

# ACTIO

INDONESIAN E-MAGAZINE FOR LEGAL KNOWLEDGE BY  ANGGRAENI & Partners

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**New and Renewable Energy Bill: Indonesia's Efforts to Achieve "Affordable and Clean Energy" Sustainable Development Goal (SDG)?**

**How to Uncover and Report Illegal Levies in the School and Educational Environment**

**The Overlooked Factor: Women's Role in ESG Principles (Lack of Women Representation in High Management Positions)**



**G20 AND INDONESIA'S  
COMMITMENT TO SUPPORT  
SUSTAINABLE DEVELOPMENT  
GOALS (SDGS) THROUGH  
LAWS AND REGULATIONS**



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AKASA CIPTA TAMA

We, Akasa Cipta Tama (ACT), was established in April 2015 as a response to the demand of highly qualified translators for business, legal, technical, and general documents; as well as interpreters and note takers for meetings, seminars, and conference. Our translators, interpreters and note takers have extensive experiences in their respective fields.

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Looking forward to hearing from you.



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# The ability for a group of people to do remarkable things hinges on how well those people can pull together as a team.

Simon Sinek

Dear Reader,

Happy to meet you again!

This is year is special for Anggraeni and Partners (AP). Our firm is grateful to have reached its 10th anniversary serving clients and contributing to society. This 19th edition of ACTIO is one of the commitments from AP to share and develop Indonesia's legal knowledge.

Our coverage on this edition is Indonesia Presidency of G20. The 17th G20 Heads of State and Government Summit will take place in Indonesia this year - which also means that Indonesia's presidency for the G20 has ended.

G20 is a forum for us to recognize the importance of collective action and inclusive collaboration between nations, especially now when the world needs it more than ever. The global pandemic has been detrimental and affected most aspects of life. Hence, apprehension is needed to tackle the issues and for us to stand more robust.

ACTIO is here again for readers with the main topic, "G20 and Indonesia's Commitment to Support Sustainable Development Goals (SDGs) Through Laws and Regulations".

We cover several topics that are in line with the G20 Indonesia's Presidency's Priorities, such as "New and Renewable Energy Bill: Indonesia's Efforts to Achieve 'Affordable and Clean Energy' Sustainable Development Goal", "Combatting Climate Change with FoLU Net Sink 2030 Strategy", and "Implementation of UNEA Draft Resolution to Support Program on the Reduction of Plastic Pollution".

We hope the articles provide insightful and valuable for all readers, as we also stand by the G20's slogan: Recover Together, Recover Better.

Happy reading.

Best Regards,

**ANGGRAENI AND PARTNERS**

Setyawati Fitrianggraeni, PhD Candidate, FCI Arb., FAIADR.  
**Managing Partner**

## COMBATTING CLIMATE CHANGE WITH FOLU NET SINK 2030 STRATEGY

The Minister of Environment and Forestry or Menteri Lingkungan Hidup dan Kehutanan (MEF) Siti Nurbaya said that during the G20 Presidency, Indonesia had affirmed its commitment to achieving sustainable development by addressing the issue of land degradation and encouraging conservation. In the discussion on digitalization to achieve the Sustainable Development Goals (SDGs), she explained that steps to achieve Goal 13 of the SDGs, namely handling climate change, have been carried out by Indonesia by ratifying the Paris Agreement through Law Number 16 of 2016 concerning the Ratification of Paris Agreement to The United Nation Framework Convention on Climate Change.

During the 26th UN Climate Change Conference (COP-26) held in Glasgow, UK, last year, Indonesia stated its concrete steps on combatting climate change. Through an updated Nationally Determined Contribution (NDC) document and the Long-Term Strategy on Low Carbon and Climate Resilience 2050 (LTS-LCCR 2050), Indonesia conveyed several measures that it has taken and the subsequent action plan to be undertaken to achieve those goals.

Indonesia has also published a roadmap for mitigation and adaptation and issued the Decree of the Minister of Environment and Forestry Number 168 of 2022 concerning Indonesia's Forestry and Other Land Use (FoLU) Net Sink 2030 for Climate Change Control. Indonesia FoLU Net Sink is a scenario where the absorption of greenhouse gases (GHG) is targeted to be balanced or higher than emissions in the FoLU sector in 2030. The achievement of Indonesia's Net Sink FoLU will contribute up to 60% towards the Net Zero Emission target by 2060, as part of Indonesia's contribution to preventing catastrophic climate change. Thus, the FoLU sectors are aimed to achieve a net sink of carbon by 2030, to support the target of reducing Indonesia's greenhouse gas emissions. "The value brought in the development of the environment and forestry is sustainable development," said Siti Nurbaya. **(MRA/ALH)**

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1. <https://www.antaranews.com/berita/2940521/indonesia-tegaskan-komitmen-pembangunan-berkelanjutan-di-g20>



# WOMEN EMPOWERMENT IN IMPROVING THE GLOBAL ECONOMY: THE URGENCY OF WOMEN'S ROLE IN MSMEs

## A What is the role of women in improving MSMEs in Indonesia?

Women's empowerment has an important role in increasing income and the progress of a country, considering that the percentage of women in the population reached 48.4% of the total population in Indonesia. In 2021, the Central Bureau of Statistics or *Badan Pusat Statistik* (BPS) found that women manage about 64.5% of the total MSMEs. Following this report, Dalberg from Sasakawa Peace Foundation released another study that stresses the high number of women entrepreneurs in Indonesia, indicating that women fulfill 21% of the role.<sup>1</sup> Both studies highlight the prominent role of women, especially in the creative economy industry, opening more opportunities for women. One of the paths to pursue this goal is by establishing a small business in the form of a micro-business. According to Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs) should have the following criteria:<sup>2</sup>

- Have a net worth of no more than Rp. 50,000,000 (fifty million rupiahs), excluding land and buildings for business premises.
- Have annual sales proceeds not exceeding Rp. 300,000,000.

