

**FINAL
VALIDATORS
REPORT**



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Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

Our work is performed on a sample basis; we cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud.

Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Recommendations and suggestions for improvement should be assessed by the Implementing Team for their full commercial impact before they are implemented. This document should be read in conjunction with the completed 2009 EITI Report.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and representations made by, and the information and documentation provided by representatives of Republic of Indonesia, Civil Society, Companies, Industry bodies, the Reconciler, the World Bank and other parties who contributed to the EITI process. We have not attempted to verify these sources independently unless otherwise noted within the report.

Limitation of Use

This report is intended solely for the information and internal use of the Implementing Team and the EITI Board, in accordance with Contract numbered PPK-025/PPK/EITI/Validator/02/2013 (the Contract) additionally we understand that this will only be made available to the Public following EITI Board approval. We do not accept or assume responsibility to anyone other than the Co-ordinating Ministry of Economic Affairs of Indonesia for our work, for this report, or for any reliance which may be placed on this report by any party other than the Co-ordinating Ministry of Economic Affairs of Indonesia.

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ABBREVIATIONS AND DEFINITIONS

BBL	Barrel of crude oil or condensate
BBTU	Billions of British Thermal units
BPK	Indonesia's Supreme Audit Agency
BPKP	Indonesia's Financial Development and Supervisory Agency
BPMIGAS	The Executive Agency of Upstream Oil and gas Business Activities (BPMIGAS), which in late 2012 was reorganized under the Ministry of Energy and Mineral Resources, and is now known as SKK MIGAS, which is responsible for exercising the supervisory and management role over PSC operations on the Government's behalf
BRANCH PROFITS TAX	Tax on after tax profits of an Indonesian Permanent Establishment ("PE" or "Branch" of a foreign entity), which in the case of PSC participants (foreign domiciled companies involved in upstream oil and gas operations) is considered to be non-tax revenue and is paid to the PNBP
CCA	Coal Co-operation Agreement, an agreement involving a coal mining operating area
CCOW	Contract of Work involving a coal mining operating area
COW	Contract of Work involving a minerals operating area
CORPORATE INCOME TAX	Tax paid to the Directorate General of Taxation in relation to the taxable income of a Company or a Permanent Establishment ("PE" or "Branch" of a foreign entity). In the case of Indonesian companies or PEs involved in PSC activities, such payments are considered to be non-tax revenue and are made to the PNBP
COST RECOVERY	Entitlement of PSC participants to recover costs of oil
COVERED ENTITIES	The PSC Reporting Partners (upstream oil and gas) and mining entities (companies and partnerships) and the Government entities referred to in this Report
CSO	Civil Society Organisations

DEAD RENT	Land rent paid for mining contract/mining rights areas at rates based on the status of the mining operations DGT or DG TAX The Directorate General of Taxation, under the Ministry of Finance
DISAGGREGATION	Breaking down total information into its component parts. In the context of this Report, disaggregation refers to the presentation of Government revenue stream information by PSC Reporting Partner or by mining entity
DIVIDEND TAX	Dividend tax in this Report represents tax payments made by Indonesian companies involved in PSC activities which are considered to be non-tax revenue and are paid to the PNBP. This tax is computed on the same basis as Branch Profits Tax
DG	Director General
DJB	The Directorate General of Budget, under the ministry of Finance
EITI	Extractive Industries Transparency Initiative
EITI SECRETARIAT	Extractive Industries Transparency Initiative Secretariat
EQUITY OIL AND GAS	Represents the balance of liftings of oil and gas production after deducting First Tranche Petroleum, investment credit, and cost recovery, which is shareable between the Government and the PSC participants, on a pre-tax basis, in accordance with the provisions of a PSC.
ESDM	<p>In the case of information involving oil and gas volumes refers to:</p> <ul style="list-style-type: none">- The Directorate General of Oil and Gas, under the Ministry of Energy and Mineral Resources. <p>In the case of royalties, sales revenue share and dead rent, refers to:</p> <ul style="list-style-type: none">- The Directorate General of Minerals and Coal, under the Ministry of Energy and Mineral Resources
FQR	Financial Quarterly Report required to be submitted on a quarterly basis to BPMIGAS by PSC Operators, PSC Co-operators and certain Pertamina subsidiaries which hold ownership interests in PSCs involving different fiscal terms than the other participants in such PSCs. FQRs include

information pertaining to a PSC's activities analyzed into oil and gas components including, but not limited to:

- 1) Total liftings of oil and gas
- 2) First Tranche Petroleum
- 3) Investment credit allowances
- 4) Cost recovery
- 5) DMO oil at ICP
- 6) DMO oil fees
- 7) Equity entitlements for oil and gas – PSC participants and the Government
- 8) PSC participants' tax obligations

FTP First Tranche Petroleum - the entitlement oil and gas production prior to cost recovery by PSC participants. FTP may be shareable between the Government and the PSC participants, or only the Government may be entitled to FTP, depending on the generation of the PSC

GOVERNMENT ENTITIES

BPMIGAS, DGA, DGT, ESDM and PNBP

GOVERNMENT OR GOI

Government of Indonesia

ICP

Indonesian Crude Price - determined on the basis of moving average spot prices of certain internationally traded crude oil types. ICP for the approximately 50 types of crudes produced by PSC Contractors is the price for determining the US Dollar value of all liftings of a PSC's crude oil production

ICMA

The Indonesian Coal Mining Association

IDR or RP

Rupiah, Indonesia's currency

IMA

The Indonesian Mining Association

INTOSAI

The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community, Indonesia is a member.

IPA

The Indonesian Petroleum Association

ISSAI

The International Standards of Supreme Audit Institutions (ISSAI) state the basic prerequisites for the proper functioning and professional conduct of Supreme Audit Institutions and the fundamental principles in auditing of public entities.

IUP

Mining business licences introduced UNDER Mining Law no. 4/2009

KP	Mining rights - these rights are required to be converted to Mining Business licences under Mining Law No. 4/2009, no later than April 30, 2010
LNG	Liquified natural gas
LPG	Liquified petroleum gas
MIGAS	Abbreviation of the Directorate General of Oil and Gas
MSG	Multi-stakeholder group which in Indonesia is the Transparency Team comprised of a Steering Team and an Implementing Team
MSCF	A thousand standard cubic feet
NGO	Non-Governmental Organisation, see CSO
OVER/UNDER LIFTINGS	Over/under liftings represents a PSC Contractor's actual liftings of oil and gas production versus its entitlement to liftings of oil and gas in accordance with the provisions of a PSC. A PSC overlifting position represents an amount payable by the PSC participants to the Government. A PSC underlifting position represents an amount payable by the Government to the PSC participants.
PBB	Land and building tax, based on the area of the land and the area occupied by buildings.
PNBP	The Directorate for Non-tax Revenues, under the Directorate General of Budget, under the Ministry of Finance
PSC	Production Sharing Contract - the form of contract involving all Indonesian oil and gas exploration and production activities. There are certain variations of oil and gas production sharing arrangements, such as Enhanced Oil Recovery Contracts (EORCs), however for the purposes of this Report, the term PSC is used as the reference to all oil and gas production sharing arrangements.
PSC NON-OPERATORS	Partners in a PSC other than the PSC Operator
PSC OPERATOR	The operator of a PSC - normally only one party
PSC PARTICIPANTS	All partners involved in a PSC i.e. the PSC Operator and non-operators

PSC REPORTING PARTNERS	PSC Operators or PSC Participants which are to submit QFRs to BPMIGAS
PT PERTAMINA (Persero)	The Indonesian National Oil Company
RECONCILER	The Public Accounting Firm engaged to perform the reconciliation of the payments/receipts and volumes involving PSC Reporting Partners (upstream oil and gas) and mining entities and the respective Government entities
RECONCILIATION	The process of comparing financial and quantity data reported by the PSC Reporting Partners (upstream oil and gas) and mining entities, and the respective Government entities and explaining discrepancies resolved and identifying the total of unresolved discrepancies
REGION	In the context of this Report refers to a Province, of which there are 33.
ROYALTIES	Royalties in this Report refer to payments made to the Government in respect of mineral or coal production, based on the terms applicable to the respective mineral right.
SMALL SCALE MINING	Informal, subsistence mining by individuals to small, formal commercial mining operations
TOR	Terms of Reference
USD OR US\$	US Dollar

1. INTRODUCTION

KEY FEATURES OF THE EXTRACTIVE INDUSTRY IN INDONESIA.

Oil and Gas Industry

An Established Industry

Exploration and commercial production has a long history in Indonesia.

According to the IPA *“Exploration for oil in Indonesia dates back to 1871, with the first commercial production beginning in 1885, although most of its natural resources remained untapped until Indonesia gained its independence and became a Republic in 1945.*

In the first half of the 20th century, three groups of merged companies under foreign ownership dominated exploration and production: Shell/BPM, STANVAC, and Caltex.

With independence following WWII, the oil, oil fields, refineries and supplies seized by the Japanese invasion force were returned to the Indonesian Government, and the new era of Indonesian energy exploration and production began.

The State Constitution of 1945 decreed that "All of Indonesia's land, water and natural resources are controlled by the State and will be utilized for the greatest benefit and welfare of its people", and oil and gas have played an instrumental role in Indonesia's economic development, with energy companies, both foreign and domestic, working in partnership with state bodies to find and produce oil, gas and geothermal energy.

In the Asia Pacific region, Indonesian oil production is second only to China, and its gas production is second to none.

Indonesian law stipulates by law that the extraction of the nation's oil and gas resources must be done in a manner that produces the maximum benefit and income for the state, and contributes to the greatest prosperity of the people.”

Legal Framework

The Legal Framework is based on Production Sharing Contracts. Per the IPA:

“... the Indonesian Government developed the Indonesian Production Sharing Contract (PSC), which was introduced in 1966 and has since been adopted by many other oil producing countries in various modified forms.

Under the Production Sharing Contract, foreign companies explore, develop and market resources under the general supervision of BPMIGAS. Exploration costs borne by the foreign companies are recovered when commercial production is established. The remaining oil and gas produced is then shared between BPMIGAS and its partner.

The key to the contract is the 'production sharing' concept. The investor does not share the profits of venture, but shares the production.

The PSC has evolved through a number of generations in line with the Indonesian Government's belief the importance of assuring a reasonable rate of return to investors in the face of an ever-changing business environment”

The Production Sharing Contracts

Oil and Gas within Indonesia is regulated by Law No.22/2001 23 November 2001 which provides for control of oil and gas by the Government usually through Production Sharing Contracts. The 2009 EITI Report provides a comprehensive industry overview including the following extract related to production sharing contracts:

“Article 33 of 1945 Constitution of the Republic of Indonesia, stipulates that Indonesia’s natural resources are to be controlled by the state and must be used for the maximum benefit of the Indonesian people.

Indonesia's first oil and gas Production Sharing Contract (PSC) was signed in 1966, and is the successor form of oil and gas contract to several Contracts of Work (CoWs) and Technical Assistance Contracts (TACs) entered into in 1963, following the implementation of Law No. 44 of 1960. Three of these CoWs and two TACs continued in effect until their expiration dates and were then converted into PSCs in the 1980's and 1990's.

Under PSC arrangements, PSC participants assume all financial and operational risks in exploring for oil and gas. In the event that no commercially exploitable oil and/or gas reserves are located, the entire costs of exploration are borne by the PSC partners i.e .such costs are not recoverable against production in another PSC, since an individual company can only hold an interest in one PSC. In the event that commercially exploitable oil and/or gas reserves are located, then with the approval of BPMIGAS, which is the Government body responsible for exercising control over PSC activities, including annual work plans (WPNBs), Plans of Development (PoDs) and Authorizations for project for expenditure (AFEs), the PSC may proceed into a development mode and then subsequently into a production mode.

The sharing of liftings of production between the PSC participants and the Government is determined based on the provisions of the PSC. In the case of oil, the value of liftings in terms of US Dollars is in effect converted into barrels. In the case of gas, the sharing concept is based on the US Dollar value of gas liftings since these are considered as 'joint liftings' between the PSC participants and the Government. Under the original (first generation) PSC basis, the terms of which are no longer ineffect, the entitlements to Production were as follows:

- Annual cost recovery on a cash basis of accounting up to a maximum of 40% of the value of annual liftings of oil and gas,

- *The after cost recovery share of annual liftings - equity share ("profit share"), being divided 65% to Indonesia and 35% to the PSC contractors,*
- *A Domestic Market Obligation applied for up to a maximum of 25% of the Contractors' crude oil liftings entitlements for which the Contractors received a price of US\$0.20 per barrel,*
- *The tax on the PSC contractors' equity share was borne by the Government of Indonesia.*

In 1976 PSC terms were revised in the following principal respects:

- *the equity oil sharing basis was changed to 85% for Indonesia and 15% on an after tax basis (see below) for the PSC contractors.*
- *to facilitate the process of obtaining foreign tax credits, the Contractors' equity share basis specified in the PSCs was changed to a pre-tax share basis, which was based on the then applicable corporate income tax rate of 45% plus the nontax treaty rate applicable to branch profits taxes of 20% (all PSC interests at that time involved ownership interests held by foreign incorporated companies), resulted in a combined tax rate of 56%, and thus a pre-tax Contractor's equity oil share of 34.0909% of oil liftings was specified in the revised PSC contract.*
- *the ceiling on annual cost recovery of 40% of the value of liftings was eliminated, and the cost recovery basis changed from a cash expenditure cost pool basis to a cost pool basis determined in the accounting provisions included in Exhibit C to the PSCs, including annual depreciation of capitalized fixed assets.*

There have been a number of changes incorporated in successor generations of PSCs following the major changes incorporated in (the second generation) PSC arrangements in 1976. The significant changes introduced in subsequent generations of PSCs include:

- *First Tranche Petroleum (FTP) split of annual liftings of oil and gas, which in substance is a priority share of production, prior to cost recovery. In some PSC generations, FTP is shareable between the Government and the PSC participants, and in other PSC generations, only the Government is entitled to FTP.*
- *Price for Domestic Market Obligation crude was changed from US\$0.20 per barrel to ICP per barrel for up to the first 60 months of production from "new fields" and subsequently reducing to 10%, 15% or 25% of ICP, depending on the generation of the PSC contract.*
- *certain incentives, including these directed at encouraging new oil and gas exploration and production activities in frontier zones and in deep water areas.*
- *Investment credit - an incentive granted to PSC Contractors which was introduced in the third generation of PSC at a rate of 17% of capital expenditure involved in bringing a new field into production. Additional investment credit incentives have been included in subsequent generations of PSCs. Investment credit amounts are subject to tax, since costs eligible for cost recovery are included in cost recovery entitlements.*
- *Indonesia's corporate income tax rate has been reduced from the 45% rate applicable to PSC contracts signed prior to the corporate income tax rate changing to 35%, then subsequently in 2008 to 30%. Consequently, the pre-tax split of equity oil and gas liftings has been changed for new PSCs or extensions of existing PSCs, reflecting the corporate income tax rate in effect at the time of signing the respective PSCs or extensions to existing PSCs to maintain the 15% after tax share basis for a PSC contractor's equity oil share. There is one instance of which the Reconciler is aware where the PSC contractor's equity oil share is on a 12% after tax share basis and in the case of certain Pertamina subsidiaries' PSC interests where the PSC equity oil share is on a 40% after tax share basis.*

It should be noted that the 15% equity after tax concept in US Dollar terms only applies in practice when all of the PSC contractor's equity oil and DMO oil portions are priced at ICP. Where a portion of DMO is priced at less than ICP ie. At US\$0.20 per barrel or a percentage of ICP per barrel, the PSC contractor's equity oil share of annual liftings at ICP is less than the 15% after tax basis, or such other after tax basis inherent in the PSCs.

The foreign ownership of PSC interests in a limited number of instances, under International tax treaties enables the application of a dividend tax/branch profits tax rate of less than the 20% rate, which formed the basis for the PSC contractors pretax equity share, therefore increasing the after tax share of equity oil and gas liftings in favour of such PSC contractors.

Current PSC agreements now contain a clause resulting in a reduction in the pre-tax equity oil and gas shares in the event a PSC partner is entitled under an International tax treaty to apply a dividend/branch profits tax rate of less than 20%, thereby maintaining the 15% after tax share basis for a PSC contractor's equity oil liftings.

Government liftings of oil and gas are comprised of:

- First Tranche Petroleum (FTP) Depending on the generation of PSC, FTP applies in certain cases at rates of 15% to 20%, which FTP is shareable between the Government and the PSC participants based on their equity oil or gas entitlement percentages (see below), and in other cases FTP applies at rates of 10% or 20%, and all of the FTP entitlement accrues to the Government. In the case of PT Pertamina EP's (PEP) PSC, FTP applies at the rate of 10% and is shareable between the Government and PEP.*
- Government's share of equity oil and gas liftings The equity share of oil liftings for the Government ranges from 65.909% (for 56% tax rate PSCs), to 71.154% (for 48% tax rate PSCs), to 73.215% (for 44% tax rate PSCs), for the majority of PSC operations in production through 2009. The equity share of gas liftings for Government ranges from 31.818% (for 56% tax rate PSCs), to 42.408% (for 48% tax rate PSCs), to 46.429% (for 44% tax rate PSCs), for the majority of PSC operations in a production through 2009. In the case of PT Pertamina EP's and certain PT Pertamina Hulu Energi PSC interests involving former PN Pertamina areas, the Government's equity share of both oil and gas liftings is 32.7731%.*
- Domestic Market Obligation (DMO) represents that portion of a PSC contractor's share of oil and condensate liftings which under the terms of PSCs is to be made available to meet the domestic market demand for fuel products. The DMO oil and condensate is supplied to Pertamina for the utilization in its refineries, or for export by Pertamina if it is not practical to utilize such oil and condensate in Pertamina's refineries. Pertamina pays the Government for such crude oil and condensate at ICP."*

Minerals and Coal

Indonesia is a significant producer of coal, copper, gold, tin, and nickel. The new Law on Mineral and Coal Mining No.4 of 2009 replaces the Contract of Work framework and the licensing system. The Contract of Work ("CoW") is for foreign investment and the licensing system ("Kuasai Pertambangan 'KP'") for Indonesian investors.

The Mining Law of 2009 has three categories of mining licenses:

1. Mining Business License (“IUP” – Izin Usaha Pertambangan)
2. Special Mining Business License (“IUPK” – Izin Usaha Pertambangan Khusus)
3. People’s Mining License (“IPR” – Izin Pertambangan Rakyat)

A privately owned company can only have one license (i.e. one business license) under the Mining Law. The central Government or Regional Government may issue an IUP. Only the Central Government should issue an IUPK.

All existing CoWs will continue until their expiry date and may be extended without a tender. Any extended license will be issued under the IUP and not the COW framework. Therefore many of the large mining companies still operate under the COW framework.

The mining and coal industry has undergone significant changes in recent years primarily as a result of the decentralisation of license issuing from the Central Government to Provincial and District Governments. The decentralisation process resulted in a significant increase in mining licenses issued by provincial and district governments. Indonesia has significant levels of artisanal and small scale mining.

The Central Government is currently undertaking a “clean and clear” process to assess the legitimacy of approximately eleven thousand mining licenses. As at the December 2012, approximately six thousand mining licenses were assessed by the Government as clean and clear. Coinciding with the clean and clear process, the Government is completing a process of mapping mining licenses across Indonesia.

The IMA and ICMA do not include all mineral and mining companies as members, the associations generally include the large companies.

The 2009 EITI Report provides a comprehensive overview of the extractive industries in Indonesia.

OVERALL PROGRESS IN IMPLEMENTING THE EITI WORK PLAN

The original EITI Work Plan broken down by activity is attached at Appendix 1A. There were delays implementing the original EITI work plan with respect to the scoping exercise and agreeing the reporting templates as is reflected in the updated work plan at Appendix 1B. The 2009 EITI Report was approved on 22 April 2013 by the MSG. Subsequent to issuing the 2009 EITI Report the key activities remaining in the work plan relate to following up on the recommendation made by the Reconciler.

ENGAGEMENT BY CIVIL SOCIETY

Civil Society Organisations (CSOs) have been involved from the beginning of EITI Indonesia and continue to be keen advocates providing a clear focus on increasing transparency across the mining value chain and the different levels of Government.

Three elected members of the Indonesian Publish What You Pay coalition represent the coalition on the MSG. Civil Society stakeholders interviewed in Appendix C confirmed that there are no restrictions on their work in Indonesia.

ENGAGEMENT BY COMPANIES

The companies scoped in for EITI Reporting are represented by the following industry groups on the MSG:

1. Indonesian Petroleum Association (IPA)
2. Indonesian Coal Mining Association (ICMA)
3. Indonesian Mining Association (IMA)

Outreach activities with companies occurred in addition to Industry representation on the MSG.

Not all extractive industries companies are included in the 2009 EITI Report due to the scoping exercise approved by the MSG.

