commission, Sri also mentioned plans for issuing the perpu to the DPR. "Sri Mulyani said the government has little patience and wants to issue a perpu on this," said Hendrawan Supratikno, a Finance Commission member from the PDI-P, while he was present at the reading of the initial Bank Indonesia Bill at the legislation body on August 31.

Plans to issue the perpu also prompted the legislation body to rush the issuance of the Bank Indonesia draft law. Several DPR politicians believe this strategy was meant to remind the government of Parliament's presence, and that it must be included in drafting laws. "The government will surely appreciate DPR's task as the outliners of laws," said Heri Gunawan, a Gerindra Party politician at the Finance Commission.

The appearance of the legislation body version of the Bank Indonesia initial draft law has forced the government to divulge a lot to the public, including plans to issue a perpu about reforming the financial system stability, which the government is preparing. On Friday, September 4, Minister Sri Mulyani said the government is reviewing the strengthening of the financial system stability framework, so that it would be more effective in handling problems in financial service institutions and the financial market.

The goal of the framework includes creating a coordinating system among institutions in the Financial System Stability Committee (KSSK), so as to analyze and recognize potential problems in the financial services sector. Sri also explained government's efforts to review the integration of macroprudential regulations, until now handled by the central bank, and microprudential regulations, which encompasses banking supervision under the OJK. "Indonesia once applied a system in which the banking supervision and monetary authorities were under one roof, and a divided system as it is at the moment," Sri said. "Each system has its pros and cons, which all must be carefully reviewed in order to strengthen the banking supervision system."

An official in the financial sector and a source close to the Presidential Palace separately told *Tempo* that the government has formed two teams to prepare the perpu. The first team comes from KSSK lead by Minister Sri Mulyani as the coordinator of the committee. "This team consists of moderates," the source said. The second team is in another ministry. "This one is progressives." The latter team, the source said, is aiming for easing liquidity assistance from BI to banks who are short of cash.

Asked about plans to issue the perpu, the President did not give a firm answer. To the media chief editors at the Palace on September 4 he only said that the country must guard the financial system's stability. The government, Bank Indonesia, the OJK, and the LPS must carefully guard this together. "BI and the OJK must also maintain a good relationship," Jokowi said. On Monday, August 31, he summoned Perry Warjiyo and Wimboh Santoso to the Bogor Palace.

KHAIRUL ANAM, BUDI SETYARSO



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# NEW AMBITIONS FOR DIENG-PATUHA

**Geo Dipa is getting ready to continue developing power plants in Dieng and Patuha, after more than two decades of stagnation due to disputes and lack of funding.**

RIKI Firmandha Ibrahim is delighted. He is convinced that he will be able to restore the geothermal working areas (WKPs) in Dieng and Patuha, respectively in Central and West Java, which had been dormant for almost three decades. This chief executive officer (CEO) of Geo Dipa Energi has started to revitalize assets in both working areas, which have a total geothermal energy potential of 800 megawatts (MW). Retrofitting with Japanese technology will also be installed in existing units. "The turbines will be replaced, but not the casings," Riki told *Tempo* on Friday, August 28.

Cash shortage, which has plagued the development of Dieng and Patuha WKPs in the past several years, is no longer a problem. Geo Dipa's opportunity to realize its original plan opened up again after it was assured of funding worth US$300 million, or Rp4.4 trillion, from the Asian Development Bank (ADB). This is to fund the Dieng 2 geothermal power plants (PLTP) and Patuha 2 PLTP, each with a capacity of 55 MW. ADB will also manage loan allocations worth US$35 million from Clean Technology Fund.

The credit agreement was signed on August 19, at the same time as the signing between ADB and Penjaminan Infrastruktur Indonesia (PII), which operates under the finance ministry.

Simultaneously, PII and Geo Dipa also signed a performance bond for two power plants with an estimated investment of US$469.2 billion. The ADB loan is indeed linked to the finance ministry, through PII, which is to guarantee Geo Dipa's debt payment risks. This is worth Rp6.12 trillion.

ADB Director for Indonesia, Winfried F. Wicklein, said that this guarantee is in line with Indonesia's long-term goal to maximize domestic energy resources, add energy diversification, and ensure environmental sustainability. On the other hand, the government also needs to expand the potential of geothermal energy to support Indonesia's commitment in reducing carbon emission, in line with the Paris Accord in the 25th Conference of the United Nations Framework Convention on Climate Change (UNFCCC-COP 25).

Separated State Assets Director at the Finance Ministry's Directorate-General for State Assets Management, Meirijal Nur, said the government has also allocated Rp3.1 trillion to finance geothermal infrastructure. There is also a World Bank grant worth US$55 million for the geothermal energy upstream development project, and US$197.5 million for geothermal resource risk mitigation, managed by Sarana Multi Infrastruktur. "The maximum funding facility for one project is US$30 million," Meirijal said on September 3.

Ida Nurhayatin Finahari, geothermal director at the ministry of energy and mineral resources, said that using funds from the state budget is a sign of the government's involvement in geothermal energy projects. "The development of renewable energy is still expensive because of its many challenges. The government is starting with this, in particular with geothermal energy," Ida said.

In line with the development of new and renewable energy, the government has targeted geothermal power plants to reach 8 gigawatts (GW) by 2030. Until the first semester of 2020, PLTP's installed capacity was only 2.1 GW. "We hope that it won't take until 2045, but that by 2030 we would already reach the target of some 8,000 megawatts," she said.



Geo Dipa Energi's geothermal well installation in Mount Dieng, Banjarnegara, Central Java, August 19.

ANTARA/ANIS EFIZUDIN



CEO Riki Firmandha Ibrahim at Geo Dipa Energi office in Jakarta, August 28 (right).

TEMPO/M TAUFAN RENGGANIS

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THE Dieng and Patuha geothermal working areas have a dark history. The government halted these projects following the 1997 financial crisis, three years after construction had been started by two US companies: Himpurna California Energy Ltd (HCE) and Patuha Power Ltd (PPL). This ended in international arbitration, which forced the government to pay US$261 million to the Overseas Private Investment Corporation, an institution which insured risks for HCE and PPL.

After paying the fines, all the assets of HCE and PPL were handed over to state oil company Pertamina and state electricity firm PLN, which then together formed Geo Dipa Energi in 2002. In 2011, Geo Dipa became a state-owned company under the finance ministry.

Plans to optimize geothermal energy at Dieng and Patuha—400 MW each—ran into problems again in the hands of Geo Dipa. In the past 16 years, the project had been stuck in legal wrangling due to the dispute between Geo Dipa and Bumi Gas Energi, the company which won a 2002 tender to build Dieng 2 PLTP x 60 MW and Patuha 3 PLTP x 60 MW. This endless chain of civil suits finally ended last year after the Supreme Court upheld a verdict from the Indonesian National Board of Arbitration saying that Bumi Gas Energi committed a breach of contract.

At that time, the Dieng 2 PLTP and Patuha 2 PLTP were actually part of a 10,000-MW power project during the term of President Susilo Bambang Yudhoyono. Under the current President Joko Widodo, it was also deemed as a strategic national project, especially in the 35,000-MW power program. However, the long civil suits against past contractors were not the only problem: there was the ongoing shortage of funds.

Until now, Geo Dipa only has the Dieng 1 PLTP with a capacity of 55 MW. Meanwhile, the Patuha 1 PLTP has a 60-MW capacity. Last year, Geo Dipa started construction on the Dieng Small Scale PLTP with a capacity of 10 MW, targeting to start commercial operations by the end of 2020.

Riki Firmandha said that funding assurance from ADB gives the project new hope to resume building new power units within the next five years. He explained that Geo Dipa is ready to drill 10 new wells in the Dieng 2 project, and 12 wells in Patuha 2 in the middle of 2021. Riki's target is that both projects will be concluded within the next two years. "My hope is that Dieng 3 and Dieng 4 are already built by 2025. In 2022-2023, I hope to have the funding for them," he said.