However, in practice, as many as 80% of MSMEs owned by women do not have access to funding from banks.<sup>3</sup> In general, three problems faced by women managing MSMEs in Indonesia are found, including:

1. lack of business capital;
2. network marketing limitations;

3. limited use of technology; and
4. lack of management skills and production techniques.

In addition, during the current pandemic, other crucial issues need to be considered, namely: (i) limited access to financial facilities for women MSMEs, and (ii) low digital literacy, and connectivity to the internet for women entrepreneurs of MSMEs. This is a challenge for women MSME actors in running their businesses. This is especially important given the large numbers of MSMEs and their capacity and contribution to job creation.



1. <https://kemenkopukm.go.id/read/menteri-teten-jumlah-kewirausahaan-perempuan-perlu-ditingkatkan>

2. Chapter IV Article 6 par (1) Law Number 20 of 2008

3. <https://katadata.co.id/doddyrosadi/berita/61644a188bddf/umkm-perempuan-masih-kesulitan-ajukan-kredit-ke-perbankan>

## **B** What is the correlation between women empowerment and the objectives of the G20 Convention?

Gender equality is one of the Sustainable Development Goals (SDGs). During the G20 Summit in Rome held on the 30th of Oct 2021, the President of the Republic of Indonesia conveyed the importance of strengthening MSMEs and women. One report was that the role of women and MSMEs in financial inclusion is significant, where the financial inclusion of MSMEs and women reaches 81%. This percentage of inclusion is expected to continue to increase to 91% by 2024.

In 2022, Indonesia will host the G20, with the theme "recover together, recover stronger". The goal of women's empowerment or gender equality is slated to be an issue that will be discussed. Clearly, women empowerment in MSMEs is one of the topics encouraged and supported by Indonesia in the G20 presidency. Through G20 Empower, one of the working groups in Indonesia's G20 Presidency aims to accelerate leadership and empower women in the private sector.<sup>4</sup> G20 Empower is the only alliance consisting of the government and the private sector that seeks to accelerate the leadership and empowerment of women in G20 countries.



In addition, G20 Empower encourages and supports associations that run MSMEs through various policies. Indonesia's legal basis, related to women's empowerment, especially in the field of micro-enterprises, is stated in the Regulation of the Minister of Women's Empowerment and Child Protection Number 02 of 2016 concerning General Guidelines for Home Industry Development to Improve Family Welfare through Women's Empowerment ("ROMOWEACP 02/2016"). This is implemented through the G20 Empower, which is expected to facilitate and prepare the progress of women entrepreneurs of MSMEs and can express and promote the importance of women's leadership and participation and accelerate gender equality in the business world.<sup>5</sup> (IAN/KBA)

4. [https://id.berita.yahoo.com/wujudkan-kesetaraan-gender-g20-empower-173432791.html?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xLmNvbS8&guce\\_referrer\\_sig=AQAAAI1pSyxweve8bktUQ3Eq1I5VtnE-7tWLYxU9j8rDSgtGrE0xiUV7Q6nBW01EaVagJH9ix2pTwWJg7WFZPnXM1hSyfGxjJznElxRR0nMuRXAaMAEgQd8i2IXsQ\\_t0zgVfUDBgWFApEX4T1tKal7dZJISgOh9S2sw2WzFKBn2DogR](https://id.berita.yahoo.com/wujudkan-kesetaraan-gender-g20-empower-173432791.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xLmNvbS8&guce_referrer_sig=AQAAAI1pSyxweve8bktUQ3Eq1I5VtnE-7tWLYxU9j8rDSgtGrE0xiUV7Q6nBW01EaVagJH9ix2pTwWJg7WFZPnXM1hSyfGxjJznElxRR0nMuRXAaMAEgQd8i2IXsQ_t0zgVfUDBgWFApEX4T1tKal7dZJISgOh9S2sw2WzFKBn2DogR)

5. <https://mediaindonesia.com/humaniora/493392/menteri-pppa-g20-empower-jadi-ajang-memperjuangkan-kesetaraan-gender>



## LAW ON THE HANDLING OF THE POOR AS AN EFFORT TO ERADICATE POVERTY

One of the main goals of the United Nations Sustainable Development Goals (“UN SGD”) is to eradicate poverty. Indonesia, as one of the countries participating in the G20, must be able to realize one of these goals. The 1945 Constitution of the Republic of Indonesia (“UUD 1945”) states that “the poor and neglected children are cared for by the state”.<sup>1</sup> One of the regulations that emerged as a response from the government to improve the welfare of the poor in a more planned, targeted, and sustainable manner was the establishment of Law Number 13 of 2011 concerning the Handling of the Poor (“Law for the Poor”).

The government’s responsibility in implementing this is to develop self-potential, food and clothing assistance, housing, health services, educational services, access to work and business opportunities, legal aid, and/or social services.<sup>2</sup> The form of handling the poor as referred to above can be done through empowering community institutions, increasing the capacity of the poor to develop basic skills and business skills, social security and protection to provide a sense of security for the poor, partnerships and cooperation between stakeholders, and/or coordination between ministries/agencies and local governments.<sup>3</sup>

The government’s responsibilities in implementing the form of handling the poor based on the Law on the Poor are as follows.

