



EITI INDONESIA ACTIVITY REPORT JANUARY – DECEMBER 2014



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Background

Indonesia is a country rich in natural resources and has high potential for further exploration. Extractive industries (minerals, oil and gas) have a significant role in the development of Indonesia. Based on the 2010 Central Government Financial Report (LKPP), the ratios of Government revenues from oil and gas sector (tax and non tax) were about 23% (tax 8% and non tax 15%) and from mining sector were about 8.2% (tax 6.1% and non tax 2.1%). In 2011 report, the ratios of Government revenues from oil and gas sector were about 24% (tax 8% and non tax 16%) and from mining sector were about 8.2% (tax 5.9% and non tax 2.3%). Because of the major contribution of this sector, Indonesia has implemented the Extractive Industries Transparency Initiative (EITI) standard since 2010. The legal basis for EITI Implementation is Presidential Regulation (PR) 26/2010 on Transparency of State and Regional Revenues from the Extractive Industries.

Indonesia had published two EITI Reports. The first report for calendar year 2009 was published on 22 April 2013. The second EITI Report, which covers calendar years 2010-2011, was published in 2014. Reports that have been published contain a reconciliation between companies' payments to the government and the government's revenues from extractive sector. The reports have been disseminated to the public through direct and indirect communication activities. All of the reports can be accessed at EITI Indonesia's website www.eiti.ekon.go.id

On October 15, 2014, Indonesia was formally granted "compliant country" status at the EITI International Board meeting, held in Nay Pyi Taw, Myanmar. The compliant country status was achieved after EITI Indonesia fulfilled the requirement by submitting the 2010 and 2011 EITI reports. Indonesia was the first country that achieved compliance among member of the Association of Southeast Asian Nations (ASEAN). This status showed that Indonesia is serious about implementing transparency in order to promote good governance in its extractive industries. As 'compliant' country, citizens of Indonesia have access to extensive information about how their natural resources are governed. Industry, government and civil society in the country are working together to stimulate debate about the management of oil, gas and mineral resources. Unfortunately, the compliant status had been suspended in the beginning of 2015 after Indonesia cannot meet the requirement to publish the 2012 Report in December 31, 2014.

In 2014, Indonesia EITI's activities focused on the submission of 2010-2011 EITI report. Other priorities were communication activities that strengthened the engagement of stakeholders. The goal of the activities was to increase the impact of EITI and promote good governance in the extractive industries, which is expected to support economic development.

I. GENERAL ASSESSMENT OF YEAR'S PERFORMANCE

During 2014, the various activities undertaken can be classified as key activities and other supporting activities. The key activities are defined as those that are relevant to the core of EITI implementations such as meetings between the Implementation Team (Multi Stakeholder Group) Technical Teams, reconciliation, validation, information dissemination, EITI conference participation, and communications. Apart from these key activities, others related to the supporting activities were various internal meetings and between the Secretariat, Civil Society Organizations (CSO), and the World Bank.

The Multi Stakeholders Group (MSG) or the Implementation Team created a work plan for 2014 as guidance to EITI Implementation. When the objectives were formulated, the stakeholders planned

activities to meet the target. The activities include all of the processes for the second EITI report from determining the scope of reporting to publishing the report. A series of workshop and dissemination activities involving stakeholders including government, CSO, and extractive companies was also conducted to achieve the target in the work plan. Below is a general assessment of 2014 performance:

I.1 EITI Report 2010-2011

Indonesia published the second EITI Report in 2014. The Report covers reconciliation of payments in the period from January 2010 to December 2011. The preparation of 2010-2011 Report started after the Reconciler began the assignment in November 18, 2013 to the publication in June 18, 2014. The publication of the second report led to Indonesia being recognised as EITI compliant.

The report is divided into two: One Report for the Oil and Gas Sector and one Report for the Minerals and Coal Sector. The Report for Oil and Gas Sector includes a brief history of the oil and gas industry development in Indonesia and the allocation of oil and gas revenues to each producing regions across Indonesia in the form of revenue sharing fund (DBH) oil and gas in 2010-2011. The report also contains detailed tables such as reconciliation numbers and oil and gas revenue sharing fund. For 2010-2011 Oil and gas Report, the reconciled tax revenues total USD 6.06 billion and USD 8.30 billion, while the reconciled non-tax revenues total USD 22.42 billion and USD 30.71 billion. The Report for Mineral and Coal Sector covered information about payment from 83 mining companies, consisting 20 mineral companies and 63 coal companies. The report shows details information about reconciliation numbers and mining revenue sharing fund. For 2010-2011, the reconciled tax revenues from Mineral and Coal Sector total IDR 3,964 billion and USD 3,269 million and IDR 5,145 billion and USD 4,266 million, while the reconciled non-tax revenues from Mineral and Coal total IDR 4,317 billion and USD 1,610 million and IDR 5,038 billion and USD 2,245 million.