These are not impossible targets. ADB has already given signals that it will not stop at Dieng 2 and Patuha 2. The next capital loan for some US$300 million will be prepared for the following projects, at the latest by 2025.

AISHA SHAIDRA, RETNO SULISTYOWATI



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# A MIDDLE WAY FOR GREEN ENERGY

**A new price regulation for electricity from new and renewable energy sources will be issued coming soon. Full of incentives to pursue the 2025 target.**



Windmill turbines in Mattirotasi village, Sidrap Regency, South Sulawesi, November 2017.

TEMPO DOC./IQBAL LUBIS

THE presidential regulation draft for purchasing new and renewable electricity from state power company PLN is completed. In August, the discussions between ministries started to lead towards an agreement. "It is still being harmonized by the justice and human rights ministry," Ida Nuryatin Finahari, director of geothermal energy at the energy and mineral resources ministry, said on Wednesday, September 2.

The regulation is expected to be issued this month–later than government's initial plan to have it passed in the first half of 2020. In addition to the energy ministry, the bill's discussion, which began 18 months ago, was also joined by the finance ministry and the state-owned enterprises (SOEs) ministry.

F.X. Sutijastoto, director-general of new and renewable energy and energy conservation, said that the main issue in the discussion was aligning the perception on a profitable yet affordable price, which will encourage new and renewable energy development. Right now, the domestic market for green energy is still small–not reaching an economic scale yet, which causes prices to be quite high.

He pointed at the economies of scale for solar power generation, which is 300 megawatts (MW). The actual scale in the domestic market is now still on average 100 MW per year. Because of that, Sutijastoto said that "New and renewable energy must be encouraged to achieve economies of scale, so that prices can fall."

New and renewable energy development has been rather stagnant. In the last four years, the average capacity growth has been only 500 megawatts. Without serious efforts, especially in the form of government support, Sutijastoto said by 2025 Indonesia would only have 2,500 MW of additional green energy power plants' capacity. In fact, Indonesia needs an additional capacity of 9,000-10,000 MW to achieve the target of contributing 23 percent of new and renewable energy to the 2025 national energy mix.

To push for green power plant development, he said, the government must implement policies on a reasonable and affordable economic price. In order for prices to be affordable, the government will provide incentives to developers of new and renewable energy. "All of this is stipulated in the presidential regulation draft on new renewable energy prices."

In the final draft of the presidential regulation, the government classified prices into three groups, namely the feed-in tariff, the highest benchmark price (HPT), and the agreed price. With feed-in tariffs, there is no negotiation, nor is there any period escalation in terms of the sale and purchase agreement. The government plans to have the regulation also act as a price agreement from the minister.

The feed-in tariff scheme is applied for electricity purchased from power plants with a capacity of up to 5 MW. The types include hydro power, solar power, wind, biomass, biogas, and geothermal power.

Meanwhile, the HPT scheme uses negotiation with a ceiling that refers to the highest benchmark price set out in the presidential regulation. This price is also accompanied by a non-escalation scheme during the term of the power purchase agreement. Especially for geothermal plants, escalation applies during the contract of steam or electricity sale-purchase.

The final group for is electricity bought for a price that was agreed through a negotiation. The result of the agreement must be approved by energy minister.

Sutijastoto said that the feed-in tariff scheme is specifically applied to generators with a capacity of less than 5 MW, appointed directly. "The government wants to encourage the growth of new and renewable energy entrepreneurs in the regions," he said.

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INDONESIA is obliged to comply with the Paris Agreement committed to reducing the greenhouse gas effect by 29 percent (self-employed) and 41 percent (with international support) by 2030. The government is targeting to cut greenhouse gas emissions by 314 million tons of CO2 equivalent over the next 10 years, which is estimated to cost of Rp3,500 trillion.

The new and renewable energy generation sector is expected to contribute to said goal. The target is to cut greenhouse gas emissions of 156.6 million CO2 equivalent, or 49.8 percent of the total energy sector mitigation. To achieve that, the investment needed is estimated to reach up to Rp1,690 trillion.

At the same time, the government is also targeting to have 23 percent of new and renewable energy mix by 2025. According to the energy ministry's calculations, at the end of 2020's first half Indonesia has renewable energy power plants with an installed capacity of 10.4 Gigawatts (GW). Most of them are hydropower plants with a total capacity of 6.07 GW, as well as a 2.1 GW from geothermal plants.

For Ida Nuryatin, geothermal is a potential source of renewable energy due to its large capacity factor. "That way, it will have a significant contribution to the green energy mix and greenhouse gas emissions reduction," she said on August 19.

Previously, a number of regulations were issued to encourage the development of renewable energy. Among them are the Energy Minister Regulation No. 50/2017 on the utilization of renewable energy sources for the provision of electric power, and Regulation No. 49/2018 on the use of rooftop solar power systems by the consumers of PLN. However, Fabby Tumiwa, Executive Director at the Institute for Essential Services Reform, said that the main problem with the new and renewable energy development in Indonesia is the inconsistent regulations. "Our regulations can change 180 degrees in a very short time," he said on August 31.

He mentioned the electricity price provision that was set out in 2008. The rule only lasted a year. "And then they changed it again in 2012 and in 2015," Fabby said. The changing rules have made it difficult for renewable energy's investment and development to advance.

F.X. Sutijastoto said that the energy minister regulation alone would not suffice to encourage new contracts for renewable energy. "Therefore, for push for competitiveness, the prices of new renewable energy will be determined through a presidential regulation. This is very important," he remarked.

Energy Minister Arifin Tasrif also said that the previous price rules failed to push the development of new and renewable energy. "The last time, we applied feed-in rates for all, and it did not work. (Energy) that has high costs should not be sold cheap, "he said.

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THE government drafted a new rule with a plethora of incentives, both fiscal and non-fiscal, such as waivers and exemptions on income taxes, value-added tax, and luxury goods imports. The geothermal sector will also enjoy relief for land and building taxes.

Another incentive being prepared is the cheap rates for financing renewable energy development. The new regulation will also determine the compensation for geothermal exploration costs. "We are also suggesting support for special financing and guarantees, through appointed SOEs," Finance Ministry's Director-General of Financing and Risk Management Luky Alfirman said.

Geothermal Director Ida Nuryatin said that the presidential regulation draft will also regulate the mechanism for government drilling on geothermal exploration. This activity will be carried out by energy ministry's geological agency, using money from the state budget. The proven reserves found in the work area will be certified, and



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A maintanance officer checking on the solar panels at the Istiqlal Mosque, Jakarta, September 3.

then auctioned.

That way, future auctions will have complete data and information on the geothermal working area offered. Developers are expected to immediately work on the area without first conducting surveys and exploration, which are the activities with the most risks. This whole time, obtaining proven reserves in a geothermal area required the drilling of at least three wells, each costing between US$3 million and US$12 million. Ida estimates that without the risk of exploration drilling, prices could be corrected by US$0.5 to US$2.5 cents per kilowatt-hour.

She added that the energy ministry is suspending geothermal working areas auctions temporarily in 2020 and 2021. "We will complete the data first. By 2021 we will resume drilling, and the work area auctions are likely to start in 2022."

Prijandaru Effendi, chairman of the Indonesian Geothermal Association, said that the discussions on the draft presidential regulation also involve business actors. One of the things that the association suggested is for the government to regulate rates in accordance with each project's economic values. "I hope that the draft regulation will provide legal certainties to support geothermal development."

Meanwhile, Geo Dipa Energi Chief Executive Officer Riki Firnandha Ibrahim suggested that, in the future, new sales contracts for geothermal power plants could be extended to 50 years (long-run marginal cost). That way, the project's economic price will not be too different from PLN's basic costs of supplying electricity. Currently, the average term of each agreement is only 25-30 years, whereas the operating period of geothermal plants can last up to 100 years. "Perhaps the contracts can be extended to, say 60 years, so that prices become cheaper," he said.