2. INDONESIA'S COMPLIANCE WITH EITI REQUIREMENTS.

EITI REQUIREMENT 1

The government is required to issue an unequivocal public statement of its intention to implement EITI

Progress

Below we set out the steps that collectively constitute Indonesia's statement of intent to implement EITI:

- The Coordinating Minister for Economic Affairs, Sri Mulyani Indrawati, wrote a letter dated 31 December 2008 to the Head of the EITI Secretariat regarding *“Invitation to work together with the Indonesian Government on improving Extractive Industries Transparency”* In this letter she stated *“The Government is currently formulating a work plan to improve extractive industries transparency, and would like to invite the EITI- Secretariat to work together with us so that the plan would also be in line with EITI criteria and implementation indicators. Through that cooperation, Indonesia intends to work towards achieving EITI compliance, and expects to make an application to become an EITI candidate in due course.”*
- An email invitation was sent out to supporters of extractive industries revenue transparency in Indonesia by David Brown of the World Bank entitled: *“You are cordially invited to an informal gathering on Thursday evening, 5 February 2009, 6:30 to 8:30 pm, on the top floor of the beautiful Gedung Dua Delapan, located on Jl. Kemang Raya Utara #28, South Jakarta.”* It states *“The gathering is in observance of a letter from the Coordinating Minister for Economic Affairs to the Extractive Industries Transparency Initiative Secretariat, initiating the process of application to the EITI, as well as the recent signing of a Note of Understanding between the Coordinating Minister for the Economy, the Minister of Finance and the Minister of Energy and Mineral Resources, to Prepare for the Implementation of Extractive Industries Revenue Transparency in Indonesia”* and *“Brief remarks will be delivered by the Coordinating Ministry for Economic Affairs' Deputy Minister for International Affairs - Mahendra Siregar, Pertamina's Senior Vice President for General Affairs - Waluyo, and the head of Indonesia's Publish What You Pay Coalition - Ridaya La Ode Ngkowe.”*
- On 13 March 2009 an invitation was sent by extractive industry entities, their representatives, civil society representatives and Government officials to attend a morning seminar on 19 March 2009 regarding EITI implementation.

- This was followed by the President of the Republic of Indonesia issuing “Presidential Regulation RI No.26 2010 (Transparency of National/Local Extractive Industry Revenue)” dated 14 April 2010.” The regulations include a requirement a steering committee which is headed by the Coordinating Minister for Economic Affairs and includes four ministers and a Presidential Advisor which addresses the requirement for high level political support with a requirement for annual reports to the President of Indonesia.
- The Coordinating Minister for Economic Affairs, Hatta Rajasa, wrote a letter dated 14 September 2010 to the Head of the EITI Secretariat regarding “Request for entrance into EITI Candidacy” In this letter he stated: *“I restate here the government's commitment to implement the EITI in accordance with the EITI Principles and Criteria, and to ultimately achieve EITI Compliance. The Government of Indonesia has committed to work with civil society and companies on EITI implementation, as evidenced by three self-selected civil society representatives, and three self-selected industry representatives (one each from the oil & gas, mineral and coal producing associations) on our multi-stakeholder Implementation Team. Taking note of the fact that, under the auspices of Presidential Regulation 26/2010, I have been appointed as the Head of the ministerial-level Steering Team to lead EITI implementation in Indonesia, and finally, in observance of the fact that in its first meeting, the Implementation Team approved the attached Work Plan, which contains measurable targets and a timetable for implementation...”* Attached to this letter were the letter of 31 December 2008 and the work plan.

There was publicity relating to each of these steps as is evidenced by links within Indonesia’s EITI website http://eiti-indonesia.org/eng_index.php

On 5 November 2010 the Chairman of the Board of the Extractive Industries Transparency Initiative (EITI) responded to the Minister’s letter of 14 September 2010 and accepted Indonesia’s application to become a Candidate country.

Stakeholder views

Generally stakeholders were positive about this process although there was concern expressed by some stakeholders about the length of time taken to arrive at this point.

Recommendations

Government should continue high level support for the initiative as is envisaged in the Presidential Decree.

Assessment

The requirement has been met.

EITI REQUIREMENT 2

The government is required to commit to work with civil society and companies on implementation of the EITI

Progress

Civil society has mainly been represented in the EITI process by “Publish What You Pay” Indonesia which is a national coalition of 38 civil society organisations (See Appendix B and B1). Per discussion with the CSO representatives we interviewed, their 3 MSG representatives are elected by the coalition members. Evidence of civil society’s engagement in the EITI process to date includes:

- PWYP’s website <http://www.publishwhatyoupay.org/where/coalitions/indonesia> which lists recent activities relating to EITI and press reports on their view on progress
- Their participation at MSG meetings, events and workshops

Companies are represented in the EITI process by the following associations:

- Indonesian Petroleum Association
- Indonesian Mining Association
- Indonesian Coal Mining Association

A representative from each of the above mentioned company associations is a member of the MSG. Evidence of the company associations ongoing engagement in the EITI process includes:

- Various press articles where members discussed the EITI process the earliest of which we inspected was in McCloskey’s Coal Report dated 20 April 2007
- Their participation at MSG meetings, events and workshops.
- An event held where their members participated

The enabling framework for implementation of EITI designed to remove obstacles to civil society and company’s participation in the EITI process is primarily set out in:

- Presidential Regulation 26/2010 – which authorizes the creation of an MSG (or "Implementation Team") with members from industry and civil society.
- Ministerial Decision KEP-57/M.EKON/11/2010 – which specifies who are the members of MSG from local government, industry and civil society
- A terms of reference approved by the MSG –which stipulates the manner in which the MSG will work

In conducting interviews we asked all CSO representatives if there were any Government restrictions placed on them in terms of public debate and all confirmed there were none. This is further evidenced by various press reports and the PWYP and other CSO websites which includes press articles critical of the Government.

Stakeholder views

All civil society representatives we interviewed were extremely positive about being involved in EITI process. They had learnt a lot about the extractive industries in the process through engagement with the MSG, outreach programmes and workshops. They all commented that Government had done nothing to interfere with their activities.

The three association's representatives were all positive about the experience as well. In the sample of companies that we interviewed there was one mineral producing company representative that stated they were not receiving regular feedback from their association.

Other stakeholders interviewed stated that they were involved in key elements of the process either directly or through their representatives.

Recommendations

The Government should continue to engage with companies and civil society.

PWYP is a broad coalition of CSO across several provinces and represents an important initial step in engaging Civil Society in the Indonesia EITI. There is evidence of a wider debate in the media regarding the EITI but given the size and diversity of Indonesia the Implementing Team should consider broadening Civil Society representation across Indonesia to include more anti-mining organisations, religious groups and academia.

Assessment

The government appears to be committed to work with civil society and companies on the implementation of the Indonesia EITI. This is evidenced by Government interactions with companies and CSOs through the Implementation Team and Steering Team minutes of meetings. The requirement has been met.

EITI REQUIREMENT 3

The government is required to appoint a senior individual to lead on the implementation of the EITI

Progress

Presidential Regulation RI No.26 2010 (Transparency of the National/Local Extractive Industry Revenue)" dated 23 April 2010 created a Transparency Team comprised of

- A Steering Team;
- An Implementing Team

The Steering Team members are as follows:

Head: Coordinating Minister for Economic Affairs
Members: Minister of Energy and Mineral Resources
Minister of Finance
Minister of Home Affairs
Head of Agency for Finance and Development Supervision (BPKP)
Prof. Dr. Emil Salim (Presidential Advisor)

The Implementing Team members are as follows:

Members: Deputy for Economic Cooperation and International Finance, Coordinating Ministry for Economic Affairs;
Deputy for Macroeconomic Coordination and Finance, Coordinating Ministry for Economic Affairs;
Director General of Tax, Department of Finance;
Director General of Treasury, Department of Finance;
Director General of Fiscal Balancing, Department of Finance;
Director General of Oil and Gas, Department of Energy and Mineral Resources;
Director General of Minerals and Coal, Department of Energy and Mineral Resources;
Director General for the Administrative Development of Local Finance, Department of Home Affairs;
Deputy for National Accounting, Agency for Finance and Development Supervision (BPKP);
Head of BPMIGAS;
General Director of PT. Pertamina;
Three members from Associations of Local Governments;
Three members from mineral, coal, and oil and gas industrial associations;
Three members from NGOs which have a history of engagement with the issue of extractive industry revenue transparency.

The Steering Committee is required to meet annually and in compliance with these requirements has held 2 meetings to date. The minutes of the meeting held on 10 December 2012 record several actions that indicate oversight and decision making by this committee. These actions include:

- Mandating the requirement for and setting deadlines for validation
- Setting deadlines for completion of the 2009 EITI report
- Requiring that the Second EITI Report for 2010 and 2011 to be completed by December 2013
- Mandating the immediate revision to The Presidential Regulation 26/2010 as follows:
 - Validation being part of Transparency Team's task;
 - Changing BP Migas to SK Migas;
 - Including DG Foreign Trading and DG Forest Industry Management in Implementation Team

The former Head of the Implementing Team, the Deputy Assistant Minister for Energy and Mineral Resources and Forestry, Dr. Wimpy Tjetjep retired after suffering a series of strokes. As a result, the Implementing Team meetings have been chaired by various people including:

- Wimpy Tjetjep, the Head of Implementation Team and Deputy Minister for Energy, Mineral Resources and Forestry, Coordinating Ministry for Economic Affairs
- M. Husen, Member of EITI Indonesia Implementation Team, Assistant Deputy Minister for Oil, Coordinating Ministry for Economic Affairs
- Bambang Adi Winarso, Acting Assistant Deputy for Petroleum, Office of the Deputy Minister for Energy, Mineral Resources and Forestry, Coordinating Ministry for Economic Affairs
- Dr. Emy Perdanahari the Assistant Deputy Minister for Energy and Electricity

Dr. Wimpy Tjetjep has been replaced in an acting capacity by Assistant Deputy Minister, Dr. Bambang Adi Winarso

We attended a MSG meeting chaired by Dr. Emy Perdanahari and it was apparent that Dr Emy had the respect of the MSG members that attended the meeting.

Stakeholder views

No stakeholder gave any negative feedback on the role of the head of the Implementing team.

Recommendations

Having different acting chairs for the Implementing Team meetings is not desirable as:

- The acting chairs may perceive that they do not have the authority required to deal with issues that may arise
- It may result in an inconsistent approach to matters from different acting chairs especially if they only attend Implementing Team meetings intermittently
- It may result in a lack of leadership and direction

We recommend that an individual with sufficient authority be appointed officially to chair all the Implementation Team meetings.

The Steering Committee is composed of senior ministers in government and has shown that they can be effective in resolving problems.

Whilst it is likely to be difficult to coordinate a meeting of such senior ministers at short notice we recommend when there is a clear impasse with any if reporting entities that has not been resolved within a reasonable period of time then these issues should be escalated to the Steering Committee for resolution.

Assessment

The design of the transparency team appears to be effective. There was one person with the requisite authority appointed to lead the Implementing Team which is consistent with the requirement although the effectiveness of the appointment was dissipated due to differing chairs chairing the various Implementing Team meetings. The other chairs appear to have had the requisite authority to lead the team. The requirement has been met.

EITI REQUIREMENT 4

The government is required to establish a multi-stakeholder group to oversee the implementation of the EITI.

Progress

A Presidential Regulation RI No. 26 2010 (National/Local Extractive Industry Revenue)" dated 14 April 2010 created the Transparency Team and provided a legal basis for the group. It provides an MSG that is comprised of Government, private sector and civil society groups. It provides for each stakeholder group providing their own representatives.

Ministerial Decision KEP-57/M.EKON/11/2010 supports the above in that it further specifies who from local government, industry and civil society is represented on the MSG.

The "Kerangka Acuan Tim pelaksana Transparansi Industri Ekstraktif" ("TOR") dated 30 August 2012 are the term of reference for the Transparency Team which sets out procedural matters for meetings including voting. The design encourages consensus but where this is absent, resolutions are passed by a majority voting at a properly constituted meeting with at least one member from each of the three stakeholder groups (government, industry and civil society) voicing their support, in order for a motion to be passed. It makes reference to a 3 year work plan as being a requirement of the Presidential Regulation. The requirement to appoint a Reconciler is recorded in the TOR but not the process. The process was addressed separately in the MSG meetings per the minutes with the appointment being based a tender process. The TOR was approved in the MSG meeting held on 2 August 2012. The link to the latest terms of reference is:

http://eiti.ekon.go.id/eng_articleDetail.php?id=41.

Civil society through the PWYP coalition is operational and independent of Government. PWYP and many of their member organisations have their own websites and publications which demonstrates their capacity and commitment to EITI.

Stakeholder views

Generally stakeholders were positive about this process although there was concern expressed by some stakeholders about the length of time taken to arrive at this point. Specifically certain stakeholders attributed delays in the EITI implementation to:

1. Delays in issuing the first and second EITI MDTF grants.
2. A lack of common understanding on how the procurement rules would operate for procuring the Reconciler within Government which was ultimately resolved by the Steering Committee.

3. A lack of understanding by certain members of the MSG about the EITI, that considered that implementing the EITI and the subsequent validation was illegal which was also resolved by the Steering Committee.

Recommendations

The EITI Secretariat should consider how it can more rapidly interact with the World Bank/Government of Indonesia to procure and activate grant funds. The Implementation Team should actively review progress of funding during its meetings.

Further capacity is required within the EITI Secretariat and more broadly the Ministry of Coordinating Economic Affairs with respect to the Government of Indonesia procurement and payments rules.

When significant delays are being experienced or are expected, due to misunderstandings or disagreement within the Implementing Team, the matter(s) should be escalated to the Steering Committee expeditiously.

Assessment

The Government created the MSG on 14 April 2010 via Presidential Decree. The MSG subsequently issued a TOR for the operations of the MSG on 30 August 2012. The MSG held regular meetings throughout the period and they faced challenges including:

- funding issues
- disagreement between the MSG stakeholders
- changes in the chair due to illness

Certain issues were escalated to the Steering Committee for resolution. The requirement has been met.

EITI REQUIREMENT 5

The Multi-Stakeholder Group, in consultation with key EITI stakeholders, should agree and publish a fully costed work plan, containing measurable targets and a timetable for implementation and incorporating an assessment of capacity constraints

Progress

During an Implementation meeting held on 14 July 2010 the first work plan was presented and approved by the MSG. The first work plan was attached to the letter the Coordinating Minister for Economic Affairs, Hatta Rajasa, wrote on 14 September 2010 to the Head of the EITI Secretariat regarding "Request for entrance into EITI Candidacy". The work plan has been updated on an ongoing basis and the latest version of the work plan can be found at http://www.eiti-indonesia.org/uploads/downloadfiles/2012-11-30-45_1_EITI_Indonesia_Work_Plan_2013_desc-tabl-budget.pdf.

The work plan:

- is widely available as it is published in the website
- has clear measurable targets and objectives with clear actions
- addresses the need to build capacity specifically in NGO's and local Government
- establishes the scope of EITI reporting

The initial work plan addresses the need for international funding and the formation of a secretariat. The infrastructure, e.g. offices has been provided by the Government whilst most of the remaining funding has been provided by International donors. The latest work plan details the following funding:

1Q11 to 1Q13 grant funds from EITI MDTF - \$1,050,000

1Q11 to 1Q13 contribution from RI - \$64,470

2Q13 to 1Q14 grant from EITI MDTF - \$1,050,000

Copies of the Fully Costed Work Plan are attached in Appendix A.

The Presidential Regulation RI No.26 2010 (Transparency of National/Local Extractive Industry Revenue)" dated 23 April 2010 is referenced to the Indonesia's Constitution and nine other Laws and Regulations. The only legal obstacle that we are aware of that was identified in the implementation of EITI was a concern by the Directorate General of Taxes that his Ministry was bound by confidentiality legislation that did not permit them to release tax payer information without the permission of the taxpayer. This was addressed by companies agreeing to write to the Directorate General of Taxes authorising the disclosure of their tax information to the Reconciler.

Indonesia was designated an EITI candidate country on 19 October 2010. In terms of the EITI Rules published on 1 November 2011, implementing countries are required to produce their first EITI Report within 18 months. However candidate countries were at very different stages in implementation, therefore countries were grouped according to their circumstances. Indonesia was in

Group 5 (See http://eiti.org/files/Minutes_17th_Meeting_EITI_Board_Amsterdam.pdf). The transitional arrangements for this group state that:

- *“Each country's current Validation deadline will be extended by 6 months to allow countries to bring their EITI reporting in line with the 2011 edition of the EITI Rules;*
- *Validation will be conducted in accordance with the 2011 edition of the EITI Rules;*
- *A country that has made meaningful progress but not achieved compliance will have its candidacy renewed for 18 months, by the end of which it must have completed a Validation that demonstrates compliance with the new Rules. If the country does not achieve Compliant status by the end of the 18 month period it will be de-listed;*
- *Required to meet Requirement 5(e) of the new Rules on regular and timely reporting by 31 December 2012 or the end of their maximum candidacy period, whichever is later. In the interim (prior to 31 Dec 2012), the Board may apply the previously established principle that countries where EITI reporting is irregular and/or the published data is substantially out of date will not be designated Compliant.”*

Publication of a 2009 Report in April 2013 does not meet the requirement for timely EITI Reporting. Indonesia is “required to meet Requirement 5(e) of the new Rules on regular and timely reporting by 31 December 2012 or the end of their maximum candidacy period, whichever is later”. Indonesia’s maximum candidacy period ends in October 2014. As set out in the transitional arrangements: “In the interim ... the Board may apply the previously established principle that countries where EITI reporting is irregular and/or the published data is substantially out of date will not be designated Compliant”.

There have been delays in implementing the work plan which was explained by Dr Bambang Adi Winarso Acting Deputy Coordinating Minister for Energy and Mineral Resources on behalf of the Chairman of EITI Indonesia Multi Stakeholder Group dated 9 April 2013. An extract of the letter is as follows:

“Notwithstanding these and other accomplishments, there are several issues which need to be highlighted:

Procurement:

The EITI Indonesia Implementation Team approved the initial version of the ToR for the Reconciler on 24 August 2011

However, the details of procurement processes presented challenges, including:

- *Agreement of a detailed TOR that meets government procurement requirements;*
- *Agreement of a price standard for the reconciler;*
- *Securing the approval of the World Bank at key junctures, and dealing with internal processes in the coordinating Ministry for Economic Affairs.*

Moreover, just as EITI Indonesia should have been initiating the reconciler procurement process, the person who had been operationally in charge of the EITI for a number of years resigned his position in August 2011. For his two subsequent successors, there was a significant learning process for all involved, in terms of how to comply with Government of Indonesia's procurement rules and the World Bank's procurement rules, which are sometimes not in line with one another."

Additionally, there were other significant delays resulting from feedback from the MSG including a reluctance from the Director-General of Tax to release taxation information due to legislative requirements until such time as a solution was identified.

The minutes of the steering committee meeting held on 10 December 2012 record the requirement for the Second EITI Report for 2010 and 2011 to be completed by December 2013.

With respect to plans to meet the requirement for the next EITI Indonesia report, which will cover the 2010 and 2011 calendar years, to be produced by the end of 2013, the timeline that is current envisaged is by the EITI Secretariat is as follows:

- **June to early July:** Socialize templates with reporting parties. Secure approval of local governments to support submission of reporting templates by 152 locally issued mining licenses (IUP). Make final modifications to reporting templates (for example, prepare the pilot sub-national reporting templates for the province of East Kalimantan and the district of Kutai Kartanegara). Secure final MSG approval for reporting templates.
- **Mid-July:** Secure signature on second EITI MDTF grant. Initiate three month process for procurement of reconciler. Send out reporting templates.
- **Mid-August to early October:** Collect reporting templates.
- **Mid-October:** Sign contract with reconciler.
- **Late December:** Publish second report.

Stakeholder views

There was frustration with delays in implementing EITI from a range of stakeholders. However the majority of stakeholders that we spoke to were supportive of recent progress made and were looking forward to Indonesia achieving EITI compliant status.

Recommendations

The timeframe to complete the second EITI Report covering 2010 and 2011 will be challenging to achieve. The Implementing team should confirm with the EITI Board that a combined 2010 and 2011 report is acceptable. All stakeholders must be committed to meeting this deadline. Specifically the Government must ensure that it enables an efficient procurement and payment process for the Reconciler. Additionally, socialisation of the new templates is a priority to promote understanding of and buy-in for the new templates.

Assessment

There were significant delays in issuing the 2009 EITI Report for the reasons outlined above. The report has been issued and there is an action plan in place to issue the second EITI Report covering 2010 and 2011 before 31 December 2013. Achieving this will be challenging given past performance and the short timeframe to complete. Other than the requirement 5(e), the requirement has been met.

EITI REQUIREMENT 6

The Government is required to ensure civil society is fully, independently, actively and effectively engaged in the process

Civil society's engagement in the design, monitoring and evaluation of the EITI process can be traced back to the first Implementation meeting held on 14 July 2010. CSO representatives in that meeting which approved the work plan were:

- Rezki Wibowo, Deputy Secretary General, Transparency International – Indonesia (TI-I)
- Chandra Kirana, Asia Pacific Regional Coordinator, Revenue Watch Institute (RWI)
- Faisal Basri, Indonesia Research and Strategy Analysts (IRSA)
- Maryati Abdullah, Center for Regional Research and Analysis (PATTIRO)
- Wasingatu Zakiah, Institute for Development and Economic Analysis (IDEA)
- Ridaya La Ode Ngkowe, National Coordinator, Publish What You Pay Indonesia (PWYP-I)

The CSO's continued involvement is evidenced in the various MSG meeting minutes. Evidence of their engagement and contribution to the debate includes articles and references to EITI on various NGO websites and press articles. Examples of press articles include:

- <http://www.thejakartaglobe.com/business/nearly-two-dozen-firms-fail-to-file-transparency-reports/529375>
- <http://www.publishwhatyoupay.org/resources/ngos-question-indonesia%E2%80%99s-commitment-extractive-industries%E2%80%99-transparency>

Through its website <http://www.eiti-indonesia.org/> the MSG communicates with all stakeholders including the CSO's on the progress on EITI implementation, invitations to outreach programs e.g. http://www.eiti-indonesia.org/eng_downloadsdetail.php?cat=6&subcat=0&id=44, media reports, relevant legislation, minutes of the MSG meetings etc.

