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NO	CATEGORY	REQUIREMENT	CARD	INITIAL ASSESSMENT	RECOMMENDATION	MSG COMMENTS
1	MSG Oversight	Government engagement (#1.1)			<p>In accordance with Requirement 1.1, Indonesia is required to:</p> <ul style="list-style-type: none"> i. issue a public statement indicating its continued support to EITI implementation; ii. appoint a senior individual who will effectively lead the EITI process; iii. ensure that senior individuals participate in the MSG; iv. take steps to ensure that government is fully, actively and effectively engaged in the EITI process by addressing administrative and legal barriers to implementation, including in the submission of data by government agencies and companies required for EITI reporting, conducting outreach to other agencies, and using EITI data to promote public debate and formulate policies. <p>The government is required to draft an action plan to address these corrective actions within three months from the Board decision, and should regularly monitor the progress of implementing the action plan by providing regular reports to the EITI secretariat.</p>	<ul style="list-style-type: none"> i. Public Statements has been made by several Ministers and Senior Government Officials, and the Government has been supporting to finance the continuity of EITI Indonesia. (ref: http://eiti.ekon.go.id/en/?s=statement and https://ekbis.sindonews.com/read/1386625/34/pemerintah-terus-dorong-transparansi-data-industri-ekstraktif-1552545014) ii. The Government of Indonesia has appointed Senior Government Officials to lead and implement EITI Indonesia, as stipulated in the President Decree No. 26/2010. iii. The MSG confirms that all MSG members from the government are Senior Government Officials. However, if they could not come to the MSG meetings, that Senior Government Officials will appoint one or more officials to represent him/her with a sort of government-type Proxy Letter, which is a common practice in the Indonesian Government Bureaucratics system. In fact, several MSG Meeting had been attended by senior government officials such as Senior Minister Staff of BAPPENAS and Deputy Minister of BAPPENAS. iv. The Government of Indonesia has been fully and actively engaged in the EITI process, and that there are NO administrative and legal barriers to implementation. All of the issues,


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						including the submission of data by government agencies and companies required for EITI reporting, conducting outreach to other agencies, and using EITI data to promote public debate and formulate policies have been implemented in EITI Indonesia. In addition, EITI Indonesia has been visited by several regional government, and was invited as the speaker in several discussions.
2	MSG Oversight	Industry engagement (#1.2)		The International Secretariat's initial assessment is that Indonesia has made inadequate progress in meeting this requirement. There is limited evidence of industry's active and full participation in the EITI process. Beyond submitting data, it does not appear the industry is contributing to substantial discussions to strengthen EITI implementation and improve the scope of reporting. There is little evidence of effective and meaningful consultation with the wider constituency, or participation in dissemination outreach, and it has not been shown that industry has contributed to resolving the bottlenecks to implementation such as tax confidentiality provisions or company non-reporting. There also appear to	In accordance with Requirement 1.2, Indonesia is required to: i. take steps to ensure that industry is fully, actively and effectively engaged in the EITI process; ii) ensure that there is an enabling environment for company participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI; and iii) ensure that there are no obstacles to company participation in the EITI process. Industry is required to draft an action plan to address these corrective actions within three months from the Board decision and should regularly monitor the progress of implementing the action plan by providing regular reports to the EITI Secretariat.	1. The industry has always been involved in the EITI Process in Indonesia, and we agree that in the future, the industry shall be more actively engaged in the EITI process. Despite their participation in the MSG, Industry Representatives have involved in the planning and publication of new regulations in the natural resources governance, such as: implementation of ESDM Minister regulation No 52/2017 to change ESDM Minister regulation No. 8/2017 related to Gross Split Contract; BO policy by ESDM Minister regulation No. 11/2018, etc. As one of MSG members from the Industry, APBI (The Indonesia Coal Mining Business Associations) released articles related to EITI activities in their website (http://www.apbi-icma.org/news/1208/rapat-tim-pelaksana-eiti-extractive-industries-transparency-initiative) 2. The Indonesian Government in general, and particularly the EITI