PLN spokesman Arsyadany was reluctant to comment, because the draft regulation is not passed yet. She only stated that PLN's duty is to carry out government policies. Matters related to (price) negotiation must also be agreed by the buyer and the seller, and known by the government.

However, PLN's Executive Vice President for New and Renewable Energy, Zulfikar Manggau, said something else. In his presentation during a focus group discussion on geothermal energy development, challenges, and future breakthoughs on June 11, he said that the price of geothermal plants will be cheaper after 20 years, or after the loan repayment period ends.

Like Riki, Zulfikar urged the government to regulate contract periods' extension. He gave an example of the Larderello geothermal plant in Italy, which has been operating for more than 100 years, as well as New Zealand's Wairakei geothermal plant that has been running for more than 60 years. "Meanwhile, Kamojang is more than 35 years old," he said. RETNO SULISTYOWATI

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# SONGBIRDS IN BOXES

**It is estimated that about a million songbirds from Sumatra, including some protected species, have been smuggled off the island over the past year. The lucrative nature of this business threatens the populations of a number of bird species as well as the balance of the ecosystem. It is suspected that this smuggling involves authorities from a number of institutions. *Tempo* made this report in cooperation with Internews' Earth Journalism Network.**

FLIGHT PROTECTING INDONESIA'S BIRD

Smuggled birds confiscated by law officers at the Merak Port, Banten, July 2019.

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A PLAINCLOTHES police officer approached a white Daihatsu Xenia car at the ticket checking post at the Bakauheni Port, Lampung, on Tuesday night, July 7. That car was queuing to board a ferry bound for Merak Port in Banten. The officer reached the driver's side door and took a look back into the cabin where he saw a pile of boxes of fruit.

He then opened the front door and took over the driving seat. The driver slid over to the left, moving to the passenger seat occupied by Diah Bayu, 42. The vehicle then headed to the Bakauheni Port Police Department, just a kilometer away from that post. "I was surprised, but I just follow it," said Bayu, who gave an account of what happened to *Tempo*, a day later.

Police investigators questioned Bayu that night. He was arrested, and 400 birds kept in 43 plastic fruit boxes were taken as evidence. Among those wild birds were the bar-winged prinia (*Prinia familiaris*), yellow-vented bulbul (*Pycnonotus goiavier*), Javan white-eye (*Zosterops flavus*), and purple-throated sunbird (*Leptocoma sperata*). Bayu is suspected of intending to smuggle those birds to his home in Purwokerto, Central Java. "It's a way to make money," he said.

The next day the police turned Bayu and all of the birds over to the Bandar Lampung agricultural quarantine center. He was lucky. He was released a few days later. "He was given guidance and asked to write a statement that he would not be a repeat offender," said Adj. Comsr. Ferdiansyah, chief of the Bakauheni Port Police (KSKP), on Friday, September 4.

From January to August, the Bakauheni Port Police has prevented 32,000 wild birds from being smuggled through the harbor. All of those birds were turned over to quarantine officials. "Such sending of wild birds is illegal because it is done without papers on the domestic transportation of wild plants and animals," said Muhammad Jumadh, chief of the Bandar Lampung agricultural quarantine center.

Law No. 21/2019 on the quarantine of animals, fish and plants requires that all birds taken from the forest must undergo an inspection by quarantine center officials. If not, there is a maximum punishment of 10 years imprisonment and a maximum fine of Rp10 billion.

If the animals are protected by law, violators can be charged under Law No. 5/1990 on the conservation of biological natural resources and their ecosystems as well as under Law No. 14/1999 on forestry. Violators can face a maximum sentence of five years imprisonment. In 2020, there were nine smugglers who were sentenced to four to six months imprisonment in Lampung.

However, the threat of imprisonment and fines has not deterred smuggling. It is estimated that the number of birds smuggled is much higher than the number intercepted at Bakauheni. Marison Guciano, executive director of Flight: Protecting Indonesia's Birds, estimates a million birds have been illegally captured in the forests of Sumatra over the past year. This data was obtained by counting the number of birds caught over the year and the estimated number of smuggled birds which evade being detected by the authorities.

For the past five years, Marison calculated that there are about 14 million wild birds, including some protected species, which have been taken to Java by land, sea and air. He made this calculation with Flight's data on sales from over 2,000 bird stores in Sumatra and Java. "This is because the demand from the songbird community is rising every year," he said.

Makhfudz Solaiman, a businessman and founder of the Nusantara Bird Breeders Association, estimates that there are 13 to 14 million songbird enthusiasts in Indonesia. The high potential of this market has increased interest in the songbird business. "The financial turnover in this business is Rp3-5 trillion annually," said this man better known as *Kang* Ebod, on Wednesday, September 2.

Minister of Cooperatives and Small and Medium Enterprises (SMEs) Teten Masduki said that the songbird trade involves many parties. There are bird breeders, bird catchers, makers of bird cages and accessories, bird feed and medicine producers, and people who run bird competitions. "The 'songbird mania' community is very large and is found in every region," he said to *Tempo* on September 1. Teten held a songbird competition called the Minister of Cooperatives and SMEs Cup in February. He also proposed the Indonesian Songbird Community Cooperative to accommodate bird breeders.

This business in increasingly endangering the songbird population, in particular for birds from Sumatra. Hifzon Zawahiri, Chief of the Natural Resource and Conservation Center (BKSDA) Section III for Bandar Lampung-Bengkulu, said that the high demand for songbirds has resulted in a growth in smuggling over the past two years.



Plastic boxes filled with smuggled birds which were confiscated by officers in Merak Port, Banten, July 2019.

The highest demand is in Java. Those involved in this business favor Sumatran birds because of the variety of their warbling and chirping. One popular bird which is often entered in competitions is the oriental magpie-robin (*Copsychus saularis*). "They can smuggle up to 1,200 magpie-robins at a time to Java. Just imagine how many buyers there," said Hifzon.

It is believed that this smuggling goes on every day, in the morning and at night. Occasionally protected songbirds are smuggled, such as the blue-winged leafbird (*Chloropsis cochinchinensis*), crested jay (*Platylophus galericulatus*), and blue-crowned hanging parrot (*Loriculus galgulus*), which are popular among bird enthusiasts.

*Tempo* found some blue-winged leafbirds being sold in Curug, Bengkulu. Banners for bird shops selling such birds could also be seen around Bandar Lampung last July.

Not all of the smuggling has been exposed. Each week, the police and the quarantine center expose three to five smuggling attempts. Marison Guciano said that undetected smuggling is estimated 20 times higher. He referred to information he obtained from bird sellers in a number of provinces.

The smugglers, according to Marison, do not only use Bakauheni Port as an entry point into Java. "The smuggling utilizes many other ports in Sumatra and airports in Medan and Batam," he said.

Smugglers use various methods in order to send wild birds. The most common way is to send them over roads traversing Sumatra. Vendors sneak them onto buses traveling between provinces.

Before heading out, tens of birds are put into plastic fruit boxes. The smugglers fool officers by hiding the boxes on the bus.

*Tempo* found that these boxes are hidden under the rearmost passenger seats. Some are hidden in the baggage area near the wheels and engine. This often results in the birds dying along the way. "Half of the birds can die due to heat from the engine," said Marison.

The latest method is to smuggle birds using a rented vehicle. Diah Bayu rented his friend's car to pick up a load of birds from vendors in Bengkulu, West Sumatra, to Jambi. He used a car with tinted windows. Bayu covered the boxes containing the birds with black netting. "I rented that car for Rp275,000 a day," he said.

Sellers with more resources use other methods. They send birds via cargo planes. Musokib, a wholesale songbird vendor in Muaro Jambi, said that the airport in Medan, North Sumatra, is the most-frequently used location for sending birds off the island. "It can all be 'taken care of' through the airport in Medan," he told *Tempo*.