1.2 Participation in EITI Indonesia process

The members of the Implementation Team actively participate in the process of EITI implementation in Indonesia. Several Implementation Team Meetings were held to take key decisions on the scope and contents of the report, engagement with the Reconciler, and creating the work plan. The members from the Ministry of Finance give data of governance revenues from extractive industries including tax, royalties, bonuses etc. SKK Migas and the Indonesia Petroleum Association (IPA) persuaded oil and gas companies whereas DG Minerals and Coal and the Minerals and Coal Associations persuaded the mineral and coal companies to provide data for the EITI Report. Three rich natural resources local governments that are member of the Implementation Team: Riau, Jawa Timur, and Kalimantan Timur give data of Revenue Sharing Fund (DBH) for the EITI Report as parameter of all DBH in Indonesia. The CSO actively gave recommendations for the improvement of the EITI Report and how it can impact for the good governance of extractive industries in Indonesia. CSO also have role to spread wide the EITI messages for the public trough communication activities and mass media. All of the members of the Implementation Team get involved in preparing the proposal to revise Presidential Regulation (PR) 26/2010 on Transparency of State and Regional Revenues from the Extractive Industries. Other stakeholders from government (especially from the legal divisions of some ministries) that are not members of Implementation Team were also involved in making Memorandum of Understanding for Extractive Industries Transparency. The World Bank also played strategic role in financial and technical supporting to the implementation of EITI in Indonesia.

1.3 Increase the EITI impact through communication activities

Communication activities are needed to spread information to the public so the result of EITI reports does not just become a set of data that is unused. The reports are expected to trigger public debate. One of the problem in producing the EITI Report that interests the stakeholders is data assurance based on cash basis and accrual basis. The report based on cash basis is easy to be reconciled but not all of the companies have data based on cash basis. Report based on accrual basis is difficult to be reconciled but most of the companies have this data. Another problem that also interest the Implementation Team is companies criteria that have to be reconciled. The companies reconciled in the second EITI Report pay at least 25 billion rupiah royalties to the government. There was suggestion to lower the limit of royalties payment in order to reconcile more companies. The Implementation Team consider companies that pay at least 25 billion rupiah in the report because it has represent more than 80 percent of total revenue from extractive industries in Indonesia. The public understanding of transparency in the extractive sector should increase its good governance.

The EITI Indonesia Secretariat collaborated with various organizations and has conducted many communication activities. There are several types of activities to communicate the transparency of extractive industry to improve public understanding. Direct communications such as seminar, socialization and workshop are conducted to the main target of stakeholders. The stakeholders that participate, including government, local governments, extractive companies, and CSO are more aware of the importance of transparency that can make the good governance of extractive industries. The good governance of extractive industries grows development of national economy. Transparency of extractive industries also can increase investments in Indonesia.

The information in EITI Reports has been broadly disseminated to the public. Some indirect communication activities were also held in order to raise public awareness of this initiative. The EITI secretariat uses some tools such as social media, websites, and comic books to disseminate the information for the broader public. The communication activities encourage the stakeholder to have better governance of extractive industries. The proposal to revise Presidential Regulation (PR) 26/2010 on Transparency of State and Regional Revenues from the Extractive Industries is one way to strengthen transparency of extractive industries in Indonesia. General public especially from rich natural resources provinces are more aware of their right to get information of payment that their local governments get from extractive industries. The academic and the youth especially student in universities especially from mining faculties are also realize the important of transparency to the development of national economy.

1.4 Capacity Building

Experience in implementing the EITI helped the Implementation Team to build internal capacities in communication and knowledge for stakeholders. Some activities were held to strengthen skill and ability that can improve engagement of stakeholders. EITI secretariat conducted a Focus Group Discussion (FGD) and workshop to make recommendation for the impact of EITI report for good governance in extractive industries. The Publish What You Pay (PWYP) Coalition held a series of training, workshop, and Forum Group Discussion during 2014. PWYP made workshops and writing training in Jakarta and several provinces that rich of natural resources. These activities furthermore have goal to increase the impact of EITI implementation in Indonesia.

1.5 Follow up of finding of Second EITI Report

There are several findings from the 2010-2011 Report, both from Oil and Gas Reconciliation Report and Mineral and Coal Reconciliation Report. Findings in Oil and Gas Report include distinction of some data:

differences between the corporate income and dividend tax amounts reported by KKKS and Dit. PNPB, differences in data in over/under liftings between KKKS and SKK Migas, and other distinction data in bonus and fees. The Report also contains the recommendation to decrease the distinction. The recommendations are contributing to an improved and clearer socialization to the companies and government in completing the reporting templates for the EITI Report. Findings in Mineral and Coal Report include the difficulties in sourcing data because not all companies submitted the payment transfer to DG Mineral and Coal. There are also discrepancies between the companies' payments and governments reporting of revenue.

