TENGGARA STRATEGICS

BACKGROUNDER
WEEKLY BRIEFING

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Highlights of the week

New Cabinet on the horizon

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First crack appears in Prabowo's coalition

The Just and Prosperous Coalition supporting presidential candidate Prabowo Subianto and running mate Sandiaga Uno is reportedly falling apart, after the real count by the General Elections Commission (KPU) showed that Joko "Jokowi" Widodo-Ma'ruf Amin pair remained ahead with 56.29 percent of the vote, while the contending pair trailed with 43.71 percent. The alleged fallout was reported after Sandiaga reacted differently from Prabowo in responding to quick count and real count results. He was also absent from Prabowo's victory declaration and recently, in contrast to Prabowo's statement, he stated that this year's election was fair and just.

President Jokowi promises to reverse wage policy

President Joko "Jokowi" Widodo promised to revise the current minimum wage policy on April 26 during a meeting with labor union leaders at Bogor Palace in West Java. Fulfilling the promise, however, poses a greater challenge, as the business community supports the current annual minimum wage formula and opposes the tripartite mechanism.

Police allegedly complicated KPK in a graft case

The Corruption Eradication Commission (KPK) finally named PLN president director Sofyan Basir a suspect in a graft case surrounding the development of a coal-fired power plant in Riau, known as the Riau 1 case. The case has brought down former social affairs minister Idrus Marham and the former deputy chairwoman of the House of Representatives' Commission VII, Eni Maulani Saragih. The KPK had suspected Sofyan's involvement since the beginning, but our sources indicated that the commission had to wait for some time before it was able to name him a suspect.

POLITICS

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Takeaways:

1. One of President Jokowi's priorities in forming his new Cabinet should be ensuring the Cabinet's stability in order to uphold consistency and continuity in policy delivery.
2. A more powerful Jokowi is likely to enjoy more freedom and control in appointing new ministers. Jokowi's consolidated power will allow the President to be less accommodating in choosing and directing his new ministers, regardless whether they are party-affiliated or independent.

Background: President Jokowi has been tight-lipped regarding his new Cabinet. Regardless, daily newspaper *Tempo's* interview with him recently indicates that the President might consider more party members to fill his Cabinet during his second term, even though he is reluctant to divide ministers between "partisan" and "professional" appointees.[1] Citing his new objectives in his second term, Jokowi opened the possibility to set up a brand new Cabinet that may include figures with different backgrounds.[2]

If Jokowi brings more party-affiliated individuals into his Cabinet, the new lineup will be the opposite of his current one, in which nonpartisan ministers vastly outnumber party-affiliated ministers.

Insight: Following his inauguration in 2014, Jokowi appointed his ministers under the Cabinet. Consisting of 34 ministers and three deputy ministers, the Cabinet had 19 independent and 15 party-affiliated members. Indeed, as part of his presidential campaign, Jokowi promised to appoint more independent professionals as his ministers than party-backed figures.[3]

The President, however, reshuffled his Cabinet 10 months after it was established. Five ministerial posts were affected, one minister was rotated and four ministers were dismissed.[4] The second reshuffle came a year later, involving 13 ministers. Three of them were rotated and eight dismissed.[5] In 2018, the Cabinet underwent several minor reshuffles after then-social affairs minister Khofifah Indar Parawansah resigned in order to run for the governorship of East Java. Her successor, Idrus Marham, was removed from his post after only six months due to his link to a bribery scandal. A minor reshuffle recurred in August 2018, with then-administrative and bureaucratic reform minister Asman Abrur resigning after his National Mandate Party decided to back Jokowi's challenger, Prabowo Subianto, in the 2019 presidential election.

[1] *Koran Tempo*, "Di partai: Orang professional pun banyak," April 29, 2019. P.5
[2] Ibid.
[3] *Kompas.com*, "Jokowi janji bangun cabinet kerja, bukan cabinet bagi-bagi kursi," April 16, 2014. https://tinyurl.com/yxcrdzud
[4] *Kompas.com*, "Melihat 4 "Reshuffle" Kabinet Pemerintahan Jokowi-JK," Aug. 15, 2018. https://tinyurl.com/y5267xtw
[5] Ibid.

After four reshuffles, Jokowi's Cabinet now comprises 14 party-affiliated ministers and 20 independent ministers. The lineup shows Jokowi's fulfillment of his promise to appoint more nonpartisan professionals than party members as ministers. Whether such composition merits an effective Cabinet is a different issue.