However, he prefers land routes due to the lower costs involved. Musokib said that he often uses the services of insiders at a number of institutions when sending songbirds to Java. He said that all bird vendors do this so that their shipments are not stopped by officials.

Musokib uses the insiders to monitor the situation. For instance, he knows when officials are planning raids in the field. "If this is not done, the birds won't get through," said this man who has been selling birds for seven years. They refer to these insiders as *umang-umang*.

Traders do not hesitate to pay informants on account of the lucrative nature of selling wild birds. Musokib buys Javan white-eyes (*Zosterops flavus*) from bird catchers or suppliers for Rp6,000-8,000 each. He sells them to sellers in Java for Rp18,000.

If he sends 1,000 of them, he could make up to Rp11 million. He claimed that each shipment will be completely bought up by vendors in Java. "The turnover of funds in the songbird business is very fast," he said.

Despite being caught by the police, Diah Bayu also used the services of an *umang-umang*. This particular informant was a worker at the Bakauheni Port named Pawan. He paid him Rp400,000 when passing the port checkpoint. Bayu said that he does not know what institution Pawan works for. "He does not wear a uniform," he said.

Hifzon Zawahiri verified the involvement of officials in smuggling songbirds. He shared his experience when attempting to confiscate protected songbirds at an airport. His team was actually intercepted by officials there as they attempted to enter the airport. "As thieves, they outsmarted us," he said.

●●●

DOZENS of protestors went to several locations in Bandar Lampung in mid-2018. They were protesting the the Environment and Forestry Minister Regulation No. P.20/2018 on protected plant and wildlife species, which was signed in June 2018. "The protestors came in Toyota Fortuner and Mitsubishi Pajero cars," said Bandar Lampung BKSDA Chief Hifzon Zawahiri.

A similar protest was organized by '*kicau mania*' (songbird mania)–a nickname for songbird enthusiasts–in Jakarta. This regulation placed the white-rumped shama (*Kittacincla malabarica*), pied myna (*Gracupica jalla*), and straw-headed bulbul (*Pycnonotus zeylanicus*) on the list of protected species. These three types of birds are frequently entered in songbird competitions.

This pressure was effective. Two months after the Regulation No. P.20 went into effect, Minister of the Environment Siti Nurbaya took those three species, plus the small shrike thrush (*Colluricicla megarhyncha*) and Sangihe shrike thrush (*Collurinc-*

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*incla sangiherensis*) off of the list of protected birds through the Environment and Forestry Minister Regulation No. P.92/2018.

Four months later this regulation was changed again, becoming Regulation No. P.106/2018. It continued to keep those five species off of the list of protected birds. "The straw-headed bulbul, blue-winged leafbird, and oriental magpie-robin are very popular with the songbird mania group due the quality of their voice," said SMEs Minister Teten Masduki.

Teten claimed that he has met Minister Siti. "I had a short meeting with her to talk about the matter of songbird breeding," he said. He denied influencing Minister Siti to change that regulation.

Wiratno, director-general for conservation and natural resources and ecosystems, did not respond to *Tempo*'s interview request as of Saturday, September 5. Director of Biodiversity Conservation Indra Exploitasia did not respond as well. Director of Forest Prevention and Security Sustyo Iriyono was reluctant to comment. "My apologies, I cannot not yet (speak) on this," he said via WhatsApp message when asked about songbird smuggling and the existence of any pressure to change the Environment and Forestry Minister Regulation No. P.20/2018.

Marison Guciano said that Minister Regulation No. P.106 indicates that the government is not concerned about the preservation of wild birds. He considered that removing those five birds from the protected species list encourages songbird smugglers and enthusiasts. "Today the bird population is much lower due to exploitation," he said.

Birdlife International notes that today there are only 600 to 1,700 straw-headed bulbul birds in the wild. The number of pied myna is even less, just 49 birds.

Ganjar Cahyo Aprianto, a researcher from Burung Indonesia, said that the Sangihe strike thrush population is down to just 50 to 249 birds. This bird, he said, can only breed in the wild. "The Sangihe strike thrush is in the critically endangered category. It should be protected," he said.

Dewi Malia Prawiradilaga, a bird researcher at the Indonesian Institute of Sciences (LIPI), said that her team's research last year concluded that the selling of the straw-headed bulbul, white-rumped shama, and other wild birds has endangered populations in Sumatra. "They are being over-caught," said this professor of zoological research.

Birds play an important role in pollinating flowers and spreading seeds in the forest. They also control the pest population. Dewi said that the decline in the bird population endangers the balance of the forest ecosystem.

She has personally noticed that the sounds of songbirds in the forests in Sumatra are disappearing. "The more popular a type of songbird becomes, the rarer it is in the wild," she said.

MUSTAFA SILALAHI, HENDRY SIHALOHO
(BANDAR LAMPUNG)

Cooperative and SMEs Minister Teten Masduki (center) at the opening of the Minister of Cooperatives and SMEs Songbird Competition in Bogor, West Java, February 2020.

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SONGBIRD SMUGGLER, **DIAH BAYU**:

# I PAY OFFICERS

THE Bakauheni Port Police in Lampung, arrested Diah Bayu (42) and his driver when they were passing through the port checkpoint on Tuesday, July 7. He was busted for bringing 400 songbirds from various regions in Sumatra. Police had been tailing the man for a week throughout his journey from Purwokerto, Central Java.

Diah Bayu is famous among song bird lovers and collectors in Lampung, Bengkulu, Riau, and Jambi. In June, Bayu contacted his network, to say that he was ready to buy all sorts of songbird, regardless of how many. Some of these are protected species; such as hornbills, crested jay (*Platylophus galericulatus*), and the blue-winged leafbird (*Chloropsis cochinchinensis*). When the police and investigators of the Bandar Lampung quarantine center questioned him, Bayu said that he was trading chickens and pigeons, with a capital of more than Rp10 million. He promised he would not repeat the offense.

In early September, Diah Bayu was arrested again at the Bakauheni Port. Officers were tipped that Bayu had been in Sumatra to purchase more birds in August. When his car was pulled over, there was not a single bird inside, so the police had to let him go. On July 8, after the first questioning in Bandar Lampung, Diah Bayu told *Tempo's* Mustafa Silalahi that he has an *umang-umang*, which is the local term for paid informant.

**Why do you smuggle songbirds to Java?**

Because there are not many birds in Java. Well, there are plenty, but only in Pramuka Market (East Jakarta). If you take them to other districts in Java, you only get a small profit.

**Where do you get the songbirds?**

I visit collectors in various areas by car. I made an order beforehand. Sometimes I order to bird catchers as well.

**There are bird markets in Solo, Central Java. Why not just buy there?**

That is where the big traders play. They do wholesale there. Birds from Sumatra (that are sold) there are usually shipped by planes.

**Are there many lovers of Sumatran birds in Java?**

Plenty, from all age groups. The feed are easy to get, too. Just give them sugared water to make them sing. I sell the birds all the way from Purwokerto to Probolinggo (East Java). It is difficult to find small birds in Java. Big ones are easy, as they are bred in bird farms in Java.

**What are the small birds for?**

We usually use them to entice other birds to sing. Some are for pets.

**How much do you buy them from bird catchers, and how much do you sell them for?**

For hummingbirds, I buy them for Rp5,000 per bird, and resell them for Rp20,000 to Rp30,000.

**What types of birds do you trade?**

Just small birds, hummingbirds, crested jay, greater green leafbird (*Chloropsis sonnerati*), all kinds. Once I sold a white-bearded bulbul (*Criniger ndussumensis*) for Rp700,000.

**We heard that you still order hornbills and other protected birds. Do you?**

Not anymore. I am too scary to do that now. The risks are too high.

**Many of the birds you carried in the boxes died. Why is that?**

That's just the risk. We calculated it as losses. We provided feed in the box. What usually happens is they die because they got weak when captured. Sometimes the box is too full.