The Implementation Team also give response to the finding of the Second EITI Report:

1. The Indonesian Coal Mining Association (APBI) gives responses to lower amount of royalties for the companies that will be reconciled. In 2010-2011 Report, the companies that reconciled paid 25 billion rupiah royalties for the government. This response needs to be analysed ed for number of companies that will be reconciled if the royalties less than 25 billion rupiah.
2. Indonesian Mining Association gives responses to make better scoping study to reduce the discrepancies between government's revenue and companies' payments.
3. Publish What You Pay response that miss posting of tax into royalties has to be followed up in order to make impact to governance of extractive industries
4. Publish What You Pay Response that Corporate Social Responsibility should include in the EITI Report.
5. Directorate General for the Administrative Development of Local Finance response that revenue sharing fund (DBH) pattern in the Report, needs to be revised with the new pattern.

II. ASESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE WORKPLAN

2.1 Objective 1: EITI Report 2010-2011

Some significant activities for EITI Report 2010-2011

DATE/ PLACE	ACTIVITIES	OBJECTIVES
Jakarta, November 13, 2013	Reconciler sign the contract	- To ensure the legal basis for The Reconciler to do the EITI Report
Jakarta, November 13, 2013 to June 18, 2014	Reconciler work to finish the Report between	<ul style="list-style-type: none"> - Show the result of reconciliation between companies' payments to the governments and governments' revenue from the companies - To get finding from reconciliation process to build good governance in extractive industries

DATE/ PLACE	ACTIVITIES	OBJECTIVES
Jakarta, February 4, 2014	Socialization for the PSC contractors and partners	<ul style="list-style-type: none"> - Create constructive engagements in implementing EITI especially between government, extractive association, and extractive companies. - Show the progress of reconciliation process for EITI Indonesia 2010-2011
Jakarta, March 14, 2014	Technical Meeting about Publication of the Second EITI Report	<ul style="list-style-type: none"> - Discuss preparation for the publication of 2010 -2011 EITI Indonesia Report
June 18, 2014	Publication of The 2010 – 2011 EITI Report	<ul style="list-style-type: none"> - To spread information of the EITI Report - To fulfil the requirement of EITI Standard that the Report must be published before the deadline.

2.2. Objective 2: Participation in EITI Indonesia Process

DATE/ PLACE	ACTIVITIES	OBJECTIVES
Jakarta, January 28, 2014	Implementation Team Meeting	<ul style="list-style-type: none"> - Make recommendation for 2010-2011 Mineral and Coal Report Scoping Note. - Make recommendation for Inception Report - Discuss work plan of 2014
Jakarta, February 27, 2014	Implementation Team Meeting	<ul style="list-style-type: none"> - Presentation of reconciliation progress - Presentation of new EITI Standard 2013 - Presentation of framework development for 2012 and 2013 Third Report Scoping Note - Proposals of technical work plan for Oil and Gas Report and Mining report publication.
Jakarta, April 14, 2014	Implementation Team Meeting	<ul style="list-style-type: none"> - Make a recommendation for improvement of oil and gas report.

DATE/ PLACE	ACTIVITIES	OBJECTIVES
Jakarta, April 21, 2014	Implementation Team Meeting	<ul style="list-style-type: none"> - Discussion and endorsement on 2010-2011 mineral and coal report.
Jakarta, June 11, 2014	Implementation Team Meeting	<ul style="list-style-type: none"> - Presentation of Summary EITI Indonesia Second Report in Oil and Gas Sector from The Secretariat and Reconciler - Presentation of progress in the mining sector
Jakarta, September 2, 2014	Discussion of Memorandum of Understanding (MOU) of Extractive Industries Transparency from 4 Ministries	<ul style="list-style-type: none"> - Agreement of Memorandum of Understanding (MOU) of Extractive Industries Transparency
Jakarta, September 03, 2014	Discussion for the Strategic Role of the World Bank for Good Governance of Extractive Industries in Indonesia	<ul style="list-style-type: none"> - Make a recommendation for The World Bank to strengthen support for EITI Indonesia - Create opportunities for dialogue and constructive engagement between The World Bank and other Stakeholders
Jakarta, September 9, 2014	Implementation Team Meeting	<ul style="list-style-type: none"> - Agreement of Memorandum of Understanding (MOU) of Extractive Industries Transparency - Discuss EITI International assessment for EITI implementation in Indonesia - Discuss recommendation of the Second EITI Report
Jakarta, December 22, 2014	Implementation Team Meeting	<ul style="list-style-type: none"> - Submission of request for extension to publish 2012 -2013 EITI Report to the EITI Board - Discussion of the scoping study for third report, - Presentation of EITI Standard from EITI International Secretariat

