

# REPORT OF EITI INDONESIA 2019 - 2020



MINISTRY OF ENERGY AND MINERAL RESOURCES  
REPUBLIC OF INDONESIA

## KEYNOTE

Praise and gratitude to Allah SWT, for the publication of the Extractive Industries Transparency Initiative Report (EITI) in the midst of the Pandemic Covid-19. This report is the ninth report of EITI since Indonesia becoming one of the EITI Implementing Countries, which includes data and information regarding the activities and policies of Indonesia's extractive industry in 2019-2020.

The legal basis for the implementation of EITI in Indonesia is Presidential Regulation Number 82 of 2020 concerning the Establishment of the Corona Virus Disease 2019 (Covid-19) Handling Committee and National Economic Recovery. According to the Presidential Regulation, the management of the Extractive Industries is returned to the technical units, namely the Ministry of Energy and Mineral Resources and the Ministry of Finance in accordance with their duties and functions. In connection with the COVID-19 pandemic, the EITI International Secretariat provides guidelines for the preparation of flexible reports where there are no reconciliation activities. The contents of the Ninth EITI Indonesia Report cover every supply chain of the extractive industries, from production to the utilization of revenues that have been obtained from extractive industries management activities for the 2019-2020 reporting year in accordance with EITI International 2019 standards. This report also continues to collect data from companies as a standard that is maintained but no reconciliation activities are needed.

This report was prepared by the EITI Ministry of Energy and Mineral Resources Secretariat Team and supervised by the Implementing Team under Presidential Decree No. 26 of 2010. The report preparation process began in early January 2021 and was completed on 28 February 2021. All stages in this report preparation process are supervised by the Extractive Industry Transparency Implementation Team through the Implementation Team meetings and Technical Team meetings. This Ninth EITI Indonesia Report received approval for publication from the Extractive Industry Transparency Implementation Team through a meeting held on 8 February 2022.

The main purpose and objective of the publication of 9th Report is to provide a complete explanation of the implementation of extractive industries activities in Indonesia in order to further improve understanding and common perception of EITI stakeholders in Indonesia. We realize that the success of EITI implementation in Indonesia will be largely determined by the common understanding and perception of all stakeholders.

Finally, we would like to thank the Steering Committee, members of the Implementation Team, the EITI Ministry of Energy and Mineral Resources Secretariat Team, Members of the Multi Stakeholder Forum and all Indonesian EITI stakeholders who have contributed to the implementation of EITI Indonesia activities. We also thank the Coordinating Ministry for Economic Affairs, Coordinating Ministry for Maritime Affairs and Investment, Ministry of Finance, Ministry of Home Affairs, Ministry of State-Owned Enterprises, Financial and Development Supervisory Agency, Aceh Oil and Gas Management Agency, State-Owned Enterprises for Extractive Industries, Non-Governmental Organizations that pay attention to the Extractive Industries, the Implementation Team and the EITI Secretariat Team in supporting the institutional transition process for EITI management.

Secretary General of ESDM  
As Chair of the Implementation Team  
Extractive Industry Transparency

Ego Syahrial

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## Definition

ASR	Abandonment and Site Restoration
EITI	Extractive Industries Transparency Initiatives
MSG	Multi-Stakeholder Groups
SKK Migas	Special Task Force for Upstream Oil and Gas
BPH Migas	Downstream Oil & Gas Regulatory Agency
BPMA	Aceh Oil and Gas Management Agency
Amdal	Environmental Impact Assessment
UKL-UPL	Environmental Management Efforts and Environmental Monitoring Efforts
IPPKH	Borrow-to-Use Forest Area Permit
PNBP	Non-Tax State Revenue
PKP2B	Work Contract on Coal Mining
PSC	Production Sharing Contract
PI	Participating Interest
IUP	Mining Licenses
IUPK	Special Mining Business License
IPR	Community Mining License
KK	Contract of Work
KDI	Data and Information Compensation
PRMS	Petroleum Resources Management System
SIPB	Authorization Letter for Rock Mining
WK	Work Area
WIUP	Mining Business License Area
WIUPK	Special Mining Business License Area
WPR	Community Mining Area
FTP	First Tranche Petroleum
DMO	Domestic Market Obligation
KKS	Cooperation Contract
POD	Plan of Development



**MINISTRY OF ENERGY AND MINERAL RESOURCES  
REPUBLIC OF INDONESIA**

**REPORT OF EITI INDONESIA 2019 - 2020  
EXECUTIVE SUMMARY (FLEXIBLE REPORT)**

**1**

## EXECUTIVE SUMMARY

Since becoming a member of EITI International, Indonesia has published 8<sup>th</sup> EITI Indonesia reports in 2020. Indonesia also issues the 9<sup>th</sup> EITI report in 2021 representing data and information in the management of extractive industries, including data and information in the extractive industry supply chain to the utilization of revenues obtained in accordance with the 2019 International EITI standard. The 9th EITI report contains contextual information on governance extractive industry management, in the form of data disclosure that includes rules and regulations, applicable fiscal provisions, availability of natural resources, state revenues, production and exports, to the allocation of state revenues until 2020.

This report consists of 8 chapters. Those are Chapter 1 introduction section; Chapter 2 describes the general description of extractive industry activities and the legal framework for managing the extractive industry which consists of a constitutional basis, as well as the development of regulations governing the extractive industry; Chapter 3 describes the implementation of the extractive industry in Indonesia, started from licenses, exploration, production, and export; Chapter 4 describes revenue and allocation of state revenues, including the realization of revenue-sharing funds from the central government to the regions; Chapter 5 describes the role of state-owned enterprises; Chapter 6 describes social and environmental responsibilities; Chapter 7 describes development of national economic recovery; and Chapter 8 describes extractive industry policy. In addition, the EITI Report 9 presents the efforts made by Indonesia by mitigating risks and obstacles related to contract disclosure, the role and impact of indigenous peoples on the natural resource management industry, and quasi-fiscal activities carried out by SOEs in the oil and gas and coal mining sectors.

**The first chapter provides the background for the preparation of the 2019 EITI Contextual Report**, providing an overview of the objectives of the project preparation, reporting methodology and a description of the discussion that will be written in the following chapters.

**The second chapter provides an overview of the activities and legal framework of extractive industry management.** Article 33 of the 1945 Constitution is the root of extractive industry policy in Indonesia. According to the 1945 Constitution article 33 paragraph 1, The economy shall be structured as a joint enterprise by virtue of the principles of kinship and in its implementation prioritize the principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, and promote the country's economy. As its derivative, the activities of the Oil and Gas sector in Indonesia are regulated by Law no. 22 of 2001. Then it proposed for revision after more than 20 years running. Regarding licensing and contracts from the oil and gas industry, the government continues to make various efforts to improve regulations to provide good investment, especially in the upstream of oil and gas. There are improvements and revision some regulations related to oil and gas sector, Law no. 11/2020 concerning Job Creation, Regulation of MEMR No. 12/2020 regarding the third amendment to the Regulation of MEMR No. 8/2017 concerning Gross Split Production Sharing Contracts. In the mineral and coal sector, the activities are

regulated in Law no. 3 of 2020 concerning Amendments to Law Number 4 of 2009 concerning Mineral and Coal Mining. UU no. 3 of 2020 regulates several important things, including: improving national mining governance, taking sides with national interests, legal certainty, ease of investment, and good environmental management. By UU no. 3 of 2020, Government is able to provide more legal certainty and investment certainty for both IUP, IUPK and KK and PKP2B holders related to mining industry activities. Several rules derived from Law no. 3 of 2020 such as Regulations Government and Presidential Regulations are still in the process of stipulation and legislation.

**The third chapter describes the implementation of extractive industry activities.**

The bidding process is done twice a year, namely in April and September. The tender process is carried out under two schemes, that is, regular and direct tenders. During the bidding process, the government determines certain areas where PERTAMINA 2) is entitled to a 15% participation interest from the winning bidders. Bidding for participation interest is carried out on a business-to-business basis. In 2020, the number of Contractors of Cooperation Contracts operating in Indonesia was recorded at 185, consisting of 90 Exploration Contractors of Cooperation Contracts and 95 Exploitation Contractors of Cooperation Contracts. In 2020, the government plans to offer 10 conventional oil and gas work areas with an estimated total resource of 3,436.44 MMBO of oil and 5,006.9 BCF of natural gas. Due to pandemic conditions, the government postponed the implementation until 2021. On the other hand, according to SKK Migas data, there were five work areas whose proposals for extension of the transfer/management of Cooperation Contracts were completed during 2019. In the first semester of 2019, there were two Work Areas officially held by Pertamina, namely the Jambi Merang and the Raja and Pendopo Block. There will be 27 Work Areas Cooperation Contracts ending in 2020-2025. The government also issues approvals for KUD/BUMD to produce petroleum in old wells. There are 832 old wells will be managed. Until now, there are 9 KUD/BUMD that manage old petroleum wells in the territory of the Republic of Indonesia. These KUD/BUMD operate in the oil and gas work and operations area owned by PT Pertamina EP in South Sumatra, Central Java, and East Java Provinces.

Based on Mineral and Coal Law No. 4 of 2009, the tender for Mining Business License Area (WIUP) falls under the authority of regional governments. Meanwhile, the tender for Special Mining Business License Area (WIUPK) is done by the Central Government by prioritizing SOEs and Regional Government-owned Enterprises (BUMD). With the issuance of Law Number 11 of 2020 on Job Creation, the authority to put metal mineral and coal WIUP out to tender is entirely in the hands of the Central Government. Prior to the issuance of the Mineral and Coal Law, foreign companies carrying on mineral mining business in Indonesia were granted a contract known as Contract of Work (KK), while those carrying on coal mining were awarded a Work Contract on Coal Mining (PKP2B), both of which were based on Law No. 11 of 1967 on General Provisions on Mining. After Law No. 4 of 2009 on Mineral and Coal Mining was issued, all mining businesses must hold a license, either IUP, IPR, or IUPK. Therefore, after the contract period of KK/PKP2B expires, KK/PKP2B can be extended but the status will be converted into a license in the form of IUPK for Production Operation. Meanwhile, Mining Right (KP) must be adjusted to IUP. The existence of Law No. 3 2020 offers legal certainty and investment certainty for both IUP, IUPK and KK and PKP2B holders. The number of licenses in the mineral and coal sector in 2020 reached more than 7,400 which are divided into several types including IUP, PKP2B, Contracts of Work, and IUPR. Until December 2020, there were 14 IUPR which were officially



registered at the Directorate General of Mineral and Coal. There are seven PKP2B generation I and generation I+ companies that will expire in 2020 to 2025.

The potential for oil resources is 61.34 billion barrels and natural gas is 206.65 trillion cubic meters per 1<sup>st</sup> Januari 2020. Indonesia's oil and condensate reserves are 4,168.7 million barrels, consisting of 2,442 million barrels of proven reserves, while the remaining 1,727 million barrels are still potential reserves. Meanwhile, Indonesia's natural gas reserves as of January 1, 2020 were 62.4 TCF, consisting of 43.6 TCF of proven reserves, while the remaining 18.8 TCF was still potential reserves.

In 2020, the realization of oil and gas exploration costs slightly decreased from the previous year which was influenced by the Covid-19 pandemic and improving world oil prices. Compared to 2019, the exploration drilling success ratio reached 43% of the 61 targeted wells. Meanwhile for development drilling activities, only 240 wells were realized or 61% of the 395 targeted wells. In 2020, investment in the upstream oil and gas sector reached 10.5 billion US dollars, decrease of 10.5% compared to realization in 2019. Production of oil and condensate reached 708.3 thousand barrels of oil per day, decrease of around 36.8 Mbopd compared to realized production in 2019 of 745.1 Mbopd. Cepu Block managed by Exxonmobil Cepu Ltd. is the largest contributor to oil production in Indonesia with lifting of 79 million barrels or 31.3% of total lifting in 2020. In the last five years (2016-2020), gas production and lifting are relatively stable in the range of 7 thousand MMSCFD until 2019. Unfortunately, it fell to 6,665 in 2020. The Corridor Block managed by ConocoPhillips (Grissik) Ltd became the largest contributor to natural gas lifting in 2020 with a total lifting of 281 million MSCF or 14.6% of the total volume of lifting national natural gas. Total Value of Oil and Gas Exports Indonesia consists of the export value of oil and gas commodities, crude oil, oil and gas products based on Free On-Board prices, which is the price of goods/commodities arriving at the port of loading/before the goods are loaded onto ships in units of currency US\$. Total oil and gas exports in 2019 were recorded at US\$11.7 billion. The contribution of oil and gas export value has experienced a downward trend due to distribution national production to domestic refineries to reduce fuel imports and support national energy security.

In 2020, the realization of mineral and coal investment in 2020 only reached 54.6% from the plan due to the impact of the Covid-19 pandemic. The exploration investment greenfield also decreased on the value of development coal exploration. On the other hand, the exploration greenfield has consistently increased since 2018. In 2020, the investment value of greenfield reached 54 million USD. There are resources 14.78 billion tons and 2.63 billion tons of copper ore. Nickel ore has resources 14 billion tons and reserves 4.6 billion tons. Tin concentrate has resources 10.5 billion m3 and tin concentrate reserves 7.5 billion m3. Gold ore has resources 16 billion wmt and gold ore reserves 4 billion wmt. Meanwhile, coal has 143 billion tons of resources and 38 billion tons of reserves. With its reserves, Indonesia is ranked 4th as a coal producer in the world in 2020. Coal production decreased to around 564 million metric tons in the same year. Indonesia is also one of the largest mineral producers in the world with the following sizes:

No.	Comodity	Unit	2019	2020
1	Copper Cathode	Thusand Ton	180.2	269.0
2	Gold Metal	Ton	109.0	66.2
3	Silver Metal	Ton	487.8	338.1
4	Tin Metal	Thusand Ton	76.4	54.3
5	Nickel Ore	Thusand Ton	72.0	91.7
6	Nickel Matte	Thusand Ton	1,151.7	1,480
7	Ferrous Nickel	Thusand Ton	781.0	860.5
8	Nickel Pig Iron (NPI)	Thusand Ton	105.1	93.1
9	Chemical Grade Alumina (CGA)	Thusand Ton	1,043.3	1,069.1
10	Smelter Grade Alumina (SGA)	Million Ton	61.0	49.1
11	Nickel Ore	Million Ton	16.6	26.3

**The fourth chapter reports on state revenues and allocations.** State revenues from the extractive industries are closely related to demand and volatility in global commodity prices. The global economic slowdown caused by the Covid-19 pandemic during 2020 affected the demand for natural resource commodities and the prices of several commodities, means also affected the amount of state revenue from natural resources in 2020.

The government targeted oil and gas revenues of Rp. 192.04 trillion in the Indonesian Budget, consisting of Oil and Gas Income Tax Rp. 257.53 trillion, PNBP Rp. 127.31 trillion and other revenues from oil Rp. 7.3 trillion. It could be reach with the conditions, oil lifting is 755,000 barrels per day, natural gas lifting is 1,191,000 barrels per day, ICP is US\$ 63 per barrel and the exchange rate is Rp. 14,400 per US dollar. However, with the Covid-19 pandemic in various parts of the world also has an impact on oil and gas business activities. Then, the oil and gas revenue target were revised through Presidential Regulation Number 54 of 2020 to Rp 100.16 trillion. The oil and gas revenue target then returned to Rp 88.32 trillion through Presidential Regulation 72/2020 with the oil and gas income tax was Rp 31.85 trillion. The realization of oil and gas income tax in 2020 is Rp. 33.1 trillion or reaching 103.67 percent of the target of Rp. 31.8 trillion.

There is a change in tax revenue data of the mineral and coal sector from the previous report due to adjustments and additions to the number of KLU for Category B Mining and Quarrying tax revenues by the Ministry of Energy and Mineral Resources. In 2020, tax revenue from the mining and coal sector decreased by 44%, partly caused by the decline in sales of mineral and coal and decrease of demand and commodity prices due to the Covid-19 Pandemic. In addition, it is also affected by government policies that offers fiscal stimulus in the form of relaxation of PPh Article 21 on Sales of Mining Commodities for 6 months, PPh Article 23 (Final PPh) relaxation for 6 months, PPh Article 22 relaxation for 6 months on PPh Article 22 Imports, Article 25 30% reduction in income tax for 6 months, as well as a decrease in corporate income tax from 25% to 22% in 2020.

Non-Tax State Revenue (PNBP) is the second largest state revenue after tax revenue. Oil and gas PNBP in 2020 as stipulated in Presidential Regulation 72 of 2020 is targeted at Rp 56.47 trillion. The realization of PNBP from oil and gas natural resources after 2018 tends to decrease to reach Rp. 69.1 trillion in 2020 in line with the decline

in ICP prices. PNBP realization in Mineral and Coal sector decreased by 9.47% to Rp 44.92 trillion in 2019. The reason is the decline in coal commodity prices in 2019, which was also explained in the tax revenue section. However, based on target and realization in 2019, PNBP realization for the mineral and coal sector had reached the target. Meanwhile, the impact of the Covid-19 pandemic also hampered the coal business industry in 2020 that caused the realization of PNBP fell by 22.88% to Rp. 34.65 trillion. Fortunately, this realization is still above the target set in 2020.

The funds that have been collected through the State Treasury will be allocated for the central government tasks and implementing financial balance between the central and regional governments, as regulated in Law no. 17 of 2003 concerning State Finance. For the oil and gas sector, DBH is given to regions from revenues from oil and gas natural resources which are allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization. For the Mineral and Coal Sector, based on PP No. 55 of 2005 concerning the Balancing Fund, it is stated that the Mineral and Coal DBH is given to regions originating from Mineral and Coal SDA revenue in the form of landrent and royalty.

**The fifth chapter specifically explains the role and contribution of State-Owned Enterprises (BUMN) in the Extractive Industries.** Extractive Industry SOEs are defined as business entities in the extractive sector (including oil, natural gas, minerals and coal) which are wholly or most of the capital owned by the state.

The government has a portion of shareholders called Dwi Warna A series shares, which gives special authority over the management of the corporations. This authority is stated in the attachment of the SOE Ministry Letter No. S-163/MBU/03/2017 dated March 10, 2017 concerning Submission of the Standard Draft of Articles of Association of BUMN Tbk Non-Banking Sector

The role of BUMN is quite significant in the extractive industry sector in Indonesia. Oil and gas sector, the total contribution of Pertamina Group to the APBN reached 128, 6 trillion rupiah consisting of 93 percent of tax deposits and 7 percent of dividends in 2019. This dividend contribution is Pertamina's performance in 2018 which was paid in 2019. Meanwhile, tax payments and dividends increased by 13 percent to 136.6 trillion rupiah, consisting of 93 percent tax payments and 7 percent dividends in 2020. SOEs in the Mineral and Coal sector contributes to the state through payment of royalties. They contribute royalties of 1.75 trillion rupiah in 2019 and increased to 2.25 trillion rupiah in 2020, which is 6% of the total royalties received by the Central Government in 2018 and 9% in 2020.

Financial relations between the government and SOEs are the government's authorities include state equity participation in SOEs, dividend payments, equity participation and SOE loans by the private sector, government loans that continue to be lent to SOEs and audits of SOEs' financial statements. This report also explains the shareholders of the Extractive Industries SOEs, acquisition and divestment, information on subsidiaries, loan guarantees, retained earnings and dividends, social and environmental responsibility held by the Extractive Industries SOEs, as well as quasi-fiscal Extractive industries in Indonesia

**The sixth chapter reports on social and environmental responsibility.** This chapter describes in more detail the company's activities in handling social and

environmental responsibility. Basically, social and environmental responsibility is an inherent part of a business activity which the company needs a social license support from the community where the company conducts its business activities. However, social responsibility (CSR) is voluntary, so the amount of funds issued is not regulated.

In the oil and gas sector, the provisions for the cost of implementing PPM activities are regulated in PP Number 27 of 2017 concerning amendments to PP Number 79 of 2010 concerning Refundable Operating Costs and Treatment of Income Tax in the Upstream Oil and Gas. In this regulation Article 12 stated that the operating costs that can be returned must meet the requirements. One of them is expenditure of community and environmental development costs incurred during the exploration and exploitation period. In 2020, there are six KKKS PROPER gold winner have done social mapping of affected villages within administrative boundaries. From those mapping, most of the affected villages have received PPM benefits.

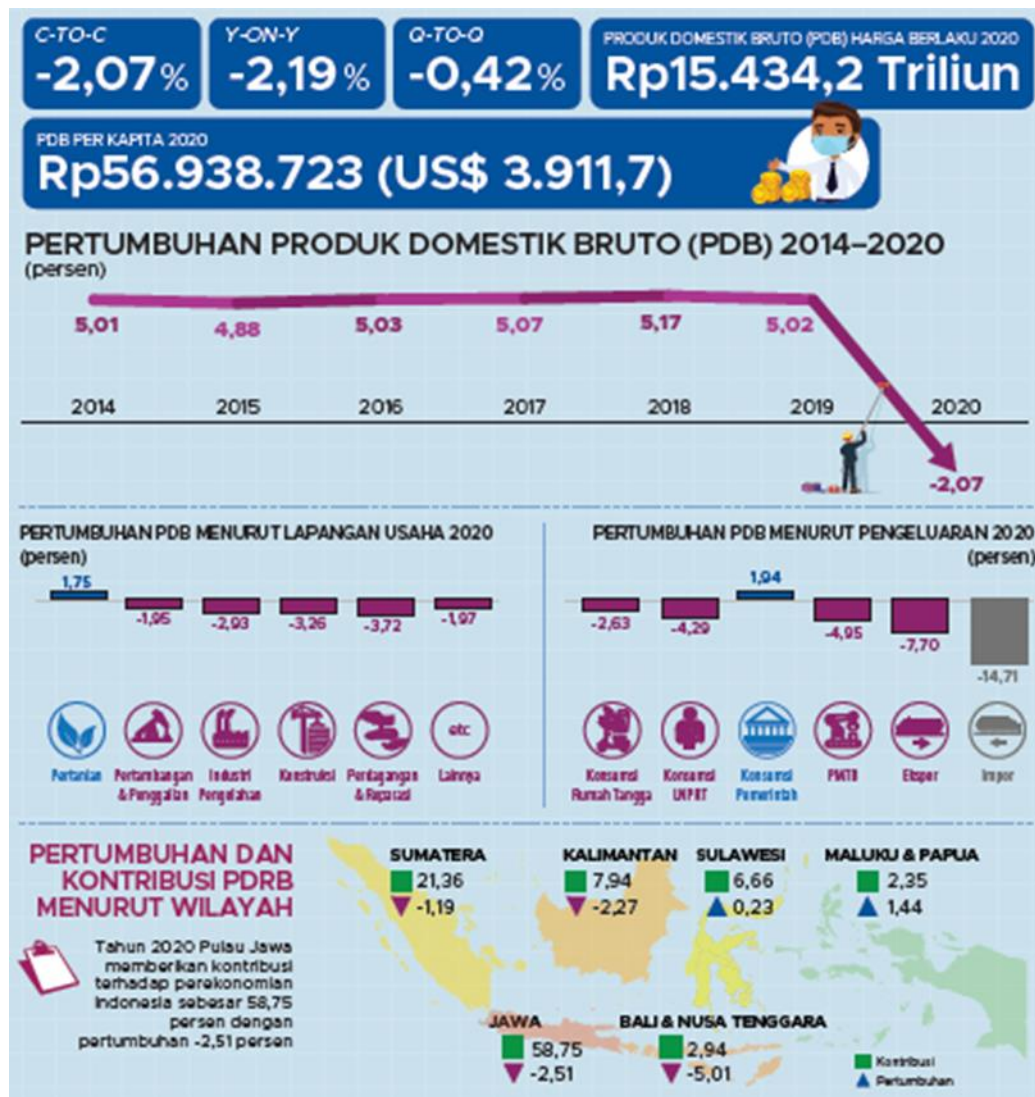
As for the environment, KKKS have the obligation to organize Abandonment and Site Restoration (ASR) reserves. ASR reserves are used in activities to permanently stop the operation of production facilities and other supareporting facilities and eliminate their ability to be re-operated, as well as restore environmental restoration in the area of upstream oil and gas business activities. KKKS are required to restore the site restoration. Areas that were previously part of upstream oil and gas business activities must be returned to their original condition as before the exploration activities began. The scope of environmental management applied to the upstream oil and gas industry covers the entire series of upstream oil and gas investment activities, starting after the signing of the Production Sharing Contract (PSC) in the Exploration Stage (in the form of an Environmental Baseline Assessment study), Work Areas Field Development, Oil and Gas Production Stage, Post-Operation Stage, until finally the Work Areas are returned by the KKKS to the state. Funds that are reserved post-operation by KKKS must be kept in a joint account between SKK Migas and the Contractor, in accordance with the estimated cost of post-operation activities. Until 2020, the total ASR Funds collected amounted to USD 2.06 billion.

Mineral and Coal Mining Company conducts Community Development and Empowerment Program (PPM) as an embodiment of social responsibility. PPM is an effort to encourage the improvement of the economy, education, social culture, health, and the living environment of the community around the mine, both individually and collectively so that the standard of living of the community around it becomes better and more independent. The realization of PPM costs experienced a significant decrease in 2020, which was 38.5% of the planned PPM costs in 2020 due to the impact of the Covid-19 pandemic.

Mining activities have the potential to change the landscape and the quality of the environment. Therefore, to avoid the negative impact of changing the landscape, the Government as a regulator requires companies to manage the environmental management through reclamation and post-mining activities. The 2019-2020 period has an increase in the number of ex-mining lands that have been reclaimed. It is a proof that mining activities are able to continue preserving the environment and create sustainable development. The realization of the Reclamation Land Area in 2019 was 7,626 Ha (108.9%) out of the 7,000 Ha target, while in 2020 it was 9,694 Ha (138.49% of the 7,000 Ha target).



**The seventh chapter reports on the role of extractive industries in the recovery of the national economy.** This chapter describes the post-COVID-19 national economic recovery through various policies of the National Economic Recovery (PEN) program through PP No. 23 of 2020 concerning the Implementation of the National Economic Recovery Program. This chapter also explains the impact of extractive industries on indigenous peoples, employment, and commodity trading issues. The following is an infographic description of the condition of national economic growth:



In general, in 2020, Indonesia's economic growth is minus 2.07 percent. The realization of this Gross Domestic Product (GDP) fell compared to 2019 which grew 5.02 percent. Although the impact of the COVID-19 pandemic is still going on, the Indonesian economy continues to show an improving trend. It got a contracting 5.32 percent (yoy) in the second quarter, then improving to 3.49 percent (yoy) in the third quarter, and continuing growth in the fourth quarter for 2.19 percent (yoy). The structure of Indonesia's GDP according to business sectors based on current prices in 2020 does not show any significant changes. The Indonesian economy is still dominated by the processing Industries by 19.88 percent; agriculture, forestry and

fisheries by 13.70 percent; wholesale-retail trade, car-motorcycle repair by 12.93 percent; construction by 10.71 percent; and mining and quarrying by 6.44 percent. The role of these five business fields in the Indonesian economy reached 63.66 percent.

In the GDP structure, the oil and gas and mineral and coal extractive industries are classified into mining and quarrying business fields. Mining and quarrying business contracted by 1.95 percent. The deepest contraction occurred in the oil, gas and geothermal mining business by 6 percent, followed by the coal and lignite mining businesses at 5.43 percent. Meanwhile, the impact of Covid 19 did not have much impact on the metal ore mining business. It experienced positive growth by 20.26 percent. Mining and quarrying business contributed 6.44 percent to the National GDP which was dominated by oil, gas and geothermal mining business at 2.15 percent and followed by coal and lignite mining at 1.85 percent. The following is the Extractive Industry's Contribution to National GDP:

Lapangan Usaha	Harga Berlaku		Harga Koston (2020)		Tahun 2020 terhadap Tahun 2019	Distribusi terhadap PDB Harga Berlaku
	2019	2020	2019	2020	YoY	%
<b>Pertambangan dan Penggalian</b>	<b>1.149.913,5</b>	<b>993.541,9</b>	<b>806.206,2</b>	<b>790.475,2</b>	<b>-1,95</b>	<b>6,44</b>
1 Pertambangan Minyak, Gas dan Panas Bumi	439.602,8	332.559,6	289.980,1	272.583,2	-6,00	2,15
2 Pertambangan Batubara dan Lignit	368.890,5	283.194,7	259.598,5	245.498,6	-5,43	1,83
3 Pertambangan Bijih Logam	96.824,6	130.956,9	88.003,4	105.829,4	20,26	0,85
4 Pertambangan dan Penggalian Lainnya	244.595,6	246.830,7	168.624,2	166.564,0	-1,22	1,60

This chapter also explains about fiscal incentives in the extractive industries such as tax holidays and tax allowances as a means to increase investment, namely the provision of tax facilities incentives by applying 2 principles; 1) simplicity & certainty, simplicity of procedures and providing certainty of tax rights and obligations; and 2) trust & verity, the ease of initially using self-assessment and implementing verification in the context of supervision. The tax facility is also provided to support the downstream mineral and coal businesses in general and in the Special Economic Zone (SEZ).

### **The eighth chapter describes transparency policies in the Extractive Industries.**

This chapter describes the various policies taken by the Indonesian government, especially those related to the transparency of the extractive industries sector including: the national anti-corruption prevention strategy, includes 3 focuses; licensing and trade administration, state finances, law enforcement and bureaucratic reform with the realization reaching 78.52% of the target; transparency Beneficial Ownership with the obligation to include NPWP and BO in the submission of licensing applications and reporting in the ESDM sector as well as strengthening and utilizing the beneficial owner database; development of information technology integration such as Oil and Gas Data Repository, ESDM Online Licensing application, increasing synergy between MODI-MOMS-MVP-e-PNBP applications, development of Mineral and Coal Information System (SIMBARA) application, development of MINERS application, Georima, application of digital exploration data containing a database of resources and reserves in the Exploration Data Warehouse (EDW), application of mineral and coal area tender, application SIDARA, application SIMTRADA, application for regional financial management data (SIKD), and application for joint

business process supervision of Coal PNBP across Ministries and Institutions in the context of optimizing state revenues. The entire systems are implemented in order to realize a clean, effective, transparent and accountable government as well as quality and reliable public services.

In addition, this chapter also describes the pilot implementation of mainstreaming, which requires the government and companies to integrate or systematically disclose the open information to public. The purpose is to provide space for the government and companies to be able to report data, especially related to income through an online system. Applications that have existed since 2018 are online mining and coal licensing, MOMI, MODI, MOMS, and e-PNBP. Then in 2019, new applications emerged, most of which were still independent, including eRKAB, Sikembar, EMS, EDW, MVP, SIPP, eRekon, eDBH, Miners Inspector, eLelang, MOMS Dashboard, and Beneficial Ownership (BO). In 2020, these applications will continue to be developed and integrated between applications and self-service input from business entities to facilitate any changes in directors' structures. Still, monitoring and evaluation from the Central Government is still needed for the efficiency of the licensing process.

The benefits of the ESDM Data Enterprise development are expected to be:

- The realization of One Data ESDM
- Data becomes more accurate and accountable with the principle of Single Source of Truth (SSOT)
- Data becomes more updated
- Facilitate the presentation of data (tabular, graphic, spatial)
- Fellow data producers can access each other's data
- External data services become more optimum

The last section of this chapter describes the development of the contract disclosure policy process. In May 2021, the EITI International Secretariat issued EITI Requirement 2.4 Contract Guidance Note which contains technical steps for the implementation of compliance with these standard obligations. The Indonesian government has implemented it in stages, including identifying and publishing a list of active contracts, compiling a report identifying challenges in contract disclosure, and communicating with stakeholders.



**MINISTRY OF ENERGY AND MINERAL RESOURCES  
REPUBLIC OF INDONESIA**

**REPORT OF EITI INDONESIA 2019 - 2020  
CONTEXTUAL (FLEXIBLE REPORT)**

**2**

# **CHAPTER I INTRODUCTION**

## **1.1. Background**

The extractive industries transparency standard has been implemented in Indonesia for more than 10 years. The initiative was first announced in 2007, and in 2010 the government issued Presidential Regulation No. 26 of 2010 on Transparency of State Revenues and Regional Revenues derived from Extractive Industries. Indonesia became the first ASEAN country to meet the requirements of the EITI International standard in 2014. However, in 2015, Indonesia's compliant status was suspended because it could not meet the requirements. In 2016, the suspension was revoked and Indonesia was declared EITI compliant again. In 2020, the organization of EITI Indonesia was restructured. In the context of Covid-19 handling and national economic recovery, Presidential Regulation No. 82 of 2020 was issued. Article 19 section 1 of the Presidential Regulation states that the Extractive Industries Transparency Team formed under Presidential Regulation No. 26 of 2010 was dissolved. Next, Article 19 section 3 sets out that the implementation of the duties and functions of the Extractive Industries Transparency Team is carried out by the Ministry of Energy and Mineral Resources and the Ministry of Finance in accordance with their respective duties and functions.

Since becoming a member of the EITI International, Indonesia has published 8 EITI reports. The first report was made for the calendar year 2009, the second report for the calendar years 2010-2011, the third report for the calendar years 2012-2013, the fourth report for the calendar year 2014, the fifth report for the calendar year 2015, the sixth for the calendar year 2016, the seventh report for the calendar year 2017, and the eighth report for the calendar year 2020. For the last two reports, Indonesia received the title of meaningful progress. The country has set a target to meet all the requirements or standards so that the next report will get the title of satisfactory progress.

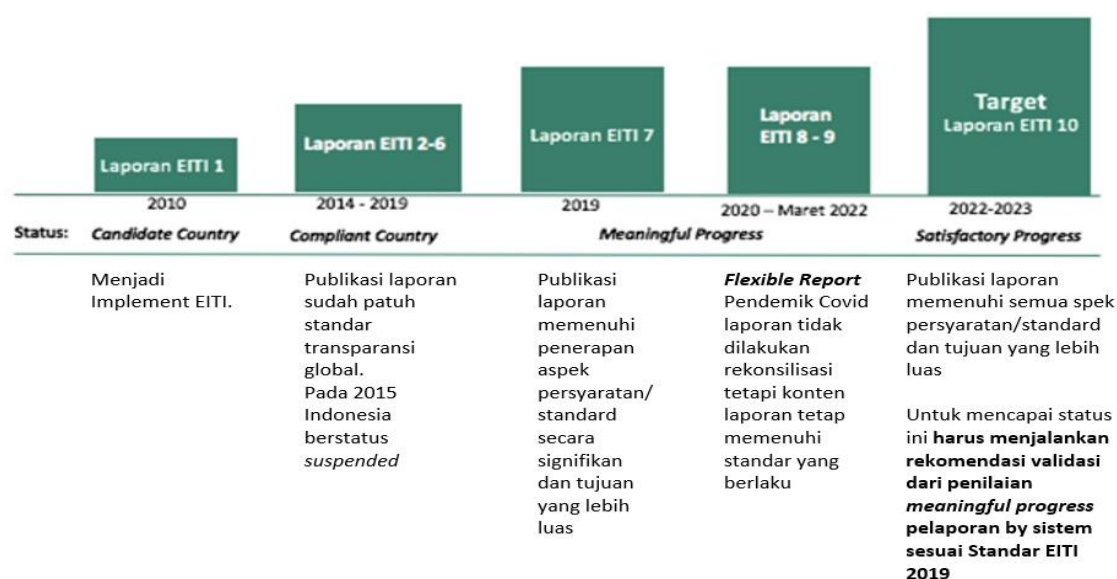


Figure 1 Progress of EITI Indonesia Report

## 1.2. Objective of the Contextual Report

The objective of this 2021 EITI Report is to present data and information on the management of extractive industries, including the data and information from the extractive industries supply chain, to the utilization of the revenues, in accordance with the 2019 EITI International standards.

## 1.3. Scope

This EITI report only addresses contextual information on extractive industries governance, by disclosing data on rules and regulations, applicable fiscal provisions, availability of natural resources, state revenues, production and exports, to allocation of state revenues, of up to the fiscal year 2020. The government presents data that has been audited by the Audit Board of the Republic of Indonesia and is included in the performance reports of the central government and each technical directorate. This report does not require reconciliation of data on government revenues and payment by extractive industries sector companies to the government. However, companies provide final data that has been audited by independent auditors and reported to the government. The 9th EITI report refers to the 2019 EITI standard which serves as a new guideline for EITI implementation effective as of January 1, 2020. In general, natural resources must be used properly for the benefit of citizens and the interests of national development. In managing these natural resources, transparency by the government and extractive industries companies is key to realizing good governance, thus, increasing investment and national development. In accordance with the 2019 EITI standard, the government submits transparent management of natural resources in a report that is supported by Multi-Stakeholder Groups (MSG). The report covers all aspects of the extractive industries supply chain, namely Licensing and Contracting, Production, Revenue Collection, Revenue Allocation, and Social and Economic Contributions. The data and information provided in the report can be used to identify unresolved problems and offer recommendations to solve these problems.

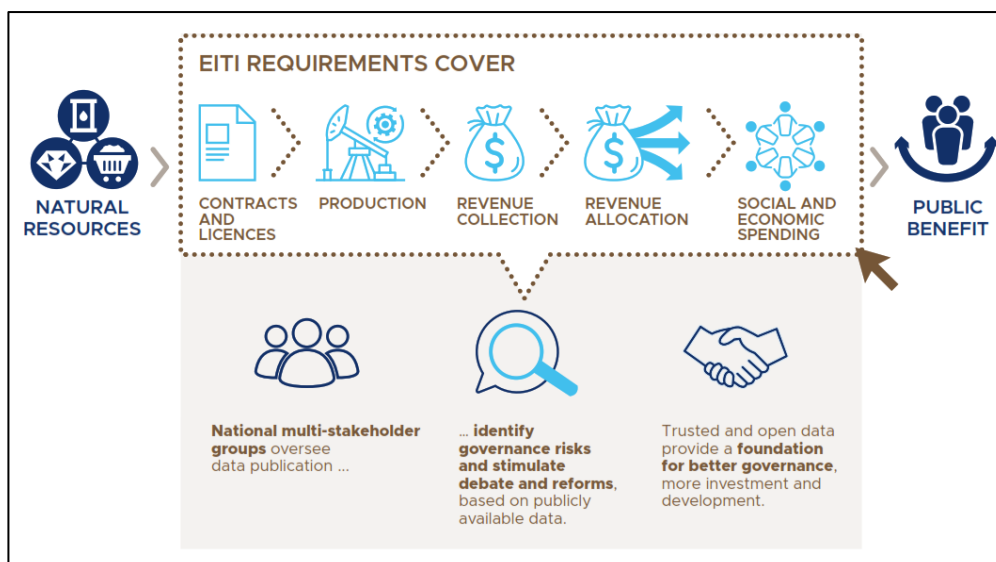


Figure 2 EITI International Standards

Source: EITI 2019 Standards

#### 1.4. Reporting Process Methodology

The EITI Contextual Report is Indonesia's 9th EITI report to be submitted to the EITI International. The drafting process has involved relevant stakeholders, such as the Ministry of Finance, Ministry of Energy and Mineral Resources, Special Task Force for Upstream Oil and Gas (SKK Migas), representatives of local governments, mining, oil and gas companies' associations, as well as representatives of civil society.

This report consists of 8 chapters. Chapter 1 gives an introduction; Chapter 2 covers a general description of extractive industries activities and the legal framework for managing the extractive industries as well as the development of regulations governing the extractive industries. Chapter 3, which is titled "Implementation of the extractive industries in Indonesia", contains activities carried out in the extractive industries, from licensing, exploration, production, to export; Chapter 4 is about revenues and allocation of state revenues including the realization of revenue-sharing funds between the central government and regional governments, Chapter 5 discusses the role of state-owned enterprises, Chapter 6 deals with social and environmental responsibilities, Chapter 7 is on the development of national economic recovery, and Chapter 8 focuses on extractive industries policy.

In addition, the 9th EITI Report presents Indonesia's efforts to mitigate risks and obstacles to contract disclosure, the role and impact of indigenous peoples on the natural resources management industry, and quasi-fiscal activities carried out by State-Owned Enterprises (SOEs) in the oil, gas, and coal mining sectors.



## CHAPTER II

# OVERVIEW OF EXTRACTIVE INDUSTRIES MANAGEMENT AND LEGAL FRAMEWORK

### 2.1. Overview of Extractive Industries Management

An overview of how activities in the extractive industries, namely the oil, gas, mineral, and coal subsectors, are carried out has been described in detail in the 8th EITI report. The extractive industries sector is managed by the Ministry of Energy and Mineral Resources (Ministry of EMR). In addition to the Ministry of EMR, there are other institutions in charge of the oil and gas subsector, namely SKK Migas and the Downstream Oil & Gas Regulatory Agency (BPH Migas). Still, there is the Aceh Oil and Gas Management Agency (BPMA), whose duties and functions are similar to SKK Migas but its jurisdiction is limited to Aceh province. These institutions are directly responsible to the Ministry of EMR. In the mineral and coal mining subsector, Indonesia has since 1999 recognized a decentralized system in which regional governments have the authority to grant mining licenses. Thus, the management is delegated to the regional (regency/city) governments based on Law No. 4 of 2009. However, with the issuance of Law No. 3 of 2020, the authority to issue mining licenses (IUP) which was previously delegated to the regional governments has been returned to the central government.

Extractive industries businesses also involve multi-sectoral ministries/agencies. They include **the Ministry of Finance**, which formulates, determines, and implements the policies in the fields of budgeting, taxation, treasury, fiscal balance, and state asset; **the Ministry of Environment and Forestry (MOEF)**, which formulates, implements, coordinates, and supervises the policies in the fields of Environmental Impact Assessment (AMDAL), Environmental Management Efforts and Environmental Monitoring Efforts (UKL-UPL), environmental licensing, and environment and forestry audits [1]. The MOEF issues a Borrow-to-Use Forest Area Permit (IPPKH) for extractive industries businesses that use forest areas. It also supervises the use of forest areas for non-forestry activities in areas that have been designated as forests. IPPKH holders must pay Non-Tax State Revenue (PNBP) as regulated in Government Regulation No. 33 of 2014 on Types and Tariffs of Non-Tax State Revenues Derived from the Use of Forest Areas for Development Purposes Outside of Forestry Activities at the Ministry of Forestry. **The Financial and Development Supervisory Board (BPKP)** and **the Audit Board of Indonesia (BPK)** supervise state revenues from extractive industries and prevent corrupt behaviors. Additionally, there are two coordinating ministries whose main duty is to coordinate policies on extractive industries activities, namely the **Coordinating Ministry for Maritime Affairs and Investment** and **the Coordinating Ministry for Economic Affairs**.

### 2.2. Legal Framework for Extractive Industries

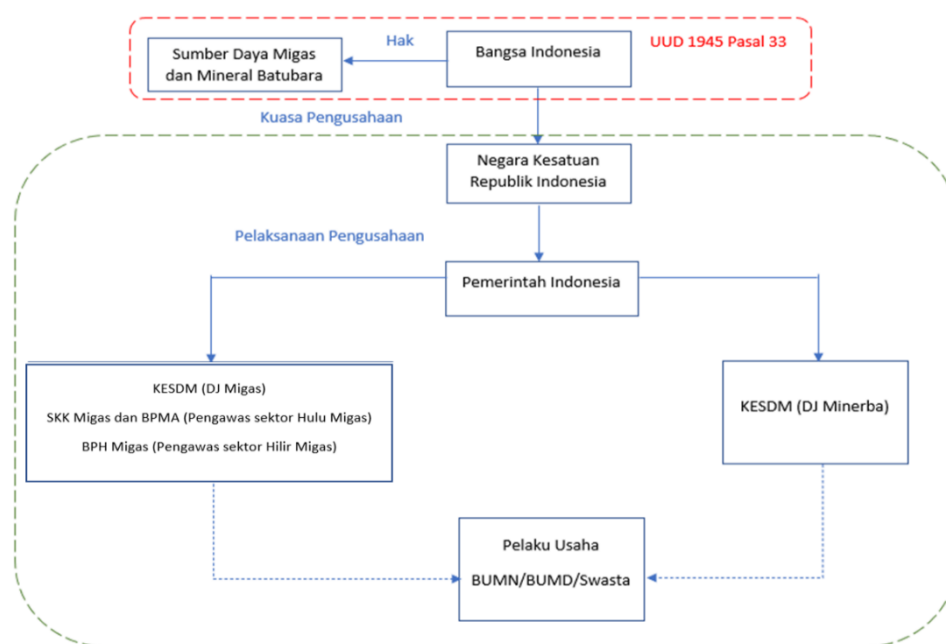
Article 33 of the 1945 Constitution of the Republic of Indonesia is the foundation of extractive industries policies in Indonesia. According to its section 1, the Indonesian economy must be based on the principle of kinship. In running the economy, the

[1] Regulation of Minister of the Environment and Forestry of the Republic of Indonesia No. P.18/MenLHK-II/2015



principles of togetherness, efficiency, justice, sustainability, environmental responsibility, and independence must be given a priority while improving state economy. The state economy includes the control by the state over production branches that have major impacts on people's lives. In this context, the production branches refer to natural resources. It is clearly stated in Article 33 section 3 that "Earth, water, and natural resources contained therein are controlled by the state and used for the greatest prosperity of the people". The mandate of Article 33 of the 1945 Constitution serves as the basis for natural resources management, including for the enactment of Law No. 22 of 2001 on Oil and Gas and Law No. 3 of 2020 on Minerals and Coal.

SKK Migas and BPMA supervise the upstream oil and gas business to ensure that the extraction of state-owned oil and gas natural resources can provide maximum benefits and revenues for the state while creating the greatest prosperity of the people. At the same time, BPH Migas supervises downstream oil and gas business. In the mineral and coal subsector, the Authority Right to mining materials belongs to the state, while the Mineral Right is in the hands of the Indonesian people. The people have given the state the power to regulate, manage, and utilize these natural resources for the greatest prosperity of the people. The utilization of natural resources is closely related to the concept of economic right owned by business actors. The government can exercise the authority right to mining materials in cooperation with other parties, but the business actors only hold the economic right. The authority right remains in the hands of the state.



**Figure 3 Natural Resource Control in Indonesia**

Regulations on the management of extractive industries take the forms of ministerial regulations, ministerial decisions, and decisions of directors general of the Ministry of EMR as well as other relevant ministries.

A brief explanation of the regulations and technical implementation rules in the oil and gas as well as mineral and coal subsectors in Indonesia is as follows:

### 2.2.1. Developments of the Oil and Gas Subsector Regulations

Law No. 22 of 2001 governs the oil and gas business in Indonesia. There are proposals to amend Law No. 22/2001 after it has been adopted for more than twenty years. Currently, the Indonesian government and the House of Representatives of the Republic of Indonesia (DPR RI) are reviewing an Issue Inventory List (DIM) of the Oil and Gas Bill. The 8<sup>th</sup> Indonesia EITI report provides a more detailed explanation about control and exploitation, licenses and permits as well as work areas which contracts expire as regulated by the implementing regulations of Law 22/2001, namely government regulations, presidential regulations, and ministerial regulations.



**Figure 4 The Legal Hierarchy of the Oil and Gas Industry**

Regarding the licensing and contracts of the oil and gas industry, the government has continued to improve regulations that will provide investment certainty, especially in the upstream oil and gas business. The regulatory improvements made to increase the oil and gas investment include:

#### **Law No. 11/2020 on Job Creation**

One of the aims for the issuance of the Job Creation Law is to simplify the licensing process and improve the investment climate in the upstream oil and gas subsector. Additionally, this Law is expected to solve the issue of overlapping rules in permits application. However, it is deemed necessary to supplement the changes that were made in this Law with implementing regulations in the forms of government or ministerial regulations.

One of the changes that requires clearer implementing rules is the provision between Articles 4 and 5, namely Article 4A. Article 4A sets out the provisions on village-owned

enterprises. However, these provisions are not complete, nor are they contained in the provisions for State-Owned Enterprises (SOEs).

### **Regulation of Minister of EMR No. 12/2020 on Third Amendment to Regulation of Minister of EMR No. 8/2017 on Gross Split Production Sharing Contracts**

The regulation provides flexibility in the fiscal system by giving contractors the freedom to choose between gross split and cost recovery Production Sharing Contracts (PSCs). This flexibility is offered to stimulate investors to make oil and gas investments amid the Covid-19 pandemic.

This ministerial regulation sets out at least three changes to the gross split provisions, as follows:

Article 2 section (1) reads: “The Minister of Energy and Mineral Resources shall determine the form and the terms and conditions of a Cooperation Contract at a Working Area by taking into account the level of risk, investment climate, and the greatest benefit to the state.”

Article 2 section (2) reads: “The determination of the form and the terms and conditions of the Cooperation Contract as referred to in section (1) may be in the forms of a gross split Production Sharing Contract, a Production Sharing Contract under a cost recovery scheme or other cooperation contracts.”

The Ministry of EMR has also removed the provisions for the management model of work areas whose contracts have expired and are not renewed. Previously, the government automatically applied a gross split contract for such working areas. Ministerial Regulation No. 12/2020 offers flexibility for contractors to manage these work areas under a cost recovery scheme. Indeed, the Indonesian government postponed the tender of a number of oil and gas blocks to ensure that the regulations that would facilitate investors to choose a cooperation scheme were available beforehand.

## **2.2.2 Developments of the Mineral and Coal Subsector Regulations**

The mineral and coal mining activities are regulated in Law No. 3 of 2020 on Amendment to Law Number 4 of 2009 on Mineral and Coal Mining. Law No. 3 of 2020 is the government's effort to provide more legal and investment certainty for the holders of IUP, IUPK, KK and PKP2B in carrying on the mining business.

Law No. 3 of 2020 on Amendment to Law No. 4 of 2009 on Mineral and Coal Mining was issued due to the following reasons:

1. There are provisions that cannot be implemented:
  - a. There are cross-sectoral issues that have not been resolved, such as the licensing issues with the Ministry of Environment and Forestry, unfinished zoning coordination of sea areas with the Ministry of Maritime Affairs and Fisheries, and license overlap with the Ministry of Industry (IUP OP Special for Processing and/or Refining with Industrial Business Permit);
  - b. There is the need to regulate the form of small-scale rock business and for certain purposes (infrastructure);

- c. Policy to increase the added value of minerals and coal; and
  - d. There is the need to adjust/extend contracts into permits.
2. There is the need to adjust Law No. 23 of 2014 on the authority to manage mining business and the decision of the Constitutional Court.
- a. The return of the authority to manage mining business from regencies/municipalities to the provincial and central governments;
  - b. Removal of the minimum area of Exploration WIUP; and
  - c. Determination of Mining Areas by the Minister after decision by governors.

Therefore, Law No. 3 of 2020 was issued because Law No. 4 of 2009 on Mineral and Coal Mining could not cope with the developments, challenges, and legal requirements to organize the mineral and coal mining business. The amendment was needed to create an effective, efficient, and comprehensive legal basis for the mineral and coal mining.

Law No. 3 of 2020 sets out several important issues, including **improvement in national mining governance** which relates to the concept of mining jurisdiction covering the land and the sea, including the underground spaces. Each area to be exploited must first be designated as a mining area and comply with spatial planning provisions. The law also sets forth the delegation of the authority to issue mining licenses to regional governments, especially the Rock Mining Permit (SIPB) and Community Mining License (IPR), based on the principles of effectiveness, efficiency, accountability, and externalities in governance. **Partiality with national interests** relates to the gradual divestment of 51 percent of foreign-owned shares to the central and regional governments, state-owned enterprises (SOEs), regional government-owned enterprises, and/or national private business entities; strengthening of SOEs by providing majority share ownership (minimum 51 percent) and mining concession area wider than the area specified by the law, and the increase in the revenues of the central government (4%) and the regional governments (6%) out of the net profit of the holders of IUPK. **Legal Certainty and Ease of Investing** are shown by the guarantee offered by the central and regional governments for the utilization of space and area in designated WIUP/WIUPK and WPR, simplification of licensing and merging of Exploration IUP with Operation Production IUP, and assistance by the central government to settle land rights dispute if no agreement is reached between the holders of IUP or IUPK and the holders of the land title. **Environmental management** is done through reclamation and post-mining obligations of up to a 100 percent success rate. Law No. 3 of 2020 is also expected to encourage the development of minerals and coal added value.

Article 174 of the Mineral and Coal ('Mineral and Coal') Law mandates that implementing regulations be completed 1 year after the enactment of the Law. 2. Currently, the government is preparing 3 (three) draft government regulations and 1 draft presidential regulation as well as a number of draft ministerial regulations to implement Law No. 3 of 2020. The latest status of the drafting process is as follows:

- a. Draft government regulation (GR) on the Implementation of the Mineral and Coal Mining Business Activities has obtained an Initiative Permit from the President based on the letter of the Minister of State Secretary No. B-694/M.Sesneg/D1/HK.02.02/09/2020 of September 14, 2020. The harmonization

with the Ministry of Law and Human Rights has been completed, and the draft GR is in the process of promulgation.

- b. Draft GR on Mining Areas has been discussed internally by the Ministry of EMR. A request for an initiative permit has been submitted to the President based on the letter of the Minister of EMR number 377/30/MEM.B/2020. The draft is ready for PAK and harmonization in January 2021.
- c. Draft GR on Guidance and Supervision as well as Reclamation and Post-mining is being prepared. A request for an initiative permit has been submitted to the President based on the letter of the Minister of EMR Number 377/30/MEM.B/2020. The draft is being discussed internally by the Ministry of EMR. The targeted PAK and harmonization is set for January 2021.
- d. Draft presidential regulation on the Delegation of Authority from the Central Government to the Regional Governments to Manage Mining has been discussed. A request for an initiative permit has been submitted to the President based on the letter of the Minister of EMR Number 314/30/MEM.B/2020. The draft is ready for PAK and harmonization in January 2021.
- e. Regulation of Minister of EMR Number 7 of 2020 on the Procedures for Granting Areas, Issuing Licenses, and Making Reports on the Mineral and Coal Mining Business Activities was issued to replace EMR Ministerial Regulations 11/2018, 22/2018, and 51/2018.
- f. Draft EMR Ministerial Regulation on Mineral and Coal Mining Business has been harmonized with the Ministry of Law and Human Rights and is in the process of promulgation.

**Table 1 Status Derived Regulations from law no. 3/2020**

	<b>REGULATION</b>	<b>STATUS</b>
1	RPP concerning Implementation of Mineral and Coal Mining Business Activities	PP 96/2021 has been issued
2	RPP concerning Mining Areas	Determination process by the President
3	RPP concerning Guidance and Supervision as well as Reclamation and Post-mining in the Implementation of Mineral and Coal Mining Business Management	Harmonized Process at the Ministry Law and Human Rights

	REGULATION	STATUS
4	Presidential Regulation on Delegation of Business Licensing in Mineral and Coal Mining	Stipulation and Legislation Process

### 2.3. Extractive Industries Regulations Based on Value Chain

This section will explain the extractive industries regulations from each value chain.

#### 2.3.1 Value Chain I: Contracts and Licenses

##### 2.3.1.1 Oil and Gas Subsector

#### Determination of Work Area

Currently, the tender for oil and gas work areas is carried out online through <https://www.esdm.go.id/wkmigas/>. The bidding process is done twice a year, namely in April and September. The tender process is carried out under two schemes, that is, regular and direct tenders. During the bidding process, the government determines certain areas where PERTAMINA 2) is entitled to a 15% participation interest from the winning bidders. Bidding for participation interest is carried out on a business-to-business basis.