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				<p>be barriers to an enabling environment for company participation due to legal tax confidentiality provisions and the uneven company compliance with confidentiality waivers.</p>		<p>Indonesia, has always welcome full participation of companies in the EITI Process. There are no such constraints for companies to participate in the EITI Process. In fact EITI Indonesia conducted Forum Group Discussions (FGD) proposed by industry rep in MSG, such as: FGO on the Coal Domestic Market Obligations (DMO).</p> <p>3.a With regards to the tax confidentiality provision, it has already based on the Indonesian tax law and it is believed to be in accordance with international tax law. The disclosure of taxation information can only be done via: Letter of Authorization from the corresponding tax subject (companies), and exemptions from the Minister of Finance.</p> <p>3.b EITI Indonesia has also accommodated Industry Associations proposal of Industrial Guest of Speaker in the EITI Report Launching, and feedbacks in the EITI Contextual Report.</p> <p>3.c The MSG is committed to strengthen Industry participation in the EITI process in the future.</p>
3	MSG Oversight	Civil society engagement (#1.3)			<p>In accordance with Requirement 1.3, Indonesia is required to ensure that civil society is fully, actively and effectively engaged in the EITI process by maintaining a regular feedback mechanism to its broader constituency to ensure that the EITI process is substantive and addressing issues that are relevant to civil society.</p>	<p>The Civil society has fully and actively engaged in the EITI Process. CSO applied their own internal procedures to select their representative in EITI. CSO representative in MSG developed annual workplan and their constituency model. In fact, the CSO representative would normally broadcasted EITI activities to their constituency. From time to time, CSO</p>



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					Civil society is required to draft an action plan to address these corrective actions within three months from the Board decision and should regularly monitor the progress of implementing the action plan by providing regular reports to the EITI Secretariat.	holds a dialogue to discuss EITI issues with their constituency.
4	MSG Oversight	MSG governance (#1.4)		The International Secretariat's initial assessment is that Indonesia has made inadequate progress towards meeting this requirement. There are major challenges with respect to representation for all constituencies. Lack of senior government officials and lack of a common understanding and awareness of the MSG's role have affected the swiftness and quality of decision-making processes and implementation in general. It appears that MSG discussions are largely confined to a focus on report publication in and of itself. There is limited evidence of government efforts to ensure that the EITI process contributes to improvement of natural resource governance. There are concerns about the efficiency of the MSG's current structure, leading many stakeholders to suggest that the existing composition of the MSG should be revisited. Moreover, the	In accordance with Requirement 1.4, Indonesia is required to i. ensure that the constituencies are adequately represented, comprising appropriate stakeholders with sufficient capacity, willingness and availability to commit to the EITI process; ii. with respect to industry, ensure that the selection process is open and transparent; iii. ensure that the multi-stakeholder group undertakes effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society; iv. ensure that members of the multi-stakeholder group liaise with their constituency groups; v. ensure that internal rules of procedure are adopted, indicating that any member of the multi-stakeholder group has the right to table an issue for discussion and that there is sufficient advance notice of meetings and timely	i. Delegation of authority from government officials to their subordinate is of common norm in Indonesia. Despite the delegation of authority provide a full representation from senior officials, the full responsibility with regards to the matters being represented will still remain to be held by the senior officials themselves. The MSG agree that in the future, administrative-wise, such representation will be accompanied by an official proxy letter. ii. Industry representation has been appointed by association of the industry itself. The process of selection was done internally within the association. Such selection process is of common practice in Indonesia, whereas the government do not intervene the industry association to appoint the representative. iii. The recommendation has been prevailing in EITI process. IV. The recommendation has been prevailing in EITI process. v. The recommendation has been prevailing in EITI process. EITI National Secretariat has always been expecting