Section VI of the TOR sets out that invitations to meetings and conferences are required to be sent out at least a week before the meeting with the relevant materials by the Secretariat.

Capacity building amongst CSO's has been provided by the EITI Secretariat through workshops as noted above but also through the CSO's and their members. An example published at <http://www.publishwhatyoupay.org/where/coalitions/indonesia> is "**26 July 2012** – A public discussion on "Extractive Governance Reform Through Oil & Gas Law Revision" was held. It was attended by parliamentarians, representatives from the energy ministry, academics, journalists, CSOs/NGOs and other stakeholders" There are multiple other examples of events designed to create capacity in civil society relating to extractive industries on the various coalition member websites. These various coalition websites and the various press articles demonstrate that CSO's are free to express their opinions on EITI without restraint. All the CSO's we met with stated that they felt they were free to express their opinions without fear of reprisal.

Obstacles to civil society participation in the EITI process were primarily removed through the Presidential Regulation RI No.26 2010 (Transparency of National/Local Extractive Industry Revenue)” dated 23 April 2010.

Civil society has mainly been represented in the EITI process by “Publish What You Pay” Indonesia which is National coalition of approximately 38 civil society organisations. These NGO’s have various backgrounds, with some having affiliations to larger international organisations. Generally based on their websites and discussions with CSO representatives appear to be operational and independent of Government and the companies.

Stakeholder views

Civil society:

- were engaged throughout the process.
- had increased in their knowledge of the extractive industries

Recommendations

PWYP is a broad coalition of CSO across several provinces and represents an important initial step in engaging Civil Society in the Indonesia EITI. There is evidence of a wider debate in the media regarding the EITI but given the size and diversity of Indonesia the Implementing Team should consider broadening Civil Society representation across Indonesia to include more anti-mining organisations, religious groups and academia.

Assessment

Civil Society appears to be actively engaged in the process. This is evidenced by CSO involvement in the Implementing Team, commentary on their websites and the media. The requirement has been met.

EITI REQUIREMENT 7

The government is required to engage companies in the implementation of the EITI

Progress

The main form of engagement of companies from government was in the form of socialization (“sosialisasi”) meetings where the government explained to companies what the EITI is and their reporting obligations under the EITI. These meetings have occurred regularly over the past five years.

Dates of some of the earliest of these meetings included:

- On 2 July 2008, in the Offices of the Coordinating Ministry for Economic Affairs, opened by then-Coordinating Minister for Economic Affairs, Aburizal Bakrie.
- On 4 November 2009 at Hotel Alila, opened by M. Husen, Assistant Deputy Minister for Oil, of the Coordinating Ministry for Economic Affairs, with 20 coal companies in attendance
- On 6 July 2010, at a meeting called by Indonesia Mining Association, held at the offices of Freeport Indonesia, opened by Erry Riyana Hardjapamekas, at that time Head of the Team for the Formation of the EITI Indonesia Secretariat, and still serving as the Indonesian representative on the EITI Board, with about 15 mineral and coal companies in attendance

1. Outreach by the multi-stakeholder group to oil, gas and mining companies, including communications (media, website, letters) informing them of the government’s commitment to implement EITI, and the central role of companies.”

Evidence of this includes:

- Newsletters with forwards by the Head of the Team for the Formation of the Secretariat, and later by the Head of the MSG, have explained to oil, gas and mining projects their obligations to report under EITI, and even gone so far as to name those projects which have and have not reported. These newsletters have been widely distributed to oil, gas and mining company representatives. We were informed that there are approximately 200 companies on the EITI newsletter distribution lists.
- The Head of the EITI Indonesia MSG has sent letters to non-reporting companies, encouraging them to report. And in the case of mining companies, asking them to authorize the DG Tax to report and explaining that if they fail to do so, they will be named as non-reporting or non-authorizing companies in the EITI report.
- The Head of the EITI MSG has issued a press release in which he named the mining projects that had not yet reported
- The EITI Indonesia Secretariat held press conferences to explain to the public the role of oil, gas and mining companies to report under EITI

2. Actions to address capacity constraints affecting companies, whether undertaken by government, civil society or companies.

The evidence includes meetings to build capacity for companies in terms of how to fill out reporting templates and to explain their reporting obligations:

- On 16 and 17 June 2011, for oil and gas and mining companies, at Hotel Ramada, Bali, opened by Deputy Coordinating Minister for Economic Affairs, Wimpy Tjetjep.
- On 7 February 2012, at Hotel Acacia, in Jakarta, opened by Assistant Deputy Coordinating Minister for Oil, Bambang Adi Winarso, attended by 26 mining companies.
- On 3 May 2012, in Directorate General of Minerals and Coal, opened by Director for Development of Minerals and Coal, Tatang Sabbarudin. Meeting attended by 20 coal mining companies. All 20 promise to return their templates by 17 May. Only 8 met the deadline. However, all but one have now returned their templates.
- On 9 May 2012, the EITI Indonesia Project Officer presented at a Directorate General of Minerals and Coal meeting on non-tax revenues for local company representatives and local government officials in Riau Islands province.
- On 18 June 2012, when the Project Officer and the Regulatory Specialist of the EITI Indonesia Secretariat made a special trip to Riau Islands province to explain the EITI template to Gunung Sion, at that time bauxite production unit which had not yet reported.
- On 21 June 2012 in the Office of Minerals and Coal, Kutai Kertanegara District, four members of EITI Secretariat explained how to fill out EITI reporting templates to four of six invited non-reporting coal production units with operations in the District. All six units have now returned their templates.
- On 10 July 2012, when two members of EITI Secretariat presented to a Directorate General of Minerals and Coal socialization on non-tax revenues in Bangka-Belitung Province. Remarks were targeted at two Bangka based tin production units who had not reported at that time, Donna Kembara Jaya and Makmur Jaya. It subsequently transpired that the two firms had closed, and could not report.
- On 6 to 8 August 2012, when a visit by the EITI Indonesia Secretariat was undertaken to Banjarmasin, South Kalimantan province, to meet with coal production units, including two who had not yet at that time returned their EITI reporting templates. A team led by the EITI Secretariat's Regulatory Specialist, Mr. Ronald Tambunan, met with the companies and with the Provincial mining office.

Stakeholder Views

Generally stakeholders were positive about this process although there was concern expressed by some stakeholders about the following:

- Some company stakeholders were surprised to read in EITI Newsletters or the media that they were not co-operating with the EITI process as they were unaware that their company had not met its obligations.
- Certain civil society representatives and Government officials were of the view that the approach of "name and shame" was the only way to ensure that companies complied.

Recommendation

Given the number of entities and the geographical spread of the mineral and coal industry in Indonesia increased effort via outreach programs may be required to further socialise across Indonesia.

Assessment

The above indicates that the requirement has been met.

EITI REQUIREMENT 8

The government is required to remove obstacles to the implementation of EITI

Progress

Common obstacles to the implementation of EITI in Indonesia included conflicting assignments of authority in Government Ministry or Directorates, confidentiality regulations in government, and confidentiality clauses in company contracts as detailed below. The following steps were undertaken by the Government to address this:

- Issuing the Presidential Regulation RI No.26 2010 (National/Local Extractive Industry Revenue)” dated 14 April 2010 is referenced to Indonesia’s Constitutions and nine other Laws and Regulations.
- Obtaining confirmation from companies that they would give written permission to authorise the Director General of Taxes to disclose their tax information to the Reconciler. This was necessary due to a concern by the Director General of Taxes that his Ministry was bound by confidentiality legislation that did not permit them to release tax payer information without the permission of the taxpayer.

Approximately 10 mining entities had failed to return their statements authorizing the Directorate General of Tax to report taxes paid by the units, the EITI Indonesia Secretariat followed up with these units asking them to submit these statements. All but 5 had done per the 2009 EITI Report.

Stakeholder Views

Stakeholders cited the long delays in resolving these obstacles particularly the provision of enabling Presidential regulation and the regulations prohibiting tax disclosure.

Certain companies cited that they have not yet provided permission for the data to be reported on a company by company basis, rather the data should only be used by the reconciler at an aggregate level. Certain oil and gas industry companies commented that they had provided approval for their company information to be published, but reporting templates were only provided to reconcilers so that information could be provided for reporting on an aggregated basis.

The EITI Secretariat stated that as the scope of the first EITI Report would be disaggregated to include project data as approved by the MSG on 24 August 2011 that the feedback provided to us from the companies was in error.

Recommendations

The following areas for improvement may be considered:

- If legislation or regulation permits, it may be appropriate for the DG of Tax to seek approval from the Ministry of Finance to release tax payer information. In the absence of such authority existing, consideration may be given to passing further enabling legislation.
- Increased effort via outreach programs may be required to further socialise mining companies on the Indonesia EITI on matters of perceived ambiguity.

Assessment

The Government removed obstacles to the implementation of EITI as set out above.

The feedback received from certain company stakeholders regarding the reporting of disaggregated data is inconsistent with the commitment made by their representative bodies on the MSG at the meeting held on 24 August 2011. The Reconciler prepared the report based on disaggregated data provided by the companies on the basis consistent with which the MSG had agreed. This requirement has been met.

EITI REQUIREMENT 9

THE MULTI-STAKEHOLDER GROUP IS REQUIRED TO AGREE A DEFINITION OF MATERIALITY AND THE REPORTING TEMPLATES

Progress

- a. Several discussions on the design of the EITI Indonesia templates were held with oil and gas regulators (the former BPMIGAS and DGMIGAS) and the oil and gas industry:
 - On 14 June 2010
 - On 11 November 2010
 - On 16 December 2010
 - On 21 December 2010
 - On 22 December 2010
 - On 23 December 2010
 - On 5 January 2011
 - On 6 April 2011 (organized by the Coordinating Ministry for Economic Affairs, as a trial run to fill out of the templates at the Hotel Salak, Bogor)
 - On 18 April 2011; and
 - On 3 May 2011

NGOs participated actively in all these discussions. Broad agreement was reached with respect to the templates. Final decisions and amendments to the templates were then made in a two day workshop on the island of Bali on 16 and 17 June 2011 with separate sessions for oil and gas projects and mineral and coal projects. The scoping note and reporting templates which define which revenue streams were included in company and government disclosures were agreed formally at the meeting of the MSG on 24 August 2011.

Following the meeting of 24 August 2011, the DG Tax considered that regulations prevented the disclosure of disaggregated tax payer information. After negotiating with the DG Tax, it was agreed that the DG Tax would report taxes paid by mining entities, provided mining entities signed pre-worded statements authorizing the DG Tax to do so. The statement of authorisation was presented to the MSG on 13 January 2012.

- b. Extracted from the scoping note published on the EITI website:

“The decision was taken to require reports from all companies with conveyances of non-tax revenues to the state above certain material levels.

For oil and gas companies, the major non-tax revenues are volumes of oil and gas surrendered to the government by producers, as is required by the production sharing contracts which govern all oil and gas production in the country. Oil and gas surrendered to government by producers falls into two categories. One is the government’s post-cost recovery share of oil and gas. The other is domestic market obligation (DMO) oil surrendered to the state by producers from their share of the split. Any oil and gas company to surrender oil and gas to the state in excess of USD 0 in 2009 will be required

to submit EITI reporting templates for all of its producing Production Sharing Contracts. Based on this criterion, 57 revenue-paying production sharing contracts controlled by all 28 oil and gas producing companies in the country will report.

For mineral and coal companies, the major form of non-tax revenues conveyed to the state are royalties. Any mineral or coal company to surrender royalties to the state in 2009 in an amount in excess of USD 500,000 will be required to submit EITI reporting templates. Based on this criterion, six copper and/or gold companies, seven tin, two bauxite and three nickel companies will report, as will Indonesia's 42 largest coal companies and the 54 production units they control."

The Directorate General of Minerals and Coal proposed giving the EITI Secretariat a list of all companies who had paid royalties above USD 200,000. The list that the Director General of Minerals and Coal provided included a few companies below USD 500,000, but not many. The EITI Secretariat concluded that there were possible problems with the reliability of the list below USD 500,000, therefore it chose USD 500,000 as the proposed cut-off, for reasons of data reliability. The MSG accepted the EITI Secretariat's recommendation.

At the latest meeting of the MSG (28 March), DG Oil and Gas informed the MSG that it would submit figures for MSCF which originated from its agency BPMIGAS (now known as SKKMIGAS). No objections were heard".

The level of disaggregation

Per the scoping note:

"In view of the fact that the Ministry of Finance's LKPP disaggregates individual extractive industry payment streams down to the level of individual reporting production units, it is the recommendation of the Formation Team that Indonesia's first EITI Report should be fully disaggregated, to the level of individual payment types and individual production units"

The time period that will be covered by the first and the subsequent report

Per the scoping note:

"The first report will cover revenues conveyed and collected during calendar year 2009. A second report will cover those conveyed and collected in calendar year 2010."

c. & d.

The decisions made with respect to Revenue Streams to be disclosed, Companies that will report, Government Entities that will report, time period covered by the report, level of aggregation or disaggregation per the scoping note were as follows:

Oil and Gas

*“The oil and gas operators (and, where noted, partners)....will submit templates on the conveyances of the following **oil and gas revenue streams** to the government:*

- *Government share of equity oil (including condensate) and gas surrendered by operators to the government.*
- *Payments by operators to compensate the government for over-lifting of operator's share of equity oil (and condensate) and/or gas (“over-lifting”).*
- *Dollar-denominated increase in current or future year's equity share allocated to operators that under-lifted their share of equity oil (and condensate) and/or gas (“under-lifting”) in the previous year.*
- *Domestic Market Obligation oil surrendered by operators to the government (in exchange for a typically-nominal Domestic Market Obligation fees).*
- *Corporate and dividend tax.*
- *Signature bonus paid by operators.*
- *Production bonus.*

*The following **government entities** will submit templates for **all** oil and gas companies listed in Section 1 for the following revenue streams:*

- ***The Directorate General of Oil and Gas, in the Ministry of Energy and Mineral Resources, will report the:***
 - *volumes of the government's share of equity oil (including condensate) and gas surrendered by reporting PSC operators,*
 - *volumes of DMO oil surrendered by reporting PSC operators,*
 - *value of any signature bonus paid by reporting PSC operators.*
- ***The Executive Agency for Upstream Oil and Gas Business Activities (BPMIGAS), under the authority of which the government's share of equity oil (including condensate) and gas are monetized, will report:***
 - *The dollar value of the government's share of equity oil (including condensate) and gas, whether sold for export or sold domestically under the supervisions BPMIGAS.*
 - *The dollar value of over- and under-lifting*
 - *The dollar value of Domestic Market Obligation fees paid to operators.*
- ***The Directorate for Non-Tax Revenues, in the Directorate General of Budget, in the Ministry of Finance will report:***

- *The dollar value of the government's share of equity oil (including condensate) and gas, whether sold for export or domestically.*
- *The rupiah value of DMO oil purchased by domestic refineries*
- *The dollar value of over- and under-lifting payments.*
- *The dollar value of corporate and dividend tax payments of operators and partners.*
- *The dollar value of production bonuses paid by operators.*
- ***The Directorate for Non-Tax Revenues in the Directorate General of Budget, in the Ministry of Finance will also report its reduction of the government's share of equity oil (including condensate) and gas by the following three revenue categories:***
 - *Land and Building Tax, 10 percent of which will be paid to the central government, and 90 percent of which will be redistributed to local governments.*
 - *Value Added Tax refunds to Operators.*
 - *Local Tax and Retribution, which will be paid to local governments to cover the local tax obligations of the Operator.*
 - *The dollar value of Domestic Market Obligation fees paid to operators.*

Mineral and coal revenues

Mineral & coal production units... will submit templates on the conveyances of the following revenue streams to the government:

- *Mineral and coal royalties*
- *Income tax*
- *Land and building tax*
- *Dead rent a.k.a. land rent*
- *Dividends (paid by the state-owned companies Antam, Timah, and Bukit Asam as well as at least one large private producer, Freeport)*

In addition, mineral and coal producing firms will disclose another 10 types of revenue streams which will not be reconciled.

*The following government entities will submit templates for **all** mineral and coal companies listed in Section 1 for the following revenue streams:*

- ***The Directorate for Development of Minerals and Coal Businesses, in the Directorate General of Minerals and Coal, in the Ministry of Energy and Mineral Resources will report:***

- mineral and coal royalties paid by producers
- dead rent or land rent paid by producers
- **The Directorate for Potential, Compliance and Receipts**, in the Directorate General of Tax, in the Ministry of Finance will report:
 - income taxes paid by mineral and coal producers
 - land and building taxes paid by mineral and coal producers

The Directorate for Non-Tax Revenues, in the Directorate General of Budget, in the Ministry of Finance will report:

- dividends conveyed by state-owned producers and at least one large private producer which is partly owned by the state.”

- e. Payments to Regional and Local Governments by the central government to provincial and district governments

Per our discussions with the EITI Secretariat, their feedback was as follows:

“A strong consensus emerged amongst the technically-oriented and numerate government, industry and CSO members of the MSG about what revenue streams should be in EITI Indonesia's scope, and which should be out.

In what basically amounted to what would be referred to in EITI parlance as a Scoping sub committee of the MSG, it was decided that fees paid by firms to local governments were not material. This was a commonly held position by all government agencies involved in these discussions, and all companies (except Freeport, which at a 6 July 2010 meeting in its offices, sponsored by the Indonesian Mining Association, asked for such revenues to be included if not in current, then in future reports). To be clear, no national data was available then or now on what percentage local revenues make up of total revenues paid by EI companies. So the Team for the Formation of the Secretariat and the World Bank consultants which assisted it could only rely on the statements of the majority of the members of the Scoping Subcommittee that these payments are not material.

However, it was decided that in the case of local fees paid by oil and gas companies and then reimbursed to oil companies by the Directorate of Non Tax Revenues, this amount should be unilaterally reported by the Directorate of Non Tax Revenue. This is why in the Directorate of Non Tax Revenue's reporting template, you can see the third row in the following matrix.

<i>Description</i>	<i>Amount</i>
<i>Land and Building Tax (PBB) – (IDR)</i>	
<i>Value Added Tax (PPN) – (IDR)</i>	
<i>Local Tax and Retribution (PDRD) – (IDR)</i>	
<i>DMO Fee to PSC – (USD)</i>	

Similarly, it was decided that in the case of local fees paid by mineral and coal companies, that these amounts should be unilaterally reported by the companies themselves. This is why in mineral and coal company reporting template, you can see the final two rows in the following template.

I. Revenue streams that will not be reconciled *

<i>Type of revenue</i>	<i>Unit of Currency Paid</i>	
	<i>(IDR)</i>	<i>(USD)</i>
<i>Withholding tax on interest, dividends, royalties, other services, and rent paid to foreign parties (Article 26, Tax Law)</i>		
<i>Withholding tax on interest, dividends, royalties, other services, and rent paid to domestic parties (Article 4, Paragraph 2, Article 15 and Article 23, Tax Law)</i>		
<i>Withholding tax on wages paid to employees (Article 21, Tax Law)</i>		
<i>Value Added Tax (amount unrefunded)</i>		
<i>Other taxes</i>		
<i>Import duties</i>		
<i>Non-tax revenues paid for use of the Forest Zone</i>		
<i>Other non-tax revenues</i>		
<i>Local taxes and retribution</i>		
<i>Other local payments</i>		

These local payments by oil and gas and mining companies were unilaterally reported in 2009, but will not appear in our report.

However, as you know, in the next EITI Indonesia report covering 2010 and 2011, we will begin to pilot decentralized reporting in the province in East Kalimantan and that province's gas and coal rich district of Kutai Kartanegara”

License fees, rental fees, entry fees and other considerations were considered as follows.

“None of these fees were considered to be material in the original EITI Indonesia scoping report ("Implementing the EITI in Indonesia"), or in a joint World Bank-PWC analytical exercise ("White Paper: Some considerations with respect to EITI reporting, reconciliation and publication in Indonesia,"), or in the World Bank's non-published but highly-comprehensive revenue mapping study ("Understanding Revenues Paid to the Indonesian Government by Oil, Gas and Mining Companies") and these findings were taken into account when the scoping note was written for the first EITI Indonesia report. These papers provide the economic rationale for not designating the above-designated smaller revenue streams as material in the scoping note.”

f - In-kind payments

“...discussions amounted to the meetings of a scoping subcommittee of the MSG. During these meetings, a strong consensus emerged amongst the technically-oriented and numerate government and industry and CSO members of the MSG about what revenue streams should be in EITI Indonesia's scope, and which should be out.

The various papers referred to above, and the various intensive discussions referred to above, found that - with regard to "license fees, rental fees, and entry fees," there are none, with the exception of signature bonuses for oil and gas PSCs. The latter is, as you know, included in EITI Indonesia's scope.