The terms & conditions applicable in Indonesia's PSCs include the following:

- The period of a Cooperation Contract is a maximum of 30 (thirty) years, consisting of an exploration period and an exploitation period.
- The exploration period lasts for 6 (six) years and can be extended once for a maximum of 4 (four) years.
- If oil and/or natural gas reserves that can be produced commercially are discovered, the Cooperation Contract will enter the exploitation period.
- FTP (First Tranche Petroleum) is a certain percentage of crude oil and/or natural gas produced from a Work Area, before deducting operation and production handling costs (own use). FTP is only available in Production Sharing Contracts of Cost Recovery. FTP can be shared between the government and the contractor.
- In accordance with the provisions of the Cooperation Contracts, contractors are required to offer ten percent (10%) Participating Interest to local government-owned companies (LGOC) which will be appointed by the regional government where the work area is administratively located.
- Indirect taxes will be treated as costs, and there are tax facilities that will be applied.
- Domestic Market Obligation is the obligation to deliver the contractor's share in the form of oil and/or natural gas to meet domestic needs.
- Several incentives that may be given to oil and gas companies include investment credit, full price Domestic Market Obligation (DMO), Accelerated Depreciation, and exemption from indirect taxes.

To participate in a tender for oil and gas work areas, business entities must meet the technical and financial criteria contained in the tender guide. These include technical reports and montages that describe petroleum aspects, potential petroleum resources, a work plan on a 2D or a 3D seismic survey, well location, and other technical details. In addition, business entities must also submit annual financial reports for the last three years that have been audited by a public accountant, including bank references stating that the business entities have the financial capacity to finance all work programs set out in the firm commitment for the first 3 years.

Indonesia currently implements two schemes of Cooperation Contracts, namely the cost recovery production sharing contract and the gross split production sharing contract. Each scheme has its respective advantages and disadvantages, and provides flexibility for contractors.

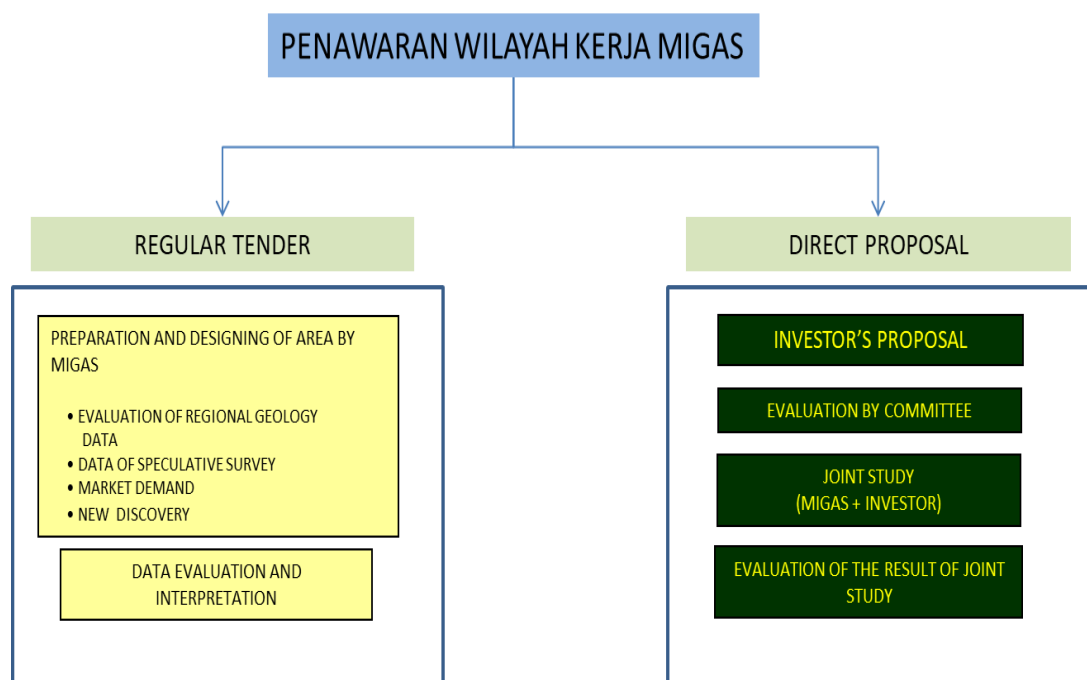


Figure 5 Oil and Gas Work Areas Tender

### Cost Recovery Production Sharing Contract

- Operation costs are recovered according to the work plan and budget that has been approved by SKK Migas. The costs are returned after the Work Area starts commercial production.
- The percentage of profit sharing is regulated in the PSC; the percentage varies for each Work Area.
- The production output will be divided according to the percentage of profit sharing set out in the PSC between SKK Migas and the Contractor after deducting FTP, investment incentives (if any), and return of operation costs.
- The work plan & budget of a Work Area is approved by SKK Migas annually.
- Tax facilities include land and building tax reduction, VAT exemption during the exploration period, and import duty.
- Other incentives include investment credit, DMO Full Price, and accelerated depreciation.

## **Gross Split Production Sharing Contract**

- An adjustable base split is applicable.
- The base split for crude oil is 57% (fifty seven percent) for the state and 43% (forty three percent) for the contractor. Meanwhile, the base split for natural gas is 52% (fifty two percent) for the state and 48% (forty eight percent) for the contractor.
- At the time the plan of development (POD) is approved, the base split is adjusted to variable and progressive components based on actual conditions, among others, work area status, field location, availability of supporting facilities, reservoir type, reservoir depth, CO<sub>2</sub> & H<sub>2</sub>S content, HC API gravity, local content, production stage, oil & gas prices, and cumulative production.
- Operation costs are included in the contractor's split.
- No budget authorization is required.
- Contractors procure goods and services independently.
- Tax incentives include land & building tax reduction, VAT exemption during the exploration period, and import duty.
- Other incentive includes additional split based on economics.

## **Incentives & Tax Facilities for Cost Recovery PSC**

According to Article 10 section 2 of Government Regulation Number 27 of 2017, the Minister of EMR may determine the form and amount of incentives for upstream business activities to encourage the development of work areas. The incentives include investment credit, DMO fee, and accelerated depreciation. Investment credit refers to a certain amount of additional capital costs which is given as an incentive for the development of certain oil and/or natural gas fields.

According to Article 26A of Government Regulation Number 27 of 2017, during the Exploration stage of petroleum operations, Contractors are given the following facilities:

- a. Exemption from import duty on the import of goods used in petroleum operations;
- b. Value Added Tax and Sales Tax on Luxury Goods payable are not collected on:
  1. acquisition of certain Taxable Goods and/or certain Taxable Services;
  2. import of certain Taxable Goods;
  3. utilization of certain Intangible Taxable Goods from outside customs area within Customs Area; and/or
  4. utilization of certain Taxable Services from outside Customs Area within Customs Area;

### **used for petroleum operations;**

- c. Article 22 income tax is not collected on the import of goods that are exempted from Import Duties as referred to in number 1; and/or
- d. Outstanding Oil and Gas Land and Building Tax as listed in the Notification of Tax Due is reduced by 100% during the Exploration period.

In addition, according to Article 26B of Government Regulation Number 27 of 2017, during the Exploitation stage, which include field processing activities, transportation, storage and sales of oil from self-production as a continuation of Upstream Oil and Gas Business Activities in petroleum Operations, Contractors may be granted tax



facilities by the Minister of Finance based on economic considerations from the Minister of EMR.

According to Articles 26C and 26D of Government Regulation Number 27 of 2017, the allocation of costs in the framework of facility sharing agreement and the allocation of indirect costs for head office are excluded from withholding income tax and not subject to value added tax.

### **Tax Incentives & Facilities for Gross Split PSC**

Government Regulation Number 52 of 2017 sets out the incentives and tax facilities for Gross Split PSC. According to Article 25, during the exploration and exploitation stages until the commencement of commercial production, Contractors are provided with facilities which include:

- a. exemption from import duty on the import of goods used in Petroleum Operations;
- b. payable value added tax or value added tax and sales tax on luxury goods are not collected on:
  1. acquisition of taxable goods and/or taxable services;
  2. import of taxable goods;
  3. utilization of intangible taxable goods from outside customs area within customs area; and/or
  4. utilization of taxable services from outside customs area within customs area, which are used in the framework of Petroleum Operations:
    - i. Article 22 income tax is not collected on the import of goods that are exempted from import duty as referred to in section (1) letter a; and/or
    - ii. Outstanding Oil and Gas Land and Building Tax as stated in the notification of tax due is reduced by 100%.

According to Articles 26 and 27 of Government Regulation Number 53 of 2017, the allocation of costs in the framework of facility sharing agreement and the allocation of indirect costs for head office are excluded from withholding income tax and not subject to value added tax.

In accordance with Article 31 of Government Regulation 53 of 2017, based on field economics, the Minister of EMR may adjust the amount of the split and determine the form and number of incentives for Upstream Business Activities in accordance with the provisions of laws and regulations.

The provisions for the upstream oil and gas business incentives for both Cost Recovery and Gross Split PSCs are set out in Decision of Minister of EMR No. 199.K/HK.02/MEM.M/2021 on Guidelines for Providing Incentives for Upstream Oil and Gas Business Activities.

#### **2.3.1.2 Mineral and Coal Subsector**

An explanation of the procedures for granting work areas, licensing, and reporting of mineral and coal mining business activities is detailed in Regulation of Minister of EMR No. 7 of 2020, which amends Regulation of Minister of EMR No. 11 of 2018. The amendments relate to the adjustment in Exploration IUP, Operation Production IUP, Operation Production IUP Specific for Processing and/or Refinery, Operation

Production IUP Specific for Transportation and Sales, and Domestic Investment (PMDN) to Foreign Investment (PMA) IUJP, all of which are granted by the Minister after fulfilling the requirements in accordance with the provisions of laws and regulations. In addition, an application for an upgrade to Operation Production IUP or Operation Production IUPK must be submitted to the Minister or Governor at least 1 month beforehand.

### **2.3.2 Value Chain II: Production**

This section discusses the regulations that govern the production stages in the oil and gas as well as mineral and coal subsectors, from exploration to sales.

#### **2.3.2.1 Oil and Gas Subsector**

##### **a. Exploration**

The regulations that control the exploration in the Oil and Gas subsector are as follows:

- Regulation of Minister of EMR No. 30 of 2017 on Procedures for Imposition, Collection and Payment/Deposit of Non-Tax State Revenues at the Directorate General of Oil and Gas of the Ministry of EMR;
- Regulation of Minister of EMR No. 28 of 2006 on Guidelines and Procedures for the Implementation of General Surveys in Upstream Oil and Gas Business Activities;
- Regulation of Minister of EMR No. 07 of 2019 on Management and Utilization of Oil and Gas Data.

##### **b. Exploitation and Production**

As presented in the previous report and up to the time of this report preparation, regulations that govern the exploitation and production in the oil and gas subsector are the following:

- Regulation of Minister of EMR No. 06 of 2010 on Guidelines for Increasing Oil and Gas Production (revoked by Regulation of Minister of EMR No. 06 of 2018);
- Regulation of Minister of EMR No. 01 of 2008 on Guidelines for Petroleum Mining at Old Wells;
- Regulation of Minister of EMR No. 03 of 2008 on Guidelines and Procedures for Returning Parts of Work Areas Not Utilized by Contractors of Cooperation Contracts in the Context of Increasing Oil and Gas Production;
- Regulation of Minister of EMR No. 23 of 2018 on the Management of Oil and Gas Work Areas which Cooperation Contracts will expire;
- Decision of Minister of EMR No. 1794K/10/MEM/2018 on Guidelines for Determining Signature Bonuses and Assessing Work Areas to be Managed Further.

##### **c. Sales**

The regulations that control the sales of oil and gas are as follows:

**1. Decision of Minister of EMR Number 114 K/12/MEM/2020 on the Determination of the Indonesian Crude Oil Price Formula for the Period of June 2020 to April 2021**

ICP (Indonesian Crude Price) is the price of Indonesian crude oils on the international market which is used to calculate oil production split in Indonesia. The ICP is determined monthly by the Minister of EMR and evaluated periodically by the Indonesian Crude Oil Price Team. In accordance with the characteristics and quality, until 2020 there are 56 (fifty-six) types of Indonesian crude oil, each of which has a different price. The 56 (fifty-six) crude oil types are as follows:

- a. 7 (seven) types of Main Crude Oil (i.e. SLC, Arjuna, Attaka, Duri, Belida, Senipah Condensate, Banyu Urip). Their prices refer to international publications.
- b. 49 (forty-nine) types of Other Crude Oil, which price is calculated based on the indexation of the Main Crude Oil Prices mentioned in letter a above.

The formula for the Main Crude Oil Prices is calculated based on the publication of Dated Brent + Alpha. The calculation of Dated Brent is based on the average publication in the current month, while Alpha is based on the average publication in the current month or the average publication in two months, namely the current month and the previous month, taking into account crude oil quality and/or developments in international crude oil prices and/or energy resilience.

The Indonesian Crude Oil Price Formula is listed in the attachment to the ministerial decision, which has been stipulated in accordance with the applicable regulations and may be adjusted from time to time.

**2. Regulation of Minister of EMR Number 40 of 2016 as amended by Regulation of Minister of EMR Number 8 of 2020 on Procedures for Determining Certain Natural Gas Prices in the Industrial Sector which was amended by Presidential Regulation No. 121 of 2020 on Natural Gas Price Determination, which was set on December 28, 2020;**

This regulation stipulates that certain natural gas price is determined by the Director General of Oil and Gas, SKK Migas, BPMA and the Regulatory Agency in accordance with their respective authorities. Certain natural gas price applies to fertilizer, petrochemical, oleochemical, steel, ceramic, glass and rubber gloves industries, and is set at a maximum of US\$ 6/MMBTU.

The certain natural gas price has been adjusted to contractors' purchase price and/or natural gas distribution rates, which include liquefaction, compression, transportation through transmission and distribution pipelines, transportation of liquefied natural gas and transportation of compressed natural gas, storage, regasification and/or trade, and reasonable margins.

**3. Other regulations include:**

- Presidential Regulation Number 40 of 2016, as amended by Presidential Regulation No. 121 of 2020 on Natural Gas Price Determination, which was set on December 28, 2020.
- Decision of Minister of EMR No. 134.K/HK.02/MEM.M/2021 dated 30 July 2021 on Certain Natural Gas Users and Prices in the Industrial Sector, which revoked Decision of Minister of EMR No. 89K/10/MEM/2020 dated April 13, 2020 on Certain Natural Gas Users and Prices in the Industrial Sector.

- Regulation of Minister of EMR No. 10 of 2020 on Amendment to Regulation of Minister of EMR No. 45 of 2017 on Utilization of Natural Gas for Power Generation.
- Decision of Minister of EMR No. 91K/12/MEM/2020 dated April 22, 2020 on the Utilization of Natural Gas for Power Plants as amended by Decision Minister of EMR No. 118.K/MG.04/MEM.M/2021 dated June 30, 2021 on Certain Natural Gas Price at Power Plant's Gate which was amended by Decision of Minister of EMR No. 135.K/HK.02/MEM.M/2021 dated August 2, 2021.
- Decision of Minister of EMR Number 34 K/16/MEM/2020 on Determination of Allocation and Utilization of Natural Gas for electricity supply by PT Perusahaan Listrik Negara (Persero).

### **2.3.2.2 Mineral and Coal Subsector**

#### **a. Pre-Exploration**

The mineral and coal subsector business starts with the granting process of mining areas exploration licenses. The granting procedures are regulated in Decision of Minister of EMR No. 110.K/HK.02/MEM.B/2021 on Guidelines for Evaluation Application and Granting of Non-metal Minerals WIUP, Certain Non-metal Mineral Types WIUP, and Rock Mining WIUP.

#### **b. Exploration**

In order to overcome low exploration in the mineral and coal mining subsector, Article 112A Section 1 of Law No. 3 of 2020 on Mineral and Coal Mining stipulates the obligations of the holders of IUP/IUPK to provide Mineral and Coal Depletion Fund (DKC).

#### **c. Production Operations**

The government has not made any policy changes in the mineral and coal production and operations, so the existing regulations are as follows:

- a. Regulation of Minister of EMR No. 26 of 2018 on the Implementation of Good Mining Principles and Supervision of Mineral and Coal Mining;
- b. Regulation of Minister of EMR No. 11 of 2019 on Second Amendment to Regulation of Minister of Energy and Mineral Resources No. 25 of 2018 on Mineral and Coal Mining Business;
- c. Regulation of Minister of EMR No. 17 of 2020 on Third Amendment to Regulation of Minister of Energy and Mineral Resources No. 25 of 2018 on Mineral and Coal Mining Business.

#### **d. Sales**

The government issued Regulation of Minister of EMR No. 11 of 2020 on Third Amendment to Regulation of Minister of Energy and Mineral Resources No. 7 of 2017, which stipulates the obligations of the holders of Operation Production IUP and Operation Production IUPK to verify the quantity and quality of their coal by surveyors who are appointed by the Director General of Mineral and Coal. The verification aims to create data reporting transparency by business entities.

### **2.3.3 Value Chain III: Revenue Collection**

This section will explain the regulations on the collection of revenues from the oil and gas as well as mineral and coal subsectors.

#### **2.3.3.1 Oil and Gas Subsector**

The government issued Regulation of Minister of EMR No. 12 of 2020 on Third Amendment to Regulation of Minister of EMR No. 8 of 2017 on Gross Split Production Sharing Contracts. Based on this ministerial regulation, contractors are given the flexibility to choose a contract form, whether cost recovery, gross split or other contract forms, taking into account the level of risk, investment climate and benefits for the country.

#### **Tax revenue**

Law No. 22 of 2001 on Oil and Gas confirms that business entities carrying out upstream business activities are required to pay taxes in the forms of oil and gas Income Tax (PPh) and oil and gas Land and Building Tax (PBB); import duties, excise duty, and other levies as well as local taxes and charges.

#### **Non-Tax State Revenue (PNBP)**

The oil and gas PNBP comes from the proceeds of exploitation after deducting the government's obligations in the upstream oil and gas business as set out in the contracts and according to the provisions of laws and regulations.

The revenues from the lifting of oil and gas resources include the proceeds of the sales of petroleum, LNG, natural gas, coal bed methane, and LPG. Other revenues come from information fee on potential oil and gas work areas offered in a tender, and signature bonuses, which are contractor's obligation.

#### **2.3.3.2 Mineral and Coal Subsector**

Based on Law No. 3 of 2020 on Amendment to Law No. 4 of 2009 on Mineral and Coal Mining, holders of IUP, IUPK, IPR, or SIPB are required to pay state and regional revenues. The state revenues include tax and non-tax state revenues (PNBP). The regional revenues include local taxes and levies, community mining fee, and other regional charges.

## **Tax Revenues**

The tax revenues under the authority of the central government (PPH, PPN, and PPB) still refer to Law No. 16 of 2009 on general provisions and procedures for taxation, while import duties and excise are regulated in Law No. 17 of 2006 on Customs.

Referring to Law No. 36 of 2008 on Income Tax, mining companies must pay income taxes on construction services and land leases; water transportation services, employee salary, and supporting mining services. Operation Production IUPK holders are also subject to VAT and Sales Tax on Luxury Goods as regulated in Regulation of Minister of Finance (PMK) No.166/PMK.03/2018. Finally, Land and Building Tax is governed by Law No. 12 of 1994.

## **Non-Tax State Revenues (PNBP)**

In general, the types and rates of mineral and coal PNBP are regulated in Government Regulation No. 81 of 2019, while specifically, the mineral and coal PNBP is governed in Decision of Minister of EMR No. 1823 K/30/MEM/2018 on Guidelines for the Imposition, Collection, and Payment/Deposit of Mineral and Coal Non-Tax State Revenues. Regional revenues include local taxes, levies, and other regional charges. Local taxes and levies are regulated in Law No. 28 of 2009.

### **2.3.4 Value Chain IV: Revenue Allocation**

Law No. 2 of 2020 on Stipulation of Government Regulation in lieu of Law No. 1 of 2020 on State financial policies and financial system stability for handling the COVID-19 pandemic and/or in the context of dealing with threat to the national economy and/or the financial system stability sets out adjustments to the allocation of regional transfers and village budget, including adjustments to the allocation of revenue-sharing funds, based on economic developments and/or state revenues. The adjustment to the allocation of General Allocation Fund per region is made according to certain criteria determined by the Minister of Finance.

The government has developed policies and taken measures to protect national health and economy, by focusing on health spending, social safety nets and economic recovery. The policies and measures are aimed at protecting the business world and affected communities as well as maintaining the stability of the financial sector.

- Village budget comes from both the state revenue and 10% of the General Allocation Fund as regulated in Law No. 6 of 2014 on Village Administration.
- The comparison of the General Allocation Fund to the net domestic income is regulated in Law No. 33 of 2004 on Financial Balance between the Central Government and Regional Governments.

### **2.3.5 Value Chain V: Social and Economic Contribution**

Social and economic contributions are key to the implementation of upstream oil and gas activities. When upstream oil and gas activities are about to stop, production sharing contractors are required to carry out reclamation or decommissioning, commonly referred to as ASR (Abandonment and Site Restoration). In terms of ASR,

the government issued Regulation of Minister EMR No. 15 of 2018 on Post-Operation Activities in Upstream Oil and Gas Business to implement the mandates of Law No. 22 of 2001.

The government has since 2020 required ex-mining license holders to carry out reclamation with a 100% success rate.

Article 161B of Law No. 3 of 2020 sets out that:

- (1) Any person whose IUP or IUPK is revoked or expired and does not carry out:
  - a. Reclamation and/or Post-mining; and/or
  - b. Placement of the Reclamation guarantee fund and/or Post-mining guarantee fund,

shall be subject to imprisonment for a maximum of 5 (five) years and a fine of a maximum of Rp100,000,000,000 (one hundred billion rupiah).

- (2) In addition to the criminal sanctions as referred to in section (1), former IUP or IUPK holders may be subject to additional penalty in the form of payment of funds in the context of carrying out their Reclamation and/or Post-mining obligations.

The more severe sanctions for reclamation and post-mining in the Mineral and Coal Mining Law aim to improve the environmental management in the mining business activities so as to minimize the environmental impacts.

## **2.4. Other Regulations Related to Extractive Industries**

### **a. Gas and Coal Prices for Electricity Generation**

Electricity is the source of energy in the extractive industries. Currently, the government is conducting the National 35,000 MW Electricity Program, with coal making up most (50%) of the fuel because coal is still the cheapest and widely available primary energy source. Therefore, there are several ministerial decisions that regulate the utilization of extractive industry commodities for electricity generation and focus on the allocation and selling prices of commodities to fulfil the need of power plants. The ministerial decisions that regulate Energy and Electricity are as follows:

- Decision of Minister of EMR No. 1395 K/30/MEM/2018 on the Selling Price of Coal for Electricity Generation for Public Interest;
- Decision of Minister of EMR No. 1925 K/30/MEM/2018 on Second Amendment to Decision of Minister of EMR No. 1395 K/30/MEM/2018 on the Selling Price of Coal for Electricity Generation for Public Interest;
- Decision of Minister of EMR No. 1790 K/20/MEM/2018 on Amendment to Decision of Minister of EMR No. 1750 K/20/MEM/2017 on Determination of Allocation and Utilization of Natural Gas for Electricity Generation by PT Perusahaan Listrik Negara (Persero);
- Decision of Minister of EMR No. 1410 K/30/MEM/2018 on Amendment to Decision of Minister of EMR No. 1395 K/30/MEM/2018 on the Selling Price of Coal for Electricity Generation for Public Interest;
- Decision of Minister of EMR No. 91 K/12/MEM/2020 on Natural Gas Prices at Power Plants.

## **b. Environment and Forestry**

Extractive industries are closely related to the environment and forestry sectors because their operations can change a region's terrain and environment. Law No. 11 of 2020 on Job Creation sets out the requirements for granting extractive industries licenses. The provisions on the types of activities that are required to have Environmental Impact Assessment (AMDAL) are set out in Regulation of Minister of Environment No. 05 of 2012 on Types of Business Plans and/or Activities Required to Have Environmental Impact Assessment. After the AMDAL is approved, an environmental license is issued by the Ministry of Environment and Forestry. The elucidation about environmental license is provided in Government Regulation No. 27 of 2012 on Environmental Licenses, while that of Environmental Documents in Regulation of Minister of Environment No. 16 of 2012 on Guidelines for the Preparation of Environmental Documents.

Extractive industries operating in forest areas are required to have a Borrow-to-Use Forest Area Permit (IPPKH), as regulated in Regulation of Minister of Environment and Forestry No. P.7/MENLHK/SETJEN/KUM.1/2/2019. IPPKH holders are also required to rehabilitate watersheds as regulated in Regulation of Minister of Environment and Forestry No. P.89/MENLHK/SETJEN/KUM.I/I 1/2016.

## **c. Divestment and Transfer of Participating Interest (PI)**

Regulations that control divestment and the transfer of PI are as follows:

- Regulation of Minister of EMR No. 43 of 2018 on Amendment to Regulation of Minister of EMR No. 09 of 2017 on Procedures for Divestment and Mechanism for Determining Divestment Price in Mineral and Coal Mining Business Activities;
- Government Regulation Nos. 35 of 2004 and 48 of 2017 on Upstream Oil and Gas Business Activities;
- Regulation of Minister of EMR No. 37 of 2016 on Provisions for the Offer of 10% (Ten Percent) Participating Interest at Oil and Gas Work Areas;
- Decision of Minister of EMR No. 84 of 2020 on Guidelines for the Offer, Evaluation, and Calculation of Divestment Price in the Mineral and Coal Mining Subsector.

## **d. Public Services**

Provisions for public services are set out in Law No. 25 of 2009 on Public Services, while the implementing provisions are contained in Government Regulation No. 96 of 2012.

## **e. Manpower**

The regulations that govern manpower in Indonesia, including that in the extractive industries, are Law No. 13 of 2003 on Manpower and Law No. 1 of 1970 on Occupational Safety. These regulations set forth the rights, obligations, and procedures for employment in order to create good working conditions.



**f. Disclosure of Information**

This EITI principle is the mandate of Article 28F of the 1945 Constitution as well as Law No. 14 of 2008 on Disclosure of Public Information and Court/Constitutional Court Decisions applicable in the Republic of Indonesia.

## CHAPTER III

### EXTRACTIVE INDUSTRIES ACTIVITIES

#### 3.1. Extractive Industries Licences

##### 3.1.1. Oil and Gas Subsector

##### 3.1.1.1. Types of Licenses and Contracts

In 2020, the Government of Indonesia started to offer flexibility to oil and gas contractors to choose which cooperation contract scheme they wanted to carry out, namely a production sharing contract with operating cost recovery (Cost Recovery PSC) and one without operating costs (Gross Split PSC). Both schemes have their respective advantages and disadvantages. In some oil and gas work areas, the use of gross split benefits contractors. The Gross Split PSC is implemented in order to increase the efficiency and effectiveness of oil and gas production sharing pattern. To maintain contractors' economics of the field, different profit-sharing splits are adopted for different field structures through the use of variable split components. In addition, the profit-sharing splits are also adjusted to fluctuations in oil and gas prices. This is one of the government's efforts to increase upstream oil and gas investment because during the period 2016–2018, no oil and gas work areas were sold due to lack of demand.

**Table 2 Number of Cost Recovery and Gross Split PSC in 2019-2020**

	GS PSC	2019* CR PSC	Total	GS PSC	2020* CR PSC	Total
Exploration Contracts	17	92	109	18	72	90
Exploitation Contracts	13	79	92	19	76	95
<b>Total</b>	<b>30</b>	<b>171</b>	<b>201</b>	<b>37</b>	<b>148</b>	<b>185</b>

Source: SKK Migas, \*list of PSC attached to this Report

##### 3.1.1.2. Work Area Tender

During 2019, the Government of Indonesia tendered out oil and gas work areas in three rounds. In round 1, the government offered 5 conventional work areas, consisting of 2 ex-production work areas (Selat Panjang and West Kampar work areas) and 3 exploration work areas (Anambas, West Ganal, and West Kaimana). The government invited tender for conventional work areas in round 2 that consisted of 3 exploration work areas and 1 production work area. Some of the offered work areas had been previously tendered out in round 1. The government again invited a regular tender for conventional oil and gas work areas in round 3 which consisted of 4 areas, namely East Gebang, West Tanjung, Belayan, and Cendrawasih VIII. In 2020, the government planned to offer 10 conventional oil and gas work areas with an estimated total resource of 3,436.44 MMBO of oil and 5,006.9 BCF of natural gas. Due to the pandemic, the government has postponed the tenders to 2021.

**Table 3 O&G Blocks Resulting from Tenders in 2019**

Round 1	Round 2	Round 3
<ul style="list-style-type: none"> <li>Selat Panjang, Riau</li> <li>West Kampar, Riau and North Sumatra</li> <li>West Ganai, Offshore Makassar Strait</li> <li>West Kaimana, Mainland and Offshore West Papua</li> <li>Anambas, Offshore Natuna</li> </ul>	<ul style="list-style-type: none"> <li>Kutai, East Kalimantan</li> <li>Bone, South Sulawesi</li> <li>West Ganai, Makassar Strait</li> <li>West Kampar, Riau &amp; North Sumatra</li> </ul>	<ul style="list-style-type: none"> <li>East Gebang, North Sumatra</li> <li>West Tanjung I, Central Kalimantan</li> <li>Belayan, East Kalimantan</li> <li>Cendrawasih VIII, Papua</li> </ul>

**Table 4 O&G Work Areas Resulting from Tenders in 2019**

NO	WORK AREA	OIL AND GAS CONTRACTORS	SIGNATURE BONUS	WORK COMMITMENT/FIRM COMMITMENT
1	Anambas	Kufpec Indonesia (Anambas) BV	\$2,500,000	G&G, 600 Km <sup>2</sup> 3D Seismic(licence repro), 1 Well <b>\$35,200,000</b>
2	Selat Panjang	PT. Sumatra Global Energi-Zamatra Bakau Straits Ltd	\$5,000,000	G&G, 200 Km <sup>2</sup> 3D Seismic, 500 Km <sup>2</sup> 2D Seismic, 6 Wells <b>\$74,000,000</b>
3	West Ganai	ENI West Ganai Limited-PT Pertamina Hulu West Ganai- Neptune West Ganai BV	\$30,000,000	G&G, 600 Km <sup>2</sup> 3D Seismic, 600 Km <sup>2</sup> 2D Seismic, 4 Wells <b>\$159,300,000</b>

### 3.1.1.3. Transfer of Participating Interest (PI)

Issues related to the transfer of PI of a block include the following:

1. Transfer of PI must obtain approval from the Minister of EMR based on SKK Migas considerations.

2. Contractors must not transfer the PI to other parties who are not affiliates during the first three years of the exploration period.
3. To disclose data in the context of PI transfer to other parties, contractors must obtain permission from the Minister of EMR through SKK Migas.
4. a. Shareholders of Regional Government-owned Entities (BUMD) or Regional Government's Limited Liability Companies (PPD) and/or SOE receiving 10% of PI are prohibited from transferring their shares and interests to other parties.  
b. BUMD or PPD and/or SOE receiving 10% of PI are prohibited from transferring the interest to other parties.
5. Contractors' income from the transfer of PI is subject to final income tax on the gross value of the transfer of PI at the following rates:
  - a. 5% for Work Areas at the exploration stage
  - b. 7% for Work Areas at the exploitation stage

Between 2019 and 2020, the following PI transfers were approved and reported by the Directorate General of Oil and Gas:

**Table 5 PI transfers during 2019**

NO	LETTER OF APPROVAL	DATE OF TRANSFER	WORK AREAS	CONTRACTORS TRANSFERING PI	CONTRACTOR RECEIVING PI	OPERATOR	% OF TRANSFER	VALUE EQUIVALENT
1	LETTER OF MEMR NO. 71/13/MEM.M/2019 DATE 20 FEB 2019	3-Sep-18	FUR	HYOIL (FUR) PTE. LTD.	AWE (SATRIA) NZ LTD.	KRIENERGY (SATRIA) LTD.	42.5%	
2	LETTER OF MEMR NO. 309/13/MEM.M/2019 DATE 31 JULY 2019	7-Feb-19	BLORA	PT SELE RAYA ENERGY	TIS PETROLEUM E&P BLORA PTE. LTD.	PT SELE RAYA ENERGI	60%	US\$2,500,000
3	LETTER OF MEMR NO. 370/13/MEM.M/2019 DATE 12 SEP 2019	5-Feb-19	NORTHWEST NATUNA	SANTOS NORTHWEST NATUNA BV	AWE HOLDINGS SINGAPORE PTE. LTD.	AWE (NORTHWEST NATUNA) PTE. LTD.	50%	US\$1
4	LETTER OF MEMR NO. 401/13/MEM.M/2019 DATE 27 SEP 2019	31-May-19	RIMAU	PT MEDCO E&P RIMAU	PT BAHTERA DAYA MAKMUR	PT MEDCO E&P RIMAU	35%	US\$ 15,000,000
5	LETTER OF MEMR NO. 402/13/MEM.M/2019 DATE 27 SEP 2019	31-May-19	SOUTH SUMATERA	PT MEDCO E&P INDONESIA	PT MEDCO DAYA MAKMUR	PT MEDCO E&P INDONESIA	35%	US\$ 35,000,000
6	LETTER OF MEMR NO. 371/13/MEM.M/2019 DATE 12 SEP 2019	17-Jul-19	MAHAKAM	PT PERTAMINA HULU MAHAKAM	PT MIGAS MANDIRI PRATAMA KUTAI MAHAKAM	PT PERTAMINA HULU MAHAKAM	10%	
7	LETTER OF MEMR NO. 338/13/MEM.M/2019 DATE 19 AGT 2019	29-Nov-18	SENGKANG	ENERGY EQUITY EPIC (SENGKANG) PTY. LTD.	PT ENERGY MAJU ABADI	ENERGY EQUITY EPIC (SENGKANG) PTY. LTD.	59%	Rp 1

NO	LETTER OF APPROVAL	DATE OF TRANSFER	WORK AREAS	CONTRACTORS TRANSFERING PI	CONTRACTOR RECEIVING PI	OPERATOR	% OF TRANSFER	VALUE EQUIVALENT
8	LETTER OF MEMR NO. 492/13/MEM.M/2019 DATE 5 NOV 2019	23-Jul-19	North Sokang	NORTH SOKANG ENERGY LTD.	PT Medco Energi Natuna Timur	PT Medco Energi Natuna Timur	100%	US\$ 5,000,000
9	LETTER OF MEMR 535/13/MEM.M/2019		North Ganai	Equinor Indonesia North Ganai AS	Eni North Ganai Ltd. Neptune Energy North Ganai BV	Eni North Ganai Ltd.	16.9% 9.1%	US\$1
10	LETTER OF MEMR No.535/13/MEM.M/2019		North Ganai	Ophir Energy Indonesia (North Ganai) Ltd.	Neptune Energy North Ganai BV North Ganai Energy Ltd. Eni North Ganai Ltd.	Eni North Ganai Ltd.	4.7% 4.98% 8.82%	US\$1
11	LETTER OF MEMR NO. 515/13/MEM.M/2019 18 NOV 2019	26-Jul-19	East Ganai	Eni East Ganai Ltd.	Neptune Energy East Ganai BV	Eni East Ganai Ltd.	30%	US\$ 593,579.80
12	LETTER OF MEMR NO. 505/13/MEM.M/2019 DATE 15 NOV 2019	25-Jul-19	East Sepinggan	Eni East Sepinggan Limited	Neptune Energy East Sepinggan BV	Eni East Sepinggan Limited	20%	US\$ 183,419,689
13	LETTER OF MEMR NO. 524/13/MEM.M/2019 DATE 22 NOV 2019	3-Sep-19	Jabung	Petrochina International Jabung Ltd.; Petronas Carigali (Jabung) Ltd.	PT GPI Jabung Indonesia	Petrochina International Jabung Ltd.	12%	US\$ 66,671,558

NO	LETTER OF APPROVAL	DATE OF TRANSFER	WORK AREAS	CONTRACTORS TRANSFERING PI	CONTRACTOR RECEIVING PI	OPERATOR	% OF TRANSFER	VALUE EQUIVALENT
14	LETTER OF MEMR NO. 204/13/MEM.M/2019 JUNE 10, 2019	11-Oct-18	LEMANG	PT HEXINDO GEMILANG JAYA	MANDALA ENERGY LEMANG PTE. LTD.	MANDALA ENERGY LEMANG PTE. LTD.	6%	USD 4,145,078.00
15	LETTER OF MESDM NO. 530/13/MEM.M/2019 DATE 28 NOV 2019	10-Jul-19	ANDAMAN I	MP (ANDAMAN1) RSC LTD.	ANDAMAN PREMIER OIL I LTD.	MP (ANDAMAN1) RSC LTD.	20%	US\$
16	LETTER OF MESDM NO. 547/13/MEM.M/2019 DATE 5 DEC 2019	-	ARU	EQUINOR INDONESIA ARU AS	OPHIR ENERGY INDONESIA (ARU) LTD.	OPHIR ENERGY INDONESIA (ARU) LTD.	40%	0
17	LETTER OF MESDM NO. 532/13/MEM.M/2019 DATE 28 NOV 2019	10-Jul-19	SOUTH ANDAMAN	MP (SOUTH ANDAMAN) HOLDING RSC LTD.	PREMIER OIL SOUTH ANDAMAN LTD.	MP (SOUTH ANDAMAN) HOLDING RSC LTD.	20%	US\$1,000,000
18	LETTER OF MESDM NO. 536/13/MEM.M/2019 29 NOV 2019	14-Oct-19	WEST PAPUA IV	TATELY WEST PAPUA NV	OPHIR INDONESIA (WEST PAPUA IV) 2 LLC	OPHIR ENERGY INDONESIA (WEST PAPUA IV) 1 LTD.	40%	0
		10-Oct-18		EQUINOR INDONESIA WEST PAPUA IV AS	OPHIR ENERGY INDONESIA (WEST PAPUA IV) 1 LTD.		10.1%	
19	LETTER OF MESDM NO. 536/13/MEM.M/2019 DATE 29 NOV 2019	17-Jul-19	WEST PAPUA IV	OPHIR INDONESIA (WEST PAPUA IV) 2 LLC	REPSOL EXPLORATION WEST PAPUA IV, SL	REPSOL EXPLORATION WEST PAPUA IV, SL	60.12%	US\$398,797.60
				OPHIR ENERGY INDONESIA (WEST PAPUA IV) 1 LTD.			39.88%	US\$601,202.40

**Table 6 PI transfers during 2018**

NO	LETTER OF APPROVAL	DATE OF TRANSFER	WORK AREAS	CONTRACTOR TRANSFERING PI	CONTRACTOR RECEIVING PI	OPERATOR	% TRANSFER	VALUE EQUIVALENT
1	LETTER OF MEMR NO. 153/13/MEM.M/2020 MAY 14, 2020	23-Oct-19	BELIDA	SINOCHEM BELIDA LTD.	PT SELE RAYA BELIDA	PT SELE RAYA BELIDA	40%	US\$2,814,783
2	LETTER OF MEMR NO. 119/13/MEM.M/2020 13 APR 2020	25-Sep-19	EAST SERAM	BALAM ENERGY PTE. LTD.	OPIC EAST SERAM CORPORATION	BALAM ENERGY PTE. LTD.	40%	US\$939,848
3	LETTER OF MEMR NO. 126/13/MEM.M/2020 20 APR 2020	10-Apr-19	NORTH GANAL	NORTH GANAL ENERGY LTD.	NEPTUNE ENERGY NORTH GANAL BV	ENI NORTH GANAL LTD.	11.74%	US\$7,000,000
4	LETTER OF MEMR NO. 122/13/MEM.M/2020 APR 15 2020	15-Apr-19	DUYUNG	WEST NATUNA EXPLORATION LTD.	EMPYREAN ENERGY PLC.	WEST NATUNA EXPLORATION LTD.	8.5%	-
5	LETTER OF MEMR NO. 122/13/MEM.M/2020 APR 15 2020	15-Apr-19	DUYUNG	WEST NATUNA EXPLORATION LTD.	CORO ENERGY DUYUNG (SINGAPORE) PTE. LTD.	WEST NATUNA EXPLORATION LTD.	15%	US\$10,500,000
6	LETTER OF MEMR NO 80/13/MEM.M/2020 MARCH 5, 2020	2019	ARU	Ophir Energy Indonesia (Aru) Limited	Repsol Exploration Aru SL	Repsol Exploration Aru SL	100%	USD1,000,000
7	LETTER OF MEMR NO .83/13/MEM.M/2020 27 FEBRUARY 2020	2019	ANDAMAN II	KrisEnergy (Andaman II) Ltd.	BP Andaman II Ltd.	Andaman Premier Oil Ltd.	30%	USD15,000,000
8	LETTER OF MEMR NO. 186/13/MEM.M/2020 JUNE 17, 2020	31-Jan-20	MURIAH	PC MURIAH LTD.	SAKA ENERGI MURIAH	SAKA ENERGI MURIAH	80%	USD -
9	LETTER OF MEMR NO. 189/13/MEM/2020 JUNE 18, 2020	July 22, 2019	TUNA	GS ENERGY CORPORATION	PREMIER OIL TUNA BV	PREMIER OIL TUNA BV	15%	NIL
No	Letter of Approval	Date of Transfer	Work Areas	Contractor transferring PI	Contractor receiving PI	Operator	% Transfer	Value Equivalent
10	LETTER OF MEMR NO. 189/13/MEM/2020 JUNE 18, 2020	6-Feb-20	TUNA	MOECO TUNA E&P CO. LTD.	PREMIER OIL TUNA BV	PREMIER OIL TUNA BV	15%	NIL
11	LETTER OF MEMR NO. 367/13/MEM.M/2020 November 4, 2020	3-Feb-20	BELIDA	Belida BV	PT Sele Raya Belida	PT Sele Raya Belida	14%	USD985,174
12	LETTER OF MEMR NO. 361/17/MEM.M/2020 October 27, 2020	June 27, 2020	LEMANG	Jadestone Energy (Lemang) Pte. Ltd.	Mandala Energy Lemang Pte. Ltd.	Jadestone Energy (Lemang) Pte. Ltd.	90%	USD12,000,000



NO	LETTER OF APPROVAL	DATE OF TRANSFER	WORK AREAS	CONTRACTOR TRANSFERING PI	CONTRACTOR RECEIVING PI	OPERATOR	% TRANSFER	VALUE EQUIVALENT
13	LETTER OF MEMR NO. 406/13/MEM.M/2020 dated 17 December 2020	10-Feb-20	Offshore Mangkalihat	Samudra Energy Mangkalihat Ltd. SDA Mangkalihat Pte. Ltd.	Conrad Petroleum OM Pte. Ltd.	Conrad Petroleum OM Pte. Ltd.	51% 49%	U\$D645,000
14	LETTER OF MEMR NO. 415/14/MEM.M/2020 December 22, 2020	25-Sep-20	Tuna	Premier Oil Tuna BV	ZN Asia Ltd.	Premier Oil Tuna BV	50%	U\$D32,500,000
15	LETTER OF MESDM NO. 410/13/MEM.M/2020 dated 18 December 2020	19 June 2020	South East Jambi	Repsol Exploracion South East Jambi BV	PT Pertamina Hulu Energi Southeast Jambi	Repsol Exploracion South East Jambi BV	27%	0

Source: SKK Migas

### 3.1.1.4. Contract Termination

According to data of SKK Migas, there were 5 work areas which proposals for extension/transfer of cooperation contracts were completed during 2019. In semester 1 of 2019, Pertamina officially got the full management of two work areas, namely Jambi Merang and Raja as well as Pendopo. Both work areas produce 114 MMBOE in total. In mid-2019, Pertamina, together with Conoco Phillips and Repsol, once more was charged by the government with the task of managing the natural gas block Corridor in Musi Banyuasin, South Sumatra. Pertamina has successfully increased its PI in Corridor Block to 30% after 19 December 2023, before the company officially becomes a full-fledged operator of the block in 2026. In the context of extension and/or transfer of cooperation contracts, evaluation is carried out by referring to Regulation of Minister of EMR No. 23 of 2018 on the Management of Oil and Gas Work Areas that are close to expiry and Regulation of Minister of EMR No. 28 of 2018 on Amendment to Regulation of Minister of EMR No. 23 of 2018 on the Management of Oil and Gas Work Areas that are close to expiry. During 2019-2020, there is no work area that is terminated within the jurisdiction of BPMA.

There are 27 work areas that will expire in 2020-2025, namely:

**Table 7 Work Areas to Expire between 2020 - 2030**

PSC CONTRACTORS	WORK AREAS	EXPIRY DATE
INTERNATIONAL BANGKO LTD.	BANGKO	16 February 2025
BOB PERTAMINA – BUMI SIAK PUSAKO	COASTAL PLAINS AND PEKANBARU (CPP)	08 August 2022
CHEVRON GANAL LTD.	GANAL	23 February 2028
PETROCHINA INTERNATIONAL JABUNG LTD.	JABUNG	26 February 2023
STAR ENERGY (KAKAP) LTD.	KAKAP	21 March 2028
PC KETAPANG II LTD	KETAPANG	10 June 2028
NEW KORINCI EMP LTD.	KORINCI BARU	14 May 2027
PT MEDCO E&P LEMATANG	LEMATANG	05 April 2027
OPHIR INDONESIA (MADURA OFFSHORE) PTY LTD.	MADURA OFFSHORE	03 December 2027
CHEVRON MAKASSAR LTD.	MAKASSAR STRAIT	03 December 2027
SAKA ENERGI MURIAH LTD.	MURIAH	31 December 2026
CHEVRON RAPAK LTD.	RAPAK	03 December 2027
PT MEDCO E&P INDONESIA	RIMAU	22 April 2023

PSC CONTRACTORS	WORK AREAS	EXPIRY DATE
PT CHEVRON PACIFIC INDONESIA	ROKAN (1963)	08 August 2021
MEDCO ENERGY SAMPANG PTY. LTD.	SAMPANG	03 December 2027
JOB PERTAMINA – MEDCO E&P TOMORI SULAWESI	SENORO - TOILI aka TOMORI	03 December 2027
JOB PERTAMINA – MEDCO E&P	SIMENGGARIS	23 February 2028
MEDCO E&P NATUNA LTD.	SOUTH NATUNA SEA "B".	15 October 2028
PT MEDCO E&P INDONESIA	TARAKAN	13 January 2022
MONTD'OR OIL TUNGKAL LTD.	TUNGKAL	25 August 2022
PT BENUO TAKA WILAWI	WILAWI	30 June 2027
JOB PERTAMINA PETROCHINA SALAWATI	SALAWATI	22 April 2020
CONOCOPHILLIPS (SOUTH JAMBI) LTD.	SOUTH JAMBI 'B'	25 January 2020

Source: SKK Migas

The Director General of Oil and Gas on behalf of the Minister of EMR has so far issued approvals for oil production at old wells to 2 (two) village cooperatives (KUD), namely KUD Wargo Tani Makmur at Bayubang field and KUD Unggul at Cipluk field, and 6 (six) BUMD, namely PT Blora Patra Energi at Petak field; PT Blora Patra Energi at Ledok and Semanggi fields; PT Bojonegoro Bangun Sarana at Wonocolo field, Dandangilo, Ngrayong; PD Aneka Tambang at Gegunung field; PD Purwa Aksara at Gabus field; and PT Petromuba at Babat and Kukui fields.

In 2020, the government issued approvals for 2 KUD/BUMD to produce petroleum at 832 old wells. These BUMD are BUMD Petro Muba, which will manage 565 old wells in Musi Banyuasin, South Sumatra, and BUMD Blora Patra Energi, which will manage 267 old wells in Blora, Central Java. The daily production of the two BUMD reaches 150-700 BOPD. Until now, there are 9 KUD/BUMD that manage old petroleum wells in the territory of the Republic of Indonesia. These KUD/BUMD operate in the oil and gas work and operations area owned by PT Pertamina EP in South Sumatra, Central Java, and East Java Provinces.

### 3.1.2. Mineral and Coal (Mineral and Coal) Subsector

This section explains the implementation of extractive industries licensing for the mineral and coal subsector in 2019-2020 based on Law No. 3 of 2020 on Mineral and Coal Mining.

#### 1. Determination of Mining Areas

Maps of mining areas on each designated island can be seen in the 8<sup>th</sup> (Flexible) Report of EITI Indonesia.

## 2. Contracts and Licenses

In Indonesia, there are two systems of mineral and coal exploitation, namely contract and license systems. Prior to the issuance of the Mineral and Coal Law, foreign companies carrying on mineral mining business in Indonesia were granted a contract known as Contract of Work (KK), while those carrying on coal mining were awarded a Work Contract on Coal Mining (PKP2B), both of which were based on Law No. 11 of 1967 on General Provisions on Mining. After Law No. 4 of 2009 on Mineral and Coal Mining was issued, all mining businesses must hold a license, either IUP, IPR, or IUPK. Therefore, after the contract period of KK/PKP2B expires, KK/PKP2B can be extended but the status will be converted into a license in the form of IUPK for Production Operation. Meanwhile, Mining Right (KP) must be adjusted to IUP.

### Changes in Mining Contract Status

One of the considerations underlying the new mining Law No. 3 2020 is the concern that the management system of KK and PKP2B may cause issues of the concept of state control over Indonesia's natural resources. A mining contract is defined as an agreement between the Government of Indonesia and an Indonesian legal entity in the context of foreign investment to carry on minerals mining business.

The number of contracts and licenses in the Mineral and Coal subsector in 2016-2020 can be seen in **Table 8**.

**Table 8 Number of Mineral and Coal Contracts and Licenses in 2016 – 2020**

Types of License	2016	2017	2018	2019	2020
IUP	8,449	9,144	5,560	3,161	5,395
PKP2B	74	70	68	67	66
KK	34	34	32	31	31
IUJP	69	615	619	619	693
IUPOPK for Refinery	6	7	20	51	87
IUPOPK for Transport	355	499	478	718	1,101
IUPK	0	2	2	2	3
IPR	159	179	112	16	97

Source: MODI Mineral and Coal ESDM, 2020

There are several PKP2B generation I and generation I+ contracts that will expire between 2020 and 2025 (**Table 8**). These PKB2B contracts are currently being processed at the Ministry of EMR according to the applicable Mineral and Coal Law.

Meanwhile, PT Arutmin Indonesia's contract, which expires on November 1, 2020, has been extended to January 2030.

**Table 9 PKP2B Generation I Contracts to expire in 2020 – 2025**

No	Company	Size (Ha)	Expiry Date	Location
1	PT Arutmin Indonesia	57,107	1-Nov-20	South Kalimantan
2	PT Kendilo Coal Indonesia	1,869	13-Sep-21	East Kalimantan
3	PT Kaltim Prima Coal	84,938	31-Dec-21	East Kalimantan
4	PT Multi Harapan Utama	39,972	1-Apr-22	East Kalimantan
5	PT Adaro Indonesia	31,380	1-Oct-22	South Kalimantan
6	PT Kideco Jaya Agung	47,500	13-Mar-23	East Kalimantan
7	PT Berau Coal	108,009	26-Apr-25	East Kalimantan

Source: Ministry of Energy and Mineral Resources

\*PT Arutmin has extended its mining agreement (PKP2B) until January 2030

## IUP Clean and Clear (CnC) and Non-CnC

List of mineral and coal mining companies registered at the Directorate General of Mineral and Coal can be found at [www.modi.Mineral and Coal.esdm.go.id](http://www.modi.MineralandCoal.esdm.go.id) in the “company data” menu.

## Community Mining and Illegal Mining

In some regions, there are also Community Mining and Illegal Mining (PETI) which are usually carried out by local residents around mine areas. Community Mining is governed in Law No. 4 of 2009 on Mineral and Coal Mining, Government Regulation No. 22 of 2010 on Mining Areas, Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Business Activities, which has been amended five times, last by Government Regulation No. 8 of 2018. Meanwhile, PETI is not regulated in any regulations and its existence is declared illegal.

Until December 2020, there were 14 Community Mining Licences (IPR) officially registered at the Directorate General of Mineral and Coal (**Table 10**).

**Table 10 Community Mining Licenses by Province until December 2020**

No	Province	IPR
1	Aceh	-
2	North Sumatra	-
3	West Sumatra	5

No	Province	IPR
4	Riau	-
5	Riau Islands	2
6	Jambi	2
7	South Sumatra	-
8	Bengkulu	-
9	Lampung	-
10	Bangka Belitung Islands	-
11	West Java	-
12	Central Java	-
13	Special Region of Yogyakarta	76
14	East Java	3
15	Banten	2
16	West Nusa Tenggara	1
17	East Nusa Tenggara	-
18	West Kalimantan	-
19	Central Kalimantan	-
20	South Kalimantan	-
21	East Kalimantan	-
22	Kalimantan North	-
23	North Sulawesi	-
24	Central Sulawesi	-
25	South Sulawesi	-
26	Southeast Sulawesi	-
27	Gorontalo	3
28	West Sulawesi	-
29	Maluku	-
30	North Maluku	3
31	Papua	-
32	West Papua	-

No	Province	IPR
33	Above 12 Nautical Miles	-
	<b>TOTAL</b>	<b>97</b>

Source: Mineral and Coal ESDM

### 3. Tender for WIUP and WIUPK

Based on Mineral and Coal Law No. 4 of 2009, the tender for Mining Business License Area (WIUP) falls under the authority of regional governments. Meanwhile, the tender for Special Mining Business License Area (WIUPK) is done by the Central Government by prioritizing SOEs and Regional Government-owned Enterprises (BUMD). If the SOEs/BUMDs are not interested, the tender will be opened to the private sector. Regulation of Minister of EMR No. 7 of 2020 sets out the provisions on WIUP tender. The ministerial regulation dictates that plans to tender out metal mineral and coal WIUP should be announced at least one month prior to the tender. Meanwhile, the tender process is set out in Decision of Minister of EMR No. 24 K/30/MEM/2019 on Amendment to Decision of Minister of Energy and Mineral Resources No. 1798 K/30/MEM/2018 on Guidelines for the Preparation, Determination and Granting of WIUP and WIUPK. With the issuance of Law Number 11 of 2020 on Job Creation, the authority to put metal mineral and coal WIUP out to tender is entirely in the hands of the Central Government.

Public announcement about areas being put out to tender is made on the websites of the Ministry of EMR and the Directorate General of Mineral and Coal as well as on the e-tender website which is currently being improved to adjust to the changes in regulations. Business entities that are interested in tendering for the mining areas must register by submitting all the requirements set out on the e-tender website.

Winning bidders must pay Data and Information Compensation (KDI) fee in accordance with the bid price, which amount is determined in Decision of Minister of EMR No. 80.K/32/MEM/2020. The government has set a high fee on KDI, which is considered to create an additional burden on companies because they still have to invest in exploration. The KDI for Exploration WIUP and WIUPK is determined according to the Formula for Calculating Data and Information Compensation fee, as follows:

$$\text{KDI WIUP/WIUPK} = (K1 \times P1) + \dots + (Kn \times Pn)$$

where:

KDI WIUP/WIUPK: Data and Information Compensation fee is the sum of all data prices (in rupiah)

K : Data Type;

Q : Price of data type;

n : number of data;

Data Type (K) and Price of Data Type (P) are assessed according to further provisions set out in Decision of Minister of EMR No. 80.K/32/MEM/2020

For the record, there is no new winning bidder for WIUP and WIUPK in 2019 and 2020.