DATE/ PLACE	ACTIVITIES	OBJECTIVES
Constant	CSO disseminates EITI implementation to the public	<ul style="list-style-type: none"> - Create awareness of transparency to the general public. - Increase public pressure of EITI implementation through opinion in mass media.
Constant	Regular Meeting with The World Bank	<ul style="list-style-type: none"> - Create opportunities for dialogue and constructive engagement between EITI Secretariat and The World Bank
Constant	Regular Meeting with The CSO	<ul style="list-style-type: none"> - Create opportunities for dialogue and constructive engagement between EITI Secretariat and The CSO

2.3. Objective 3: Increase the EITI impact through communication activities
Communication activities in 2014:

DATE/ PLACE	ACTIVITIES	OBJECTIVES
EITI INDONESIA SECRETARIAT		
Jakarta, May 22, 2014)	Dissemination on EITI Indonesia	<ul style="list-style-type: none"> - Show background current position of EITI Indonesia - Show the progress and result for EITI Indonesia report 2010 – 2011
Jakarta, May 22, 2014	Socialization for Local Government and CSO	<ul style="list-style-type: none"> - Disseminate EITI Standard and EITI Indonesia Report - Show role of local government for the EITI implementation - Show role of CSO for the EITI implementation

DATE/ PLACE	ACTIVITIES	OBJECTIVES
Surabaya, September 11, 2014	Dissemination on EITI Indonesia	<ul style="list-style-type: none"> - Show background current position of EITI Indonesia. - Show the reformation in oil, gas, and mining sector - Discuss the role of local government and CSO in the extractive industry transparency revenue
Bali, November 12-13, 2014	Dissemination on EITI Indonesia	<ul style="list-style-type: none"> - Show background current position of EITI Indonesia. - Show the reformation in oil, gas, and mining sector - Discuss the role of local government and CSO in the extractive industry transparency revenue
Throughout 2014	EITI Video	Increase public awareness of EITI Indonesia using audiovisual media, that can be uploaded in social media, and can be presented in the forums.
Throughout 2014	EITI comic book	Increase public (the youth) awareness of extractive industries transparency using two editions of comic books.
Throughout 2014	EITI merchandise	Broaden transparency campaign through promotional products such as pen, bag, flash disc etc
Throughout 2014	Web Site and Social Media	Create stakeholders and public awareness through Internet. Website contains data and information about EITI Indonesia. Social media especially twitter use to spread the information of extractive industries.
Throughout 2014	Newsletter	Broaden information of EITI Indonesia for the stakeholders

2.4. Objective 4: Capacity Building

Some significant capacity building activities in 2014:

DATE/ PLACE	ACTIVITIES	OBJECTIVES
EITI INDONESIA SECRETARIAT		
Bandung, July 10-12, 2014)	Forum Group Discussion (FGD) Preparation for EITI Indonesia Implementation Assessment	<ul style="list-style-type: none"> - Increase the Implementation Team role with creating recommendations for Implementation Team's work plan of 2014 -2015 - Ensure adequacy materials and data assurance of government and extractive companies for the EITI report
Bandung, November 12-13, 2014)	Seminar and Workshop	<ul style="list-style-type: none"> - Make recommendation to increase investment through licensing transparency - Discuss the impact of EITI Report for good governance in extractive industries. - Discuss EITI Standard for transparency for State Own Enterprise (SOE) including CSR and Regional Sharing Fund

DATE	ACTIVITIES	OBJECTIVES
CIVIL SOCIETY ORGANIZATION (PUBLISH WHAT YOU PAY COALITION)		
Jakarta, March, 17-18, 2014)	EITI Report Writing Training for Civil Society	<ul style="list-style-type: none"> - Disseminate the good governance of extractive industries through EITI report - Disseminate the instrument to use the EITI report - Arrange strategies to reform governance of extractive industries.
Jakarta, April, 16-18, 2014	"Reversing the Resource Curse" Workshop	<ul style="list-style-type: none"> - Increase the role of transparency initiative in revenue sharing fund (DBH) - Make recommendation of using the revenue sharing fund to reduce poverty
Nusa Tenggara Barat, May 2014	Transparency Extractive Industries Workshop	<ul style="list-style-type: none"> - Support EITI as global standard of transparency extractive industries - Increase role of CSO in the transparency process