First, Self-potential development is an effort to develop the potential that exists within the poor, including the mental, spiritual, and cultural aspects to improve capacity building. The central government and local governments are responsible for developing the self-potential of individuals, families, groups, and or communities which are carried out through mental, spiritual, and skill guidance.<sup>4</sup>

Second, food and clothing assistance increases food sufficiency, diversification, and adequate clothing. Food and clothing assistance is regulated in the Law on the Poor, which explains that the government and local governments are responsible for providing sufficient food and clothing assistance.<sup>5</sup>

Third, the provision of housing assistance is fulfilling the right of the poor to proper and healthy housing, in which case the government and local governments are responsible for providing housing services.<sup>6</sup>

1. Indonesia, The Constitution of the Republic of Indonesia, 1945, Art. 34 (1).

2. Indonesia, Law on Handling the Poor, Law Number 13 of 2011, State Gazette year 2011 Number 83, Supplement of the State Gazette Number 5235, Art. 7 (1), Law Number 13 of 2011 concerning the Handling of the Poor, Art. 7 (1).

3. *Ibid.*, Art. 7 (2).

4. *Ibid.*, Art. 12.

5. *Ibid.*, Art. 13.

6. *Ibid.*, Art. 14

Fourth, the provision of health services is to meet the basic needs of the poor, which in this case, the government and local governments are responsible for providing health services. This includes promotive, preventive, curative, and rehabilitative approaches where the financing of health services is carried out through a national insurance system.<sup>7</sup>

Fifth, the provision of education services is designed to meet the basic needs of the poor in obtaining educational that is free of cost, of good quality, and without gender discrimination. Again, the central government and local governments are responsible for providing tuition assistance or scholarships.<sup>8</sup>

Sixth, fulfilling the rights of the poor to decent work and business opportunity requires government and local governments to be responsible for providing access to employment and business opportunities. This is carried out through efforts to provide employment information, provide training and skills facilities, increase access to micro-enterprise development, and/or provision of capital assistance facilities.<sup>9</sup>

Seventh, legal aid is the assistance given to the poor who have problems and conflict with the law. Legal aid is organized to represent the interests of citizens facing legal issues in defence of their rights inside and outside the court. Legal aid for the poor is provided in protection and legal consultation.<sup>10</sup>

Eight, social services are the duty of the government and local governments. Here, there must be provision of social services including improving social functions and access to essential social services. Quality of life, increasing the ability and awareness of the community in institutional and sustainable social welfare services, increasing social resilience in the community, preventing and dealing with the problem of poverty, and improving the quality of management of social welfare services to be provided.<sup>11</sup>

With this Law on the Poor, it can be seen that the government and local governments must be responsible for efforts to eradicate poverty. The ambitious goal is for poverty in Indonesia to be eliminated, thus achieving the UN SGD of No Poverty. To ensure that the government's responsibility for handling the poor does not conflict with the Law on the Poor, it is necessary to strengthen cooperation between the government, local governments and social institutions to facilitate and guide policies, programs and activities that empower, assist and provide means to meet the basic needs of the poor. In addition, it is recommended that the government, local government and social institutions be able to assume their responsibilities through a regional approach because the number of people classified as poor, is still significant and scattered in rural, urban and coastal areas, as well as small islands. **(FMN/TWK)**



7. *Ibid.*, Art. 15.  
 8. *Ibid.*, Art. 16.  
 9. *Ibid.*, Art. 17.  
 10. *Ibid.*, Art. 17.  
 11. *Ibid.*, Art. 18.



# NEW AND RENEWABLE ENERGY BILL: INDONESIA'S EFFORTS TO ACHIEVE "AFFORDABLE AND CLEAN ENERGY" SUSTAINABLE DEVELOPMENT GOAL (SDG)?

On June 14, 2022, during a House of Representative (or Dewan Perwakilan Rakyat "DPR") Plenary Meeting, a New and Renewable Energy Bill was passed as an initiative of the DPR. The Chairman of the Energy Commission of the House of Representatives Sugeng Suparwoto and the Director General of New, Renewable Energy and Energy Conservation, stated that the New and Renewable Energy Bill would be passed before the G20 Summit in Bali in November 2022.<sup>1</sup>

The New and Renewable Energy Bill distinguishes between new energy and renewable energy. According to the provisions of Article 9 of the Bill, New Energy Sources include nuclear, hydrogen, coal bed methane, coal liquefaction, coal gasification, and other New Energy Sources. Meanwhile, Article 30 of the New and Renewable Energy Bill classifies Renewable Energy Sources as consisting of geothermal; wind; biomass; sunlight; streams and waterfalls; garbage, waste of agricultural and plantation products, waste, or manure of farm animals; movement and temperature differences of the ocean layers; and other renewable energy sources, as Renewable Energy.

When compared to Sustainable Development Goals (SDGs), the New and Renewable Energy Bill is in line with point 7, related to "Clean and Affordable

Energy", which encourages energy efficiency and the regulation of fossil fuels and renewable energy. The existence of the New and Renewable Energy Bill is expected to be the basis for an energy transition, namely from fossil energy to New and Renewable Energy. Pursuant to that, the Ministry of Energy and Mineral Resources has also committed to achieving Net Zero Emissions by 2060.<sup>2</sup>

However, the New and Renewable Energy Bill does not indicate an energy transition. In the New and Renewable Energy Bill, it is still clear that fossil fuel is "included" in the New Energy category, which lists nuclear power and energy produced by coal derivatives. Therefore, the Bill itself is insufficient to significantly reduce greenhouse gas emissions.