The frequent reshuffles have mounted questions about the effectiveness and efficiency of the Cabinet, particularly in formulating and delivering policies, as the shake ups cost the Cabinet its consistency and continuity. While Cabinet reshuffles can be beneficial for short-term goals or even bring in new perspectives, it can be destabilizing if it happens too frequently. Ensuring a stable Cabinet, thus, should be a priority in Jokowi's second term.
One thing to consider is Jokowi's political clout that is much stronger compared to 2014. Not only is the President backed by more parties now, but also by a coalition that will hold an outright majority in the House of Representatives.

Although winning the presidency in 2014, Jokowi's coalition faced an opposition that won a majority in the House. Assigning independent professionals as ministers, thus, was a strategy to secure public support vis-à-vis the opposition.

This year, however, Jokowi succeeded in tightening his grip on both the executive and legislative branches, if predictions of the 2019 general election results are any indication. Jokowi now has less political stakes as he did in 2014, when uncertainties were many.

Furthermore, Jokowi has never been a big partisan figure, unlike his predecessor Susilo Bambang Yudhoyono (SBY), for instance, whose political power was tightly linked with his Democratic Party. Indeed, Jokowi's political crusade has been consistently supported by the Indonesian Democratic Party of Struggle (PDI-P). Yet, Jokowi is not a party leader like SBY. Jokowi, thus, is not obliged to conform to the interests of any party, even the PDI-P's.

All these factors allow Jokowi to enjoy more freedom and thorough control in his second term. An accommodating approach in assigning new ministers, thus, may no longer be necessary for Jokowi.

In his latest interview, Jokowi hinted that he might appoint more party-affiliated figures in his new Cabinet, which contrasts to the current Cabinet. Jokowi's measures are evidence that the President has indeed acquired greater freedom in filling ministerial posts. Predominating the new Cabinet with his coalition parties' representatives will surely help the President solidify his political strength. Yet again, in discussing the new Cabinet, Jokowi and his more concentrated power, rather than the new ministers' background (partisan or independent), is the most determining factor.

With such power imbalance, the President may have enough leverage to enforce a noncooperative strategy with the parties. Hence, while more party-affiliated figures might be appointed in his new Cabinet, it would be the parties instead that have to be more willing to readjust their agendas and accommodate the President.

What we've heard: The issue about the Cabinet reshuffle before the presidential inauguration is rational for two reasons: First to gauge the reactions of the political parties inside President Jokowi's coalition and second to test the response from former president and chairwoman of the Indonesian Democratic Party of Struggle (PDI-P) Megawati Soekarnoputri.

According to a politician from Jokowi's Cabinet, Megawati once said if the Cabinet was to be reshuffled, "Give opportunities for the ministers who will be reshuffled to give clarification." This is to express respect to one another, especially those who are trusted.

However, according to the source, this time Mega believes there is no need for a Cabinet reshuffle before the inauguration. "Because the opposition must be respected as well. This is to avoid any resentment," said the source. Thus, a number of PDI-P elites who are aware about the origin of the reshuffle idea believe that there should not be any reshuffle before the inauguration.

Another source, who is a businessman, said the discussion about early Cabinet reshuffles is one of the ways Jokowi will test the response from the parties in the coalition as he might want to include more professionals in his Cabinet.

"That is why it is frequently discussed that Jokowi's Cabinet will mostly consist of party-affiliated figures. Yet, I am somehow unconvinced by this. It is often the opposite instead," said the source. The source reportedly knows who first raised the Cabinet issue. "It is better, however, if I don't say anything about this."

The source deems that the public discussion on the possible Cabinet reshuffle is too "neat", including the alleged time of the reshuffle. Competition for the Cabinet is expected to last until July, after Eid al-Fitr.

PAN, Sandiaga: First cracks appears in Prabowo's coalition

The Just and Prosperous Coalition supporting presidential candidate Prabowo Subianto and running mate Sandiaga Uno is reportedly falling apart, after the real count by the General Elections Commission (KPU) showed that Joko "Jokowi" Widodo-Ma'ruf Amin pair remained ahead with 56.29 percent of the vote, while the contending pair trailed with 43.71 percent.[6] The alleged fallout was reported after Sandiaga reacted differently from Prabowo in responding to quick count and real count results. He was also absent from Prabowo's victory declaration and recently, in contrast to Prabowo's statement, he stated that this year's election was fair and just.[7]