DATE	ACTIVITIES	OBJECTIVES
CIVIL SOCIETY ORGANIZATION (PUBLISH WHAT YOU PAY COALITION)		
August 25-26, 2014	Multi Stakeholders Forum and Capacity Building in Aceh and Kalimantan Barat	<ul style="list-style-type: none"> - Find problems of government revenue from extractive industries - Make recommendations for good governance in extractive industries
September 2, 2014	FGD Transparency Oil and Gas in Bojonegoro Regency	<ul style="list-style-type: none"> - Improve formulation of regional regulation no 6/2012 about transparency in oil and gas - Make formulation of oil and gas transparency format in Bojonegoro Regency
September , 15-17, 2014	Capacity Building for People around Mining in Indragiri Hulu Regency	<ul style="list-style-type: none"> - Increase people understanding to access information especially in extractive industries - Gather information about human resource capacity of people around mining - Increase the transparency of extractive industries to reduce poverty for people around mining
December, 18-19, 2014	Workshop CSO Strategy to support EITI	<ul style="list-style-type: none"> - Create agreement on three main strategies of CSO Coalition to support EITI - Measure detail task division, timeframe, and target achievement to support EITI along those three main strategies.

2.5. Objective 5: Follow up of findings from Second EITI Report

Findings of the second EITI Report from the reconciler are mostly about the distinction between data from the companies and the government. The follow up of these findings are make clearer explanation in the socialization to the companies. The better socialization of the template along with clearer guidance is expected to decrease the discrepancies between companies' data and government's data for the third EITI Report (2012-2013 Report). There are some responses from the Implementation Team member for the findings of the reports.

1. The Indonesian Coal Mining Association (APBI) gives responses to lower amount of royalties for the companies that will be reconciled. In 2010-2011 Report, the companies that reconciled paid 25 billion rupiah royalties for the government. This response had been analysed and had not been acceptable. Reconciliation of companies that pay at least 25 billion rupiah of royalties includes more than 80 percent of total revenue from extractive industries. The companies that will be reconciled in the 2012-2013 Report still at least 25 billion rupiah payment of royalties.

2. Indonesian Mining Association gives responses to make better scoping study to reduce the discrepancies between government's revenue and companies' payments. The new scoping study for the 2012-2013 Report is based on the new EITI Standard. It contain better template in order to reduce the discrepancies between government's revenue and companies' payments. The new scoping study is also containing contextual information that is required in the new EITI Standard. The contextual information had not been included in the previous scoping study for 2010-2011 Report
3. Publish What You Pay response that miss posting of tax into royalties has to be followed up. The miss posting of tax into royalties happened in PT Indominco. It had been follow up, but it was just internal company's mistake.
4. Publish What You Pay Response that Corporate Social Responsibility (CSR) should include in the EITI Report. The CSR will include in the 2012-2013 Report because it is one of the requirement in the new EITI Standard.
5. Directorate General for the Administrative Development of Local Finance response that revenue sharing fund (DBH) pattern in the Report, needs to be revised with the new pattern.

Activities Conducted Outside of the Work Plan

DATE/ PLACE	ACTIVITIES	OBJECTIVE
(Myanmar, October14- 15, 2004	Attend the Board Meeting of EITI	- Create opportunities for dialogue and constructive engagement with The EITI Board.
Germany, November 23 – 29, 2014	Take Part in Study Tour on Sustainable Mining Practice and Good Governance	- To get lesson learn from other country's governance in extractive industries
Yogyakarta, December 9 -11, 2014	Take Part in Anti Corruption Festival Held by KPK	- Increase the commitment of EITI to support anti corruption in Indonesia - Disseminate the role of EITI for the governance of extractive industries to the public

III. ASSESMENT OF PERFORMANCE AGAINST EITI REQUIREMENTS

REQUIREMENTS	PROGRESS
Effective oversight by the Multi Stakeholder Group	<p>Implementation Team meetings are conducted to make important decisions in implementing the EITI. Some of key decisions made by the Implementation Team in 2014:</p> <ol style="list-style-type: none"> 1. Approval of the scope of EITI Report 2010 -2011 2. Approval and recommendation of Oil and Gas Draft Report 2010-2011 3. Approval and recommendation of Mining and Mineral Draft Report 2010-2011 4. Approval of 2010-2011 EITI report 5. Approval of the Terms of Reference of the 2012 - 2013 Independent Administrator (IA) 6. Recommendation of the scope of EITI Report 2012-2013 7. Approval of work plan 2014-2015 <p>The Implementation Team is still preparing the third report that covers the period of 2012-2013. The report is planned for publication before the deadline in the end of 2015. The report is very crucial because it can bring Indonesia get compliant status again after its suspension in the beginning of 2015.</p>
Timely Publication of EITI Reports	Applicable for the second EITI report (2010-2011 report), but not yet applicable for the 2012 report which did not meet the deadline on December, 31 2014.
EITI Reports that include contextual information about the extractive industries	Contextual information is not applicable in 2010-2011 EITI Report. The 2012 – 2013 Report that will be published in 2015 will provide the contextual information about the extractive industries. The third EITI report uses the latest EITI Standard that requires contextual information to be included in the report.
The Production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, and disclosure of all material payments to government by oil, gas, and mining companies.	EITI Indonesia Reports contain reliable data and material from the companies and the government. The report discloses comprehensive data about companies' payments to the government and the government's revenues from extractive sector. The Implementation Team ensures the data to be reconciled in order to get a comprehensive report.

