

## EDITORIAL

## Justice for victims

More and more victims of sexual violence in Indonesia are speaking up, including those allegedly assaulted in religious communities. Most recently the Depok, West Java, Police arrested a church caretaker for allegedly molesting at least 20 children under his tutelage within a span of eight years.

The Catholic Women Human Rights Activists said recently that the parents of one of the victims filed a report on the alleged assault to St. Herkulanus Church in 2014, but the case was settled through mediation and the suspect, Syahril Parlindungan Marbun, was not dismissed as a mentor of altar boys. Instead, he was promoted to the post of mentorship subsection head.

Surely this scandal further taints the Catholic Church, despite the progress the Vatican has made in addressing sexual abuse within the Church, a lot of which was previously swept under the carpet. Through his apostolic letter "Vos Estis Lux Mundi", Pope Francis passed an ecclesiastical law requiring each diocese to create a system for reporting sexual abuse by June 2020.

The Catholic Church in Indonesia, however, has yet to follow this order although the deadline passed on Tuesday. Bogor Diocese judicial vicar Yohanes Driyanto said that setting up such a system was not easy as few priests had mastered canon law.

The police investigation into the alleged abuse by Syahril sets a good precedent as the Church used to seek out-of-court settlements, which in the Depok case did not stop the crime. Catholic women activists believe the Depok scandal is just the tip of the iceberg, because most of the victims are afraid to speak up and demand justice.

Weekly magazine *Warta Minggu*, published by the Tomang Catholic parish in West Jakarta, quoted the data presented by the Bishops Council of Indonesia (KWD) seminary commission secretary Joseph Kristanto last year that at least 56 people were allegedly subject to sexual abuse in the Catholic Church. But KWI chairman and Jakarta Archbishop Ignatius Suharyo denied any knowledge of the report.

"I, as the archbishop of the Jakarta Archdiocese and as the chairman of the KWI, never received such a report. Therefore, if you ask me, I don't know," he told *The Jakarta Post*.

Justice must be served in the Depok case, as well as in other abuses perpetrated by the powerful against the weak, especially women and children. What happened in Depok church could happen in schools, universities, Islamic boarding schools, the film industry, workplaces, public spaces and even at home.

The *Post* has collaborated with *Tirto.id* and *VICE Indonesia* in revealing sexual abuse allegedly committed in higher-education institutions across Indonesia. The project, called *#NamaBaikKampus* (Campus Reputation), has been nominated for the Public Service Journalism award by the Society of Publishers in Asia (SOPA).

We believe that unequal power relationships are the main cause of sexual abuse and in most cases provide impunity to the perpetrators. This must end.

Especially for the Catholic Church in Indonesia, a mechanism that encourages victims to report sexual abuse is urgent. More importantly, the state's commitment to the protection of the vulnerable should be manifested in policies that respect their rights and ensure their well-being.

## Managing epidemic within pandemic

By Devika Agarwal

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While COVID-19 has made the headlines every day over the past two months, services for tuberculosis (TB), one of the oldest diseases in the world, have been interrupted due to the lockdown. According to the World Health Organization's Global Tuberculosis Report 2019, India had an estimated 2.7 million new cases and 440,000 deaths due to TB in 2018 — the highest in the world.

Despite such numbers, India has not taken any targeted measures to tackle the spread of TB during the ongoing pandemic. The Indian government launched the TB Free India campaign with the target of eliminating TB in the country by 2025.

However, it is estimated that the fight against TB faces a setback of five to eight years, globally, due to COVID-19. Specifically for India, a two-month lockdown and a two-month recovery period for restoration of full TB services will result in an additional 510,000 TB cases and 150,000 TB-related deaths, between 2020 and 2025. With a three-month lockdown and ten-month recovery period, the numbers would be 178,000 and 510,000 respectively.

The internationally recognized Directly Observed Treatment Short-course (DOTS) strategy entails the diagnosis of TB through sputum testing and a treatment regimen of six to nine months, using appropriate drugs and obser-

vation by a healthcare worker. The Indian government promises free diagnosis and treatment to all patients. However, the COVID-19 pandemic has brought to light several gaps in India's healthcare system. There is shortage of functioning sputum testing centers, DOT centers, and other facilities to identify and treat new patients of TB. Healthcare workers are also wary of going on-ground and carrying out tests and diagnoses.