Signs of potential change within the coalition also came following a meeting between National Mandate Party (PAN) chairman and Consultative People's Assembly Speaker Zulkifli Hasan and President Joko "Jokowi" Widodo on April 24. Further fueling public speculation, PAN politician Yasin Kara and deputy chairman Bara Hasibuan said the party was open to the option of leaving the coalition and supporting Jokowi. Responding to the speculation, PAN's secretary-general, Eddy Soeparno, denied the party was switching coalitions and said further clarification was expected from Bara.[8]

Insight: Pragmatically, it is a reasonable choice for PAN to join Jokowi's coalition as the party reportedly failed to significant benefit from a coattail effect with Prabowo's presidential candidacy. Quick counts show that PAN obtained around 6 to 7 percent of the vote or 45 to 50 seats at the House of Representatives, which will not be enough for the party to push policies on its own. The shift is also more likely to happen considering that after it obtained 7.59 percent of the vote in the 2014 legislative election, which was higher than this year's prediction of votes for

[6] *Mediaindonesia.com*, "Koalisi Prabowo dan Sandiaga Mulai Goyah," April 29, 2019. https://tinyurl.com/yxn4cu75
[7] *Koran.tempo.co*, "Sandi dan Pan Disebut Mulai Realistis," April 27, 2019. https://tinyurl.com/y4xkvksa
[8] *Thejakartapost.com*, "PAN, Dems downplay talk joining ruling coalition," April 29, 2019 https://tinyurl.com/yxg5d3pj

PAN, the party still decided to switch sides. The fact that Jokowi's coalition parties have also managed to concentrate his power in the House might also be another major incentive for PAN to join the other side.

What we've heard from our sources is that before the elections, Zulkifli had actually wanted to join Jokowi's coalition of parties as he felt more comfortable working with Jokowi than Prabowo but he was unable to convince PAN patron Amien Rais after a series of failed meetings between Amien and Jokowi. If Zulkifli insisted on joining Jokowi, he was afraid such a move would alienate Amien supporters and endanger PAN's electability.

Amien's persistent criticism of the incumbent would not be much of a hurdle, given that PAN was also part of the Jokowi government's legislative coalition from the end of 2015 to August 2018, although the party backed Prabowo in the last two presidential elections.[9] Political analyst Hanta Yuda from the Poltracking Institute said PAN's maneuver, with its share of 48 seats in the House, could obtain at least two Cabinet posts under Jokowi's administration.[10] The party denied any deals had been made for ministerial posts for its move, even though during the Cabinet reshuffle in 2016, PAN politician Asman Abnur was appointed administrative and bureaucratic reform minister.[11]

What we've heard: On Thursday, a week after election day, Prabowo, Sandiaga and the elites of their circle gathered to finalize their plan to use the findings of witnesses at polling stations as the foundation of their argument that there was a mismatch between data found in polling stations and vote recapitulation results. There was also speculation that the public had been mobilized to vote for Jokowi.

Regarding the speculation on data mismatch, the findings suggest such mismatches were inadequate. "However, [we] are certain enough that there had been a problem during the election," said one of the elites who attended the gathering.

Sandiaga and his team, according to a source, was more meticulous in addressing the issue. He did not want to hastily claim that there had been fraud before adequate findings were obtained. Hence, other than consolidating his team covertly, Sandiaga also met volunteers who could testify publicly through the media. "This is so there are no suspicions about how much evidence we have," said the source.

Another source from a circle of senior businesspeople said Sandiaga's performance had always been polished, either in managing companies or in politicking in the economic realm. "He has got the capital. He is too smart for the public and the elites to 'read' him. There are more secrets behind his secrets," said the source, who is also Sandiaga's partner in business and politics.

When asked about the possibility of being appointed as a minister under Jokowi, Sandiaga's response was vague. "He is an expert in creating a smokescreen," said the source. The offer for Sandiaga to join Jokowi's side was reportedly made by the Presidential Palace. "But he remains firm, which is good. At least it increases his political price," said the source.

[9] Ibid.
[10] *Thejakartapost.com*, "PAN's switch opens way for Cabinet shake-up, House cohesion," Sept. 3, 2015. https://tinyurl.com/y64ztgzm
[11] *Thejakartapost.com*, "Nat. Police deputy chief appointed new administrative and bureaucratic reform minister," Aug. 15, 2018. https://tinyurl.com/y45vmb53

The offer is not concrete yet. The precise position offered to Sandiaga has also yet to be put forward. Sandiaga has not responded to the offer as he does not want his political track record ruined as he would be perceived as a traitor or liar. "He does not want to create any problems in the political realm. His track record in the economy meant he was bullied during the regional and presidential election," said the source.