REQUIREMENTS	PROGRESS
A credible assurance process applying international standards	Applicable for the 2010-2011 report. The process of reconciling EITI Indonesia Reports addresses to international standards. The Reconciler is required to get Implementation Team's approval in all key process of reconciliation.
EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.	Applicable for the 2011-2012 report that can be accessed in the EITI Indonesia website. The report has been actively promoted through direct communication activities such as workshop and seminar. It is also promoted using social media and mass media. In 2015 EITI Indonesia manage to conduct series of dissemination and Focus Group Discussion (FGD) to reach communities around the extractive industries. Talk show in the national television and local radio is also prepared to communicate the EITI to the public.
The multi stakeholder group takes steps to act on lessons learned and review the outcomes and impact of the EITI implementation.	The outcomes of the impact of EITI implementation have not been reviewed. The Implementation Team still plan to make a proposal for the Impact Assessment. The EITI can make the extractive industries in Indonesia more transparent. In order to strengthen the transparency, the Implementation Team prepares the proposal to revise Presidential Regulation (PR) 26/2010 on Transparency of State and Regional Revenues from the Extractive Industries.

IV. OVERVIEW OF THE MULTI-STAKEHOLDER GROUP'S RESPONSES TO THE RECOMMENDATIONS FROM RECONCILIATION AND VALIDATION, IF APPLICABLE

There are some responses from Members of The Implementation Team for some recommendations from the Reconciler. It has been explained above in the Objective 5.

V. SPECIFIC STRENGTHS OR WEAKNESS IDENTIFIED IN THE EITI PROCESS

V.1 Strengths of EITI Indonesia Implementation

1. The Implementation Team agreed to include the contextual information in the 2012-2013 Report such as Corporate Social Responsibility (CSR), production data, and regulation of extractive industries governance. The contextual information had not included in the 2009 and 2010 -2011 Report. Both reports only give reconciliation information between government's revenue and companies' payment to the government.
2. Many issues related to the EITI process have been solved in a transparent and collaborative way between all of the members of The Implementation Team.
3. Publish What You Pay (PWYP) Coalition that consist of 38 Civil Society Organization (CSO) and Non Government Organization (NGO) strongly support the EITI Implementation. The PWYP Coalition in almost all of provinces in Indonesia, actively communicate the transparency message to the public, especially people around mining.
4. The Implementation Team agreed to arrange Revision of Presidential Regulation 26/2010 in order to strengthen EITI implementation in Indonesia.
5. The Implementation Team appointed Person in Charge (PIC) of the Implementation Team, called Technical Team, in order to improve communication between all of the members.
6. Local governments from rich natural resource provinces and districts actively support the EITI. The three provinces that are member of Implementation Team: Jawa Timur, Riau, and Kalimantan Timur strongly support the EITI with give report of DBH or National Sharing Fund. The DBH of these provinces can be used as parameters of DBH in all provinces in Indonesia.

V.2 Weakness of EITI Indonesia Implementation

1. The absence of punishment to all companies that did not disclose their data is one of the challenges. The enabling law can make the EITI implementation stronger.
2. The different data recording between cash and accrual that did not include information of upstream oil and gas, property tax (PBB), and different exchange rate between dollar and rupiah make reconciler unable to verify the data. The cash basis payment often record in a different year between government and companies also created problems in reconciliation process. Incomplete deposit evidence from companies to government also makes reconciliation process more difficult.
3. The general public often finds it difficult to understand the value of EITI because it needs enough knowledge to understand it. The EITI Reports are too technical for the general public and make it difficult to understand the information disclosed through the EITI. Some activities had been conducted to make public understand about the EITI Report. EITI Secretariat had produce some promotional tools to make public easier to understand the EITI such as comic book, brochure, and EITI video. A Series of seminar and workshop also conducted to broaden the understanding of EITI to the stakeholders. In 2015, EITI Secretariat plan to broaden public understanding of EITI using mass media such as television, radio, and newspaper.
4. The general public often do not understand the important of transparency because of lack of socialization in the local area. Publish What You Pay Coalition that consist of 38 CSO in Indonesia actively disseminate EITI implementation in almost all provinces in Indonesia. EITI Secretariat also spread the message of EITI through mass media to reach wider public attention. In 2015 EITI Secretariat will conduct talk show in a national TV and local radios. The Secretariat also will create engagement with many mass media through journalist workshop. These activities are expected can increase the general public awareness of the EITI.