With regard to "in-kind payments, infrastructure provision or other barter-type arrangements," there are none. Please see the exhaustive research which went into the Revenue Mapping Study, which lists no payments of this kind.”

g. EITI Indonesia have not included social payments and transfers in the 2009 EITI Report.

h. The EITI Indonesia newsletter for December 2012 published on the website noted the following additional information:

- 1. Companies will report the volumes of oil and gas which they surrender to the government.*
- 2. The Ministry for Energy and Minerals will report the volumes of oil and gas received from the companies.*
- 3. The Executive Agency for Upstream Oil and Gas Business Development (the former BPMIGAS, now renamed “Upstream Oil and Gas Temporary Executive Task Force” and placed within the Ministry for Energy and Mineral Resources) will then report the sale price it received for those volumes of oil and gas.*

4. The Ministry of Finance will report the proceeds gained from the sale which, after some deductions, are deposited in Bank Indonesia.

Amounts above which selected revenue streams will be reported

Per the scoping note:

For PSC operators and partners, government share of equity oil conveyed to the state above one barrel, or government share of equity gas conveyed to the state above one thousand standard cubic feet (MSCF) will be reported. Any individual monetized revenue stream which is conveyed by any oil and gas PSC operator or partner, or mineral or coal production unit, in excess of either IDR 100,000 or USD 10 per year, will be reported.

The degree of disaggregation

Per the scoping note

In view of the fact that the Ministry of Finance's LKPP disaggregates individual extractive industry payment streams down to the level of individual reporting production units (see pages 4 to 13 of this scoping note), it is the recommendation of the Formation Team that Indonesia's first EITI Report should be fully disaggregated, to the level of individual payment types and individual production units.

The time period that will be covered by the first and the subsequent report

Per a EITI Secretariat memo to the Validators:

The first report will cover revenues conveyed and collected during calendar year 2009. A second report will cover those conveyed and collected in calendar year 2010.

The criteria for materiality recommended by the EITI Indonesia Secretariat to the Implementation Team was that all oil and gas projects conveying non-tax revenues to the state in any amount (according the Ministry of Finance's Directorate of Non Tax Revenues) would be considered material, and any mineral and coal projects conveying non-tax revenues to the state in excess of USD 500,000 (according the Directorate General of Minerals and Coal) would be considered material.

The units which met these criteria were listed in the EITI Indonesia scoping note, in descending order, sorted by parent company. The time period for the first report was decided by the MSG in its first meeting (14 July 2010 – meeting notes are attached) to be calendar year 2009. This time period was subsequently specified in the scoping note, which was approved by the Implementation Team in its 24 August 2011 meeting (see 9a above).

Stakeholder Views

Generally stakeholders were positive about this process although there was concern expressed by some stakeholders about the length of time taken to arrive at this point. There was general consensus that this was because of the tax disclosure issues outlined above.

Additionally, some stakeholders were of the view that the templates were unnecessarily complex and that there was not sufficient clarity provided to the companies and Government on how the templates should be completed particularly with respect to cash or accruals basis of accounting.

One of the representatives of the large mining companies commented that there were significant infrastructure transfers from companies to Provincial and District Government for such things as roads and buildings.

Recommendations

The scoping note should be updated and re-approved by the MSG for all changes in scoping made subsequent to the approval of the original scoping note.

The MSG should use an appropriate methodology to determine materiality for future reporting periods.

Additional scoping may be required to assess the impact of in-kind payments particularly where significant infrastructure assets are provided by mining companies to the Government.

Local fees and charges reported in the EITI templates for the 2009 EITI report which were summarised by the EITI Secretariat should not be included as additional appendices to the 2009 EITI Report as the report has already been issued and approved by the MSG. The EITI Secretariat may choose to publish if they deem it appropriate but as an appendix to the EITI Report. The value of the revenue streams appears to be material, and should be included in future reports.

Assessment

- a. The scoping note and reporting templates which define which material revenue streams were included in company and government disclosures were agreed formally at the meeting of the MSG on 24 August 2011.

Following the meeting of 24 August 2011, the DG Tax considered that regulations prevented the disclosure of disaggregated tax payer information. After negotiating with the DG Tax, it was agreed that the DG Tax would report taxes paid by mining entities, provided mining entities signed pre-worded statements authorizing the DG Tax to do so. The statement of authorisation was presented to the MSG on 13 January 2012.

- b. As per a. above the MSG approved the scoping note and reporting templates which defined what material revenue and payment comprises and materiality thresholds. After considerable debate and examination of available information the MSG decided on the scoping note. However, the MSG did not document the options considered and the rationale for establishing thresholds at particular levels. The approach taken by MSG may be considered reasonable given the information available at that point in time. Stronger co-operation between the Government and other MSG stakeholders may enable better decision making resulting a more precise materiality and scoping exercise going forward.
- c. The scoping note:
- i) Includes revenues that Government and Companies must disclose
 - ii) Defines the companies that will report
 - iii) Defines the Government entities that will report
 - iv) Stipulates the time period to be covered by the report
 - v) Stipulates the degree of aggregation and disaggregation for the first EITI Report.
- d. The scoping note addresses the revenue streams set out under this sub- requirement.
- e. We were informed by the EITI Secretariat of the following:
- “The total amount of local fees paid by oil and gas companies and disclosed by government, was USD 79.3 million.*
- The total amount of official and unofficial local fees paid and disclosed by 24 out of 68 mining companies was USD 48.6 million.*
- The total amount of local fees paid by oil and gas companies and disclosed by government will be reported on a disaggregated basis in an appendix to the 2009 EITI Indonesia Report.*
- The total amount of local fees paid and disclosed by mining companies will be reported on a disaggregated basis in an appendix to the Report.”*
- Per our discussions with the Reconciler they did not compile this information but rather this information was compiled by the EITI Secretariat. This information should not be additional appendices to the EITI Report as the report has been issued and approved by the MSG. The EITI Secretariat may choose to publish if they deem it appropriate but as an appendix to the EITI Report. The value of the revenue streams appears to be material, and should be included in future reports.
- f. The scoping note did not address in kind payments
- g. EITI Indonesia did not address social payments and transfers in Scoping Note.
- h. The scoping note included the following additional disclosures:

- i) Companies are to report the volumes of oil and gas which they surrender to the government.
- ii) The Ministry for Energy and Minerals was to report the volumes of oil and gas received from the companies. This did not occur as SSK MIGAS reported these numbers instead.

Certain material revenue streams and payments were not addressed in the scoping note, the MSG has undertaken to address local fees in future EITI reports. Further consideration should be given to addressing in kind payments even though the MSG concluded that they did not exist.

The MSG defined materiality in the scoping note. The methodology used to calculate materiality was not clearly explained in the scoping note.

The 2009 EITI report was the first year that the templates were used. During this process, it transpired that the design of several of these templates was inadequate and the MSG has been working with the stakeholders to revise the templates.

This requirement has been considered to have been met in the context of the following:

- The MSG's commitments to improve future scoping
- The relative value of the amounts reported compared to the omissions

EITI REQUIREMENT 10

THE ORGANISATION APPOINTED TO PRODUCE THE RECONCILIATION REPORT MUST BE PERCEIVED BY THE MULTI-STAKEHOLDER GROUP AS CREDIBLE, TRUSTWORTHY AND TECHNICALLY COMPETENT

Progress

The Reconciler, KAP Gideon, Ikhwan & Sofwan was appointed by the Coordinating Ministry for Economic Affairs on 19 December 2012, and began to receive and reconcile company and government figures shortly thereafter.

Prior to the reconciler's appointment, the MSG approved the appointment at the 30 November 2012 meeting following a tender process. The MSG also approved the Terms of Reference for the reconciler in its 30 November 2012 meeting.

The Validation Team were present at a meeting where the first draft was presented to the MSG and the Reconcilers work was well received.

Stakeholder Views

The stakeholders were generally positive about the work performed by the Reconciler, however certain stakeholders expressed concerns about the time taken to complete the tender process.

Recommendation

The process for appointing the reconciler should be done on a timely basis.

Assessment

The requirement has been met.

EITI REQUIREMENT 11

THE GOVERNMENT IS REQUIRED TO ENSURE THAT ALL RELEVANT COMPANIES AND GOVERNMENT ENTITIES REPORT

Progress

The government is required to do one of the following:

1. "Introduce/amend legislation making it mandatory that companies report as per the EITI Criteria and the agreed reporting templates" - No legislation has been either proposed (by an actual legislator) or passed with language pertaining to EITI Indonesia.
2. "Introduce/amend relevant regulations making it mandatory that companies report as per the EITI Criteria and the agreed reporting templates" - Presidential Regulation 26/2010, Article 14 (1), state that it is mandatory for EI firms to report. This regulation does not have any sanctions if companies do not report, therefore reporting may be considered optional.
3. "Negotiate agreements (such as Memoranda of Understanding and waiver of confidentiality clauses under production sharing agreements) with all companies to ensure reporting as per the EITI Criteria and the agreed reporting template" - No MOU was put in place but an agreement has been negotiated with the Directorate General of Tax whereby pre-designed forms filled out by mining production units authorize the Directorate General of Tax to release the confidential taxpayer information of those production units to the MSG.
4. "Where companies are not participating, the government is taking generally recognized (by other stakeholders) steps to ensure that these companies report by an agreed (with stakeholders) date." Generally recognised steps were taken to ensure that companies report by an agreed date. For example:
 - i. On 3 May 2012, in the Directorate General of Minerals and Coal, opened by Director for Development of Minerals and Coal, Tatang Sabaruddin, a meeting was held for 20 (at that time non-reporting) coal production units. All 20 promised to return their templates by 17 May. Only 8 met the deadline (a clear demonstration of the limits to the regulatory reach of the central government). However, all have now reported, except one.
 - ii. On 9 May 2012, the government's EITI Indonesia Project Officer emphasized the importance of reporting at a Directorate General of Minerals and Coal meeting on non-tax revenues in Riau Islands province.
 - iii. On 18 June 2012, the Project Officer and Regulatory Specialist of the EITI Indonesia Secretariat made a special trip to Riau Islands province to attempt to secure the return of the EITI template from Gunung Sion, at that time a non-reporting bauxite production unit.
 - iv. On 21 June 2012, in the Office of Minerals and Coal, Kutai Kertanegara District, four members of EITI Secretariat explained templates to four (of six invited) non-reporting coal production units with operations in the district. All six have now submitted their reporting templates.
 - v. On 10 July, two members of EITI Secretariat presented to a Directorate General of Minerals and Coal meeting on non-tax revenues in Bangka-Belitung province. Remarks were targeted at two Bangka based tin production units who had not reported at that time, Donna Kembara Jaya and Makmur Jaya. It subsequently transpired that the two firms had closed.
 - vi. On 6 to 8 August 2012, a visit was undertaken to Banjarmasin, South Kalimantan province, to meet with coal production units in that province, including two that had not

- yet, at that time, returned their EITI reporting templates. The team led by the EITI Secretariat's Regulatory Specialist, Mr. Ronald Tambunan, met with the companies and with the provincial mining office.
- vii. On 5 September 2012, the Head of the MSG sent a letter to all remaining non-reporting mineral and coal projects, instructing them to return their reporting templates. All but one have done so.

As outlined in Requirement 9 above, the scoping note defined the companies that were material. For the 2009 EITI Report the EITI Secretariat worked with information provided by the DG Minerals and Coal to determine which mineral and coal companies would be scoped in.

The following issues regarding the completeness of the companies and government entities asked to report were identified in the 2009 EITI Report and through discussions with the stakeholders:

PSC Partners

20 PSC partners were not required to report. There was no evidence that these partners were contacted and formally requested to report. These PSC partners pay taxes and therefore should have been required to complete templates.

ESDM

The reconciler was not satisfied that ESDM was the correct Government entity to provide details royalties, sales revenue share and dead rent:

“The payments reported by the mining entities for royalties, sales revenue share and dead rent should in our view be confirmed with the Government entity which is responsible for reconciling the related State Treasury accounts in Bank Indonesia to which such payments are made. ESDM’s monitoring role over such payments does not appear to achieve the Reconciler’s understanding of the EITI requirements to agree payments made by the originating party in this case the mining entities, with the Government entity in the best position to monitor receipt of such payments.”

Director General of Oil and Gas (Migas)

Whilst the Reconciler was preparing their report the DG Oil and Gas which was responsible for reporting oil and gas volumes and values stated that they could not provide accurate data. Instead SSK Migas reported this data.

The TOR for the IT Specialist of the EITI Indonesia Secretariat includes a requirement that the incumbent provide recommendations for how to create the computer architecture to allow for on line disclosure of extractive revenue payments by companies and receipts by governments. The first IT Specialist did provide written recommendations to that effect, but his contract was discontinued before these recommendations could be evaluated or implemented. His replacement will provide similar recommendations, and if they are workable, they will be forwarded to the MSG for its consideration.

It is currently planned commencing the year end 2013, that industry and government reporting entities will be requested to submit their EITI Indonesia reporting templates, covering calendar years 2010 and 2011, to a single site in the Presidential Delivery Unit “UKP4”.

Stakeholder Views

Generally stakeholders were positive about this process. Due to the significant revenue flows to the provinces and districts there was widespread consensus that provinces should report their revenues and transfers received.

Recommendations

To ensure that all companies that paid USD 500,000 or more are sent reporting templates to complete, the EITI Reconciler should initially obtain a list of all companies from the DG Coal and Minerals that paid USD 500,000 or more during the reporting year.

This information may also be obtained from the Ministry of Finance, see stakeholder views under Requirement 15.

Assessment

The key issues are summarised as follows:

Issue	Impact on Requirement
<p>20 PSC partners were not required to report. There was no evidence that these partners were contacted and formally requested to report. These PSC partners pay taxes and therefore should have been required to complete templates.</p>	<p>The impact of this is reflected in the differences between that amounts reported in the EITI Report on the various Oil and Gas taxes. If there is evidence that these partners were requested to report and they did not, this would impact on Requirement 14.</p>
<p>The reconciler was not satisfied that ESDM was the correct Government entity to provide details of royalties, sales revenue share and dead rent.</p>	<p>Whilst the Reconciler expresses concerns about the completeness of the population when using ESDM’s data, the Reconciler does not express an opinion that any material royalties, sales revenue share and dead rent were omitted.</p>
<p>Whilst the Reconciler was preparing their report the DG Oil and Gas which was responsible for reporting oil and gas volumes and values stated that they could not provide accurate data. Instead SSK Migas reported this data.</p>	<p>The 2009 EITI Report was approved by the Implementing Team and therefore the late change in Government reporting entity was in effect approved.</p>

This requirement has been met with the exception of the 20 PSC partners who were not required to report.

EITI REQUIREMENT 12

THE GOVERNMENT IS REQUIRED TO ENSURE THAT COMPANY REPORTS ARE BASED ON ACCOUNTS AUDITED TO INTERNATIONAL STANDARDS.

Progress

The Minutes of Meeting for 24 August 2011 and 21 March 2012 recorded limited discussion on the application of audit standards for the Government and Companies. The reporting templates were approved on the 24 August 2011.

The approved reporting templates required the following:

Oil and Gas Companies

Oil and gas PSC Reporting Partners - Financial and volume information, other than tax information
Reporting Template wording: I certify that the content of the foregoing submission is correct, independent and consistent with the mechanism stipulated in the production sharing contract and already reported in Financial Quarterly Reports, which are audited by an independent auditor.

Oil and gas PSC Reporting Partners - Tax information
Reporting Template wording: I certify that the content of the foregoing submission is correct, independent and consistent with the annual corporate income tax report and the amount has been audited by an independent auditor.

For minerals and coal companies

Reporting Template wording: I certify that the content of this submission is true and based on financial statements audited by a public accounting firm or an independent auditor.

Auditing Standards in Indonesia

According to the Indonesian Institute of Certified Public Accountants:

http://www.iapi.or.id/iapi/artikel/seputar_iapi/indonesia_segera_adopsi_international_standard_on_auditing.php

“International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board will soon be adopted in Indonesia and implemented by a public accountant to conduct an audit of financial statements for periods beginning on or after January 1, 2013. Adoption was conducted as part of the process to meet one grain Statement of Membership Obligation of the International Federation of Accountants, which must be obeyed by the Public Accountant profession in Indonesia. ”

According to the Report On the Observance Of Standards And Codes (ROSC) Indonesia Accounting And Auditing March 8, 2010 (updated in April 2011) issued jointly by the World

Bank and the IMF - *“Current Indonesian auditing standards are based on the auditing standards issued by US AICPA”*

Stakeholder Views

Company representatives indicated that submissions were to be made on cash basis and audited company financial statements are prepared on an accruals basis consistent with local or international accounting frameworks. Therefore company submissions would have to be separately audited on a cash basis which was not the approach selected by the MSG.

Recommendations

Having a separate audit for payments reported in templates in addition to normal company audits may not be practical.

If an appropriate reconciliation between submissions on a cash basis and audited financial statements is considered practical, then the templates should be amended to include this reconciliation. This may be enhanced by Indonesia’s move to adopt International Auditing Standards.

Discussions should be entered into with the company auditors by the companies to determine a practical manner for auditing volume disclosures included the templates if the MSG decides to retain this disclosure moving forward.

The Reconciler provided the following recommendation:

‘That the audit wording stipulated in Reporting Templates for future EITI projects be amended to accurately reflect the scope of any audit performed by Public Accounting firms, BPMIGAS and/or the BPKP, or the BPK in relation to the specific information included in Reporting Templates’

Assessment

The minutes of MSG meetings record only limited discussions on how company reports are to be based on accounts audited to international standards on auditing. The issue of compliance was addressed by including statements of adherence as set-out above. As reported in the 2009 EITI report, the following issues were highlighted:

The 2009 EITI Report included the following matters relating to audit certifications included in the report:

Agreed reporting template	Issue
<p>The template included the following declaration for Oil and gas PSC Reporting Partners - Financial and volume information, other than tax information:</p> <p><i>I certify that the content of the foregoing</i></p>	<p>The certifications in the reporting templates were amended, examples of responses per Reporting Templates - Summary page, where the ‘standard wording’ was not utilized:</p> <p>- <i>The wording “which are audited by an</i></p>

<p><i>submission is correct, independent and consistent with the mechanism stipulated in the production sharing contract and already reported in Financial Quarterly Reports, which are audited by an independent auditor.</i></p>	<p><i>independent auditor” is deleted</i> <i>- The wording “which are audited by an independent auditor” is replaced with “which are audited by Government auditor”</i></p>
<p>The template included the following declaration for Oil and gas PSC Reporting Partners - Tax information:</p> <p><i>I certify that the content of the foregoing submission is correct, independent and consistent with the annual corporate income tax report and the amount has been audited by an independent auditor.</i></p>	<p>Example of a response per Reporting Templates - Tax page, where the ‘standard wording’ was not utilized:</p> <p><i>- The wording “and the amount has been audited by an independent auditor” is deleted</i></p>
<p>The template included the following declaration for Minerals and Coal Companies:</p> <p><i>I certify that the content of this submission is true and based on financial statements audited by a public accounting firm or an independent auditor.</i></p>	<p>Examples of responses per Reporting Templates, where the ‘standard wording’ was not utilized:</p> <p><i>“- I certify that the above date submission is true based on a cash basis</i> <i>- I certify that the above date submission is true and based on financial statements audited by a Public Accounting Firm or an Independent Auditor”</i></p>

In some instances the standard wording was not utilised by the companies and government but rather reflected actual audit practices for those entities. The extent of non-compliance was not quantified in the 2009 EITI Report.

The Reconciler has made the following observation in the 2009 EITI Report:

“The audit statements wording specified in the Reporting Templates is not appropriate in certain instances e.g. oil and gas information for which the 2009 EITI reporting basis was the FQRs. The Reconciler is not aware of any instances where a Public Accounting firm audits a FQR during the course of a standard scope financial statement audit and issues an ‘audit opinion’ on FQR information. PSC FQR information is subject to audit by BPMIGAS and the BPKP and hence PSC Reporting Partners who signed the standard 2009 Reporting Template audit wording “I certify that the content of the foregoing submission is correct, independent and consistent with the mechanism stipulated in the production sharing contract and already reported in Financial Quarterly Reports, which are audited by an independent auditor”, did not comprehend the standard scope of a Public Accountant’s audit of financial statements.”

Indonesian company law (Law No. 40 of 2007) imposes a requirement for the financial statements of companies with assets of Rp50 billion (approximately US\$5,000,000) or more, to be audited.

Requirements for audits of Indonesian entities are also set out in a Ministry of Industry and Trade (MoIT) regulation, which requires companies with balance sheet totals of Rp25 billion (approximately US\$2,500,000) or more, to be audited and to lodge audited annual financial statements with the MoIT.

There is no legislation requiring data submitted for EITI purposes to be audited to international standards.

The company completion of the agreed reporting templates were practical responses to providing audit representations for the reported numbers.

Although the legislation requiring company audit exists there is no evidence that the information provided in the reporting templates was subject to audit other than when companies confirmed that this occurred.

EITI REQUIREMENT 13

THE GOVERNMENT IS REQUIRED TO ENSURE THAT GOVERNMENT REPORTS ARE BASED ON ACCOUNTS AUDITED TO INTERNATIONAL STANDARDS.

Progress

The BPK and the BPKP are required to conduct audits in accordance with State Financial Standards (Standar Pemeriksaan Keuangan Negara). This auditing standard includes audits of an entity's compliance with applicable Government regulations and an expression of opinion on an entity's internal controls.

The State Financial Standards are based on international norms as they make reference to other international standards.

The BPK is a member of INTOSAI who introduced the first complete set of ISSAIs in 2010. These guidelines provide that International Standards on Auditing is a common frame of reference for Public Sector Auditing.