Migrant workers with TB, who are travelling away from their workplaces, are at risk of treatment interruption, which may lead to an even more severe form of TB, called multidrug-resistant TB. A combination of strategies will be required to restore normal TB services, with the objective to reduce the accumulated pool of undetected TB patients.

The Health and Family Welfare Ministry has already asked states and union territories to ensure that the diagnosis and treatment of TB continues unhindered, despite COVID-19. It has directed measures, including doorstep delivery of drugs and providing one month of drugs at a time.

As more private practitioners turn to digital facilities for diagnosis and consulting, there is a need to design solutions for marginalized communities, who might not have access to digital facilities. The projected numbers for TB highlight the urgency for a better intervention strategy.

## COVID-19: The catalyst for accelerating bank consolidation

By Narada Kumara, Febriantoro Suardy and Johanna Devi

Jakarta

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As the rampaging COVID-19 pandemic continues to disrupt — and even paralyze — Indonesia's economy and adversely affect financial stability, it has (or will) eventually taken a toll on the banking industry. The soaring number of non-performing loans or restructured loans would have negatively impacted banks' cash inflows, triggering the pressing concern of the banks' liquidity, and in turn, the banks' financial soundness. While large banks may find a way to withstand the COVID-19 storm, small and medium-sized banks might find it harder to do so.

The government reacted rightly and quickly — in less than a month after it confirmed the first COVID-19 positive case — by issuing Regulation in Lieu of Law (Perppu) No. 1/2020 on state finances and the stability of the financial system policies for the mitigation of the COVID-19 pandemic and/or to deal with threats that are potentially harmful to the national economy and/or the stability of the financial system (GRL 1/2020). The Perppu has been approved by the House of Representatives to become Law No. 2/2020.

Learning from past financial crises and knowing that bank failure may lead to economic depression, Article 23 of Law 2/2020 authorizes the Indonesian Financial Services Authority (OJK) to be more involved in the business affairs of banks, among other things, by instructing the banks to conduct mergers, consolidation, acquisitions and/or integration (mandatory corporate actions).

In executing the mandate, the OJK then further regulates the legal landscape for mandatory corporate actions through Regulation No. 18/POJK.03/2020 on written instruction for the mitigation of bank problems (OJKR 18/2020). OJKR 18/2020 came into force on April 21, 2020.

Through OJKR 18/2020, the OJK wields power to force banks to initiate mandatory corporate actions if, based on the OJK's assessment, the banks are suffering from a financial problem which may disrupt their business, and are deemed incapable of handling existing or future economic pressures. It will be the same case if the relevant controlling shareholders of the banks are incapable of strengthening their banks' financial capability.

Moreover, the OJK may also instruct banks to accept (by becoming a counterparty of) the mandatory corporate actions if those banks, after the conclusion of such corporate actions, were found to satisfy the two criteria. First, for conventional banks and sharia commercial/rural banks, a soundness level of at least a composite rating -3 or PK-3. PK-3 means that a bank is reasonably sound to withstand significant adverse effect from the business conditions and external factors. Secondly, for rural banks, the minimal soundness level should be "reasonably sound" — which means having a credit score of between 66 and 81.

Upon receiving the OJK's instruction (either to initiate or to accept), banks are required to prepare an action plan consisting of the process and schedule of the implementation of the mandatory corporate actions until its effective date and to assure its materialization by providing regular updates to the OJK.

Failing to do so, the OJK may impose on the banks and/or their respective principal parties (which are controlling shareholders, directors and commissioners) administrative sanctions in the form of written warnings and certain business restrictions as well as criminal sanctions.

Banks that are ordered to carry out mandatory corporate actions may be exempted from the requirements, such as single-



**Hard cash:** Finance Minister Sri Mulyani Indrawati (left) and State-Owned Enterprises Minister Erick Thohir announce the government's placement of Rp 30 trillion (US\$2.12 billion) in state banks on June 24. The funds will be channeled as loans to businesses to boost the real sector.

presence policy, share ownership and the period to satisfy the minimum core capital.

It is no secret that the OJK has encouraged bank consolidation, given the number of banks that crowd the industry, some of which (especially the smaller ones) may be vulnerable to financial stress or pressure.

Late last year, the OJK issued Regulation No. 41/POJK.03/2019 on mergers, consolidation, acquisitions, integration and conversion of commercial banks. This OJK regulation aims to bolster the consolidation of banks (particularly smaller banks), therefore reducing the number of banks in the already overbanked environment to create a robust, efficient and competitive banking industry.