Because of this, Sandiaga's future more or less depends on coalition parties. According to Sandiaga, becoming the chairman of one of the coalition parties, such as Gerindra or PAN, is "more realistic and has more leverage". Moreover, by next year, according to the source, Sandiaga's rival, the Democratic Party's Agus Harimurti Yudhoyono (AHY), will have become the chairman of the Democratic Party if he wants to compete in the 2024 presidential election as often reported.

Furthermore, according to the source, Sandiaga also knows that in the Jokowi coalition, both parties and nonparties will compete to claim the largest portion of compensation from the President for helping his reelection bid.

Deaths of poll workers indicates KPU, government negligence

The General Elections Commission (KPU) reported on April 30 that 2,232 members of the polling station working committee (KPPS) had fallen ill and at least 336 KPPS members had died of possible exhaustion following Indonesia's first simultaneous legislative and presidential elections on April 17.[12] While the demanding hours have been blamed for the hundreds of deaths at KPPS across the country, the absence of realistic working conditions and protection for KPPS volunteers must also be considered.

Insight: The 2019 presidential and legislative elections were held on the same day (April 17) under a 2014 Constitutional Court ruling that aimed to prevent "tactical and transactional politics", with registered voters casting five different ballots in the presidential election and the four-tiered legislative: the House of Representatives (DPR), the Regional Representatives Council (DPD), the provincial Regional Legislative Council (DPRD Provinsi) and the regency/municipal Regional Legislative Council (DPRD Kabupaten/Kota).

The KPPS is responsible for counting the ballots cast at their jurisdictional polling stations (TPS), which were open from 7 a.m. to 1 p.m. on April 17.

While election watchdogs and lawmakers are calling for a revision to the electoral system, a more significant matter to mull is that the government, including the election supervisory authorities, was neglectful in ensuring the well-being of the KPPS workers, who were all volunteers.

The KPPS system lacked both preventive and recovery measures on ensuring the workers' health, safety and well-being, such as a standard operating procedure (SOP). The KPPS workers' health should have been monitored throughout the electoral process to detect any signs of illness or fatigue, especially due to overwork. According to the Indonesian Medical Association (IDI), 90 percent of all deaths among KPPS workers was caused by heart attack or stress,[13] which

[12] Detik.com, "KPU: KPPS Meninggal Dunia Jadi 336 Orang," May 1, 2019. https://tinyurl.com/y22fznc9
[13] *Bisnis.com*, "IDI: Stress dan serangan jantung penyebab utama anggota KPPS meninggal," April 25, 2019. https://tinyurl.com/yxffaxds

could have been preventable through clear coordination between the KPU, KPPS workers and *puskesmas* (community health centers) and other measures.

KPPS workers were also not insured under the national Workers Social Security Agency (BPJS Ketenagakerjaan/TK),[14] so they had to cover their own medical costs while carrying out their election duties.

One key issue is the KPU's failure to acknowledge KPPS workers as formal employees instead of as paid volunteers, which created a legal loophole that allowed neglecting worker security and protection for KPPS workers.

While the idea to provide social security for KPPS volunteers was put forward, it was not followed up. Advocacy coordinator Timboel Siregar from social welfare watchdog BPJS Watch said that the National Social Security Council (DJSN) had asked the Finance Ministry to register KPPS workers with the BPJS TK[15], but had received no response. This indicates negligence on the government's part.
The Finance Ministry's budgetary regulations director Didik Kusnaini responded later that the ministry had no regulation on providing insurance for KPPS workers. "There was not enough time to set up a regulation at such short notice, so we could not process the request", he said.[16] While the ministry has promised compensation for the families of the KPPS workers who died and for workers who fell ill during the course of their duties,[17] its response comes too late after so many lives were lost – deaths that could have been prevented if not for the shortsightedness of both the KPU and the government.

Capital city move elicits mixed response, Palangkaraya top contender

A plan to move Indonesia's capital city out of Jakarta to Kalimantan or Sulawesi recently reemerged. First proposed in the beginning of his first term, President Joko "Jokowi" Widodo pushed the plan to move the capital city in order to realize fair development across the country as well as to reduce traffic congestion in Jakarta.[18] Environmental concerns as well as overpopulation have also been mentioned as reasons behind the plan to move the capital city outside Java. The relocation plan, however, has been met with mixed responses as its economic feasibility and efficiency are questioned.