Thus, the New and Renewable Energy Bill is considered less focused on renewable energy to achieve the SDGs. The existence of the New and Renewable Energy Bill should be a legal basis to maximize investment in clean energy to achieve net zero emissions as soon as possible.<sup>3</sup> **(DBS/YAN)**



- <https://katadata.co.id/yuliawati/ekonomi-hijau/629f22e10c1f8/ruu-ebt-siap-ke-rapat-paripurna-dpr-disahkan-sebelum-ktt-g20>
- <https://www.esdm.go.id/id/media-center/arsip-berita/empat-kerjasama-menuju-net-zero-emission-tahun-2060-ditandatangani>
- <https://katadata.co.id/happyfajrian/ekonomi-hijau/62862bcd77164/campur-aduk-energi-fosil-dan-energi-terbarukan-dalam-ruu-ebt>



## IMPLEMENTATION OF UNEA DRAFT RESOLUTION TO SUPPORT PROGRAM ON THE REDUCTION OF PLASTIC POLLUTION IN INDONESIA

The United Nations Environment Assembly (UNEA) is the world's highest-level decision-making body on the environment. UNEA consist of 193 UN Member States, including Indonesia and the full involvement of major groups and stakeholders. The establishment of the Assembly resulted from many years of international efforts – initiated at the UN Conference on the Human Environment in Stockholm in 1972, aiming to create an effective system of international environmental governance.<sup>1</sup> UNEA sets priorities for global environmental policies and develops international environmental law. However, resolutions adopted at UNEA may not be legally binding, but these resolutions represent the current collective thinking on prevailing ecological issues.

On March 2, 2022, the UNEA voted to formulate an international legally binding instrument by 2024 to end plastic pollution. On that same day, the UNEA passed a draft resolution titled *“End plastic pollution: Towards an international legally binding instrument”* in hopes that the initiative will significantly address the global plastic pollution problem and reaffirm the urgency to strengthen global coordination, cooperation, and governance. This aspiration is that stakeholders will take immediate action for long-term elimination of plastic pollution on land, in marine and other environments which will not hinder human activities and to prevent any further destruction upon the ecosystem.

1. United Nation Environmental Assembly, “Q&A: UN Environment Assembly”. United Nation Environmental Assembly, 25 February 2022, <https://www.unep.org/news-and-stories/story/qa-un-environment-assembly>.

The UNEA Draft Resolution proposed various approaches, including mitigation of further plastic pollution, such as alternatives to the complete life cycle of plastics and the design of reusable and recyclable products and materials. In addition, the Plastic Treaty will also promote mechanisms that provide scientific information relevant to the resolution’s policies and will provide a financial support mechanism to encourage its implementation.

Under the UNEA Draft Resolution on “*End plastic pollution: Towards an international legally binding instrument*”, international action that was needed was described such that further measures are necessary to develop an internationally legally binding instrument on plastic pollution. This would include the need to recognise financial and technical assistance, specification of objectives of the provision, and many more relevancies that were mentioned in the Draft Resolution. It also includes promotion of sustainable production and consumption of plastics. The UNEA Draft Resolution calls for all Member States to continue and step-up activities and adopt voluntary measures to combat plastic pollution, including sustainable consumption and production measures. The Draft invites the participation of Stakeholders and private sectors to promote cooperation at the global, regional, national, and local levels in handling plastic pollution.

Meanwhile, Indonesia has taken several actions to reduce plastic pollution, among other (i) Indonesia’s Plan of Action on Marine Plastic Debris 2017-2025, and (ii) Presidential Regulation Number 83 of 2018 on Sea Waste Management.



**Indonesia’s Plan of Action on Marine Plastic Debris 2017-2025**

In 2017, the Ministry of Coordinating Ministry for Maritime and Investment Affairs drafted a national plan of action to combat marine plastic debris, which aimed to reduce plastic waste by up to 70% (seventy per cent) by 2025. The Plan was named “Indonesia’s Plan of Action on Marine Plastic Debris 2017-2025”. The document outlines 3 (three) significant aspects which Indonesia will have to implement and promote in handling the marine plastic debris:

- a. Coordination between institutions responsible for waste management which involves the strengthening of regulation and human resources in various sectors and institutions;
- b. Application of technology to control plastic debris, including the application of science-based management; and
- c. The significant importance of societal efforts to reduce, recycle and reuse plastic debris to be promoted from an early age.

The national plan rests on five main pillars: improving behavioural change, reducing land-based leakage, reducing sea-based leakage, reducing plastics production and use, and enhancing funding mechanisms, policy reform and law enforcement.<sup>2</sup> The National Waste Management Information System or *Sistem Informasi Pengelolaan Sampah Nasional* (“SIPSN”) has recorded the amount of waste composition based on the types of waste, one of them is plastic, from 2018 – 2021. In 2018 the design was only categorised into 4: plastic, cartons, leftover foods, and others. In 2019, the waste composition was further categorised, and the overall percentage of plastic waste increased by 1.89% up to 2021.

**Presidential Regulation Number 83 of 2018 on Sea Waste Management**

In 2018, Indonesia’s President, Joko Widodo, issued Presidential Regulation Number 83 of 2018 on Sea Waste Management to maintain the cleanliness of Indonesia’s sea. In the regulation, a National Coordinating Team comprised the Ministry of Maritime Sector as the Head, Ministry of Forestry and Environment as the Head of Daily Activity (*Ketua Harian*) and other ministries as members.

The Regulation set up various strategies to enact sea waste management, amongst others stated under Article 4 are:

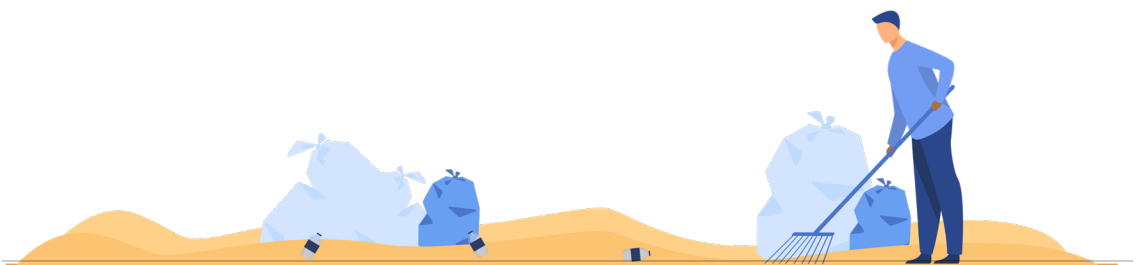
1. promoting awareness of stakeholders;
2. the management of waste which originated from the land;
3. producing countermeasures for waste on the coast and in the sea;

4. Funding Mechanisms, Institutional strengthening, supervising and law enforcement;
5. Research and Development.

The regulation acts as a guide for all relevant institutions to promote and maintain the activities to further enhance the Sea’s quality and cleanliness through the strategies mentioned above. Each strategy is further explained in the law attachment and are incorporated into events throughout the years 2018 – 2025 to achieve 70% free of ocean waste.