**Do you cooperate with law officers?**

There is an officer of the law, his name is Pawan, from Bakauheni. He does not wear uniforms. I paid Rp400,000 to officers so they would let me pass through the checkpoints. He has helped me before.



TEMPO/MUSTAFA SILALAHI

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# A BIRD CATCHER'S HARD LIFE

**Bird catchers are using rat glue and birdsong recording to get their prey. They often encounter dangerous animals during their hunt.**



Stacks of boxes filled with smuggled birds which were confiscated by law officers in a raid assisted by Flight, November 10.

FLIGHT PROTECTING INDONESIA'S BIRD



Afrizal, a bird catcher from Bengkulu, demonstrating how to catch a bird using special glue at the Kepahiang Forest, Bengkulu, last July.

TEMPO/MUSTAFA SILALAHI

A YELLLOW-VENTED bulbul (*Pycnonotus goiavier*) the size of an adult's thumb frantically moved its wings in a futile attempt to fly. Both its feet were stuck on a branch in a bush somewhere in the Konak conservation forest, Jalan Lintas (free way) Taba Penanjung, Kepahiang Regency, Bengkulu. It was Friday, July 3, and the bird had landed on the branch that was smeared with rat glue.

Watching from around 20 meters away, the person who made the glue trap, 43-year-old Afrizal, approached the green and light brown feathered bird. He caught the bird and released its toes from the glue. After examining the bird for a while, Afrizal then tossed the bird into the air, setting it free. "It is a female, better for her to just lay eggs," he said to *Tempo* who had been following him. "Besides, the price is too low if I sold it."

Afrizal, a resident of the City of Bengkulu, had been hunting songbirds the whole afternoon. He is among the senior *pemikat*–the term used to refer to bird catchers–in Bengkulu. A tattoo of a peacock is drawn on the right arm of this man, who had spent decades hunting for birds. However, despite his experiences, Afrizal came home empty handed that day. The birds were reluctant to come out due to the steady drizzle that had been falling around the forest all day.

That was why he appeared rather gloomy that evening. Afrizal said that he catches birds to make a living for his family. The job, he said, only provides enough income to cover their daily needs. "We will not be able to go to the *haj* pilgrimage," he said. Afrizal lives with his wife and three children in a small, rented house in Bengkulu City. He often works odd jobs when not catching birds.

Afrizal had had his heyday as bird catcher a few years ago. Back then, he could catch dozens of birds in a day. Aside from yellow-vented bulbul, he usually catches purple-throated sunbird (*Leptocoma spreata*), Javan white-eye, (*Zosterops flavus*), and various other birds. He sold these male birds to collectors for Rp4,000 to Rp6,000 each. When lucky, he could bring home up to Rp200,000, at least three times in a week.

Today, Afrizal's income is just half of what it used to be. Songbirds are now nesting deeper inside the forest. Their numbers have also dwindled. Two years ago, he could catch them in the outskirts of the jungle. Now he has to walk through the conservation forest for two hours in order to find the birds' habitat.

Agung, a bird catcher in Dharmasraya Regency, West Sumatra, is experiencing a similar situation. Despite his hunting ground being located near the Bukit Tiga Puluh National Park forest, he has been having more difficulty finding birds in the area, at least for the past year. "White-eyes used to be common in bushes, but now it is hard to find them," he said on September 3.

The situation is made worse by rampant illegal logging around the forest. The trees where the birds nest are felled, and the roar of the loggers' chainsaws, said Agung, scares the birds away. Bird catchers are afraid of going into the forest because dangerous animals like bears and tigers are often seen wandering down from mountains because of the logging activities.

Agung said that he often encounters large snakes in the trees when trying to attract birds. "Catching bird these days means putting one's life at stake," he said. Agung would often keep the catch for himself, because he does not want to sell them off after going through such great effort to get the birds.

Aside from glue, sometimes Agung also snares the birds using a net tied to the treetops. He uses birdsong recording played from a cell phone near the trap to lure them in. This is a substitution of the old method of placing a live bird near the trap to get other birds to approach.

Nabila Fatma, communications director of Flight: Protecting Indonesia's Birds, said that massive catching and smuggling of birds to Java Island have contributed to the decline of songbirds population around the jungles of Sumatra. On average, around 3,250 birds are caught from the forest every day. Flight estimates that Sumatra's songbirds population has been reduced by more than 1 million in the past year due to illegal catching.

Though acknowledging this phenomenon, Afrizal remains hunting for birds because the demand is still high. He occasionally hunts protected birds for their higher price. The crested jay (*Platylophus galericulatus*) for example, sells for Rp400,000. In the hands of traders, the bird may fetch more than twice that amount. Afrizal is aware that the crested jay is a protected animal. If caught hunting for the bird, he could be facing up to five years in prison and Rp100 million of fine. "But I have to feed my family," he said.

Hunting for the crested jay or the blue-winged leafbird (*Chloropsis cochinchinensis*) requires even more effort. Afrizal would have to spend a night in the middle of the forest because the birds live on the other side of a heavily vegetated hill. The crested jay's protected status, he said, makes the bird more sought after and therefore more expensive.

However, high price does little to improve the bird catcher's life. Nabila Fatma said that the catchers–whose numbers are estimated to be dozens spread all across Sumatra–are living from hand to mouth because they sit on the bottom of the songbird catching and smuggling chain. "The lion's share of the profits goes to collectors and traders," she said.

In the hands of traders, songbirds from the catchers multiply in price. That is why a bird trader may earn up to hundreds of millions of rupiah per month or billions of rupiah per year. One bird trader in Bandang Lampung, Lampung Province, who goes by Nur Kios affirmed it, saying that the birds sold in a week number in the thousands.

Nur once went into trouble with the Bandar Lampung Natural Resource and Conversation Office (BKSDA), for being accused of smuggling songbirds to Java. The trader's allegedly illegal birds were confiscated. Nur, who owns several vehicles, sold a car to a collector in an area in Sumatra to cover losses from the confiscation. He was not discouraged by the incident, though. "I am an official and registered merchant who has to start over," said the trader.

Bird catchers like Afrizal are not envious towards collector's apparent welfare. In order to become a songbirds collector or trader, he said, one must have large capital. Afrizal thinks he could not become a trader because he lacks a network of buyers, either in Bengkulu or Java. So far, he could only 'promote' himself to be a coordinator of bird catchers. "When an order comes, I could assign other bird catchers," he said. His income remains small because he has to share it with other catchers. Only, he no longer needs to get in and out of the forest as often as before.

MUSTAFA SILALAHI



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The PLTBm in Madobag, Siberut, Mentawai Islands, West Sumatra, September 4.

# BAMBOO-POWERED PLANTS GONE OFFLINE

**Biomass gas power plants in three villages in Mentawai stopped operating in less than a year after being officially opened. Their engines often broke down and residents were reluctant to supply bamboo as fuel because of how little they were paid. This report was done with the support of the Rainforest Journalism Fund in cooperation with the Pulitzer Center.**

THE time of the clove harvest season had come in Saliguma village, Central Siberut, Mentawai Islands Regency, West Sumatra, at the end of last July. As is customary, locals go to the plantations to pick cloves from morning until night. At night they separate the clove flowers from the stems. However, as of last June, they can no longer work at night because the biomass gas power plant in Saliguma stopped providing electricity. "We can only work until the afternoon. At night we can't do any work because there is no electricity," said Rupiela Salimu, 35, a resident of Saliguma village, at the end of last July.

The Saliguma Biomass Gas Power Plant (PLTBm) was officially launched by Minister of National Development Planning/Head of the National Development Planning Agency (Bappenas) Bambang Brodjonegoro on September 17, 2019. Two other PLTBms were officially launched in Madobag village and Matotonan village, South Siberut. Today those three generators have stopped running. As a result, 388 families in Saliguma, 468 families in Madobag, and 256 families in Matotonan spend their nights without electricity, relying on kerosene lamps.