Insight: Some have welcomed President Jokowi's plan to move the capital city off Java. Commission II of the House of Representatives, for instance, has been a supporter of the plan. When the issue of capital city relocation reemerged in 2017, the then-head of Commission II, Zainudin Amali, said the relocation plan should have been realized years ago due to Jakarta's pervasive overpopulation.[19]

Moreover, moving the capital city outside Java, according to Zainudin, might also encourage development processes in Indonesia's peripheral locations.[20] Indeed, the issue of equal and fair development has often been raised by those who support the plan to move the capital city off Java. Relocating the capital city, it is argued, will break the chain of Java-centric development in

[14] *Detik.com*, "Banyak yang Meninggal, Petugas KPPS Tak Didaftarkan BPJS TK," April 21, 2019. https://tinyurl.com/y5x3ltup
[15] *Tirto.id*, "Petugas KPPS Meninggal Tanpa BPJS-TK, BPJS Watch: Itu Kelalaian," April 22, 2019. https://tinyurl.com/y34ng48n
[16] *Tirto.id*, "Mengapa Petugas KPPS Tidak Dapat Jaminan Asuransi?" April 24, 2019. https://tinyurl.com/y2tpymhh
[17] *Tempo.co*, "Petugas KPPS Dapat Santunan" April 30, 2019. https://tinyurl.com/y2tr7t9a
[18] *Thejakartapost.com*, "Jokowi wants to move capital out of Java," April 29, 2019. https://tinyurl.com/yxdt6b5h
[19] *Merdeka.com*, "Politisi Golkar sebut sudah seharusnya ibukota dipindah," July 5, 2017. https://tinyurl.com/ybrx8foa
[20] Ibid.

the country. Culture and Education Minister Muhadjir Effendy, for instance, said that moving the capital city could help the government to improve education in 3T regions (the outermost, frontline and disadvantaged regions).[21]

Cities in Kalimantan and Sulawesi emerged among top capital candidates. Among them, Palangkaraya in Central Kalimantan came out as the favorite because it is geographically more secure. Indeed, Kalimantan is known as one of the safest regions in Indonesia from natural hazards such as earthquakes. Palangkaraya was also the city chosen by Indonesia's first president Soekarno when he floated the idea of moving the capital city.

Many, however, have countered the relocation plan, citing economic reasons and inefficiency as major obstructions. As calculated by the National Development Planning Board (Bappenas), the cost of relocating the capital city may reach as much as Rp 323 trillion to Rp 466 trillion.[22] Those who are against the relocation plan said the country could not afford such a high cost and strongly opposed the inclusion of the relocation cost in the 2020 state budget (APBN). Jakarta Governor Anies Baswedan said relocating the capital city would not resolve traffic congestion in the city as the congestion was mainly caused by private vehicles, not the government's.[23] Anies, thus, reasserted that whether the capital city would be relocated or not, the government still must tackle the prevalent challenges in Jakarta as the city would remain the country's economic and business hub.[24]

The relocation plan has been around since the presidency of Indonesia's first president, Soekarno, and reemerged under the leadership of former presidents Soeharto and Susilo Bambang Yudhoyono (SBY). The plan, however, has never been realized as the most ideal procedure has yet to be found. It is still unclear whether Jokowi's plan is more feasible than the previous presidents', or whether it is merely reactionary or actually realistic.

[21] *Detik.com*, "Soal Pemindahan Ibu Kota, Mendikbud: Sangat Positif untuk Pendidikan," May 2, 2019. https://tinyurl.com/yyumpu5w
[22] *Liputan6.com*, "Sri Mulyani Ungkap Dana Pemindahan Ibu Kota ke Luar Jawa" 30 April 2019 https://tinyurl.com/yyqupm9w
[23] *Thejakartapost.com*, "Moving capital will not ease Jakarta's traffic congestion: Anies," April 30, 2019. https://tinyurl.com/y2qbl8ol
[24] *CNNIndonesia.com*, "Pesan Anies untuk Jokowi soal Rencana Pemindahan Ibu Kota," April 29, 2019. https://tinyurl.com/y3h97can

BUSINESS & ECONOMIC POLICY

President Jokowi promises to reverse minimum wage policy

President Joko "Jokowi" Widodo promised to revise the current minimum wage policy on April 26 during a meeting with labor union leaders at Bogor Palace in West Java.