According to the SIPSN’s data, the total waste generated from 2018 to 2019 increased from 54,830.04 to 29,173,361.42. However, the only data that was recorded in 2018 was from West Papua, and in 2019 the data was distributed across a vast region of Indonesia, totaling an amount of Plastic waste at 15.93% or 4,647,316.47. There was an overall increase in waste generation per ton in 2019.

Finally, despite all the effort that Indonesia has put into the management of plastic debris, there are still various challenges that await. One important concern is that the strategies and programs are not delivered well throughout the years. In this regard, Indonesia may voluntarily adopt methods in the UNEA Resolution, as an alternative, to support the program on the reduction of plastic pollution as reflected under Indonesia’s Plan of Action on Marine Plastic Debris 2017-2025 and Presidential Regulation Number 83 of 2018 on Sea Waste Management. **(JXR/SCN)**



2. Executive Summary Indonesia’s Plan of Action on Marine Plastic Debris 2017-2025. Kementerian Koordinator Bidang Kemaritiman dan Investasi Republik Indonesia, 2017.



## HOW TO UNCOVER AND REPORT ILLEGAL LEVIES IN THE SCHOOL AND EDUCATIONAL ENVIRONMENT

The education sector is a priority that must be developed in Indonesia. The government must ensure that educational institutions operate fairly, transparently, and inclusively. The reality is that there are several obstacles faced by the less well off in society when dealing with educational institutions. Amongst this is the imposition of illegal levies. The concept of illegal levies can be defined as an unnecessary cost borne by a person (in this case, the parents of the student). To eradicate such action, the government issued the Minister of Education and Culture Regulation No. 44 of 2012 concerning Levies and Donations of Education Costs in Basic Education Units (“MECR 44/2012”) and Presidential Regulation Number 87 of 2016 concerning the Task Force for Sweeping Illegal Levies (“PR 87/2016”).

MECR 44/2012 distinguishes levies, donations, education funding, and educational expenses. Levies are mandatory and binding, while Donations are voluntary and non-binding. Article 8 MECR 44/2012 stipulates that Charges must be based on a clear plan, stated in a written plan and announced transparently. In addition, Article 11 MECR 44/2012 stipulates that the levies should not be made against economically incapable people and should also not be misused by educational institutions. Therefore,

activities such as registration fees, tuition fees, re-registration money and capital contribution payments are governed by the legislation. Meanwhile, levies that are often carried out during teaching and learning activities in schools are tuition fees/ committee money, tutoring money, textbook money, LKS money, extracurricular money, student council money, study tour money, library money, scout money, PMI money, calendar money, class funds, cooperative money, and fines for not doing homework. In the later stage during Senior High School, levies may be called try-out money, tutoring money, farewell money, photo money, money to buy mementoes, and graduation money can be classified as illegal.

Encountering such activity, as regulated under MECR 44/2012, the citizen is encouraged to:

1. Keep evidence of illegal levies that they are forced to pay and can;
2. Visit the complaint website provided by the Ministry of Education and Culture (<https://laporungli.kemdikbud.go.id>);
3. Fill out the complaint form as directed;
4. Write down the chronology in full;
5. Upload the evidence that has been collected of the levy.

**(MRA/FDH/MAD)**



## THE OVERLOOKED FACTOR: WOMEN'S ROLE IN ESG PRINCIPLES

### Lack of Women Representation in High Management Positions

In business, the practice of Environmental, Social, and Governance (ESG) investing can be traced back to the 1960s, when business actors would take some illegal or unethical businesses out of their portfolios to attract more investors. In today's world, ethical considerations and value alignments still subsist, with financial materiality cogitation added to its component. The three variables of ESG should be referred at as an amalgamation and inextricable solitary, as one is not graver than the others. However, despite its significance, the social component of ESG tends to be overlooked.<sup>1</sup>

#### The Importance of Women's Involvement

Presently, an increasing number of women have completed higher levels of education. According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), in Indonesia, 59% of women graduated from tertiary education in 2018, constituting a significant increase from 16% in 1993.<sup>2</sup> Despite the growing talent pool, gender bias and attitudes remain as impediments to women's career progression,<sup>3</sup> affecting areas such as recruitment, promotion, and work assignments

1. Vivian Hunt, "Emphasizing the S in ESG," McKinsey & Company, 5 Januari 2022, <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/emphasizing-the-s-in-esg>.
2. United Nations Educational, Scientific and Cultural Organization – Institute for Statistics (UNESCO- UIS): UIS Data Centre (2020) dalam International Labour Organization Research Brief, *Leading to Success: The business case for women in business and management in Indonesia* (Jakarta: International Labour Organization, 2020), [https://www.ilo.org/jakarta/whatwedo/publications/WCMS\\_750802/lang--en/index.htm](https://www.ilo.org/jakarta/whatwedo/publications/WCMS_750802/lang--en/index.htm), 4.
3. International Labour Organization Research Brief, *Leading to Success: The business case for women in business and management in Indonesia*, 13.

for women.<sup>4</sup> Men are more inclined to be hired in management and decision-making positions, which allows for professional growth and promotion.<sup>5</sup> In contrast, women are overrepresented in support management functions, with lower chances for upward occupational mobility.<sup>6</sup>

A prevalent issue is the low number of women representation at the highest management levels across enterprises.<sup>7</sup> Out of the surveyed limited liability companies, only 8% companies achieved 40-60% gender-balanced board members of either sex. Less than 20% companies delineated that their board members consist of 30-39% women.<sup>8</sup> Statistically, the gender ratio worldwide is almost equal for both sexes.<sup>9</sup> It raises the question as to why the c-suite level boards fail to reflect this figure.