The reporting templates for Government reporting entities required the following certification:

"I certify that the information conveyed above is true and is consistent with the standard government auditing procedures"

Stakeholder views

Stakeholders were generally satisfied with this process.

Recommendations

INTOSAI has called upon its members to:

- Use the ISSAI framework as a common frame of reference for public sector auditing;
- Measure their own performance and auditing guidance against the ISSAIs;
- Implement the ISSAIs in accordance with their mandate and national legislation and Regulations

[http://www.issai.org/media\(1075,1033\)/Purpose_and_authority_of_the_INTOSAI's_professional_standards.pdf](http://www.issai.org/media(1075,1033)/Purpose_and_authority_of_the_INTOSAI's_professional_standards.pdf)

The MSG should engage with the BPK to understand their process of adopting INTOSAI's auditing Guidelines, the ISSAI Guidelines.

Assessment

The BPK is responsible for auditing government entities. Government reporting entities are audited by the BPK based on State Financial Standards. The data submitted by the Government reporting entities is included within the financial statements of the Government. The 2009 financial statements of

Government were audited by BKP. However there is no evidence that the specific data submitted by the Government Reporting entities to the Reconciler was subject to audit.

EITI REQUIREMENT 14

COMPANIES COMPREHENSIVELY DISCLOSE ALL MATERIAL PAYMENTS IN ACCORDANCE WITH THE AGREED REPORTING TEMPLATES

Progress

Per the 2009 EITI Report:

“COMPLETENESS AND ACCURACY OF DATA

There were three mining entities which did not submit 2009 Reporting Templates to the EITI Indonesia Secretariat. The Reconciler was unable to contact such entities. The only information reported by ESDM for such entities involved royalties, which amounted to US\$2,451 ('000) or approximately 0.21% of royalties reported by ESDM for mineral and coal entities included in the 2009 EITI mining scope.

The PSC Reporting Partners, mining entities and Government entities were required to submit total information in original currencies and volumes in their Reporting Templates. Accordingly, for the significant number of differences in the information provided by the Covered Entities pertaining to Government revenue streams, detailed information needed to be obtained by the Reconciler to provide a basis for investigation of differences and reconciliation to the extent achievable within the Reconciler's contractual time frame. The effort involved in obtaining detailed information from the Covered Partners proved to be extremely time consuming and as at the date of this Report, not all of the detailed information requested by the Reconciler had been received.

The oil and gas revenue stream information is based on the 2009 Financial Quarterly Reports (FQRs) of the PSC Reporting Partners, and is on a partial cash and a partial accrual basis of accounting for 2009 Government liftings activity including DMO oil, 2009 corporate income tax and dividend tax/branch profits tax and 2009 DMO fees. 2009 overliftings/underliftings are reported on an accrual basis. Only bonuses are reported on a cash basis.

Audits of 2009 PSC Financial Quarterly Report information in 2010 by BPMIGAS and the BPKP involved numerous audit findings and the subsequent resolution thereof resulted in many differences between the information per Reporting Templates submitted by PSC Reporting Partners and the corresponding information reported by BPMIGAS and/or PNBP. Certain of these findings involved significant financial impacts and a number of these findings had not been resolved at the time reporting templates were submitted to the EITI Indonesia Secretariat in the 4th quarter of 2011, or in the 1st and 2nd quarters of 2012. The Reconciler is aware of one major 2009 overlifting adjustment which is still in process of resolution as at the date of this Report.

There are many reasons for the initial differences identified in the detailed oil and gas and mining schedules in Sections 6 and 7, respectively of this Report, including, but not limited to:

Oil and Gas and Mining Sectors

1. *Lack of attention to detail by the preparers of Reporting Template information, and inadequate review by management level personnel prior to submitting Reporting Template information to the EITI Indonesia Implementation Team.*
2. *Inadequate understanding of the information required to be submitted in Reporting Templates.*
3. *Reporting incomplete information.*

Mining Sector

1. *Amounts in the ESDM Reporting Template not in agreement with the underlying ESDM Excel worksheets information for royalties, sales revenue share and dead rent.*
2. *Amounts not being reported in original currencies.*
3. *Reporting on an accrual basis, instead of a cash basis.*
4. *The DG Tax not being provided with authorization letters by certain mining entities, or in certain cases, mining entities' authorization letters being determined by the DG Tax as not including appropriate tax number (NPWP), or tax object number (NOP) in the case of land and buildings tax information, respectively. In these circumstances the DG Tax is not in a position to release corporate income tax and land and buildings tax information pertaining to taxpayers.*

Tax Authorisations

Per the 2009 EITI Report:

“Reconciler’s notes:

- (a) A reporting template was transmitted by the Indonesian EITI Secretariat to PT Timah (Persero) Tbk (“Timah”), a holding company. Timah’s operating subsidiary involved in tin mining operations is PT Tambang Timah and both of these entities submitted reporting templates to the EITI Indonesia Secretariat. The combined Reporting Template amounts for these two companies have been presented in this Report under the name of PT Timah (Persero) Tbk.*
- (b) These entities did not submit Reporting Templates to the EITI Indonesia Secretariat.*
- (c) These entities have not provided letters to the DG Tax authorizing the release of their tax information for 2009 EITI reporting purposes.*
- (d) These entities have not provided authorization letters to the DG Tax, which are deemed to be effective for the purpose of releasing their corporate income tax information for 2009 EITI reporting purposes. Refer also to f) and g) below.*
- (e) These entities have not provided authorization letters to the DG Tax, which are deemed to be effective for the purpose of releasing their land and buildings tax information for 2009 EITI reporting purposes.*
- (f) This entity maintains that a tax authorization letter was provided to the Indonesian EITI Secretariat. The DG Tax has not received such tax authorization letter from the Indonesian EITI Secretariat.*
- (g) On the basis of discussions between the DG Tax and the Reconciler in the week commencing March 18, 2013, the Reconciler was requested to obtain tax authorization letters from 18 mining entities to enable the DG Tax to disclose corporate income tax information for these entities. 10*

mining entities provided tax authorization letters to the Reconciler, as follows:

- 1) These 9 mining entities provided tax authorization letters which were provided to the DG Tax by March 22, 2013. No corporate income tax payment information was provided by the DG Tax to the Reconciler for these 9 entities, and for Report purposes, these 9 tax payers have been deemed as not having provided tax authorization letters to the DG Tax.
 - 2) This mining entity provided a tax authorization letter to the Reconciler on March 25, 2013, which was not provided to the DG Tax since the deadline given by the Reconciler for receipt of tax authorization letters was March 22, 2013.
- (h) This entity's largest royalty amount involves nickel production.

(a) (b) (h) do not refer to tax authorisation but are included for completeness

Specifically in relation to the Tax Authorisation of Mineral and Coal Taxes

As per the 2009 EITI report:

The unreconciled differences amount for taxes does not include any difference with respect to corporate income tax payments reported by mining entities in the amount of US\$9,223.42 (000) (for minerals) and US\$88,808.31 (000) (for coal), and land and buildings tax payments in the amount of US\$1,242.77 (000) (minerals - US\$530.54 (000) and coal - US\$712.23 (000)) since the respective mining entities have not provided tax authorization letters to the DG Taxation, or the DG Taxation believes the correct tax numbers (NPWPs) have not been provided by the companies in their authorization letters. Accordingly, there is currently no basis of comparison between the tax amounts for these mining entities and the corresponding tax amounts per DG Tax.

Reporting entities did not submit completed templates directly to the Reconciler

The EITI Secretariat initially collected the reporting templates from the reporting entities. They then forwarded the initially completed templates to the Reconciler.

Audit certifications

The 2009 EITI Report included the following matters relating to audit certifications:

Agreed reporting template	Issue
<p>The template included the following declaration for Oil and gas PSC Reporting Partners - Financial and volume information, other than tax information:</p> <p><i>I certify that the content of the foregoing submission is correct, independent and consistent with the mechanism stipulated in the production sharing contract and already reported in Financial Quarterly Reports, which are audited by an independent auditor.</i></p>	<p>The certifications in the reporting templates were amended, examples of responses per Reporting Templates - Summary page, where the 'standard wording' was not utilized:</p> <ul style="list-style-type: none"> - The wording "which are audited by an independent auditor" is deleted - The wording "which are audited by an independent auditor" is replaced with "which are audited by Government auditor"
<p>The template included the following declaration for Oil and gas PSC Reporting</p>	<p>Example of a response per Reporting Templates - Tax page, where the 'standard</p>

<p>Partners - Tax information:</p> <p><i>I certify that the content of the foregoing submission is correct, independent and consistent with the annual corporate income tax report and the amount has been audited by an independent auditor.</i></p>	<p>wording' was not utilized:</p> <p><i>- The wording "and the amount has been audited by an independent auditor" is deleted</i></p>
<p>The template included the following declaration for Minerals and Coal Companies:</p> <p><i>I certify that the content of this submission is true and based on financial statements audited by a public accounting firm or an independent auditor.</i></p>	<p>Examples of responses per Reporting Templates, where the 'standard wording' was not utilized:</p> <p><i>"- I certify that the above date submission is true based on a cash basis</i></p> <p><i>- I certify that the above date submission is true and based on financial statements audited by a Public Accounting Firm or an Independent Auditor"</i></p>

In some instances the standard wording was not utilised by the companies and Government but rather reflected actual audit practices for those entities.

Stakeholder views

Per our discussions with the companies, certain companies informed us that the forms were not necessarily easy to understand and requested greater clarity on how to complete the templates.

There was a consistent feedback from Company and Government stakeholders that there was uncertainty as to whether the reporting templates should be completed on a cash or accrual basis.

Recommendation

Reporting templates

The Reconciler recommended that:

- *"the agreed reporting templates may need to be revised; and*
- *the audit wording stipulated in Reporting Templates for future EITI projects be amended to accurately reflect the scope of any audit performed by Public Accounting firms, BPMIGAS and/or the BPKP, or the BPK in relation to the specific information included in Reporting Templates."*

The objective of any revisions should include greater clarity and simplicity of the agreed reporting templates. Additionally, the wording stipulated in the reporting templates will need to reflect the audit scopes performed for companies.

Reconciler to receive and collate templates

To maintain the independence of the Reconcilers, the completed agreed reporting templates should in future be submitted directly to the Reconciler for collation.

Assessment

Not all material company payments reported, the value of unreported payments as a percentage of the total reported revenue is:

Minerals and Mining

Scoped in Companies by Number and Value who did not report

Details	Number of Companies	Value per Government (USD Million)
Total Number of Companies Scoped for Reporting	129	24,228
Total Number of Companies that did not report	3	2.5
Percentage of total that did not report	2.3%	0.01%

Per discussions with the Reconciler and the EITI Secretariat two of these companies had ceased operations between the end of 2009 and the 2009 EITI reporting process. This may be an indication that the scoping included companies that should not have been included or just that the company ceased operations. In the event that the company ceased operations further information may be sort to check that this occurred.

Per discussions with the Reconciler and the EITI Secretariat one of these companies did not report as requested.

Scoped in Companies by Number and Value with issues with tax authorisations

Details	Number of Companies	Value per Government (USD Million)
Total Number of Companies Scoped for Reporting	129	24,228
Total Number of Companies whose complete information was not provided by the 2009 EITI Report	23	99.3
Percentage of total not reported	17.8%	0.4%

The 23 entities that did not submit tax authorisations are categorised as follows:

2	(c)
3	(c), (g-1)
5	(d)
2	(d), (e)
2	(d), (e), (g-1)
1	(d), (e), (g-2)
4	(d), (g-1)
4	(e)
<hr/>	
23	

Extracted from pages 78-79 2009 EITI Report:

(a) A reporting template was transmitted by the Indonesian EITI Secretariat to PT Timah (Persero) Tbk (“Timah”), a holding company. Timah’s operating subsidiary involved in tin mining operations is PT Tambang Timah and both of these entities submitted reporting templates to the EITI Indonesia Secretariat. The combined Reporting Template amounts for these two companies have been presented in this Report under the name of PT Timah (Persero) Tbk. (Issue not applicable, extracted for completeness)

(b) These entities did not submit Reporting Templates to the EITI Indonesia Secretariat.

(c) These entities have not provided letters to the DG Tax authorizing the release of their tax information for 2009 EITI reporting purposes.

(d) These entities have not provided authorization letters to the DG Tax, which are deemed to be effective for the purpose of releasing their corporate income tax information for 2009 EITI reporting purposes. Refer also to f) and g) below.

(e) These entities have not provided authorization letters to the DG Tax, which are deemed to be effective for the purpose of releasing their land and buildings tax information for 2009 EITI reporting purposes.

(f) This entity maintains that a tax authorization letter was provided to the Indonesian EITI Secretariat. The DG Tax has not received such tax authorization letter from the Indonesian EITI Secretariat.

(g) On the basis of discussions between the DG Tax and the Reconciler in the week commencing March 18, 2013, the Reconciler was requested to obtain tax authorization letters from 18 mining entities to enable the DG Tax to disclose corporate income tax information for these entities. 10 mining entities provided tax authorization letters to the Reconciler, as follows:

1) These 9 mining entities provided tax authorization letters which were provided to the DG Tax by March 22, 2013. No corporate income tax payment information was provided by the DG Tax to the Reconciler for these 9 entities, and for Report purposes, these 9 tax payers have been deemed as not having provided tax authorization letters to the DG Tax.

2) This mining entity provided a tax authorization letter to the Reconciler on March 25, 2013, which was not provided to the DG Tax since the deadline given by the Reconciler for receipt of tax authorization letters was March 22, 2013.

(h) This entity's largest royalty amount involves nickel production (Issue not applicable, extracted for completeness)

Reporting by Oil and Gas Entities

Issue	Reference
All 57 PSC Reporting Partners reported.	Note (a) on page 72 of the Report for the definition of this category of reporting entity
Of the 76 PSC participants i.e. non-PSC Reporting Partners (which were only required to report Corporate Income Tax and Dividend/Branch Profits Tax.	Note (a) page 72 of the Report for this number of reporting entities
20 PSC participants did not report tax payments, when there should have been tax payments, since the respective PSC Reporting Partners reported tax payments.	13 in Section 6.2 1/1, and 7 in Section 6.2 1/2 of the Report. This is indicated by a tax number in Column 7, with no tax number in Column 6.
Tax Authorisation - PSC Partners were not required to provide Tax Authorization letters.	The reporting party is the PNBP (Directorate of Non-Tax Revenues) and not the Directorate General of Taxation.

Audit authorisation

A qualitative consideration when considering whether or not the templates were completed correctly were the numerous templates that were completed that had the audit wording changed or deleted from the approved reporting templates. This issue would have less impact had the MSG approved a plan to move to adoption of audited data for templates rather than the approach adopted. The 2009 EITI Report does not record the number of instances of non-compliance.

In summary, this requirement is met given the relative value of the amounts not reported by Companies as set-out above.

EITI REQUIREMENT 15

GOVERNMENT AGENCIES COMPREHENSIVELY DISCLOSE ALL MATERIAL REVENUES IN ACCORDANCE WITH THE AGREED REPORTING TEMPLATES

Progress

Gas Volumes

Gas Volumes were initially provided by ESDM. There were significant differences between the PSC reporting parties and ESDM's data. This occurred because ESDM's volumes were derived and therefore wouldn't be able to be reconciled to the PSC reporting parties volumes. Consequently BP Migas provided the gas volumes to the reconciler.

The 2009 EITI Report does not include the aggregate of each revenue streams for mineral and coal companies that were scoped out as immaterial. The Government is currently assessing what companies have "clean and clear" mining licenses. At the time of writing there were approximately half of the expected 11,000 issued licenses have been designated "clean and clear". Until this process is finalised the Government will not have complete information on which companies have clean and clear licenses for Minerals and Coal.

Stakeholder Views

Per our discussions with the Director General of Migas, the appropriate volume data should be obtained from SSK Migas as the managing operator of the PSCs.

There was wide consensus that the regulations preventing the DG of Tax disclosing tax payer information caused delays.

Per the Director General of Tax, the database managers in the Directorate who manage the receipts data would be the appropriate point of contact for identifying tax revenues.

Per our discussions with the Director General of Minerals and Coal, the body responsible for receiving Mining Royalties and Contractor Revenue Share into the Treasury account is the Ministry of Finance and therefore should provide receipts data for non-tax mineral and coal revenues.

Recommendation

Non-Disclosure of Tax Information

In the absence of enabling legislation the Minister of Finance if appropriately authorised, may need to approve all necessary disclosures of tax payer information for future EITI Reports. If it is not envisaged that this will be a practical solution, the MSG should establish why companies did not authorise disclosure of information and provide an appropriate course of action moving forward.

Reporting Entities

The MSG should establish which government reporting entities should report.

Aggregate of Mineral and Coal Revenue Entities scoped out as Immaterial

The DG of Minerals and Coal (or the Ministry of Finance) should provide the aggregate revenue for Minerals and Coal companies that were scoped out as immaterial. This number should be reported in future EITI reports.

Assessment

ESDM's reporting data was reported by SSK Migas. While the process undertaken was not in accordance with the initially agreed upon process, the reporting template was completed. As detailed in 14 above, there were instances where the Directorate General of Taxation did not report all tax paid by Companies.

The 2009 EITI Report does not disclose the value of the total amounts received by Government for Minerals and Coal. Accordingly users of the report are unable to determine if amounts received by the reporting entities provide sufficient coverage. However the reporting entities reported as requested by the Implementing Team.

EITI REQUIREMENT 16

The multi-stakeholder group must be content that the organisation contracted to reconcile the company and government figures did so satisfactorily.

Progress

The MSG approved the report on 22 April 2013.

Stakeholder views

The Implementing Team issued the following feedback about the EITI Report:

http://www.eiti-indonesia.org/eng_newsdetail.php?cat=3&subcat=0&id=81

Assessment

The requirement has been met.

EITI REQUIREMENT 17

The reconciler must ensure that the EITI Report is comprehensive, identifies all discrepancies, where possible explains those discrepancies, and where necessary makes recommendations for remedial actions to be taken.

Progress

The Reconciler has made a number of recommendations. At this point in time the MSG has not had sufficient time to respond to the Reconciler's recommendations. The recommendations made were as follows:

"Cash Basis

That a cash basis of accounting be adopted as the reporting basis for all oil and gas Government revenue streams for future EITI projects.

Format of the Reporting Templates

1. *The Reporting Templates for future EITI projects need to be designed to require information in sufficient detail to be reported by the Covered Entities, to facilitate reconciliation of differences in information reported by the Covered Entities and to eliminate to the extent possible, the need for the Reconciler to approach the Covered Entities for detailed information.*

That the services of a Public Accounting Firm be retained to assist the EITI Indonesia Implementation Team to review the format of the Reporting Templates, including the proposed audit statements in relation to Reporting Template information, to obtain assurance that the Reporting Templates are designed to capture required data in sufficient detail to facilitate resolution of any differences between Reporting Template responses involving corresponding data by the respective parties.

That the tax sections of the proposed reporting templates for both mining entities and DG Tax be presented to and discussed with DG Tax personnel, including IT personnel, to obtain assurance that the payment information for corporate income tax (Article 22, 23, 25 and 29 and tax assessments) and land and buildings tax to be provided by the DG Tax for future EITI projects can be provided, as long as appropriate tax authorization letters are provided by taxpayers for both corporate income tax, and land and buildings tax.

2. *The Reporting Templates should require the PSC Operators/Reporting Partners to detail tax payments for each PSC participant based on their percentage interest in the PSC. The PSC Operators/Reporting Partners should only be required to confirm their tax payments. The PSC non-operating partners should be required to complete Reporting Templates for their tax payments information and to forward their completed Reporting Templates to the PSC Operators/Reporting Partners. The PSC Operators/Reporting Partners in turn should be required to submit Reporting Templates for their tax information, together with Reporting Templates for the nonoperators' tax information to the EITI Secretariat.*

Use of Example Templates

That completed example Reporting Templates with clear completion instructions together with blank Reporting Templates be transmitted for future EITI Indonesia projects to facilitate more accurate completion of the requested data by respondents.

Audit statements in relation to Reporting Template data submissions

That the audit wording stipulated in Reporting Templates for future EITI projects be amended to accurately reflect the scope of any audit performed by Public Accounting firms, BPMIGAS and/or the BPKP, or the BPK in relation to the specific information included in Reporting Templates.

DMO Fees

That PSC Reporting Partners be requested to submit Reporting Templates for DMO fees information. The counter party which should report DMO fees corresponding to the position reported by the PSC Reporting Partners should be BPMIGAS. The other counter party for BPMIGAS DMO fees information should be PNBP.

Oil and Gas - Volume information

Volume information should be reported by BPMIGAS for future EITI projects, not by ESDM.

Oil and Gas - Covered Entities

That the EITI Indonesia Implementation Team evaluate whether the PSC Reporting Partners should be required to confirm US Dollar Government liftings information.

Mining - Covered Entities

That the EITI Indonesia Implementation Team evaluates the Government entities to be required by the EITI scope to report information in relation to royalties, sales revenue share and dead rent to identify the Government entity responsible for monitoring the related cash receipts and that such entity be included as the Government reporting party in relation to royalties, sales revenue share and dead rent for future EITI projects.

Mining - Dead Rent

That the EITI Indonesia Implementation Team evaluate whether the effort involved in relation to a relatively minor Government revenue stream amount is economically justifiable for inclusion within the scope of future EITI projects”.