Takeaways:

1. April 26, Bogor Palace – The President promises labor union leaders to revise the current minimum wage policy and to establish a new police manpower division.
2. May 1, Jakarta – The President fulfills one of his promises by establishing manpower divisions at 16 provincial police forces.
3. Fulfilling the promise to revise the current minimum wage policy poses a greater challenge, as the business community supports the current annual minimum wage formula and opposes the tripartite mechanism.

Background: The Bogor Palace meeting was attended by Confederation of Indonesian Trade Unions (KSPI) chairman Said Iqbal, All-Indonesia Workers Union Confederation (KSPSI) president Andi Gani Nena Wea, Confederation of Indonesian Prosperity Trade Unions (KSBSI) president Mudofir, All-Indonesia United Workers Confederation (KPBI) chairman Ilham Syah, Indonesia Muslim Workers Confederation (Sarbumusi) chairman Syaiful and Confederation of Nusantara Unions (KSN) president Muchtar Guntur.[25]

During the April 26 meeting, the union leaders called on the President to replace the annual minimum wage calculation, which is based on inflation plus real national economic growth, by reinstating the former tripartite mechanism – representing workers, employers and the government – for setting the minimum wage. They also called for the establishment of a National Police manpower division to manage labor conflicts and disputes.[26]

Insight: During the May Day protest on Wednesday, May 1, in Jakarta, the police held a ceremony to inaugurate manpower divisions in 16 provincial police forces.[27] The new manpower division falls under the special crimes directorate and is to be the first point of contact for all labor disputes. If the police find no criminal violations in the initial investigation, it will forward the case to the provincial manpower agency.

The establishment of the new division indicates that the government is serious about meeting the union leaders' demands by developing working policies. However, revising the current minimum wage regulation would be more difficult, as the prevailing minimum wage formula was adopted to replace the time-consuming tripartite mechanism. If the government reinstated the tripartite mechanism, this would indicate the President's inconsistency in his reforms. This move would likely meet with opposition from employers, which support the current policy on calculating the annual minimum wage.

[25] *CNNIndonesia*, "Jokowi bertemu Said Iqbal Cs bahas masalah perburuhan." 26 April 2019 https://tinyurl.com/yxb7rqax
[26] *Republika*, "Jokowi janji revisi PP pengupahan ke petinggi serikat buruh." 26 April 2019 https://tinyurl.com/y4klsa9l
[27] *TheJakartaPost*, "Jakarta Police inaugurate manpower division to oversee industrial conflicts." 2 May 2019 https://tinyurl.com/y5wyq3rj

The President should come up with an alternative policy to fulfill the promise on the minimum wage policy he made to union leaders in Bogor. All eyes are now on a possible alternative to reinstating the tripartite mechanism.

Thousands of workers from various unions stage a protest in front of the CIty Hall in Central Jakarta in this file photo taken on Nov. 10, 2017. (Antara/Reno Esnir) https://tinyurl.com/y2dayfsc

Issue Update: Police allegedly complicated KPK plan to name PLN chief graft suspect

The Corruption Eradication Commission (KPK) finally named PLN president director Sofyan Basir a suspect in a graft case surrounding the development of a coal-fired power plant in Riau, known as the Riau 1 case. The case has brought down former social affairs minister Idrus Marham and the former deputy chairwoman of the House of Representatives' Commission VII, Eni Maulani Saragih. Both have been tried, convicted and sentenced to prison. The KPK had suspected Sofyan's involvement since the beginning, but our sources indicated that the commission had to wait for some time before it was able to name him a suspect.

According to the KPK, although Sofyan had not received any bribe money, he was the main actor behind the PLN's appointment of Blackgold Natural Resources Limited as the developer of the Riau 1 power plant, a contract worth Rp 12.78 trillion.[28] Blackgold's main shareholder, Johannes Budisutrisno Kotjo, had been tried, convicted and sentenced to four years in prison for bribing Eni.