A study surveying Indonesian enterprises revealed that 77% of the Respondents agreed that gender diversity has contributed towards improved business outcomes.<sup>10</sup> 66% reported increased profitability, productivity and eminent creativity, and 46% reported an improved ability in evaluating consumer interest and demand.<sup>11</sup>

In addition to business outcomes, the participation of women in decision-making also plays a salient role in addressing climate change, thus contributing to the environmental aspect of the ESG. According to the United Nations, the impact of climate change on gender is not identical,<sup>12</sup> whereby women are

perceived to be more vulnerable to climate change's impact than men.<sup>13</sup> For instance, climate change-related events such as: droughts, hurricanes, and cyclones may prompt girls and women to migrate to displacement camps due to the deterioration in living conditions in their homes. Oftentimes, women lived in poor shelters without proper doors where they are more exposed to violence from strangers.<sup>14</sup> Furthermore, climate change-related events may put girls at a higher risk of child marriages. Having lost their homes and livelihoods, poor families may perceive child marriage as a way to escape poverty and ensure the security of their daughters.<sup>15</sup> Moreover, in rural communities around the world, the responsibility to gather food, water, and household energy resources are borne by women. As drought and forest fires occur, farther distances



4. *Ibid*, 9.

5. *Ibid*, 6.

6. *Ibid*.

7. International Labour Organization Research Brief, *Leading to Success: The business case for women in business and management in Indonesia* (Jakarta: International Labour Organization, 2020), [https://www.ilo.org/jakarta/whatwedo/publications/WCMS\\_750802/lang--en/index.htm](https://www.ilo.org/jakarta/whatwedo/publications/WCMS_750802/lang--en/index.htm), 6.

8. *Ibid*, 7-8.

9. "As of 2021, there are 3,970,238,390 males in the world, representing 50.42% of the world population. The population of females in the world is estimated at 3,904,727,342, representing 49.58% of the world population. Gender Ratio in the World in 2021 is 101.68 males per 100 females. There were more females than males until 1957." Terjemahan bebas, "Di tahun 2021, terdapat 3,970,238,390 laki-laki di dunia, mewakili 50.42% dari total populasi dunia. Populasi perempuan di dunia diestimasikan sebesar 3,904,727,342, mewakili jumlah 49.58% dari total populasi dunia. Rasio Gender dunia di tahun 2021 adalah 101.68 laki-laki di tiap 100 perempuan. Sebelumnya, jumlah populasi perempuan lebih banyak dibanding laki-laki, yakni sampai tahun 1957." <https://statisticstimes.com/demographics/world-sex-ratio.php#:~:text=Gender%20ratio%20in%20the%20World&text=The%20population%20of%20females%20in,101.68%20males%20per%20100%20females>. Lihat lagi, <https://population.un.org/wpp/Download/Standard/Population/>.

10. *Ibid*.

11. *Ibid*.

12. Balgis Osman-Elasha, "Women...In the Shadow of Climate Change," United Nations, <https://www.un.org/en/chronicle/article/womenin-shadow-climate-change>

must be travelled, and more time needed to be spent by women to acquire such basic resources. This causes greater difficulty for women to manage household resources for cooking, gathering resources, and caring for children.<sup>16</sup>

### Women's Role in Eliminating Climate Change

Globally, women have less access than men to resources such as land, credit, agricultural inputs, decision-making structures, technology, training and extension services that would strengthen their ability to adapt to climate change.<sup>17</sup> Looking at the bigger picture, higher representation of women in decision-making positions, as a highly impacted stakeholder of climate change gives a favourable consequence for the State, in this case, Indonesia, in achieving its aspirations concerning climate and sustainability. This is aligned with Law Number 16 of 2016 concerning Ratification of the Paris Agreement to the United Nations Framework Convention on Climate Change ("Law 16/2016") and Presidential Regulation Number 18 of 2020 concerning the 2020-2024 National Medium-Term Development Plan ("PR 18/2020").<sup>18</sup>

### ESG Regulations in Indonesia

Currently, ESG regulations are regulated on a sectoral basis and mainly included as part of the company internal policy. The Financial Services Authority (FSA) has taken several steps to regulate ESG, including through the establishment of FSA Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial

Service Institutions, Issuers, and Public Companies ("POJK 51/2017")<sup>19</sup> and completion of the Phase II Sustainable Finance Roadmap (2021-2025), focusing on creating a comprehensive sustainable finance ecosystem.<sup>20</sup> According to Art. 10 par. (1) POJK 51/2017, "*Financial Services Institutions, Issuers, and Public Companies are required to prepare a Sustainability Report*". Presently, a Gender Equality Reporting Guide for Annual and Sustainability Reports has been created based on the provisions of POJK 51/2017, FSA Circular Letter No.16/SEOJK.04/2021 ("SEOJK 16/2021"), the Gender Reporting Guideline, Women's Empowerment Principles, Sustainable Development Goals (SDG) Indicators, and Global Reporting Initiative (GRI) Standards.<sup>21</sup> Such documents guide companies in reporting gender equality-related aspects in their Annual and Sustainability Reports.