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				<p>selection process for industry does not indicate a wide consultation within the mining, coal and petroleum sector. It also appears that all constituencies do not regularly liaise with their wider constituencies. The ToR also lacks a per diem policy as well as provisions to ensure that the MSG is capacitated to carry out its duties. It also appears that there had been deviations from ToR provisions regarding frequency of meetings and the actual exercise of functions of the Implementing Team and Executive Team, which seem to be performed by the MSG. The extent of MSG consultations on revisions to its own ToR is unclear.</p>	<p>circulation of documents prior to their debate and proposed adoption; vi. agree on a clear Terms of Reference with provisions on ensuring that the members of the MSG have the capacity to carry out their duties.</p>	<p>issues proposed by members of MSG to be discussed in the MSG meeting. Agenda and meeting materials have always been distributed one week prior the MSG meeting. vi. MSG agrees with the clear ToR, and MSG confirm that the MSG members have the capacity to carry out their duties.</p>
5	MSG Oversight	Work plan (#1.5)		<p>The International Secretariat's initial assessment is that Indonesia has made inadequate progress towards meeting this requirement. The 2018 work plan objectives have not been updated since 2016 and do not appear to reflect the results of consultations with key stakeholders. In fact, there is evidence to suggest that many MSG members did not contribute to the drafting of the 2018 work plan. It also does not substantially</p>	<p>In accordance with Requirement 1.5, Indonesia is required to draft a work plan that: a) sets EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries. b) Reflect the results of consultations with key stakeholders; c) Include measurable and time bound activities to achieve the agreed objectives. The scope of EITI implementation should be tailored to contribute to the</p>	<p>i. The assessment of potential capacity constraints will be addressed in the next EITI work plan. li. The scope of EITI reporting has been addressed in the Scoping Study of the corresponding EITI Report. lii. The MSG confirmed that in general, as far as EITI implementation is concerned, there are NO legal or regulatory obstacles in Indonesia. iv. The workplan discussed and agreed by</p>



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				address the details required under Requirement 1.5.c, specifically on addressing capacity constraints, scope of EITI reporting, legal or administrative obstacles to implementation, and plans to address EITI recommendations.	desired objectives that have been identified during the consultation process. The work plan must: i. Assess and outline plans to address any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation. ii. Address the scope of EITI reporting, including plans for addressing technical aspects of reporting, such as comprehensiveness (4.1) and data reliability (4.9). iii. Identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation, including, if applicable, any plans to incorporate the EITI Requirements within national legislation or regulation. iv. Outline the multi-stakeholder group's plans for implementing the recommendations from Validation and EITI reporting.	the MSG contains the substance or general matters of work plan for the period. In the future, MSG agree will explicitly address plans for implementing the recommendations from Validation and EITI reporting in the EITI workplan.
6	Licenses & Contracts	Legal framework (#2.1)				
7	Licenses & Contracts	License allocations (#2.2)			In accordance with Requirement 2.2, Indonesia is required to disclose information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report. This information should include the number of mining, oil and gas licenses	Information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report has been disclosed in the EITI Indonesia website in the following link. http://eiti.ekon.go.id/en/lisensi-alokasi-





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					awarded and transferred in the year covered by EITI reporting, a description of the award procedures, including specific technical and financial criteria assessed, and highlight any non-trivial deviations in practice. In addition, Indonesia may wish to comment on the efficiency of the current license allocation and transfer system as a means of clarifying procedures and curbing non-trivial deviations.	dan-register-data-pi-transfer-dan-psc-miqas/ In addition, the ministry of ESDM is holding online bidding for oil & gas licenses in the following link: https://e-wkmiqas.esdm.go.id
8	Licenses & Contracts	License register (#2.3)			In accordance with Requirement 2.3, Indonesia is required to maintain a publicly available register or cadastre system(s), providing comprehensive information including dates of application and partner interests for licenses held by all oil, gas and mining companies. In the interim Indonesia should ensure that future EITI reporting provide the information set out under EITI Requirement 2.3.b, including dates of application and partner interests, for all oil and gas and mining companies covered in the EITI reporting cycle.	Register or Cadastre information for all oil & gas, and mining companies is publicly available, and has been discussed in EITI reports. The information is accessible in the following link: https://geoportal.esdm.go.id/peng_umum/
9	Licenses & Contracts	Policy on contract disclosure (#2.4)			In accordance with Requirement 2.4, Indonesia should ensure that the government's policy on contract disclosure is clear and public, and that a review of actual practice of contract disclosure in the mining, oil and gas sectors be publicly accessible.	Currently, contract disclosure cannot be implemented due to the current effective law and regulation. According to public statement made by the Inspector General of ESDM in the EITI Global Conference in Paris, Indonesia will pursue contract disclosure policy in the future. However, the implementation should be done step-by-step, by consulting with all stakeholders i.e.