At the time of the official launching, Minister Bambang Brodjonegoro said that these were the first biomass electrical generators in Indonesia, and perhaps maybe in the Asia-Pacific. However, less than a year later those generators started having problems. Their engines would often break down, wood was being used for fuel instead of bamboo, and residents were reluctant to supply fuel because the price they were paid was not worth the effort involved.

These PLTBms were built with US$12.4 million in grant funds from the United States government through the Millennium Challenge Corporation. Under this initiative, the Indonesian government, represented by Bappenas and Charta Putra Indonesia as project executor, worked with Inti Karya Persada Tehnik to build them. Ekologika provided 150,000 bamboo seedlings which were distributed to 1,233 families in three villages. The bamboo gasification technology was brought in by Ankur Scientific Energy Technologies Pvt Ltd, India.

According to Kennedy Simanjuntak, Bappenas deputy for facilities and infrastructure, the concept for these renewable energy generators is interesting. It enables the public to produce electricity with local resources. "They plant the bamboo, which is then bought by the PLTBm. They can get electricity, as well as receive income from the sale of that bamboo," said Kennedy. The workers at the PLTBm were also recruited from the local communities. The Mentawai Islands Regency administration welcomed the project. This is because on Siberut Island electricity service from the state electricity company PLN only reaches subdistrict-level towns.

Construction on those three PLTBms began in February 2017 and the work was completed in February 2018. In all, the three power plants can produce 700 kilowatts of electricity, capable of providing electricity to the residences of 1,233 families in three villages. However, the dream of realizing the *Mentawai Terang* (Bright Mentawai) program by using bamboo-based energy has not gone as hoped.

Enem Ogok Saroro, a coordinator at the Saliguma PLTBm, said that there have been many problems with operating the generator. In order to provide electricity to local homes for six hours, the PLTBm needs to operate for eight hours, and runs from 4pm to 12am. To do so, the generator needs 1.2 to 1.6 tons of wood. "However, the fabric which filters the gas can no longer be used. It needs to be replaced. This is the main obstacle," said Enem.

In a gasifier–a machine used in the gas-making process–there are 42 fabric filters so that the resulting gas is clean from ash produced from burning the biomass. After being used a few times, those fabric filters must be replaced. They must be washed in hot water and dried before they can be reused. The filters can only be used twice. It takes time to remove and reinstall the gas fabric filters. While this maintenance work is going on, the PLTBm uses a diesel-powered generator to provide electricity to residences.

TEMPO/FEBRIYANTI

Wood chips to fuel the Saliguna PLTBm in Siberut, last July (left).

The PLTBm in Madobag has the same problem. It does not have any more gas filters. According to Alexius, coordinator for the Madobag PLTBm, when the fabric filters are not operating efficiently, the engine can overheat and suddenly shut down. On top of that, spark plugs and other parts can get damaged. "If the pipes get clogged with tar resulting from the process, we have to take them apart to clean them, then weld them back into place," he said.

Due to these difficulties the PLTBms are producing more electricity from diesel-powered generators, not from bamboo according to the original plan. Initially, the diesel generators were only used to help start the generators. The PLTBm in Saliguma only used bamboo as fuel when it was launched. Even that had been brought in from Madobag. After that, wood was used, taken from the forest near the plantations of local residents. Only the Madobag and Matotonan PLTBms use bamboo as fuel.

Hendrikus Erik Saurei, director of the Siberut PLTBm unit, suspected that the generators often broke down because they were not used for a long time after being tested on February to April 2018. "It is like owning a speedboat. If you use it once and then leave it sit the engine will get damaged. It is the same with these biomass generators," he said.

In addition to this technical problem, there is the matter of bamboo fuel. The locals have a problem with the low price being paid for bamboo and wood. The PLTBm pay Rp300 per kilogram of bamboo and logs. Bamboo and wood which are broken into chips and dried are bought for Rp700 per kilogram. This is nothing compared to the costs involved.

Lucia Sarua Oinan, a 41-year-old woman from Saliguma village, shared her experience on this issue. She and her husband cut down medium-sized trees around their field, then take the wood in a skiff to her home. There she cuts it into small pieces with a machete, then sets the pieces out into the sun. After they dry out, the wood is sold to the PLTBm. For this two months of work she receives just Rp700,000. "The income is much lower that what we had estimated," said Lucia.

The PLTBm does provide Lucia with electricity service from 6pm to midnight. Each month she buys Rp24,000 in pre-paid electricity credits from PLN to power three light bulbs. She can pay for it by selling a bunch of bananas for Rp50,000. "Half of that can be used to pay for the electricity," she said.

Aman Jairo, a resident of Madobag, said that he once sold five bamboo stalks from his field. "The bamboo came from that which had been planted by my ancestors. I planted the bamboo they gave me but they were still small," he said. Aman considered that the price was too low, while he had to transported them a long way from his field. "The people here want Rp2,000 per kilogram. At the current price, they are not very excited about it," said Saliguma Village Secretary Mateus Saboijat.

To overcome the difficulty in sourcing bamboo for fuel, PLTBm's management said it has been forced to accept wood to keep the generators running. "But the wood which is allowed can only come from leftover wood, such as that left over from making a skiff or clearing a field. The diameter must be less than 20 centimeters," said Hendrikus Erik Saurei.

Rifai Lubis, director of the Citra Mandiri Mentawai Foundation, reiterated that the point of the electricity grant project was environmental conservation. "If the forest has to be cut down for this renewable energy project, then it is no longer green energy," he said. He suggested developing electrical generators powered by wind, water or sunlight.

After having no electricity for two months, service has resumed at those three villages since early last August. According to Mentawai Islands Regent Yudas Sabaggalet, the PLTBms resumed operation because Rp3 billion in operational subsidy funds from the Mentawai Regional Budget had been disbursed. However, those three PLTBms are still running on diesel engines because some generators need to be repaired. "I have written to Bappenas to repair the PLTBm engines which are broken," said Rifai on August 8.

Hari Kristijo, the commitment-making official at Bappenas, said that the generators were turned over to the Mentawai Islands Regency government in December 2019. "This means that the responsibility for those assets rests with the Mentawai Islands Regency government. If any engines are broken, they can be repaired using the Mentawai Regional Budget or village funds," he said on August 28.

FEBRIANTI (SIBERUT), ABDUL MANAN



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**WIMBOH SANTOSO**, CHAIRMAN OF BOARD OF COMMISSIONERS, FINANCIAL SERVICES AUTHORITY (OJK):

# DON'T FORCE CORPORATIONS TO BOUNCE BACK FIRST

THE Covid-19 pandemic does not change Wimboh Santoso's routines much. Almost every weekend, the chairman of Financial Services Authority (OJK) travels to monitor economic activities in the regions. "As soon as the weekend comes, I go to the regions to personally see what is going on," Wimboh, 63, said during a special interview with *Tempo* on August 27.

Since it first hit the country six months ago, the coronavirus pandemic has wrought a total havoc on the national economy. Wimboh said the OJK together with the government and Bank Indonesia had issued a series of stimulus policies, from credit restructuring, government capital injection to subsidized interest rates for micro, small and medium enterprises (MSMEs). "The economy in Yogyakarta and Solo, for instance, is largely driven by MSMEs," he pointed out.

Wimboh added that credit restructuring scheme prioritized MSMEs as it triggers economic growth faster. Meanwhile, credit facilities for major corporations are planned for next year. No less important is the task of restoring public confidence to encourage social economic activities. "The real sector will recover and credit will grow only when we eat in restaurants, stay at hotels or travel. I've been everywhere. It is safe as long as we follow the health protocol," he said.

The government provides stimulus packages while preparing a regulation *in lieu of* law (*perpu*) on financial system reform and revision to Bank Indonesia Law. The perpu will regulate transfer of oversight authority from the OJK to the central bank. The Financial Services Authority has been given authority to supervise banks since 2013.