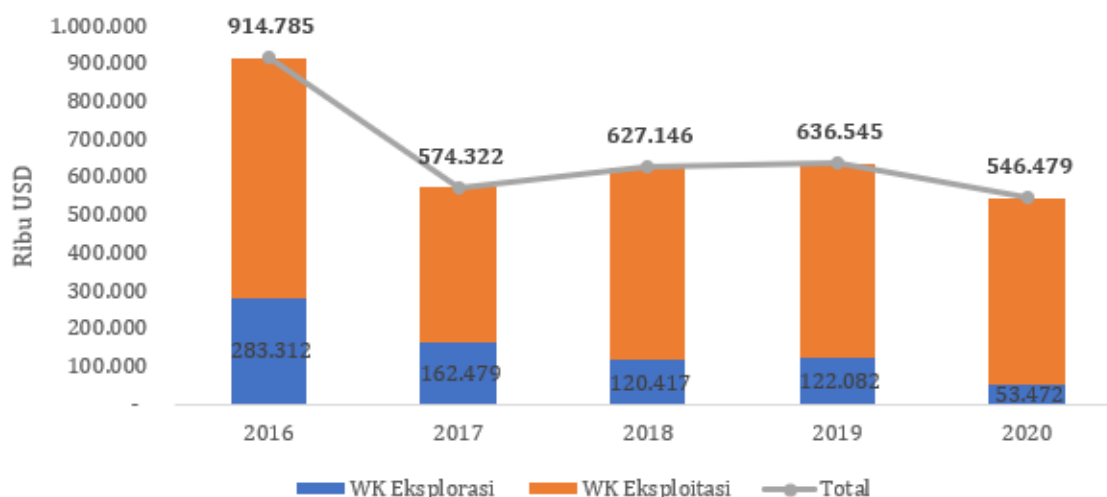
## 3.2. Extractive Industries Contribution

This section outlines the extractive industries exploration activities, resources and reserves, production and sales, as well as contribution to GDP, exports, and employment.

### 3.2.1. Oil and Gas Subsector

#### 3.2.1.1. Oil and Gas Exploration Activities and Expenditures

According to the geological conditions of Indonesia, the potential for oil and gas reserves discovery, especially in eastern parts of the country, is still vast although the level of difficulty is rising because most of the reserves are located offshore. Exploration can be carried out at either production or exploration blocks.

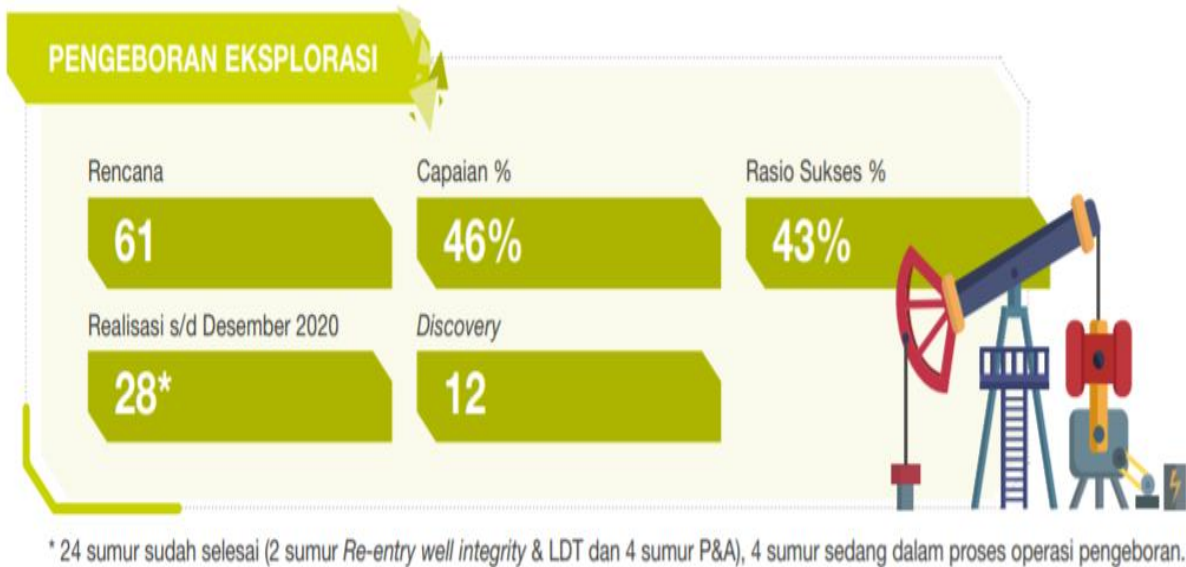


**Figure 6 Realized Amount of Oil and Gas Exploration (USD Thousand)**

Source: Joint Financial Statements of PSC Contractors

In 2020, the realization of oil and gas exploration costs slightly decreased compared to that of the previous year due to the Covid-19 pandemic and improvement in world's oil prices. Several PSC contractors secured the extension of their PSCs, while others with a gross split scheme had begun exploration as agreed in the PSCs.





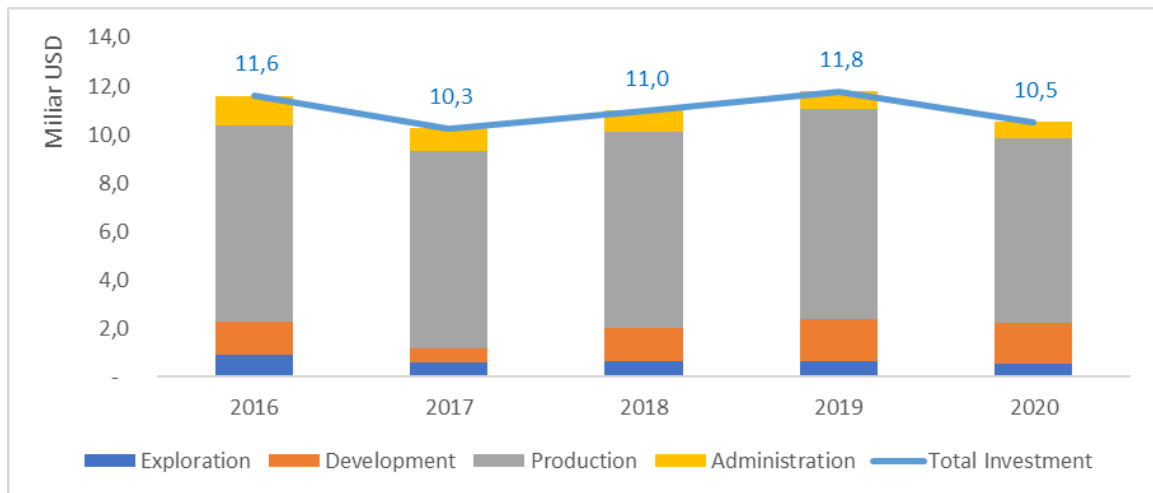
**Figure 7 Oil and Gas Exploration Drilling 2020**

Source: SKK Migas Annual Report 2020

The downward trend in exploration activities can also be seen from the drilling plans in 2020. Compared to 2019, the success ratio of exploration drilling reached 43% of the 61 targeted wells. In terms of development drilling, only 240 out of 395 development wells were drilled, or 61% of the 2020 plan.

### 3.2.1.2. Realization of Oil and Gas Investment

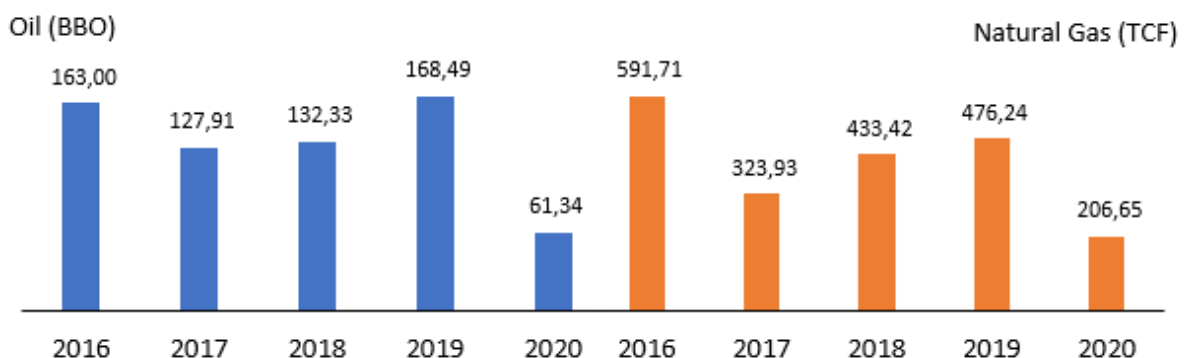
In 2020, investment in the upstream oil and gas reached US\$10.5 billion, a decrease of 10.5% compared to the realization in 2020. This condition was influenced by the Covid-19 pandemic and the decline in oil prices. About US\$0.5 billion of the investment in 2020 was used to finance exploration activities, well development (16%), production (73%), and administrative costs (6%). Most of the investment spent in the upstream oil and gas was used for production and development, at 89% of the total investment or equivalent to USD9.3 billion. This condition is relatively the same to condition in 2019, when production and development costs reached US\$10.4 billion or 86% of the total investment in upstream oil and gas business in 2019.



**Figure 8 Upstream Oil and Gas Investment 2016 – 2020**

### 3.2.1.3. Oil and Gas Resources and Reserves in Indonesia

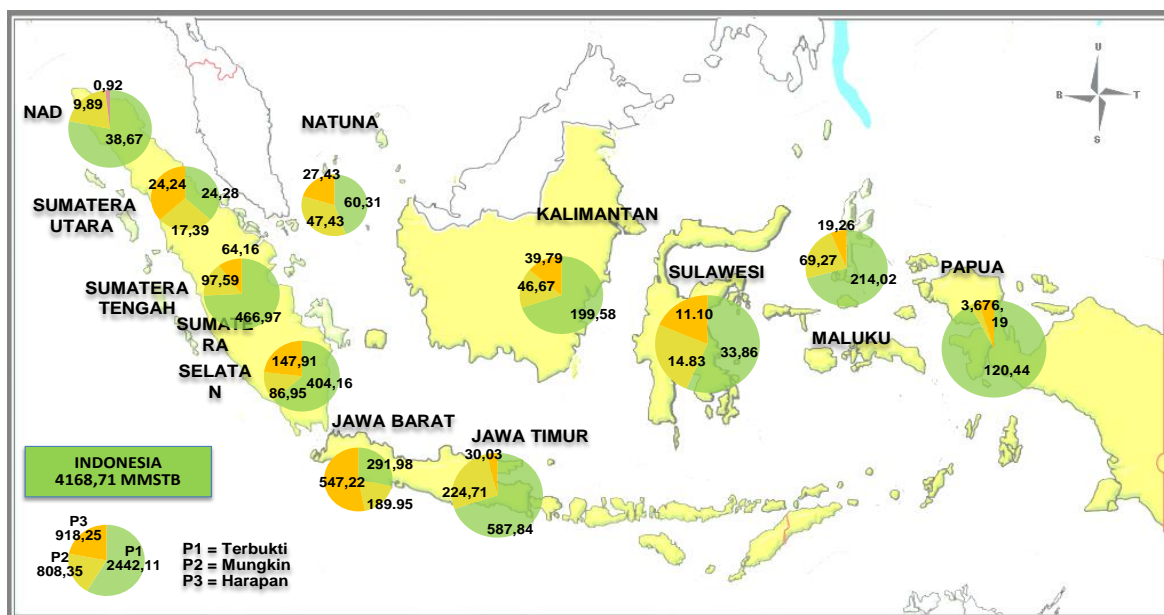
The potential of Indonesia's oil and gas resources spreads from Sumatra to Papua. As of January 1, 2020, the potential for oil resources is 61.34 billion barrels (BBO) and natural gas is 206.65 trillion cubic meters (TCF).



**Figure 9 Oil and Gas Resources Potential 2016-2020**

Source: Directorate General of Oil and Gas Report 2020

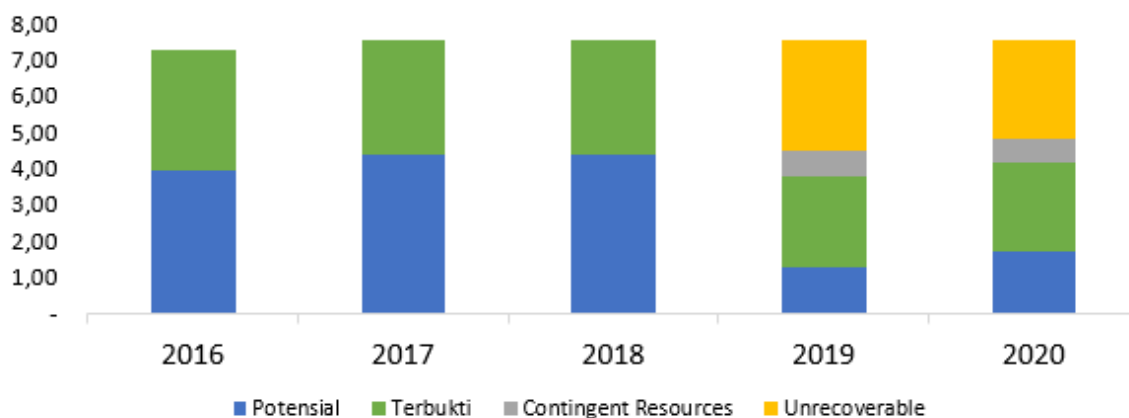
Meanwhile, Indonesia's oil and condensate reserves as of January 1, 2020 amounted to 4,168.7 million barrels, consisting of 2,442 million barrels of proven reserves while the remaining 1,727 million barrels were potential reserves.



**Figure 10 Map of Indonesia's Petroleum Resources Potential**

Source: Directorate General of Oil and Gas 2020, status 01-01-2020

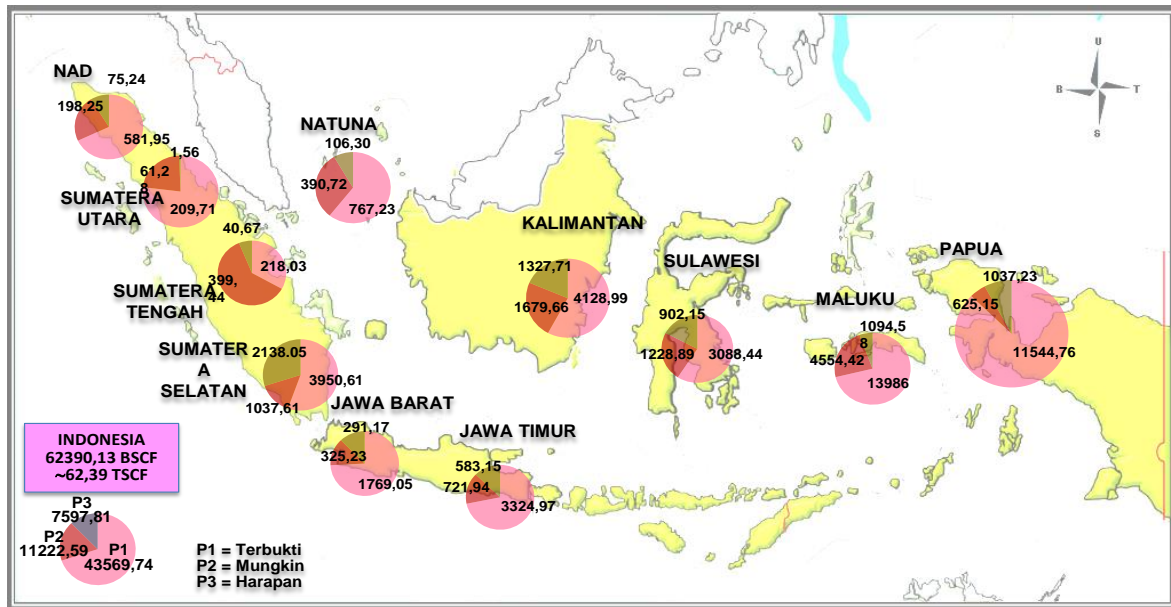
Starting in 2019, Indonesia's oil and condensate reserves have decreased due to the change of reserves classification. Previously, reserves were classified based on the 2008 Petroleum Resources Management System (PRMS), but from 2019 onwards, the classification uses PRMS 2018. Fields that do not have production projects (not exploited) are downgraded to contingent resources. In 2020, the amount of contingent resources reach 0.63 billion barrels, or equivalent to 26 percent of proven reserves.



**Figure 11 Oil Reserves 2016 – 2020**

Source: Directorate General of Oil and Gas Report 2020

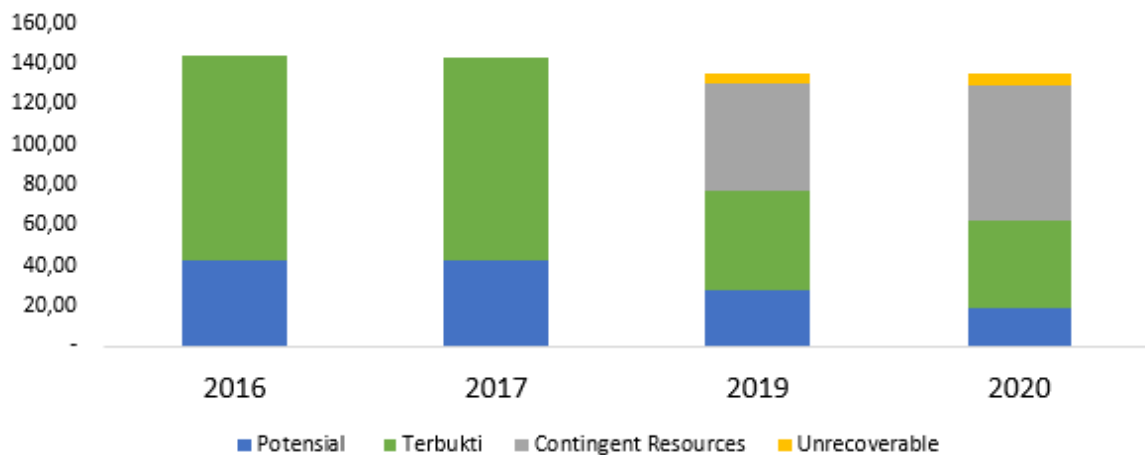
Indonesia's natural gas reserves as of January 1, 2020 amounted to 62.4 TCF, consisting of 43.6 TCF of proven reserves and 18.8 TCF potential reserves.



**Figure 12 Map of Indonesia's Natural Gas Resources Potential**

Source: Directorate General of Oil and Gas 2020, status 01-01-2020

Since 2016, there has been a downward trend in gas reserves. Many potential gas reserves have been found, but are not yet productive due to lack of gas buyers. For the record, gas reserves can be categorized as proven if they have buyers. In 2019, there seems to be a decrease in natural gas reserves. This is due to the change of gas reserves classification to be based on PRMS 2018. Just like the classification carried out on oil reserves, gas fields without production projects (not exploited) are classified as contingent resources.



**Figure 13 Natural Gas Reserves 2016 – 2020**

Source: Directorate General of Oil and Gas Report 2020

### 3.2.1.4. Oil and Gas Production in Indonesia

#### Oil

#### National Oil Production and Lifting Volume

Figure 14 shows that from 2016 to 2020, oil and gas production declined because oil and gas fields matured while reserves were not yet discovered. In 2020, oil and condensate production reached 708.3 thousand barrels of oil per day, a decrease of around 36.8 Mbopd compared to the realized production in 2019 of 745.1 Mbopd. The year 2020 saw a challenge to the oil and gas businesses. Low oil prices and the Covid-19 pandemic have a far-reaching impact on all PSC Contractors because many operations could not run normally. Several drilling, workover and well service activities were postponed, such as at Merakes Field, and some had to be cancelled. However, in 2020 Indonesia was able to maintain natural production at 3-5% per year through several development drilling activities, rework and well maintenance, as well as initiatives carried out by SKK Migas through the Filling the Gap (FTG) program.

The list of production and exploration Work Areas is published on <https://migas.esdm.go.id/post/read/kontaktor-kontak-kerja-sama-1>.

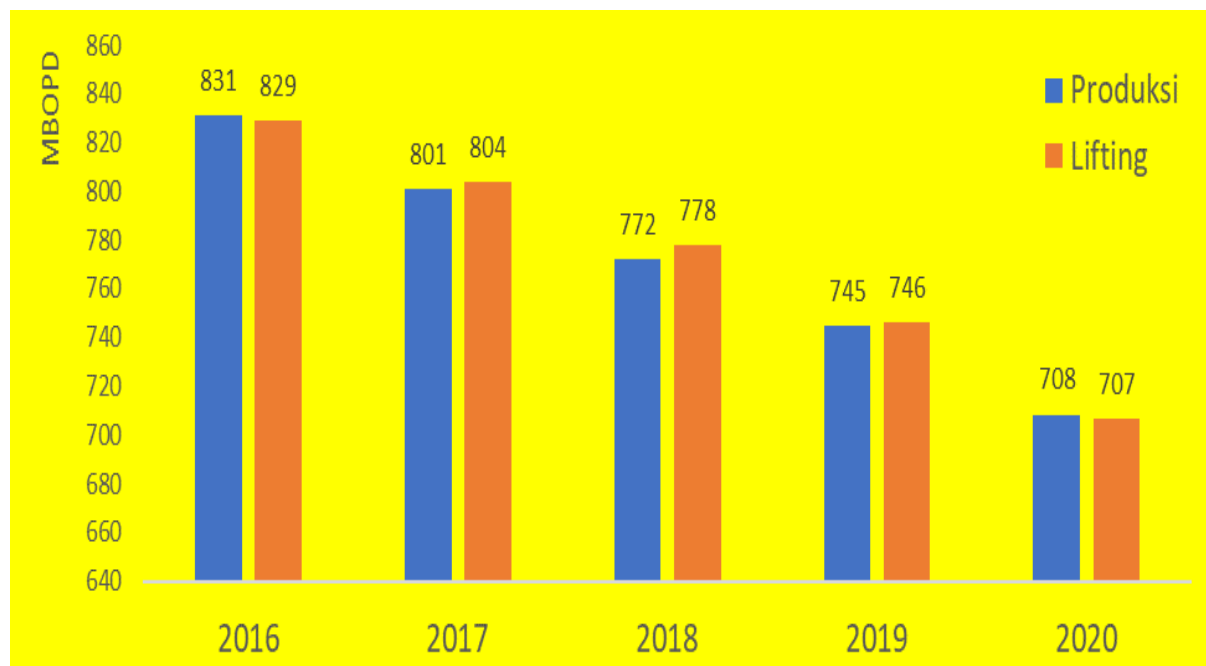
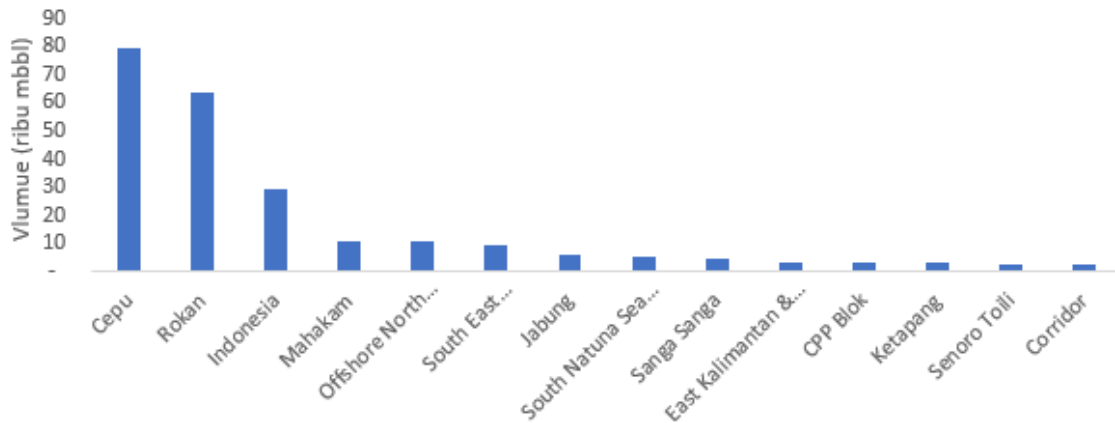


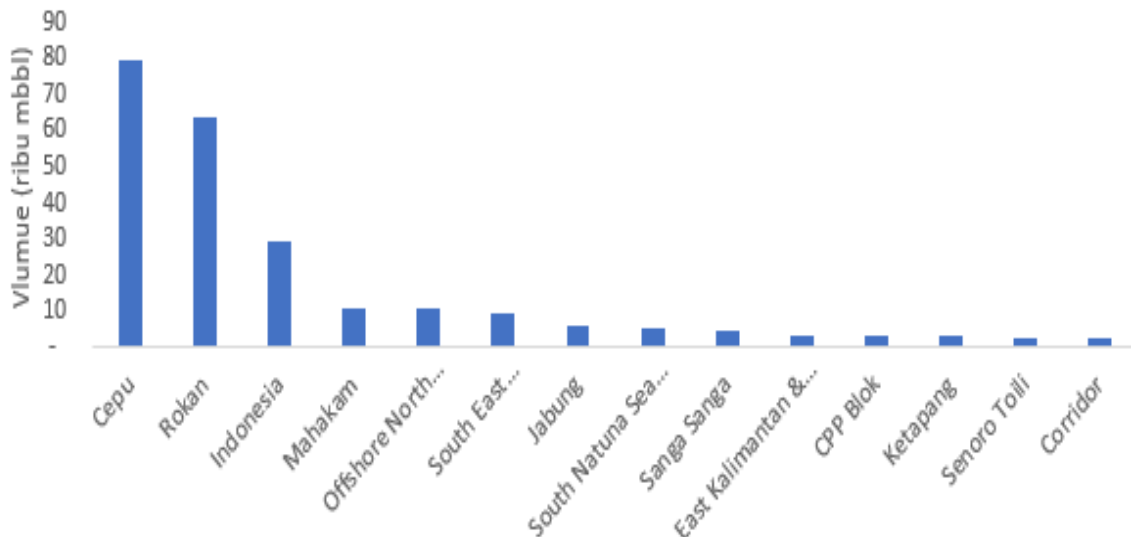
Figure 14 Oil Production and Lifting 2016-2020



**Figure 15 Oil Lifting by 15 Main Work Areas (in thousand barrels)**

### Oil Lifting Volume and Value by Main Work Areas

Figure 15 illustrates 15 main Work Areas that account for around 92% of national oil lifting. In 2020, Cepu Block, which is managed by Exxonmobil Cepu Ltd., was the largest contributor to Indonesia's oil production with lifting of 79 million barrels or 31.3% of the total lifting in 2020. Chevron Pacific Indonesia came next at 63 million barrels or 25.1% of the total lifting in 2020. The third position is held by Indonesia Block, which is managed by PT Pertamina EP, with lifting of 29 million barrels or 11.4% of the total national lifting.



**Figure 16 Oil Lifting Value by 15 Main Work Areas (in USD Thousand)**

Source: SKK Migas Reconciliation Data 2020

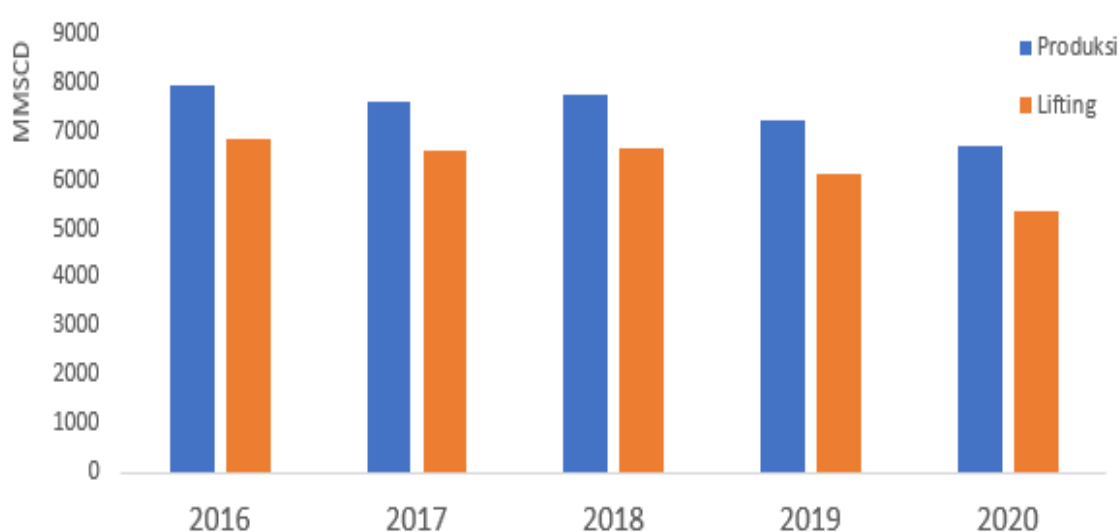
Meanwhile, based on the value, 15 main work areas with the largest lifting value in 2020 are shown in Figure 16. Cepu Block came first with a lifting value of USD3.6

billion. Rokan and Indonesia Blocks came second and third with a lifting value of USD2.8 billion and USD1.7 billion, respectively, of the total lifting value in 2020.

## **Natural Gas**

### **National Natural Gas Production and Lifting Volume**

In the last five years (2016-2020), gas production and lifting were relatively stable in the range of 7 thousand MMSCFD and then decreased to 6,665 in 2020. Muara Bakau Field (ENI Muara Bakau BV) and Vorwata Field (BP Berau Ltd.) dominated the production.

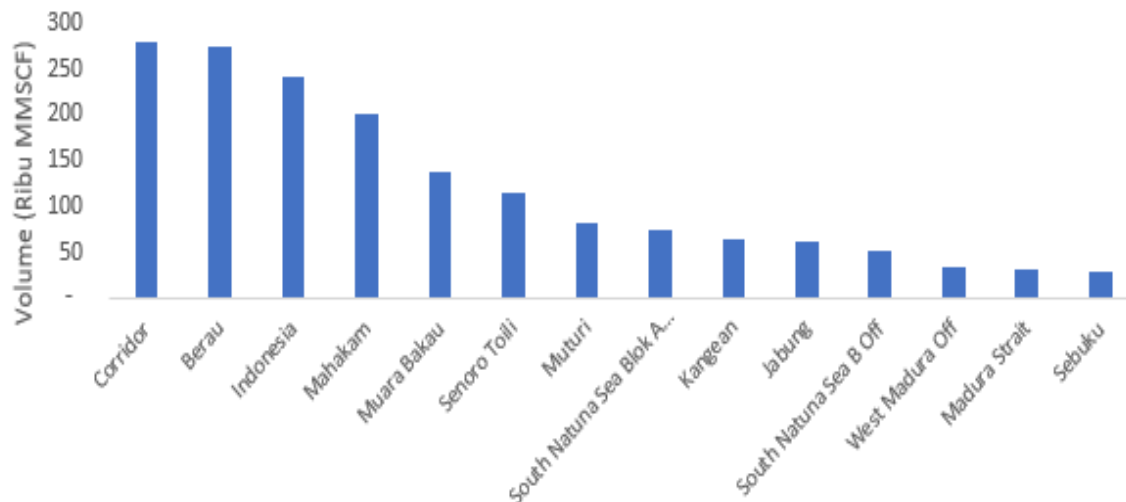


**Figure 17 Production and Lifting of Natural Gas 2016-2020**

Source: SKK Migas Reconciliation Data 2020

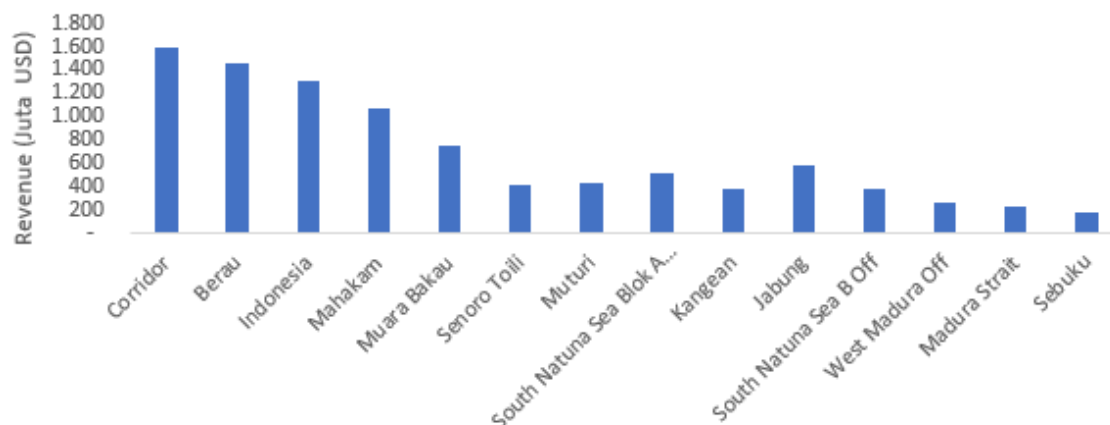
### **Lifting Volume and Value of Natural Gas by Main Work Areas**

Figure 18 illustrates the main blocks that account for 87.3% of the national natural gas lifting. The Corridor Block, which is managed by ConocoPhillips (Grissik) Ltd., was the largest contributor in 2020 with total lifting of 281 million MSCF or 14.6% of the total lifting of national natural gas. The Berau Block, which is managed by BP Berau Ltd, came second with 274 million MSCF or 14.2% of the national lifting. The Indonesia Block, which is managed by PT Pertamina, was the third largest contributor in 2020 with 241 million MSCF or 12.5% of the total gas lifting.



**Figure 18 Natural Gas Production and Lifting by 15 Main Work Areas (Thousand MMSCF)**

Source: SKK Migas Reconciliation Data 2020



**Figure 19 Natural Gas Lifting Value by 15 Main Work Areas (in USD Million)**

Source: SKK Migas Reconciliation Data 2020

Figure 19 illustrates 15 main work areas by the value of natural gas lifting in 2020. The Corridor Block ranked first with a natural gas lifting value of USD1.5 billion. Next, the Berau and Indonesia Blocks came second and third with a lifting value of USD1.4 billion and USD1.3 billion, respectively.

### 3.2.1.5. Oil and Gas Exports

The total value of Indonesia's oil and gas exports is the export value of oil and gas commodities, which consist of the exports of crude oil as well as oil and gas products on a Free-on-Board (FOB) basis. FOB refers to the price of goods/commodities when they arrive at the port of loading or before the goods are loaded onto a ship, and is expressed in United States dollars (US\$). The equation goes as follows:



$$N_{mt} = \sum_i^n N_{imt}$$

where:

n = Number of oil and gas export transactions during month m in t-year

m = Month

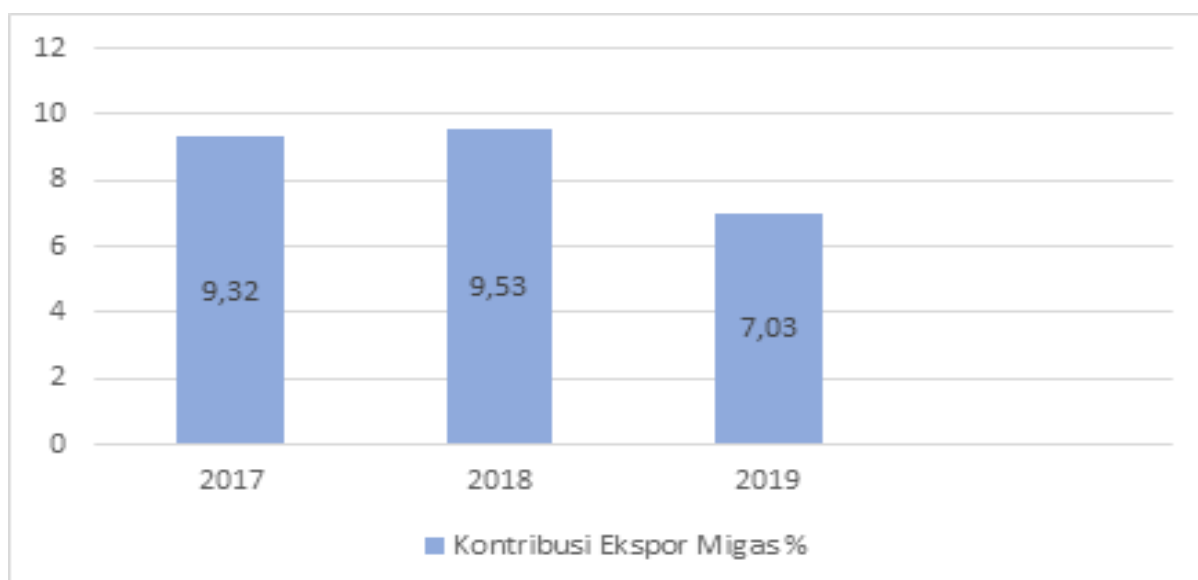
t = Year

The value of oil and gas exports has experienced a downward trend because national production is directed to domestic refineries in an effort to reduce fuel imports and support national energy security. The following Table 10 illustrates the exports of oil and gas commodities and their contribution to national exports in the period 2017-2019.

**Table 11 Oil and Gas Export Value in USD Million**

Commodity	Oil and Gas Export Value (USD million)		
	2017	2018	2019
Crude Oil	5,354.9	5,151.9	1,726.6
Oil Products	1,643	1,642.6	1,801.5
Gas	8,746.4	10,377.3	8,261.1
Total Oil and Gas Exports	15,744.4	17,171.7	11,789.3

Source: BPS



**Figure 20 Contribution of Oil and Gas to National Exports (%)**

Source: BPS Migas

Contribution of crude oil, oil products, and gas exports to total national exports in 2017 - 2019.

## Exports of Crude Oil and Oil Products by Province of Loading

In 2017 and 2018, Riau Province was the largest crude oil exporter with an export value of USD2.11 billion in 2017 and USD2.34 billion in 2018. In 2018, East Java and East Kalimantan provinces were the second and third largest exporters of crude oil, with an export value of USD1.24 billion and USD363 million, respectively. In 2019, East Java became the largest exporter of crude oil, with an export value of USD906 million. Riau Province and Riau Islands Province were the second and third largest exporters, with an export value of USD 521 million and USD 172 million, respectively.



Figure 21 Crude Oil Exports by Province of Loading 2017-2019

Source: BPS

In terms of oil products exports, Riau Islands Province was the largest exporter of oil products in 2018-2019, with an export value of USD445 million in 2018 and USD399 million in 2019. In 2018, South Sumatra was the second largest exporter with an export value of USD367 million. In 2019, Riau Province was the second largest exporter of oil products, with an export value of USD 296million.



Figure 22 Oil Products Exports by Province of Loading 2017-2019

Source: BPS

For natural gas exports, Figure 23 below shows the value of natural gas exports by province of loading between 2017 and 2019. In 2019, the largest exporter of natural gas was Riau Islands Province with an export value of USD3.04 billion. The provinces of West Papua and East Kalimantan came second and third with an export value of USD2.26 billion and USD1.82 billion, respectively.

#### Natural Gas Exports by Province of Loading

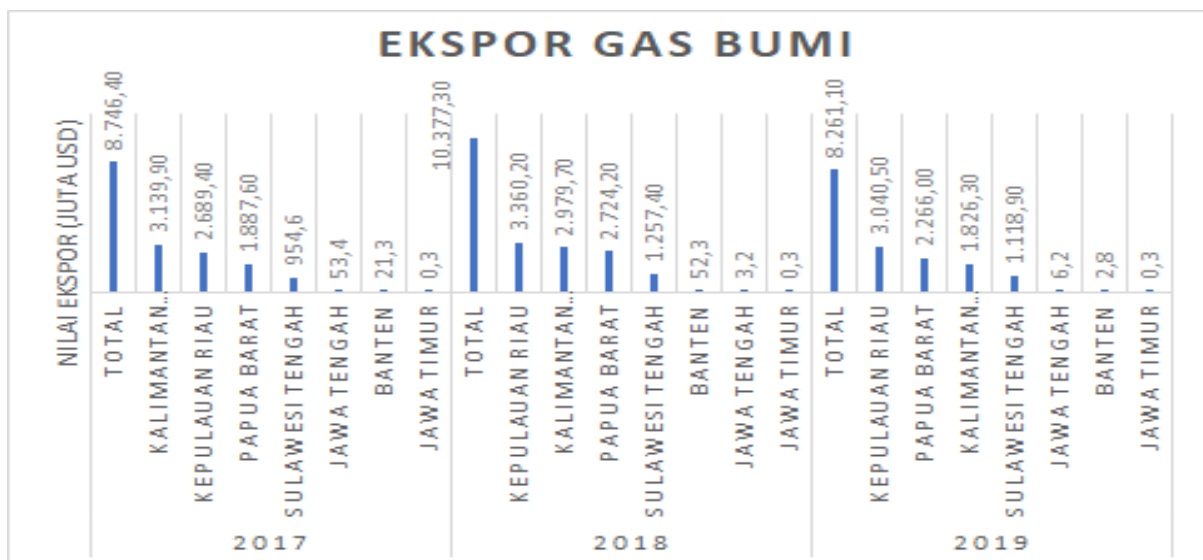


Figure 23 Natural Gas Exports by Province of Loading 2017-2019

### 3.2.2. Mineral and Coal Subsector

This section focuses on 5 leading mineral commodities, namely copper, nickel, gold, tin, and bauxite as well as coal, which is also an energy commodity.

#### 3.2.2.1. Mineral and Coal Exploration Expenditures

Exploration must be first carried out so that the extractive industries can contribute to state revenues. Exploration is divided into greenfield exploration and development exploration. Greenfield exploration refers to the development of resources or further exploration carried out in unexplored areas. Thus, such exploration depends on the predictive power of genesis model to find deposits.

Meanwhile, development exploration is exploration activities carried out near/adjacent to a mine that is in operation or one that has finished operation. Greenfield exploration is riskier because it is carried out in areas without geological data, and thus, requires more cost than development exploration that can use previous data.

#### 3.2.2.2. Mineral and Coal Investment Realization

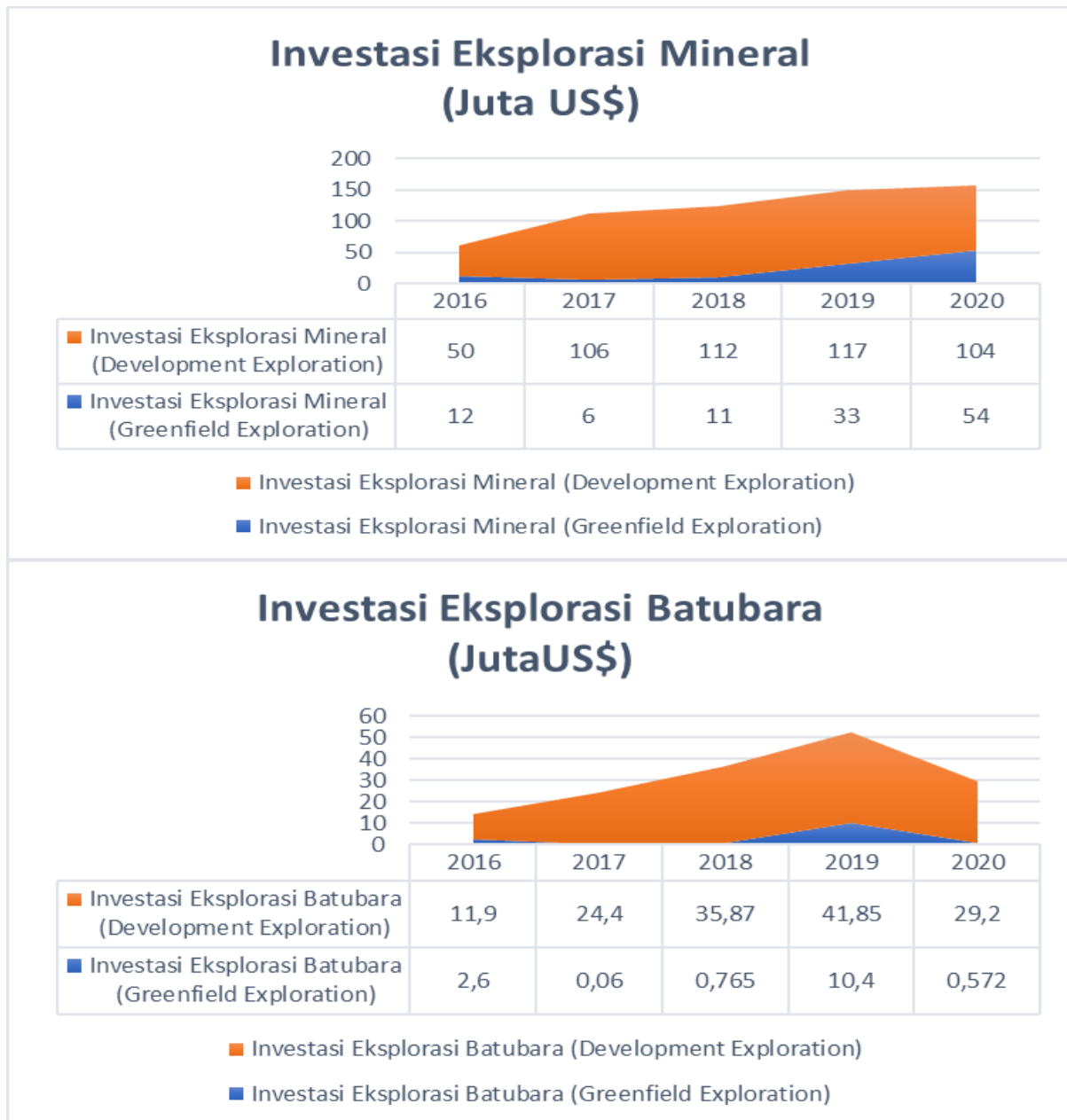
Based on **Table 11**, the ratio of investment realization to investment target in 2019 exceeded 100%. It means that the investment target was fully achieved and even exceeded. Meanwhile, the investment realization in 2020 reached 54.6% of the plan due to the impact of the Covid-19 pandemic.

**Table 12. Mineral and Coal Investment Targets and Realization**

Table 12 Mineral and Coal Investment Targets and Realization

Year	Investment Target (USD Billion)	Investment Realization (USD Billion)	Ratio of Realization to Target
2016	6.51	7.28	112%
2017	6.9	6.1	88%
2018	7.42	7.49	101%
2019	6.18	6.52	106%
2020	7.75	4.23	54.6%

Source: EMR, 2021



**Figure 24 Costs of Greenfield and Development Explorations (USD Million)**

Source: EMR, 2021

**Figure 24.** In general, coal and mineral exploration investments in Indonesia in 2019 increased compared to 2018. In terms of coal, investment in greenfield exploration hit USD10.4 million, increasing significantly compared to that in 2018. In 2020, greenfield coal exploration investment plummeted due to the Covid-19 pandemic, and this led to a fall in the amount of development investment. Therefore, although coal investment in 2019 increased by 16.65% than that of 2018, the amount of coal investment in 2020 decreased to close to that in 2017.

On the other hand, investment in greenfield mineral exploration has consistently been increasing since 2018. In 2019, greenfield exploration investment reached USD33 million, and then USD54 million in 2020. This is attributable to a massive investment by PT Sumbawa Timur Mining, which is a copper mining company. In addition, the

investment in development exploration increased by USD5 million in 2019. However, the investment fell significantly in 2020, to lower than the 2017 investment of USD104 million.

The following list shows mineral and coal companies that carried out greenfield and development explorations in the years 2019 and 2020.