VI. TOTAL COST OF IMPLEMENTATION

The following cost is total cost of EITI Indonesia implementation in 2014. As indicated below, activities were funded by government of Indonesia and grant from Multi Donor Trust Fund (MDTF) that administered by the World Bank.

NO	ACTIVITY	WORK PLAN COST (RUPIAH)	OUT TURN COST (RUPIAH)
Funded by Government of Indonesia			
1	Meeting	334,290,000	207,144,000
2	Operational for the Implementation Team	82,650,000	51,180,000
3	Payment for Validator	231,000,000	230,999,998
4	Payment for Resource Person	93,700,000	89,300,000
5	Payment for Support Personnel	196,120,000	51,970,350
6	Traveling in Indonesia	224,640,000	197,056,320
7	FGD and Socialization in Jakarta	99,000,000	90,855,000
8	Traveling Abroad	207,600,000	
9	Other Expenses	31,000,000	931,500
	Total	1,500,000,000	919,437,168
NO	ACTIVITY	WORK PLAN COST (RUPIAH)	OUT TURN COST (RUPIAH)
Funded by Multi Donor Trust Fund (MDTF)			
1	Payment for Reconciler	2,531,900,000	2,490,973,500
2	Production of EITI Indonesia Video	273,000,000	247,600,000
3	Payment for Print of all Material and seminar kit	736,550,000	661,341,816
4	Payment for EITI Secretariat consultant	1,906,200,000	1,897,200,000
5	Communication Activities	886,140,000	

NO	ACTIVITY	WORK PLAN COST (RUPIAH)	OUT TURN COST (RUPIAH)
Funded by Multi Donor Trust Fund (MDTF)			
6	Traveling in Indonesia	415,090,000	291,348,696
7	Traveling Abroad	792,000,000	607,888,352
8	FGD and Socialization in Jakarta	526,535,000	421,652,925
9	FGD and Socialization Outside Jakarta	1,086,900,000	854,571,497
	Total	9,154,315,000	7,472,576,786
GRAND TOTAL		10,654,315,000	8,392,013,954

Approved by the MSG

Date: August, 11th 2015

MEMBERSHIP OF THE IMPLEMENTATION TEAM

GOVERNMENT

Organization	Name
Coordinating Ministry for Economic Affairs	
Deputy for Energy Management , Natural Resources and Environment Coordination, as Head of The Implementation Team	Mr. Montty Girianna
Deputy for International Economics and Financial Cooperation	Mr. Rizal Affandi Lukman
Deputy for Macroeconomic Coordination and Finance	Mr. Bobby Hamzar Rafinus
Ministry of Energy and Mineral Resources (ESDM)	
Secretary General	Mr. M. Teguh Pamuji
Director General of Oil and Gas	Mr. I Gusti Nyoman Wiratmaja
Director General of Mineral and Coal	Mr. Bambang Gatot Ariyono
Ministry of Finance	
Director General of Budget	Mr. Askolani
Director General of Tax	Mr. Sigit Priadi Pramudito
Director General of Treasury	Mr. Marwanto Harjowiryo
Director General of Fiscal Balance	Mr. Boediarso Teguh Widodo
Ministry of Home Affairs	
Director General for the Administrative Development of Local Finance	Mr. Reydonnyzar Moenoek
The Audit and Development Agency (BPKP)	
Deputy for National Accounting	Mr. Gatot Darmasto
Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas)	
Head of SKK Migas	Mr. Amien Sunaryadi
Sub-National Government	
Sub National Secretary of Riau	Mr. Zaini Ismail
Sub National Secretary of Jawa Timur	Mr. Akhmad Sukardi
Sub National Secretary of Kalimantan Timur	Mr. Irianto Lambrie

MEMBERSHIP OF THE IMPLEMENTATION TEAM

COMPANIES AND ASSOCIATION

Organization	Name
Companies	
President Director of PT Pertamina	Mr. Dwi Soetjipto
Association	
Executive Director of Indonesian Mining Association (IMA)	Mr. Syahrir AB
Executive Director of Indonesian Petroleum Association (IPA)	Mr. Dipnala Tamzil
Executive Director of Indonesian Coal Mining Association (APBI)	Mr. Supriatna Suhala

CIVIL SOCIETY ORGANIZATION

Publish What You Pay Indonesia Coalition
Ms. Chitra Retna
Ms. Yenny Sucipto
Mr. Joko Purwanto