During the video interview, Wimboh discussed the role of the OJK in the economic recovery process as well as credit priorities for small and medium-sized enterprises (SMEs). He also responded to the question regarding the government's plan to curtail OJK's authority.

**The government is preparing a perpu on financial system reforms and one of them is to return OJK's supervision authority to Bank Indonesia. What is your view?**

It's better you ask *Bu* Finance Minister (Sri Mulyani Indrawati) about this.

**Do you agree with the planned perpu?**

How do I agree with something which is not even confirmed? OJK's responsibilities and authority are to facilitate the economic recovery process. That is our primary focus. The perpu is a political move. If we are asked, we will answer. If we are asked only.

**What is OJK's internal evaluation of the banking sector supervision?**

I don't want to speculate too much, but us, everyone in the OJK, are performing well. This isn't the first attempt (to return oversight authority to the central bank).

**Some view that OJK's role in bank supervision is weak. How do you respond to this criticism?**

OJK's performance indicators have nothing to do with banks having problems. They in fact reveal what actually is going on. If the number (of problematic banks) is high, it is because there are indeed many banks with problems. And if the OJK is not aware, well then please let us know. It means the OJK let its guard down. As regards what popped up in the media recently, it was because the OJK had inspected and found evidence and reported it. Actually the OJK never announces such findings to the public. It's like publicizing people's illnesses. That violates the code of ethics. Unless the news was already spread among the public, then we will say, 'Okay, that bank had problems and we found the solution.' If we concealed it, it could blow up in our face.

**How will the OJK communicate the findings to the bank in question?**

According to the resolution standard, we will certainly ask the owner and management to prepare a plan of actions and to take the responsibility to resolve the problem. It's not OJK's responsibility to resolve it.

**To what extent, will the state intervene to help solve the bank's problems?**

If it is a state-owned bank, for sure the state must take care of it. Otherwise, we will chase the owner and the management. So, the ones in trouble are the owner and the management including the board of commissioners and directors.

**What usually causes the banks to run into problems?**

A lot of things. Some due to pure business reasons, some due to frauds.

**In what situations can the OJK determine that the owner and the management can no longer resolve the problems?**

We will do everything formally. For every problem, we ask for the owner and the management's promise to solve the issues in a given time limit. They will face consequences if they fail to do so. The owner can't just wash their hands off. If they give up, then are there any other owners willing to take care of the problems? If there is no one, then we will put the bank under Deposit Insurance Corporation (LPS). Once the bank is under the LPS, the owners will automatically loss their rights of ownership. Everything is simple and clear.

**During an interview with *Tempo* on June 25, Jusuf Kalla said he had talked to you about the ownership of Bukopin. Is it true that Jusuf Kalla called you a view times to clarify that he was not the owner of the bank?**

I have never been contacted by *Pak* JK (Jusuf Kalla).

**Didn't Jusuf Kalla call and write you?**

It was for different purposes. Pak JK never talked about Bukopin (with me). There

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is no relationship between Pak JK and Bukopin. We both are member of the Mosque Council Board (*Jusuf Kalla is the Chief of Indonesia Mosque Council*).

**What is OJK's role in the economic recovery scenarios led by the Covid-19 Mitigation and National Economic Recovery Committee?**

The OJK did foresee Covid-19's impact on our economy as the pandemic limits people's mobility to carry out activities. Economic activities in turn affect the financial sector. The OJK pays attention to maintaining stability in the financial sector which cannot be separated from economic recovery. The OJK, government, and Bank Indonesia from the start discussed each institution's role. In terms of overall economy, we've been involved in various discussions led by the coordinating minister for the economy to design fiscal policies, including Perpu No. 1/2020 which the House of Representatives (DPR) has already passed as Law No. 2/2020.



OJK Chairman Wimboh Santoso in a meeting with the financial service industry at the Yogyakarta OJK Office, August 23.

**What has the OJK done to maintain stability in the financial sector?**

First, we issued a capital market regulation. The capital market experienced negative sentiments due to Covid. The stock market came under pressure and foreign investors diverted their money overseas. Our first policy was aimed at helping buffer the capital market from Covid's heavy blow. We also issued a regulation forbidding short selling, among several other policies. Traders usually sell in the morning because prices are better in the morning and buy in the evening when prices are down to get higher profit margins. We forbid that practice to prevent speculation. Second, we issued a stricter limit of 5 percent for trading halts from the previous above 5 percent.

**What was the outcome?**

The Composite Stock Price Index (IHSG) which took a drastic plunge to below 4,000 on March 24 made a gradual rebound. Confidence is back. The index is already 5,300 in capital market charts. This is the first policy we issued to control volatility. The pre-Covid index was around 6,000. Hopefully, it will return to that position. The foundations are stronger now.

**The number debtors with potential default risk is expected to increase due to the pandemic. What measures will the OJK take to mitigate this?**

We know that if we don't intervene, customers will have difficulties paying back to the bank. Then loans will become non-performing loans (NPLs), banks will have to create reserves, and eventually NPLs will erode banks' capitals. We certainly won't want this. We created a provisional policy on credit restructuring but only for customers affected by Covid-19. If their loans are restructured and categorized as current, banks don't have to set up special reserves. We, together with the government, are also designing incentive policies including the perpu with the hope to improve the conditions. We also took follow-up actions, for instance, OJK Regulation No. 11/2020.

**What does the OJK regulation regulate?**

To categorize loans of the eligible customers that I mentioned above as current for one year. The status can be renewed if needed. Current loans do not call for PPAP (loan loss provisions). We hope that this condition won't last long. With these various incentive policies in place and vaccine in the pipeline, we hope the economy will improve.

**Why is this OJK regulation so crucial?**

Imagine what can happen without this policy. Many customers will default on their loans. Banks will have to create PPAP and NPL will eat into their capitals. The regulation is a temporary solution. When the economy is up and running again, debtors can restart their repayment installments and the financial sector can return to normal.

**To what extent has bank liquidity been affected?**

Bank liquidity is certainly affected as customers affected by Covid could not repay loans. We asked Bank Indonesia and the government to ease liquidity. Bank Indonesia has lowered the statutory reserve requirement giving additional liquidity of around Rp600 trillion to the banking sector. We also asked to lower interest rates–certainly measured rates–so as not to put pressure on liquidity. Then the government's aggressive budget deficit estimate of 6 percent also enhanced bank liquidity. There are no problems with bank liquidity at this time. The banking sector has strong capital and the capital market is stable. We just need to drive the recovery.

**How do you drive the recovery?**

Most recovery issues exist in the field. How do people learn about incentives? Entrepreneurs utilize incentives faster. The key is how to deliver incentives–be it subsidized interest rates or working capital guaranteed by the government–to the people. In addition, there should also be synergy. It's great that bank liquidity and capital are strong and there are sufficient credit supplies, but there should also be demand. Government spending including social assistance is believed to be able to spur public demand (for goods). Otherwise, it will be hard for business owners to take out loans as they have to repay the loans plus interests. That's why public confidence to resume normal activities is crucial.

**How many loans have been restructured?**

A total of Rp837.64 trillion in the banking sector. That is smaller than everyone expected which is 40 percent of loans. Then Rp353.17 trillion for MSMEs and Rp484.47 trillion for non-MSME. Financing companies also have realized restructuring of loans worth Rp176.33 trillion to over four million customers. The economic recovery depends on this (restructured loans) coupled with demand from the public.

**The government has placed funds in a number of banks to boost their lending capacity. But the reality is that loan disbursement is still low. What happened?**

The government has deposited funds totaling Rp30 trillion in Himbara (State-owned Banks Association) and Rp11.5 trillion in seven regional development banks. This positive move gives these banks more robust liquidity. It means there will be ample liquidity in the inter-bank money market. Segmentation in the banking sector will become smaller. Currently, at least Rp30 trillion worth of loans with low interest of 3.4 percent are up for grabs.