**Table 13 Coal Companies Carrying out Greenfield and Development Explorations in 2019**

<b>Companies</b>	<b>Exploration Types</b>
ADARO INDONESIA, PT	Greenfield
ARUTMIN INDONESIA, PT	Development
BERAU COAL, PT	Greenfield-Development
KALTIM PRIMA COAL, PT	Development
KENDILO COAL, PT	Development
KIDECO JAYA AGUNG, PT	Greenfield-Development
MULTI HARAPAN UTAMA, PT	Greenfield-Development
ANTANG GUNUNG MERATUS, PT	Greenfield-Development
BARA SENTOSA LESTARI, PT	Greenfield
BORNEO INDOBARA, PT	Greenfield-Development
INDEXIM COALINDO, PT	Greenfield-Development
JORONG BARUTAMA GREYTON, PT	Development
MARUNDA GRAHA MINERAL, PT	Greenfield
ASMIN BARA BRONANG, PT	Greenfield-Development
ASTAKA DODOL, PT	Greenfield
BARAMUTIARA PRIMA, PT	Greenfield-Development
BATUBARASELARAS SAPTA, PT	Development
BHARINTO EKATAMA, PT	Greenfield-Development
BUMI LAKSANA PERKASA, PT	Greenfield
JULOI COAL, PT	Greenfield
KALTENG COAL, PT	Greenfield
LANNA HARITA INDONESIA, PT	Development
MAHAKAM SUMBER JAYA, PT	Development
PERKASA INAKAKERTA, PT	Greenfield-Development
SUPRABARI MAPANINDO MINERAL, PT	Greenfield-Development
TAMBANG DAMAI, PT	Development
TANJUNG ALAM JAYA, PT	Development
BUKIT ASAM, PT	Greenfield-Development
ASTRINDO GITA MANDIRI, PT	Development
BANGUN ENERGY INDONESIA, PT	Development
BENCOOLEN MINING, PT	Development
GANDA ALAM MAKMUR, PT	Greenfield
GERBANG DAYA MANDIRI, PT	Greenfield
INDONESIA SRI RIAU AVANTIKA, PT	Greenfield
LASKAR SEMESTA ALAM, PT	Greenfield
MARLIN SERANTAU ALAM, PT	Greenfield

Companies	Exploration Types
MINEMEX INDONESIA, PT	Development
MITRA BARA JAYA, PT	Development
PARAMITHA CIPTA SARANA, PT	Greenfield
SEMESTA ALAM BARITO, PT	Greenfield
SEMESTA CENTRAMAS, PT	Greenfield
SUMBER BARA ABADI, PT	Greenfield
CV TALENTA UTAMA	Greenfield-Development
PT RABANI CORPORINDO	Greenfield
CV AYU WULAN LESTARI	Development
KSU KARYA JAYA	Greenfield-Development
PT BUANA RIZKY ARMIA	Greenfield
PT PERMATA MULYA AGUNG	Greenfield-Development
PT MULIA PERSADA KARTANEGARA	Development
CV BUNDA KANDUNG	Development
PT Lembuswana Perkasa	Development
PT Victor Dua Tiga Mega	Development
CV Semoga Surya Sentosa	Development
PT Komunitas Bangun Bersama	Development
PT Bangun Olahsarana Sukses	Development
PT Saijaan Prima Coal	Greenfield
PT Anggana Coal	Greenfield-Development
PT Bara Kumala	Greenfield-Development
PT Sumber Permata Hitam	Development
PT Rinjani Kartanegara	Development
CV Betuah	Development
KSU Karya Jaya	Greenfield-Development
PT Bhumi Rantau Energi	Development
PT Trisensa Mineral Utama	Greenfield
PT Unggul Nusantara	Greenfield
PT Apriadi Bersaudara	Development
PT Daya Bara Nusantara	Development
PT Rahmat Prima Coal	Development
PT Gunung Bara Utama	Development
Buana Bara Ekapratama	Greenfield
CV Mandiri Jaya Makmur	Greenfield
PT Bumi Jaya Prima Etam	Greenfield
CV Karya Putra Bersama	Greenfield
PT Kencana Wilsa	Greenfield
PT Etam Manunggal Jaya	Greenfield
PT Tiwa Abadi	Greenfield
PT Amanah Putra Borneo	Greenfield
PT Sentosa Prima Coal	Greenfield
PT Kaltim Batumanunggal	Greenfield

Companies	Exploration Types
PT Bonehau Prima Coal	Greenfield
Indotex Pratama Jaya	Greenfield
Pengembangan Investasi Riau PT	Development
CV Regent Kaltim Anugerah	Greenfield
PT Bumi Alam Raya	Development
PT Guruh Putra Bersama	Greenfield
PT Saraba Kawa	Development
PT Binuang Mitra Bersama Blok Empat	Development
CV Mandiri Jaya Makmur	Greenfield
PT Tempirai Energy Resources	Greenfield
CV Borneo Anugerah Mandiri	Development
PT Sembilan Tiga Perdana	Development
Ganesha Rapindo Impex	Greenfield
CV Citra	Greenfield
CV Jaya Prima	Greenfield-Development
PT Bumi Enggang Khatulistiwa	Greenfield
Koperasi Jasa Mandiri Sejahtera	Greenfield-Development
Koperasi Pertanian Amanah Bersam	Greenfield-Development
PT Indotex Pratama Jaya	Greenfield
PT Putra Banua Tapin	Development
Gayo Mineral Resources	Greenfield
Linge Mineral Resources	Greenfield
Tri Yudha Dharma	Greenfield
ANTAM Merangin 184	Greenfield
ANTAM Merangin 185	Greenfield
ANTAM Sarolangun	Greenfield
Jelai Cahaya Minerals	Greenfield
Tetranergy Bideco Indonesia	Greenfield
Selatan Arc Minerals	Greenfield
Sumbawa Timur Mining	Greenfield
Fanya Mining Investment	Greenfield
ANTAM Oksibil 2876	Greenfield
ANTAM Oksibil 2883	Greenfield
ANTAM Oksibil 2884	Greenfield
ANTAM Oksibil 2892	Greenfield
Lautan Mineral Persada	Greenfield
Bolmong Timur Primanusa Resources	Greenfield
Tambang Mas Sangihe	Greenfield
Mindoro Tiris Emas	Greenfield
Dairi Prima Mineral	Development
Timah site Babel	Development
Suma Heksa Sinergi	Development



Companies	Exploration Types
Gorontalo Minerals	Development
Gorontalo Sejahtera Mining	Development
ANTAM UBP Emas Pongkor	Development
ANTAM UBP Bauksit Tayan	Development
Pelsart Tambang Kencana	Development
Ensbury Kalteng Mining	Development
Galuh Cempaka	Development
Indomuro Kencana	Development
Kalimantan Surya Kencana	Development
Kasongan Bumi Kencana	Development
Natarang Mining	Development
Adidaya Tangguh	Development
ANTAM UBP Nikel Maluku Utara	Development
Nusa Halmahera Minerals	Development
Rimba Kurnia Alam	Development
Wanatiara Persada	Development
Weda Bay Nickel	Development
Amman Mineral Nusa Tenggara	Development
Freeport Indonesia	Development
Gag Nikel	Development
Timah site Kundur	Development
Masmindo Dwi Area	Development
Vale Indonesia	Development
Citra Palu Minerals	Development
Genba Indo Resources	Development
ANTAM UBP Nikel Sulawesi Tenggara	Development
Bumi Konawe Minerina	Development
J Resources Bolaang Mongondow	Development
Meares Sopotan Mining	Development
Tambang Tondano Nusajaya	Development
Agincourt Resources	Development
Sorikmas Mining	Development
Antam Tbk UBP Bauksit Mempawah	Development
Batutua Kharisma Permai	Development
Cakrawala Mandiri Sedaya	Development
Rohul Energy Indonesia	Development
Sebuku Iron Lateritic Ores	Development
Sulawesi Cahaya Mineral	Development

Source: EMR, 2021

**Table 14 Mineral and Coal Companies Carrying out Greenfield and Development Explorations in 2020**

Companies	Exploration Types
KIDECO JAYA AGUNG, PT	Greenfield-Development
BARA SENTOSA LESTARI, PT	Greenfield
BANJAR INTAN MANDIRI, PT	Development
PENDOPO ENERGI BATUBARA, PT	Development
INDOMINCO MANDIRI, PT	Greenfield-Development
INDEXIM COALINDO, PT	Greenfield-Development
TRUBAINDO COAL MINING, PT	Greenfield
BORNEO INDOBARA, PT	Greenfield-Development
WAHANA BARATAMA MINING, PT	Greenfield
ASTAKA DODOL, PT	Greenfield
BATUBARA DUARIBU ABADI, PT	Greenfield
MAHAKAM SUMBER JAYA, PT	Development
MULTI TAMBANG JAYA UTAMA, PT	Greenfield
SINGLURUS PRATAMA, PT	Development
BERAU COAL, PT	Greenfield-Development
MULTI HARAPAN UTAMA, PT	Greenfield-Development
BANGUN BANUA PERSADA KALIMANTAN, PT	Greenfield
INTEREX SACRA RAYA, PT	Greenfield
SUPRABARI MAPANINDO MINERAL, PT	Development
TANJUNG ALAM JAYA, PT	Development
BUKIT ASAM, PT	Greenfield-Development
GANDA ALAM MAKMUR, PT	Greenfield
PARAMITHA CIPTA SARANA, PT	Greenfield
LASKAR SEMESTA ALAM, PT	Greenfield
BANGUN ENERGY INDONESIA, PT	Development
MITRA SETIA TANAH BUMBU, PT	Greenfield
TADJAHAN ANTANG MINERAL, PT	Development
TIGADAYA MINERGY, PT	Greenfield
INDONESIA SRI RIAU AVANTIKA, PT	Greenfield
CV TALENTA UTAMA	Greenfield-Development
PT RABANI CORPORINDO	Greenfield
CV AYU WULAN LESTARI	Development
KSU KARYA JAYA	Greenfield-Development
PT BUANA RIZKY ARMIA	Greenfield
PT PERMATA MULYA AGUNG	Greenfield-Development
PT MULIA PERSADA KARTANEGARA	Development
CV BUNDA KANDUNG	Development
PT MEGAPURA PRIMA INDUSTRI	Greenfield-Development
PT BUMI ENGGANG KHATULISTIWA	Development
SEMESTA CENTRAMAS	Development
PT KALTIM NUSANTARA COAL	Development

Companies	Exploration Types
KUD RUKUN DADI	Development
PT GLOBALINDO INTI ENERGI	Development
PT RANTAUPANJANG UTAMA BHAKTI	Development
PT SURYA CIPTA MAHAKAM	Development
PT KARYA SILVI	Development
PT LEMBUSWANA PERKASA	Development
PT VICTOR DUA TIGA MEGA	Development
CV SEMOGA SURYA SENTOSA	Development
PT KOMUNITAS BANGUN BESAMA	Development
PT BANGUN OLAHSARANA SUKSES	Development
PT MADANI CITRA MANDIRI	Development
PT SAIJAAN PRIMA COAL	Greenfield
PT ANGGANA COAL	Greenfield-Development
PT BARA KUMALA	Greenfield-Development
PT SUMBER PERMATA HITAM	Development
PT RINJANI KARTANEGARA	Development
CV BETUAH	Development
KSU KARYA JAYA	Greenfield-Development
PT BHUMI RANTAU ENERGI	Development
PT TRISENSA MINERAL UTAMA	Greenfield
PT UNGGUL NUSANTARA	Greenfield
PT APRIADI BERSAUDARA	Development
PT DAYA BARA NUSANTARA	Greenfield-Development
PT RAHMAT PRIMA COAL	Development
PT GUNUNG BARA UTAMA	Development
BUANA BARA EKAPRATAMA	Greenfield
CV MANDIRI JAYA MAKMUR	Greenfield
PT BUMI JAYA PRIMA ETAM	Greenfield
CV KARYA PUTRA BERSAMA	Greenfield
PT KENCANA WILSA	Greenfield
PT ETAM MANUNGGAL JAYA	Greenfield
PT TIWA ABADI	Greenfield
PT AMANAH PUTRA BORNEO	Greenfield
PT SENTOSA PRIMA COAL	Greenfield
PT KALTIM BATUMANUNGGAL	Greenfield
PT BONEHAU PRIMA COAL	Greenfield
INDOTEX PRATAMA JAYA	Greenfield
PENGEMBANGAN INVESTASI RIAU PT	Development
CV REGENT KALTIM ANUGERAH	Greenfield
PT BUMI ALAM RAYA	Development
PT SARABA KAWA	Development
PT BINUANG MITRA BERSAMA BLOK EMPAT	Development
CV MANDIRI JAYA MAKMUR	Greenfield

Companies	Exploration Types
PT TEMPIRAI ENERGY RESOURCES	Greenfield
CV BORNEO ANUGERAH MANDIRI	Development
PT SEMBILAN TIGA PERDANA	Development
GANESHA RAPINDO IMPEX	Greenfield
CV CITRA	Greenfield
CV JAYA PRIMA	Greenfield-Development
PT BUMI ENGGANG KHATULISTIWA	Greenfield
KOPERASI JASA MANDIRI SEJAHTERA	Greenfield-Development
KOPERASI PERTANIAN AMANAH BERSAM	Greenfield-Development
PT INDOTEX PRATAMA JAYA	Greenfield
PT PUTRA BANUA TAPIN	Development
ANTAM EKSPLORASI OKSIBIL 4	Greenfield
FANYA MINING INVESTMENT	Greenfield
MINDORO TIRIS EMAS	Greenfield
PERISAI PRIMA UTAMA	Greenfield
SUMBAWA TIMUR MINING	Greenfield
TAMBANG MAS SANGIHE	Greenfield
TETRANERGY BIDECO INDONESIA	Greenfield
TRI YUDHA DHARMA	Greenfield
YINTAI INTERNATIONAL GROUP	Greenfield
ZIRKONIA	Greenfield
Agincourt Resources	Brownfield (Development)
Amman Mineral Nusa Tenggara	Brownfield (Development)
ANTAM UBP Bauksit Tayan	Brownfield (Development)
ANTAM Tbk UBP Emas Garut	Brownfield (Development)
ANTAM UBP Emas Pongkor	Brownfield (Development)
ANTAM UBP Nikel Sulawesi Tenggara	Brownfield (Development)
BATUTUA KHARISMA PERMAI	Brownfield (Development)
CITRA PALU MINERALS	Brownfield (Development)
DAIRI PRIMA MINERAL	Brownfield (Development)
FREEPORT INDONESIA	Brownfield (Development)
GAG NIKEL	Brownfield (Development)
GALUH CEMPAKA	Brownfield (Development)
GORONTALO SEJAHTERA MINING	Brownfield (Development)
INDOMURO KENCANA	Brownfield (Development)
J RESOURCES BOLAANG MONGONDOW	Brownfield (Development)
KALIMANTAN SURYA KENCANA	Brownfield (Development)
MASMINDO DWI AREA	Brownfield (Development)
MEARES SOPUTAN MINING	Brownfield (Development)
NATARANG MINING	Brownfield (Development)
NUSA HALMAHERA MINERALS	Brownfield (Development)
PELSART TAMBANG KENCANA	Brownfield (Development)
POSITION	Brownfield (Development)

Companies	Exploration Types
RIMBA KURNIA ALAM	Brownfield (Development)
ROHUL ENERGY INDONESIA	Brownfield (Development)
SEBUKU IRON LATERITIC ORES	Brownfield (Development)
SORIKMAS MINING	Brownfield (Development)
SULAWESI CAHAYA MINERAL	Brownfield (Development)
SULTAN RAFLI MANDIRI	Brownfield (Development)
TAMBANG TONDANO NUSAJAYA	Brownfield (Development)
TAMINDO MUTIARA PERKASA	Brownfield (Development)
TEKONINDO	Brownfield (Development)
TIMAH	Brownfield (Development)
VALE INDONESIA	Brownfield (Development)
WEDA BAY NICKEL	Brownfield (Development)

Source: EMR, 2021

### 3.2.2.3. Mineral and Coal Resources and Reserves in Indonesia

#### Mineral

Indonesia is geographically located between two continental plates, namely the Australian Plate and the Eurasian Plate. It is also located between two oceanic plates, namely the Pacific Plate and the Philippine plate. Tectonics processes in Indonesia formed fairly complex and dynamic structures suitable for the deposition of metallic minerals that are scattered across Indonesia.

The following **Table 14** shows the quantity of mineral resources and reserves in forms of ore and metal in Indonesia in 2019-2020. The quantity of metal resources is obtained from the multiplication of ore resources and the metal content, and the same method is used for metal reserves.

**Table 15 Total Mineral Resources and Reserves**

No	Commodities	Ore				Metal			
		Resources		Reserves		Resources		Reserves	
		2019	2020	2019	2020	2019	2020	2019	2020
1	Copper (Million Tons)	14,795.66	15,936.18	2,631.64	3,096.94	63.69	65.86	23.79	24.20
2	Nickel (Million Tons)	11,784.28	13,737.19	4,594.59	4,561.69	170.02	143.13	71.99	49.26
3	Cobalt (Million Tons)	2,996.05	3,011.88	724.84	640.12	4.15	4.21	1,072.35	0.564

No	Commodities	Ore				Metal			
		Resources		Reserves		Resources		Reserves	
4	Lead (Million Tons)	4,000.51	3,990.70	76,438.4 1	76.16	91.35	92.61	2,021.59	2.49
5	Bauxite (Million Tons)	3,877.78	5,477.26	2,868.94	2,963.28	1,356.24	1,799.05	740.29	946.97
6	Manganese (Million Tons)	146.85	143.58	108.62	108.76	66.05	64.82	49.68	49.69
7	Tin (Million m <sup>3</sup> )	10,784.64	10,485.77	2,292.15	7,491.88	2.89	2.76	2.23	2.72
8	Zinc (Million Tons)	3,756.01	3,743.19	57.88	57.88	62.53	60.84	2.26	2.26
9	Primary Gold (Million Tons)	14,963.73	15,608.04	3,565.70	3,676.92	13.33	0.00847	4.68	0.00224
10	Alluvial Gold (Million m <sup>3</sup> )	2,023.14	1,628.86	63.30	65.73	422.68	0.00035 3	149.65	0.00015
11	Silver (Million Tons)	7,569.00	10,419.79	2,851.07	3,197.40	0.08	0.05	13.13	0.01262

Remarks:

\* in Million Tons

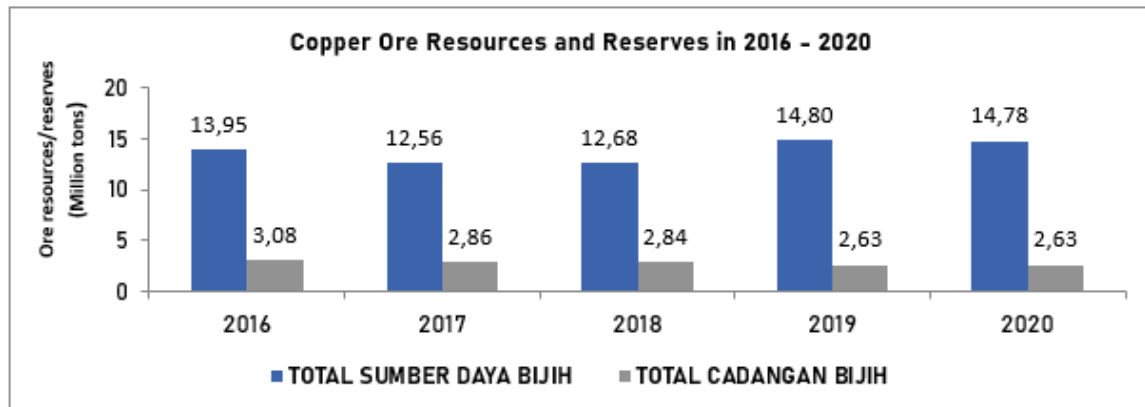
\*\* in Tons

Source: Geological Agency, 2020

In general, changes in resources and reserves quantity are strongly influenced by exploration activities and the production rate of the commodities. When a high production rate is not matched by an increase in exploration activities, the resources and reserves quantity will decrease, and vice versa. The following section details the development of resources and reserves for 5 leading mineral commodities in Indonesia from 2016 to 2020.

**Copper:** ore resources in 2016 and 2020 relatively increased due to data addition by IUP companies. These companies carried out exploration activities which had led to an increased amount of resources data. On the other hand, copper reserves decreased slightly in 2016 to 2019 although in 2020 they picked up. The decrease was

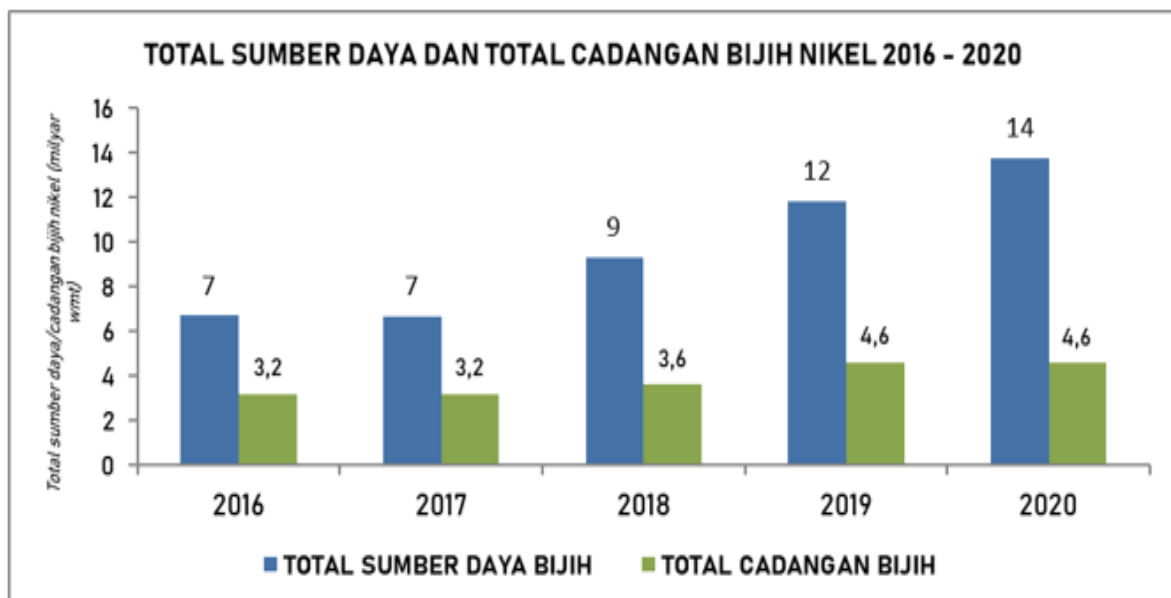
greatly influenced by the depletion of Grasberg open pit of PT Freeport Indonesia as well as many resources could not be converted into reserves.



**Figure 25 Copper Ore Resources and Reserves 2016-2020**

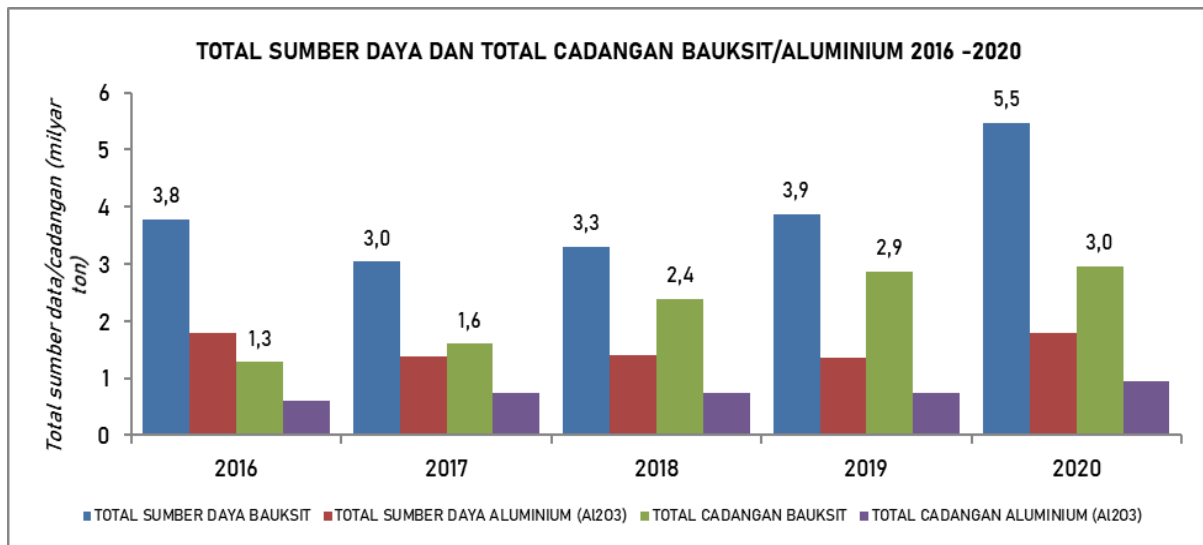
Source: Geological Agency, 2021

**Nickel:** From 2016 to 2020, nickel resources and reserves continued to increase. Nickel resources increased by 100% in 2020 compared to 2016. The increase in nickel resources and reserves from 2016 to 2020 was attributable to the addition of data by nickel IUP companies as a result of reconciliation of resource and reserve data that had been carried out since 2017. In addition, the number of general exploration, further exploration, and feasibility studies during this period had risen, too. Finally, there has been an increase in the world's average nickel price from 2016 until today as a result of rising global nickel demand. From 2020, the water content in nickel is also measured in the calculation of resources and reserves.



**Figure 26 Nickel Resources and Reserves 2016 – 2020**

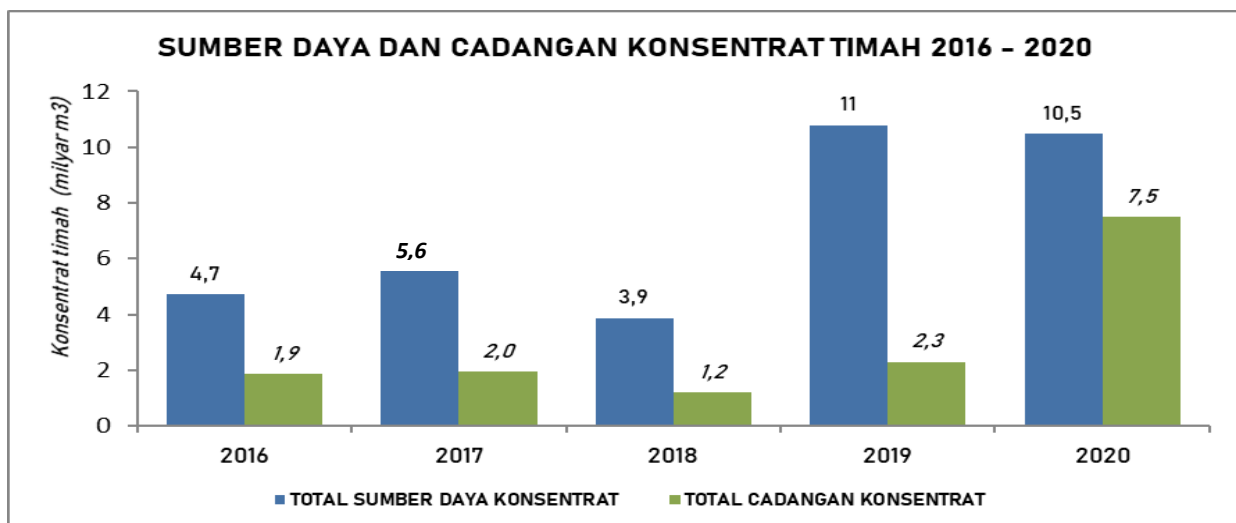
Source: Geological Agency, 2021



**Figure 27 Bauxite Ore Resources and Reserves 2016-2020**

Source: Geological Agency, 2020

**Bauxite:** In general, bauxite resources and reserves from 2016 to 2020 had relatively increased due to the addition of data by IUP companies. The addition results from reconciliation of resources and reserves data, which had caused an increasing amount of resources and reserves data obtained from the reports of exploration results.



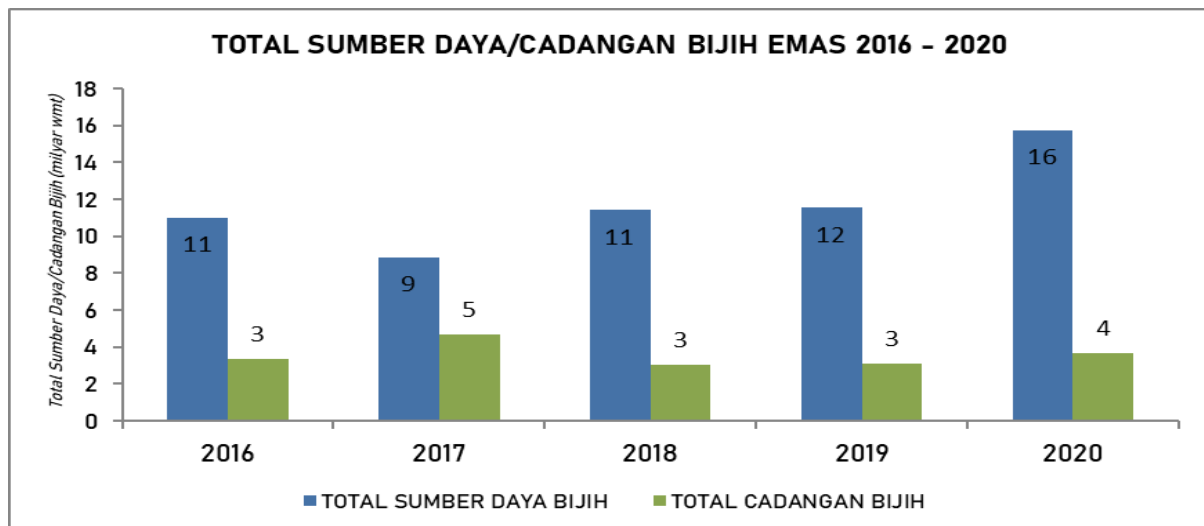
**Figure 28 Tin Ore Resources and Reserves 2016-2020**

Source: Geological Agency, 2020

**Tin:** The above chart shows that from 2016 to 2020, PT Timah carried out significant exploration activities that had resulted in an annual increase in tin resources and reserves. PT Timah's reports on resources and reserves greatly influence Indonesia's tin resources and reserves because the company dominates tin IUP by 80%. In 2019, the amount of tin concentrate resources rose significantly by almost 3 times to 11 billion m<sup>3</sup>, while in 2020 the amount of concentrate reserves increased more than 3 times to 7.5 billion m<sup>3</sup>



**Gold:** The amount of gold resources from 2017 to 2020 rose due to the addition of data by several IUP companies. Meanwhile, the volume of gold reserves from 2017 to 2019 declined because increased production was not matched by reserves addition in several locations, especially at Grasberg open pit. In 2020, the addition of data from several prospect locations produced backup data. In addition, the decrease or increase in reserves volume is also influenced by the gold content of the resources, so reserves volume is not always proportional to the increase in resources volume.



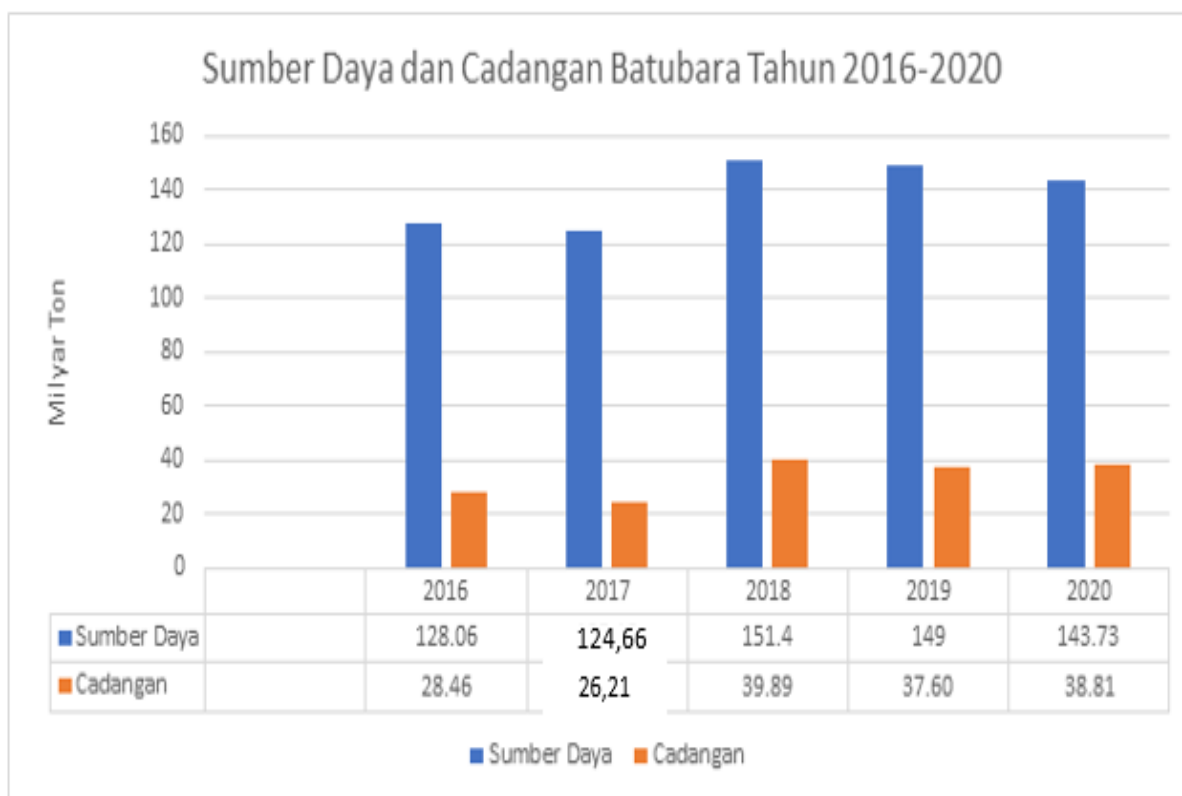
**Figure 29 Primary Gold Ore Resources and Reserves 2016-2020**

Source: Geological Agency, 2021

## **Coal**

Indonesia has become the world's largest thermal coal exporter in terms of volume in recent years. Meanwhile, Australia is the world's largest thermal coal exporter in terms of value because Australian coal is mostly high-calorie thermal. As for coking coal, Australia is the world's largest coking coal exporter. The following map shows coal resources and reserves in Indonesia as of 2020.





**Figure 31 Coal Resources and Reserves 2016-2020**

Source: Geological Agency, 2021

**Figure 31** shows there is an increase in the volume of national coal resources and reserves. In 2016, coal resources and reserves volume reached 128 billion tons and 28 billion tons, respectively. In 2018, coal resources peaked at 151.4 billion tons, while reserves at 39.89 billion tons. In 2020, coal resources dipped to 143 billion tons and reserves to 38 billion tons.

The volume of national coal resources changes from year to year because data has been added from domestic investment (PMDN) IUP and greenfield exploration. In addition, coal resources data in 2019 decreased by 2.4 billion tons to 149 billion tons because the data was re-validated in 2018 by excluding coal resource data from IUPs that were not registered at the central government and those that did not apply the appropriate resources calculation standard. Meanwhile, the Covid-19 pandemic has impacted exploration activities that the resources volume decreased by 3.5% in 2020.

The volume of national coal reserves increases from year to year despite the rise in national coal production because development explorations are carried out to convert resources into reserves. In 2018, coal reserves increased by 64%, from 24.2 billion tons in 2017 to 39.8 billion tons in 2018. The increase in reserves volume has also been due to the fact that the Geological Agency carried out data reconciliation in 2018 in all provinces across Indonesia. The reconciliation results showed that a lot of exploration data in the regions had not been recorded at the central government. In 2019, coal reserves decreased by 2.2 billion tons to 37.6 billion tons because the year's national coal production increased and coal reserves data of 2018 was re-validated by excluding coal reserves data from IUPs that were not registered with the

central government and those that did not apply the appropriate reserves calculation standard.

**Table 16 Coal Resources and Reserves by Island in 2019 and 2020**

Island	Resources (Billion Tons)		Reserves (Billion Tons)	
	2019	2020	2019	2020
Sumatra	56.18	55.08	12.84	12.95
Java	0.06	0.06	-	0.007
Kalimantan	97.4	88.33	24.75	25.83
Sulawesi	0.07	0.07	0.003	-
Maluku	0.01	0.01	-	-
Papua	0.13	0.17	-	-

Source: Geological Agency, 2021

Based on **Table 17**, most of Indonesia's coal resources and reserves are located in Sumatra island, especially in South Sumatra province, and Kalimantan island, particularly in East Kalimantan and South Kalimantan province.

**Table 17 Coal Resources and Reserves by Quality**

Quality	Coal Resources as of 2020 (MillionTons)					Coal Reserves as of 2020 (Million Tons)			Percentage
	Hypothetical	Inferred	Indicated	Measured	Total	Probable	Proven	Total	
<b>Low Calorie</b>	416.53	15,692.40	15,326.18	16,267.55	47,702.65	7,247.44	6,140.09	13,387.53	38.7%
<b>Moderate Calorie</b>	3,265.43	20,885.87	23,955.70	28,137.97	76,244.97	8,818.10	13,068.72	21,886.82	54.5%
<b>High Calorie</b>	636.73	4,618.95	4,466.64	6,099.42	15,821.74	1,170.56	1,542.67	2,713.23	4.8%
<b>Very High Calorie</b>	2.06	1,624.94	1,232.38	1,102.17	3,961.54	358.56	459.34	817.90	2%
<b>Total</b>	<b>4,320.75</b>	<b>42,822.15</b>	<b>44,980.90</b>	<b>51,607.10</b>	<b>143,730.90</b>	<b>17,594.67</b>	<b>21,210.81</b>	<b>38,805.48</b>	<b>100%</b>
Low Calorie		Moderate Calorie			High Calorie		Very High Calorie		
<5100 Cal/gr		5100 – 6100 Cal/gr			6100 – 7100 Cal/gr		>7100 Cal/gr		

Source: Geological Agency, 2021

### 3.2.2.4. Mineral and Coal Production in Indonesia

#### Minerals

Indonesia is endowed with abundant natural resources, especially minerals, and thus, the country is one of the largest mineral producers in the world.

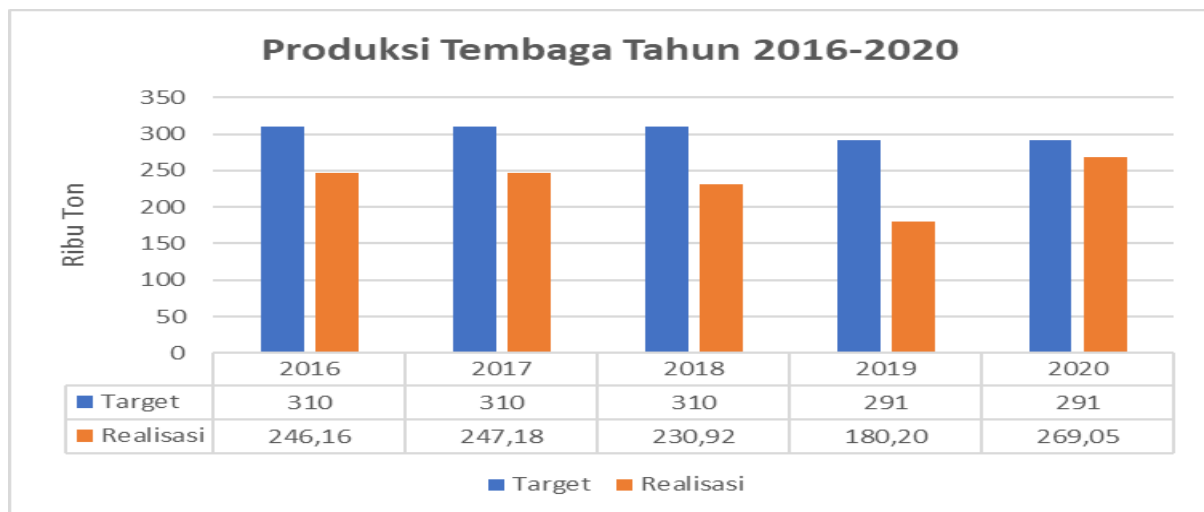
Based on the Energy and Mineral Resources Performance Report, increased production of mining materials such as coal, nickel, and copper and higher revenues from the mineral and coal subsector have boosted the investment in the mineral and coal subsector. With higher investments, Indonesia can produce more mining materials and occupies a role on the world's market. As a result, Indonesia can generate more profits than the previous years. The following **Table 17** shows production of several strategic minerals in Indonesia from 2016 to 2020.

**Table 18 Production Realization of Several Strategic Minerals**

No.	Minerals	Unit	2016	2017	2018	2019	2020
1	Copper Cathode	Thousand Ton	246.2	247.2	230.9	180.2	269.0
2	Gold Metal	Ton	91.1	101.5	135.0	109.0	66.2
3	Silver Metal	Ton	322.6	328.8	308.7	487.8	338.1
4	Tin Metal	Thousand Ton	62.9	78.1	83.0	76.4	54.3
5	Nickel Matte	Thousand Ton	78.7	78.0	75.7	72.0	91.7
6	Ferro Nickel	Thousand Ton	89.4	314.6	573.2	1,151.7	1,480
7	Nickel Pig Iron (NPI)	Thousand Ton	770.7	542.1	324.0	781.0	860.5
8	Chemical Grade Alumina (CGA)	Thousand Ton	348.7	61.6	7.0	105.1	93.1
9	Smelter Grade Alumina (SGA)	Thousand Ton	110.0	855.5	835.5	1,043.3	1,069.1
10	Nickel Ores	Thousand Ton	14.8	26.0	22.1	61.0	49.1
11	Bauxite Ores	Thousand Ton	1.3	4.9	13.2	16.6	26.3

Source: EMR, 2021

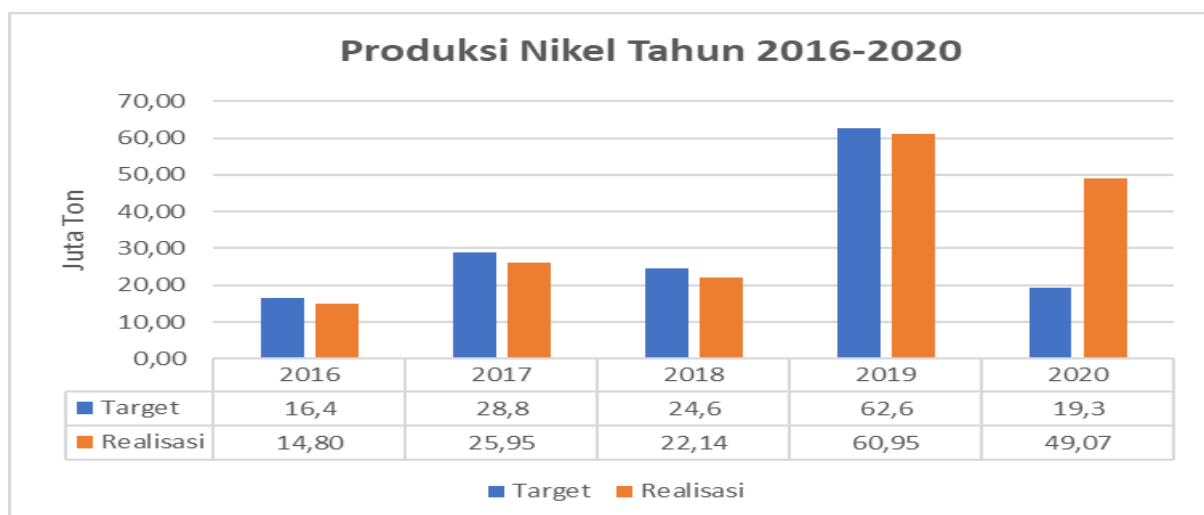
The production targets and realization of 5 leading mineral commodities in Indonesia from 2016 to 2020 are shown below.



**Figure 32 Copper Production Target and Realization in 2016-2020**

Source: EMR, 2021

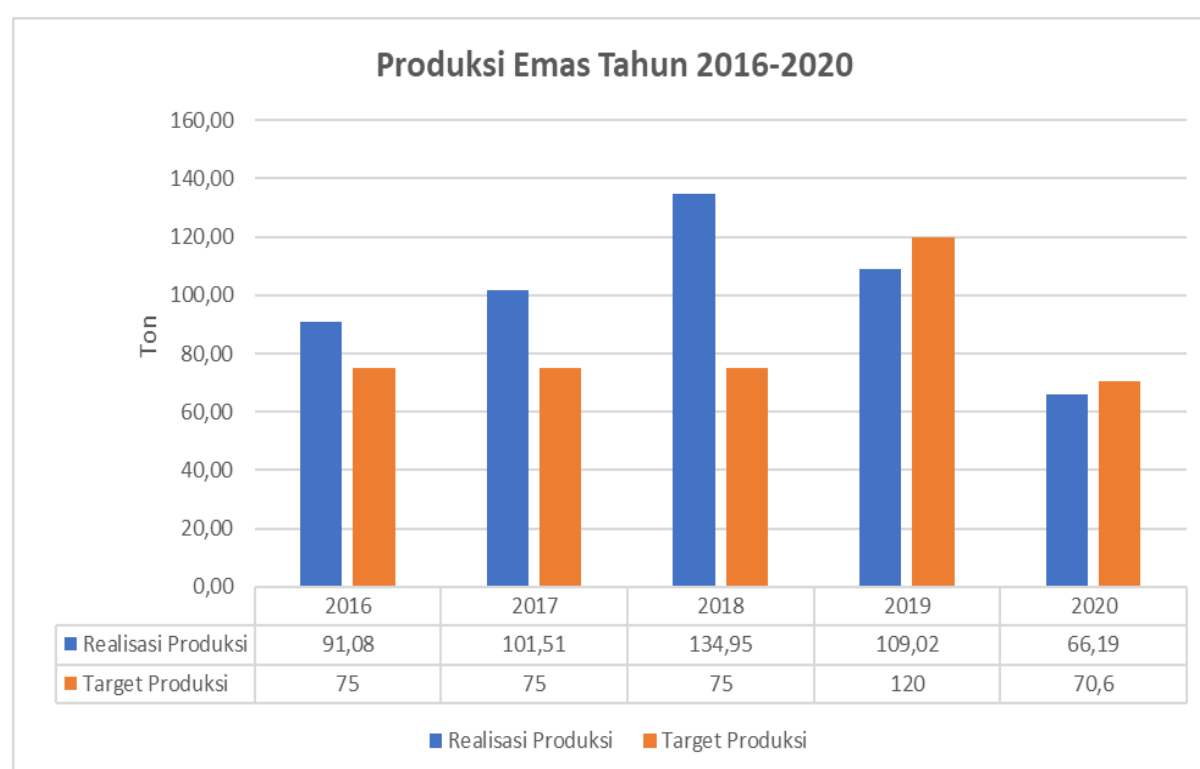
**Copper:** There are three companies that produce copper commodities, namely PT Freeport Indonesia (PTFI), PT Amman Mineral Nusa Tenggara (formerly PT Newmont Nusa Tenggara), and PT Batutua Tembaga Raya in Wetar Island which produces copper concentrate. From 2016 to 2018, copper production picked up. In 2019, copper production decreased by 22% compared to that in 2018 while its price dropped, too. The decrease in production was caused by PT Freeport Indonesia's transition from open pit mining to underground mining in 2019. The transition had a great impact because PTFI contributes to around 70% of copper production in Indonesia. In 2020, copper production increased drastically.



**Figure 33 Nickel Production Target and Realization 2016-2020**

Source: EMR, 2021

**Nickel:** From 2016 to 2019, Indonesia's nickel production increased, and in 2018 and 2019, Indonesia became the largest nickel producer in the world. Unlike copper, although nickel production in 2019 rose almost threefold compared to production in 2018, its price was relatively stable. The increase in the 2019 nickel production was caused by the operation of several smelters so that these smelters needed nickel ore supplies. In addition, the government allowed the export of nickel ore grades <1.7% Ni if the exporting companies were building or had built smelters. The limited export permit was given to incentivize business actors who are serious about building smelters. However, Regulation of Minister of EMR No. 11 of 2019 put the nickel ore export deadline forward to December 31, 2019. As a result, companies who had export recommendations optimized their export quotas by increasing nickel production in 2019. In 2020, the impact of the Covid-19 pandemic had reduced nickel production slightly by 18% even though the production exceeded the target set for 2020.



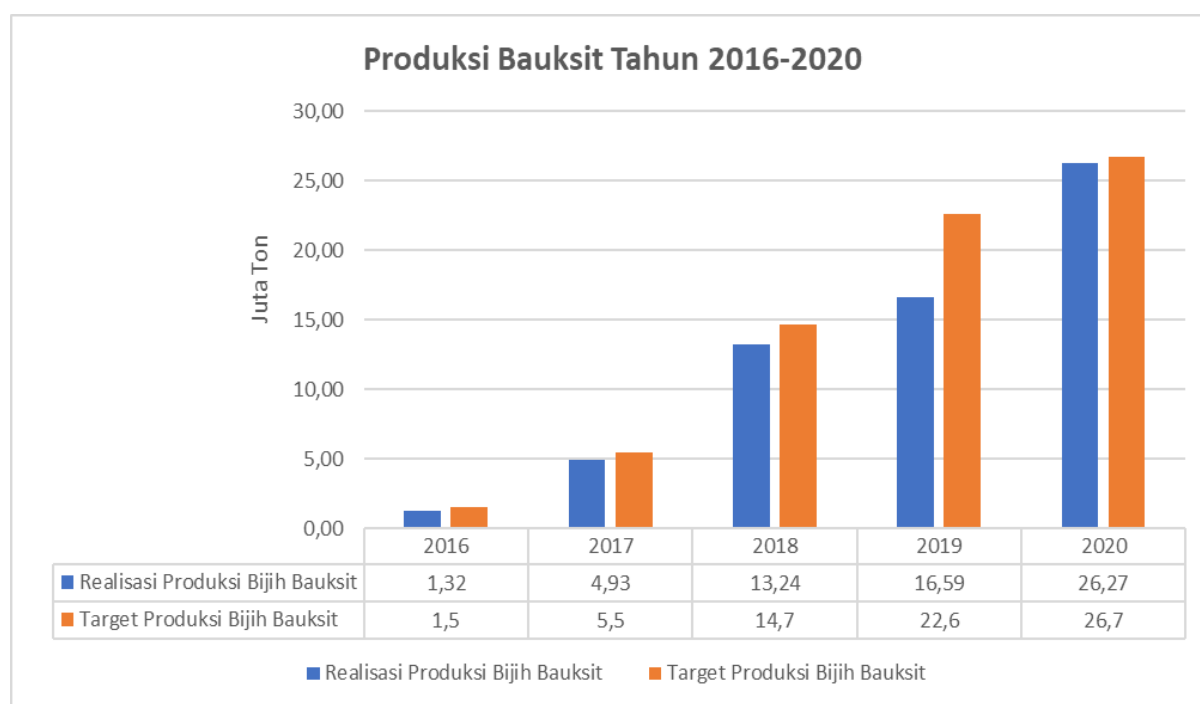
**Figure 34 Gold Production Target and Realization in 2016-2020**

Source: EMR, 2020

**Gold:** Gold is produced by several companies, including those that produce copper concentrates where gold is an associated mineral. In Indonesia, PT Aneka Tambang operates gold refining facility. Gold production is calculated according to the production of gold commodities companies (IUP and Contract of Work) as well as the gold content of copper concentrates extracted by PT Freeport Indonesia and PT Amman Mineral Nusa Tenggara because both companies pay royalties on gold metal. In 2016, gold production was recorded at 91 tons, then it continued to increase until it reached a peak of almost 135 tons in 2018. In 2019, gold production decreased by 19% but the price increased by 8%.



The decline in production was triggered by the decline in gold production of PT Freeport Indonesia, which was transitioning from open pit mining to underground mining in 2019. For the record, the decrease or increase in gold production is influenced by the amount of gold within the ore. If the recovery is good, the amount of gold production is high, and vice versa. The Covid-19 pandemic has also impacted the realization of gold production in 2020, which only reached 66 tons out of the target of 70 tons of gold.

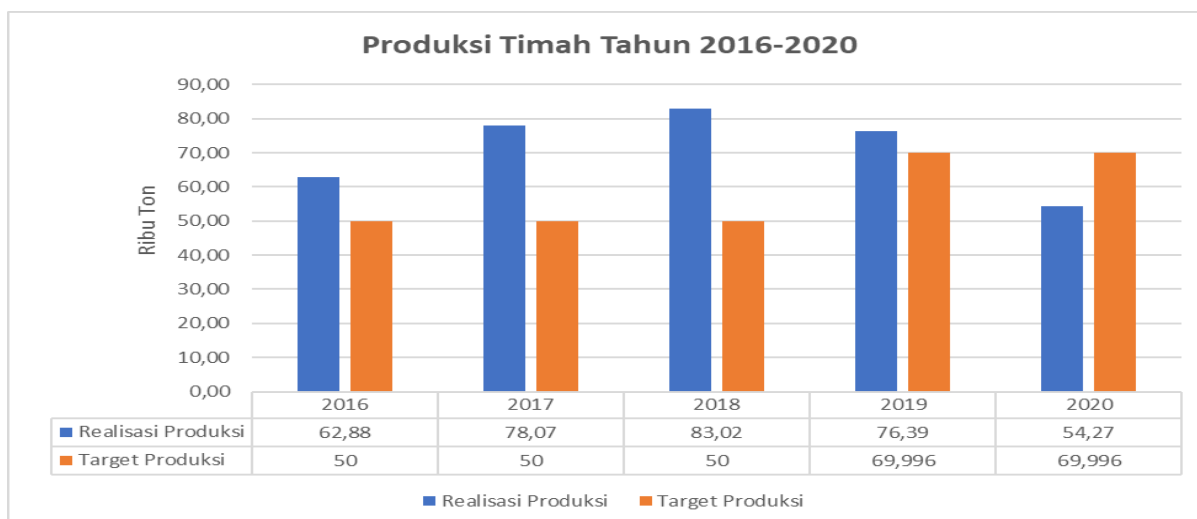


**Figure 35 Aluminium Bauxite Production Target and Realization in 2016-2020**

Source: EMR, 2021

**Bauxite:** Bauxite ore production from 2016 to 2020 showed a positive trend. Despite the decline in prices, bauxite ore production increased by 25.3% in 2019 and again by 58.3% in 2020. Because the ban on nickel ore exports was moved earlier to December 31, 2019, rumors spread that the same ban would be imposed on bauxite commodities. As a result, business actors optimized their export quotas in 2019 and 2020 by increasing their production.





**Figure 36 Tin Production Target and Realization in 2016-2020**

Source: EMR, 2020

**Tin:** In 2019, tin production was around 76 thousand tons, or decreasing 8.6% from the 2018 production but still meeting its production target. In 2020, tin production decreased by almost 29%, to 54 thousand tons, due to the impact of the Covid-19 pandemic.

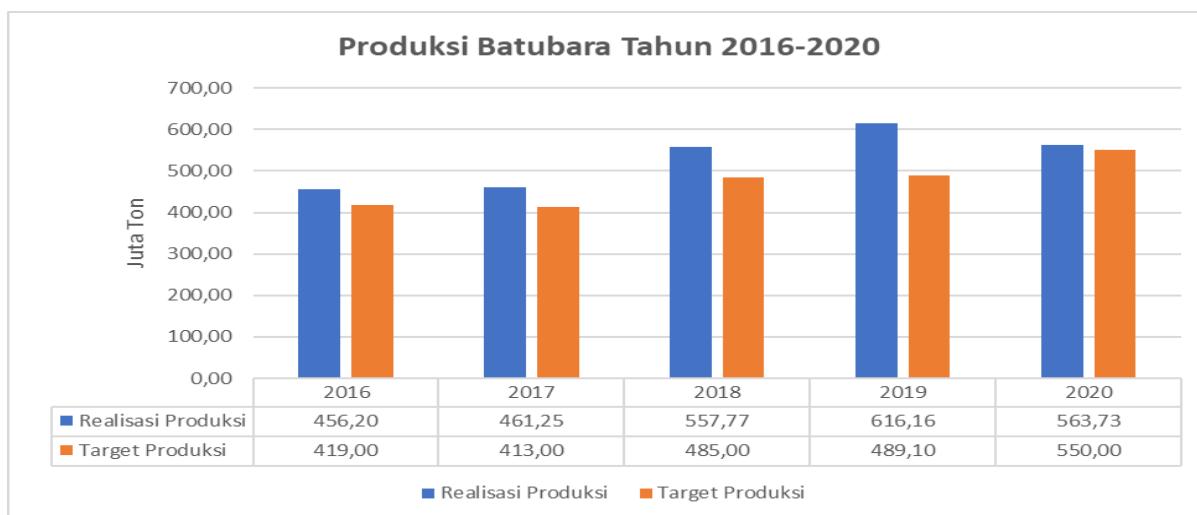
## **Coal**

Indonesia was ranked number four in the world for coal production in 2020<sup>2</sup>. In 2019, Indonesia's coal production increased 10.4% from the previous year, to 616 million metric tons. However, the impact of the Covid-19 pandemic in 2020 caused a decline in coal production to around 564 million metric tons.

The fluctuations in coal supply and demand in Indonesia are directed by coal prices in the global market. In 2019, prices of coal commodities showed a downward trend. The average price of Indonesian Coal Benchmark Price (HBA) in 2019 was USD 77.89 per ton. The impact of the COVID-19 pandemic contributed to a decline in coal prices in 2020, correcting the 2020 average HBA to USD 58.17 per ton.

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[www.iea.org/reports/coal-information-overview](http://www.iea.org/reports/coal-information-overview)



**Figure 37 Coal Production Target and Realization in 2016-2020**

Source: EMR, 2021

## Developments of Mineral and Coal Sales

Most of mineral and coal production is exported, while some is used to meet domestic needs. The factors that affect the sale of minerals and coal include the amount of supply and demand for mineral and coal, both domestic and foreign, the level of mineral and coal production, and the volatility of mineral and coal prices. The following section explains the developments of mineral and coal sales in Indonesia.

### Minerals

The total volume of minerals exported from 2016 to 2020 can be seen in the table below.

**Table 19 Minerals Export Volume**

No	Commodity	Unit	2016	2017	2018	2019	2020
1	Copper Cathode	Thousand Tons	146.22	173.27	148.08	176.32	197.53
2	Gold Metal	Tons	73.95	71.07	73.98	65.12	44.92
3	Silver Metal	Tons	290.15	240.91	206.18	225.96	265.04
4	Tin Metal	Thousand Tons	62.88	78.07	83.02	67.06	65.04
5	Nickel Ore	Million Tons	0	4.94	20.07	30.19	0
6	Nickel Matte	Thousand Tons	78.97	76.74	75.71	71.34	72.85
7	Ferro Nickel	Thousand Tons	89.43	243.42	573.16	1,080.66	1,240.77
8	Nickel Pig Iron (NPI)	Thousand Tons	770.68	192.56	323.99	167.01	267.61
9	Chemical Grade Alumina (CGA)	Thousand Tons	348.71	874.27	842.54	51.54	51.97
10	Smelter Grade Alumina (SGA)	Thousand Tons				1,061.36	942.70
11	Bauxite Ores	Million Tons	-	1.82	8.71	16.11	22.76

**Copper:** In 2019, copper cathodes exports rose by 19% compared to the previous year, while exports in 2020 grew by 10.7% compared to 2019. The relatively competitive prices of copper at the time had pushed exports in 2019 even though production decreased. Moreover, there might be additional stocks of copper concentrate supplied by producers (PTFI and PT AMNT) to be processed by PT Smelting into copper cathodes. PT Smelting, which is located in Gresik, East Java, exported all copper cathode it produced in 2020.

**Gold:** Gold metal exports in 2019 fell by 11.98% compared to 2018, then it dropped again in 2020 by 31%. Several factors had contributed to the decline in gold exports in 2019, namely gold prices in 2019 were relatively rising, the level of gold production in 2018 was higher, and gold recovery in 2018 was better than that in 2019. In 2020, social restrictions due to the COVID-19 pandemic had also lowered export volume.

**Tin:** Similar to gold metal, tin metal exports decreased by 19.2% in 2019, then fell again by 3% in 2020. The decline was due to the amount of tin content and the production level in 2018 being higher than those in 2018. The Covid-19 pandemic had also impacted directly on tin production and exports in 2020.

**Nickel:** Since the easing of the export ban on unrefined minerals was announced, nickel ore exports surged by 50% in 2019. Because the deadline for the export ban was put forward to December 31, 2019, companies maximized their nickel ore export quota. In 2020, nickel ores were no longer exported because the export ban policy has been in effect.

FeNi exports almost doubled in 2019, and continued to increase by almost 15% in 2020. High production of nickel ores boosted FeNi production that eventually bolstered up FeNi exports. When in 2020 the ore export ban policy started to apply, the volume of FeNi exports increased even more.

NPI (Nickel Pig Iron) exports nosedived in 2019. For the record, NPI is one of the components in steel making. Along with the increasing demand for steel in Indonesia, the export of NPI is limited so that the material can be used to make steel domestically. However, NPI exports in 2020 increased significantly by 60% when more smelters began to operate.

In addition, Ni Matte exports continued to decline from 2016 to 2019 because in Indonesia, the only company to produce Ni Matte is PT Vale Indonesia. The company also acts as a single buyer in long-term contracts.

**Bauxite:** Similar to nickel ore, since the easing of the export ban on unrefined mineral was announced, bauxite ores exports in 2019 almost doubled those in 2018. In 2020, the bauxite ore exports also increased by almost 30%. The reason behind the increase is rumors about a ban on bauxite ore. As a result, companies optimize their export quota for bauxite ores.

The products of the mining businesses are both exported and sold domestically. The construction of mineral processing and refining facilities is expected to improve domestic production chain so as to bolster downstream minerals industry.