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						companies, parliament members, and regional governments. Indonesia is also emphasizing that contract disclosure shall not endangering investment climate in Indonesia. Recently, Indonesia is in the process of revising the current law.
10	Licenses & Contracts	Beneficial ownership (#2.5)				
11	Licenses & Contracts	State participation (#2.6)			In accordance with Requirement 2.6, Indonesia's government and SOEs must disclose their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g., full-paid equity, free equity, carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues.	The information required in the recommendation is always published by the corresponding SOEs in their annual audited financial report. For example, <u>Pertamina</u> released their audited financial report in the following link: https://www.pertamina.com/Media/Upload/Files/LK-2017-(Audited).pdf PT. Bukit Asam: http://www.ptba.co.id/id/laporan-perusahaan/laporan-audit-keuangan PT Timah: http://www.timah.com/v3/ina/laporan-laporan-keuangan/
12	Monitoring	Exploration data				





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	Production	(#3.1)				
13	Monitorting Production	Production data (#3.2)			In accordance with Requirement 3.2, Indonesia should ensure that annual production volumes and values be publicly accessible for all minerals, oil and gas produced in the year under review.	Annual production (lifting for oil & gas) information is available in SKK Migas website - Dashboar lifting in the following link: https://www.skkmigas.go.id/publikasi/lifting-dashboard for mineral and coal mining: https://modi.minerba.esdm.go.id
14	Monitorting Production	Export data (#3.3)			In accordance with Requirement 3.3, Indonesia must ensure that annual export volumes and values be publicly accessible for all minerals, oil and gas produced in the year under review, disaggregated by commodity. In light of significant stakeholder concerns over the reliability of official government export data, Indonesia may wish to use EITI reporting to disclose information on the monitoring and valuation of extractives export, as well as include estimates of unrecorded or informal exports in future EITI reporting cycles.	The information is publicly available in the Badan Pusat Statistik (Central Statistics Agency) website. Example of data is shown in the following link: https://www.bps.go.id/statictable/2014/09/08/1034/ekspor-batu-bara-menurut-negara-tujuan-utama-2002-2015.html Export data has also been covered in EITI report.
15	Revenue Collection	Comprehensiveness (#4.1)		The International Secretariat's assessment is that Indonesia has made inadequate progress towards meeting this requirement. The MSG has agreed quantitative materiality thresholds for selecting companies and revenue streams,	In accordance with Requirement 4.1, Indonesia should ensure that the list of material companies included in the scope of reporting is clearly defined and should ensure that future EITI reporting includes the IA's assessment of the materiality of omissions as well as full unilateral government disclosure of	MSG will take the recommendation in the future workplan Comprehensiveness revenue has been discussed in the scoping study of the corresponding EITI Report. It was also discussed in the MSG meeting before MSG finally approved the 2015 EITI Report





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				<p>albeit without providing the value of payments from non-material companies or under non-material revenue streams. However, the lack of explicit justification for the exclusion of indirect payments to government is a concern. The lack of evidence showing that the MSG considered and discussed the exclusion of these payments, despite the materiality of these payments according to third-party sources, raises questions over the comprehensiveness of the scope of reporting. In addition, there is no evidence of the value of payments in 2015, that were excluded from the scope of reconciliation despite being listed under Requirement 4.1.b. The 2015 EITI Report lists all material companies aside from 69 non-operator partners in oil and gas, and describes all material revenue streams. The report names the 52 non-reporting companies and assesses the materiality of their non-tax payments in aggregate for oil and gas and for mining, and includes the IA's assessment that payments from non-reporting oil and gas companies were considered insignificant, although no equivalent</p>	<p>material revenues from non-material companies.</p>	<p>in EITI report 2015, only 5 oil & gas companies are non-reporting companies due to: 2 companies declared bankruptcy, and 3 companies are in the midst of internal dispute. Materiality of reporting companies are 92.75%.</p> <p>The MSG confirmed that the government revenue in Indonesia is collected via multiple channels of government institutions, and all of the government revenue collected will be acknowledged by the DG of Treasury as the official government revenue. There are no such exclusion of certain government institution in collecting certain type of government revenue.</p> <p>List of oil & gas companies are listed in ESDM website: https://migas.esdm.go.id/post/read/kontraktor-kontrak-kerja-sama-1 for mining companies: https://www.minerba.esdm.go.id/upload/file_menu/20190513134241.pdf</p>


