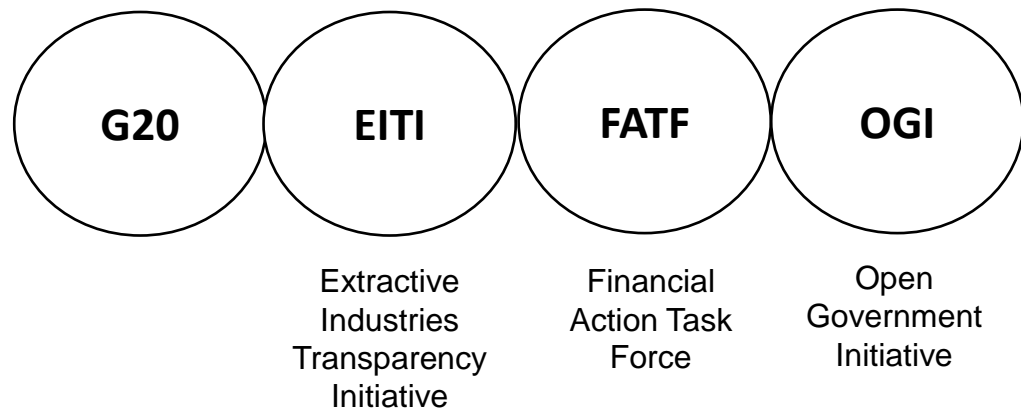


Beneficial Ownership in National Strategy on **Corruption** Prevention





1. The concept of beneficial ownership originally belongs to the common law system. Indonesia follows civil law which only recognize the legal ownership as the system does not recognize specifically the distinction between legal and beneficial ownerships
2. In the perspective of law enforcement, beneficial ownership information (BO) is the starting gate for law enforcers to be more effective in tracking and uncovering money laundering cases.
3. Under the 2020 – 2024 National Midterm Plan, one of the focus is on law enforcement through optimizing anti-corruption efforts. The government then stipulates the 2019 Government Work Plan (RKP) where beneficial ownership is one of the priority programs on the prevention and eradication of corruption in Indonesia.

What Makes KPK interested on Beneficial Ownership ?

GAP between Rich & Poor:

1% control 50,3% of the Economy



-World Bank, Indonesia's Rising Divide, Des 2015-

Mining and KPK Study

- 4,276 licenses (40 %) of 10,432 Mining Licenses (IUP) are NOT Clear and Clean (Non CnC)
- 1.850 (24%) of IUP have No TAX FILE NUMBER
- Some IUP are INSIDE Conservation Areas (1.37 Million Ha) and INSIDE Protected Forest (4.93 Million Ha)
- 90% of IUP are not paying Rehabilitation + Post Mining Fund
- Various Mining Companies OWE the State around IDR 23 T (USD 1.8 Billion).
- We DON'T KNOW the REAL Owner of these Companies

Chief Justice Corruption



- He received bribes from: Parliamentarian, Governor, mayors/head of District candidates, lawyers, political parties.
- He established several companies to laundered his bribes.
- Some of them used the name of his Driver, etc
- KPK send him to jail for life and confiscated his 'known' assets

Nazarudin Case



- He was a treasury of Political Party
- He established **at least 38 companies** to laundered his corruption.
 - We haven't finish in investigating his cases.
- He is now in Jail for 7 years, but he will face another trial for his remaining cases.
 - KPK has confiscated **his known assets** (factory-plantation-buildings-land, etc)

**BENEFICIAL OWNERSHIP TRANSPARENCY ENCOURAGE BY ACTION
PLAN FROM NATIONAL STRATEGY ON CORRUPTION PREVENTION
(STRANAS PK)**

National Strategy on Corruption Prevention (Stranas PK)



Presidential Regulation No. 54/2018

Focused

Measurable

Impactful

Action Plan:

3 focuses
11 actions
24 sub-action



○ coordination, synchronization
evaluation

○ daily activity, facilitation,
monitoring, output and outcome
delivery

Beneficial Ownership Action Plan



- **Presidential Regulation 13/2018** regarding The Application of the Know-Your-Corporation-Beneficial-Owner Principle in the Context of the Prevention and Eradication of Criminal Acts of Money Laundering and Terrorism Financing
- **Presidential Regulation 54/2018** regarding National Strategy on Corruption Prevention → License And Business Trade, Government Monetary, Law Enforcement And Bureaucracy Reform
- **Presidential Regulation 26/2010** concerning Transparency of State Revenues and Regional Revenues Obtained from Extractive Industries → EITI legal basis



Beneficial Ownership in
Corruption Prevention Action Plan
2019-2020

Database Utilization

Ministries, Institutions, law enforcer, and the public utilize BO database

Supervision

- BO verification
- increased compliance

Database Strengthening

- MoU and cooperation agreement between related ministries (finance, mining, oil and gas, plantation, land and spatial)
- Data exchange

Regulatory Framework

1. Implementing regulations of Presidential Regulation 13/2018
 - a. Ministry of Law and Human Rights Regulation regarding procedure for recognizing the BO
 - b. Ministry of Law and Human Rights Regulation regarding BO supervision
2. Corporate Administration Service System (AHU – online) – BO registry

To Do

Strengthening and Utilization BO database

Public Access to BO Database

Corporate Compliance

Doing

data exchange – tax, cooperative, plantation, energy & mineral resources, right to land

Formulating Minister of Law and Human Rights Regulation on BO Supervision

Policy/Regulation – BO as requirement of licensing

Done

Minister of Law and Human Rights Regulation No. 14/2019 – Cooperation Registration

Minister of Law and Human Rights Regulation No. 15/2019 – Procedure for BO implementation

Corporate Administrative Service System

MoU and Cooperation Agreement – Strengthening and Utilization BO database

Strengthening and Utilization BO Database



1. CSO involvement in providing input for BO action plan and to monitor the implementation of BO and involved on formulating corruption prevention action plan.
2. With a transparent condition of BO, there will be an increase in the government political actors advocating issues on BO transparency (as well as general transparency) and also an increase in the society's awareness on the importance of BO issues. This will have an impact on the reduction of deviation of the company's authority for certain issues and strengthening collaborations between Non State Actors. Furthermore, disclosure of BO data will create opportunities for many economic players to do business fairly, compete in a healthy manner, and compete to improve the quality of their business.
3. With the Open Data, BO can avoid monopoly and prevent conflict of interest in the ownership of public resources, such as in the ownership of Mining Business License (IUP).

1

Data Integration/ System

Integrating beneficial ownership data between related Ministry and the online AHU system (Ministry of Law and Human Right) → company registration system.

2

Verification

Establish a verification mechanism and sanctions on the registration of the beneficial ownership.

3

Mechanism and Standard Dissemination

There are still different perceptions between companies regarding disclosure of BO data that should be state on the document (example: BO define as share holder and not the real beneficiary owner)

With **Beneficial Ownership** transparency, potential of state revenues, corruption, and money laundering can be detected and minimized from upstream process which will certainly help encourage improvements of national governance; particularly in the extractive industry, tax, banking, and economic sectors, along with good governance

National Secretariat on Corruption **Prevention**

KPK Building

Jl. Kuningan Persada No.4

Setiabudi, Jakarta – Indonesia

021-2557830 ext 8104

<https://stranaspk.kpk.go.id>

<https://jaga.id/stranas>