**Has the government already deposited Rp30 trillion to Himbara banks?**

It has. All of it. A few days after the announcement of the plan, it has distributed Rp10 trillion to Bank Mandiri, Rp10 trillion to BRI, Rp5 trillion to BTN and Rp5 trillion to BNI.

**What about the banks' fear of possible defaults?**

Loans are prioritized for MSMEs. The government guarantees up to 80 percent of MSME loans. So, there is no reason for the banks to fear. As they are subsidized, loan interests are also low. It means if even non-MSME loan disbursements go well, why not MSME loans with subsidized interest rates? In addition to the guarantee for 80 percent, the government is also paying the lending fees. Isn't it extraordinary?

**What about loans for large companies?**

It is already available. In line with President's instruction, the final figure for 2020-2021 is Rp100 trillion. However, loan restructuring in corporations cannot be done fast like in MSMEs. Factories need to call employees one by one and calculate carefully. We don't want the working capital to be exhausted as soon as we open the offer while there is no demand yet. Therefore, we try to start with small businesses to stimulate economic growth. Then MSMEs can help spur corporations' growth because corporations need raw materials which are usually produced by MSMEs. If corporations run ahead, it is feared that they manufacture (goods) before there is sufficient demand.

**How will loans be disbursed to corporations?**

The government's scheme for corporations only covers guarantee. The government guarantees 50 percent of the loans via Indonesian Export Financing Agency and Penjaminan Infrastruktur Indonesia (an infrastructure project insurance company). Labor-intensive companies will enjoy a higher guarantee rate of 60 percent. But it will take time for the scheme to take effect.

**The majority of private corporations have run out of working capital and will only receive incentives next year. What can the OJK do to push the banking sector to accelerate loan disbursement?**

About a month ago, we had a meeting with business owners from every sector including the Indonesian Chamber of Commerce and Industry as well as the Indonesian Entrepreneurs Association. It's true that corporations can only be revived if there is demand. The air transportation sector, for instance. We can give loans and revive it now but there are no passengers. An air transportation business owner said losses from empty flights are higher than those from not flying at all. They require fuel, crew and so on so they really have to calculate. Once they decide to fly, there should be enough passengers. Loans will only become added burden. The same holds true for hotels. Right now, people, particularly those in Jakarta, are still afraid of going out of their homes. Jakarta malls are emptier than malls in the other regions.

**What is the solution?**

People should be encouraged to resume activities first. Then economic activities can return to normal. Corporations should not be forced to bounce back first before there is demand. They are expected to grow early next year. Take motorcycle assembling plants for example. After assembling, where will they sell? Export demand is also still low. That's why we should focus on MSMEs first.

**You routinely go to the regions to directly monitor economic activities there. What are the conditions in the field like?**

They are already buzzing with people going about their activities but we cannot immediately trigger significant economic growth there. Particularly in the transportation sector, there isn't demand yet for air transportation. So, how do we encourage public to have enough confidence to take planes or stay in hotels, or encourage the government or businesses to use meeting halls?

**Which of the regions are already teeming with economic activities?**

Each region has its own conditions. West Java's economy, for example, is actually driven mostly by corporations. The region is home to huge manufacturing companies which depend so much on export. On the other hand, micro businesses there can't recover yet due to decline in the corporate sector. What should be done to revive this sector particularly export companies in West Java? One way is a strategy reorientation so that products can be sold domestically. Meanwhile, the economy in Yogyakarta and Solo are largely driven by MSMEs. I guess MSMEs will recover quicker.

ANTARA/ANDREAS FITRI ATMOKO

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# Turkey

HISTORY is plagued by all kinds of obsessions. For us Indonesians, 'the West' is one of them. 'The West' makes us anxious, nervous, disturbed. It feels threatening, but also seduces and mobilizes people in the East–if indeed there is something one can clearly call 'the East'.

Since the birth of the modern world, or since exploration in the name of European kingdoms, 'the West' has haunted the peoples of Asia and Africa. Oppression and revolution, grievance and violence–with 'the West' as the obsession–arrived.

But reading history is like reading an old map awaiting change. This year, 2020, has seen the publication of *God's Shadow: Sultan Selim, His Ottoman Empire, and the Making of the Modern World* by Alan Mikhail, a historian from Yale University. The book has shaken the way of viewing the past: no longer placing 'the West' at the center and as holder of world hegemony, as has been repeatedly proposed for centuries. Mikhail shows that "in 1500, and even in 1600, there was no such thing as the now much-vaunted notion of "the West." Throughout the early modern centuries, the European continent consisted of a fragile collection of disparate kingdoms and small, weak principalities locked in constant warfare."

In this context, the holder of hegemony–that shadowed international politics of the time and haunted Europe with fear and trepidation–was the Turkish Ottoman Empire. Under the Ottoman dynasty, Turkey controlled an area of Europe larger than any European kingdom anywhere. Of course it later declined; at its nadir, it was ridiculed as 'the sick man of Europe', and after World War I it collapsed. But, maybe because it had no equal competitor from Europe, this sultanate lasted more than 600 years.

Inevitably, a conquering empire has to be continuously involved in conflict to enforce power. However, unlike the experience of the Roman Empire at its height, in the Turkish Ottoman conflict there was something interconnected with weapons: religion.

It is unclear why over those centuries 'Islam' (however interpreted) and 'Christian' (whatever this meant) were in conflict, with blood and iron. What is clear is that this complex and tragic conflict–which was probably fanned by worldly affairs–could never be settled. Maybe this is why Alan Mikhail tells not only of power in Istanbul under Selim. The book starts out in an interesting way: a story about a town on the Texan-Mexican border. The town is called Matamoros. *Mata* is from the Spanish *matar,* meaning 'to kill'. *Moros* (Moors) is what Christians called Muslims, who from 711 to 1492 lived alongside each other in the small kingdoms that came to unite and be called 'Spain'. Matamoros means 'killer of Moors'–a term of honor among Christian citizens for their heroes in the centuries-long conflict. The town on the Texas-Mexico border has no history of involvement in that conflict: it got its name from the Spanish who subjugated America in the 16th century and brought their European obsession with them.

That obsession was 'Islam'. Actually, 'Turkey'. In *God's Shadow,* Alan Mikhail even reveals Columbus as a *matamoros*. According to Mikhail, the discoverer of America wanted to sail to the unknown world not to discover spices, but to oppose 'Islam'. Columbus was an Italian from Genoa, an important port town where ships of the world docked and set sail. Destiny, ambition and skill brought him to Portugal, then to Spain, with the aim of obtaining support for his project to sail to India, the fantastic land he had long dreamt of. He approached Isabella, the Castillian Queen who was attacking the Muslim kingdom of Cordoba. He even joined the Castillian troops, who finally won, ending forever the history of Islam in Spain.

Rejoicing, Columbus wrote to the Queen: "On 2 January in the year 1492, when your Highnesses had concluded their war with the Moors who reigned in Europe, I saw your Highnesses' banners victoriously raised on the towers of the Alhambra, the citadel of that city, and the Moorish king come out of the city gates and kiss the hands of your Highnesses."

Columbus eventually got what he wanted. He promised Isabella he would reach India. There–as he imagined from the stories of Marco Polo's travels–ruled the Grand Khan who had opened his heart to Jesus. Mikhail says that Columbus was convinced that with the support of the Khan's army, the Christian world would be able to defeat Turkey and Islam. Jerusalem could be reclaimed.

We know he never reached his destination. His three ships only reached the continent that, when he died in Valladolid in Spain on May 20, 1506, he still thought was India. But in that mistake and paranoia he was not alone. The Spanish who came after him continued to carry the ghost of the war against Islam when they met the locals ('Indians') in the New World: they saw Aztec weapons, clothing and dances as variants of Moorish traditions. Then, we know, they slaughtered the people. History is plagued by all kinds of obsessions–particularly when there is the promise of paradise on earth and in heaven: sometimes realized, often with piles of corpses.

*Goenawan Mohamad*



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