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				statement for mining. However, given confidentiality provisions of the tax code, the report does not assess the materiality of tax payments from non-reporting companies that should have reported, and there is no categorical assessment of the materiality of tax payments from non-reporting companies. The report confirms that all material government entities reported but provides full government reporting of revenues from non-material companies for only some, not all, of the material revenue flows.		
16	Revenue Collection	In-kind revenues (#4.2)			In accordance with Requirement 4.2, Indonesia should ensure that future EITI reporting present information on the sale of the state's in-kind revenues, including volumes sold and the proceeds of sales, disaggregated by buyer.	The Production Sharing Contract concept is calculated based on all sales received by the government, and not disaggregated by buyers. Revenue disaggregation by buyer data is not available.
17	Revenue Collection	Barter agreements (#4.3)				
18	Revenue Collection	Transportation revenues (#4.4)				
19	Revenue Collection	SOE transactions (#4.5)			In accordance with Requirement 4.5, Indonesia must ensure that the role of	


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					SOEs, including company and subsidiary payments to SOEs as well as transfers between SOEs and government agencies, is comprehensively and publicly addressed. Indonesia is encouraged to consider working with SOEs on ensuring their statutory annual reporting covers the information required by the EITI Standard in a sufficiently disaggregated manner.	
20	Revenue Collection	Direct subnational payments (#4.6)				
21	Revenue Collection	Disaggregation (#4.7)			In accordance with Requirement 4.7, Indonesia should present all reconciled financial data disaggregated by company, government entity and revenue stream. To further strengthen implementation, Indonesia may wish to make progress in implementing project-level EITI reporting for all material companies ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018, agreed by the EITI Board at its 36th meeting in Bogotá.	All financial data have been disaggregated by company, government entity, and revenue stream, and provided in Book 4 of the report. Indonesia has also covering the project-level reporting for 2015 Report
22	Revenue Collection	Data timeliness (#4.8)				
23	Revenue Collection	Data quality (#4.9)		The International Secretariat's initial assessment is that Indonesia has made inadequate	In accordance with Requirement 4.9, Indonesia should ensure that a review of actual auditing practices by reporting	The MSG is in doubts with the statement in the initial assessment and the recommendation in this Initial Validation



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				<p>progress towards meeting this requirement. In accordance with Requirement 4.9, the reconciliation of payments and revenues has been undertaken by an IA, appointed by the MSG, and applying international professional standards. The IA and the MSG agreed ToR for the production of the 2015 EITI Report that deviated from the standard ToR and agreed upon procedures issued by the EITI Board, but applied this ToR and procedures in practice. While the final report provides an informative summary of the work performed by the IA and the limitations of the assessment provided, it does not include a clear statement from the IA on the comprehensiveness and reliability of the (financial) data presented. While the report indicates a coverage of the reconciliation exercise based on the government's disclosure of non-tax revenues, it does not provide the coverage in terms of total extractives revenues, including tax.</p>	<p>companies and government entities be conducted before agreeing procedures to ensure the reliability of EITI information. Indonesia should ensure that the ToR for the IA is in line with the standard ToR approved by the EITI Board and that its agreement on any deviations from the ToR in the final EITI Report be properly documented. Indonesia should also ensure that the IA include an assessment of whether the payments and revenues disclosed in the EITI Reports were subject to credible, independent audit, applying international auditing standards.</p>	<p>Report, and request for further explanation pertaining to the findings stipulated in the report.</p> <p>The MSG confirmed that:</p> <ul style="list-style-type: none"> - all revenue data from government institutions are in accordance with the Central Government Audited Report. (LKPP) - all payment data from the reporting companies are based on the corresponding company audited financial report (by independent auditor). - The ToR for the IA was developed based upon the Standard ToR approved by the EITI Board, and it has been discussed and approved by the MSG. <p>However, the MSG agrees that in the future, a presentation of data will be review as not to cause a mismatch between the title of data presentation (graphs, pictures, tables) with the data shown in the presentation in the EITI reports and publications.</p>
24	Revenue Allocation	Distribution of revenues (#5.1)				