**Table 20 Mineral Processing and Refining Facilities**

No	Recommendation Holders	Smelter Names	Commodities	Smelter Location
1	PT Freeport Indonesia	PT Freeport Indonesia	Copper Concentrate	Gresik, East Java
2	PT Amman Mineral Nusa Tenggara	PT Amman Mineral Industri	Copper Concentrate	West Sumbawa, West Nusa Tenggara (NTB)
3	PT Smelting	PT Smelting	Copper Concentrate	Gresik, East Java
4	PT Batutua Kharisma Permai	PT Batutua Tembaga Raya	Copper Concentrate	Maluku Barat Daya, Maluku
5	PT Sebuku Iron Lateritic Ores	PT Sebuku Iron Lateritic Ores	Iron Concentrate	Kotabaru, South Kalimantan
	PT Servindo Jaya Utama		Iron Concentrate	
6	PT Karunia Mitra Abadi	PT Karunia Mitra Abadi	Iron Sand Concentrate	West Halmahera, North Maluku
7	PT Karya Intan Maksima; PT Sumber Ardi Swarna	PT Alchemist Metal Industry	Iron Sand Concentrate	North Halmahera, North Maluku
8	PT Sumber Baja Prima	PT Sumber Baja Prima	Iron Sand Concentrate	Sukabumi, West Java
9	PT Kapuas Prima Coal	PT Kapuas Prima Citra	Lead Concentrate	West Kota Waringin, Central Kalimantan
10	PT Kapuas Prima Coal	PT Kobar Lamandau Mineral	Zinc Concentrate	West Kota Waringin, Central Kalimantan
11	PT Gulf Mangan Grup	PT Gulf Mangan Grup	Manganese Concentrate	Kupang, East Nusa Tenggara (NTT)
12	PT Premier Bumidaya Industri	PT Premier Bumidaya Industri	Manganese Concentrate	Pasuruan, East Java
13	PT Ceria Nugraha Indotama	PT Ceria Nugraha Indotama	Nickel Ores	Kolaka, Southeast Sulawesi

No	Recommendation Holders	Smelter Names	Commodities	Smelter Location
14	PT Ifishdeco	PT Bintang Smelter Indonesia	Nickel Ores	South Konawe, Southeast Sulawesi
15	PT Macika Mada Madana	PT Macika Mineral Industri	Nickel Ores	South Konawe, Southeast Sulawesi
16	PT Sulawesi Resources	PT Sulawesi Resources	Nickel Ores	Morowali, Central Sulawesi
17	PT Trimegah Bangun Persada	PT Halmahera Persada Lygend	Nickel Ores	South Halmahera, North Maluku
	PT Gema Kreasi Perdana		Nickel Ores	
18	PT Ang And Fang Brother	PT Ang And Fang Brother	Nickel Ores	Morowali, Central Sulawesi
19	PT Total Prima Indonesia	PT Smelter Nikel Indonesia	Nickel Ores	Tangerang, Banten
20	PT Tekindo Energi	PT Teka Mining Resources	Nickel Ores	Central Halmahera, North Maluku
21	PT Bola Dunia Mandiri	PT Mapan Asri Sejahtera	Nickel Ores	Kolaka, Southeast Sulawesi
22	PT Rohul Energi Indonesia	PT Artha Mining Industry	Nickel Ores	Bombana, Southeast Sulawesi
23	PT Elit Kharisma Utama	CMMI Cikande	Nickel Ores	Cikande, Banten
24	PT Aneka Tambang	PT Aneka Tambang (P3FH)	Nickel Ores	East Halmahera, North Maluku
25	PT Aneka Tambang	PT Aneka Tambang Niterra Haltim	Nickel Ores	East Halmahera, North Maluku
26	PT Baula Petra Buana	PT Wanxiang Nickel Indonesia	Nickel Ores	Morowali, Central Sulawesi
27	PT Tristaco Mineral Makmur	PT Mahkota Konaweaha	Nickel Ores	Kendari, Southeast Sulawesi
	PT Kreative Jaya		Nickel Ores	
28	-	PT Artabumi Sentra Industri	Nickel Ores	Morowali, Central Sulawesi
29	PT Tonia Mitra Sejahtera	PT Sinar Deli Bantaeng	Nickel Ores	Bantaeng, South Sulawesi
30	PT Makmur Lestari Primatama	PT Virtue Dragon Nickel Industry	Nickel Ores	Konawe, Southeast Sulawesi
	PT Gerbang Multi Sejahtera			
	PT Adhi Kartiko Pratama			
	PT Bakti Pertiwi Nusantara			

No	Recommendation Holders	Smelter Names	Commodities	Smelter Location
	PT Bukit Makmur Istindo Nikeltama			
	PT Sinar Jaya Sultra Utama			
31	-	PT Weda Bay Nickel	Nickel Ores	Central Halmahera, North Maluku
32	PT Aneka Tambang (Persero), Tbk. (nikel)	PT Aneka Tambang	Nickel Ores	Kolaka, Southeast Sulawesi
33	PT Wanatiara Persada	PT Wanatiara Persada	Nickel Ores	South Halmahera, North Maluku
34	PT Fajar Bhakti Lintas Nusantara	PT Fajar Bhakti Lintas Nusantara	Nickel Ores	Central Halmahera, North Maluku
35	PT Trimegah Bangun Persada	PT Megah Surya Pertiwi	Nickel Ores	Central Halmahera, North Maluku
	PT Gane Permai Sentosa		Nickel Ores	
36	PT Trimegah Bangun Persada (expansion)	PT Megah Surya Pertiwi (Ekspansi)	Nickel Ores	Central Halmahera, North Maluku
	PT Gane Permai Sentosa (expansion)		Nickel Ores	
37	PT Mulia Pasific Resources	PT CORII	Nickel Ores	North Morowali, Central Sulawesi
	PT Itamatra Nusantara		Nickel Ores	
	PT Bumi Konawe Abadi		Nickel Ores	
38	PT Fajar Bhakti Lintas Nusantara (Smelter GIN)	PT Gebe Industry Nickel	Nickel Ores	Gresik, East Java
	PT Gebe Sentra NiCkel		Nickel Ores	
39	-	PT Vale Indonesia	Nickel Ores	East Luwu, South Sulawesi
40	-	PT. Century Metalindo	Nickel Ores	Serang, Banten
41	-	PT Tsingshan Steel Indonesia	Nickel Ores	Morowali, Central Sulawesi
42	-	PT Sulawesi Mining Investment	Nickel Ores	Morowali, Central Sulawesi
43	PT Dinamika Sejahtera Mandiri	PT Dinamika Sejahtera Mandiri	Bauxite Ores	Sanggau, West Kalimantan
44	PT Laman Mining	PT Laman Mining	Bauxite Ores	Ketapang, West Kalimantan
45	PT Kalbar Bumi Perkasa	PT Kalbar Bumi Perkasa	Bauxite Ores	Sanggau, West Kalimantan

No	Recommendation Holders	Smelter Names	Commodities	Smelter Location
46	PT Aneka Tambang (Persero) (Smelter BAI)	PT Borneo Alumina Indonesia	Bauxite Ores	Mempawah, West Kalimantan
47	PT Cita Mineral Investindo (Expansion)	PT Well Harvest Winning Alumina Refinery (ekspansi)	Bauxite Ores	Ketapang, West Kalimantan
48	PT Parenggean Makmur Sejahtera	PT Parenggean Makmur Sejahtera	Bauxite Ores	East Kotawaringin, Central Kalimantan
49	PT Persada Pratama Cemerlang	PT Persada Pratama Cemerlang	Bauxite Ores	Sanggau, West Kalimantan
50	PT Quality Sukses Sejahtera	PT Quality Sukses Sejahtera	Bauxite Ores	Pontianak, West Kalimantan
51	PT Sumber Bumi Marau	PT Sumber Bumi Marau	Bauxite Ores	Ketapang, West Kalimantan
52	PT Aneka Tambang (Persero), Tbk. (bauksit)	PT Indonesia Chemical Alumina	Bauxite Ores	Tayan, West Kalimantan
53	PT Cita Mineral Investindo	PT Well Harvest Winning Alumina Refinery	Bauxite Ores	Ketapang, West Kalimantan

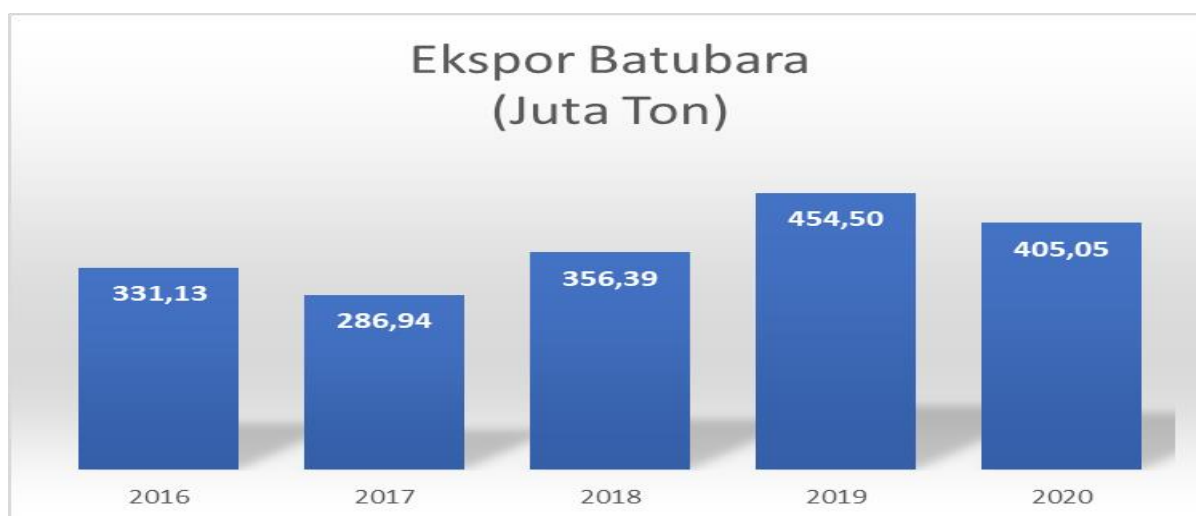
Source: EMR, 2021

## Coal

To maintain electricity prices for public interest, in early 2018 the government issued a policy of domestic market obligation (DMO) of coal of 25% to coal producers with a selling price pegged at USD70.00 tons (equivalent to 6,322 GAR kcal). The DMO policy continued to apply in 2019 and 2020 at the same price. The percentage of DMO for coal mining companies (IUP, IUPK and PKP2B holders) is 25%. In practice, however, the DMO percentage falls in the range of 21%-23%, partly due to an increase in coal production realization (2019) and domestic uptake which was lower than the target.

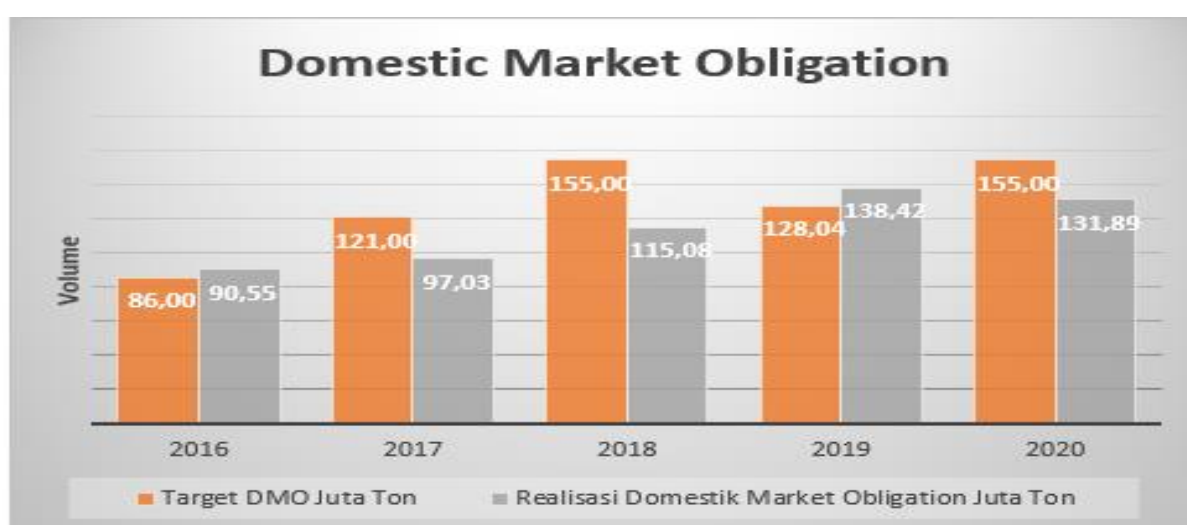
In general, coal exports in 2019 rose significantly by 27.5%, to 454.5 million tons, but the impact of the Covid-19 pandemic in 2020 slightly reduced coal exports to 405 million tons. The decline in coal exports started to be seen in Q2 and continued into Q3 as a result of the lockdown policy by several countries that export coal from Indonesia, especially China, India, and the Philippines. More than 60% of Indonesia's coal exports are destined for these countries. The lockdown policy in China had hampered its domestic coal supply so that the world's second largest economy had increased its coal imports. As a result, prices were quite strong in Q4. After China ended its lockdown policy, the country's domestic coal supply started to run smoothly while stockpiles reached a high level, leading to a drastic drop in imports. India, which also implemented a national lockdown, had significantly reduced imports and instead prioritized their domestic coal supply and increased the share of renewable energy.

also implemented a national lockdown, had significantly reduced imports and instead prioritized their domestic coal supply and increased the share of renewable energy. However, coal exports began to recover due to increased demand from the coal importing countries as winter approached.



**Figure 38 National Coal Exports**

Source: MEMR, 2021

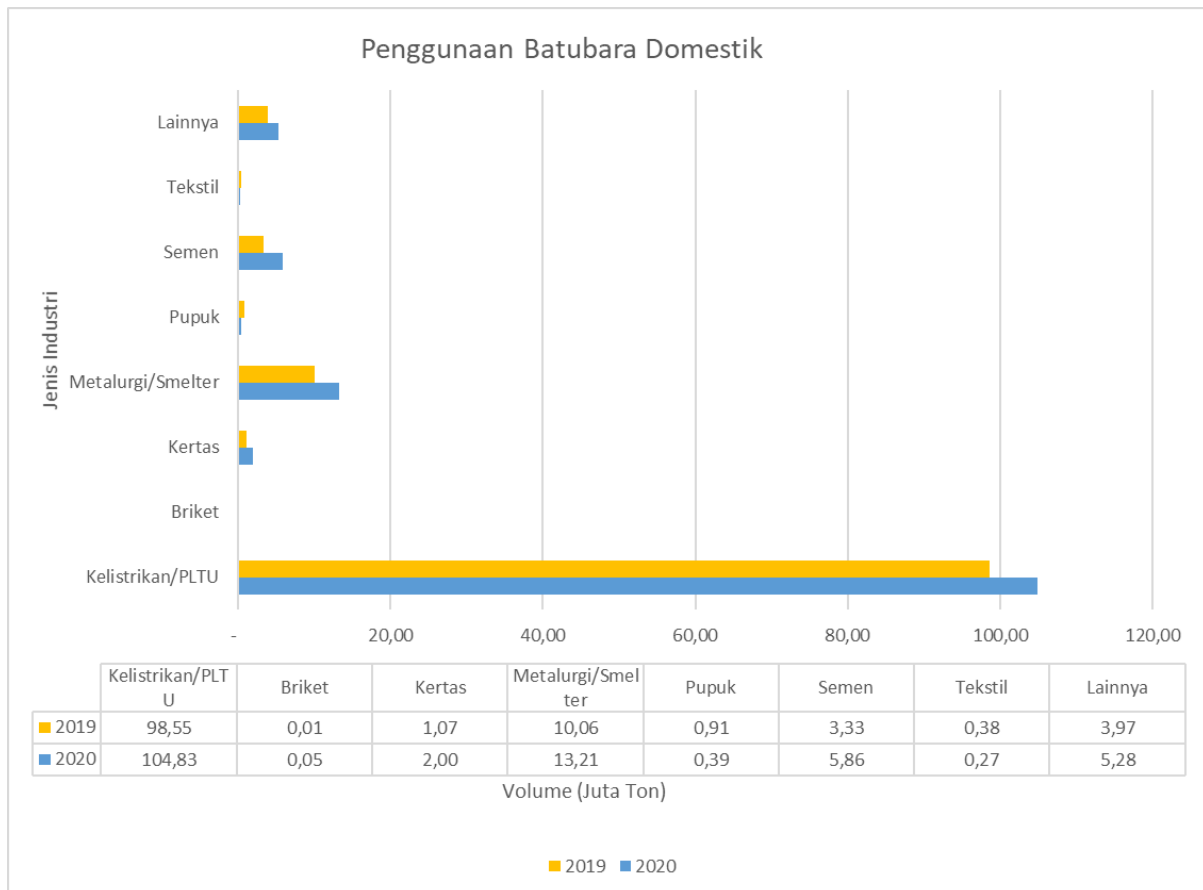


**Figure 39 Domestic Market Obligation Targets and Realization**

Source: EMR, 2021

In general, the realization of domestic coal use has continued to increase. In 2019, the realization came at 138 million tons out of the planned 128 million tons. Domestic coal demand is on the increase because several coal-fired power plants have entered the Commercial Operation Date (COD) and are about to operate. According to data from the Mineral and Coal One Data Indonesia (MODI) of the Ministry of Energy and Mineral Resources, the realization of DMO in 2020 was recorded at only 131.89 million tons, or 85% of the target of 155 million tons. Compared to domestic absorption in 2019 which reached 138.42 million tons, domestic uptake in 2020 decreased by around 4.7%. The impact of the Covid-19 pandemic, weather, and price fluctuations all led to a decline in domestic consumption in 2020.





**Figure 40 Domestic Coal Use Realization by Industry Types**

Source: EMR, 2020

Most of domestic use of coal is aimed at securing domestic primary energy sources and raw materials as well as constructing mine mouth coal-fired power plants. This is evident from the increasing demand from coal-fired power plants; cement, textile, fertilizer, and paper factories as well as from refinery facilities (smelters).

According to Figure 40, PLN in 2020 used almost 80%, or the equivalent of 104.8 million tons, of total domestic demand. The demand for coal as a primary energy source for power plants has continued to increase every year in line with the plans to add coal-fired power plants. On the other hand, demand from another industry that has shown a significant rise comes from smelter/refining industry, which was 10% of the total DMO in 2020. This was due to the large number of metallurgical/smelter industries operating and increasing their production capacity.

## CHAPTER IV

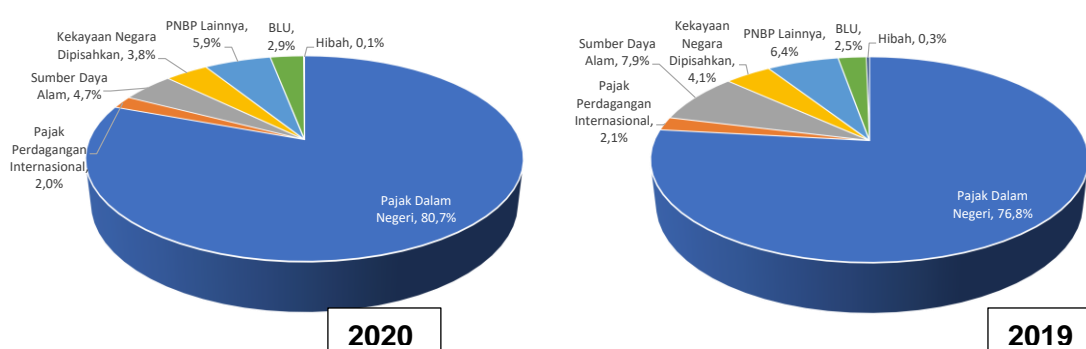
### STATE REVENUE AND REVENUE ALLOCATION

State revenues from the extractive industry sector are closely related to demand and volatility in global commodity prices. The global economy slowed down due to Covid-19 pandemic during 2020. It affected the demand for natural resource commodities. Furthermore, it also affected the prices of several commodities which reflected the amount of state revenue from natural resources in 2020. In addition, the domestic economy also played a role in achieving state revenues.

The allocation of state revenues from extractive industries is influenced by the government system and political will from the government. The regulation of state revenues and allocation of state revenues is an integral part of the state financial system which leads to the Indonesia Budget (APBN) set by the parliament of the DPR RI.

#### 4.1. State Revenue from Extractive Industries

In general, state revenues come from domestic revenues and grants. The domestic state revenues are divided into tax revenues and non-tax revenues. The trade war that occurred between the US and China in early 2020 coupled with the Covid 19 pandemic became a factor that affected the weakening of the global economy, including Indonesia. It caused pressure on state revenues for Indonesia. Based on the 2020 Audited Budget Realization (LKPP), the realization of state revenue in 2020 decreased by 13% compared to 2019 to Rp1,699.95 trillion from the previous Rp1,960.63 trillion. However, for the last five years, 2016-2020, state revenues are still experiencing an average growth of 2.2% per year. In 2020, more than 82% of state revenues came from tax revenues. The contribution of each of these state revenues in 2019 and 2020 can be seen in **Figure 41**.



**Figure 41 Composition State Revenue Realization in 2019 and 2020**

Source: LKPP, 2020

**Table 21 2016-2020 State Revenue (Trillion Rupiah)**

Description (trillion rupiah)	2016	2017	2018	2019	2020
<b>I. Domestic Revenues</b>	<b>1547</b>	<b>1654,7</b>	<b>1928,1</b>	<b>1955,1</b>	<b>1579,24</b>
<b>1. Tax Revenues</b>	<b>1285</b>	<b>1343,5</b>	<b>1518,8</b>	<b>1546,1</b>	<b>1285,1</b>
a. Tax Revenues	1106	1151	1313,3	1332,7	1248,39
1. Tax Revenues	666,2	646,8	750	772,3	594,02
2. Value Added Tax	412,2	480,7	537,3	531,6	450,33
3. Land and Building Tax	19,4	16,8	19,4	21,1	20,95
4. Excise Tax	143,5	153,3	159,6	172,4	176,3
5. Other Tax	8,1	6,7	6,6	7,7	6,79
b. International Trade Tax Revenues	<b>35,5</b>	<b>39,2</b>	<b>45,9</b>	<b>41,1</b>	<b>36,71</b>
1. Import Duty	32,5	35,1	39,1	37,5	32,44
2. Export Duty	3	4,1	6,8	3,5	4,27
<b>2. Non-Tax State Revenues</b>	<b>262</b>	<b>311,2</b>	<b>409,3</b>	<b>409</b>	<b>294,1</b>
a. Natural Resources Revenues	64,9	111,1	180,6	154,9	79,1
b. Revenue from Separated State Assets	37,1	43,9	45,1	80,7	65,0
c. Other Non-Tax Revenues	118	108,8	128,6	124,5	100,1
d. Public Service Agency Revenues	41,9	47,3	55,1	48,9	50,0
<b>II. Grants</b>	<b>9</b>	<b>11,6</b>	<b>15,6</b>	<b>5,5</b>	<b>1,3</b>
State Revenue	<b>1556</b>	<b>1666,4</b>	<b>1943,7</b>	<b>1960,6</b>	<b>1580,5</b>

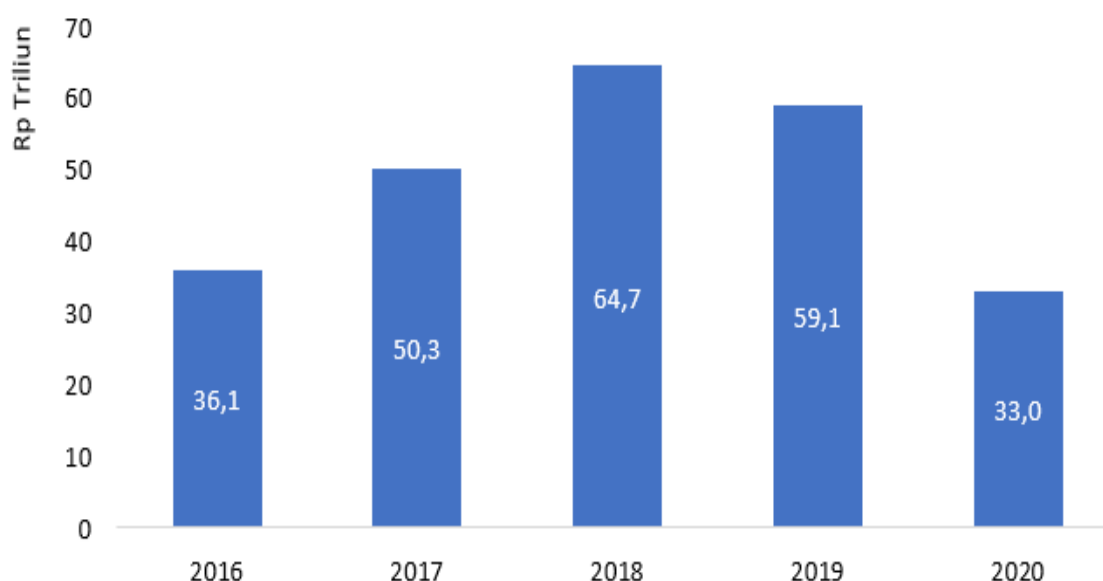
Source: Budget Notes on APBN 2021, 2020, LKPP 2020

## A. Tax Revenues

In the beginning, the Government committed tax revenues in the 2020 APBN from oil and gas revenues of Rp. 192.04 trillion, consisting of revenues from Oil and Gas Tax (PPH Migas) Rp. 257.53 trillion, PNBP Rp. 127.31 trillion and other revenues from petroleum Rp. 7.3 trillion. With an exception, lifting is 755,000 barrels per day, lifting natural gas 1,191,000 barrels, ICP US\$ 63 per barrel and an exchange rate of Rp. 14,400 per US dollar.

However, the Covid-19 pandemic in various parts of the world affected oil and gas business. Then, the oil and gas revenue target were revised through Presidential Regulation Number 54 of 2020 to Rp 100.16 trillion. The oil and gas revenue target were then revised one again to Rp 88.32 trillion through Presidential Regulation 72/2020 where the Oil and Gas Tax is targeted at Rp 31.85 trillion.

The realization of the Oil and Gas Tax in 2020 is Rp. 33.1 trillion or 103.67 percent of the target of Rp. 31.8 trillion. The realization of the Oil and Gas Tax in 2020 oil experienced a contraction of 44 percent, deeper than in 2019, which also experienced a contraction of 8.7 percent. The decrease of realization of Oil and Gas Tax was caused by the decrease of average selling price of oil in 2020. The average ICP in 2020 reached US\$40.39 per barrel, lower than in 2019 which reached US\$62 per barrel. The price decline was due to an excess of global oil supply in the midst of oil demand reduction.



**Figure 42 Realization of Oi 20l and Gas Tax Revenues 2016-2020 (Trillion Rupiah)**

Source: Ministry of Finance

**Mining Sector** For tax revenue data from the mineral and coal sector, there is a change in data from the previous report due to adjustments and additions to the number of business classifications (KLU) for Category B Mining and Quarrying tax revenues by the Ministry of Energy and Mineral Resources. This 9th report, the KLU is used as follows:

**Table 22List of Business Classification in the Calculation of Mineral and Coal Tax**

Coal Mining	Copper Ore Mining	Precious Stone Mining	Precious Base Metal Manufacturing Industry
Coal Gasification	Nickel Ore Mining	Other Mining and Quarrying	Non-ferrous Base Metal Manufacturing Industry
Lignite Mining	Manganese Ore Mining	Other Mining and Quarrying Services	Non-ferrous Metal Milling Industry
Iron Sand Mining	Mining Other Minerals	Coal Products Industry	Non-ferrous Metal Extrusion Industry
Iron Ore Mining	Gold and Silver Mining	Coal Briquette Industry	Metal Pipe and Pipe Joints Industry
Tin Ore Mining	Other Precious Metal Ore Mining	Basic Iron and Steel Industry	Iron and Steel Casting Industry
Lead Ore Mining	Limestone/Limestone Quarry	Steel Milling Industry	Wholesale of Metals and Metal Ore
Bauxite Ore Mining	Mining Minerals, Chemicals and Other Fertilizers	Steel Pipe and Joints Industry	

Source: Finance Bureau of Ministry of Energy and Mineral Resources

In Figure 43, it can be found the realization of tax revenues from the mineral and coal sector for the period 2016-2020. In that time span, it was recorded that in 2018 the tax revenue of Mineral and Coal touched its highest number of almost 84 trillion rupiah. Then until 2020, tax revenue from the Mining and Coal sector decreased by 44%, partly due to the decline in sales of mineral and coal companies; demand reduction; and commodity prices reduction because of the Covid-19 pandemic. In addition, it is also affected by the Government's policy that provides fiscal stimulus in the form of relaxation of PPh (Income Tax) Article 21 on Sales of Mining Commodities for 6 months, PPh Article 23 (Final PPh) in the form of relaxation for 6 months, PPh Article 22 in the form of relaxation for 6 months on PPh Article 22 Imports, PPh Article 25 in the form of a 30% reduction in income tax for 6 months, as well as a decrease in corporate income tax from 25% to 22% in 2020.



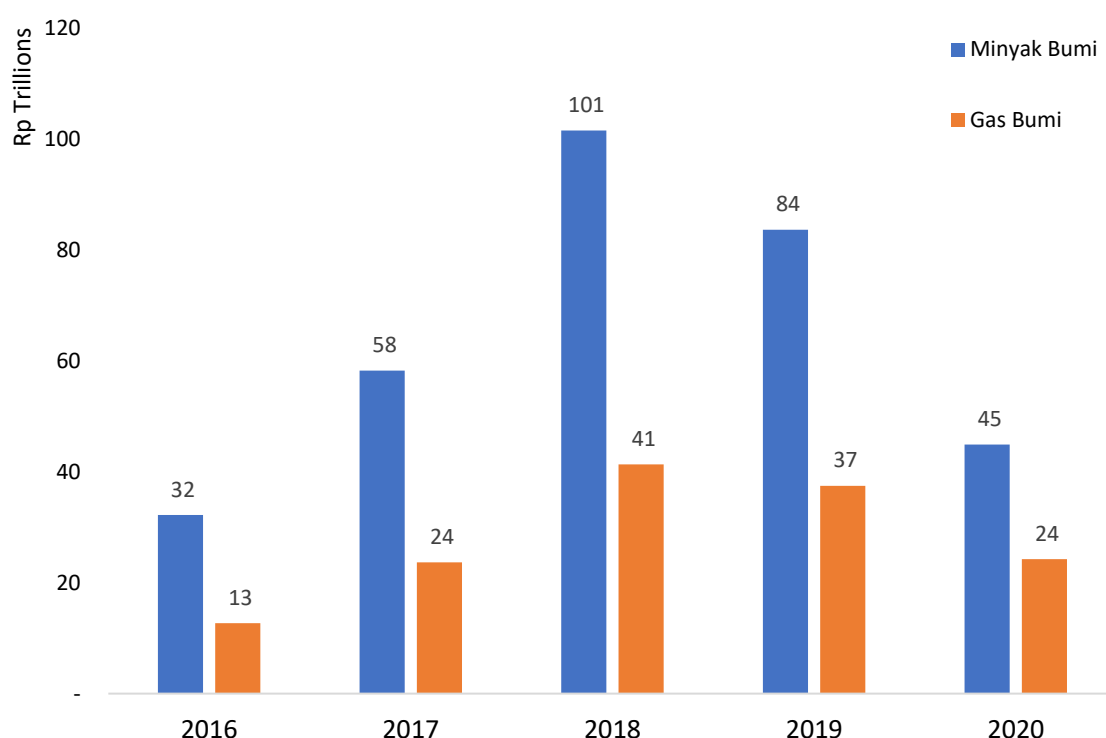
**Figure 43 Realization of Mineral and Coal Sector Tax Revenue for 2016-2020 (Trillion Rupiah)**

Source: Ministry of Energy and Mineral Resources Finance Bureau

## **B. Non-Tax Revenues (PNBP)**

Non-Tax Revenue (PNBP) is the second largest state revenue after tax revenue. In general, PNBP during 2016-2020 experienced an average growth of 2.9 percent per year. This income comes from the use of natural resources, the provision of services, as well as income from the management of assets owned by the Government. Oil and

gas PNBP in 2020 as stipulated in Presidential Regulation 72 of 2020 is targeted at Rp 56.47 trillion. The target has been revised from the previous Rp 127.31 trillion following the Covid-19 pandemic.



**Figure 44 Development of PNBP Oil and Gas Reserves 2016-2020 (Trillion Rupiah)**

The development of oil and gas PNBP during 2016 to 2020 experienced a fairly dynamic movement. The trend of oil and gas PNBP income follows the ICP trend pattern. It means that when ICP reaches its highest point during that period, oil and gas PNBP also reaches its peak at the same time. In 2018, ICP reached its highest point of US\$67.5 per barrel, as well as oil and gas PNBP which reached a peak of Rp. 142.7 trillion. The realization of oil and gas PNBP after 2018 tends to decrease to reach Rp. 69.1 trillion in 2020 in line with the decline in ICP prices. This realization is higher than the target set in Presidential Regulation 72 of 2020 of Rp 69.29 trillion. During this period, the average growth of oil and gas resources experienced positive growth in the 2016-2020 that was 11.4 percent per year.

Oil and gas PNBP in the 2021 APBN are targeted at Rp. 74.9 trillion, consisting of oil revenues of Rp. 57.9 trillion and natural gas revenues of Rp. 17.1 trillion. The oil and gas PNBP target are up 40.7 percent from the 2020 outlook, this is mainly influenced by an increase in ICP of US\$45 per barrel and lifting natural gas.

## Mineral and Coal Sector

Following is State Revenue from the Mineral and Coal Sector received by the government in 2019-2020 (**Table 23**).

Table 23 Mineral and Coal Sector PNB Realization 2019-2020 (Rp Trillion)

Description	Revenue	
	2019	2020
Fixed Contribution Income	0,45	0,44
Royalty Income	25,89	20,74
Sales of Mining Products	18,58	13,47
<b>Total</b>	<b>44,92</b>	<b>34,65</b>

Source: LKPP, 2020

Mining PNB realization in 2019 decreased 9.47% to Rp 44,92 trillion. This was due to a decline in coal commodity prices in Indonesia in 2019, which has also been explained in the tax revenue section. However, the realization of PNB for the mineral and coal sector in 2019 has surpassed the target from point of view target and realization in 2019. Meanwhile in 2020, the impact of the Covid-19 pandemic also hampered the coal industry. It affected the realization of PNB decreased by 2,88% to Rp 34,65 trillion. Nevertheless, this realization is still above the target set in 2020.

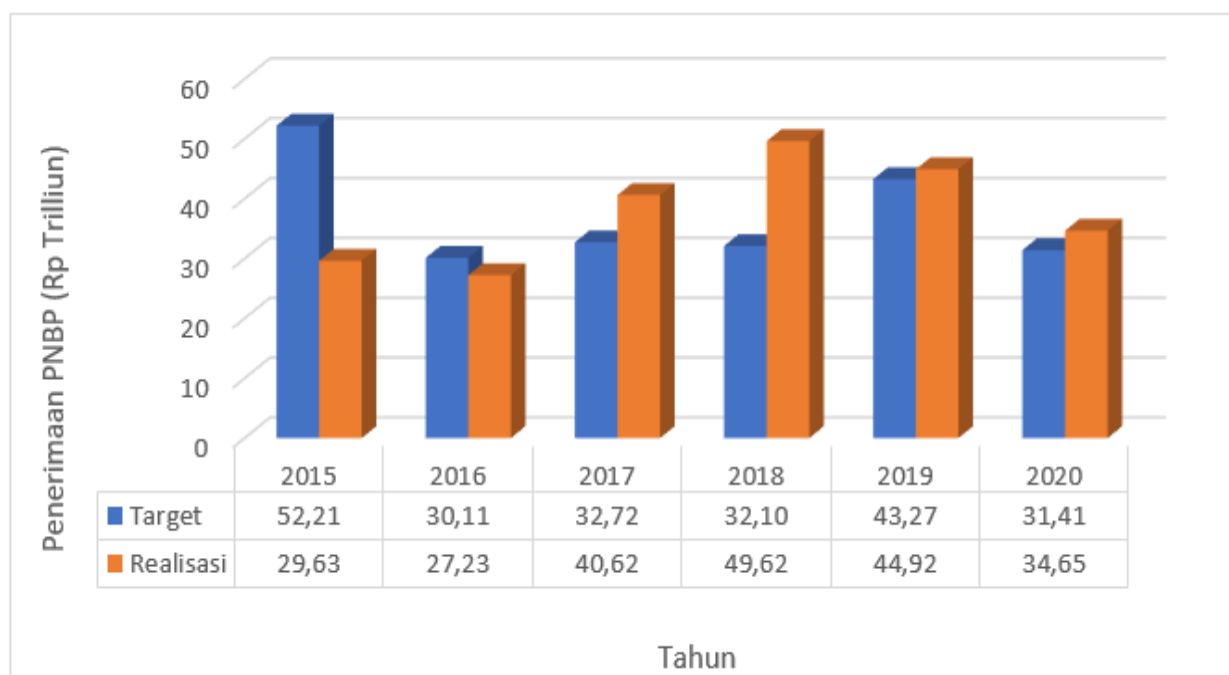


Figure 45. Development of PNB Mineral and Coal 2016-2020 (Trillion Rupiah)

Source: LKPP, 2020

For the Non-Tax State Revenue of the Mineral and Coal sector in 2020 has increased. The reasons are, first, HBA in December 2020; then, the increasing global market demand, including from Japan, South Korea, and India; third, the signing of an agreement to increase Indonesia's coal exports to China; and the last, the increase in the realization of coal production volume to 557.54 million tons from target 424 million

tons. The increase in revenues from several minerals also contributed positively on the realization of mineral and coal mining revenues. It is influenced by the high price of gold and silver, the policy of increasing nickel PNBP rates imposed in PP Number 81 of 2019 concerning Types and Tariffs on Types of Non-Tax State Revenues Applicable to the Ministry of Energy and Mineral Resources. Breakthrough in the form of exploring the potential of PNBP through the joint mineral and coal program has also played a role in increasing revenues from the Mineral and Coal sector.

## 4.2. Allocation of State Revenue

Funds that have been collected through the State Treasury will be allocated for the purposes of implementing the tasks of the central government and fiscal balance between the central and regional governments, which is regulated in Law no. 17 of 2003 concerning State Finance. Based on data from the DJPK (Directorate General of Fiscal Balance) there are five provinces and five districts received the largest both oil and gas and mineral and coal DBH (Revenue Sharing Fund) in the 2019-2020 period. Data on the realization of the allocated DBH has also been integrated and can be accessed online on the Sistem Informasi Transfer ke Daerah dan Dana Desa (Simtrada) page. <http://www.djpk.depkeu.go.id/simtrada/>.

For the oil and gas sector, DBH is given to oil and gas producing regions and their surroundings which is allocated based on a percentage to fund the needs of the implementation of decentralization in its region. DBH is calculated from technical data in the form of lifting data from the Directorate General of Oil and Gas, MEMR and PNBP data from the Directorate General of Budget, Ministry of Finance. The calculation and determination of the allocation of oil and gas DBH is then carried out by the Directorate General of Fiscal Balance, Ministry of Finance.

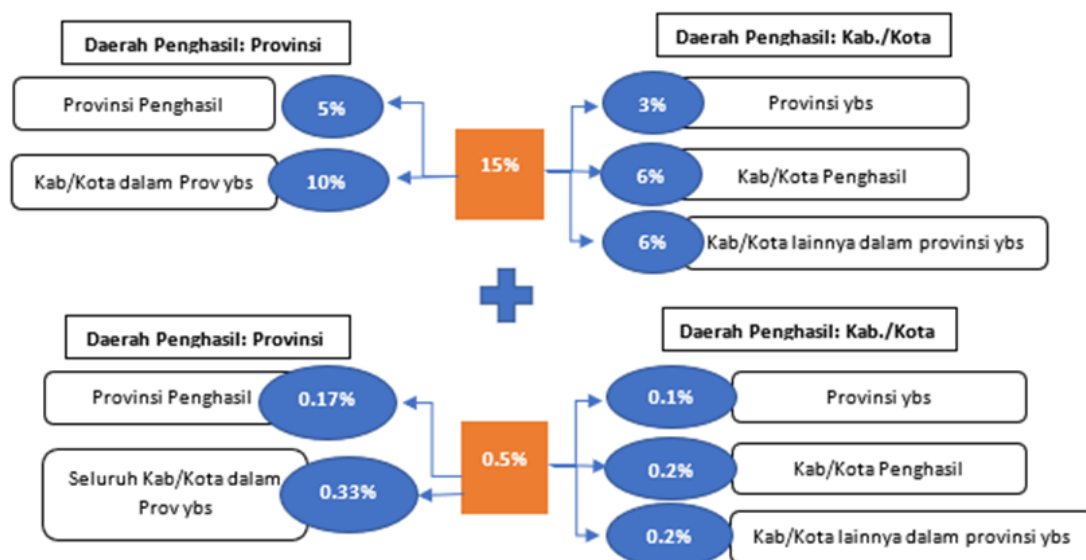
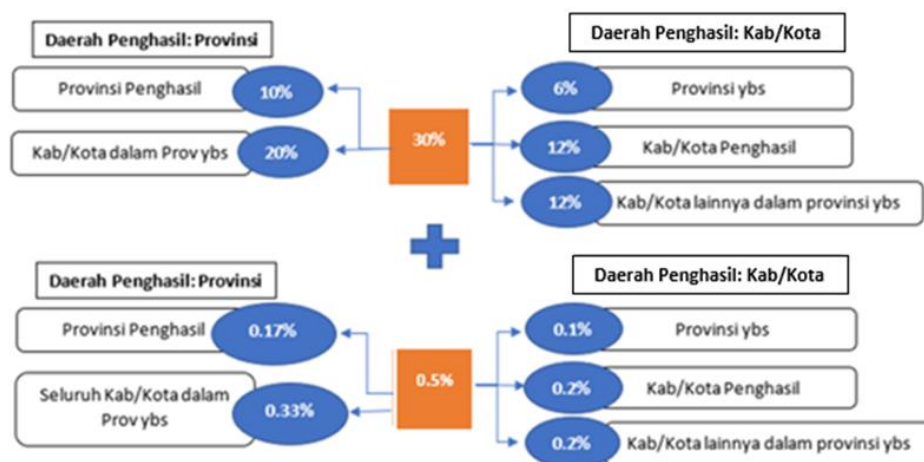
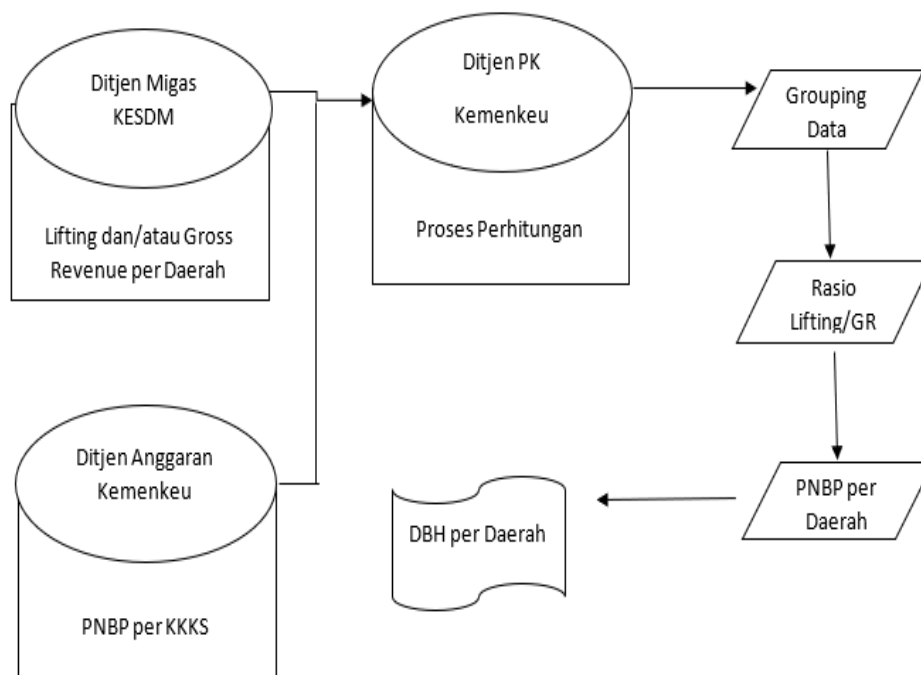


Figure 45 Oil DBH Distribution Portion





**Figure 46 Natural Gas DBH Distribution Portion**



**Figure 47 Mechanism Calculation of Oil and Gas DBH**

Calculation process consists of four stages, there are:

1. Grouping data
2. Calculating the Ratio and Portion of Oil and Gas Revenue per Producer Area. PNPB data received is PNPB of each KKKS, which the data is converted into PNPB figures per region, using a distribution pattern that can approximate the distribution of PNPB per KKKS to each producing region. For the calculation of the estimated allocation uses the lifting ratio, while for the calculation of realization uses the gross revenue ratio approach because it is in the form of currency units

3. Calculating DBH based on percentage in accordance with Law and Government Regulation.
4. Distribution to Regions

The five provinces and districts receiving the largest Oil and Gas Revenue Sharing Fund (DBH) allocation in Indonesia based on data from DJPK are:

**Table 24 Largest Oil and Gas DBH Provinces in Indonesia 2019 -2020**

<b>Gas DBH Per Province (in Rupiah)</b>			
<b>No</b>	<b>Name of Province</b>	<b>2019</b>	<b>2020</b>
<b>1</b>	Province of West Papua	5,070,119,954,987	1,997,085,738,308
<b>2</b>	Province of East Java	1,306,727,140,710	603,918,515,281
<b>3</b>	Province of East Kalimantan	1,315,667,860,445	
<b>4</b>	Province of Riau	830,205,204,441	1,039,799,465,471
<b>5</b>	Province of South Sumatra	639,313,392,586	965,760,452,196
<b>6</b>	Province of Aceh		406,053,141,724

Source: Ministry of Finance

**Table 25 Largest Oil and Gas DBH District in Indonesia 2019-2020**

<b>Gas DBH Per Districts (in Rupiah)</b>			
<b>No</b>	<b>Nama Kabupaten</b>	<b>2019</b>	<b>2020</b>
<b>1</b>	Bojonegoro	2,234,504,951,421	1,099,102,170,909
<b>2</b>	Musi Banyuasin	1,587,055,561,810	1,127,458,042,669
<b>3</b>	Kutai Kartanegara	1,229,553,282,818	
<b>4</b>	Bengkalis	1,132,818,970,810	666,565,099,432
<b>5</b>	Rokan Hilir		412,884,671,193
<b>6</b>	Teluk Bintuni	938,423,628,141	
<b>7</b>	Kutai Kartanegara		394,824,101,197

Those data are data on the distribution of DBH stipulated in the RKUD 2019-2020, which consists of the distribution Regular DBH and distribution Underpaid DBH. The five provinces and districts receiving the largest oil and gas DBH are the largest oil and gas producing regions in Indonesia.

For the Mineral and Coal Sector based on PP No. 55 of 2005 concerning the Balancing Fund, it is stated that the Mineral and Coal DBH is given to regions originating from Mineral and Coal natural resources revenue in the form of a landrent and royalty.

**Table 26 DBH General Mining Portion**

No.	Revenue	Central	Province	Producer	Districts/Cities Surrounding in Province	Total
I.	IUP					
	1. District/City Producer					
	- Landrent	20%	16%	64%	-	100%
	- Production fee	20%	16%	32%	32%	100%
	2. Province Producer					
	- Landrent	20%	80%	-	-	100%
	- Production Fee	20%	26%	-	54%	100%
II.	Contract of Work					
	- Landrent	20%	16%	64%	-	100%
	- Production Fee	20%	16%	32%	32%	100%
III.	PKP2B					
	- Landrent	20%	16%	64%	-	100%
	- Coal Production Fund (13.5%)	20%	16%	32%	32%	100%
	1. Royalties (3-7%)	100%	-	-	-	100%
	2. Sales of Mining Products 13.5%-(3 to 7%)					

Source: ESDM based on PP No. 55 Year 2005

The five provinces and districts receiving the largest Mineral and Coal DBH allocation in Indonesia in 2019-2020 are presented in Table 27 and Table 28.

**Table 27 Largest Mining and Coal DBH Province in Indonesia 2019-2020**

Mineral and Coal DBH Per Province (in Rupiah)			
No	Name of Province	2019	2020
1	East Kalimantan	1,529,206,339,390	2,340,407,391,165
2	South Kalimantan	945,634,689,805	1,053,694,537,117
3	Papua	379,551,368,827	478,985,163,412
4	South Sumatera	349,953,449,242	361,336,756,514
5	Bangka Belitung	203,335,026,519	
	Central Kalimantan		303,092,138,807

Source: Ministry of Finance

**Table 28 Largest Mining and Coal DBH District in Indonesia 2019-2020**

<b>Mineral and Coal DBH Per District (in Rupiah)</b>			
<b>No</b>	<b>Name of District</b>	<b>2019</b>	<b>2020</b>
<b>1</b>	Kutai Timur	1,775,907,819,689	1,444,816,246,161
<b>2</b>	Kutai Kartanegara	1,599,776,830,287	1,387,328,387,059
<b>3</b>	Berau	1,035,846,368,239	
	Paser		751,033,184,292
<b>4</b>	Mimika	998,378,923,978	
	Kab. Berau		714,867,934,932
<b>5</b>	Kab. Kutai Barat	885,347,033,100	
	Kab. Mimika		709,342,054,796

Source: Ministry of Finance

## **CHAPTER V**

### **ROLE OF STATE-OWNED ENTERPRISES**

State-Owned Enterprises (SOE) are enterprises whose capital is wholly or most owned by the state through direct participation originating from separated state assets regulated by Law no. 4 of 2003 concerning SOE. Extractive industry is an industry that is engaged in the extractive sector (including oil, natural gas, minerals and coal). SOE of extractive industry can be defined as a business entity in the extractive sector (including oil, natural gas, minerals and coal) whose capital is wholly or most of the capital owned by the state.

At the beginning of 2017, SOE from the extractive industry in Indonesia consisted of 5 (five) companies which were divided into two companies for the Oil and Gas sector, namely PT Pertamina (Persero) and PT Perusahaan Gas Negara Tbk (PT PGN). Meanwhile, there are three companies for the Mineral and Coal sector, namely PT Aneka Tambang Tbk (PT ANTAM), PT Timah Tbk (PT Timah) and PT Bukit Asam Tbk (PTBA). From December 2017 to 2019, it had been established a BUMN holding company from the extractive industry. This establishment is regulated through PP No. 72 of 2016, by the transfer mechanism of the Government's share ownership in SOE to other SOEs which become the holding company. Government-owned shares which are State Equity Participation in SOE, are carried out by the central government without going through the mechanism of The Indonesian Budget (APBN).

The holding establishment in the Mineral and Coal sector occurred in December 2017 through PP No. 47 of 2017 with PT Indonesia Asahan Aluminum (Persero) as the main company of PT ANTAM, PT Timah, and PTBA. Meanwhile the holding establishment in the oil and gas sector occurred in April 2019 through PP No. 6 of 2019 with PT Pertamina (Persero) as the main company of PT PGN. Those PPs also regulate the revocation of Persero status from PT ANTAM, PT Timah, PTBA and PT PGN. Based on PP No. 72 of 2016, the company is still treated the same as other SOE even though the company's Persero status is revoked. It is stated that subsidiaries of holding companies are still treated equally for (1) obtaining government assignments or carrying out public services; and/or (2) obtain special state and/or Government policies, including in the management of natural resources with certain treatment as applied to SOEs<sup>[3]</sup>.

In the share ownership structure of extractive industry SOEs, the Government has a portion of share ownership called Dwi Warna A series shares, which gives special authority over the management of the company. This authority is stated in the attachment of the SOE Ministry Letter No. S-163/MBU/03/2017 dated March 10, 2017 concerning Submission of the Draft Standard of Articles of Association of SOEs Tbk for the Non-Banking Sector<sup>[4]</sup>. Privileges for ownership of Dwi Warna Series A Shares as stated in the SOE Ministry Letter, namely:

- 1) The right to approve in the GMS regarding the following matters:
  - a. Approval of amendments to the Articles of Association
  - b. Approval of changes in capital

- c. Approval of the appointment and dismissal members of the Board Directors and the Board Commissioners
  - d. Approval related to merger, consolidation, acquisition, separation and dissolution
  - e. Approval of remuneration for members of the Board Directors and the Board Commissioners
  - f. Approval of asset transfer based on the articles of association requires GMS (General Meeting of Shareholders) approval
  - g. Approval of participation and reduction in the percentage of equity participation in other companies based on the articles of association requires the approval of the GMS
  - h. Approval of the use of profits
  - i. Approval of non-operational long-term investment and financing based on the articles of association requires the approval of the GMS
- 2) Right to nominate Candidates for Members of the Board Directors and Candidates for Members of the Board Commissioners
  - 3) Right to propose GMS agenda
  - 4) Right to request and access company data and documents

In addition to the Dwi Warna series A shares, the Government also owns a portion of the B series ordinary shares. These shares are the same type of shares as those owned by the public and the shares transferred to the SOEs holding company.

The implication of these shares is **the Government has two types of authority over subsidiaries**, namely

- **Directly**, through the ownership of Dwi Warna Series A Share
- **Indirectly**, through the holding company of SOEs whose shares are wholly owned by the Government.

The role of SOEs was quite significant in the extractive industry sector in Indonesia. In the oil and gas sector, Pertamina Group's total contribution to the APBN reached 128.6 trillion rupiah in 2019, consisting of 93 percent of tax deposits and 7 percent of dividends. This dividend contribution was from Pertamina performance during 2018, which was paid in 2019. Meanwhile in 2020, total tax payments and dividends increased 13% to 136.6 trillion rupiah, consisting of 93 percent tax payments and 7 percent dividends.

Furthermore, SOEs in the Mineral and Coal sector contributes through the payment of royalties. Mineral and Coal mining SOEs contributed royalties of 1.75 trillion rupiah in 2019 and increased to 2.25 trillion rupiah in 2020 which is 6% of the total royalties received by the Central Government in 2019 and 9% in 2020

Therefore, based on Law Number 40 of 2007 dated August 16, 2007 concerning Limited Liability Companies, article 74 which states that companies that carry out their business activities in the field and/or related to natural resources are obliged to carry out social and environmental responsibilities. SOE Ministerial Decree No. PER-

09/MBU/07/2015 concerning the Partnership Program and Community Development Program for State-Owned Enterprises which has been changed to the SOE Ministerial Regulation PER-02/MBU/7/2017 regulates the obligations of BUMN companies to implement partnership and community development programs whose sources of funds are derived from the maximum allowance of 4% of net profit after tax for the previous financial year

### 5.1. Audit of SOE Financial Statements for 2019-2020

The financial statements of SOEs for the 2019-2020 have been audited through an independent auditor. The public can access the financial statements of these SOEs at each of the following links:

**Table 29 Financial Statements of SOEs**

Company	Link
PT Indonesia Asahan Aluminium (Persero)	<a href="https://www.inalum.id/id/about/hub-investor">https://www.inalum.id/id/about/hub-investor</a>
PT Aneka Tambang Tbk	<a href="https://www.antam.com/id/reports/annual-reports">https://www.antam.com/id/reports/annual-reports</a>
PT Bukit Asam Tbk	<a href="http://www.ptba.co.id/id/laporan-perusahaan/laporan-audit-keuangan">http://www.ptba.co.id/id/laporan-perusahaan/laporan-audit-keuangan</a>
PT Timah Tbk	<a href="https://timah.com/blog/report/annual-report.html">https://timah.com/blog/report/annual-report.html</a>
PT Freeport Indonesia	<a href="https://ptfi.co.id/id/publication">https://ptfi.co.id/id/publication</a>
PT Pertamina	<a href="https://www.pertamina.com/id/laporan-keuangan">https://www.pertamina.com/id/laporan-keuangan</a>
PT Perusahaan Gas Negara Tbk	<a href="https://ir.pgn.co.id/financial-information">https://ir.pgn.co.id/financial-information</a>

Source: The company's website related to

PT Freeport Indonesia (PTFI) has become part of the SOE as of December 21, 2018 due to the official transfer of the majority shares to the Government of Indonesia. However, its financial statements as of 2020 have not been published.