[28] *Majalah Tempo*, "Delapan bulan menjerat Sofyan," May 5, 2019. P. 65

Name	Status	Details
Eni Maulani Saragih	Convicted defendant	Sentenced to six years for receiving a Rp 4.75 billion bribe from Johannes Kotjo.
Johannes Budisutrisno Kotjo	Convicted defendant	Sentenced to four years and six months for bribing Eni and planning graft schemes.
Idrus Marham	Convicted defendant	Sentenced to three years for having received Rp 2.25 billion of a promised Rp 4.75 billion bribe from Johannes. Idrus was also convicted of having ordered Eni to safeguard Johannes' project.
Sofyan Basir	Suspect	Suspected of having agreed to receive a bribe from Johannes.
Setya Novanto	Witness	Setya was said to have instructed Eni and Idrus to safeguard Johannes' project when he was the House of Representatives speaker.

Source: *Majalah Tempo, Koran Tempo*

According to Eni's testimony, Sofyan had hosted multiple meetings between the people involved in the graft case, including at his residence on Jl. Bendungan Hilir in Central Jakarta. Eni said that in the last meeting between her, Sofyan and Johannes, Sofyan was promised the "best" part of the bribe money if Blackgold won the project. Sofyan also included the Riau 1 project in the 2018 electricity procurement plan (RUPTL) to ensure the plant would commence commercial operations in 2020.[29]

The naming of Sofyan as a suspect in the Riau 1 case, however, did not go smoothly. Our sources said there had been differences of opinion among the KPK commissioners. The objection by the KPK's chief of prosecution, Insp. Gen. Firli, to the naming of Sofyan as a suspect and also the rumored planned prosecution of KPK chief Agus Raharjo by the police complicated the case. However, finally, the KPK managed to name Sofyan a suspect.

What we've heard: According to a law enforcer involved in the investigation, Sofyan was to have been named a suspect in the Riau 1 case on Aug. 21, 2018, but the decision was postponed because the KPK's five commissioners were divided over the issue.

One of the reasons for the delay was that the KPK had not acquired strong evidence that Sofyan had received the promised bribes. Two KPK commissioners, Basaria Pandjaitan and Alex Marwata, demanded Sofyan's naming as a suspect to be delayed. In addition, the KPK's chief of prosecution, Insp. Gen. Firli, had also expressed disagreement over the naming of Sofyan as a suspect.

However, three other KPK commissioners agreed that Sofyan should be named because he was the main actor behind the PLN's appointment of Blackgold Natural Resources as the PLN's

[29] *Majalah Tempo*, "Patgulipat tersangka keempat," May 5, 2019. P. 69

partner to develop the Riau 1 project. Sofyan reportedly attended nine meetings about Riau 1, some of which took place in his residence. Sofyan had also instructed the PLN's current acting president director, Supangkat Iwan, who was then his subordinate, to safeguard Blackgold's appointment.

The KPK reportedly discovered later that during the last of the nine meetings a plan was allegedly devised to divide the bribe money between the three – Eni Maulani Saragih, Idrus Marham and Sofyan – with Sofyan getting the largest share. A source said that without Sofyan's involvement, the Riau 1 project would not have been included in the PLN's 2018 RUPTL.

After that disclosure, all KPK commissioners agreed to name Sofyan a suspect. However, when they were about to sign the legal document to do so, rumors circulated that the police planned to prosecute KPK chief Agus Rahardjo by reviving an old case that allegedly involved him. The Jakarta Police had reportedly opened a corruption case involving the procurement of heavy equipment by Jakarta's Bina Marga Road Agency in 2015, when Agus was the head of the National Procurement Agency (LKPP). Agus had already repeatedly said that he was not involved in it. The police have questioned Agus Prabowo, who was head of the LKPP from 2015 to 2019, for the case.

The police have also apparently been targeting Agus not only over Sofyan, but because the KPK is currently investigating Haji Isam, a South Kalimantan man engaged in the coal business, over the questionable rezoning of a forest that allegedly involved Zainudin Hasan, the brother of former forestry and environment minister Zulkifli Hasan.

This reported attempt at prosecution was said to have delayed the naming of Sofyan as a suspect. Sofyan eventually became a suspect in the Riau 1 case when KPK commissioner Basaria Pandjaitan, who is a former police officer, agreed to sign a document to that effect.