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25	Revenue Allocation	Subnational transfers (#5.2)		<p>The International Secretariat's initial assessment is that Indonesia has made inadequate progress towards meeting this requirement. The 2015 EITI Report describes statutory subnational transfers of mining, oil and gas revenues under the DBH transfer scheme and provides the general revenue-sharing formula. The value of executed DBH subnational transfers is provided per local government, albeit without an assessment of discrepancies with calculations based on the revenue-sharing formula. The EITI Report describes a second form of subnational payments in practice, consisting of central government payments of local taxes (PDRD) on behalf of certain oil and gas companies under the "assume and discharge" model, and provides the value of such transfers. However, the report does not clearly describe the companies concerned by such "assume and discharge" payments and does not assess any discrepancies with calculations of such transfers according to statutory PDRD regulations.</p>	<p>In accordance with Requirement 5.2, Indonesia should assess the materiality of subnational transfers and ensure that future EITI reporting provide the specific formula for calculating subnational transfers linked to extractives revenues to individual governorates, disclose any material subnational transfers and any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity.</p>	<p>The formula for revenue sharing prevail for all Province and District (sub national), The MSG confirms that there are no discrepancies between the actual amount transferred to sub-national and the results from calculation using the formula. The actual amount transferred to sub-national is based on the formula calculation. However, there are government revenues transferred separately to the sub-national government, and shall be considered as deducting-factor in the Revenue Sharing formula calculation. In many cases, deducting-factor varies from one sub-national to another.</p> <p>The MSG analyses, the "so-called discrepancies" may arises due to un-awareness of the sub-national government with this deducting-factor. In this matter, MSG has implemented such Forum Group Discussions in several provinces, involving both related central government directorate generals and provincial and district stakeholders to discuss Revenue Sharing (DBH) transparency and its reconciliations to clarify this mis-understanding.</p> <p>The MSG agree that in the future, EITI should continue to hold workshop and socialization of revenue-sharing (DBH) calculation formula and its corresponding deducting-factor with various</p>




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						stakeholders including the sub-national government.
26	Revenue Allocation	Revenue management and expenditures (#5.3)				
27	Socio-Economic Contribution	Mandatory social expenditures (#6.1)		<p>The International Secretariat's initial assessment is that Indonesia has made inadequate progress towards meeting this requirement. The 2015 EITI Report describes mandatory social expenditures in mining, oil and gas as well as for extractives SOEs, but only provides unilateral company reporting of all social expenditures without specifying the expenditures that are mandatory by law or contractual terms. It is unclear from the report which mandatory social expenditures are required from which material companies. The information on social expenditures is disaggregated only by company, not between cash and in-kind expenditures, and the identity of any non-government beneficiaries of mandatory social expenditures remains unclear.</p>	<p>In accordance with Requirement 6.1, Indonesia should ensure that a clear definition of any mandatory social expenditures is publicly provided and assess the materiality of such expenditures in the period under review. Public disclosure of mandatory social expenditures must be disaggregated by type of payment (distinguishing cash and in-kind) and beneficiary, clarifying the name and function of any non-government (third-party) beneficiaries of mandatory social expenditures. Indonesia is encouraged to pursue disclosure of voluntary social expenditures to a level of disaggregation commensurate with mandatory social expenditures, albeit clearly distinguishing the two forms of payments in the disclosures.</p>	<ol style="list-style-type: none"> 1. The definition of all mandatory social expenditure has been clearly defined in the related government regulation. 2. Materiality of such expenditure has been provided in the EITI Report. General summary of mandatory social expenditure (such as reclamation and post mining guarantee) is provided in Book Vol.2 Tabel 53 (2015 Report) and Table 51 (2016 report), and individual company payment data is provided in Book Vol.4. in Appendix 3.2. (in both 2015 and 2016 report) 3. All social expenditures are expensed in-kind and not in cash. Social expenditure spendings is normally in the form of work program and social activities for the community . 4. The details of voluntary social expenditure, including its amount, type of payment and beneficiaries are provided in EITI website: http://eiti.ekon.go.id/en/data-csr-dan-penerima-dari-perusahaan-migas-dan-minerba-tahun-2015/ <p>Updates on Community Development Program is available at the following link: http://ecomdev.minerba.esdm.go.id/index </p>