The public may access the financial statements of these SOEs to obtain various information regarding various conditions and financial transactions, such as company acquisitions, receivables from private parties, short-term and long-term loans from related SOEs.

### 5.2. Holding BUMN Oil and Gas Sector

#### PT Pertamina (Persero) and its subsidiary

PT Pertamina (Persero) became a corporation based on PP no. 31 of 2003. This corporation operates either through its own operations or through several patterns of cooperation with partners, namely Joint Operations (KSO), Joint Operation Body (JOB), Technical Assistance Contract (TAC), and Indonesia Participating/Pertamina Participating Interest (IP/PPI). Oil and gas exploitation through its own operations is carried out in five Pertamina EP (PEP) assets, namely Asset 1 covering Aceh, North Sumatra and Riau; Asset 2 (South Sumatra); Asset 3 (West Java); Asset 4 (Central Java and East Java), and Asset 5 (Kalimantan and Papua).

## **Shareholders**

Ownership of PT Pertamina through investment of shares, is wholly owned by the Government of Indonesia (100%).

## **Subsidiaries**

Based on the 2019 financial statements, PT Pertamina has 28 subsidiaries, four associated companies, and eight joint venture entities. The following is a list of ten subsidiaries and one joint operating company engaged in the oil and gas exploration and production business operating in the territory of Indonesia.

**Table 30 List of Subsidiaries of PT Pertamina (Persero) in 2019-2020**

List of Subsidiaries	Type of Ownership	Business Sector	Percentage of Ownership (%)	
			2019	2020
PT Pertamina EP	subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 99.99% PT Pertamina Pedeve Indonesia 0.01%	PT Pertamina (Persero) 99.99% PT Pertamina Pedeve Indonesia 0.01%
PT Pertamina Hulu Energi	subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 98.72% PT Pertamina Pedeve Indonesia 1.28%	PT Pertamina (Persero) 98.72% PT Pertamina Pedeve Indonesia 1.28%
PT Pertamina EP Cepu	subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 99.00% PT Pertamina Pedeve Indonesia 1.00%	PT Pertamina (Persero) 99.00% PT Pertamina Pedeve Indonesia 1.00%
PT Pertamina EP Cepu Alas Dara & Kemuning	subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 99.00% PT Pertamina Pedeve Indonesia 1.00%	PT Pertamina (Persero) 99.00% PT Pertamina Pedeve Indonesia 1.00%
PT Pertamina Internasional Exploration & Production	Subsidiaries	Oil and gas exploration and production	PT Pertamina (Persero) 99.999998% PT Pertamina Pedeve Indonesia 0.000002%	PT Pertamina (Persero) 99.999998% PT Pertamina Pedeve Indonesia 0.000002%
PT Pertamina Hulu Indonesia	Subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 99.93% PT Pertamina Pedeve Indonesia 0.07%	PT Pertamina (Persero) 99.93% PT Pertamina Pedeve Indonesia 0.07%
PT Pertamina Hulu Rokan	subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 99.87% PT Pertamina Pedeve Indonesia 0.13%	PT Pertamina (Persero) 99.87% PT Pertamina Pedeve Indonesia 0.13%
PT Pertamina East Natuna	Subsidiary	Non-Active	PT Pertamina (Persero) 99.90% PT Pertamina Pedeve Indonesia 0.10%	PT Pertamina (Persero) 99.90% PT Pertamina Pedeve Indonesia 0.10%



List of Subsidiaries	Type of Ownership	Business Sector	Percentage of Ownership (%)	
			2019	2020
Pertamina E&P Libya Ltd	Subsidiary	Non-Active	PT Pertamina (Persero) 100%	PT Pertamina (Persero) 100%
PT Pertamina Geothermal Energy	subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 90.06% PT Pertamina Pedeve Indonesia 9.94%	PT Pertamina (Persero) 91.09% PT Pertamina Pedeve Indonesia 8.91%
PT Pertamina Drilling Service Indonesia	Subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 99.89% PT Pertamina Pedeve Indonesia 0.11%	PT Pertamina (Persero) 99.89% PT Pertamina Pedeve Indonesia 0.11%
PT Elnusa Tbk	Subsidiaries	Exploration and production of oil and gas, and other fields	PT Pertamina (Persero) 41.10% Pertamina Pension Fund 14.90% Public < 5% 44.00%	PT Pertamina (Persero) 41.10% Pertamina Pension Fund 14.90% Public < 5% 44.00%
PT Pertamina Lubricants	Subsidiary	Oil and Gas Processing	PT Pertamina (Persero) 99.95% PT Pertamina Pedeve Indonesia 0.05%	PT Pertamina (Persero) 99.95% PT Pertamina Pedeve Indonesia 0.05%
PT Nusantara Regas	subsidiary	Oil and gas exploration and production	PT Pertamina (Persero) 60.00% PT Perusahaan Gas Negara, Tbk 40.00%	PT Pertamina (Persero) 60.00% PT Perusahaan Gas Negara, Tbk 40.00%
PT Perusahaan Gas Negara Tbk	Subsidiary	Processing, Procurement of Gas and Other fields	PT Pertamina (Persero) 56.96% Public 43.04% 1 share A series Dwi Warna	PT Pertamina (Persero) 56.96% Public 43.04% 1 share series A Dwi Warna

Source: PT Pertamina (Persero)

## The Role of PT Pertamina (Persero) in Sales of Government's Share of Crude Oil/Condensate

In accordance with BP Migas (Oil and Gas Upstream Regulator and Implementing Agency) PTK regarding the sale of state's share of crude oil/condensate, BP Migas can make direct appointments of crude oil or condensate to be processed by domestic refineries. The appointment of Pertamina as the seller refers to the decision of the Head of SKK Migas number KEP-0131/SKKO0000/2015/S2 dated August 13, 2015 concerning the appointment of PT Pertamina (Persero) as the seller of all State's share of Crude Oil and/or Condensate. Besides, lifting that matches the specifications will be sent to a refinery operated by PT Pertamina.

## The role of PT Pertamina (Persero) as a Purchaser of Crude Oil/Condensate Contractor's Part

In accordance with the Minister of Energy and Mineral Resources No. 42 of 2018, the Government requires the Contractor or its affiliates to offer the Contractor's share of

petroleum to Pertamina and/or the business entity holding the petroleum processing business license Loans Forwarded by Government to PT Pertamina.

### **Loans Forwarded by the Government to PT Pertamina (Persero) and Government Guarantees on Company Loans**

The following are loans by foreign private companies, which were received by the Government and subsequently by the Government forwarded to PT Pertamina (Persero) in 2019.

**Table 31 Loans Forwarded to PT Pertamina (Persero) in 2019**

<b>Lender</b>	<b>Purpose of Loan</b>	<b>Total Loan (Original Currency)</b>	<b>Term</b>	<b>Interest Rate</b>	<b>Balance as of 31 Dec 2019 (Eqv. US\$)</b>
<b>Corporate Loan</b>					
The Bank of Tokyo-Mitsubishi UFJ, Ltd (Syndicated Loan)	Investment	USD 789,300,000	5 years	LIBOR + 1.1%	522,265,000
	Investment	USD 710.700.000	5 years	LIBOR + 1.2%	482,735,000
Sumitomo Mitsui Banking Corporation Singapore Branch (Syndicated Loan)	Investment	USD 77,769,900	9 years	LIBOR + 1.0%	60,487,704
	Investment	USD 13,724,100	7 years	LIBOR + 1.2%	9,802,928
The Bank of Tokyo-Mitsubishi UFJ, Ltd (Syndicated Loan)	Operational	USD 600,000,000	5 years	LIBOR + 1.5%	595,353,494
Citigroup Singapore (Syndicated Loan)	General Purposes	USD 55,250,000	5 years	3,6708%	55,250,000
The Bank of Tokyo-Mitsubishi UFJ Jakarta Branch	Investment	USD 15,935,000	5 years	LIBOR 1M + 1.35%	14,150,280

Source: PT Pertamina (Persero)

### **Retained Earnings and Dividends**

The following is the value of dividends and retained earnings from PT Pertamina (Persero) in 2019.

**Table 32 Dividends and Retained Earnings of PT Pertamina (Persero) in 2019**

<b>Item</b>	<b>2019</b>
Dividends paid to shareholders	USD 552,659,000
Dividend paid to Government	USD 552,659,000
Profit dividends paid to other shareholders	0

Retained earnings are reserved	USD 10,770,470,000
Retained earnings not reserved	USD 2,529,342,000

Source: PT Pertamina (Persero)

## Social Responsibility PT Pertamina (Persero)

Corporate social responsibility expenditures carried out by PT Pertamina (Persero) are in the form of corporate social responsibility and the Partnership and Community Development Program (PKBL). The following is the realization of Corporate Social Responsibility (CSR) funds in 2019-2020.

**Table 33 Realization of Social Responsibility of PT Pertamina (Persero) in 2019-2020**

Realization of Social Responsibility	Expenditure in IDR Million	
	2019	2020
Activities		
CSR	65,940	475,340
Community Development (BL)	108,129	334,145
<b>TOTAL</b>	174,069	809,485

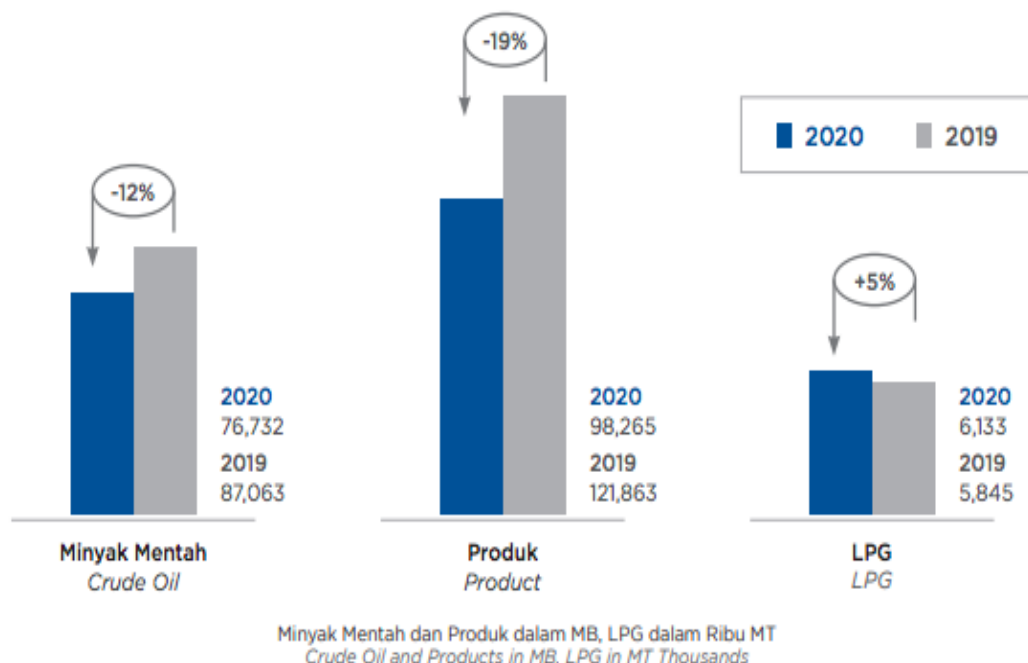
Source: PT Pertamina (Persero)

## Import and Export Gas

Indonesia is one of the EITI member countries that has become a pilot country in commodity trading transparency. This transparency is aimed at countries that receive revenues in the form of in-kind material. In accordance with the EITI requirements 4.2 which requires the disclosure of information on government revenues, including SOE from in-kind material, and the disclosure of the total volume sold and revenues received. These requirements are based on the SOEs in many countries that play an important role in the production process to the sales process on behalf of the government. These physical revenues can be seen in the ownership of SOEs in production license shares, or when the company makes payments with physical commodities. SOEs then sell these resources and transfer them to the government.

The Indonesian Commodity Trading Report was published in 2019. The report only contains export data sourced from SKK Migas. There are demands to open all import data, not only export data from PT Pertamina. PT Pertamina has been more transparent by presenting import data for 2019 at the link [https://pertamina.com/id/laporan-pengadaan-imor-period-\[CK9\] 2019](https://pertamina.com/id/laporan-pengadaan-imor-period-[CK9] 2019). Unfortunately, the information is not displayed for 2020. There are information's on imports of crude oil, imported fuel, and imported LPG in that links. Not only information about oil and

gas imports, information about chartered vessels can also be accessed at <https://pertamina.com/id/information-ship>.



**Figure 48 Imports of Pertamina**

source: Pertamina Annual Report <https://pertamina.com/id/document/laporan-annual>

Pertamina recorded imports of crude oil throughout 2019 reaching 87,063 million barrels. There was a decline in crude oil imports for 2020, which was 76,732 million barrels. Pertamina's crude oil supplying countries experienced a decline in 2020 compared to 2019. In 2020, there were four supply countries including Saudi Arabia and Nigeria as largest suppliers. Saudi Arabia supplies Arabian Light Crude with a volume of 35.84 million barrels in 2019 and a decline in 2020 of 30.80 million barrels. While suppliers from other countries in 2020 are Malaysia, Norway and the United States. Pertamina throughout 2019 also imported fuel oil products of the type Solar/HSD/MGO/ADO with a volume of 121,863 million barrels. In 2020 it decreased to 98,265 million barrels.

For LPG imports in 2019, several Pertamina LPG supplier countries include the United States, United Arab Emirates, Algeria, Angola, Saudi Arabia, Kuwait, Nigeria, Qatar, Bahrain, Australia, and Kuwait. The total volume of LPG imported in 2019 reached 5,845 thousand Metric Tons, with a value of around USD 2,590 Million. There was an increase of 12% in 2020 compared to 2019 which was 6.40 million Metric which is worth around USD 2,826 Million.

The program for optimization and efficiency of performance is carried out by PT. Pertamina in accordance with the Minister of Energy and Mineral Resources Regulation No. 42 of 2018 concerning priority for utilization of petroleum to fulfil

domestic deeds as an effort to reduce the processing of imported crude and to maximize the processing of domestic crude in refineries. Domestic crude processing decreased to 73.33% compared to 2019 of 73.49%.

**Table 34 Pertamina Oil and Gas Export**

<b>Exports Petroleum Exports</b>				
<b>Buyer</b>	<b>Destination</b>	<b>Value</b>		<b>Other</b>
		<b>Rp</b>	<b>USD</b>	
Vitol	Singapore		51,924,476	PHE
BP Singapore PTE LTD	Singapore		2,503,775	PHE
Trafigura Pte Ltd	Singapore		5,095,317	PEP
Trafigura Pte Ltd	South Korea		2,411,027	PEP
Petro Summit Pte Ltd	Thailand		3,455,620	PEP
Petro Summit Pte Ltd	Singapore		4,694,852	PEP
Chevron Singapore Branc	Singapore		73,048,624	(PIREP) Basrah Heavy
Chevron Singapore Branc	Singapore		64,646,546	(PIREP) Basrah Heavy
<b>TOTAL</b>		-	<b>207,780,236</b>	
<b>Export of Natural Gas</b>				
<b>Buyer</b>	<b>Destination</b>	<b>Value</b>		<b>Other</b>
		<b>Rp</b>	<b>USD</b>	
Gas Supply Pte Ltd.	Singapore		109,620,384	PHE
Star Energy (Kakap) Ltd.	Singapore		5,575,386	PHE
WNTS	Singapore		75,796,270	PHE
BP SINGAPORE PTE LTD.	Singapore		158,676,257	PHE
JERA CO INC.	Japan		212,425,248	PHI
KANSAI ELECTRIC	Japan		105,308,329	PHI
KANSAI ELECTRIC & OSAKA GAS	Japan		44,083,842	PHI
KYUSHU ELECTRIC POWER CO.INC	Japan		67,408,683	PHI
OSAKA GAS	Japan		74,715,654	PHI
PETROCHINA INTL	China		18,583,376	PHI
PPT ET	Singapore		51,990,561	PHI
TOHO GAS CO.LTD	Japan		32,633,864	PHI
ENGIE Energy	Singapore		27,841,035	PHI
GSPL	Singapore		14,838,264	PEP
Sonatrach	Algeria		5,161,144	(PAEP) LPG Algeria Sales 2019
Sonatrach	Algeria		5,800,250	(PAEP) Condensate Algeria Sales 2019

Petronas	Malaysia		8,046,100	(PMEP) Bintulu Condensate Sales 2019
<b>TOTAL</b>		-	1,018,504,646	

Source: PT Pertamina (Persero)

## PT Perusahaan Gas Negara Tbk

The issuance of PP No. 37 of 1994 changed the form of PT Perusahaan Gas Negara Tbk to become a corporation which was accompanied by the addition of a wider scope of business, namely in addition to the natural gas trading sector as well as in the transmission sector, where PT Perusahaan Gas Negara Tbk functioned as a transporter. Since 2003, PT Perusahaan Gas Negara Tbk has become a public company and is listed on the Indonesia Stock Exchange (IDX). In 2018, PT Perusahaan Gas Negara Tbk officially became a subsidiary of PT Pertamina (Persero) through a holding mechanism.

PT Perusahaan Gas Negara (Persero) Tbk is currently the largest transporter in Indonesia. It has subsidiaries engaged in upstream (PT Saka Energi Indonesia) and downstream (PT Gagas Energi Indonesia).

## Shareholders

**Table 35 List of shareholders and their portion in 2019**

Shareholder	Portion
PT Pertamina	56,96%
Publik	43,04%

Source: PT Perusahaan Gas Negara Annual Report 2019

The government owns shares invested in PT Perusahaan Gas Negara Tbk, in the form of Dwi Warna series A shares.

## Subsidiaries

Based on the 2019 annual report, details of the subsidiaries of PT Perusahaan Gas Negara Tbk related to the extractive industry is PT Saka Energi Indonesia which is engaged in the upstream business with a share ownership of 99.9%.

## Loans Guaranteed from the Government and Loans Guarantees of PT Perusahaan Gas Negara for Other Companies

PT Perusahaan Gas Negara Tbk does not receive loan guarantees from the Government nor a guarantor for other companies as stated in the 2019 financial statements of PT Perusahaan Gas Negara Tbk.

## Length of Pipes Transmission owned by PT Perusahaan Gas Negara Tbk in Indonesian 2019

As of December 31, 2019, PGN's pipeline infrastructure portfolio of 10,169 Km which is divided into 4,751 Km is transmission pipes and 5,418 Km is distribution pipes.

## Contribution

PGN has transferred share ownership from the government to PT Pertamina since April 11, 2018. Thus, the majority shareholder of PGN is Pertamina with 56.96% shares, and the remaining 43.04% is owned by the public.

**Table 36 PGN's Contribution to Indonesia**

<b>Contribution to the Country (Million USD)</b>	<b>2018</b>	<b>2019</b>
Dividend	31,34	97,37
Tax	403,73	-
Fee to BPH Migas	13,89	8,3
Total Contribution	448,96	

Source: PT Perusahaan Gas Negara Tbk 2019 annual report

## Social Responsibility of PT Perusahaan Gas Negara (Persero)

PT Perusahaan Gas Negara Tbk has implemented the Community Development Program which aims to assist the Government in implementing more equitable development and improving the welfare of the community. Funds for this Community Development program were obtained from the company's budget with a total assistance of IDR 85.9 billion, the details of which are as follows:

**Table 37 Realization of CSR PT Perusahaan Gas Negara Tbk (Rupiah)**

Programs	CSR	Community Development Programs			
		Costs	Profit	Value	Total
Aid for victims of natural disaster	737,595,504	927,756,559	0	927,756,559	1,665,352,063
Assistance for education and/or training	2,084,582,777	13,490,192,480	0	13,490,192,480	15,574,775,257
Assistance for health improvement	21,626,008,720	7,717,317,320	0	7,717,317,320	29,343,326,040
Assistance for public infrastructure	3,276,496,275	6,913,192,383	0	6,913,192,383	10,189,688,658
Assistance for worship facilities	984,233,120	20,295,322,501	0	20,295,322,501	21,279,555,621
Assistance for nature conservation	374,474,484	2,034,552,900	0	2,034,552,900	2,409,027,384
Assistance for poverty alleviation	1.559,811,130	3,901,075,601	0	3,901,075,601	5,460,886,731
Assistance for partners	-	-		-	-
<b>Total realization</b>	<b>30,643,202,010</b>	<b>55,279,409,744</b>		<b>55,279,409,744</b>	<b>85,922,611,754</b>

Source: Annual report of PT Perusahaan Gas Negara Tbk 2019

### 5.3. Holding BUMN Mineral and Coal Sector

#### **PT Indonesia Asahan Aluminum (Persero)**

PT Indonesia Asahan Aluminum (Persero) is a company engaged in the processing and refining industry which officially became a SOE in 2014 based on PP No. 26 of 2014. This corporation is engaged in the Mineral and Coal downstream sector. However, in 2017, the Government issued an initiative to establish a holding for the Mineral and Coal sector. In accordance with of PP No. 47 of 2017, PT Indonesia Asahan Aluminum (Persero) later officially became the holding company of PT Aneka Tambang Tbk, PT Bukit Asam Tbk, PT Timah Tbk and PT Freeport Indonesia.

#### **Shareholders**

Ownership of PT Indonesia Asahan Aluminum (Persero) are able through investment of shares. In 2018-2020, it is wholly owned by the Government of Indonesia (100%).

#### **Subsidiaries**

The following is list of subsidiaries PT Indonesia Asahan Aluminum (Persero), which are engaged in the extractive industry in 2019-2020.



**Table 38 List Subsidiaries of PT Indonesia Asahan Aluminum (Persero) in the Extractive Industry Sector 2019-2020**

Types of Company Ownership	Business	Sector	Ownership
Subsidiaries	PT. Freeport Indonesia	Gold, silver, and copper mining	51.23%
	PT Aneka Tambang Tbk	Gold, bauxite, and nickel mining	65%
	PT TIMAH TBK	Tin mining	65%
	PT Bukit Asam Tbk	Coal mining	65.93%
	PT Vale Indonesia Tbk	Bauxite and nickel mining	20%

Source: Annual Report PT Indonesia Asahan Aluminum (Persero), 2019 & 2020

## Retained Earnings and Dividends

The following is the distribution of dividends, (with a POR of 33% for the 2019 payment and 10% for the 2020 payment), distributed to shareholders and retained earnings of PT Indonesia Asahan Aluminum (Persero) Tbk for 2019.

**Table 39 Retained Earnings and Dividends of PT Indonesia Asahan Aluminum (Persero) 2019-2020**

Information	Year of Payment
	2019
Dividends paid	USD 1,087,496 million
Reserved Retained earnings	Rp 7,797,659 million
Unreserved Retained earnings	Rp 11,294,581 million

Source: Annual Report of PT Indonesia Asahan Aluminum (Persero), 2019

## Sosial Responsibility of PT Indonesia Asahan Aluminum (Persero)

The corporation realizes the budget and CSR in 3 (three) main programs, namely:

1. Partnership Program (PK) includes the Capital Strengthening Program for Small and Micro Enterprises (SMEs) with loan funds from INALUM along with coaching, marketing, and training programs for SMEs that is in term of grant. The actual distribution of the 2020 partnership program is given to SMEs in the fields of industry, services, trade, agriculture, and livestock.
2. Community Development Program (BL) includes assistance for repairing worship facilities, education programs, aid for victims of natural disasters, repair of public facilities, health programs, nature conservation, and social assistance for poverty alleviation.
3. Other CSR programs are coaching of sports, youth, arts, cultural development programs, celebrations of religious and national holidays, as well as sponsorship to NGOs, mass organizations, student organizations, and others.

**Table 40 Realization of Social Responsibility of PT Indonesia Asahan Aluminum (Persero) in 2019-2020**

Activities	2019	2020
Partnership Program (PK)	Rp. 767 Million	Rp. 405 Million
Community Development (BL)	Rp. 34.93 Billion	Rp. 14.123 Billion
Other CSR	Rp11.07 Billion	IDR 3,794 Billion

Source: PT Indonesia Asahan Aluminum (Persero) Annual Report, 2019 & 2020

## **PT Aneka Tambang Tbk**

In 1974, PT Antam officially became a corporation through PP No. 26 of 1974. PT Antam in 1997 made an open public offering of 35% of the total shares on the Indonesia Stock Exchange. In 1999, PT Aneka Tambang Tbk listed its shares in Australia with foreign exempt entity. In 2002, this status was upgraded to ASX Listing which has more stringent conditions. PT Antam is a diversified and vertically integrated mining company with export orientation. Through WIUP spread throughout Indonesia which are rich in mineral materials, PT Antam is able to explore, mine, process and trade of nickel ore, ferronickel, gold, silver, bauxite and coal commodities. Given the vast mining area and the large number of reserves and resources owned, PT Antam formed several joint ventures with international partners to be able to utilize existing reserves into profitable mines. The emergence holding in the mining sector has made the status of SOE from PT Antam faded and turned into a subsidiary of PT Inalum.

## **Shareholders**

Government has indirect share capital through PT Inalum with 15,619,999,999 series B shares and one share directly in the form of Dwi Warna series A shares. The shares owned by the public include 8,410,764,725 series B shares.

**Table 41 List Shareholders of PT Aneka Tambang Tbk in 2019-2020**

Shares of	Ownership Portion
PT Indonesia Asahan Aluminum	65%
Public	35%

Source: Annual Report of PT Aneka Tambang Tbk for 2019 & 2020

## **Acquisition and Divestment**

Based on 2019-2020 Annual Report, PT Antam acquired PT Indonesia Chemical Alumina (PT ICA) on December 28, 2018. PT Antam is the only shareholder in PT ICA after the transfer of all shares in PT ICA to PT Antam. Then PT Antam divested 3 three shares owned by the Company in PT ICA to PT IMC. The object of the transaction is the sale and purchase, and transfer of three shares owned by PT Antam at PT ICA to PT IMC.

## Subsidiaries

Following is list subsidiaries of PT Antam which are engaged in the extractive industry in 2019-2020.

**Table 42 List Subsidiaries of PT Aneka Tambang Tbk in the Extractive Industry Sector 2019-2020**

Type of Ownership	Subsidiaries	Type of Business
<b>Subsidiaries</b>	<b>Direct Ownership of</b>	
	PT Indonesia Coal Resources	Trading, transportation and coal mining services
	PT Antam Resourcindo	Exploration and mining operator
	PT Mega Citra Main	Construction, trade, industry, agriculture and mining
	PT Borneo Edo International	Development, trade, industry, agriculture and mining
	PT Dwimitra Enggang Khatulistiwa	Exploration and mining operator
	PT Cibaliung Sumberdaya	Exploration, mine construction and development, mining, production, processing and refining, transportation and sales in the gold industry
	PT Indonesia Chemical Alumina	Processing and refining of bauxite mining products into alumina products, transportation, trading and distribution of alumina products
	<b>Indirect Ownership</b>	
	PT GAG Nickel (through APN)	Exploration and mining operator
	PT Citra Tobindo Sukses Perk asa (through ICR)	Coal mining exploration and operator
	(Through MCU)	Development, trade, industry, agriculture, land transportation, services, mining and printing
	PT Nusa Karya Arindo (through ARI)	Mineral and coal mining services
	PT Sumberdaya Arindo (through ARI)	Mineral and coal mining services
<b>Associated Entity</b>	PT Nusa Halmahera Minerals	Operates an underground gold mine in North Halmahera Regency. North Maluku Province.
	PT Nickel East Halmahera	Engaged in nickel mining in North Halmahera Regency, North Maluku Province. NHT was founded in 2014.
	PT Nasional Hijau Lestari	NHL (formerly PT Panca Mitra Waste Indonesia) is engaged in mining waste treatment services.
	PT Antam Niterra Haltim	Engaged in mineral mining.

Source: PT Aneka Tambang Tbk Annual Report 2020

## Loans Guaranteed from the Government and Loans Guarantees of PT Aneka Tambang for Other Companies

Based on the 2019-2020 PT Aneka Tambang Annual Report, PT Aneka Tambang Tbk has no loan guarantees from the Government and does not provide guarantees for other companies.

## Retained Earnings and Dividends

The following is the distribution of dividends (with POR 35%) distributed to shareholders and retained earnings from PT Antam for 2019-2020.

**Table 43 Retained Earnings and Dividends of PT Aneka Tambang Tbk**

Information	Payment Year	
	2019	2020
Dividends paid	Rp 306,048,761	Rp 193,850,000
Reserved Retained earnings	Rp 480,615,295	Rp 126,003,245
Unreserved Retained earnings	Rp 7,432,160,733	-

Source: PT Aneka Tambang Tbk Annual Report 2020

## Social Responsibility PT Aneka Tambang Tbk

In 2019-2020, PT ANTAM's social responsibility programs are in the form of Partnership Programs, Community Development Programs such as programs supporting nature conservation, education & training as well as the development of public facilities & infrastructure, the last environmental management. The Community Development implemented in all units (Business Units and Company Headquarters).

**Table 44 Realization of PT Aneka Tambang Tbk's Social Responsibilities in 2019-2020**

Activities	2019 (Billion Rupiah)	2020 (Billion Rupiah)
Partnership Program (PK)	34,22	11,72
Community Development (BL)	19,10	5,17
Program <i>Community Development</i>	88,41	82,12
Environmental Management	145,82	111,15

Source: PT Aneka Tambang Tbk Annual Report 2019 & 2020

## **PT Bukit Asam Tbk**

PT Bukit Asam Tbk (PTBA) was officially transferred from public company to corporation based on PP 42/1980. On December 23, 2002, PTBA officially became a public company listed on the Indonesia Stock Exchange with the code "PTBA". PTBA is engaged in the coal mining industry. PTBA divested its shares to PT Inalum as holding in the Mineral and Coal sector through PP No. 47 of 2017.

### **Shareholders**

In 2019, the Government indirectly owns share capital through PT Indonesia Asahan Aluminum (Persero) with 7,595,650,695 series B shares and five shares directly of Dwi Warna series A shares. Shares owned by the public are series B shares with a value of 3,594,712,550 shares. PTBA also has a portion of Treasury Shares of 330,296,000 shares.

**Table 45 List Shareholders of PT Bukit Asam Tbk in 2019-2020**

Shareholder	Percentage (%)	
	2019	2020
PT Indonesia Asahan Aluminum (Persero)	65.93%	65.93%
Treasury Shares of PT Bukit Asam Tbk	2.87%	2.92 %
Public	31.20%	31.15%

Source: PT Bukit Asam Tbk Annual Report 2019 & 2020

### **Acquisition and Divestment**

Based on the 2019-2020 annual report, PT Bukit Asam Tbk did not acquire and/or divest other companies.

### **Subsidiaries**

The corporation has direct and indirect ownership in the subsidiaries. The following is list subsidiaries of PTBA which are engaged in the extractive industry in 2019-2020.

**Table 46 List Subsidiaries of PT Bukit Asam Tbk in 2019-2020**

Company	Bussiness
<b>Subsidiaries through direct ownership</b>	
PT Batubara Bukit Kendi	Coal mining
PT Bukit Asam Prima	Coal mining
PT Internasional Prima Coal	Coal mining
PT Bukit Asam Metana Ombilin	Coal methane gas mining
PT Bukit Asam Metana Enim	Coal methane gas mining
PT Bukit Asam Metana Peranap	Coal methane gas mining
PT Bukit Asam Banko	Mining and trading
<b>Subsidiaries through indirect ownership</b>	
PT Internasional Prima Cemerlang	Coal trading

Company	Bussiness
Anthrakas Pte. Ltd	Coal trading
PT Satria Bahana Sarana	Mining and rental services

Source: PT Bukit Asam Tbk Annual Report 2019 & 2020

### Loans Guaranteed from the Government and Loans Guarantees of PT Bukit Asam Tbk for Other Companies

PT Bukit Asam Tbk has no loan guarantees from the Government. It also does not provide guarantees for other companies based on the 2018 Annual Report of PT Bukit Asam

### Retained Earnings and Dividends

The following is the value of retained earnings and dividends of PT Bukit Asam Tbk for the 2019-2020 fiscal year.

**Table 47 Retained Earnings and Dividends of PT Bukit Asam Tbk Year 2019**

Information	Payment Year
	2019
Dividends Paid	Rp 3,767,959,262,485
Reserved Retained Earnings	Rp 13,730,400 Million
Unreserved Retained Earnings	Rp 3,326,649 Million

Source: PT Bukit Asam Annual Report, Tbk in 2019

### Social Responsibility PT Bukit Asam Tbk

The corporation's CSR program is integrated in the "PTBA CSR General Guidelines" with scope consisting of PKBL (Partnership and Community Development Program), and Regional Development Programs, which can be identified as follows

- Economics
- Environment
- Social (human rights, labour, responsibility, and society).

Through the PKBL and Regional Development, the corporation holds activities aimed at empowering socio-economic potential and creating a better quality of life for the community and the surrounding environment. The implementation of PKBL and the Regional Development program is guided by the Regulation of the state minister for SOE and the Limited Liability Company Law.

**Table 48 Realization of PT Bukit Asam Tbk's Social Responsibility in 2019-2020**

Activities	2019 (Million Rupiah)	2020 (Million Rupiah)
Partnership Program	40,360	18,795

Activities	2019 (Million Rupiah)	2020 (Million Rupiah)
Community Development Program	115,168	71,294
Regional Development	100,622	93,752

Source: PT Annual Report Bukit Asam Tbk in 2020

## **PT Timah Tbk**

PT Timah Tbk is the largest tin company in Indonesia and is even the largest tin exporter in the world. PT Timah is located in Bangka Belitung Province where PT Timah's WIUP covers the Provinces of Bangka Belitung and Riau Islands. In addition, a number of secondary operations are located in the provinces of South Kalimantan, Southeast Sulawesi, Banten, and DKI Jakarta. PT Timah conducts an integrated tin mining starting from exploration, mining, processing, smelting, and marketing.

## **Shareholders**

Government has indirect share capital through PT Inalum with 4,841,053,951 series B shares and one share directly Dwi Warna series A shares. Shares owned by the public are series B shares with value 2,606,699,502 shares.

**Table 49 Shareholder Composition of PT Timah Tbk in 2019-2020**

Shareholder	Percentage of Ownership
PT Indonesia Asahan Aluminum	65%
Public	35%

Source: Annual Report of PT Timah Tbk for 2019 & 2020

## **Acquisition and Divestment**

Based on the 2019-2020 annual report, PT Timah Tbk did not acquire other companies. However, in 2020 PTBA divested its shares through PT Timah Tbk Divested Indometal Corporation (Asia Pacific) Pte Ltd, a subsidiary of PT TIMAH Tbk to MIND ID as the SOE Mining Industry Holding for 100% or the equivalent of 50,000 shares on 29 June 2020 in Jakarta. Moreover, there is divestment of PT Bakti Timah Hospital (RSBT) to PT Pertamina Bina Medika IHC as SOE Hospital Holding by 67% on August 7, 2020.

## **Subsidiaries**

The following is list subsidiaries of PT Timah which are engaged in the extractive industry in 2019-2020.

**Table 50 List Subsidiaries of PT Timah Tbk in 2019-2020**

Companies	Business
<b>Direct Ownership</b>	
PT Timah Investasi Mineral	Exploration and mineral mining except tin Coal Marketing
PT Tanjung Alam Jaya	Coal Mining

Companies	Business
<b>Direct Ownership</b>	
PT Kutaraja Tembaga Raya (In liquidation)	Mineral Exploration
<b>Indirect Ownership</b>	
PT Truba Bara Banyu Enim	Coal Mining
PT Tim Nikel Sejahtera	Mining
PT Tim Indotama Mineral	Transport and Sales of mining products

Source: PT Timah Tbk Annual Report 2020

### Loans Guaranteed from the Government and Loans Guarantees of PT Timah Tbk for Other Companies

PT Timah Tbk has no loan guarantees from the Government and does not provide guarantees for other companies based on PT Timah's 2019-2020 Annual Report.

### Retained Earnings and Dividends

The following is the distribution of dividends to shareholders and retained earnings from PT Timah for the 2019-2020 fiscal year.

**Table 51 Retained Earnings and Dividends of PT Timah Tbk 2019-2020**

Information	Year of Payment	
	2018	2019
Dividends paid	Rp 185,975,724,901	-
Reserved Retained Earnings	Rp 5,206,531 million	-
Unreserved Retained Earnings	Rp 541.191 million	-

Source: PT Timah Tbk Annual Report 2019-2020

### Social Responsibility PT Timah Tbk

Throughout 2019-2020, CSR expenditure can be found as follow.

**Table 52 Realization of PT Timah's Social Responsibility in 2019-2020**

Program	2019	2020
Partnership Program	Rp 12,335. 000000	Rp 19,120,000,000
Community Development	Rp 12,897,091,498	Rp 8,700,000,000
PPM	Rp 33,651,674,635	Rp 31,760,000,000

Source: PT Timah Tbk Annual Report 2019 & 2020



## **PT Freeport Indonesia (PTFI)**

PT Freeport Indonesia explores, mines and processes ore that containing copper, gold, and silver in the highlands of Mimika Regency, Papua Province, Indonesia.

### **Shareholders**

The Government owns share capital indirectly through PT Inalum and PT Indonesia Papua Metal and Mineral with a share value of USD 9,947,200 and USD 9,478,800, and the value of shares still owned by Freeport McMoran Inc. amounting to USD 18,489,000. The following is the composition of PTFI shareholders for 2019-2020 based on the approval letter for change of share ownership No. 3156/30/MEM.B/2018 On 18 December 2018.

**Table 53 Composition of PTFI Shareholders in 2019-2020**

<b>Shareholder Ownership</b>	<b>Percentage</b>
Freeport McMoran Inc.	48.76%
PT Indonesia Asahan Aluminum	26.24%
PT Indonesia Papua Metal dan Mineral	25.00%

Source: ESDM

### **Acquisition and Divestment**

Throughout 2019-2020 PTFI did not make any acquisitions. However, PTFI has divested its shares to PT Inalum as *holding* in the Mineral and Coal sector. The value of the shares invested is USD 19,426,000 and has been taken over by PT INALUM and PT IPMM.

### **Subsidiaries**

PTFI does not have any subsidiaries until today.

### **Loans Forwarded by the Government to PTFI and Government Guarantees on Company Loans**

PTFI has no loan guarantees from the Government and does not provide guarantees for other companies.

### **Retained Earnings and Dividends**

The following is the distribution of dividends distributed to shareholders and retained earnings from PTFI for 2019-2020.

**Table 54 PTFI Retained Earnings and Dividends in 2019 and 2020**

Description	Year of Payment	
	2019	2020
Dividends paid	-	-
Retained earnings	USD 6,554,	-

Source: PTFI Financial Report

## **Social Responsibility PTFI**

PTFI contributes through community development activities with an average fund in the last 10 years of USD 51.6 million and PMAK of 1 percent of Revenue, with an average fund spent in the last 10 years amounting to USD 47.2 million, through the following activities:

- Improved educational facilities
- Improved health services
- Increase community income and economic independence through local business development
- Strengthening local community institutional capacity
- Improvement of public facilities and social facilities in villages around the mine
- Prioritizing the use of domestic workers can be optimized

Throughout 2019, the costs incurred by PTFI in social and environmental responsibility are as follows:



Figure 49 Realization of PTFI's Social Responsibilities in 2019

#### 5.4. Quasi-fiscal in Indonesian Extractive Industries

Quasi-fiscal are activities carried out by banks and state-owned companies, and may also be carried out by private sector companies under the Government. Furthermore, the prices charged are less than usual or less than the “market rate” [ 5]. The expenditures must be carried out by SOEs and regulated by law. It makes the transfer of fiscal functions from the Government to SOEs. It is also classified as quasi-fiscal.

The International Monetary Fund has outlined the types of quasi-fiscal. Quasi-fiscal activities carried out by the extractive industry are included in the category of operations related to the commercial enterprise sector such as

- **Filling price gaps from market prices**, which state-owned companies can provide, such as electricity at subsidized prices for some or all consumers.
- **Provision of non-commercial services**, whereby state-owned companies can provide some services at under-price (subsidy).

- **Paying suppliers above market prices**, where local suppliers will be paid above market prices as a form of protection for the industry.
- **Pricing for the revenue budget plan**, which allows state-owned companies to be in a monopoly position and may be able to charge above-competitive prices, in order that it may increase revenue for the Government.

Quasi-fiscal spending has never been specifically mandated by the Government for extractive industry SOEs. the Government mandated to SOEs (including extractive industry SOEs) is spending on the Partnership and Community Development Program (PKBL) which is not a quasi-fiscal expenditure, but as a form of Corporate CSR.

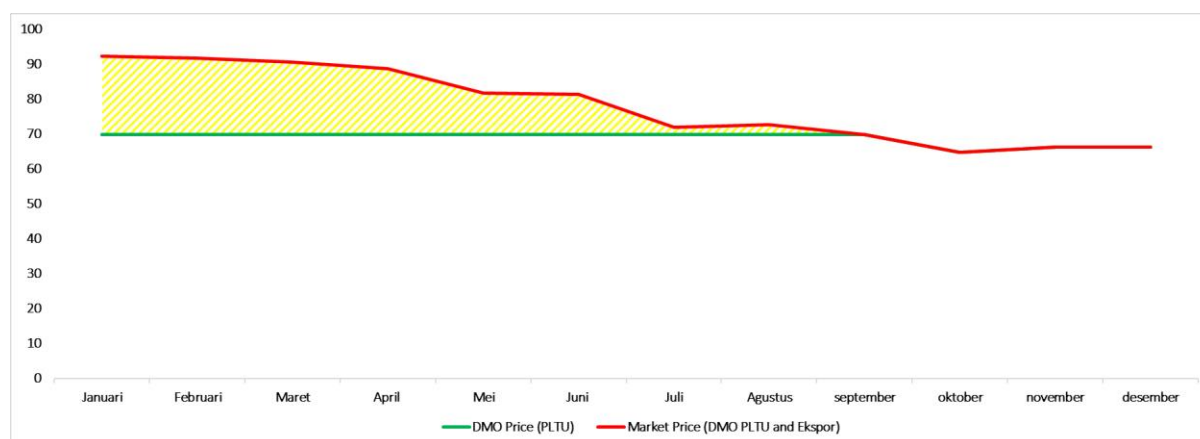
Regulations related to PKBL are regulated in the Minister of SOE Regulation No. PER-02/MBU/7/2017, concerning the Second Amendment to the Regulation of the Minister of SOEs No. PER-09/MBU/07/2015, regarding the SOE Partnership Program and Community Development. This program is published on the <http://infopkbl.bumn.go.id>

For the Upstream Oil and Gas sector, a quasi-fiscal example is the DMO which is enforced in PSC contracts, which the contractor is Pertamina. In accordance with the PSC contract, after the oil well is used to production for five years, DMO of oil will be get lower price than the market by a certain percentage as stated in the PSC. The gap between the market price and the DMO price of oil will burden to Pertamina as a KKKS can be considered as a quasi-fiscal expenditure.

**Table 55 Pertamina Oil and Gas Quasi-Fiscal 2020**

No	Nama KKKS	DMO Gross		DMO Fee		Selisih	
		bbls	USD	bbls	USD	bbls	USD
1	Pertamina EP	4,885,091	196,704,735	4,885,091	196,704,735	-	-
2	PHM	574,049	23,031,790	574,049	23,031,790	-	-
3	PHE WMO	118,016	4,648,183	118,016	4,648,183	-	-
4	PHE Tomori	238,511	9,275,011	238,511	9,275,011	-	-
5	PHE Kampar	17,293	733,755	17,293	733,755	-	-
6	PHE Siak	36,676	1,548,350	36,676	387,087	-	1,161,262
<b>Total</b>						<b>-</b>	<b>1,161,262</b>

Source: SKK Migas



**Figure 50 Illustration of Coal DMO Scheme as Quasi-Fiscal 2020 Expenditure**

One form of quasi-fiscal that can be considered for the mining sector is the DMO of Coal implemented by PT Bukit Asam to supply power plants. In accordance with the Decree of the Minister of Energy and Mineral Resources No. 1395 K/30/MEM/2018 and the Decree of the Minister of Energy and Mineral Resources No. 261 K/30/MEM/2019, the Government sets the Coal Reference Price specifically for the public (in this case sales to power plants) at USD 70/MT. However, since September 2019 the Market Price has been lower than the DMO price (PLTU) so there are no more quasi-fiscal SOEs in the Mineral and Coal sector.

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[1] Internationalbudget.org

## **CHAPTER VI**

### **SOCIAL AND ENVIRONMENTAL RESPONSIBILITY**

The companies have an obligation to carry out social and environmental responsibility is regulated in Article 74 of Law No. 40 of 2007 concerning Limited Liability Companies. Social and environmental responsibility is an inherent of a business activity, which the company needs a social license support from the community where the company conducts its business activities. However, social responsibility (CSR)

**Table 56 CSR Programs**

<b>Field</b>	<b>Program</b>
Infrastructure	Construction of roads, improvement of clean water supplies, construction of social buildings such as: sports halls, government halls, mosques/churches, rural electricity facilities.
Economics	Small business assistance, micro-capital assistance, plant seeds or livestock assistance
Education	Scholarships, teacher training, teaching facilities assistance, cultural programs
Health	Medical supplies assistance, operation assistance, health education and campaigns, construction of health centres
Environment	education, campaigns environmental preservation, waste management
Donations	Disaster donations, religious donations, providing revolving funds, loan company facilities for community activities.

Source: *International Mining for Development Center*, 2013

#### **6.1. Oil and Gas Sector**

In carrying out exploration and production activities, the upstream oil and gas industry always pays attention to environmental protection in preserving Indonesia's nature. In this case, the Government assigns SKK Migas to continue monitoring and controlling the entire implementation of the environmental management activities of KKKS, from the exploration, production to post-operation stages.

In the environment section, there were several improvements in 2020, namely the increase in the number of KKKS that received the gold PROPER category (Corporation Rating Assessment Program in Environmental Management). From last year there were only five KKKS to six KKKS. This achievement shows that the environmental performance of the upstream oil and gas industry in supporting environmental sustainability has increased.

The scope of environmental management applied to the upstream oil and gas industry covers the entire series of upstream oil and gas investment activities, starting after the signing of the PSC in the exploration stage (in the form of an EBA study), development

of Working Area, production stage, post-operation stage, finally returning the Working Area to the state. The entire series of environmental management requires the fulfilment of various technical documents regarding environmental management aspects of upstream oil and gas as follows:

**Table 57 Technical Documents of Upstream Oil and Gas Environmental**

Exploration Stage	Production Stage	Post-Operation Stage
<ul style="list-style-type: none"> <li>• Environmental Baseline Assessment (EBA)</li> <li>• Environmental Study of Exploration (UKL-UPL Seismic/ Drilling)</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental studies of site development (UKL-UPL/AMDAL)</li> <li>• Implementation of the Environmental license refers to the approved RKL – RPL</li> <li>• Implementation of Integrated Environmental Management System</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Final Assessment (EFA)</li> <li>• Abandonment and Site Restoration (ASR)</li> </ul>

SKK Migas continuously monitors the environmental management performance of KKKS to ensure that upstream oil and gas activities have complied with the provisions and/or regulations related to environmental aspects. The monitored indicators are energy management, emission control, water and waste water management, waste management and handling of oil spills, abandonment and site restoration (ASR) as well as protection and preservation of biodiversity.

Abandonment and site restoration in Upstream Business is a series of activities for dismantling equipment, installations, and/or supporting facilities including permanent closure of wells, site restoration, and handling of removal or removal of equipment, installations and/or facilities in Upstream Business carried out before or at the end of the cooperation contract.

KKKS are required to carry out site restoration. Areas that were previously part of upstream oil and gas business activities must be returned to their original condition as before the exploration activities began. In this phase, SKK Migas is assigned to ensure that KKKS carry out the ASR properly.

In addition, KKKS are also required to reserve ASR funds when preparing POD (Plan of Development) for restoration and rehabilitation of Working Area. The reserved funds are adjusted to the physical condition of the oil and gas field and must be placed in a government-owned national bank and deposited after the POD is approved. ASR fund reserves not only ensure that environmental conditions remain protected after oil and gas operations, but also provide a multiplier effect for national banks. As a result, state-owned banks are healthier because they have a good CAR (Capital Adequacy Ratio) with the placement of ASR funds. ASR fund reserves at state-owned banks until the end of 2020 reached US\$2.06 billion, which is divided into the 3 (three) largest state-owned banks, namely BNI, Bank Mandiri and BRI.



**Figure 51 ASR Reserves in State-Owned Banks**

In carrying out sustainable community empowerment programs, SKK Migas and KKKS always involve community participation through a series of interaction and discussion processes. The involvement process is carried out from the beginning of program, such as planning, monitoring and evaluation. It is hoped that the programs would run on track, useful and could open the independence for the community.

In 2020, there are six KKS as gold-winners of PROPER award carried out social mapping of affected villages within administrative boundaries. From the results of the mapping, most of the affected villages have received Community Development and Empowerment (PPM) benefits.

**Table 58 Percentage Affected Villages Implementing PPM from Gold-winners of PROPER 2020**

Name of KKKS	Number of Affected	Villages Receiving PPM Benefits	% Affected Villages Receiving PPM Benefits
PEP Asset 1 Rantau Field	21	22	86%
PEP Asset 3 Subang Field	51	41	80%
PEP Asset 3 Tambun Field	35	20	57%
Jambi Merang PHE	22	22	100%
PHE WMO	18	9	50%
JOB PMTS	18	31	172%

Source: SKK Migas Sustainability Report 2020

Provisions on costs for implementing PPM activities are regulated in PP No. 27 of 2017 concerning amendments to PP Number 79 of 2010 concerning Recoverable Operating Costs and Treatment of Income Tax in the Upstream Oil and Gas Business Sector. In the regulation Article 12, it is stated that the operating costs that can be returned must meet the requirements, one of which is for the expenditure of community and environmental development costs incurred during the exploration and exploitation period. The following is the total investment in PPM made by the six KKKS that won Gold PROPER during 2018-2020.



**Table 59 PPM Investment from Gold-winners of PROPER 2018-2020**

Name of KKS	2018	2019	2020
PEP Asset 1 Rantau Field	1,562.97	2,190.67	2,641.22
PEP Asset 3 Subang Field	1,930.20	3,878.30	3,884,72
PEP Asset 3 Tambun Field	1,456.07	1,321.85	1,311.35
PHE Jambi Merang	4,237.78	5,832.40	6,823.89
PHE WMO	2,137.35	2,397.75	2,612.39
JOB PMTS	5,071.15	6,293.50	7,113.98

Source: SKK Migas Sustainability Report 2020

**Table 60 Principal PPM of KKKS in 2018-2020**

Name of KKKS	Activity Details	Location	Year
<b>PEP Asset 1 Rantau Field</b>	<p><b>Pertamina Community Empowerment Centre (PPMP)</b> is a place for learning and being an entrepreneurial incubator for the community through various disciplines. This community empowerment centre is open to the general public who have an interest in the fields of education, economy, agriculture, animal husbandry, fisheries, plantations, home industry, creative economy, youth, culture and alternative energy without leaving religious values, and adapted to potentials.</p> <p><b>Covid-19 Pandemic Period</b> seeks to maintain food stocks, especially for Overseas Field workers.</p>	Aceh	2018-2020
<b>PEP Asset 3 Subang Field</b>	<p><b>The Environmental Education Program for Children (PELITA)</b> carries the concept of early childhood education that pays for waste. The students pay tuition fees with the trash they bring and collect every Friday. It is hoped that this program can also be developed to higher education levels, namely elementary and junior high schools.</p> <p><b>The Empowerment Program in the Prevention and Handling of the Impact of Covid-19</b> was formed due to the influence of the Covid-19 pandemic in the socio-economic life of the community and gave birth to new groups, namely the Kitchen Disoon group and the Sustainable Home Food Area Group (KRPL). Kitchen Disoon is a program for empowered PAUD (Early Childhood Education) teachers that innovates the production of various types of food and beverages as a result of the decline in income. Meanwhile, KRPL is a farming activity that maximizes the limited yard of the house, the main goal is the community can improve their food sustainability.</p>	Karawang	2018-2020

Name of KKKS	Activity Details	Location	Year
PEP Asset 3 Tambun Field	<p><b>Community Care Program for Garbage (Melimpah)</b> is an environment-based empowerment program through integrated and sustainable management of organic waste.</p> <p><b>The Karawang Berseri Program</b> means Karawang free of violence for women and children is more advanced and independent. This is a program to prevent and handle violence against women and children as well as to prevent child marriage.</p> <p><b>The Independent Coastal Program</b> is a program for developing seaweed and its products.</p> <p><b>The Processed Medicinal Plants Program with the Community</b> is a community empowerment program based on the environment and health through the development of integrated and sustainable medicinal plants and their products.</p> <p><b>The Taman Pakar Program or the Mekar Beach Mangrove Conservation Park</b> is an environment-based community empowerment program through the development of integrated and sustainable mangrove areas.</p>	Bekasi Karawang	2020
PHE Jambi Merang	<b>Indigenous Minority Empowerment Program (SAD)</b> is innovations include the Water Care Team on Peatlands (REPAIR), disaster systems for wildfires and Covid-19, and school through radio.	Jambi	2020
PHE West Madura Offshore	<p><b>Marine Tourism Park Program</b> is coral reef conservation for supporting tourism programs on the north coast of Bangkalan so that it could increase the economic value from tourists.</p> <p><b>The Tlangoh White Sand Beach Program</b> is a community empowerment program by optimizing the beautiful offshore scenery in Tlangoh Village.</p> <p><b>The Bandangdaja Eco Edufarming Program</b> is a community development program engaged in the agricultural sector. This program aims to overcome community problems in difficulties accessing vegetable needs, optimizing the use of vacant land that is not used productively.</p>	Bangkalan	2019- 2020
JOB PMTS	<p><b>Demang Migas Program</b> or the Energy Independent Village through Biogas program aims to develop productive economic areas through alternative energy conservation and sustainable agriculture.</p> <p><b>Sinorang Herbal Village</b> is a community empowerment program that aims to increase community independence in managing herbal plants as a potential source for alternatives in solving health problems in the community.</p> <p><b>Rumah Siboli</b> is an education-based community empowerment program that focuses on improving and developing children's education and building the capacity of mothers and women around the JOB PMTS operational area.</p> <p><b>The Sustainable Agriculture Program</b> initiates rat pest control activities by preserving protected endemic animals</p>	Sulawesi	2020

Name of KKKS	Activity Details	Location	Year
	such as the Sulawesi Serak ( <i>Tyto rosenbergii</i> ), as natural predators of rat pests.  <b>Torang Lawang Corona-19 (TOLAK-19)</b> is an innovation in the application of the Covid-19 protocol and learning new normal.		

As the main ideas, the community empowerment program in the oil and gas industry can be illustrated in the following diagram:



Monitoring and evaluation activities on the implementation of PPM are carried out by SKK Migas and KKKS in synergy with relevant stakeholders. This activity aims to monitor progress and completion of the program that has been launched by the KKKS, both in terms of the budget and the implementation of activities.

