

Tuesday, June 30th, 2020

GENERAL NEWS AND HEADLINES

Former minister gets 7-year prison sentence, loses political rights

Republika, p.2; Kompas, p.3; Media Indonesia, p.2

The Jakarta Corruption Court sentenced on Monday former youth and sports minister Imam Nahrawi to seven years in prison for his involvement in a bribery case pertaining to a grant to the Indonesian Sports Council (KONI). Imam was also ordered to pay a fine of Rp 400 million (US\$28,074), which would be substituted for another three months of imprisonment if he fails to pay.

The court also ordered Imam to pay Rp 18.1 billion in restitution within a month after the verdict became legally binding. If he fails to pay, the court will auction his assets to compensate for the restitution. Imam's right to run for public office is suspended for four years after he finishes serving his prison sentence.

The sentence is lighter than the prosecutors' demand of 10 years, a Rp 500 million fine and Rp 19.1 billion in restitution.

The former minister said he was still considering an appeal.

President threatens underperforming ministers with Cabinet reshuffle

Koran Tempo, Berita Utama; The Jakarta Post, headline

President Joko "Jokowi" Widodo's fiery speech in a recent meeting with members of his Cabinet, which was circulated on Sunday, appears to be a sign of his frustration at the lack of progress in the fight against the COVID-19 pandemic. He threatened to reshuffle his ministerial team if no progress is made in the effort.

A source told *Tempo* that the President had not been bluffing and was indeed considering reshuffling officials in at least 16 ministries and government agencies, including Health Minister Terawan Agus Putranto, Cooperatives and Small and Medium Enterprises Minister Teten Masduki and Social Affairs Minister Juliari Batubara

Presidential Chief of Staff Moeldoko said on Monday that prior to delivering the speech on June 18, in which he threatened to replace ministers who failed to deliver results in the COVID-19 fight and disband government agencies, President Jokowi issued frequent warnings to Cabinet members whom he believed were not doing enough in dealing with the pandemic and its economic impacts.

Political parties call for removal of Pancasila guideline bill from priority list

Koran Tempo, Nasional

A number of party factions at the House of Representatives have opposed the Indonesian Democratic Party of Struggle's (PDI-P) idea to change the title of the contentious Pancasila Ideology Guidelines (HIP) bill.

NasDem Party lawmaker Taufik Basari said his party would still reject the deliberation of the bill even with the title change. He added that his party was calling for the removal of the bill from the 2020 National Legislation Program (Prolegnas) list.

Two weeks ago, the House agreed to postpone the deliberation of the bill amid outcry from members of the public who questioned its urgency and some of its articles.

Following the postponement, the PDI-P, who initiated the bill, proposed to change the title of the bill to the Pancasila Education Ideology Education bill.

PDI-P executive Ahmad Basarah said the bill aimed to regulate the values of the Pancasila ideology and the functions of the Agency for Pancasila Ideology Education (BPIP).

AGO fails to arrest Djoko Tjandra

Media Indonesia, p.2; Kompas, p.3

The Attorney General's Office (AGO) has failed to arrest Djoko Soegiarto Tjandra, a fugitive in the high-profile Bank Bali corruption case, who returned to the country and filed a case review against his conviction with the South Jakarta District Court in early June.

Attorney General ST Burhanuddin said the graft convict was scheduled to attend his own case review hearing at the court on Monday, but Djoko failed to show up.

But Djoko had gone to the South Jakarta District Court on June 8 to file his case review, Burhanuddin told House of Representatives members during a hearing at the court on Monday.

"Honestly, this is a result of our intelligence weaknesses. That's the fact. I asked the court, and they said [the case review] was filed through an integrated service that had no identity control," he said in the hearing.

Parents decry age rule for school enrollment

The Jakarta Post, p.2

Last week, the city administration rolled out a zoning system for this year's state school enrollment. Unlike in previous years, a potential student's age is now a main factor in the registration process, sparking protests from parents caught unaware.

The Jakarta administration has allocated 40 percent of total state school seats to be filled by the zoning system, compared to 5 percent for nonacademic achievers, 25 percent for poverty preference admissions, 20 percent for Jakarta-based high achievers and another 5 percent for non-Jakarta high achievers. The remaining 5 percent is reserved for the children of state officials.

Prior to this year, the proximity of a student's residence to a school was considered an important criterion for enrollment. This year, the Jakarta education agency has argued the use of an age requirement because of Jakarta's complex demographic makeup.

The head of the agency, Nahdiana, said the distribution of schools was different in each area and schools had varying intake capacities. Age is used instead because it is a "neutral variable" that could not be manipulated, she said.