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28	Socio-Economic Contribution	SOE quasi-fiscal expenditures (#6.2)		The International Secretariat's initial assessment is that Indonesia has made inadequate progress towards meeting this requirement. The 2015 EITI Report provides a definition of quasi-fiscal expenditures but there is no evidence of the MSG having considered the existence of quasi-fiscal expenditures in any depth. The EITI Indonesia website published extractives SOEs' confirmations that their social expenditures in 2015 were not recorded in the budget and provides links to SOEs' disclosures of their social expenditures. However, it is unclear whether this narrow definition of quasi-fiscal expenditures – i.e. only SOEs' social expenditures – is comprehensive of all extractives SOEs' expenditures that could be categorised as quasi-fiscal in line with the definition provided in the IMF's Fiscal Transparency Manual.	In accordance with Requirement 6.2, Indonesia should undertake a comprehensive review of all expenditures undertaken by extractives SOEs that could be considered quasi-fiscal. Indonesia should develop a reporting process for quasi-fiscal expenditures with a view to achieving a level of transparency commensurate with other payments and revenue streams.	.php The extractive SOEs social expenditure that is considered to be quasi-fiscal expenditure is already available in EITI website: http://eiti.ekon.go.id/en/pengeluaran-kuasi-fiskal-untuk-bumn/
29	Socio-Economic Contribution	Economic contribution (#6.3)				
30	Outcomes & Impacts	Public debate (#7.1)			In accordance with Requirement 7.1 Indonesia must ensure that the EITI	Circulation and promotion of EITI report has been done to targeting key audiences

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					Report and EITI data is adequately circulated and promoted, with a view to contributing to public debate by targeting key audiences such as parliamentarians, media, policy makers, local communities near extraction sites and wider civil society. The MSG may wish to consider establishing more formal mechanisms for subnational MSGs to provide input to national EITI discussions, to ensure discussions and priorities at the local level are reflected.	<p>such as parliamentarians, media, policy makers, local communities near extraction sites and wider civil society.</p> <p>In this year, EITI Indonesia plan to start the formation of Sub-National EITI, at least in two or three provinces as a formal forum of transparency discussion in the regional area.</p>
31	Outcomes & Impacts	Data accessibility (#7.2)				
32	Outcomes & Impacts	Follow up on recommendations (#7.3)		The International Secretariat's initial assessment is that Indonesia has made inadequate progress in meeting this requirement. There is limited evidence that the multi-stakeholder group is taking steps to act upon lessons learnt; to identify, investigate and address the causes of any discrepancies; and to consider the recommendations resulting from EITI reporting. The annual progress reports, minutes of MSG meetings and stakeholder views confirm that the MSG has not actively pushed for reforms and in cases where reforms were	In accordance with Requirement 7.3, Indonesia is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any discrepancies; and to consider the recommendations resulting from EITI reporting with a view to strengthen the impact of EITI implementation on natural resource governance.	<p>The MSG has always put their utmost effort in the EITI implementation, especially in the natural resources governance, such as:</p> <ul style="list-style-type: none"> - Publication of Beneficial Ownership regulation and its implementation, President Decree No. 13 / 2018. To implemen the BO policy in the Extractive Sector, Minister of ESDM has published Ministerial Regulation No. 11 / 2018, and further a Minister Decree No. 1796 K/30/MEM/2018 - National Anti-Corruption Action Plan, Extractive Sector involved in Action No#02: improvement of data governance and compliance in the Extractive sector, forestry sector, and tree-crop sector.

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				<p>implemented, the MSG's contributions to such reforms are unclear. Although a few government representatives consulted mentioned that they were following up on some recommendations, it is unclear whether such follow-up was consistent and systematic. There is no evidence of a mechanism for the MSG's systematic follow-up on EITI recommendations.</p>		<p>and Action No#08: Optimizing government revenue from tax and non-tax.</p> <p>In addition, the MSG holds several meetings to discuss findings and recommendation arises from EITI Reports. In fact EITI Reports discuss findings and recommendations arose from the previous report.</p> <p>In the future, the MSG confirms will push more effort in strengthening the outcome and impact of EITI implementation. Issues discussed in the MSG forum will be used as considerations in the publication of future natural resources governance regulations.</p>
33	Outcomes & Impacts	Outcomes and impact of implementation (#7.4)			<p>In accordance with Requirement 7.4, Indonesia must ensure that stakeholders should be able to participate in the production of the annual progress report and in reviewing the impact of EITI implementation which the MSG should do on a regular basis. Civil society groups and industry involved in the EITI, particularly, but not only those serving on the multi-stakeholder group, should be able to provide feedback on the EITI process and have their views reflected in the annual progress report. It is further recommended that the MSG considers the findings of the impact assessment that they commissioned.</p>	<p>The recommendation has been done by EITI Indonesia regularly. However, the MSG confirm that they will strengthen the participation of stakeholders including CSO and Industry not serving on the MSG.</p> <p>The MSG will also considers any input for improvement from the stakeholders including the findings of the impact assessment.</p>