Time constraints and unreconciled differences

Per the 2009 EITI Report

“The unreconciled differences represent amounts which the Reconciler has after intensive and extensive efforts to obtain detailed payment/receipt information from both mining entities and the respective Government entities, not been provided with accurate or sufficient information to enable

each of the differences to be reconciled. The Reconciler notes that the term unresolved differences should not be interpreted by the readers of this Report to mean that such differences may not be able to be reconciled, if there were no time or other limitations applying to a project specifically undertaken to reconcile such unreconciled differences.”

Stakeholder views

The MSG approved the 2009 EITI Report on 22 April 2013.

Recommendations

The MSG should formulate an action plan to respond to the Reconciler's recommendations.

Additionally, the future work plan should be updated to provide the Reconciler sufficient time to complete the reconciliation process.

The 2009 EITI Report is a comprehensive and detailed report. Therefore it is important, moving forward, for the EITI Secretariat to work closely with the Reconciler to prepare an appropriate Executive Summary that provides all the key information, issues and recommendations in a format that will be more readily understandable by CSO's, the media, company executives, senior government officials, the EITI Secretariat and the general public. This might include provide key findings in a tabular format.

Assessment

The reconciler must ensure that the EITI Report is comprehensive, identifies all discrepancies, where possible explains those discrepancies, and where necessary makes recommendations for remedial actions to be taken.

The requirement has been met. The MSG's initial response is on the EITI website:

http://www.eiti-indonesia.org/eng_newsdetail.php?cat=3&subcat=0&id=81

EITI REQUIREMENT 18

The government and multi-stakeholder group must ensure that the EITI Report is comprehensible and publicly accessible in such a way as to encourage that its findings contribute to public debate.

Progress

<p>18a</p> <p>EITI is ultimately implemented to full requirements when the EITI Report is made public, and it is widely disseminated and openly discussed by a broad range of stakeholders. The EITI Criteria require that the Report is publicly available in a way that is publicly accessible, comprehensive and comprehensible.</p>	<p>The EITI Report was approved on 22 April 2013 by the MSG and published on the EITI Indonesia website in Indonesian: http://www.eiti-indonesia.org/</p>
<p>18b</p> <p>i. clearly sets out the multi-stakeholder group's agreed definition of "material payments and revenues", and lists and describes the revenue and benefit streams that are included in the report;</p> <p>ii. lists all licensed or registered companies involved in the extractive sector exploration and production, noting which companies participated in the EITI reporting process and those that did not (with an indication of the relative size whether by production or revenue/payments and reasons for non-participation in EITI);</p> <p>iii. clearly states if any companies or government entities failed to participate in the reporting process, and assesses whether this is likely to have had a material impact on the stated figures;</p> <p>iv. describes the steps taken by government and the multi-stakeholder group to ensure that company and government disclosures to the reconciler are based on audited accounts to international standards;</p> <p>v. describes the methodology adopted by the reconciler to identify discrepancies, and any</p>	<p>Refer to 4.1.1 of the 2009 EITI Report.</p> <p>Its lists all companies scoped in for reporting as per Appendix 1 of the 2009 EITI Report including the three non-responding companies.</p> <p>The EITI Report does not include an assessment of the matters raised in 14 and 15 above and such matters were likely to have had a material impact on the stated figures:</p> <p>Section 2.5 of the 2009 EITI report describes the approach taken.</p> <p>Section 4.0 of the 2009 EITI report describes the approach taken.</p>

<p>further work undertaken by the reconciler, the multi-stakeholder group or the government to explain and if necessary address any discrepancies that have been identified.</p>	
<p>c. Implementing countries are encouraged to:</p> <ul style="list-style-type: none"> i. summarise and compare the share of each revenue stream to total revenue accruing to the respective level of government; ii. include a list of all companies active in each extractive sector as an annex to the EITI Report (including the source of the list) and to provide additional detail regarding their activities during the reporting period (e.g., exploration, feasibility, development, construction, production, decommissioning, etc). 	<p>These are optional and were not adopted:</p>
<p>d. To achieve EITI Compliant status the government and MSG are required to ensure that the EITI Report was made publicly available in ways that are consistent with the EITI Criteria, including by:</p> <ul style="list-style-type: none"> i. producing paper copies of the Report, which are distributed to a wide range of key stakeholders, including civil society, companies, the media and others; ii. making the report available online, and publicising its web location to key stakeholders; v. ensuring that outreach events – whether organised by government, civil society or companies – are undertaken to spread awareness of the EITI Report. 	<p>This was done.</p> <p>This was done.</p> <p>This was done</p> <p>This was done</p>
<p>d. To achieve EITI Compliant status the government and MSG are required to ensure that the EITI Report was made publicly available in ways that are consistent with the EITI Criteria, including by:</p>	<p>The report is comprehensive. To an informed reader with a deep understanding of the issues the report would be comprehensible.</p>

<p>iii. ensuring that the Report is comprehensive and includes all information gathered as part of the Validation process and all recommendations for improvement;</p> <p>iv. ensuring that the Report is comprehensible, including by ensuring that it is written in a clear, accessible style and in appropriate languages; and</p>	
<p>e. To achieve EITI Compliant status, the government and MSG are required to ensure that the EITI Report and its findings contribute to public debate.</p>	<p>There has been significant public discussion regarding the report.</p>

Stakeholder views

No issues noted

Assessment

This is the first EITI report. There were numerous challenges encountered by the reconciler including the matters above in 17 above which resulted in a high level of complexity detailed in the report. The report is comprehensive. To an informed reader with a deep understanding of the issues the report would be comprehensible.

EITI REQUIREMENT 19

Oil, gas and mining companies must support EITI implementation.

Progress

We circulated questionnaires to all reporting company entities. Please refer to Appendix D for the results.

The company forms received are published on the Indonesia EITI website:

<http://www.eiti-indonesia.org/>

EITI REQUIREMENT 20

The government and multi-stakeholder group must take steps to act on lessons learnt, address discrepancies and ensure that EITI implementation is sustainable. Implementing countries are required to submit Validation Reports in accordance with the deadlines established by the Board.

Progress

The MSG has implemented an action plan to address some of the issues noted by the Reconciler.

The MSG has amended templates for the 2010 and 2011 EITI Reports based on learnings during the 2009 EITI report process.

TABLE OF REQUIREMENTS ASSESSED

Requirement	Met or Not Met
1	Met
2	Met
3	Met
4	Met
5	Met with the exception of 5(e)
6	Met
7	Met
8	Met
9	Met
10	Met
11	This requirement has been met with the exception of the 20 PSC partners who did not report. This may impact on 14 below.
12	Not met. There was insufficient evidence to confirm that the requirement was met.
13	Not met. There was insufficient evidence to confirm that the requirement was met.
14	Met
15	Met
16	Met
17	Met
18	Met

This table is preliminary; the final assessment is made by the EITI Board. This table should be read in conjunction with the detailed assessments made above.

3. OVERALL ASSESSMENT OF INDONESIA'S EITI IMPLEMENTATION

Indonesia has made meaningful progress towards compliance. Due to the size of the extractive industries and complexity of issues in Indonesia considerable progress has been achieved since commencing the Initiative. There have been numerous issues and recommendations identified in the EITI Report that the Implementing Team are in the process of addressing.

4. IMPACT OF EITI ON INDONESIA, SUSTAINABILITY AND INNOVATIONS

IMPACT OF EITI IN INDONESIA

There has been increased support across Government for transparency initiatives in recent years. EITI Indonesia is one such initiative. The first EITI report was issued on 22 April 2013 and this will help stimulate the debate on Extractive Industry Transparency in Indonesia.

Indonesia is a very large country. The Indonesian Government contains many large bureaucratic institutions. The EITI initiative has had to fit within the confines of the rules, regulations and the culture of these institutions.

Generally the industry associations and large companies support the increased transparency so that public awareness is raised for issues facing industry. The impact of EITI Indonesia is yet to be measured on small scale mining activities as these activities have been scoped out to date.

The engagement of CSOs has been considerable particularly when it comes to developing their own knowledge of the unique aspects of the Indonesian extractive industry sectors. Additionally, they have expressed the view that this is just the beginning of improved transparency across the extractive industry value chain.

SUSTAINABILITY OF EITI

EITI Indonesia has recently issued its first EITI Report. To continue the momentum resulting from this achievement there are a couple of areas of focus that may need to be considered:

EITI Indonesia will continue to need high level sponsorship within Government

Significant effort still needs to be made by the Implementing Team to get sufficient buy-in from all relevant Government Institutions to enable ongoing success of the Indonesia EITI. For the EITI to be sustainable in the long term significant change will be required. The steering committee should be consulted more regularly to address difficult issues as set out above. Additionally, the steering committee may have the necessary authority to sponsor improvements in Government departments. These improvements should focus on activities that:

- provide appropriate control; and
- reduce unnecessary processes that slow down government activities.

The design of such initiatives should be carefully considered if both these objectives are to be achieved.

CONCLUSIONS, LESSONS AND RECOMMENDATIONS FOR STRENGTHENING THE PROCESS



EITI Indonesia will require ongoing funding from Government and the Donor community

The EITI Secretariat, the Reconciler's activities and the Validator are funded by Donors and the Government. There have been considerable procurement and payment constraints that impact on the activities of Secretariat, the Reconciler and the Validator. As discussed above these constraints need to be addressed by Donors and Government.

INNOVATIONS OBSERVED

The EITI Indonesia newsletter for December 2012 published on the website noted the following innovations:

1. Companies will report the volumes of oil and gas which they surrender to the government.
2. The Ministry for Energy and Minerals will report the volumes of oil and gas received from the companies.
3. The Executive Agency for Upstream Oil and Gas Business Development (the former BPMIGAS, now renamed "Upstream Oil and Gas Temporary Executive Task Force" and placed within the Ministry for Energy and Mineral Resources) will then report the sale price it received for those volumes of oil and gas.
4. The Ministry of Finance will report the proceeds gained from the sale which, after some deductions, are deposited in Bank Indonesia.

5. CONCLUSIONS, LESSONS AND RECOMMENDATIONS FOR STRENGTHENING THE PROCESS

The following recommendations are in addition to those recommendations set out under requirements 1-18 and should be read in conjunction with the 2009 EITI Report:

Independence of the Reconciler

The Reconciler was not engaged to obtain data independently. The reconciler did not obtain reporting templates from the reporting entities instead the templates were sent and received by the EITI Secretariat. The Reconciler should send and receive all reporting templates to ensure independence.

Reporting periods

The Reconciler has made recommendations for cash receipts at a high level. Specifically reporting should be on a calendar year basis for companies reporting cash payments and government's receipts. The reporting templates should be amended to reflect this.

Gas liftings

Unlike oil liftings, most gas liftings are sold internationally and the proceeds are distributed via Trustees to the Government and the Companies. Therefore payments received from the trustee should be reconciled to Government receipts. For gas liftings not sold under these arrangements the MSG should explore appropriate alternative reporting mechanisms.

Oil liftings

The 2009 EITI Report reconciles values between BPMigas and PNBP. Both these entities are Government entities. EITI Criteria 1:

“Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner”

The EITI Criteria and Rules allow adaption to suit local circumstances, but matching revenue streams between two Government entities is not consistent with the above. The MSG should reconsider the need for this additional disclosure.

CONCLUSIONS, LESSONS AND RECOMMENDATIONS FOR STRENGTHENING THE PROCESS



Procurement and payment

We have been made aware that the procurement of consultants and the Reconciler took a significant amount of time. Additionally:

- consultants within the EITI Secretariat have not been paid for significant periods
- the Reconcilers fees were unpaid for a significant period
- all of the validation fees are unpaid

Immediate action should be taken to settle outstanding amounts owing. Where necessary the Government and Donors should ensure that appropriate procurement and payment processes are put in place to facilitate timely procurement and payment for services rendered. If the EITI Secretariat and the Implementing Team are not able to resolve such matters in a timely manner, these issues should be escalated to the Steering Committee.

Funding for follow up on recommendations

The 2009 EITI Report and this report provide a number of important recommendations. The Implementing Team should put in a place a time bound action plan to address recommendations. Due to the technical nature of the recommendations, specifically where expertise is required in:

- the oil and gas sector;
- public financial management;
- accounting principles; and
- audit principles

additional funding will be required to enable the Implementing Team the Secretariat to engage appropriately qualified consultants to explore opportunities to practically address the recommendations.

APPENDIX 1A ORIGINAL WORK PLAN



COORDINATING MINISTER OF ECONOMIC AFFAIRS
REPUBLIC OF INDONESIA

September 14, 2010

Ref. No. S-128/M.EKON/08/2010

Prof. Dr. Peter Eigen
EITI Chairman's Office
Wilhelmstrasse 67
D-10117 Berlin
Germany

Dear Prof. Eigen:

REQUEST FOR ENTRANCE INTO EITI CANDIDACY

In a December 31, 2008 letter to the Head of the EITI Secretariat, the former Coordinating Minister for Economic Affairs stated that Indonesia intended "to work toward achieving EITI compliance, and expected to make an application to become an EITI candidate in due course." I restate here the government's commitment to implement the EITI in accordance with the EITI Principles and Criteria, and to ultimately achieve EITI Compliance.

The Government of Indonesia has committed to work with civil society and companies on EITI implementation, as evidenced by three self-selected civil society representatives, and three self-selected industry representatives (one each from the oil & gas, mineral and coal producing associations) on our multi-stakeholder Implementation Team.

Taking note of the fact that, under the auspices of Presidential Regulation 26/2010, I have been appointed as the Head of the ministerial-level Steering Team to lead EITI implementation in Indonesia,

And finally, in observance of the fact that in its first meeting, the Implementation Team approved the attached Work Plan, which contains measurable targets and a timetable for implementation,

It is my judgment that Indonesia has completed all four of the steps of the sign-up phase of EITI Implementation, and should be eligible for entrance into EITI Candidacy.

Thank you for your kind consideration of this request.

Sincerely,



M. Hatta Rajasa
Coordinating Minister for Economic Affairs
Republic of Indonesia

Attachments:

- (1) December 31, 2008 letter to the Head of the EITI Secretariat from the former Coordinating Minister for Economic Affairs
- (2) EITI Indonesia Work Plan (in both the Indonesian original and in English translation)



MINISTER COORDINATOR FOR ECONOMIC AFFAIRS
REPUBLIC OF INDONESIA

December 31, 2008, Jakarta

Ref. No : S- 125/M.EKON/12/2008

Mr. Jonas Moberg
Head of Secretariat
Extractive Industries Transparency Initiative (EITI) International
Ruselokkvein 26
0251 Oslo
Norway

Subject : Invitation to work together with the Indonesian Government on improving Extractive Industries Transparency

Dear Mr. Moberg,

It is pleasure to inform you that Indonesia in recent years has consistently improved the transparency and accountability of the extractive industries in line with Government's strong commitment to implement good public and corporate governance systems. The latest episode in this matter is the 2009 budget law, which stipulates improvement of transparency of oil and gas cost recovery. This stipulation is in line with our effort to improve the Government's accountability in utilizing the state budget for fuel subsidies , and a part of our effort to address the impact of the global financial crisis.

The Government is currently formulating a work plan to improve extractive industries transparency, and would like to invite the EITI Secretariat to work together with us so that the plan would also be in line with EITI criteria and implementation indicators. Through that cooperation, Indonesia intends to work towards achieving EITI compliance, and expects to make an application to become an EITI candidate in due course.

I look forward to receiving your positive response.

Best regards,


Sri Mulyani Indrawati
Coordinating Minister for Economic Affairs
Republic of Indonesia



Handwritten initials

APPENDIX 1B WORK PLAN AS AT DECEMBER 2012

NO	ACTIVITY	Cost (\$)		RI		MDTF		Responsible Party	2010				2011				2012				2013				2014																		
		Q11-4Q11	2Q13-4Q14	1Q11-4Q13	2Q13-4Q14	MDTF I: 1Q11-4Q13	MDTF II: 2Q13-4Q14		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
		295,700	325,000																																								
	INSTITUTIONAL FORMATION																																										
1	Complete selection of membership of Implementation Team- representatives of local government, industrial associations (IPA, IMA, ICMA) and NGOs.							Implementation Team																																			
2	Design and consult initial Work Plan and Budget.							Formation Team																																			
3	Determine legal status of EITI Indonesia Secretariat ("Secretariat")							Formation Team																																			
4	Request for implementation funding from EITI Multi-Donor Trust Fund and request for entrance into Candidacy from EITI Board.							Implementation Team																																			
5	Admission of Indonesia into EITI Candidacy.							EITI Board																																			
6	Decide upon scope (which sectors, which firms, which revenue streams).							Formation Team																																			
7	Prepare draft EITI reporting templates.							Secretariat																																			
8	Approve EITI reporting templates.							Implementation Team																																			
9	Begin preparations for formation of Secretariat.							Formation Team																																			
10	Set up of Secretariat, including renovation of office space, acquisition of furniture and office hardware, and hiring of consultants. Legally establish the Secretariat.	295,700	325,000				295,700	325,000	Formation Team																																		
11	Work to set up institutional and regulatory architecture, so that EITI Indonesia becomes a permanent part of the RI.							Implementation Team																																			

NO	ACTIVITY	Cost (\$)		RI		MDTF		Responsible Party	2010				2011				2012				2013				2014																		
		Q11-4Q11	2Q13-4Q14	1Q11-4Q13	2Q13-4Q14	MDTF I: 1Q11-4Q13	MDTF II: 2Q13-4Q14		Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
		160,000	225,000	-	-	160,000	225,000																																				
	REPORTING AND RECONCILIATION																																										
1	Create scoping note.							Secretariat and Implementation Team																																			
2	Propose job description for and method for competitive selection of Reconciler.							Secretariat																																			
3	Approve scoping note, job description and method of selection for reconciler.							Implementation Team																																			
4	Distribute reporting templates to companies and government agencies.							Secretariat																																			
5	Return of reporting templates to the Secretariat.							Secretariat and Implementation Team																																			
6	Procure and appoint Reconciler.							Implementation Team																																			
7	Reconciliation of reporting templates.							Reconciler																																			
8	Write Report on the results of the reconciliation.							Reconciler																																			
9	Review and approve the Report.							Implementation Team and Secretariat																																			
10	Publish the Report							Implementation Team and Secretariat																																			
11	Reflect upon and learn lessons from EITI process. Expand scope of templates.							Implementation Team and Secretariat																																			

NO	ACTIVITY	Cost		RI		MD		Responsible Party	2010				2011				2012				2013				2014						
		Q11-Q14	2Q13-4Q14	1Q11-4Q13	2Q13-4Q14	MDTF I: 1Q11-4Q13	MDTF II: 2Q13-4Q14		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
		174,889	197,947	-	-	174,889	197,947																								
1	<ul style="list-style-type: none"> One TV and three radio talkshows TV and radio public service announcements (PSAs) Creation and publication of a comic book, to be distributed in the most resource-rich districts in the nation EITI billboard in front of EITI Indonesia Secretariat on Jl. Merdeka Selatan Series of three EITI Indonesia videos Promotional giveaways Two magazine advertisements Printing of quarterly newsletters Design and printing of standing banners, posters, and backdrops Establishment of Facebook and Twitter presence Translation services Design of digital badge for firms that cooperate with EITI 	174,889	-	-	-	174,889	-	Secretariat																							
2	<ul style="list-style-type: none"> One TV and three radio talkshows TV and radio public service announcements (PSAs) Book about EITI Indonesia by development writer Attendance and booth at annual convention of Indonesian Petroleum Association EITI billboard in front of EITI Indonesia Secretariat on Jl. Merdeka Selatan Promotional giveaways - Two magazine advertisements 	-	197,947	-	-	-	197,947	Secretariat																							

NO	ACTIVITY	Cost		RI		MDTF		Responsible Party	2010				2011				2012				2013				2014						
		1Q11-4Q14	2Q13-4Q14	1Q11-4Q13	2Q13-4Q14	MDTF I: 1Q11-4Q13	MDTF II: 2Q13-4Q14		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
		466,470	301,000	64,470	-	402,000	301,000																								
1	Consult draft reporting templates with, and explain how to fill them in to, industry and government.			35,294	-	-	-	Formation Team																							
2	Build capacity of NGOs, one resource rich province per quarter.			-	-	94,000	64,000	Secretariat																							
3	Build capacity of Secretariat (EITI Conference in Australia & learning visit to EITI Mongolia)					50,000	45,000	Secretariat																							
4	Build capacity of bilateral foreign assistance community on Extractive Industries Governance					18,000	12,000	Secretariat																							
5	Attendance of GOI appointed representatives at meetings of the EITI Board					90,000	30,000	Board member																							
6	Publicize findings of EITI Indonesia Reports					150,000	150,000	Secretariat																							
7	Build capacity of local government and industry, one resource rich province per quarter.			29,176	TBD			Secretariat																							

NO	ACTIVITY	Cost		RI		MDTF		Responsible Party	2010				2011				2012				2013				2014						
		Q11-Q14	2Q13-4Q14	1Q11-4Q13	2Q13-4Q14	MDTF I: 1Q11-4Q13	MDTF II: 2Q13-4Q14		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
		80,000		80,000		-	-																								
1	Prepare criteria and Terms of Reference for the selection of Validator, and ensure availability of funds.							Secretariat																							
2	Place advertisements for, negotiate contract with, and hire Validator.							Procurement Comm.																							
3	Prepare for and execute validation process.							Secretariat and Validator																							
4	Evaluate and comment upon the report of the Validator.							Implementation Team																							
	1Q11 to 4Q13 grant funds from EITI MDTF - \$1,050,000																														
	1Q11 to 4Q13 contribution from RI - \$64,470																														
	2Q13 to 4Q14 grant from EITI MDTF - \$1,050,000																														
	2Q13 to 1Q14 contribution from RI (Validator only, so far) - \$ 80,000																														