Furthermore, provisions regarding women's representation in the workplace, among others, are regulated in Law Number 13 of 2003 concerning Manpower ("Law 13/2003") and Law Number 21 of 1999 concerning Ratification of the ILO Convention No. 111 Concerning Discrimination in Respect of Employment and Occupation ("Law 21/1999") in conjunction with ILO Convention Number 111 Concerning Discrimination in Respect of Employment and Occupation ("ILO Convention No. 111"). According to Art. 5 Law 13/2003, "*Every worker has equal opportunities without discrimination to obtain employment*". Art. 6 further stated, "*Every worker/labour has the right to receive equal treatment without discrimination from employers*". Moreover, according to Art. 1 ILO Convention

13. *Ibid.*

14. ActionAid, "5 ways climate change affects women and girls," Reliefweb, 20 Desember 2019, <https://reliefweb.int/report/world/5-ways-climate-change-affects-women-and-girls>.

15. *Ibid.*

16. Joe McCarthy, "Understanding Why Climate Change Impacts Women More Than Men," Global Citizen, March 6, 2020, <https://www.globalcitizen.org/en/content/how-climate-change-affects-women/>.

17. Aguilar, L., "Is there a connection between gender and climate change?," International Union for Conservation of Nature (IUCN), Office of the Senior Gender Adviser, 2008, dalam Balgis Osman-Elasha, "Women...In The Shadow of Climate Change," United Nations, <https://www.un.org/en/chronicle/article/womenin-shadow-climate-change>.

18. Ministry of National Development Planning/National Development Planning Agency, *Pedoman Teknis Penyusunan Rencana Aksi Tujuan Pembangunan Berkelanjutan (TPB)/Sustainable Development Goals (SDGs)*, (Deputy for Maritime Affairs and Natural Resources, Ministry of National Development Planning/National Development Planning Agency, 2020), iii. There are 124 Sustainable Development Goals ("SDG") targets that have been integrated in the 2020-2024 National Medium-Term Development Plan.

19. Kliklegal.com, "Mewujudkan Payung Hukum Ekosistem Perekonomian Berbasis ESG," KlikLegal, February 10, 2022, <https://kliklegal.com/mewujudkan-payung-hukum-ekosistem-perekonomian-berbasis-esg/>.

20. *Ibid.*

21. Indonesia Business Coalition for Women Empowerment, GRI, "Panduan Pelaporan Kesetaraan Gender untuk Laporan Tahunan dan Keberlanjutan (Annual & Sustainability Report)," in ESG Indonesia Capital Market, "Other Information," ESG IDX, 2022, [https://esg.idx.co.id/other-information#section\\_1](https://esg.idx.co.id/other-information#section_1).



No. 111, the term “discrimination”, among others, includes: “(a) any distinction, exclusion, or preference based on race, colour, sex, religion, political belief, nationality or origin which results in nullifying or reducing equality of opportunity or treatment in employment or occupation”.

Additionally, the Indonesia Stock Exchange (IDX) has regularly encouraged gender equality programmes, for example through the issuance of IDX Sustainability Report based on POJK 51/2017 and GRI reporting standards, holding webinars discussing women empowerment,<sup>22</sup> and conducting capacity building for the stakeholders of IDX, which aims to enhance awareness regarding ESG principles and encourage the implementation of ESG.<sup>23</sup> IDX, however, has not set a mandatory minimum rule for women on boards.<sup>24</sup>

### Global Perspective on Women Representation in High Management Positions

Globally, various countries have implemented measures to improve gender parity in the corporate scheme. However, the implementation comes with challenges. In 2003, Norway adopted legislation which required a minimum of 40% female board representatives in public limited and state-owned companies.<sup>25</sup> Non-compliance can be sanctioned with forced liquidation.<sup>26</sup> Such quota has resulted in a noticeable increase of women representatives from 6% in 2002 to 40% in 2008.<sup>27</sup> On the other hand,



research found that several companies de-listed from the stock exchange after the implementation of the requirement.<sup>28</sup> Furthermore, a higher number of Norwegian companies opted to register in another country, suggesting a circumvention of such threshold.<sup>29</sup>

Similarly, India’s 2013 Company Act required the appointment of a minimum of 1 woman on the board for listed companies and other large public limited companies.<sup>30</sup> Failure to comply results in the

22. ESG Indonesia Capital Market, “Past Events,” ESG Indonesia Capital Market, 2022, <https://esg.idx.co.id/events/past>.

23. ESG Indonesia Capital Market, “Our Commitment Towards ESG Implementation in Indonesian Capital Market,” ESG Indonesia Capital Market, 2022, <https://esg.idx.co.id/our-commitments-towards-esg-implementation-in-indonesian-capital-market>.

24. Ibid.

25. International Labour Organization, *Improving Gender Diversity in Company Boards* (Geneva: International Labour Organization, 2020), [https://www.ilo.org/actemp/publications/WCMS\\_754631/lang-en/index.htm](https://www.ilo.org/actemp/publications/WCMS_754631/lang-en/index.htm), 6.

26. Gwladys Fouché, “Quarter Of Norway’s Firms Face Shutdown As Female Directors Deadline Approaches”, *The Guardian*, 27 Desember 2007, <https://www.theguardian.com/business/2007/dec/27/norway.female.director> In Knuut Nygaard, “Forced Board Changes: Evidence from Norway,” SSRN, 31 January 2012, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1793227](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1793227) In International Labour Organization, *Improving Gender Diversity in Company Boards*, 6.

27. C. Seierstad dan M. Huse, “Gender Quotas on Corporate Boards in Norway: Ten Years Later and Lessons Learned”, In *Gender Diversity in the Boardroom* (Palgrave Macmillan, Cham, 2017), 11–45, dalam International Labour Organization, *Improving Gender Diversity in Company Boards*, 6.