Issue Update: BRI offers promising future with long-term consequences

The second Belt and Road Initiative (BRI) summit, held in Beijing from April 24 to 27, drew 40 heads of state and more than 1,500 delegates to the Chinese capital. Chinese President Xi used the occasion to respond to growing international criticism of the BRI as a possible debt trap and environmental threat. Speaking at the opening on Friday, Xi vowed that the US$1 trillion program would promote good governance and sustainable development. "In carrying out projects under the Belt and Road Initiative, we will have zero tolerance for corruption. We are committed to transparent and clean government. We will adopt accepted international standards in procurement and bidding," Xi said, adding that the BRI would promote multilateralism and free trade.[30]

Forty heads of state, including Russian President Vladimir Putin, Egyptian President Abdul Fatah el-Sisi, Pakistani Prime Minister Imran Khan, Chilean President Sebastian Pinera, Malaysian Prime Minister Mahathir Mohamad, Philippine President Rodrigo Duterte, Hungarian President Viktor Orban and Austrian Chancellor Sebastian Kurz attended the forum, in what local state media described as a diplomatic success. Vice President Jusuf Kalla headed the Indonesian delegation to the forum.

[30] *The Jakarta Post*, "Xi rejects critism of BRI," 27 April 2019. https://tinyurl.com/yxa6h9jk

The US reportedly sent low-level delegates, while India did not attend.

Indonesian President Joko "Jokowi" Widodo, who had attended the first BRI summit, sent Vice President Jusuf Kalla to the second summit. Accompanied by Coordinating Maritime Affairs Ministers Luhut Pandjaitan and Foreign Minister Retno Marsudi, Kalla and the delegation brought with them 28 projects worth $91.1 billion billed as BRI projects on offer for Chinese and foreign investors.

Luhut explained in a statement that Indonesia's participation in the BRI would not burden the government, as all the projects under the BRI would be offered under a business-to-business format, in which the government would only facilitate project preparation, while the owners of the projects would be private investors and state-owned enterprises.[31]

What we've heard: Entering the fifth year since its launch in 2013, the BRI has attracted more than 126 countries and global institutions, with Italy becoming the first G7 country to sign up. A number of countries that had previously been sceptical about the BRI have had second thoughts. After considering cancelling the construction of a high-speed railway network, Malaysia has decided to continue with the project. Malaysian Prime Minister Mahathir Mohamad showed up at the forum and gave a keynote address to endorse the initiative.

Although the BRI has won the support of many countries, it's still a Chinese initiative and would only irk the United States and its allies. US Under Secretary of State for Political Affairs David Hale, who visited Indonesia last week, said it was important for all countries to have alternatives and not be told that there was only one option, the BRI. He offered the Indo-Pacific concept as an alternative to the BRI.

Hale said a key element of the US Indo-Pacific concept was to achieve maximum economic growth, particularly by using the private sector model of the US, which had made the biggest investment in Southeast Asia. He claimed that the US private sector had invested more than $900 billion into ASEAN countries. "It's far more than any government can do and certainly more than what you've seen from China, the Republic of Korea, Japan and India put together."[32]

Indonesia has been taking a cautious approach on the BRI, not because of pressure from the US but because of the domestic public perception of China. The government, for example has insisted that the BRI shall be put in line with Indonesia's national development strategy, including Jakarta's conception of Indonesia as a global maritime fulcrum. The government has also insisted that it would not take government-to-government loans to finance BRI projects. Instead, it proposes the business-to-business model of financing, where Indonesian companies as the owners of the projects would invite foreign firms to invest in the projects.

The 28 projects worth $91.1 billion identified by the government lie mostly in four corridors specially offered for BRI projects, namely North Sumatra, North Kalimantan, North Sulawesi and Bali. They include the development of Kuala Tanjung Port, Sei Mangkei Industrial Zone, the second development phase of Kualanamu International Airport, energy projects in Sungai Kayan in North Kalimantan, the development of exclusive economic areas in Bitung, North Sulawesi, and Kura-Kura Island in Bali. In addition, a high-tech industrial estate located around

[31] *Kontan.co.id*, "Hadiri KTT Belt and Road Initiative di China, ini penjelasan Luhut," 25 April 2019. https://tinyurl.com/y4949emj
[32] The Jakarta Post, "US Indo-Pacific concept best alternative to China's BRI: Washington official," 30 April 2019. https://tinyurl.com/y3zyspbr

the Meikarta project in West Java and a high-rise building in the SCBD area of Jakarta are also on the list.

Despite the popularity of the BRI, it is still difficult to differentiate between BRI and non-BRI projects. The government itself does not provide any clues as to which is which. It seems that any infrastructure project with involvement of Chinese investors is included in the BRI. As a result, some NGOs in Indonesia, for example, bill coal-fired power plants funded by Chinese investors and banks or built by Chinese developers as BRI projects. Therefore, they warn that the BRI will bring more dirty technology to Indonesia.

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