## 6.1. Mining Sector

PP No. 23 of 2010 concerning the Implementation of Mineral and Coal Mining Business, requires Mineral and Coal Mining Companies to carry PPM as an embodiment of social responsibility. The implementing regulations of the PPM are regulated by the Minister of Energy and Mineral Resources Regulation No. 25 of 2018 concerning Mineral and Coal Mining Concessions. It regulates the company's obligation to prepare a master plan for the PPM program that is guided by a blueprint, containing planning, strategy, integrated development, that explain the direction of PPM policy in the province. The master plan must contain plans for community development and empowerment programs during the production operation period up to the post-mining stage.

PPM is an effort to encourage the improvement of the economy, education, socio-culture, health, and the living environment of the community around the mine, both individually and collectively so that the standard of living of the community around the mine becomes better and more independent. ESDM Ministerial Decree No. 1824 K/30/MEM/2018 regulates the guidelines for the implementation of PPM. The types of programs included in the PPM program for mineral and coal companies are as follows:

- education
- health
- real income level
- economic independence
- social and cultural
- providing opportunities for local communities in environmental management
- establishment of community institutions in supporting PPM
- infrastructure

The allocation of costs for the PPM program from KKKS, PKP2B, IUP and IUPK companies has increased for 2018-2020. The government is preparing a plan to make regulations regarding the minimum percentage of PPM obligations for the mineral and coal sector. Business actors object to the plan because basically the implementation of PPM or CSR is voluntary. The companies also implement PPM based on the blueprint concept that was prepared with stakeholders facilitated by the local government. Therefore, it is feared that the determination of the minimum PPM cost percentage is not in line with the "*spirit*" of the PPM implementation which is generally prepared based on input/needs from the community around the mine with reference to the blueprint.

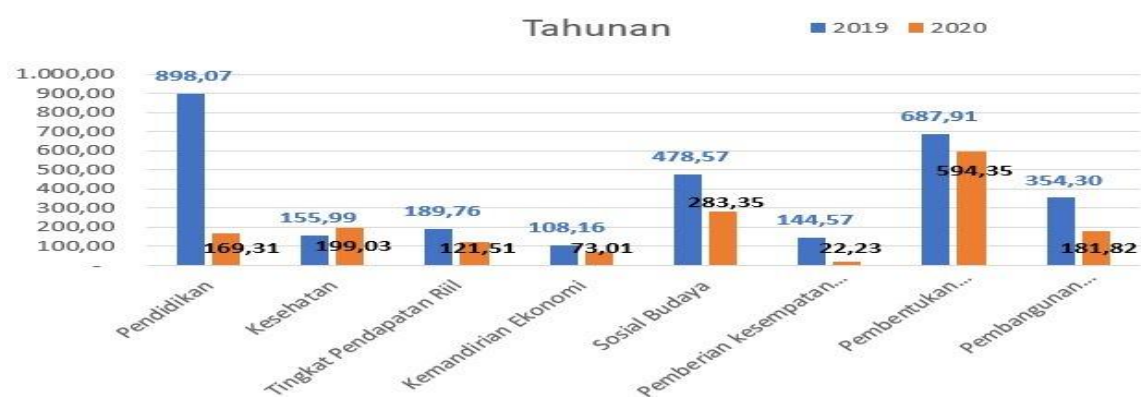


Figure 52 PPM Cost Allocation for the Mineral and Coal Sector

Table 61 Plan and Realization of PPM on Mineral and Coal Sector 2018 – 2020

Year	Planned	Realization	%
2018	1,878.00	2,117.47	112.75
2019	2,044.00	3,010,19	147.27
2020	4,266.00	1,644,00 38,55	38.55

Source: ESDM

The realization of PPM costs experienced a significant decrease in 2020, which was 38.5 percent of the planned PPM costs in the same year. In 2020, nickel ore production increased significantly as a result of the implementation of the nickel ore export ban which was effective on December 31, 2019. Furthermore, it forced companies to maximize their nickel production in 2020. This is in accordance with the provisions in the Minister of Energy and Mineral Resources No. 25 of 2018 Article 38 paragraph 6 which states that in the case of increasing production capacity by holders of IUP for Production Operation and IUPK for Production Operation, these companies are obliged to increase the cost of the PPM program.

**Table 62 Mineral and Coal PPM Program 2018-2020**

Company Name	Details of Activities	Location	Year
PT Antam (Persero) Tbk	The coffee plantation and production house are located in Buli Agro, Geltoli Village, Kec. Maba Kab. East Halmahera.	North Maluku	2018
PT Freeport Indonesia	Project for a drinking water management centre in Timika with a capacity of 200 liters per second. It has two water reservoirs and other supporting facilities.	Papua	2018
PT Minemex Indonesia	Provides skilled housing for the PPM program for PT MMI fostered villages, provides training and providing sewing facilities for independent economic development as a manifestation of the aspects of economic independence.	East Sumatra	2018
PT Antam (Persero) Tbk	UBPN (Unit Business of Nickel Mining) North Maluku: 1. laying the first stone for the school hall building which is one of the assistance programs (School Development Program) 2. program to increase income by coffee cultivation for independence of farmers	North Maluku	2019
PT Vale Indonesia	1. Development of Independent Rural Areas (PKPM) program, there are nine program development areas in collaboration with the Ministry of Village, the provincial government of South Sulawesi and regional government of East Luwu. 2. Inauguration of the centre by East Luwu 3. Launching of Organic Rice, called Metano Rice Organic. 4. Submission of the Independent Village Partner Program (PMDM) awards for seven categories.	Central Sulawesi and South Sulawesi	2019
PT Agincourt Resources	<b>Eco Farming Park Aek Pahu.</b> Some programs will also be included in the series of peaks of inauguration, including irrigation of the hydra pump according to conditions during the event	North Sumatra	2019
PT Freeport Indonesia	Build-up sixteen infrastructures in the fields of education, health, economy and other infrastructure	Papua	2019
PT Meares Soputan Mining	Build-up ten infrastructure in ten villages surrounding the mine	North Sulawesi	2019
PT J Resources Bolaang Mongondow	1. Mapusi Village Hall 2. Bakan Village Hall and Office 3. Solar Power Plant (PLTS)	North Sulawesi	2019

Source: ESDM

Mining activities have the potential to change the landscape and the quality of the environment. Therefore, to avoid the negative impact of changing the landscape, the Government as a regulator requires companies to carry out environmental management, one of which is reclamation and post-mining activities.

In the Mineral and Coal sector, reclamation and post-mining activities are included in the stages of a mining activity. They are regulated in PP. 78 of 2010 concerning

reclamation and post-mining, which require IUP and IUPK holders to make a blueprint, then prepare and implement it, the last report it. In addition, they also obligate to put their Reclamation and Post-mining guarantees.

Reclamation is an activity carried out throughout the stages of the Mining Business to organize, restore, and improve the quality of the environment and ecosystem so that it can be used as origin.

Post-mining is a planned, systematic, and continuing activity after the end of part or all of the Mining Business activities. It aims to restore the function of the natural environment and social according to origin conditions throughout the mining area.

To implement the provisions in PP No. 78 of 2010, the government issued the Minister of Energy and Mineral Resources No. 26 of 2018 concerning the Implementation of Good Mining Rules and Supervision of Mineral and Coal Mining. The Minister of Energy and Mineral Resources states that IUP and IUPK holders are required to submit their blueprint, implement it, then report on the implementation, besides Reclamation and Post-mining guarantees.

To provide guidance on Reclamation and Post-mining activities, the government issued the MEMR Decree No. 1827 K/30/MEM/2018 of 2018 concerning Guidelines for the Implementation of Good Mining Engineering Rules. It provides guidelines for the preparation of plans, implementation, reporting of Reclamation and Post-mining, as well as the placement of Reclamation guarantees and post-mining guarantees.

Reclamation guarantee and post-mining guarantee in 2018-2020 can be seen in the

**Table 63 Realization Placement Guarantee of Reclamation and Post-Mining 2018-2020**

	Value of Placements		
	2018	2019	2020
Reclamation	Rp. 1,313,565,164,394	Rp. 1,435,416,513,193	Rp. 1,526,923,565,187
Post-mining	Rp. 3,499,182,662,534	Rp 4,371,934,971,367	Rp 5,126,655,868,204

Source: ESDM

Reclamation and Post-mining implementation activities must be submitted by IUP and IUPK holders every one year to the Minister through the Director General or the Governor in accordance with their respective authorities. The progress of the implementation of reclamation activities is also reported in the Annual Work Plan and Budget (RKAB) report. The realization of Reclamation activities in 2020 covers an area of 9,694 ha from the planned 7,000 ha. The realization of Reclamation activities in 2018-2020 can be seen in the following table:

**Table 64 Reclamation Area 2018-2020**

Tahun	Target	Realisasi	%
2018	6.900 Hektar	6.950 Hektar	100,7
2019	7.000 Hektar	7.626 Hektar	108,9
2020	7.000 Hektar	9.694 Hektar	138,49%

Sumber: Lakin Ditjen Mineral and Coal 2020

## CHAPTER VII

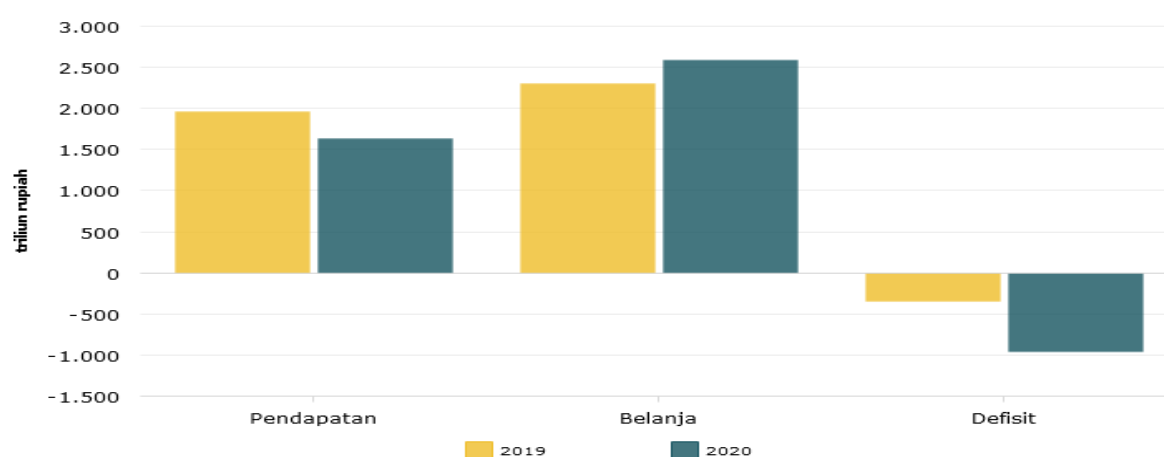
### EXTRACTIVE INDUSTRY'S ROLE IN NATIONAL ECONOMIC RECOVERY

#### 7.1. Post-Covid-19 National Economic Recovery

##### 7.1.1. National Economic Growth

The Indonesian government has officially designated the Covid-19 pandemic as a national disaster through Presidential Decree No. 12 of 2020 on the Determination of Non-natural Disaster of the Spread of Coronavirus Disease 2019 (COVID-19) as a National Disaster. The presidential decree starts to apply from April 13, 2020.

To curb the impact of the pandemic on the economic sector, the government issued several policies, among others, fiscal policy in the form of economic stimulus. The fiscal policy has led to a Rp956.3 trillion deficit of the 2020 State Budget, or equivalent to 6.09% of gross domestic product (GDP). The deficit widened as the funds needed to deal with Covid-19 have continued to grow. However, the 2020 State Budget deficit is below the government's outlook of 6.34%, as mandated in Presidential Regulation No. 72 of 2020 on the State Budget's posture of Fiscal Year 2020.



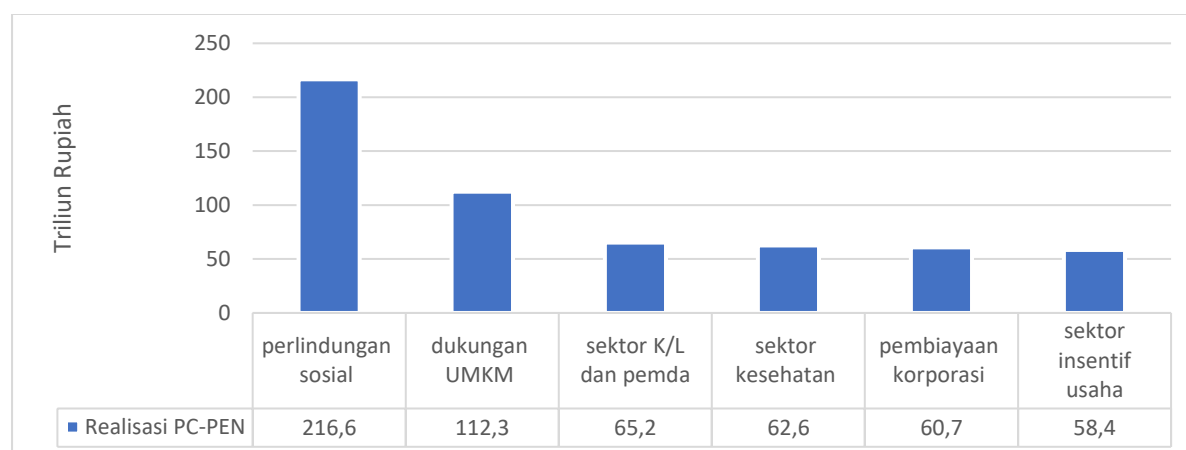
**Figure 53 State Revenues, Expenditure, and Deficit (2019 & 2020)**

Source: Ministry of Finance

In a bid to overcome the economic downturn due to the Covid-19 pandemic, the government issued the National Economic Recovery (PEN) program through Government Regulation No. 23 of 2020 on Implementation of the National Economic Recovery Program in Order to Support State Financial Policies in Handling the 2019 Coronavirus Disease (Covid-19) and/or Facing Threats to the National Economy and/or Financial System Stability as well as Saving the National Economy.



The realization of the Covid-19 Pandemic Handling and National Economic Recovery (PC-PEN) program in 2020 reached Rp575.8 trillion, or 82.83 percent out of the Rp695.2 trillion allocation. The PC-PEN program of 2020 can be grouped into six clusters, with the realization of the social protection cluster hit Rp216.6 trillion, MSME support Rp112.3 trillion, state ministries/agencies and regional governments Rp65.2 trillion, health Rp62.6 trillion, corporate financing Rp60.7 trillion, and business incentives Rp58.4 trillion.



**Figure 54 Realization of Covid-19 Pandemic Handling and National Economic Recovery (PC-PEN) program of 2020**

Source: Ministry of Finance

Statistics Indonesia (BPS) recorded that Indonesia's economy in 2020 based on GDP at current prices reached Rp15,434.2 trillion, while per capita GDP touched Rp56.9 million or US\$3,911.7. In spatial context, the structure of the Indonesian economy in 2020 was still dominated by the group of provinces on Java Island, which contributed 58.75 percent to the GDP, followed by Sumatra Island 21.36 percent, Kalimantan Island 7.94 percent, Sulawesi 6.66 percent, the islands of Bali and Nusa Tenggara 2.94 percent, and the islands of Maluku and Papua 2.35 percent.



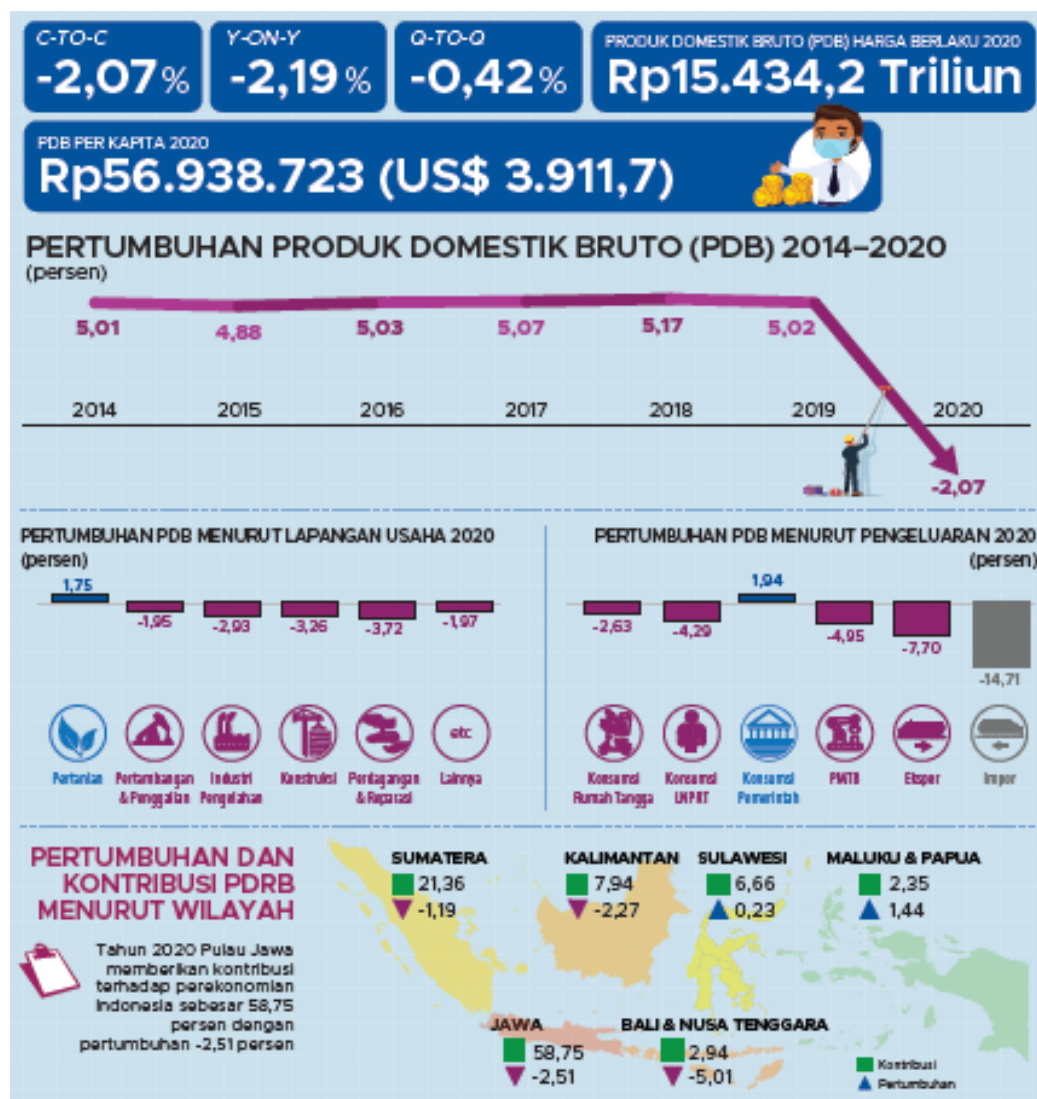
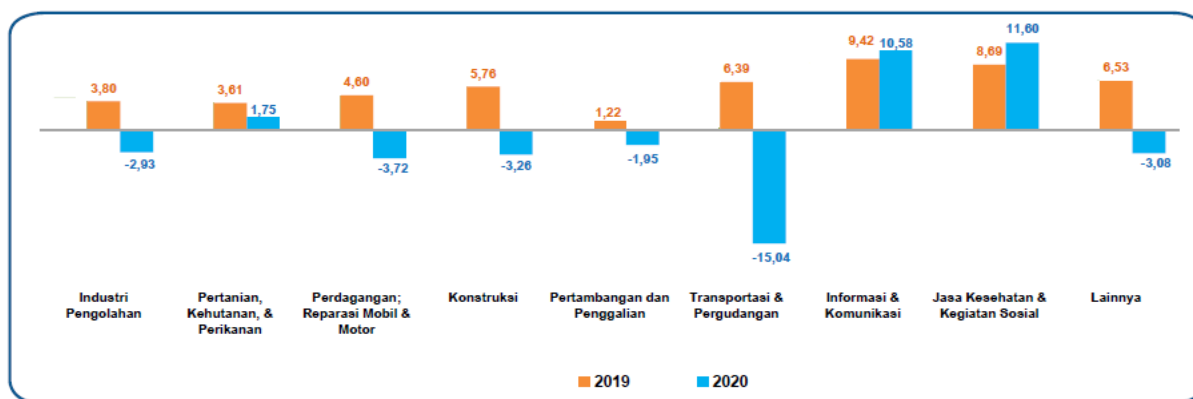


Figure 55 National Economic Growth

Source: Official Statistics, BPS

Overall, Indonesia's economic growth in 2020 is minus 2.07 percent. The realization of the GDP fell compared to that of 2019, which grew by 5.02 percent. Nevertheless, the Indonesian economy continues to show an improving trend. After contracting 5.32 percent (yoy) in Q2 and improving to 3.49 percent (yoy) in Q3, Indonesia's economic contraction rebounded in Q4, namely by 2.19 percent (yoy).

Meanwhile, the COVID-19 pandemic has impacted on growth contraction, which varies between islands. Growth contraction (c-to-c) occurred in Bali and Nusa Tenggara islands by 5.01 percent; Java Island by 2.51 percent, Kalimantan Island 2.27 percent, and Sumatra Island 1.19 percent. In contrast, COVID-19 had a relatively mild impact on island groups with increased growth, namely Sulawesi Island grew by 0.23 percent while Maluku and Papua Island grew by 1.44 percent.



**Figure 56 GPD Growth of Several Business Fields**

Source: Official Statistics, BPS

The structure of Indonesia's GDP by business sectors based on current prices in 2020 does not show any significant changes. The Indonesian economy is still dominated by the Processing Industry by 19.88 percent; followed by Agriculture, Forestry and Fisheries 13.70 percent; Wholesale-Retail Trade, Car-Motorcycle Repair 12.93 percent; Construction 10.71 percent; and Mining and Quarrying 6.44 percent. These five business fields account for 63.66 percent of Indonesia's economy.

### 7.1.2. Fiscal Incentives for Extractive Industries

The Indonesian government believes that fiscal incentives are a means to increase investment. Tax facility incentives are provided based on two principles, namely 1) simplicity & certainty, which refers to simple procedures and the provision of certainty on tax rights and obligations, and 2) trust & verity, which means providing convenience at the beginning of the process via self-assessment and implementing verification in the context of supervision. Tax facilities are also provided to support downstream mineral and coal industries in Special Economic Zones (SEZ) and industrial parks in general.

**Tax Holiday** is given to business actors in the form of reduction or exemption from corporate income tax (PPh) within a certain period of time. The provision of tax holiday is in accordance with Indonesia's Taxation Law and its implementing regulation, namely Regulation of Minister of Finance No. 130 of 2020 on the provision of facilities to reduce Corporate Income Tax. Corporate taxpayers who are entitled to a tax holiday must meet the following criteria and conditions:

1. a pioneer industry,
2. new investors,
3. a minimum investment plan of Rp100 billion,
4. comply with the provision on the ratio of debt and capital,
5. never been granted approval/rejection of tax holiday facility by the Minister of Finance,

6. an Indonesian legal entity,
7. Corporate taxpayers who are directly owned by domestic taxpayers must show that all shareholders have fulfilled their tax obligations, as evidenced by a Fiscal Certificate,
8. The application is submitted before commercial production begins.

As regards point (1), out of 185 Indonesian standard industrial classification (KBLI), there are 7 KBLI in the mineral and coal subsector, i.e. downstream mineral and coal industries, which are offered tax holiday according to Regulation of the Investment Coordinating Agency (BKPM) No. 7 of 2020. Additionally, no oil and gas industry is offered tax holiday to date.

**Tax allowance** is income tax incentives offered to new investment or expansion in certain sectors which are listed as national priorities and at certain regions with development potential based on Government Regulation No. 78/2019 on Income Tax Facilities for certain investments. Tax allowance is given to industries with the following criteria:

1. employ large workforce,
2. make huge investment or are export-oriented,
3. use high local content.

The incentives may be given in the forms of the following:

1. 30% reduction in net income,
2. 10% dividend income tax,
3. Accelerated depreciation and amortization,
4. Additional loss compensation period for more than 5 years.

To date, tax allowance is offered to the mineral and coal businesses, but not to oil and gas businesses.

**Table 65 Downstream mineral and coal businesses eligible for tax holiday**

No	KBLI 2020	Jenis Industri
1.	24101A	Industri logam dasar yang berasal dari bahan baku selainscrap yang menghasilkan baja, termasuk baja tahan karat.
2.	24102A	Industri penggilingan baja yang terintegrasi dengan industri baja, termasuk baja tahan karat (KBLI 24101A).
3.	24103A	Industri pipa baja tanpa sambungan (seamless pipe) yang terintegrasi dengan industri baja, termasuk baja tahan karat (KBLI 24101A).
4.	24103B	Industri pipa baja (welded pipe) yang terintegrasi dengan industri penggilingan baja, termasuk baja tahan karat (KBLI 24102A).
5.	24103C	Industri pembuatan <i>heavy profile</i> yang terintegrasi dengan industri baja (KBLI 24101A).
6.	24103D	Industri pembuatan rail yang terintegrasi dengan industri baja (KBLI 24101A).
7.	24201A	Industri pembuatan logam yang menghasilkan ingot emas.
8.	24201B	Industri pembuatan logam yang menghasilkan ingot perak.
9.	24201C	Industri pembuatan logam yang menghasilkan platina.
10.	24202A1	Industri logam dasar yang menghasilkan alumina (bauksit menjadi alumina).
11.	24202A2	Industri logam dasar yang menghasilkan ingot aluminium (alumina menjadi ingot aluminium).
12.	24202B1	Industri logam dasar yang menghasilkan logam nikel dari bijih nikel dengan menggunakan proses pyrometallurgy.
13.	24202B2	Industri logam dasar yang menghasilkan logam nikel dari bijih nikel dengan menggunakan proses hydrometallurgy.
14.	24202C	Industri logam dasar yang menghasilkan katoda tembaga.
15.	24203A1	Industri logam dasar yang menghasilkan aluminium dalam bentuk pelat yang berasal dari bahan baku selain scrap yang terintegrasi dengan industri pembuatan ingot aluminium (KBLI 24202A2).
16.	24203A2	Industri logam dasar yang menghasilkan aluminium dalam bentuk rod yang berasal dari bahan baku selain scrap yang terintegrasi, dengan industri pembuatan ingot aluminium (KBLI 24202A2).
17.	24203A3	Industri logam dasar yang menghasilkan aluminium dalam bentuk billet yang berasal dari bahan baku selain scrap yang terintegrasi, dengan industri pembuatan ingot aluminium (KBLI 24202A2).
18.	24203C1	Industri logam dasar yang menghasilkan tembaga dalam bentuk pelat yang terintegrasi dengan industri pembuatan katoda tembaga (KBLI 24202C).
19.	24203C2	Industri logam dasar yang menghasilkan tembaga dalam bentukstrip yang terintegrasi dengan industri pembuatan katoda tembaga (KBLI 24202C).
20.	24203C3	Industri logam dasar yang menghasilkan tembaga dalam bentuksheet yang terintegrasi dengan industri pembuatan katoda tembaga (KBLI 24202C).
21.	24204A	Industri ekstrusi aluminium yang terintegrasi dengan industri pembuatan ingot aluminium (KBLI 24202A2).
22.	24205A1	Industri tabung aluminium yang terintegrasi dengan industri pembuatan ingot aluminium (KBLI 24202A2).
23.	24205A2	Industri pipa aluminium tanpa sambungan (seamless pipe) yang terintegrasi dengan industri pembuatan ingot aluminium (KBLI 24202A2).
24.	24205A3	Industri pipa aluminium dengan sambungan (welded pipe) yang terintegrasi dengan industri pembuatan ingot aluminium (KBLI 24202A2).
25.	24205C	Industri pembuatan pipa tembaga yang terintegrasi dengan industri logam dasar yang menghasilkan katoda tembaga (KBLI 24202C).
26.	24202D	Industri yang menghasilkan logam tanah jarang
27.	24202E	Industri logam dasar yang berasal dari bahan baku selainscrap yang menghasilkan timah hitam.
28.	24202F	Industri logam dasar yang berasal dari bahan baku selainscrap yang menghasilkan zinc.

Source: Data from Fiscal Policy Agency, Ministry of Finance (2021)

**Table 66 Downstream mineral and coal businesses eligible for tax allowance**

(PP 78/2019)

No	Bidang Usaha	KBLI	Cakupan Produk
1	Pertambangan Pasir Besi	07101	Pengolahan dan/atau pemurnian pasir besi
2	Pertambangan Bijih Besi	07102	Pengolahan dan/atau pemurnian bijih besi
3	Pertambangan Bijih Uranium dan Thorium	07210	Pengolahan dan/atau pemurnian: <ul style="list-style-type: none"> <li>• Bijih uranium</li> <li>• Thorium</li> </ul>
4	Pertambangan Bijih Timah	07291	Pengolahan dan/atau pemurnian bijih timah
5	Pertambangan Bijih Timah Hitam	07292	Pengolahan dan/atau pemurnian bijih timah hitam
6	Pertambangan Bijih	07293	Pengolahan dan/atau pemurnian bijih bauksit
7	Pertambangan Bijih Tembaga	07294	Pengolahan dan/atau pemurnian bijih tembaga
8	Pertambangan Bijih Nikel	07295	Pengolahan dan/atau pemurnian bijih nikel
9	Pertambangan Bijih Mangan	07296	Pengolahan dan/atau pemurnian bijih mangan
10	Pertambangan Bahan Galian Lainnya yang tidak Mengandung Bijih Besi	07299	Pengolahan dan/atau pemurnian: <ul style="list-style-type: none"> <li>• Bijih zink</li> <li>• Bijih zirkonium</li> <li>• Bijih kromium</li> <li>• Bijih antimon</li> <li>• Ilmenit</li> <li>• Rutil</li> <li>• Logam tanah jarang</li> </ul>
11	Pertambangan Emas dan Perak	07301	Pengolahan dan/atau pemurnian: <ul style="list-style-type: none"> <li>• Bijih emas</li> <li>• Bijih perak</li> </ul>
12	Industri Besi dan Baja Dasar (Iron and Steel Making)	24101	<ul style="list-style-type: none"> <li>• Industri logam dasar yang menghasilkan besi</li> <li>• Industri logam dasar yang menghasilkan baja yang berasal dari scrap</li> </ul>
13	Industri Penggilingan Baja ( <i>Steel Rolling</i> )	24102	<ul style="list-style-type: none"> <li>• <i>Hot rolled coil/sheet steel</i> (termasuk <i>stainless steel</i>) dari bahan baku <i>slab</i> dan/atau</li> <li>• <i>Cold rolled coil/sheet steel</i> (termasuk <i>stainless steel</i>) dilapisi atau tidak dilapisi dengan logam atau non logam lainnya dari bahan baku <i>hot rolled coil steel</i></li> </ul>
14	Industri Pembuatan Logam Dasar Mulia	24201	Pengolahan lumpur anoda ( <i>anode slime</i> ) menjadi logam mulia ( <i>dore metal</i> )
15	Industri Pembuatan Logam Dasar Bukan Besi	24202	Semua cakupan produk yang termasuk dalam KBLI ini, kecuali produk-produk yang telah masuk dalam cakupan fasilitas pengurangan PPh badan sebagaimana diatur dengan PMK Nomor

Source: Data from Fiscal Policy Agency, Ministry of Finance (2021)

**Figure 57 Scheme Comparison between General Tax Holiday and KEK**

Skema <i>Tax Holiday</i> di KEK		Skema <i>Tax Holiday</i> Umum (PMK 130/2020)	
Nilai Investasi	Jangka Waktu	Nilai Investasi	Jangka Waktu
<b>Pelaku Usaha</b>			
100 m s.d. < 500 M	10 th	100 m s.d. < 500 M	5 th, pengurangan 50%
500 M s.d. < 1 T	15 th	500 M s.d. < 1 T	5 th
Minimal 1 T	20 th	1 T s.d. < 5 T	7 th
		5 T s.d. < 15 T	10 th
<b>Badan Usaha</b>		15 T s.d. < 20 T	15 th
minimal investasi Rp100 M	10 th	Minimal 30 T	20 th

- Fasilitas pengurangan PPh sebesar 100%
- Grace Period 2 tahun setelah periode TH, dengan pengurangan PPh sebesar 50%
- Atas penghasilan yang diterima oleh BU dari penjualan atau persewaan tanah dan/atau bangunan dibebaskan dari PPh

Grace Period:
25% selama 2 tahun untuk min. TH
50% selama 2 tahun TH regular

Sumber Data: Badan Kebijakan Fiskal Kementerian Keuangan (2021)

Source: Data from Fiscal Policy Agency of Ministry of Finance (2021), quoted from the 'Pertambangan 2021' e-book

### 7.1.3. Extractive Industries Contribution to National GDP

In 2020, the Indonesian economy contracted by 2.07 percent. The impacts of the COVID-19 pandemic is evident from the level of growth contraction found in almost all business fields. In the GDP structure, the extractive industries of the oil and gas and the mineral and coal subsectors are classified into mining and quarrying business field.

The mining and quarrying business field contracted by 1.95 percent. The deepest contraction occurred in the oil, gas, and geothermal mining business by 6 percent, followed by the coal and lignite mining business by 5.43 percent. Meanwhile, the COVID-19 pandemic did not impact the metal ore mining business significantly, which instead grew positively by 20.26 percent.

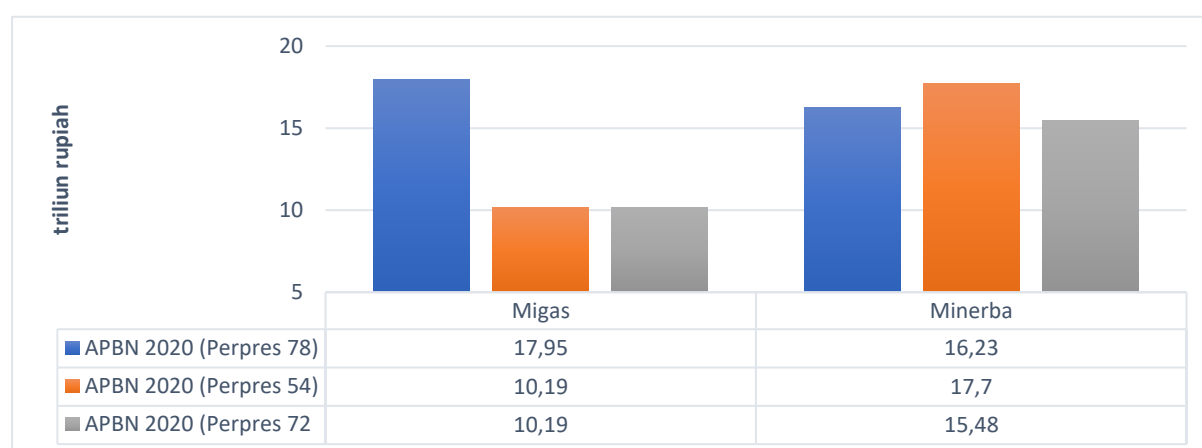
The mining and quarrying business field contributes 6.44 percent to the national GDP. The oil, gas and geothermal mining business accounts for 2.15 percent of the contribution, followed by coal and lignite mining at 1.85 percent.

**Table 67 Extractive Industries Contribution to National GDP**

Lapangan Usaha	Harga Berlaku		Harga Koston (2020)		Tahun 2020 terhadap Tahun 2019	Distribusi terhadap PDB Harga Berlaku
	2019	2020	2019	2020	YoY	%
<b>Pertambangan dan Penggalian</b>	<b>1.149.913,5</b>	<b>993.541,9</b>	<b>806.206,2</b>	<b>790.475,2</b>	<b>-1,95</b>	<b>6,44</b>
1 Pertambangan Minyak, Gas dan Panas Bumi	439.602,8	332.559,6	289.980,1	272.583,2	-6,00	2,15
2 Pertambangan Batubara dan Lignit	368.890,5	283.194,7	259.598,5	245.498,6	-5,43	1,83
3 Pertambangan Bijih Logam	96.824,6	130.956,9	88.003,4	105.829,4	20,26	0,85
4 Pertambangan dan Penggalian Lainnya	244.595,6	246.830,7	168.624,2	166.564,0	-1,22	1,60

#### 7.1.4. Balanced Finance between Central and Regional Governments during Covid-19 Pandemic

The decline in the central government revenues due to the Covid-19 pandemic has lowered the Revenue Sharing Funds (DBH) from Natural Resources, particularly from Oil & Gas and Mineral & Coal, to be transferred to the regional governments. The 2020 State Budget Posture was revised twice, namely through Presidential Regulation No. 54 of 2020 on Changes in the Posture and Details of the State Budget for Fiscal Year 2020, and Presidential Regulation No. 72 of 2020 on Amendment to Presidential Regulation No. 54 of 2020 on Changes in the Posture and Details of the State Budget for Fiscal Year 2020. The allocation ceiling of the Oil & Gas and Mineral & Coal DBH changed, as follows:



**Figure 58 Allocation of Oil & Gas and Mineral & Coal Resources DBH in State Budget 2020**

According to the data of the Ministry of Finance, the central government transferred Rp20.67 trillion of Oil and Gas DBH in 2020, decreasing quite significantly from the 2019 DBH transfer of Rp31.96 trillion. Similarly, the mineral and coal DBH transfer fell, from Rp25.88 trillion in 2019 to Rp22.79 trillion in 2020.

**Table 68 Revenue Sharing Funds from Oil & Gas and Mineral & Coal Resources**

Uraian	TA 2020 ( <i>Audited</i> )	TA 2019 ( <i>Audited</i> )
Dana Bagi Hasil-SDA Minyak Bumi	10.034.450.778.887	15.219.315.833.056
Dana Bagi Hasil-SDA Gas Bumi	10.637.937.161.265	16.739.397.376.741
Dana Bagi Hasil-SDA Pertambangan Umum	22.795.930.108.197	25.884.279.134.431

Source: Ministry of Finance



## 7.2. Impacts on Indigenous Peoples

Non-government organization the Indigenous Peoples' Alliance of the Archipelago (AMAN) in its 2020 end-of-year notes titled 'The Resilience of Indigenous Peoples amid the Covid-19 Pandemic: Development Aggression and Human Rights Crisis' wrote the Covid-19 pandemic has indeed triggered rapid social changes. The Indonesian government even seems to be stuck in confusion between prioritizing health or economic aspects amid various sector recessions.

In the midst of the Covid-19 pandemic, the Indonesian government issued the 'Mineral and Coal' Law and the Omnibus or Job Creation Law. These laws are expected to open the widest possible opportunities for large corporations to invest in Indonesia's natural resources, and make an impact on national economic resilience. Data from BPS (5/08/2020) shows that in Q2 2020, the agriculture sector actually saved Indonesians from an economic recession due to Covid-19, instead of sectors with massive investment.

On the other hand, the Covid-19 pandemic has proven that Indigenous Peoples have been right all along. The Indigenous Peoples and their remaining customary land have proven that they can provide food that saves Indigenous Peoples from famine, and even saves the nation and state from the threat of food crisis. This situation also proves that large investments that have been exploiting customary land and natural resources have failed to shield and save the communities from the threat of social and economic crises.

Referring to AMAN's data, mining concessions until 2019 consisted of an area of 19,224,576 hectares. 77% of this area are illegal concessions. Indigenous Peoples and civil society organizations have pushed for the issuance of various technical policies on customary forests since 2013. These efforts have prompted local governments to prepare regional regulations about the recognition of Indigenous Peoples. There are 109 regional legal products issued in the last seven years. In regencies/cities that have issued regional regulations on the recognition of Indigenous Peoples, there are approximately 2.08 million hectares of potential customary forests. Meanwhile, the potential for customary forests in customary land that has been recognized by regional government reaches approximately 832,902.36 hectares.

During the Covid-19 pandemic, AMAN has recorded forty cases of criminalization and violence against Indigenous Peoples in 2020. Most of these cases had started in previous years but these cases have been going because the state have not settled them. It is therefore difficult to deny that the state has indeed been neglectful and discriminated against Indigenous Peoples. The forty cases can be grouped as follows:

1. Indigenous Peoples vs. Plantations: 10 cases
2. Indigenous Peoples vs Mining: 5 cases
3. Indigenous Peoples vs dams and hydropower plants: 6 cases



4. Indigenous Peoples vs. central and regional governments: 5 cases
5. Indigenous Peoples vs Forest Management Unit (KPH): 6 cases
6. Indigenous Peoples vs Industrial Plantation Forest: 3 cases
7. Indigenous Peoples vs the Indonesian Armed Forces: 1 case
8. Environmental Pollution in Customary Land: 4 cases

The forty cases occurred on 31,632.67 hectares of customary land. The figures are only representative of cases that have surfaced, while the actual figure is much higher because most conflicts are latent and do not always become apparent.

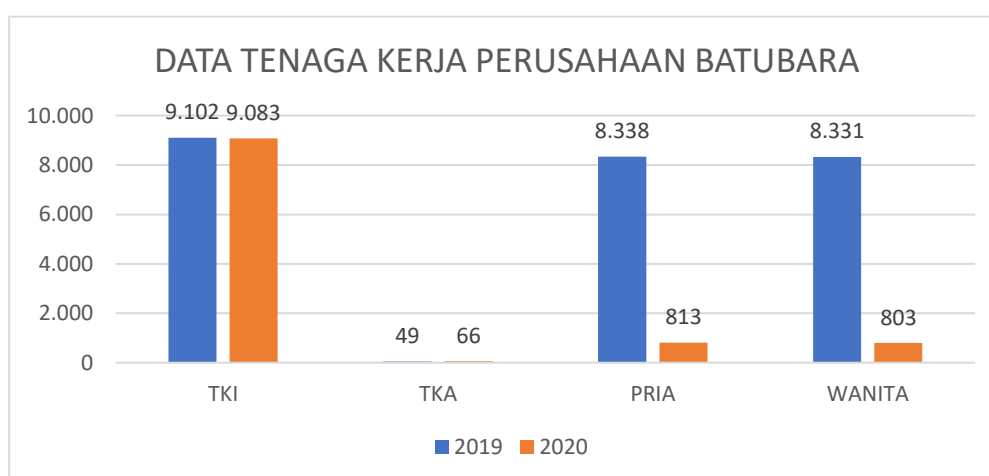
### 7.3. Workforce Employment

The Covid-19 pandemic has hampered the access of workers to and from mining concessions because regional/company isolation policies were imposed on both foreign and local workers. The isolation policy affected the mobility and rotation of roster workers as well as added to the burden cost of mining companies or mining service companies. Besides the isolation policy, companies put strict physical restrictions in the field to prevent Covid-19 from spreading at the work environment. The following table shows the number of workforce in the oil & gas and the mineral and coal subsectors in 2020.

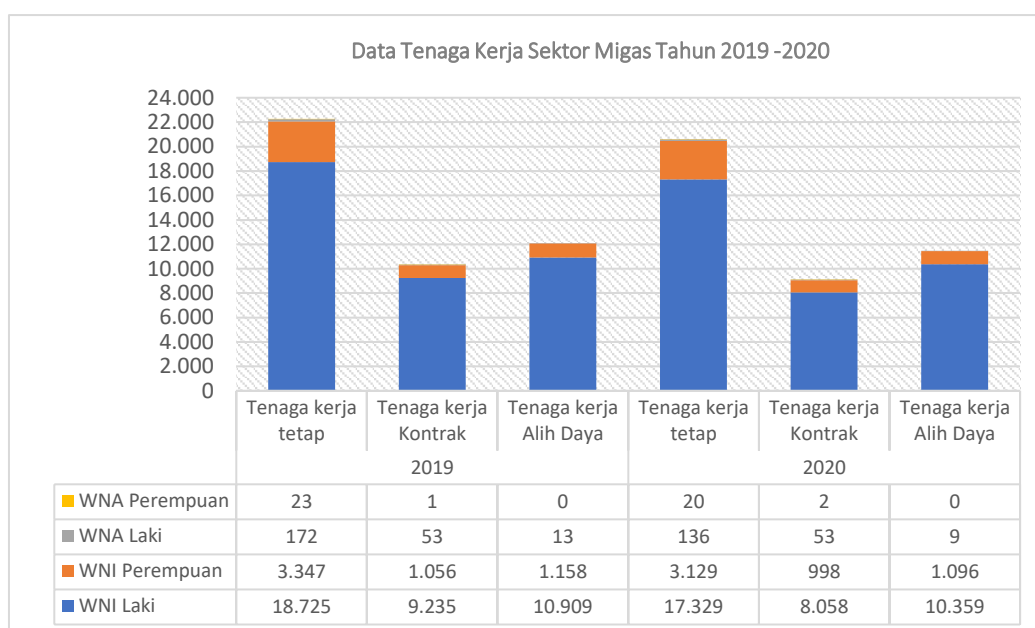
**Table 69 Number of Workforce in Extractive Industries**

Sektor	Tenaga Kerja	2019	2020
Hulu Migas	Tenaga Kerja Indonesia	22.643	21.244
	Tenaga Kerja Asing	258	200
Minerba	Tenaga Kerja Indonesia	133.400	184.756
	Tenaga Kerja Asing	1.142	1.483

Source: Directorates General Oil & Gas and Mineral & Coal, Ministry of EMR



**Figure 59 Coal Company Labour Data**

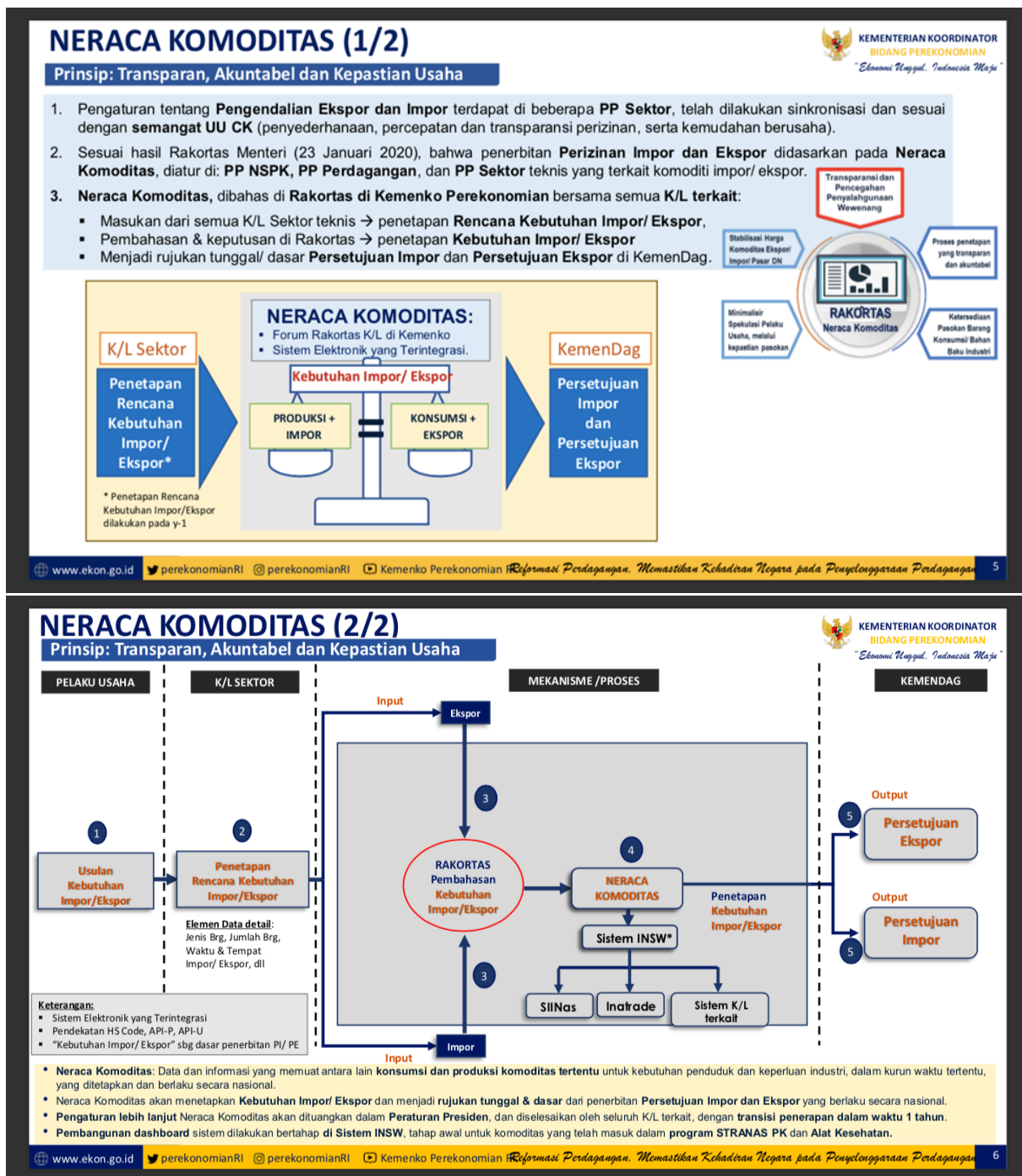


**Figure 60 Oil and Gas Company Labour Data**

## 7.4. Commodity Trading

Indonesia is currently compiling and formulating a commodity balance to carry out risk-based business licensing. The preparation of the commodity balance is aimed to control exports and imports in an integrated manner, establish reference data about the amount of export/import needed, provide certainty of goods and raw materials availability to business and industry actors, and create credible, transparent, and accountable mechanisms and systems for determining export/import needs. It is also an effort to implement Law No. 11 of 2020 on Job Creation, particularly the elucidation of Article 46. The provisions on export and import control had previously been set forth in a number of sectoral regulations. These regulations have been synchronized to make the process simpler, faster, and transparent as well as offer ease of doing business.

Further provisions on the commodity balance will be arranged in a presidential regulation. The commodity balance serves as the basis for compiling and determining commodity needs between state ministries/agencies. Using an application called the National Commodity Balance System (SNANK), the commodity balance will enable the issuance of an export or import approval that applies nationally. The SNANK is a subsystem of the Indonesia National Single Window.


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## NERACA KOMODITAS (2/2)

**Prinsip: Transparan, Akuntabel dan Kepastian Usaha**

PELAKU USAHA

K/L SEKTOR

MEKANISME /PROSES

KEMENDAG

1

Usulan Kebutuhan Impor/Ekspor

2

Penetapan Rencana Kebutuhan Impor/Ekspor

Elemen Data detail:  
Jenis Brg, Jumlah Brg, Waktu & Tempat Impor/ Ekspor, dll

3

Input

RAKORTAS Pembahasan Kebutuhan Impor/Ekspor

4

NERACA KOMODITAS

Sistem INSW\*

SIINas

Intrade

Sistem K/L terkait

5

Output

Persetujuan Ekspor

Persetujuan Impor

6

Output

Persetujuan Impor

5

Persetujuan Ekspor

Persetujuan Impor

**Keterangan:**

- Sistem Elektronik yang Terintegrasi
- Pendekatan HS Code, API-P, API-U
- "Kebutuhan Impor/ Ekspor" sbg dasar penerbitan PI/ PE

- **Neraca Komoditas:** Data dan informasi yang memuat antara lain **konsumsi dan produksi komoditas tertentu** untuk kebutuhan penduduk dan keperluan industri, dalam kurun waktu tertentu, yang ditetapkan dan berlaku secara nasional.
- Neraca Komoditas akan menetapkan **Kebutuhan Impor/ Ekspor** dan menjadi **rujukan tunggal & dasar** dari penerbitan **Persetujuan Impor dan Ekspor** yang berlaku secara nasional.
- **Pengaturan lebih lanjut** Neraca Komoditas akan dituangkan dalam **Peraturan Presiden**, dan diselesaikan oleh seluruh K/L terkait, dengan **transisi penerapan dalam waktu 1 tahun**.
- **Pembangunan dashboard** sistem dilakukan bertahap di **Sistem INSW**, tahap awal untuk komoditas yang telah masuk dalam **program STRANAS PK** dan **Alat Kesehatan**.

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Figure 61 Commodity Balance Diagram

## CHAPTER VIII

### EXTRACTIVE INDUSTRIES TRANSPARENCY POLICY

#### 8.1. Corruption Prevention National Strategy (Stranas PK)

The Corruption Prevention National Strategy or '*Stranas PK*' is a national policy that contains the focus and targets for preventing corruption. *Stranas PK* is used as a reference for state ministries/agencies, regional governments, and other stakeholders in carrying out corruption prevention actions in Indonesia. At the same time, Corruption Prevention Action or '*Aksi PK*' elaborates the focus and targets of the *Stranas PK* by setting programs and activities. To organize *Stranas PK*, a team called National Team for Corruption Prevention or '*Timnas PK*' was formed.

The *Aksi PK* is determined biennially by the *Timnas PK*. In preparing the *Aksi PK*, the *Timnas PK* coordinates with state ministries/agencies, regional governments, and relevant stakeholders as well as harmonizes the *Aksi PK* with the policies of central and regional governments as well as the strategic policies of the Corruption Eradication Commission (KPK).

#### **Aksi PK Realization**

State ministries/agencies and regional governments carrying out *Aksi PK* during the period 2019-2020 had to report the realization of their work quarterly. The score of a state ministry/agency and regional government reflects the accumulation of quarterly scores. The maximum score is 100% in Q8. The 2019-2020 *Aksi PK* was focused on three issues, namely licensing and trade system, state finances, law enforcement and bureaucratic reform.

**Table 70 Aksi PK Targets and Realization 2019-2020**

Periods	Aksi PK of 2019-2020	
	Targets	Realization
Q1	13%	11%
Q2	25%	23%
Q3	38%	35%
Q4	50%	45%
Q5	63%	55%
Q6	75%	61%
Q7	88%	68%
Q8	100%	78,52% <sup>1*</sup>

<sup>1</sup> <https://stranaspk.kpk.go.id/id/publikasi/laporan-triwulan/laporan-stranas-pk-triwulan-viii-2020>

The realization of the *Aksi* PK until Month-24 (B24) is as follows: on focus 1: Licensing and Trade System earned a title of “good”, average score 81.99%; focus 2: state finances “fair”, average score 69.20%; focus 3: law enforcement and bureaucratic reform “good”, average score 84.36%.

The realization of the *Aksi* PK is progressing although challenges arise, especially due to the Covid-19 pandemic and lack of commitment by heads of state ministries/agencies and regional governments to speed up the implementation of corruption prevention actions.

There are obstacles and challenges to the licensing and trading system focus, among others, the adjustments to the Online Single Submission (OSS) with the Job Creation Law and its implementing regulations had also changed the design of existing business processes. Nevertheless, businesses are starting to enjoy the benefits, in terms of time and cost efficiency because the licensing procedure has become concise and simple. Next, several provinces experience difficulties in compiling their Geospatial Thematic Information (IGT) because the data is not digitized properly. However, Central Kalimantan Province has successfully entered the synchronization stage. After that, the determination of forest areas is hampered by regional spatial planning. Finally, the National Identify Number (NIK) cannot be utilized 100% because data updating is not integrated between the master data and the beneficiary data.

Obstacles and challenges to the state finances focus include different conception between the Ministry of Finance and the Ministry of Home Affairs of draft government regulation on the Standard Chart of Accounts, which is a data standard for the planning and budgeting at the national level, and lack of e-catalog usage by regional governments.