28. K.R. Ahern dan A.K. Dittmar, “The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation”, *The Quarterly Journal of Economics* 127, no. 1 (2012): 137–197; M. Bertrand, S.E. Black, S. Jensen and A. Lleras-Muney, “Breaking the glass ceiling? The effect of board quotas on female labour market outcomes in Norway”, dalam *The Review of Economic Studies* 86, no. 1 (2018): 191–239 In International Labour Organization, *Improving Gender Diversity in Company Boards*, 6.

29. R. Pande dan D. Ford, “Gender Quotas and Female Leadership”, *World Development Report Background Papers*, 2012, <https://openknowledge.worldbank.org/handle/10986/9120> In International Labour Organization, *Improving Gender Diversity in Company Boards*, 6.

30. Deloitte, “Women in the Boardroom: A global perspective”, 2019, <https://www2.deloitte.com/global/en/pages/risk/articles/women-in-the-boardroom-global-perspective.html>, dalam International Labour Organization, *Improving Gender Diversity in Company Boards*, 11.



imposition of fines.<sup>31</sup> Unfortunately, it was found that several companies in India employed only one female director merely to fulfil the minimum gender requirement,<sup>32</sup> resulting in gender tokenism.<sup>33</sup>

In some regions, however, social norms have seemingly eliminated the need for hard law.<sup>34</sup> This is the case for Sweden and Finland, where the number of females on boards are among the highest globally, despite the absence of hard laws on gender quota.<sup>35</sup> Conversely, in countries such as South Korea, China, and the United States, lack of regulation may hinder progress towards gender diversity.<sup>36</sup>

## Conclusion

The ESG principle plays a significant role in the business world, with each variable holding an equally important role. Nevertheless, the

social component of ESG, particularly women's participation, tends to be overlooked. This can be illustrated by the low level of women representation in highest management levels across enterprises. As a highly affected stakeholder, women participation in decision-making plays a salient role in addressing climate change, thus also contributing to the environmental variable of the ESG. In Indonesia, several regulations have been established pertaining to ESG and gender equality in the workplace such as POJK 51/2017, SEOJK 16/2021, Law 13/2003, and Law 21/1999.

In practice, the global implementation of mechanisms to ensure gender parity have shown that although laws and regulations have played a significant role, the effectiveness of such laws and regulations are highly determined by the general outlook of the society where they are implemented.<sup>37</sup> In Indonesia, a remaining obstacle towards the career progression of women is the prevailing stereotypes regarding women and men. Such stereotypes emanate from hierarchical structures and patriarchy which perceives women to be less competent than men.<sup>38</sup> Furthermore, unconscious gender biases can also be adopted because of learned behaviours, early education, as well as gender role expectations from families, schools and society. Nevertheless, a one-size-fits-all approach to improving gender diversity does not exist.<sup>39</sup> The regulatory solutions must consider the differing levels of social acceptance for gender equality among different regions, and since any regulations would impact each region differently.<sup>40</sup>

**(IAD/SPU/EFF)**

31. *Ibid.*

32. *Ibid.*

33. *Ibid.*

34. *Ibid.*

35. *Ibid.*

36. Institutional Shareholder Services, Inc., "Gender Parity on Boards Around the World".

37. *Ibid.*

38. 6, Mustikasari, I. "Overcoming the lack of female leaders", 1 Sep 2018.

39. *Ibid.*

40. *Ibid.*



## UPDATES FROM LEADGAL

LeadGal emerged as a research-based community initiative that provides a structured training and development program to empower adolescent girls of Indonesia. Powered by Anggraeni and Partners, we will bring exposure to the legal landscape through networking possibilities with members of the legal world.

Our vision is to build a community with confident girls driven to participate in decision-making in critical matters globally, making significant impacts on the legal landscape and for society's greater good.

Our mission is to empower adolescent girls (aged 10-19) of Indonesia by enhancing individual capacities through life skills training that will foster confidence, resilience and collaboration.

We are motivated by national and global efforts that call for particular attention to young people, education and gender equality. Our commitment follows that of the United Nations Youth Strategy 2030, United Nations Sustainable Development Goals (SDG), specifically (4) Quality Education and (5) Gender Equality. This program is also linear with the Indonesian government's vision to strengthen character education, as stated in Presidential Regulation 87 of 2017 concerning Strengthening Character Education (Perpres 87/2017) and the Strategic Plan (Renstra) of the Ministry of Education and Culture (Kemendikbud) for 2020-2024.

**KICK-OFF PROGRAMME**



23rd July 2022 – LeadGal Kick Off Programme

Our Kick-Off Programme was a pilot session held on July 23, 2022. As an organization that aims to equip adolescents with the necessary tools to enhance individual capacities and prepare them for future success, it is imperative that our program facilitators have the right set of knowledge, skills, and abilities to do so. To that end, the LeadGal Core Team have participated in a couple of training and development sessions led by Mr. Hary Elias.

**TRAINING FOR TRAINERS**



26th May 2022 – 1st Training for Trainers



2nd July 2022 – 2nd Training for Trainers

The Training for Trainers sessions are intended to establish a pool of qualified and competent master facilitators who can pass on the training to future volunteer facilitators. The main objective of the training is to prime facilitators with the tools needed to create an overall conducive teaching and learning environment.

Such tools include but are not limited to:

- How to create a safe environment for student participants
- How to stimulate engaging discussions
- How to listen and make accurate observations
- How to manage difficult situations
- The importance of intonation and body language

Other outcomes of the training includes: mastery in delivering active-learning strategies, identification of gaps and problems in teaching and learning materials, and collectively creating solutions to the gaps and problems.

**DRY RUN**



22nd July 2022 – Dry Run

Following two Training for Trainers sessions, a dry run rehearsal was conducted to finalize all facilitating procedures from beginning to the end. The three meetings proved to be useful, as reflected in the success of the Kick-Off Programme.

**(GKZ/SPU)**



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