APPENDIX B REFERENCES

EITI Indonesia - <http://www.eiti-indonesia.org/>

Government of Indonesia

Co-ordinating Ministry of Economic Affairs - <http://www.ekon.go.id/>

SskMigas (Formerly BPMigas) - <http://www.skspmigas-esdm.go.id/en/>

Ministry of Energy and Mineral Resources - <http://www.esdm.go.id/>

- Directorate General of Oil and Gas - <http://www.migas.esdm.go.id/>

Ministry of Finance - <http://www.depkeu.go.id/>

- Director General of Taxation - <http://www.pajak.go.id/>

Industry Associations

Indonesian Petroleum Association - <http://www.ipa.or.id/>

Indonesian Coal Mining Association - <http://www.apbi-icma.com/>

Indonesian Mining Association - <http://www.ima-api.com/>

Members of PWYP Indonesia, supporters of EITI Indonesia -

<http://www.publishwhatyoupay.org/where/coalitions/indonesia>

Transparency International Indonesia (TII), Jakarta - (www.ti.or.id)

Institute for Essential Services Reform (IESR), Jakarta (www.iesr.or.id)

Indonesia Corruption Watch (ICW), Jakarta (www.antikorupsi.org)

Pusat Telaah dan Informasi Regional (PATTIRO), Jakarta (www.pattiro.org)

Indonesia Parliemantary Center (IPC), Jakarta (www.parliamentarycenter.or.id)

Indonesia Center for Environmental Law (ICEL), Jakarta (www.icel.or.id)

Forum Indonesia untuk Transparansi Anggaran (FITRA), Jakarta (www.seknasfitra.org)

Yayasan Artikel-33 Indonesia, Jakarta (www.article33.or.id)

Masyarakat untuk Transparansi Aceh (MATA), Aceh (www.mataaceh.org)

Gerakan Rakyat Anti Korupsi (GERAK), Aceh (www.gerakaceh.org)

GERAK, Aceh Besar

Yayasan AKAR, Bengkulu (www.akarfoundation.com)

Fitra, Riau (www.fitrari.au.org)

Lembaga Pemberdayaan dan Advokasi Daerah (LPAD), Riau

Forum Komunikasi Masyarakat Riau (FKPMR), Riau
Wahana Lingkungan Hidup (WALHI), Riau (www.walhi-riau.or.id)
Yayasan Pemberdayaan dan Advokasi Perempuan dan Anak (PUSPA), Palembang
PASKASS, Palembang
Pattiro Serang, Banten
Institute for Ecological Studies (INFEST), Garut
Institute for Economic Development Analysis (IDEA), D.I Yogyakarta (www.ideajogja.or.id)
Lembaga Pemberdayaan dan Aplikasi Wacana (LPAW), Blora
Bojonegoro Institute (BI), Bojonegoro (www.bi.or.id)
Fitra Jawa Timur (www.fitrajatim.com)
Public Crisis Center (PCC), Tuban
Gresik Institute, Gresik
Gerakan Pemberdayaan Rakyat Sampang (GPRS), Sampang
Kelompok Kerja-30 (POKJA-30), Samarinda (www.pokja30.blogspot.com)
Yayasan ePADI, Balikpapan (www.padiindonesia.wordpress.com)
POSITIF Kalimantan, Tabalong
GEMAWAN, Pontianak (www.gemawan.org)
Lembaga Pengembangan Masyarakat Pesisir & Pedalaman (LEPMIL), Kendari (www.lepmil.org)
Yayasan Pusat Studi Hukum dan Kebijakan (YPSHK) Sultra, Kendari
Yayasan Swadaya Mitra Banga (YASMIB) Sulselbar, Makassar
Solidaritas Masyarakat Untuk Transparansi (SOMASI) NTB , Mataram
Lembaga Studi dan Bantuan Hukum (LSBH) NTB, Mataram (www.lsbhntb.blogspot.com)
Forum Kerja Sama (FOKER) LSM Papua (www.fokerlsmpapua.net)
PERDU Manokwari (www.perdu.or.id)

Indonesian Association of Certified Public Accountants

http://www.iapi.or.id/iapi/artikel/seputar_iapi/indonesia_segera_adopsi_international_standard_on_auditing.php

APPENDIX B1 - Publish What You Pay Member Details



DAFTAR ANGGOTA KOALISI NASIONAL PUBLISH WHAT YOU PAY INDONESIA Berdasarkan Hasil Verifikasi Tertulis, Mei 2012

(Diperbaharui sesuai dengan pergantian perwakilan yang disampaikan oleh masing2 organisasi anggota)

No	ORGANISASI	KAB/KOTA-PROVINSI	ALAMAT	TELP/FAX; EMAIL/WEB	Perwakilan dalam Koalisi	Email/No Handphone
1	TII (Transparency International Indonesia)	Jakarta-DKI Jakarta	Jl. Senayan Bawah No 17, Blok S, Jakarta Selatan	(021) 7208515/7287815; info@ti.or.id www.ti.or.id	1. Frenky Simanjuntak 2. Putut Saputro	1. fsimanjuntak@ti.or.id/ 08161356373 2. psaputro@ti.or.id
2	PATTIRO (Pusat Telaah dan Informasi regional)	Jakarta-DKI Jakarta	Jl. Tebet Timur Dalam VII No. 39, Jakarta Selatan	(021) 83790541/8294881; pattiro@yahoo.com/ www.pattiro.org	1. Iskandar Saharuddin 2. Widiyarti	1. iskandar@pattiro.org 085260450446 2. widiyarti@pattiro.org 081321252453
3	IESR (Institute for Essential Services Reform)	Jakarta-DKI Jakarta	Jl. Mampang Prapatan 8, Komplek Bappenas No. R-13, Jakarta Selatan	(021) 7992945/7996160; www.iesr.or.id	1. Fabby Tumiwa 2. Yeei Maryam	1. fabby@iesr.or.id/ 0811949759 2. yeei@iesr.or.id/ 08159418987
4	ICW (Indonesia Corruption Watch)	Jakarta-DKI Jakarta	Jl. Kalibata Timur IV/D No. 6, Jakarta Selatan 12740	(021) 7901885-7994015/7994005; icw@antikorupsi.org, www.antikorupsi.org	1. Firdaus Ilyas 2. Mouna Wasef	1. deepink@antikorupsi.org/ 08129820004 2. mounawasef@antikorupsi.org/ 081214467893
5	IPC (Indonesian Parliamentary Center)	Jakarta-DKI Jakarta	Jl. Teuku Cik Ditiro No. 37 A, Pav. Menteng Jakarta Pusat 10310	(021) 31908828 / 3908944; admin@parliamentarycenter.or.id	1. Sulastio 2. Ahmad Hanafi	1. sulastio_tio@yahoo.com / 0811193286 2. hanafi.raie@gmail.com 08119952737
6	ICEEL (Indonesian Center for Environmental Law)	Jakarta-DKI Jakarta	Jl. Dempo II No. 21 Kebayoran Baru, Jakarta Selatan	(021) 7202740/7209331; info@iceel.or.id, www.iceel.or.id	1. Dyah Paramita 2. Resa Raditio	1. dyahparamita2003@yahoo.com, 085717332305 2. resa.raditio@gmail.com, 08788590277
7	Artikel-33 Indonesia	Jakarta-DKI Jakarta	Jl. Tebet Timur Dalam 1 M, No.10, Jakarta Selatan	(021) 83787963; sekretariat@article33.or.id	1. Ermy Ardhyanti 2. M. Rasyid RA	1. eardhyanti@gmail.com 08122576412 2. alrasyidfaiz221@gmail.com; 0857215546181



No	ORGANISASI	KAB/KOTA-PROVINSI	ALAMAT	TELP/FAX; EMAIL/WEB	Perwakilan dalam Koalisi	Email/No Handphone
8.	SEKNAS FITRA (Sekretariat Nasional Forum Indonesia Untuk Transparansi Anggaran)	Jakarta-DKI Jakarta	Jl. Kalibata Utara 2 No. 78, RT/RW 011/002, Kelurahan Kalibata Kecamatan Pancoran, Jakarta Selatan – DKI Jakarta 12760	(021) 704 7608; seknas_fitra@yahoo.com / www.seknasfitra.org	1. Hadi Prayitno 2. Muhammad Maulana 3. Lukman Hakim	1. hadi@seknasfitra.org/ 081949663162 2. maulkhan@gmail.com/ 0813828670 3. elfaocmosa@gmail.com/ 081380521785
9.	MATA (Masyarakat Transparansi Aceh)	Lhokseumawe-Nangroe Aceh Darussalam	Kantor Lhokseumawe : Jln. Pang Akob No. 5B Gamp. Simpang IV, Kec. Banda Sakti Kota Lhokseumawe – 24351 Kantor Banda Aceh : Jln. Kebun Raja No. 27 Depan Kompleks Perumahan DPRG Gamp. le Masen Kayee Adang Kec. Ulee Kareng Kota Banda Aceh – 23117	Lhokseumawe : (0645) 43605 Banda Aceh : (0651) 8011201 mata_aceh@yahoo.co.id	1. Alfian 2. Hafidh	1. 08128956622 2. 081380446300
10.	GERAK ACEH (Gerakan Anti Korupsi Aceh)	Banda Aceh-Nangroe Aceh Darussalam	Jl. Prada Utama Lr. Kelapa No. 2, Banda Aceh	(0651) 7412967; antikorupsiaceh@yahoo.com www.gerakaceh.org	1. Askhalani 2. Neneng Indriyati	1. aacalani@yahoo.com/ 081380454183 2. friends_thesa@yahoo.com/ 08527758900
11.	GERAK ACEH BESAR	Aceh Besar-Nangroe Aceh Darussalam	Jln. Jendral Sudirman No.03 Kota Jantho Kabupaten Aceh Besar	gerak_abea@yahoo.com	1. Al Mudasair	HP: 085277693440 kaukuspemuda.acegbesar7@gmail.com
12.	AKAR	Bengkulu-Bengkulu	Jl. Merawan 14 No.2, Rt 24 Fw 7 Sawah Lebar Kota Bengkulu	Akar.bengkulu@gmail.com www.akarfoundation.com www.akarfoundation.wordpress.com	1. Erwin Basrin 2. Sugian Bahanan	1. tiak.bdikar@gmail.com/ 081367401020 2. ugik.topos@gmail.com/ 081377532347
13.	FITRA RIAU	Pekanbaru-Riau	JL. Wonosari No. 14, Kel. Tangkerang Tengah Kec. Marjayan Damai Kota, Pekanbaru Riau	fitriaraiu@yahoo.com	Jeman	1. fitriaraiu@yahoo.com/ 085271614521.087893001757
14.	LPAD RIAU (Lembaga Pemberdayaan dan Aksi Demokrasi Riau)	Pekanbaru-Riau	Jl. Tanjung Sari No. 32, Tangkerang Selatan - Pekanbaru	(0761) 31509; lpad_riau@yahoo.com	1. Aiden Yusti. 2. Aamadi	1. 08127602744 2. 08127683092

No	ORGANISASI	KAB/KOTA-PROVINSI	ALAMAT	TELP/FAX; EMAIL/WEB	Perwakilan dalam Koalisi	Email/No Handphone
15	FKPMR	Pekanbaru-Riau	Jl. Kembangari Kompleks No. 3, Pekanbaru, Riau	(0781) 32718; sekretariat_fkpmr@yahoo.com	1. Drs. H. Levna Ervan, MM	1. 085215655505
16	Walhi Riau	Pekanbaru-Riau	Jl. Katio No.03 – Tangkerang Tengah - Pekanbaru	0812 766 999 67; wongkaka69@gmail.com	Akmal Fuadi	085228899447/akmalfuadi313@gmail.com
17	YPI (Yayasan PUSPA Indonesia)	Palembang-Sumatra Selatan	Jl. Radial Pusun Blok 32 lantai 1 No. 08, Rt. 40 Palembang	(0711) 313234/ 313234; Yayasan_puspaindonesia@yahoo.co.id www.sdoi.org	1. Zairina Bakrie 2. Nerry Sulaestri	1. zay_rinabakrie@yahoo.co.id/081367764977 2. 087897252729
18	PASKASS (Pusat Studi Kebijakan Sumatera Selatan)	Palembang-Sumatra Selatan	Jl. Sederhana 1 No 51 Basuki Rahmat Kota Palembang	paakasa@gmail.com	1. Agustam Ranchman 2. Irvan Yudha Oktara	agustamranchman@yahoo.co.id
19	PATTIRO Serang Banten	Serang-Banten	Komplek geriya gemilang sakti blok D2 No. 5, Rt 02/5B kelurahan sumur pecung Serang Banten	(0254) 202121; Pattiro_serang@yahoo.com	1. Patchurrahman 2. Toifur Bhustomy	1. patchur_emanis@yahoo.co.id/0818771215 2. ipunkbaru12@yahoo.co.id
20	INFEST (Institute For Ecological Study)	Garut-Jawa Barat	Jl. Patriot No. 30, Tarogong Garut Jawa Barat	www.infestpriangan.org	1. Um Umuludin 2. Soni Wahyudin	1. uumpangkasepnasatatarsunda@gmail.com/085222833958 2. es_wahyudin@yahoo.co.id
21	Perkumpulan IDEA	Sleman-D.I Yogyakarta	Jalan Kaliurang km. 5 Gang Tejomoyo CT III/3 Yogyakarta 55281	(0274) 583900 idea@ideajogja.or.id / www.ideajogja.or.id	1. Wasingatu Zakiyah, S.H. 2. Valentina Sri Wijiyati	1. wzakiyah@gmail.com, zaki@ideajogja.or.id/081227505011; 2. wiji_darkie@yahoo.com, wiji@ideajogja.or.id/081392413509;
22	LPAW (Lembaga Penelitian dan Aplikasi Wacana) Blora	Blora-Jawa Tengah	Jl. Mr. Iskandar XII Gg D No 1 Jetis Blora	(0296) 533143/533 143; lpaw_blora@yahoo.co.id/ www.lpawblora.org	1. Mohammad Hamdun 2. Ahmad Solihin	1. hamdun_bla@yahoo.co.id/081390791064 2. olik_olik@yahoo.com/081228128818
23	Bojonegoro Institute	Bojonegoro-Jawa Timur	Jl Panglima Polim Gg Bromo II No. 3, Bojonegoro	(0353) 888557; Institute_bojonegoro@yahoo.co.id/ www.bi.or.id	1. Joko Purwanto 2. Abdul Muis	1. joko.bi@yahoo.com/0811313129 2. doelmoeis@gmail.com/0811331934

No	ORGANISASI	KAB/KOTA-PROVINSI	ALAMAT	TELP/FAX; EMAIL/WEB	Perwakilan dalam Koalisi	Email/No Handphone
24	FITRA Jawa Timur	Tuban-Jawa Timur	Jl. Jeruk A3-17 Perum Perbon Permai Kabupaten Tuban, Jawa Timur	(0358) 323804; Fitra_jatim@yahoo.co.id	1. Dahkelan 2. Miftahul Huda	1. 081332975063 2. 081357163619
25	PCC (Public Crisis Center) Tuban	Tuban-Jawa Timur	Jl Dr Wahidin Sudiro Husodo No. 72 Tuban	81357163619	1. Miftahul Huda 2. Aji Dahlan	1. 081357163619/ miftah_tuban@yahoo.com 2. 081335296466/ ajidahlan@yahoo.co.id
26	Gresik Institute	Gresik-Jawa Timur	Jl. Sindujoyo XII No. 50, Gresik, Jawa Timur	085730050069; gresik.institute@gmail.com	1. M. Zaimil Fanani 2. Yuyun Wahyudi	1. afan.volitus@gmail.com/ 085730050069 2. 081331876419
27	GPRS (Gerakan Peduli Rakyat Sampang)	Sampang-Jawa Timur	Jl. Raya Tanjung-Cemplong-Sampang, Jawa timur	081 937 419 889	1. Syamuuddin 2. Syamuudin	1. gprs.syam@gmail.com/ 081937419889 2. syam41@yahoo.com/ 08170368827
28	Pokja 30	Samarinda-Kalimantan Timur	Jl. Danau Maninjau No. 12, RT 14 75117	(0541) 741052; Pokja_30@yahoo.com	1. Carolus Tuah	1. 08164518960/ carolus_tuah@yahoo.com
29	Yayasan PADI Indonesia	Balikpapan-Kalimantan Timur	Jl. Mayjend Sutoyo Gang Surya RT. 8/39, Balikpapan 76113	(0542) 734380 Padi.ind@gmail.com	1. Ahmad SJA 2. Aida Rahmah	1. amonglumut@gmail.com/ 08125326204 2. aida.rahmah@gmail.com/ 08125841509
30	POSITIF Kalimantan	Tabalong-Kalimantan Selatan	Jl. Ir. P.H.M. Noor No. 5, RT II Mabu'un, Kec. Murung Pudak, Kab. Tabalong	(0528) 2022757; Positif.kalimantan@gmail.com	1. Firman Yusi 2. Deny Ranoptri	1. firman.yusi@hotmail.com 2. deni.postif@gmail.com
31	Gemawan Kalbar	Pontianak-Kalimantan Barat	Jalan Dr. Wahidin, Gang Batas Pandang, Komplek Kelapa Hijau no. 18 pontianak		1. Agus Sutomo 2. M. Lutharif	081345412768/ dirhan.mahesa@yahoo.com 081345610335/ lutharif_anong@yahoo.com

No	ORGANISASI	KAB/KOTA-PROVINSI	ALAMAT	TELP/FAX; EMAIL/WEB	Perwakilan dalam Koalisi	Email/No Handphone
32	LePMIL (Lembaga Pengembangan Masyarakat Pesisir dan Pedalaman Sulawesi Tenggara)	Kendari-Sulawesi Tenggara	Jln. Bunga Wijaya Kusuma No. 4, Kel. Lahundape Kec. Kendari Barat, Sulawesi Tenggara	(0401) 3122344; lepil.sultra@gmail.com	1.Sarmin Ginca 2.Yaeril Laeri	1. lambuya@gmail.com/ 085241732432 2. Yaeril02@gmail.com/ 085241518932
33	YPSHK (Yayasan Pengembangan Study Hukum dan Kebijakan Sulawesi Tenggara)	Kendari-Sulawesi Tenggara	Jl. Bunga Matahari No. 06, Kemaraya-Kendari, Sulawesi Tenggara	(0401) 3124809 – 3008200; ypshk.sultra@yahoo.co.id	1. Desi Fajariana 2. Yusuf Tallamma	1. desifajariana@yahoo.com 2. wonuangu@gmail.com
34	Yaamib (Yayasan Swadaya Mitra Bangsa) Sulselbar	Makassar-Sulawesi Selatan	Kantor Makassar : Jl. Tamalate IV No. 9 Makassar-Suleel; Telp/Fax : 0411-883427 Kantor Mamuju-SulBar : Jl. Soekarno Hatta Kompleks Bukit Wisata Karema Blok A No. 14 Mamuju-Sulbar	Telp/Faks : 0411-883427 Email : yaamib-sulselbar@indosat.net.id yaamibsulselbar@gmail.com	1.Abdul Azis Paturungi 2. Ruslan Ali	1.0811463824/ azispaturungia@yahoo.com 2.082190946055/ ruslanali_uocank@yahoo.co.id
35	SOMASI NTB (Solidaritas Masyarakat untuk Transparansi Nusa Tenggara Barat)	Mataram-Nusa Tenggara Barat	Jl. Dukung Saleh No. 20, Pejjeruk, Ampenan – Nusa Tenggara Barat 823000	(0370) 627556 – 641517; somasia@indo.net.id/ www.somasia.or.id (non-aktif)	1. Yudi Darmadi	1. yudidarmadi09@yahoo.com/ 081805237719
36	LSBH NTB (Lembaga Studi & Bantuan Hukum Nusa Tenggara Barat)	Mataram-Nusa Tenggara Barat	Jl. Darul Fahur No. 5, RT. 8 RW 9 Dasan Sari Pejjeruk Ampenan – Mataram, Nusa Tenggara Barat	(0370) 625525; lsbhntb@yahoo.co.id	1.Suhaimi, SH 2.Hendro Purba, SH	1. tomy_lsbh@yahoo.co.id/ 08174727182 2. Purba_lsbh@yahoo.co.id/ 081803659628
37	FOKER (Forum Kerja Sama) LSM PAPUA	Jayapura-Papua	Jl. Yoka No. 5, RT 02/RW X, Kel. Heram Waena, Distrik Heram – Jayapura, Papua 99358	(0967) 573511; office@fokerismpapua.net Septer_manufandu@yahoo.com www.fokerismpapua.net	1. Septer Manufandu 2. Viktor Mambor	1. septer_manufandu2@yahoo.com/ 08124876321 2. sixtadimeitri@yahoo.com
38	Perdu Manokwari	Manokwari-Papua Barat	Jl. Trikora. No.58. Wosi-Manokwari, Papua Barat	0986-214817; perduers@gmail.com	1.Nur Rahimi Hastuti 2.Abdul Solichin	1. perduers.ami@gmail.com/ 081344042194 2. 081344430475/ aleechan@gmail.com