Despite protests from parents and education experts, Nahdiana confirmed that the agency would continue to use age in its zoning system and only evaluate the rule after this year's enrollment has concluded.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Mutual funds have good prospect in second semester

Bisnis Indonesia, headline

Research company PT Infovesta Utama data from June 26 shows that all types of mutual funds recorded positive performance in June. Equity funds gained the highest return with 3.79 percent profit.

Balanced mutual funds also gained positive return with 2.7 percent profit in the same period. Meanwhile, money market funds gained less, although still positive, with 0.35 percent.

Bahana TCW Investment Management investment strategy director and chief economist Budi Hikmat said entering the second half, market players were waiting for performance report in the second quarter to see the effects of government stimulus. He recommended funds with stocks in digital economy and government debt papers-based (SBN) funds.

Jokowi threatens to integrate BI and OJK

Koran Tempo, headline

The slow COVID-19 aid disbursement to the health sector and micro, small and medium enterprises (MSME) caused President Joko “Jokowi” Widodo’s fiery speech in a Cabinet meeting on June 18. The delayed credit stimulus distribution was weak in preventing layoffs.

President Jokowi questioned why the credit stimulus disbursement in the financial market had been slow. According to him, the program that involves the Financial Services Authority (OJK) and Bank Indonesia (BI) was difficult to implement. Therefore, he threatened to issue a regulation in lieu of law (Perppu) to reintegrate BI and OJK so the credit stimulus could be disbursed faster.

Financial Ministry Sri Mulyani Indrawati said the implementation of the program was slow because BI, OJK and the Deposit Insurance Corporation (LPS) had to exchange data, which took a long time.

Economic stimulus disbursement improves

Investor Daily, headline

Responding to President Joko “Jokowi” Widodo’s call for accelerated stimulus disbursement, Finance Minister Sri Mulyani Indrawati’s efforts to improve the national economic recovery (PEN) program disbursement worth Rp 695.2 trillion (US\$49 billion) has indicated a result.

She explained that the stimulus disbursement for health treatment of Rp 87.55 trillion increased from 1.54 percent on June 16 to 4.68 percent on Jun. 29. However, the disbursement is still constrained by rigid verification.

Furthermore, the social safety net stimulus’s realization has reached 34.06 percent or equal to Rp 69.44 trillion from the total allocated budget of Rp 203.90 trillion, higher than 28.63 percent realization on Jun. 16.

The highest improvement was experienced by the micro, small, and medium enterprises (MSME) stimulus disbursement with Rp 34.24 trillion realization from the total allocated budget of Rp 123.46 trillion, equal to 22.74 percent disbursement which is substantially higher than 0.06 percent on Jun. 16.

Meanwhile, sectoral and local government stimulus disbursement has reached 4.01 percent or Rp 4.25 trillion from Rp 106.11 trillion budget, which is higher than the 3.65 percent previously reported.

Last, the business tax incentive disbursement has improved to 10.14 percent from 6.8 percent reported on June 16 from the total budget of Rp 120.61 trillion. However, unfortunately, corporation financing incentives have made no progress.

Spice exports increase amid pandemic

Kompas, economic headline

Trade Ministry data shows that the country's spice exports in January to April grew by 19.28 percent from the same period last year. The exports grew amid the global economic slowdown caused by the COVID-19 pandemic.

Among the spices, the commodities with the highest exports were whole pepper with 18.7 percent export growth, whole clove with 17.04 percent growth, whole nutmeg with 12.11 percent growth and ground cinnamon with 11.61 percent growth.

The ministry's exports development director general, Kasan Muhri, said the trend would keep rising as people needed spices to keep their immunity strong amid the pandemic.

BI may buy zero-interest bonds to aid budget

The Jakarta Post, p.2

The government has opened the possibility of Bank Indonesia (BI) buying government bonds with a zero-coupon rate as part of a "burden-sharing" scheme to finance the battle against the COVID-19 pandemic, a senior minister said on Monday.

Finance Minister Sri Mulyani Indrawati said the central bank might bear 100 percent of the coupon rate burden for bonds issued to finance programs that were considered in the public interest, including for health care, social protection

and financial support for regional governments. She expected the programs to amount to Rp 397 trillion (US\$28 billion).

According to the Finance Ministry's official material presented to the lawmakers, the interest rate burden from government bonds caused by the pandemic will be Rp 66.5 trillion per year, with a yield assumption of 7.36 percent for the 10-year government bonds at the time. BI might bear Rp 35.9 trillion of the total burden, according to the finance minister.

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