

**ACTION PLAN IMPLEMENTATION PROJECTS 2002-2003**

**INDONESIA**

**PROJECT 1: DEVELOPING THE ANTI-CORRUPTION STRATEGY OF THE OFFICE OF INSPECTOR GENERAL**

*1. Summary*

<b>Country:</b>	Indonesia
<b>Project title:</b>	Developing the Anti-Corruption Strategy of the Office of Inspector General (OIG)
<b>Priority reform area:</b>	Developing effective and transparent systems for public service (pillar 1) – Accountability and Transparency.
<b>Implementing institution(s) and contact person:</b>	Office of Inspector General Directorate General Of Tax Directorate General of Custom Directorate General of Budget Ministry of Finance, Mr. Agus Muhammad
<b>Duration:</b>	18 months
<b>Budget/inputs required:</b>	To be estimated at a later stage.

*2. Contextual Framework*

The OIG’s regular audits have not managed to drive corruption down, especially not corruption in tax, custom and budgeting agencies. Therefore, OIG needs to find and implement alternative approaches, techniques or strategies to investigate or prevent those types of corruption. The proposed project supports an existing anti-corruption efforts of the Ministry of Finance (MOF) which aims to develop codes of conduct for tax administration staff, to create large taxpayer offices, and to establish an ombudsman for tax issues.

### **3. *Project Details***

#### *3.1. Objectives of the Project*

The objectives of the project are:

- To apply good governance elements to a number of key procedures in tax, custom and budgeting agencies;
- To enhance public participation in overseeing the work of MOF employees with the aim to enhance the detection of misconduct in the MOF;
- To enhance the effectiveness of the investigation unit; and
- To determine the audit approach which best allows for effective detection of corruption.

#### *3.2. Main Components of the Project.*

- Selection of key procedures which are most in need of reform in order to foster good governance;
- Examination of selected procedures and application of relevant good governance practices;
- Evaluation of implementation of the new practices and procedures;
- Establishment of awareness programs, in collaboration with the mass media and other government agencies, with the aim to enhance public participation in the MOF's anti-corruption efforts;
- Development of effective complaint handling mechanism in the MOF;
- Development of a strong investigation unit and its operational methodology;
- Assessment and improvement of current audit approach; and
- Improvement of current quality assurance procedure.

#### *3.3. Result/Expected Outcomes*

The output of this projects are:

- Application of new procedures and practices, in line with the principles of good governance, which prevent misconduct in tax, customs and budgeting agencies, and consequently prevent unnecessary losses in government revenue and effectively control government expenditure;
- Awareness raising programs in mass media to enhance public participation in the MOF's anti-corruption efforts and to inform the public about possible complaint filing mechanisms;
- Continuing awareness raising programs with other government agencies to enhance the role of the public in overseeing the work of government agencies;
- Investigation unit through which the MOF can apply effective sanctions for wrongdoers; and
- Effective audit methodology for OIG.

**4. Scope/Duration**

<b>Period</b>	<b>Activity</b>
July – Sept 2002	Selection and examination of key procedures to be reformed.
Sept – Jan 2002	Implementation of new practices and procedures. Creating awareness raising programs in collaboration with the mass media and other government agencies to increase public participation in and oversight of government anti-corruption action.
Jan – March 2003	Evaluation of implementation of the new practices and procedures. Development of effective complaints handling mechanism in MOF.
Jan – June 2003	Establishment of effective investigation unit and its operating methodology. Assessment and improvement of current audit approach.
June – Oct 2003	Improvement of current OIG quality assurance procedure.

**5. Required Inputs and Budget in USD**

To be estimated at a later stage.

**6. Operating Environment/Implementation**

OIG and other agencies of the Ministry of Finance.

**7. Other Relevant Projects in the Priority Area: N/A**

**8. Organisations Locally Consulted on the Project**

**8.1. Civil society organisations**

None until now.

**8.2. Donors**

None until now.