APPENDIX C INTERVIEW SCHEDULE

GOVERNMENT

Organisation	Title	Name
Coordinating Ministry for Economic Affairs	Secretary to the Extractive Industries Transparency Team and Assistant Deputy Minister for Energy and Electricity	Emy Perdanahari PhD
President Advisory Counsel	Advisor	Emil Salim
Executive Agency for Upstream Oil and Gas Business (formerly BPMIGAS, now SKKMIGAS)	Head of Revenue Accounting	Desti Melanti
DG Oil and Gas	Director of Oil & Gas Program Development	Heri Purnomo
	Head of Sub Directorate of State Revenue	Agus Cahyono Adi
DG Tax	Head of Sub Directorate of Policy Impact	Yon Aرسال
	Section Chief of Tax General Policy Impact	Raden Mochammad Hadi Pratomo
DG Minerals and Coal	Head of Coal & Mining Program Development	Tatang Sabarudin
	Head of Sub Directorate of Coal & Mining Revenue	Paul Lubis
DG Budget	Director of Non Tax Revenue	Askolani and Ermani Jaya Kusuma
	Section Head of Natural Gas Revenue	Evi Karmilah
DG Fiscal Balancing	Head of Sub Directorate of Revenue Sharing of Natural Resources	Cecilia Risjana
DG Fiscal Balancing	Section Head of Revenue Sharing of Natural Resources II	Sandy Firdaus

Riau Province Local Government	Head of Geology and Oil & Gas - Agency of Mining & Energy	Januaris
Riau Province Local Government	Assistant of Provincial Secretary in Economy and Development	Emrizal Pakis
East Kalimantan Province Local Government	Head of Oil and Gas - Agency of Mining & Energy	Bantolo
East Kalimantan Province Local Government	Head of Fiscal Balancing - Agency of Revenue	Djoni Topan
East Java Province Local Government	Head of Energy and Mineral Resources - Agency of Energy & Mineral Resources	Dewi Putriani
East Java Province Local Government	Section Head of Mineral, Oil & Gas Resources Inventory	Yoyok Suroyo
DG Treasury	Head of Sub Direction of Budget Implementation II	Sudarmanto
	Director of Treasury Management	Rudy Widodo
	Director of Budget Implementation	Tri Buwono
EITI Secretariat	EITI Revenue Specialist	Ambarsari Dwi Cahyani
EITI Secretariat	EITI Co-ordinator/Revenue Specialists	Anita Pascalia
EITI Secretariat	Government Relations Specialist	Ronald Tambunan
UKP4	former member of Formation Team for EITI Indonesia Secretariat / UKP4	Chandra Kirana

Civil Society Organisations

Organisation	Title	Name
PWYP	National Coordinator	Maryati Abdullah
IDEA	Director	Wasingtu Zakiyah
PATTIRO		Chitra Hariyadi
Friends of EITI	Former National Coordinator of PWYP	Ridaya La Ode Ngkowe
Article 33 Indonesia	Executive Director	Chitra Retna S

Companies

Organisation	Title	Name
Indonesian Coal Mining Association / ICMA	Executive Director	Supriatna Suhala
Indonesia Petroleum Association/IPA	Executive Director	Dipnala Tamzil
Indonesian Mining Association/IMA	Tax & Finance Committee Coordinator/ Freeport	Rini G. Ranty
Indonesian Mining Association/IMA	Tax and Finance Committee	Mukhlis
Indonesian Mining Association/IMA	Executive Secretary	Hendra Sinadia
PT Freeport	Tax Manager	Mukhlis Ishak
	VP - Tax	Rini Ranty
Pertamina	Director Upstream Pertamina	Muhamad Husen
Chevron	Manager	Sainur Arif
	Financial Forecast Analysis and Reporting Manager	Villia Simon
BP		Roni Risdianto
BP	Vice President - Finance	Budi Aguswidjaja
Newmont		Marulak Sinaga
Kaltim Prima Coal	GM for Finance	Rio Supin
Belitung Industri Sejahtera	Finance Manager	Suttadarma
PT Newmont	Tax Specialist	Suhendrawan SE
	Reporting Manager	Luciana
Exxon Mobile	Manager Government Relations and Issues Management - Exxon Mobil Affiliates in Indonesia / Wrote master thesis at the national university about EITI Indonesia	Azi Alam

Other

Organisation	Title	Name
EITI Board	Former member of Formation Team for EITI Indonesia Secretariat / member of EITI Board	Erry Riyana Hadjapamekas
PWC	Director	Daniel Kohar
World Bank	Advisor	David Brown PhD

APPENDIX D SELF ASSESSMENT FORM RESPONSES

Questions in Self assessment Responses Below

1.	Has the company made public statements in support of the EITI process in this country?
2.	Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the multi-stakeholder group), including abiding by government EITI-related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders?
3.	Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI Report as per agreed EITI reporting templates and pursuant to agreed timelines?
4.	Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI Report taken from accounts independently audited to international standards?
5.	Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI Report to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?

Self-assessment Responses

List of Mineral Companies

No	Reporting Partners per Reconcilers Report		Questions				
	Companies	Categories	1	2	3	4	5
1	Freeport Indonesia	Copper and/or Gold	Yes	Yes	Yes	Yes	Yes
2	PT Newmont Nusa Tenggara	Copper and/or Gold					
3	PT Nusa Halmahera Minerals	Copper and/or Gold	Yes	Yes	Yes	Yes	Yes
4	PT Aneka Tambang	Copper and/or Gold					
5	PT Indo Muro Kencana (e)	Copper and/or Gold	Yes	Yes	Yes	Yes	Yes
6	PT Avocet Bolaang Mongondow	Copper and/or Gold					
7	PT Timah (Persero) Tbk. (a)	Tin	Yes	Yes	Yes	Yes	Yes
8	PT Tambang Timah (a)	Tin					
9	PT Koba Tin (d)	Tin					
10	PT DS Jaya Abadi	Tin					
11	PT Bukit Timah (c)	Tin	No It is not public listed company. Therefore it does not publish any statement publicly	Yes	Yes	No we haven't done any audit with international standard	Yes
12	PT Belitung Industri Sejahtera	Tin					
13	CV Donna Kebara Jaya (b)	Tin					
14	CV Makmur Jaya (b)	Tin					
15	PT Harita Prima Abadi Mineral (d), (e)	Bauxite					
16	PT Gunung Sion (d), (e)	Bauxite					
17	PT Billy Indonesia	Nickel					

No	Reporting Partners per Reconcilers Report		Questions				
	Companies	Categories	1	2	3	4	5
18	Vale Indonesia (PT INCO)	Nickel	No Company has submitted the required information in accordance with the EITI template and involved in the process	Yes	Yes	Yes	Yes
19	PT Arutmin Indonesia	Coal					
20	PT Kaltim Prima Coal	Coal					
21	PT Fajar Bumi Sakti (d), (e)	Coal					
22	PT Indominco Mandiri	Coal					
23	PT Jorong Barutama Greston	Coal					
24	PT Trubaindo Coal Mining	Coal					
25	PT Multi Tambangjaya Utama	Coal	No answer	Yes	Yes	Yes	Yes
26	PT Adaro Indonesia (e)	Coal					
27	PT Interex Sacra Raya	Coal					
28	PT Kideco Jaya Agung	Coal	No Company has not seen EITI as an obligation and a necessity	Yes	Yes	Yes	No Questions that have been asked are clear enough. Therefore, no comment needs to be made

No	Reporting Partners per Reconcilers Report		Questions				
	Companies	Categories	1	2	3	4	5
29	PT Berau Coal	Coal	No Company has submitted the required information in accordance with the EITI template and involved in the process	Yes	Yes	Yes	Yes
30	PT Multi Harapan Utama (d)	Coal					
31	PT Bukit Asam	Coal					
32	PT Batubara Bukit Kendi	Coal					
33	PT Gunung Bayan Pratama Coal	Coal					
34	PT Perkasa Inakakerta	Coal					
35	PT Teguh Sinar Abadi	Coal					
36	PT Wahana Baratama Mining	Coal					
37	PT Firman Ketaun Perkasa	Coal					
38	PT Mahakam Sumber Jaya (d), (e)	Coal	Yes	Yes	Yes	Yes	Yes
39	PT Tanito Harum (d), (e)	Coal	Yes	Yes	Yes	Yes	Yes
40	PT Riau Baraharum	Coal	Yes	Yes	Yes	Yes	Yes
41	PT Baramarta	Coal	No Baramarta is not public listed company	Yes	Yes	No Based on Accounting Standard in Indonesia	Yes
42	PT Bahari Cakrawala Sebuku	Coal					
43	PT Mandiri Inti Perkasa (d)	Coal					

44	PT Marunda Grahamineral (d)	Coal					
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No	Reporting Partners per Reconcilers Report		Questions				
	Companies	Categories	1	2	3	4	5
45	PT Tanjung Alam Jaya	Coal					
46	PT Sumber Kurnia Buana (d)	Coal					
47	PT Antang Gunung Meratus (e)	Coal					
48	PT Baradinamika Mediasukses (d)	Coal					
49	PT Lanna Harita Indonesia	Coal	No Will consider it if needed	Yes	Yes	Yes	Yes
50	PT Borneo Indobara (c)	Coal	Yes	Yes	Yes	Yes	Yes
51	PT Multi Sarana Avindo (c)	Coal					
52	PT Bukit Baiduri Energi (d)	Coal					
53	PT Santan Batubara	Coal	Yes	Yes	Yes	Yes	Yes
54	PT Insani Baraperkasa	Coal					
55	PT Kayan Putra Utama Coal (c)	Coal					
56	PT Singlurus Pratama	Coal	Yes	Yes	Yes	Yes	Yes
57	PT Gema Rahmi Persada (c)	Coal					
58	PT Bara Jaya Utama	Coal					
59	PT Nusantara Termal Coal	Coal	Yes	Yes	Yes	Yes	Yes
60	PT Binamitra Sumberarta	Coal					
61	PT Adimitra Baratama Nusantara	Coal					
62	PT Kadya Caraka Mulia	Coal	No	Yes	Yes	Yes	Yes
63	PT Kaltim Batumanunggal	Coal					
64	PT Transisi Energi Satunama (b)	Coal					
65	PT Batubara Lahat (d)	Coal					
66	PT Lamindo Intermultikon	Coal					

67	PT Bangun Benua Persada Kalimantan	Coal					
68	PT Harifa Taruna Mandiri (e)	Coal					

No	Reporting Partners per Reconcilers Report		Questions				
	Companies	Categories	1	2	3	4	5
69	PT Kartika Selabumi Mining	Coal					
70	PT Kalimantan Energi Lestari	Coal	No The company is under new management (Mereuria Group) since November 2010, with changing ownership from PT. SMJ. Company will only involve in EITI 2012	Yes	Yes	Yes	Yes
71	PT Dharma Puspita Mining	Coal					
72	PT Senamas Energindo Mulia	Coal					

Note:

 Self-Assessment received

List of Oil & Gas Companies

Self-assessment Responses

No.	Reporting Partners per Reconcilers Report		Partners who have Given Back the Form		Questions				
	PSC Reporting Partners	PSC Blocks	Group	Received	1	2	3	4	5
1	PT Chevron Pacific Indonesia	Rokan	Chevron	PT. Chevron Pacific Indonesia	Yes We support EITI. This statement has been quoted by Media	Yes We are committed and had attended various meetings organized by EITI	Yes We have completed the EITI template and sent to EITI by the date requested	Yes The information provided based on FQR (Financial Quarterly Report) audited each year	Yes We have responded to request for detail information by EITI Reconciler
2	Chevron Indonesia Company	East Kalimantan		Chevron Indonesia Co.					
3	Chevron Makassar Ltd.	Makassar Strait		Chevron Makassar Ltd					
4	Chevron Siak Inc.	Siak		Chevron Siak Inc.					
5	Chevron Mountain Front Kuantan Inc.	MFK		Chevron Mountain Front Kuantan Inc.					
6	Total E&P Indonesia	Mahakam *	Total E & P Indonesia	Total E & P Indonesia	Yes	Yes	Yes	Yes	Yes
7	Inpex	Mahakam *	Inpex	Inpex Corporation	Yes It has been published in INPEX website	Yes	Yes	Yes Information is based on FQR that has been audited by government auditor-BPKP (Finance and Development Supervisory Agency) and BP Migas/	Yes

11	PT Pertamina EP	Indonesia	Pertamina EP	PT Pertamina EP	No	Yes	Yes	Yes	Yes Company is in full support to give supporting documents and answers for any inquiries, if needed
12	Lasmo Sanga-Sanga Ltd. (ENI OIL)	Sanga-Sanga	VICO	VICO Indonesia	No However submitted the required information in accordance with the EITI template	Yes	Yes	Yes	Yes

No.	Reporting Partners per Reconcilers Report		Partners who have Given Back the Form		Questions				
	PSC Reporting Partners	PSC Blocks	Group	Received	1	2	3	4	5
13	Mobil Expl. Indo (NSO) Inc.	NSO	Exxon	Mobil Exploration Indonesia	No The publication has not been published in public. However, company has announced its support for EITI internally	Yes	Yes	No Data given is/will be audited by government auditor	Yes
14	ExxonMobil Oil Indonesia Inc.	B Block		Exxonmobil Oil Indonesia Inc.					
15	Mobil Cepu Ltd.	Cepu		Mobil Cepu					
16	Mobil Pase Inc.	Pase	Triangle Pase Inc						

17	CNOOC SES Ltd.	South East Sumatera							
18	PT PHE CPP	CPP	PHE	All	Yes	Yes	Yes	Yes	Yes
19	PHE West Madura	West Madura *							
20	PT PHE East Java	Tuban *							
21	PT PHE Ogan Komering	Ogan Komering *							
22	PT PHE Salawati	Kepala Burung *							
23	PT PHE Tomori	Senoro - Toili, Sulawesi *							
24	PT PHE Raja	Raja Pendopo *							

No.	Reporting Partners per Reconcilers Report		Partners who have Given Back the Form		Questions				
	PSC Reporting Partners	PSC Blocks	Group	Received	1	2	3	4	5
25	Petrochina Int'l Jabung Ltd.	Jabung		Petrochina Int'l Jabung Ltd.	Yes By submitting the required information in accordance with the EITI template	Yes We always attend the meeting invitation held by EITI	Yes All the payment information submitted based on EITI requirement stated on the agreed template	Yes	Yes
26	Petrochina Java (Tuban)	Tuban *							

27	Petrochina Int'l (Bermuda) Ltd.	Kepala Burung *		Petrochina International (Bermuda) Ltd.	Yes By submitting the required information in accordance with the EITI template	Yes We always attend the meeting invitation held by EITI	Yes All the payment information submitted based on EITI requirement stated on the agreed template	Yes	Yes
28	Petrochina Int'l Kepala Burung Ltd.	Salawati Burung							

No.	Reporting Partners per Reconcilers Report		Partners who have Given Back the Form		Questions				
	PSC Reporting Partners	PSC Blocks	Group	Received	1	2	3	4	5
29	Petrochina Int'l Bangko Ltd.	Bangko		Petrochina Int'l Bangko Ltd.	Yes By submitting the required information in accordance with the EITI template	Yes We always attend the meeting invitation held by EITI	Yes All the payment information submitted based on EITI requirement stated on the agreed template	Yes	Yes
30	BP West Java Ltd.	Offshore Northwest Java	BP	ONJW, BP West Java	Yes	Yes	Yes	Yes	Yes
31	BP Berau Ltd.	Berau		Tangguh, Berau					
32	BP Muturi Ltd.	Muturi		Tangguh Muturi					
33	BP Wiriagar Ltd.	Wiriagar		Tangguh Wiriagar					
34	PT Medco E&P Indonesia (Rimau)	Barisan Rimau							
35	PT Medco E&P Indonesia (S&C Sumatra)	S&C Sumatra							
36	PT Medco E&P Indonesia (Tarakan)	Tarakan							
37	Medco Tomori Sulawesi Ltd.	Senoro, Toili *							
38	Medco Lematang Ltd.	Lematang							
39	Premier Oil Natuna A	Natuna Sea - A							
40	Kondur Petroleum S.A	Malacca Strait	EMP	EMP Malacca Strait S.A (before: Kondur	Yes	Yes	Yes	Yes	Yes

				Petroleum S.A.)					
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No.	Reporting Partners per Reconcilers Report		Partners who have Given Back the Form		Questions				
	PSC Reporting Partners	PSC Blocks	Group	Received	1	2	3	4	5
41	EMP Kangean/Kangean Energy Indonesia	Kangean		Kangean Energy Indonesia Ltd (before: EMP Kangean Ltd)					
42	Kalila (Korinci) Ltd.	Korinci		EMP Korinci Baru Ltd (before: Kalila (Korinci Baru) Ltd)					
43	Lapindo Brantas Inc.	Brantas	Lapindo Brantas Inc.	Lapindo Brantas Inc.	Yes	Yes	Yes	Yes	Yes
44	Kodeco Energy Co., Ltd.	West Madura *							

45	Star Energy (Kakap) Ltd.	Kakap	Star Energy (Kakap) Ltd.	Star Energy (Kakap) Ltd.	No The publication has not been done. However, there is coordination with SKK Migas	Yes	Yes	No The information provided based on FQR (Financial Quarterly Report) and FMR (Financial Monthly Report), which are submitted to SKK Migas. It also based supporting report, such as calculation on over/under lifting, tax payment (for each Partner) and debit note for DMO fee.	Yes SEKL answers any inquiries to support SKK Migas in completing EITI report
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No.	Reporting Partners per Reconcilers Report		Partners who have Given Back the Form		Questions				
	PSC Reporting Partners	PSC Blocks	Group	Received	1	2	3	4	5
46	Talisman (Ogan Komering) Ltd.	Ogan Komering *							
47	Amerada Hess (Ind-Pangkah) Ltd.	Pangkah, East Java							
48	Santos (Sampang) Pty. Ltd.	Sampang, East Java Sea							
50	Energy Equity Epic (Sengkang) Pty. Ltd	Sengkang, South Sulawesi	Energy Equity Epic (Sengkang) Pty. Ltd	Energy Equity Epic (Sengkang) Pty. Ltd	Yes	Yes	Yes	Yes	Yes
51	Golden Spike Ltd.	Raja Pendopo *							
52	Citic Seram Energy Ltd.	Seram Non Bula							
53	Kalrez Petroleum (Seram) Ltd.	Bula - Seram							

54	Pearl Oil (Tungkal) Ltd.	Tungkal							
55	PT Petronusa Bumibakti (Petro Selat)	Selat Panjang							
56	Perusda Benuo Taka	Wailawi							
57	Costa International Group Ltd.	Gebang	EMP	EMP Gebang Ltd (before: Costa International Group Ltd)	Yes	Yes	Yes	Yes	Yes

Note:

Self-Assessments received at time of issuing Final Draft to the EITI Board

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Deloitte

'Deloitte' is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, and tax services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates.

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The member firms reported [aggregate revenue of US\\$31.3 billion](#) for the fiscal year ended 31 May 2012. Deloitte operates in more than 150 countries and has in the region of 200,000 professionals, all committed to a single vision: to be the standard of excellence.

Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu and its affiliates (together Deloitte Australia) has more than 520 partners with close to 6000 people located in 16 offices across the country. Its revenue for the fiscal year ended 31 May 2012 was A\$1.1 billion.

Our services

Deloitte Australia provides a broad range of [audit](#), [tax](#), [consulting](#), and [financial advisory](#) services to public and private clients. It has expertise that spans [industry sectors](#) including [automotive](#); [consumer business](#); [energy & resources](#); [financial services](#); [government services](#); [life sciences & health care](#); [manufacturing](#); [real estate](#); and [technology, media & telecommunications](#).

Our vision and culture

Deloitte's vision is to be the most inspiring firm to work with - for its people, its clients and its communities. Deloitte is committed to innovation, the oxygen that it uses to develop new ideas, products and services that create value for itself, its clients and the country. With seven key values or 'signals' that have been honed over the years, Deloitte's culture is based on empower and trust; recruit and retain the best; talk straight; continuously grow and improve; play to win - think globally; aim to be famous; and have fun and celebrate.

Deloitte is proud of its "playful culture with serious intent" (Giam Swiegers, Deloitte CEO, 2010). It is in the business of solving complex problems for its clients which it does by engaging its people through a series of innovative communication channels and 'think tanks'. This is the foundation it uses to create an "and different" environment and which has contributed to the firm being placed for two years in a row in the top 15 of Australia's Best Place to Work rankings.

Diversity

One of the critical success factors for Deloitte's growth has been its embrace of gender and cultural diversity to win the war for talent in this country. Deloitte has now been recognised as an equal opportunity leader for women by the Federal Government's Equal Opportunity for Women in the Workplace Agency for eleven successive years.

CEO, Giam Swiegers is an active member of the Business Council of Australia's mentoring program which matches CXOs with high potential females from other organisations. He was the only professional services CEO invited by the Sex Discrimination Commissioner, Elizabeth Broderick to join a group of corporate leaders to progress gender equality in Australia's corporate sector.

Recognised in 2012 as an Employer of Choice for Women for the 11th year in a row by the Federal Government's Equal Opportunity for Women in the Workplace Agency (EOWA)

The [Inspiring Women](#) program is a key element in Deloitte's business strategy.

It is about Deloitte vision of being the professional services firm of choice for talented women by continuing to support and foster the development of talented women within the firm. We do this by:

- Creating an inclusive culture driven by the leadership of the firm
- Investing in talent identification, development and recruitment
- Building an appropriate environment to develop and retain talented women