



Open Government Partnership

Independent Reporting Mechanism

Indonesia: Comments Received on the Third Progress Report

The IRM received the following comments via email from Publish What You Pay (below):

Commentary of Publish What You Pay (PWYP) Indonesia for IRM: Indonesia Progress Report 2014–2015

Commitment 12. Accelerate Open and Good Governance Practices in Natural Resources Management

The translation between English and Bahasa's version is not synchronized. Consequently, each versions has different meaning. We find several errors, such as:

Milestone 12.2

English version stated "Real time publication of oil/ gas/ mineral/ coal mining". While Bahasa version stated "Publikasi hasil tambang minyak/ gas/ mineral/ batubara secara langsung". Bahasa version specifically mentioned the commitment to publish production of oil, gas, mineral and coal mining sector in real-time manner. However, the English version only state real time publication of each commodities oil, gas, mineral and coal mining. It doesn't specify publication of what aspect.

Milestone 12.4

It is stated in the English version to commit on E-procurement for upstream oil and gas. In another hand Bahasa version named "Menyediakan informasi berbasis internet tentang minyak dan gas", which is in English means provide internet based information on oil and gas.

Milestone 12.5

English version covers spatial information/ data on oil, gas, and mining sector. But Bahasa version only includes oil and gas sector.

We also find technical error, particularly for Commitment 12.6 in Table 1 Assessment of Progress by Commitment. Commitment 12.6 said “publish Social Responsibility Program (TJS/CSR) KKKS Gas and KK/IUP PKP2B Mining document in every stage”. This commitment specifically focus on the transparency of social expenditure (CSR) and contract as well as licenses. However, based on its following indicator,

Commitment 12.6 only covers publication of social responsibility program. While contract as well as licenses disclosure is accommodated in Commitment 12.2.

Regarding the substance, we also find some explanation that needs to be reviewed and clarifies. Find below our findings:

Milestone 12.1. It is stated clearly in the first milestone for natural resources sector that Indonesia will publish the reconciliation report of EITI for year 2010–2011. Indonesia has issued the second EITI Report for oil and gas sector in May 2014 and for mineral and coal sector in June 2014. The reconciliation report can be accessed in both EITI Indonesia and EITI International website. Unlike the third EITI report which separates reconciliation report, EITI report for year 2010–2011 put the reconciliation as the report’s appendix.

Looking at the main indicator performance, we can say that Indonesia has completely meet the target of the first milestone by publishing EITI report for year 2010 and 2011. Therefore, the level of completion needs to be changed into “complete”. However, we agree with the IRM researcher for “moderate” potential impact. Publication of EITI report won’t make any substantive changes, unless we follow-up the findings.

Milestone 12.2. The links given in the report to show the publication of oil, gas, mineral and coal mining production is not working, particularly for oil, gas, and coal mining. It should be changed by an active link.

In fact, Indonesia has provided real time monitoring of oil and gas lifting through lifting.migas.esdm.go.id/lifting. It covers volume of oil and gas lifting based on producing region (district and province) and also producing unit (block). However, this initiative has been started since 2012 and no new feature is added during the action plan cycle. Above strong initiative is not yet found in mineral and coal mining sector. The government publishes the coal production volume based on producing unit

(company) only for state-owned enterprise and PKPK2B holders, not covers IUP holders. And no production data disclosure is made for mineral sector.

As for contract and license, publication only made for mining license (IUP). List of IUP can be accessed through Ministry of Energy and Mineral resources website. But it only covers very limited number of IUP, given the number of IUP in Indonesia reach more than ten thousand. To get an access over mining licenses, public need to propose formal request to license issuers (governor and regent/ mayor). While no progress made for contract disclosure, despite of intense discussion and negotiation has taken place among EITI stakeholders. According to law, contract can be disclosed to public. However, according to Directorate General of Oil and Gas as well as Directorate General of Mineral and Coal Mining, contract is confidential document agreed by SKK Migas (for oil and gas) or government of Indonesia (for mineral and coal mining sector) and company (Contextual Report of EITI Indonesia 2012–2013, 2015).

Milestone 12.3. The detail progress of renegotiation of contract work has not been published yet. Public only aware the result thanks to media not because of publication of related information by the government. However recently, government made a press release on this matter, summarizing what have been going on so far.

As for the progress of downstream industry, the information provided in ministry's website is taken from the presentation in the Monitoring and Evaluation Meeting of Coordination and Supervision Mineral and Coal Mining Sector, which only covers four (4) provinces–Riau Island, Central Kalimantan, East Kalimantan and Central Sulawesi. In fact, downstream industry has been developed in other province, such as South Sulawesi. It shows a very low commitment of related ministry to monitor the progress of downstream industry as well as disclose it. Looking at this situation, we can hardly say that the government even makes a move to create transparency in monitoring the progress of renegotiation and smelter development.

Milestone 12.7. Transparency of post-mining activities is among the urgent steps to be taken by the government. The clarity of post-mining document, including the fund and activities, is needed to ensure its practice in the field. And public participation will be started by opening the information openness.

Because once the information is disclosed, public will engage more in monitoring the activities. As for now, the absence of transparency of post-mining activities is not only resulted to environmental destruction, but also fatalities–19 children has died in abandoned ex-mining areas in East Kalimantan. We see that once this milestone is

completed, it's supposed to give huge benefit in environmental and social rehabilitation practice. Therefore, its potential impact should be moved higher to "transformative".

We acknowledge that Indonesia faces huge problems on transparency, notably the areas included in point 2 of Top SMART recommendation. However we see the same urgency on natural resources sector, especially for oil, gas, mineral, coal mining and forestry. These sector has contributed to national economy and development for a decade but has not been managed in transparent and accountable manner. Lack of good governance along the value chain has hit the promise of extractive sector. The absence of clarity of production data has led to illegal mining as well as revenue loss. Non-transparent management of spatial data is likely "supporting" land grabbing which has been rooted in Indonesia. Therefore, we suggest to include "transparency of natural resources sector" in point 2 of Top SMART recommendation, given its significance.

At last, we agree that EITI has an established system, as suggested by IRM researcher. However, we see that EITI should not be dropped from the action plan. Following the 2013 New Standard of EITI, EITI is not merely about the extractive revenue, it is now covering broader issues, from contract disclosure to beneficial ownership. Apparently, new requirement of EITI, such as contract transparency, social contributions (CSR) as well as production data disclosure has been put in the action plan. It shows clearly the linkage between EITI and OGP. Moreover, EITI Indonesia is currently facing rather difficult challenges to meet the new EITI requirement. And by collaborating EITI and OGP, the opportunities for policy improvement will go even higher. More stakeholders will involve and more changes will take a place.