RECORD ATTENDANCE OF THE 2014 IMPLEMENTATION TEAM MEETING

Organization	1 st Mee ting	2 nd Mee ting	3 rd Mee ting	4 th Mee ting	5 th Mee ting	6 th Mee ting	7 th Mee ting	8 th Mee ting	9 th Mee ting
Ministry of Energy and Mineral Resources (ESDM)									
Secretariat General	1		2	2		1	1	3	1
Directorate General of Oil and Gas	2	1	1	1	2			1	
Directorate General of Mineral and Coal	2					1	2	1	1
Ministry of Finance									
Directorate General of Budget		3	2	2	2			2	2
Directorate General of Tax		3				2	3	5	2
Directorate General of Treasury		2	1	1	1	1	1	1	2
Directorate General of Fiscal Balance	4		3	3	2	2	2		2
Ministry of Home Affairs									
Directorate General for the Administrative Development of Local Finance					3		3	2	1
Coordinating Ministry for Economic Affairs									
Coordinating Ministry for Economic Affairs	2	3	3	3	2	3	4	1	3
The Audit and Development Agency (BPKP)									
Deputy for National Accounting	2			2			3	2	
Special Task Force for Upstream Oil and Gas Business Activities (SKK Migas)									
SKK Migas	2	2	2	2	4		1	3	2

RECORD ATTENDANCE OF THE 2014 IMPLEMENTATION TEAM MEETING

Organization	1st Mee ting	2nd Mee ting	3rd Mee ting	4th Mee ting	5th Mee ting	6th Mee ting	7th Mee ting	8th Mee ting	9th Mee ting
Sub-National Government									
Province of Riau	1		2	1					1
Province of Jawa Timur			1	1		2			
Province of Kalimantan Timur	2		1	2	5				1
Companies and Association									
PT Pertamina		1	3	3	3		1	1	
Indonesian Mining Association (IMA)	1	1			1	4	1	1	1
Indonesian Petroleum Association (IPA)			2	2	1				
Indonesian Coal Mining Association (APBI)	1	1			1		1	1	
Civil Society Organization									
Publish What You Pay Indonesia Coalition	2	1	4	4	2	1	4	1	3

IMPLEMENTATION TEAM MEETING 2014

No	Date	Agenda	Result	Total Attendance
1	January 28, 2014	<ol style="list-style-type: none"> 1. Revision of Scoping Study 2010-2011 2. Presentation of Inception Report 3. Work Plan of The Implementation Team in 2014 	<ol style="list-style-type: none"> 1. Agreement the requirement of companies that will be reconciled 2. The Member of The Implementation Team will persuade companies that have not disclose the data 3. Agreement of topic that will be discussed in the next meeting 	35
2	February 27, 2014	<p>Presentation of reconciliation progress</p> <p>Presentation of new EITI Standard 2013</p> <p>Presentation of framework development for 2012 and 2013 Third Report Scoping Note</p> <p>Proposals of technical work plan for Oil and Gas Report and Mining report publication.</p>	<p>EITI Secretariat will held workshop about new EITI Standard</p> <p>Draft of Oil Gas and Report will be circulated in order to get feedback from the Implementation Team Member</p>	31
3	March 14, 2014	Preparation for Publication of the 2010-2011 Report	1. Recommendation for Publication of the 2010-2011 Report	39
4	April 14, 2014	<p>Technical Discussion of Oil and Gas Draft Report</p> <p>Recommendation on Improvement of Oil and Gas Draft Report</p>	The Reconciler will accommodate the recommendation for Oil and gas Report	44

No	Date	Agenda	Result	Total Attendance
5	April 21, 2014	Presentation of Summary EITI Indonesia Second Report in Oil and Gas Sector from The Secretariat and Reconciler Report's authorization and approval from The Implementing Team Presentation of Progress on Mining Sector	Agreement for Oil and Gas Report Recommendation for Mineral and Coal Report	42
6	May 30, 2014	Technical Meeting for Mineral and Coal Draft Report 2010 – 2011	Recommendation for Mineral and Coal Draft Report 2010 - 2011	28
7	June 11, 2014	Discussion and endorsement on 2010-2011 Mineral and Coal Report Discussion of Terms of Reference for the 2012-2013 Independent Administrator	Agreement for Mineral and Coal Report 2010 – 2011 Agreement for Term of Reference for Independent Administrator for 2012-2013 EITI Report	42
8	December 9, 2014	1. Presentation of Memorandum of Understanding (MOU) of Extractive Industries Transparency from 4 Ministries 2. Discussion of EITI International assessment for EITI implementation in Indonesia 3. Discussion of recommendation of the second EITI Report	Agreement Memorandum of Understanding (MOU) of Extractive Industries Transparency from 4 Ministries Recommendation for EITI International assessment Follow up for recommendation of the second EITI Report	33

No	Date	Agenda	Result	Total Attendance
9	December 22, 2014	<p>Submission of request for extension to publish 2012 EITI Report to the EITI Board</p> <p>Discussion of the scoping study for third report, year 2012-2013</p> <p>Presentation of EITI Standard from EITI International Secretariat</p>	<p>1. Agreement to make Request for Extension to publish 2012 EITI Report to the EITI Board</p> <p>2. Agreement of Scoping Study for 2012-2013 EITI Report</p>	32