Nevertheless, it appears the pressure on banks to consolidate has not been strong. According to OJK data on Indonesian banking, in February 2020 there were 110 commercial banks. This number was unchanged from September 2019. As for rural banks, the number was 1,542. The Indonesian Banks Association has said that 50 to 70 commercial banks is already sufficient for the industry.

But the devastating impact of the COVID-19 pandemic is certainly severe enough to force

small or even mid-sized banks to merge. Hence, OJKR18/2020 was issued as one of the safeguards to maintain financial stability in the banking sector.

Interestingly, looking from another perspective, the COVID 19 pandemic could be seen as an unexpected catalyst that spurs the consolidation of banks (either mandatorily, as the OJK could order, or voluntarily). The objective may not only maintain financial stability during the pandemic but also, for the long term, will create a more robust, more efficient and more competitive (by avoiding any unnecessary concentration) banking industry.

The COVID-19 pandemic will eventually see its sunset. However, economies are expected only to recover gradually. It is then reasonable to believe that even though borrowers' loans have mostly been restructured (as each of the cases may be), repayment may still be a problem and lending may take some time to achieve the 2019 growth rate. Therefore, with the ever-increasing market competition, more stringent compliance requirements imposed by regulators — exacerbated by the COVID-19 pandemic — mean that consolidating makes more sense for banks.

## How regions can cope with return migration in COVID-19 era

By Sonny Harry B Harmadi

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head home. In India, the stringent lockdown imposed by the government has left many jobless and forced workers out of cities like Delhi and Mumbai back to their states of origin. The amount of returning migrants proved to be overwhelming for the public transportation system, forcing many to take the journey back home on foot.

Despite its ability to keep the virus at bay, Thailand experienced a massive urban exodus from its large cities. Migrants from Myanmar, Laos and Cambodia, many of whom are involved in informal work and live in informal urban settlements, hastily found ways to return to their home countries. In the Philippines, unemployment has soared to 17.7 percent in Metro Manila alone, and people briskly flocked out of the capital city, with some community groups helping to arrange buses to send them home.

Return migration becomes inevitable for migrants whose livelihoods are threatened, not only by the health implications brought by the virus but also by the lack of job opportunities as the health crisis hit the economy hard.

This is also happening in Indonesia, where the migration of workers employed overseas and in large cities has been occurring

on a massive scale over the past four months. Thousands or even a million Indonesian migrant workers have streamed into the country, with the peak in May. Internal migrants are also heading home, leaving densely populated industrial agglomerations like Jakarta and Surabaya.

The migrants return home for various reasons. For starters, many of the migrants were employed in the informal sector as casual workers, many of them earned income on a daily basis. When the pandemic took a toll on business activities, they were stranded on foreign land with neither income nor savings. Returning home became an ideal option for them as moving back guarantees meals and alleviates them from rent expenses.

Many others headed home as it would allow them to work on agricultural land to make up for the lost income. Some others simply worried about their families and believed that it would be safer for them to navigate through the difficulties together with their kin.

Massive migration, particularly from the epicenters of the outbreak like Greater Jakarta, could further spread the virus. Some regions have managed to prevent human movement through provision of social protection. The

success of Kerala in India in suppressing out-migration is due to its policy to provide free food and shelter for migrant workers. Similarly, the Indonesian government has facilitated its stranded migrant workers in Malaysia by providing them with staple foods.

It is hard to tell when the migrants can return to their cities of employment, or whether they will ever actually return. In the Indonesian context, local governments should find ways to keep these workers productive during the pandemic. In the short-run, the focus should go to health measures by imposing stern quarantine on returning migrants and later on providing social assistance for them.

If the pandemic protracts in the coming year, the focus should shift to efforts to reintegrate the returnees to the local labor market. The surplus labor force in rural areas may benefit localities if appropriately managed. For low-skilled workers, the local governments could provide training and upskilling to equip them with the skills needed to rejoin the labor market.

The return of skilled workers, on the other hand, may serve as an opportunity to promote development agendas in rural and remote areas, moreover if they return home with accumulated wealth to start their own businesses.

The local governments should encourage them to take part in the transfer of knowledge to develop local human resources. Ship crews, for example, can enroll as instructors at vocational schools.