On the law enforcement and bureaucratic reform focus, the obstacles arise from the fact that the presidential regulation on the architecture of reference and the domain of the Electronic-Based Government Systems (SPBE) has yet to be issued. To improve transparency and accountability in the handling of corruption cases, it is necessary to improve the understanding of public prosecutors of the Office of the General Attorney about the substance of corruption cases and handling procedures that meet the principles of justice.

### **Stranas PK Implementation in Extractive Industries**

The Ministry of Energy and Mineral Resources (EMR) won a title of the best government agency for the improvement of the governance to prevent corruption. The award was presented by the Minister of National Development Planning (PPN)-cum-

Head of the National Development Planning Agency (Bappenas), Suharso Monoarfa, at the evaluation of the 2019-2020 Stranas PK implementation<sup>2</sup>.

Until B24 (in the period 2019-2020), the *Stranas* PK score of the Ministry of EMR hit 100%. The details are as follows:

**Table 71 Corruption Prevention Actions of Ministry of EMR 2019-2020**

3 Focuses	4 Actions	7 Sub-Actions
1. Licensing & Trade System	1. Improve Services and Compliance with Licensing and Investment Regulations	1. Accelerate Online Single Submission (OSS) system
	2. Improve Data Management and Compliance by Extractive, Forestry, and Plantation Sectors	2. Implement One Map Policy
		3. Reinforce and Use Beneficial Ownership (BO) Data
2. State Finances	3. Optimize State Revenues from Taxes and Non-Taxes	4. Optimize and Broaden Taxpayer Status Confirmation (KSWP)
		5. Operate National Data Repository (NDR)
3. Law Enforcement & Bureaucratic Reform	4. Strengthen the Implementation of Bureaucratic Reform	6. Develop Integrity Zone
		7. Accelerate the Implementation of Merit System

Source: MEMR, 2020

The Ministry of EMR got a 100 percent score for the sub-actions of OSS, One Map Policy, Taxpayer Status Confirmation, National Data Repository, Integrity Zone, and Merit System. The success is integral to the Ministry's internal efforts to simplify the licensing process and make it online. Nevertheless, some sub-actions fell short of the target, for example disclosure of the rightful BO in the license application process and lack of BO data utilization.

**Table 72 Targets and Realization of BO Data Strengthening and Usage Sub-Action**

Periods	Targets	Realization (%)
B06	Availability of memorandum of understanding and cooperation agreement between the Ministry of Law and Human Rights and the Ministry of EMR on the use of BO data	100
B09	Issuance of policies/regulations governing corporations to submit BO data as a requirement for license/permits application	100

<sup>2</sup> <https://www.liputan6.com/bisnis/read/4435342/tata-kelola-pencegahan-korupsi-terbaik-diraih-kementerian-esdm>

Periods	Targets	Realization (%)
B12	Rightful BO data is disclosed in license application process *)	50
B15	Rightful BO data is disclosed in license application process (carry-over from B12) The use of BO data	50 50
B18	Rightful BO data is disclosed in license application process (carry-over from B12, B15) The use of BO data (carry-over from B15) Evaluation of the use of BO data	75 100 100
B21	Rightful BO data is disclosed in license application process (carry-over from B12, B15, B18)	100

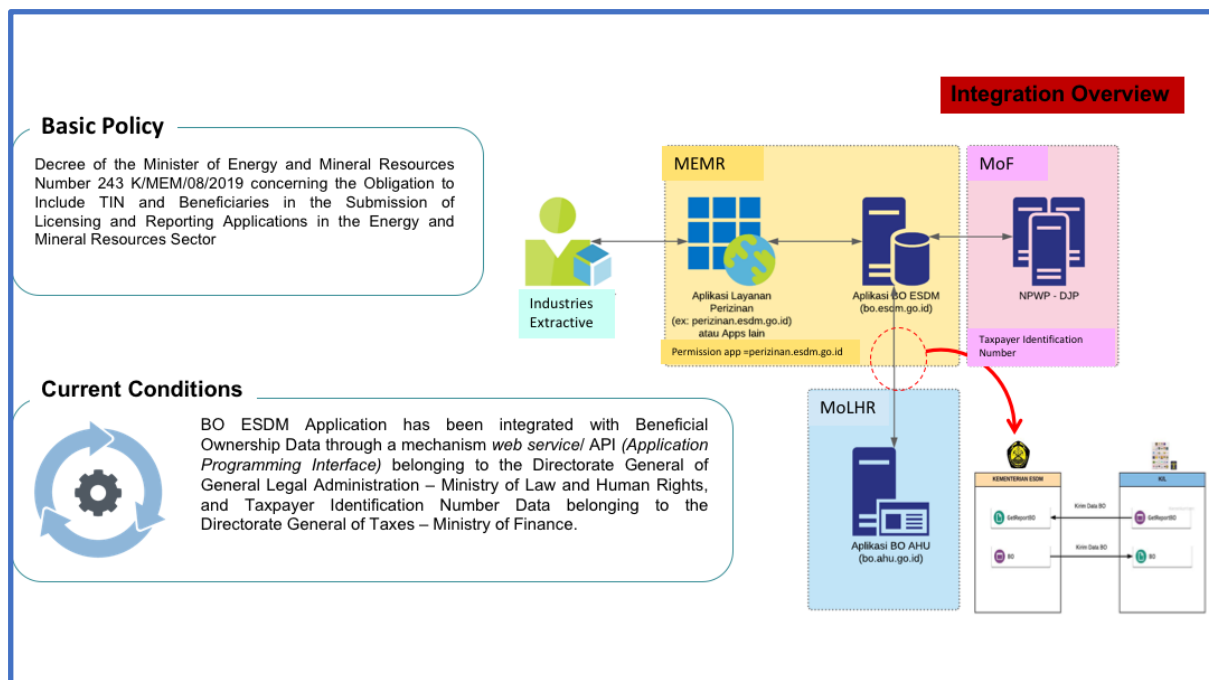
Source: Report on the Implementation of Corruption Prevention and Eradication Action Plan, MEMR, 2020

## 8.2. Beneficial Ownership

Companies must submit a BO chart as an administrative requirement for applying for licenses/permits and WIUP/WIUPK tenders. BO information must be submitted when applying for the following licenses/permits:

1. Exploration IUP/IUPK
2. Operation Production IUP/IUPK
3. Operation Production IUP Special for processing and/or refining
4. Mining Services Business License
5. Operation Production IUP Special for transportation and sales
6. Changes in Board of Directors/ Board of Commissioners
7. Change of Shares Ownership
8. WIUP/IUPK Tenders

Decision of Minister of EMR Number 243 K/08/MEM/2019 on Mandatory Mention of Taxpayer Identification Number (NPWP) and Beneficial Owners when Applying for Licenses and Permits and Making Reports in the EMR Sector.



Source: Presentation by MEMR

**Figure 62 BO Data Integration and Extractive Industries Business Licensing**

In an effort to reinforce and use Beneficial Owners database in the context of preventing corruption by corporations, the Ministry of EMR and the Ministry of Law and Human Rights signed a Memorandum of Understanding No. 04.PJ/05/MEM/2019.

As of December 2021, an application named `bo.esdm.go.id` contains approximately 2,000 Beneficial Ownership (BO) data of the EMR sector.

The Ministry of Law and Human Rights have made the following efforts to reinforce BO database:

1. Issued Regulation of Minister of Law and Human Rights No. 15 of 2019 on Procedures for Applying the Principle of Recognizing the Beneficial Owners of a Corporation and Regulation of Minister of Law and Human Rights No. 21 of 2019 on Procedures for Supervising the Application of the Principle of Recognizing the Beneficial Owners of a Corporation;
2. In March 2018, launched a Beneficial Owners Application at the Legal Entity Administration System (SABH). The application is a means for corporations to report beneficial owner data;
3. Hold dissemination of applying the principle of recognizing beneficial owners to the relevant stakeholders;
4. In July 2019, signed a Memorandum of Understanding with five relevant state ministries/agencies, namely with the Directorate General of Taxes of the



Ministry of Finance, Directorate General of Plantations of the Ministry of Agriculture, Secretariat General of the Ministry of EMR, Deputy Office for Institutional Affairs of the Ministry of Cooperatives and Small and Medium Businesses, Directorate General of Legal and Agrarian Relations of the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency;

5. Set the availability of corporate beneficial owner data as one of the performance targets for General Law Administration in all provincial offices of the Ministry of Law and Human Rights;
6. Adopt a beneficial owner data filing as a data filter in all transactions of data changes at the Legal Entity Administration System (SABH) and the General Entity Administration System (SABU);
7. Include BO database in strategic policies of the Ministry of Law and Human Rights for 2020-2024.

**Table 73 Shares Ownership of Several Extractive Industries**

No.	Company's Names	Shareholders' Names	Ownership Percentage (%)
1	FREEPORT INDONESIA, PT	Freeport-McMoRan Inc.	48.76%
	FREEPORT INDONESIA, PT	PT Indonesia Asahan Alumunium	26.24 %
	FREEPORT INDONESIA, PT	PT Indonesia Asahan Alumunium	25%
2	ADARO INDONESIA, PT	PT Alam Tri Abadi	54.11 %
	ADARO INDONESIA, PT	PT Viscaya Investments	29.19%
	ADARO INDONESIA, PT	EGAT International Company Limited	11.53%
	ADARO INDONESIA, PT	PT Dianlia Setyamukti	5.17%
	ADARO INDONESIA, PT	Coaltrade Services International Pte Ltd	0.002%

Source: EMR, 2020

**Table 74 Management of Several Extractive Companies 2019-2020**

<b>Company's Names</b>	<b>Year</b>	<b>Management</b>	<b>Position in Company</b>
FREEPORT INDONESIA, PT	2019	Clayton Allen Wenas	President Director
FREEPORT INDONESIA, PT	2019	Jenpino Ngabdi	Vice President Director
FREEPORT INDONESIA, PT	2019	Mark Jerome Johnson	Director
FREEPORT INDONESIA, PT	2019	Robert Charles Schroeder Junior	Director
FREEPORT INDONESIA, PT	2019	Achmad Ardianto	Director
FREEPORT INDONESIA, PT	2020	Clayton Allen Wenas	President Director
FREEPORT INDONESIA, PT	2020	Jenpino Ngabdi	Vice President Director
FREEPORT INDONESIA, PT	2020	Claus Oscar Ronald Wamafma	Director
FREEPORT INDONESIA, PT	2020	Clementino Enrico Navito Lamury	Director
FREEPORT INDONESIA, PT	2020	Mark Jerome Johnson	Director
FREEPORT INDONESIA, PT	2020	Robert Charles Schroeder Junior	Director
ADARO INDONESIA, PT	2019	Chia Ah Hoo	President Director
ADARO INDONESIA, PT	2019	Hendri Tamrin	Director
ADARO INDONESIA, PT	2019	Djohan Nurjadi	Director
ADARO INDONESIA, PT	2019	Heri Gunawan	Director
ADARO INDONESIA, PT	2019	Priyadi	Director (effective as of December 9, 2020)

<b>Company's Names</b>	<b>Year</b>	<b>Management</b>	<b>Position in Company</b>
ADARO INDONESIA, PT	2019	Lili Pratiwi	Director (effective as of December 9, 2020)
ADARO INDONESIA, PT	2019	Setya Ari Wibowo	Director (effective as of March 1, 2021)
ADARO INDONESIA, PT	2019	Garibaldi Thohir	President Commissioner
ADARO INDONESIA, PT	2019	Christian Ariano Rachmat	Commissioner
ADARO INDONESIA, PT	2019	Mohammad Syah Indra Aman	Commissioner
ADARO INDONESIA, PT	2019	Lie Luckman	Commissioner
ADARO INDONESIA, PT	2019	Julius Aslan	Commissioner
ADARO INDONESIA, PT	2019	Phisol Chansri	Commissioner (effective as of October 1, 2020)
ADARO INDONESIA, PT	2020	Chia Ah Hoo	President Director
ADARO INDONESIA, PT	2020	Hendri Tamrin	Director
ADARO INDONESIA, PT	2020	Djohan Nurjadi	Director
ADARO INDONESIA, PT	2020	Heri Gunawan	Director
ADARO INDONESIA, PT	2020	Priyadi	Director
ADARO INDONESIA, PT	2020	Lili Pratiwi	Director
ADARO INDONESIA, PT	2020	Setya Ari Wibowo	Director (effective as of March 1, 2021)

Company's Names	Year	Management	Position in Company
ADARO INDONESIA, PT	2020	Garibaldi Thohir	President Commissioner
ADARO INDONESIA, PT	2020	Christian Ariano Rachmat	Commissioner
ADARO INDONESIA, PT	2020	Mohammad Syah Indra Aman	Commissioner
ADARO INDONESIA, PT	2020	Lie Luckman	Commissioner
ADARO INDONESIA, PT	2020	Julius Aslan	Commissioner
ADARO INDONESIA, PT	2020	Phisol Chansri	Commissioner

Source: EMR, 2020

### 8.3. Developments in Information Technology Integration

#### 8.3.1. Developments in Oil and Gas Information Technology

Building good governance in the oil and gas subsector requires the management of resource, which includes data. One of the challenges for Indonesia is how to have a strong management system because the country currently adopts cost recovery and gross split PSCs, each with different terms and conditions. To deal with this challenge, the central government has created integrated cross-sectoral platforms to accommodate data on mandatory payments to the state by extractive industries companies.

#### A. Online Oil and Gas Data

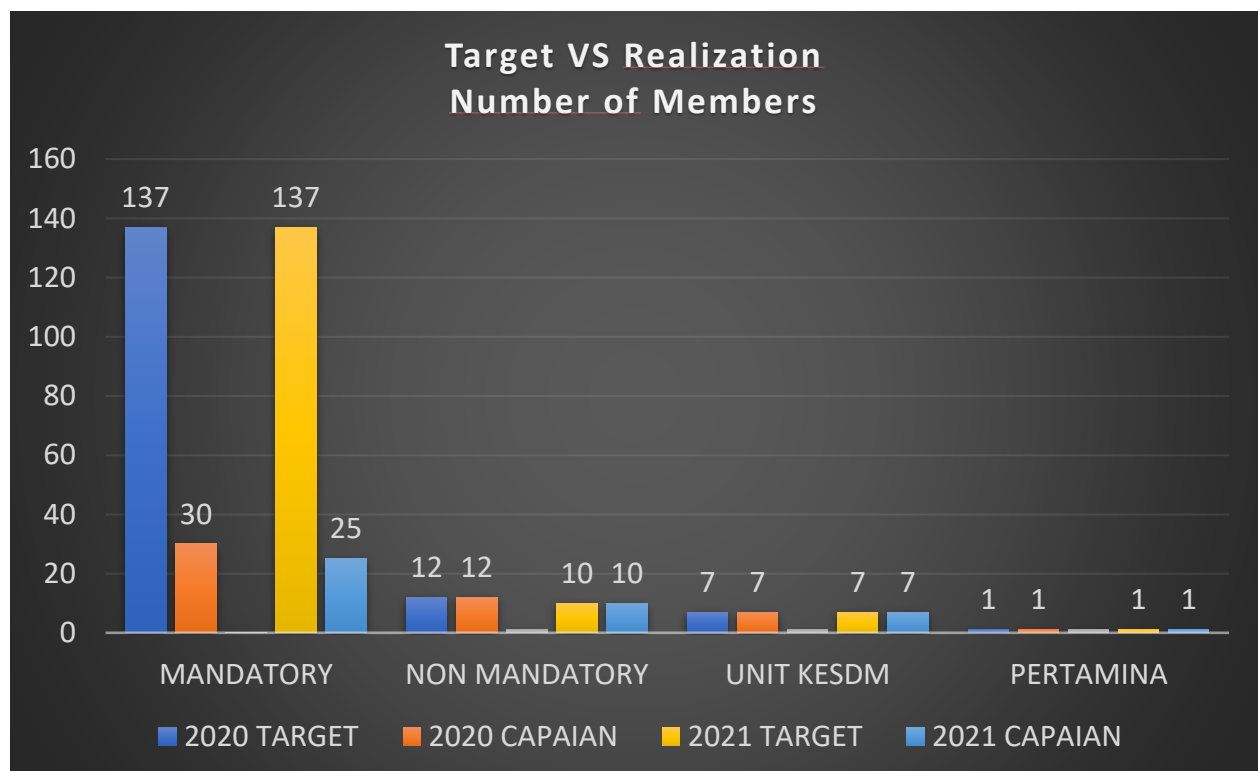


To support the implementation of the oil and gas data use policy as set out in Regulation of Minister of EMR No. 7 of 2019, an Oil and Gas Data Repository (MDR) was developed to manage and serve the needs for national oil and gas data. The MDR can be accessed through

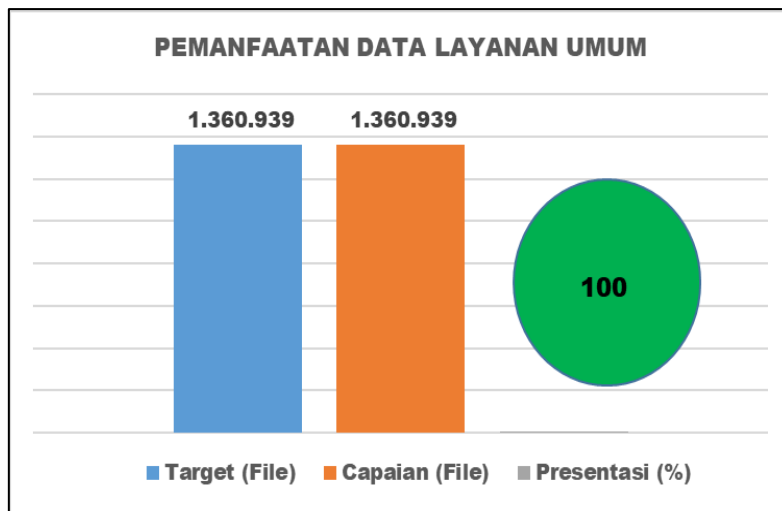
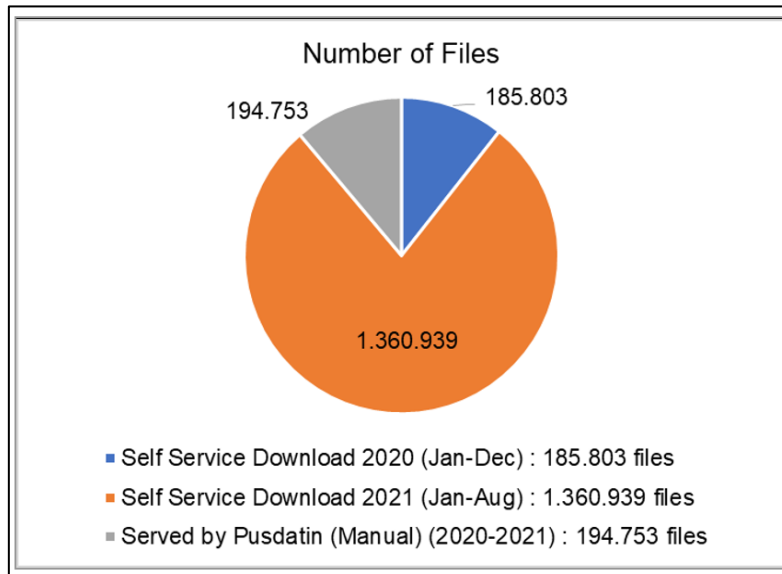
<https://datamigas.esdm.go.id/>

Reviews on the MDR have continued to be carried out to facilitate investors and data users in using upstream oil and gas data. In 2021, there is a plan to update the MDR into Migas Data Repository Enterprise (MDRE) 2.1. Improvements to MDRE 2.1 will be proposed in the amendment to Regulation of Minister of EMR No. 7 of 2019, among others:

- Improvement to data handover and management processes;
- Addition to data types and utilization mechanism;
- Changes to Membership System categories (to become Work Area-based), and the costs are met by PSC Contractors' operation costs.



**Figure 63 Target vs Realization of MDR Membership**



**Figure 64 Target and Realization of General Data Services**

## **B. Perizinan ESDM**

An application called 'Perizinan ESDM' (literally, EMR Licensing) is integrated with 56 out of 70 licensing services. It is also integrated with the Online Single Submission (OSS) and Taxpayer Status Confirmation (KSWP) applications of the Directorate General of Tax. This application shows the commitment of the Ministry of EMR to the meeting of the *Stranas* PK actions, particularly on improving services and compliance with licensing and investment regulations.

### **8.3.2. Developments in Mineral and Coal Information Technology**

The Ministry of EMR has continuously innovated to organize and improve mining activities, in particular, in the production and marketing of minerals and coal. As an

effort to monitor sales in the mining business, the Ministry of EMR through the Directorate General of Mineral and Coal has developed the MOMS application into a Sales Verification Module (MVP). Integrated with the MODI and MOMS applications, the MVP facilitates verification of coal sales and issuance of Surveyor Reports. Online verification is carried out for handover transactions of coal, including data collection on the origin, quality and quantity of coal, the amount of non-tax state revenues, and destination of sales. The Directorate General of Mineral and Coal appoints surveyors to perform the verification. The below **Table 75** shows the information technology systems in operation in the Mineral and Coal subsector between 2019 and 2020.

**Table 75 Mineral and Coal Information Technology Systems**

Systems	MOMI	MODI	MOMS	e-PNBP	MVP	EMS	EDW
Owner	DBPMB		DBMB	DBN	DBMB		
Company Types	PKP2B, KK, IUP Exp, IUP Op, IUP OPK OM & AJ		PKP2B, KK, IUP Exp, IUP Op	PKP2B, KK, IUP Exp, IUP Op	Surveyor & IUP OPK AJ	PKP2B, KK, IUP Exp, IUP Op	
Data	<b>Spatial Data</b>  WIUP/ WIUPK	<b>WIUP/ WIUPK, (Area Size)</b>	<b>Mineral and Coal Resources and Reserves</b>	Tariffs	LHV	Competent Person(s)	Drilling
	<b>Forestry Areas</b>	IUP/KK/PKP2B Profiles	- Production plan (per block per month) - Realized production (per block per day)		Sales Destination	Exploration Performance	
	<b>Thematic Maps (Smelters, Mine Concession Areas)</b>	Locations	- Sales plan (export, domestic per month) - Realized sales (CoW, CoA, Sales prices, export and domestic buyers)		Commodity Sources		
		Activity Stages	Inventory				

Remarks:

DBPMN : Directorate of Mineral and Coal Programs Fostering

DBMB : Directorate of Mineral and Coal Businesses Fostering

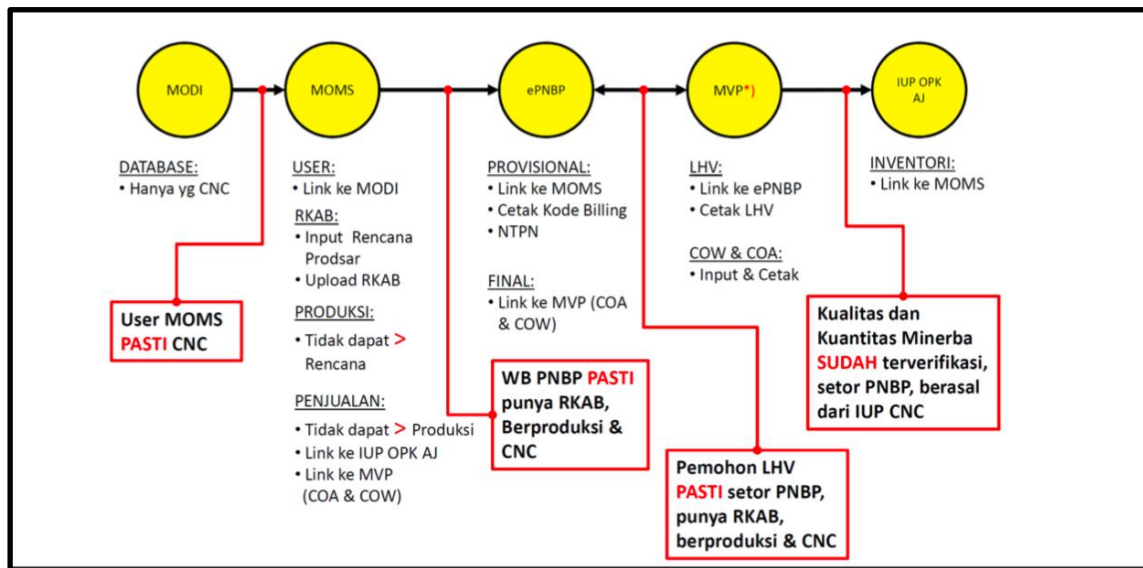
DBN : Directorate of Mineral and Coal Revenues

OM : Processing & Refining

AJ : Transport & Sales

Source: DG Mineral & Coal, MEMR, 2020

Monitoring Mechanism between MODI, MOMS, MVP, E-PBNP



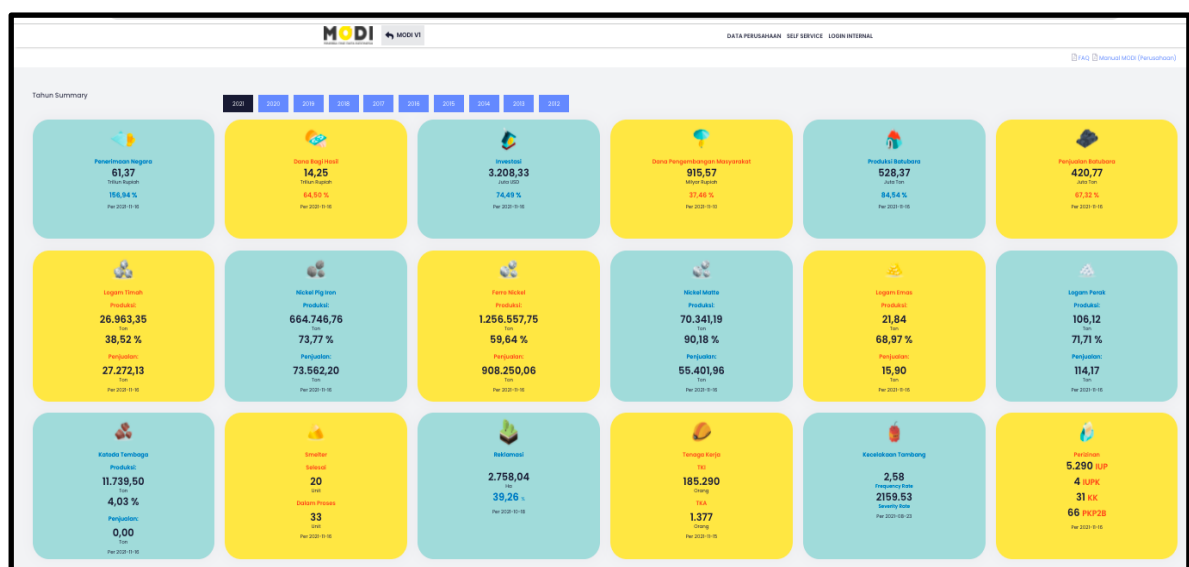
### A. Mineral and Coal One Map Indonesia (MOMI)

MOMI is a geographic information system on mining areas. MOMI is accessible via <https://momi.Mineral and Coal.esdm.go.id>.

### B. Mineral and Coal One Data Indonesia (MODI)

MODI showcases “summary data” of mineral and coal mining activities. It presents annual data historically and is accessible via <https://modi.Mineral and Coal.esdm.go.id>.

Almost all operational data at the Directorate General of Mineral and Coal is accessible via MODI. The data in MODI is updated regularly. MODI has been developed so that companies and regional governments can access and update data independently.





MODI serves as not only the storage of data résumé but also a database of company and licenses data. MODI generates a single ID (WIUP CODE) so that companies can report their transactions via other applications within the Directorate General of Mineral and Coal, for example MOMS and E-PNBP. Thus, MODI is an online platform that integrates data from mining companies in Indonesia. The following table shows the number of licenses registered at MODI from 2018 to 2020.

**Table 76 Number of Licenses Registered at MODI 2018-2020**

License Types	2018	2019	2020
IUP	5,560	3,161	5,395
PKP2B	68	67	66
KK	32	31	31
IUJP	619	619	693
Refining IUPOPK	20	51	87
Transportation IUPOPK	478	718	1.101
IUPK	2	2	3
IPR	112	16	14

Source: MODI of MEMR

The above **Table 76** shows that the number of licenses, especially IUP, declined in 2019. This resulted from reconciliation that was carried out in 2018. Licenses that expired and/or were not extended were dropped out of the database. In 2020, there were three IUPK, namely Amman Mineral Nusa Tenggara, Arutmin Indonesia, and Freeport Indonesia.

Mining companies data stored in MODI consists of a number of menus, as follows:

- company profile, which includes company name, company address, owners/shareholders, composition of the board of directors, taxpayer identification number (NPWP);
- address, namely initial address of company;
- board of directors, which refers to the composition of the board of directors at the time the company is first established and the first change in the composition of the board of directors;
- licensing information, which is made up of license number, stage of activity, mining license code (WIUP code), commodity name, size (in hectares), effective date, expiration date and CnC stage, and location.

Mineral and coal mining business in Indonesia is performed under Mining Business Licenses (IUP). Under Law No. 3 on 2020 Mineral and Coal Mining, IUPs are classified into:

1. Exploration IUP
2. Exploration IUPK
3. Operation Production IUP
4. Operation Production IUPK
5. Operation Production IUP Special for Processing and/or Refining
6. IUJP (Mining Services Izin Usaha Jasa Pertambangan)

### C. Mineral and Coal Online Monitoring System (MOMS)

MOMS is an application used by business entities to report production and sales in the mineral and coal subsector. The application manages data in real time and accurately, and is accessible internally and externally by the top management.

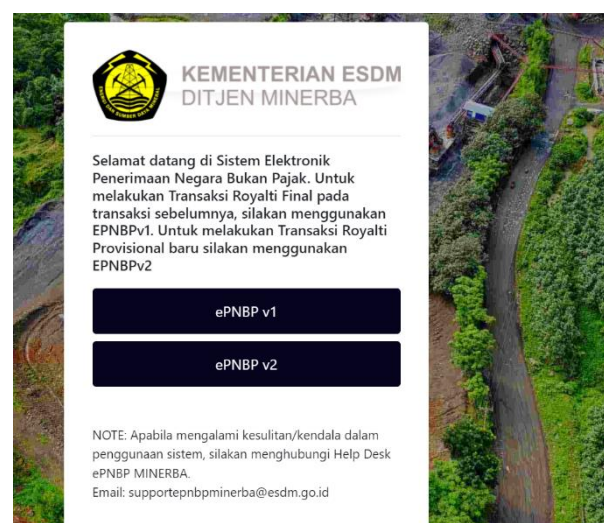
### D. MVP

The Sales Verification Module (MVP) was developed from MOMS. MVP is used by surveying companies for verifying coal sold by IUP OP, IUP OP, and PKP2B. After verification is complete, surveying companies issue a Verification Report (LHV), which is a requirement for the issuance of a sailing order by the Harbormaster's Office and the Port Authority. MVP is accessible via <https://mvp.esdm.go.id>.



### E. Electronic Non-Tax State Revenues (e-PNBP)

The e-PNBP application presents information on the names of companies that must pay PNBP, the amount of PNBP payment that is due, and its due date. e-PNBP is synergized with MODI for data on NPWP and area size. This application can reduce operational costs and prevent potential collusion and corruption between companies and evaluators.



## F. Online Licensing System

The Online Mineral and Coal Licensing system at <https://perizinan.esdm.go.id> is expected to cut red tape and promote equal treatment in the licensing process. The application is being integrated with those in use at the Investment Coordinating Board (BKPM).

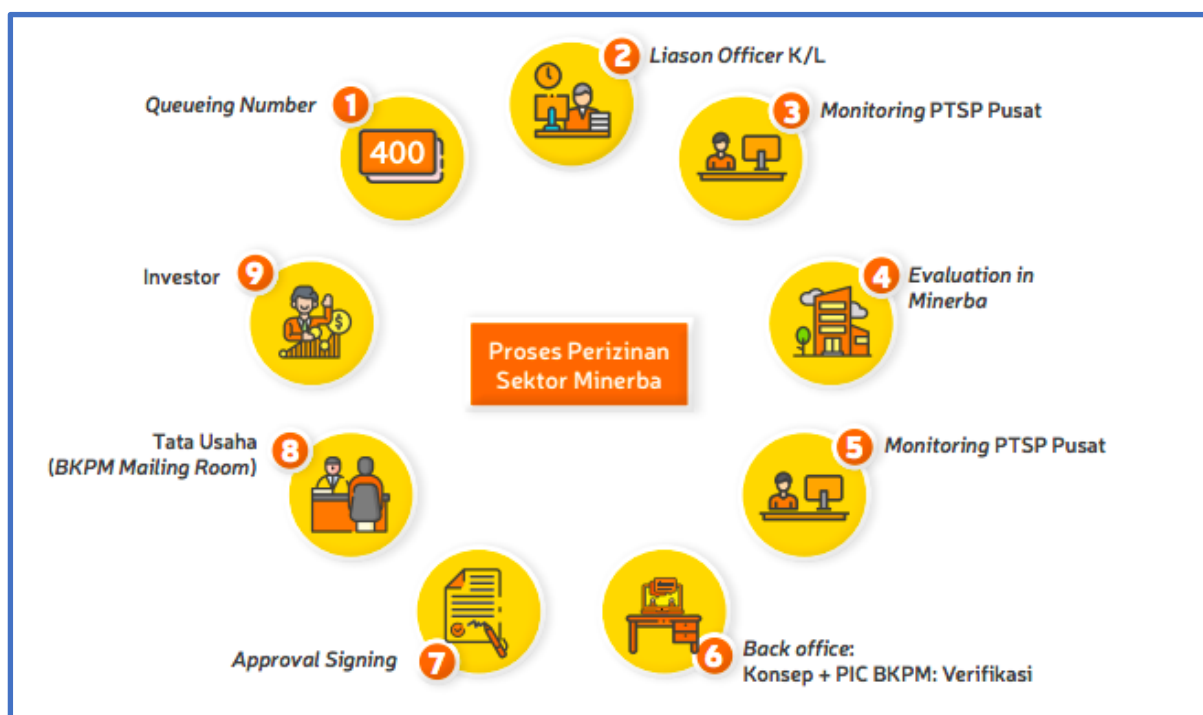
BKPM serves various types of business fields. For the mineral and coal subsector, the licensing flow is presented in the following figure. The mineral and coal licensing process takes 14 working days and can be monitored online.

## G. Mineral dan Batubara Investment System (SIMBARA)

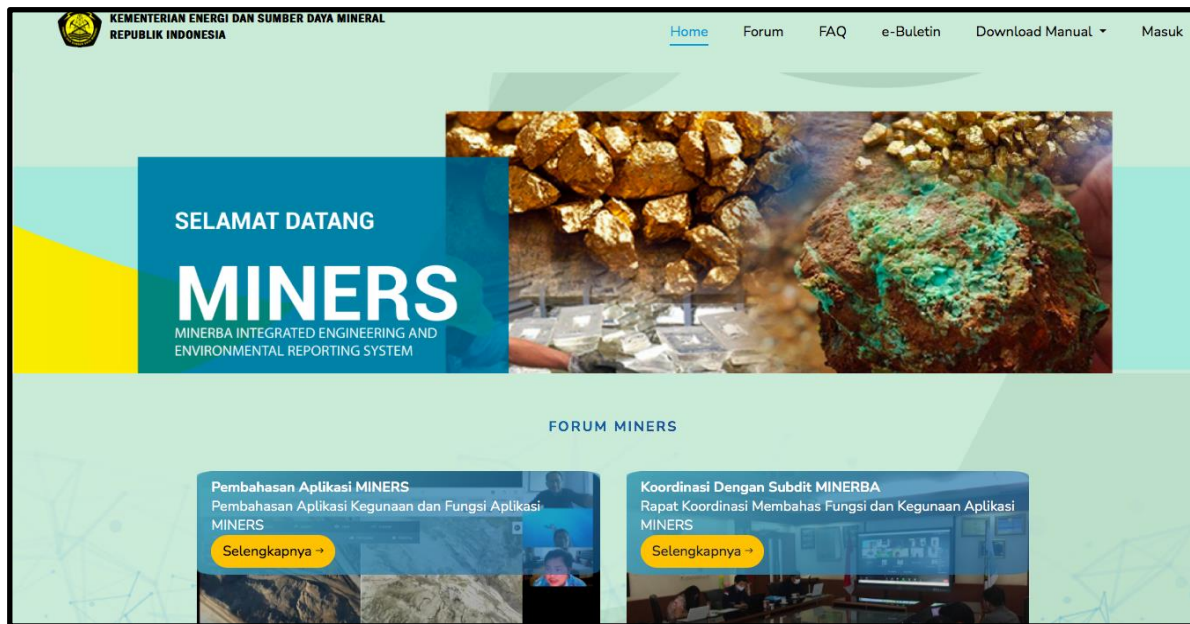
SIMBARA was developed from open-source software. It can be synchronized with zoning and data systems, namely Mineral and Coal One Map Indonesia (MOMI) and Mineral and Coal One Data Indonesia (MODI). These systems are accessible through <https://investasi.Mineral and Coal.esdm.go.id/>.

## H. Mineral and Coal Integrated Engineering and Environment Reporting System (Miners)

The Miners application is used to support the supervision of the technical and environmental aspects of mining business. By using Miners, report recapitulation is faster while the monitoring of the supervision and reporting follow-ups easier. Miners is used by business entities, IUP holders, provincial mining service offices as well as mine inspectors and mining engineering heads. The Miners application is accessible via <https://miners.Mineral and Coal.esdm.go.id>



Source: BKPM



## I. Georima

GeoRIMA (Geological Resources of Indonesia-Mobile Application), <https://georima.esdm.go.id>, is an android and web-based application that provides information on the location of potential mineral, coal, and geothermal resources and reserves across Indonesia. Information is searchable by commodity, province, and region/city. GeoRIMA was developed by the Center for Coal and Geothermal Mineral Resources (PSDMBP) of the Geology Agency, and it offers features such as resources and reserves distribution map, statistics, searches, literature, and study results. GeoRIMA data comes from reconciliation of resource and reserve data reported by business entities to the Directorate General of Mineral and Coal and the Directorate General of New, Renewable Energy and Energy Conservation as well as the results of surveys by the Geological Agency. The spatial data and attribute information of GeoRIMA are constantly synergized with the data of ESDM One Map because data on mineral, coal, and geothermal potential are 3 Thematic Geospatial Information (IGT) of the 158 Thematic Maps under Presidential Regulation No. 23 of 2021 that complies with the Indonesian Catalog of Geographical Elements (KUGI) version 5.

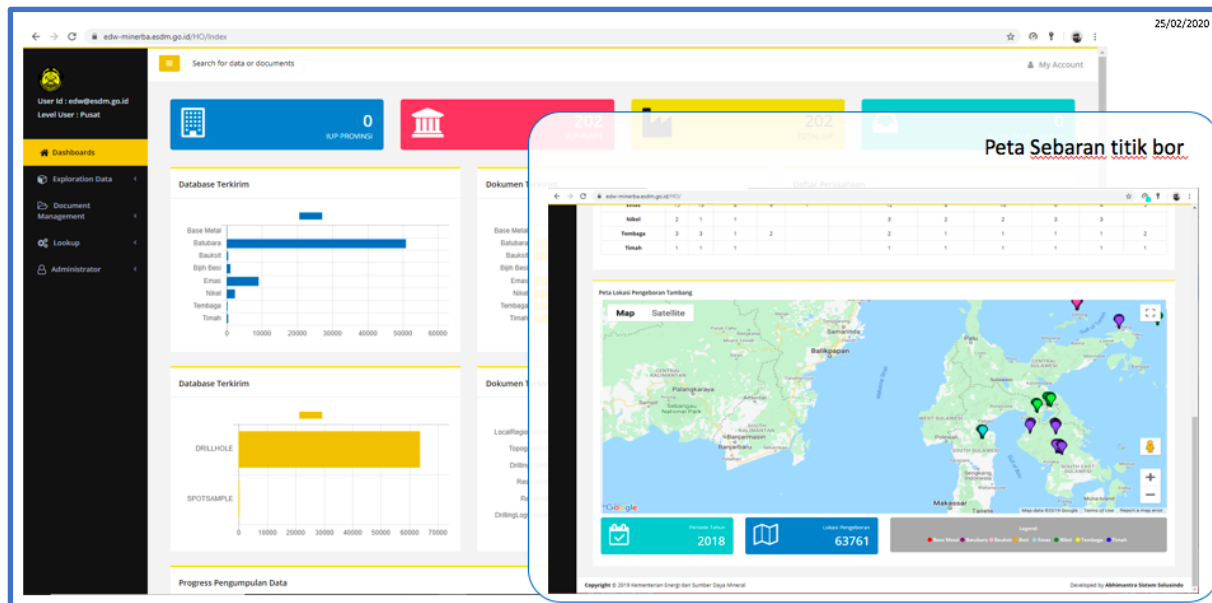


## J. Exploration Data Warehouse (EDW)

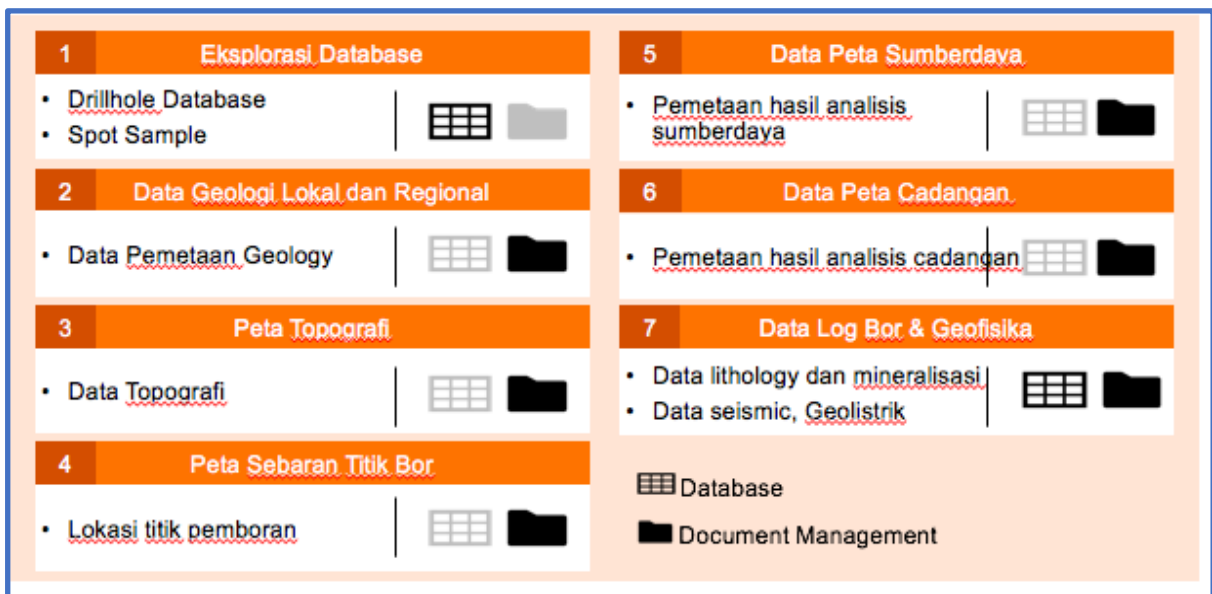
EDW is an application that collects exploration data, namely resource and reserve data, and presents them digitally for easy access, processing, and visualization. Exploration data is one of the references in calculating the price for work area tender and determining State Reserve Areas (WPN). All KK, PKP2B, and IUP holders must submit exploration data in a digital format (csv and/or other formats) to the government. Exploration data results from mapping, well tests, trench tests, drilling, geophysical surveys as well as geochemical surveys and analysis.

The data in the EDW is arranged according to the stage of exploration activities. The data can be stored in the form of raw data (database) or interpretation data (document management). Such centralized database can speed up the search process and improve the quality of communication between central and provincial government stakeholders. The authorization of the central government and that of the regional governments are regulated according to their respective duties, functions, and authorities. At the same time, mining companies have the option of collecting data to facilitate access to data. To access <https://edw-Mineral and Coal.esdm.go.id/>, authorization is required according to access right.





#### Tahapan Kegiatan



## K. TENDER FOR MINING BUSINESS LICENSE AREAS

To obtain IUP, business entities must first participate in a WIUP and WIUPK tender. Regional governments invite tenders for WIUP according to their authority, while central government seeks WIUPK tenders by prioritizing SOEs and regional government-owned enterprises (BUMD). If no SOEs or BUMDs express their interest, private companies are invited to the tender. An application called e-tender WIUPK has been developed to ensure WIUPK tenders are more effective, transparent, and accountable while facilitating ease of obtaining tender information

and submitting prequalification documents. e-lelang WIUPK is accessible via <https://wilayah-Mineral and Coal.esdm.go.id>.

The procedure for WIUPK tenders are laid down in Decision of Minister of EMR No. 1789/K/30/MEM/2018 on Guidelines for Preparing, Deciding, and Granting Mining Business License Areas and Mining Business License Areas Special for Minerals and Coal.

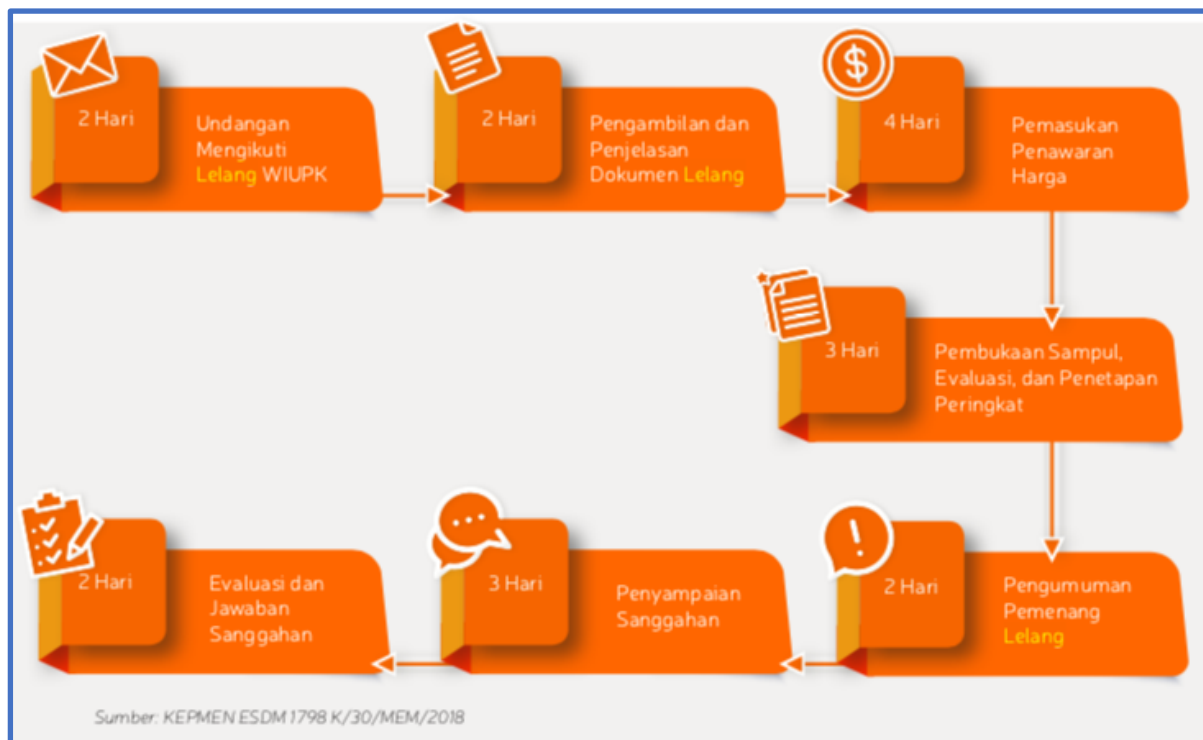
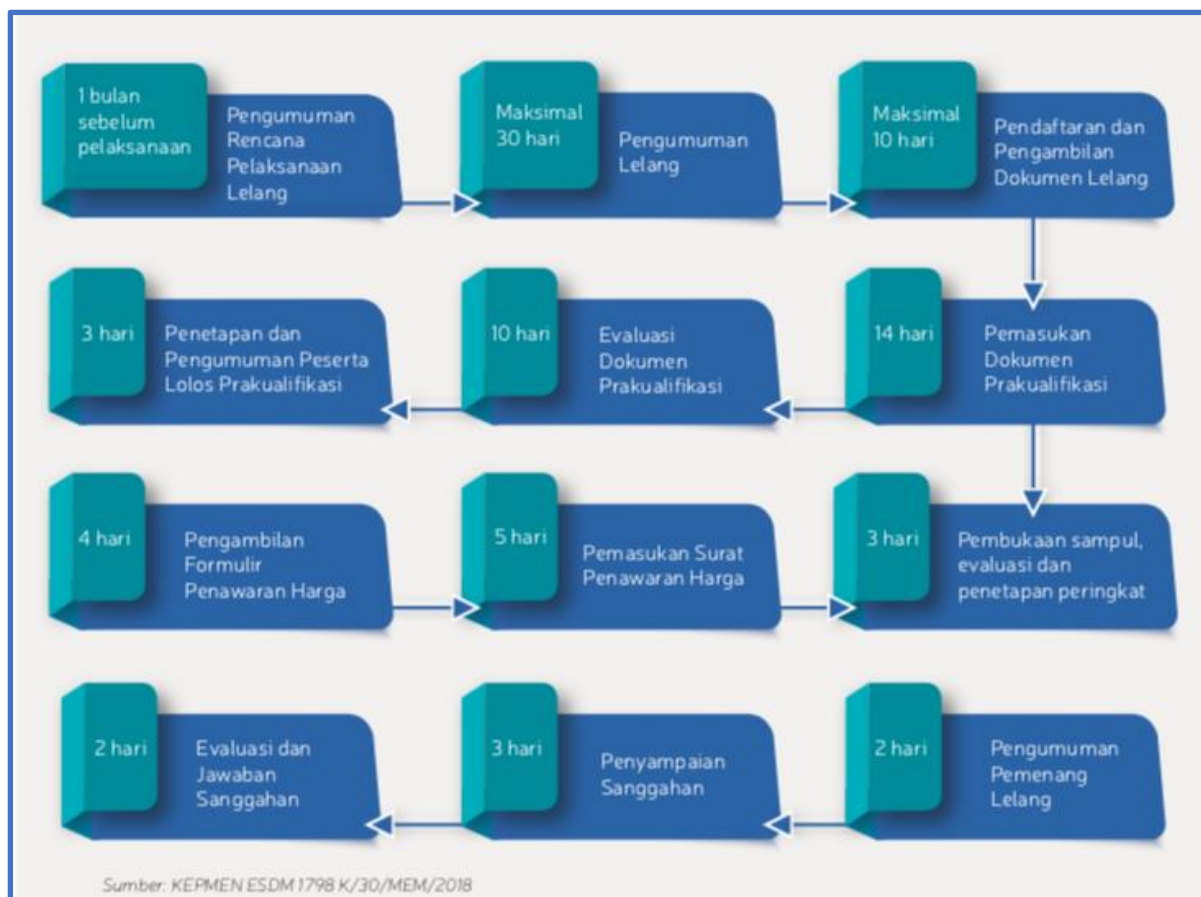


Figure 65 WIUP/WIUPK Tender Procedure for SOEs/BUMD



**Figure 66 WIUP/WIUPK Tender Procedure for Business Entities**

#### **L. SIDARA**

SIDARA stands for Data and Information System for State Revenues from the EMR Sector. State Revenues from the EMR Sector consist of tax revenues and non-tax revenues (PNBP). SIDARA is accessible via <https://sidara.esdm.go.id> by PNBP administrators and the top management of the Ministry of EMR. SIDARA offers accurate and accountable data on the target and realized PNBP in the last 5 years by account, PNBP type, and natural resource commodity as well as those on the target and realized PNBP in the last 5 years by work unit and ministerial unit.

The data dan information come from PNBP data managed by the Ministry of EMR, energy and mineral resources taxes data managed by the Direktorat General of Taxes as well as oil and gas natural resources PNBP and geothermal PNBP data managed by the Direktorat General of Budget.

#### **M. SIMTRADA**

SIMTRADA belongs to the Ministry of Finance and is used to convey information on Transfer to Regions and Village Funds (TKDD) from the central government to



regional governments and vice versa. The public has a limited access to SIMTRADA via <https://www.djpk.kemenkeu.go.id/simtrada/>.

61 Dana Bagi Hasil		1,140,422,542,955	1,138,917,959,573	99.87%
6111 Dana Bagi Hasil Pajak Penghasilan		250,290,867,449	250,290,867,449	100%
611111 DBH PPh Pasal 21		243,855,779,004	243,855,779,004	100%
611112 DBH PPh Pasal 25/29 OP		6,435,088,445	6,435,088,445	100%
6112 Dana Bagi Hasil Pajak Bumi dan Bangunan		287,398,181,473	287,398,181,473	100%
611211 DBH PBB Bagian Daerah untuk Provinsi		45,714,954,078	45,714,954,078	100%
611212 DBH PBB Bagian Daerah untuk Kabupaten/Kota		172,126,823,533	172,126,823,533	100%
611213 DBH PBB Biaya Pemungutan untuk Provinsi		1,887,623,433	1,887,623,433	100%
611214 DBH PBB Biaya Pemungutan untuk Kabupaten/Kota		5,304,465,947	5,304,465,947	100%
611215 DBH PBB Bagi Rata		62,364,314,482	62,364,314,482	100%
6121 Dana Bagi Hasil Sumber Daya Alam Minyak Bumi		245,140,121,858	245,140,121,858	100%
612111 DBH SDA Minyak Bumi 15%		56,688,985,612	56,688,985,612	100%
612113 DBH SDA Minyak Bumi Otonomi Khusus		188,451,136,246	188,451,136,246	100%
6122 Dana Bagi Hasil Sumber Daya Alam Gas Bumi		270,822,928,979	270,822,928,979	100%
612211 DBH SDA Gas Bumi 30%		84,628,551,149	84,628,551,149	100%
612213 DBH SDA Gas Bumi Otonomi Khusus		185,994,377,830	185,994,377,830	100%
6123 Dana Bagi Hasil Sumber Daya Alam Mineral dan Batubara		48,135,074,651	48,135,074,651	100%
612311 DBH SDA Mineral - Iuran Tetap		2,872,675,418	2,872,675,418	100%
612312 DBH SDA Mineral - Royalti		45,262,399,233	45,262,399,233	100%
6124 Dana Bagi Hasil Sumber Daya Alam Panas Bumi		1,214,671,454	1,214,671,454	100%
612412 DBH SDA Panas Bumi - Iuran Tetap		784,650,904	784,650,904	100%
612413 DBH SDA Panas Bumi - Iuran Produksi		430,020,550	430,020,550	100%
6125 Dana Bagi Hasil Sumber Daya Alam Kehutanan		396,946,520	372,889,420	93.74%
612512 DBH SDA Kehutanan - PSDH		394,599,513	369,742,413	93.71%
612513 DBH SDA Kehutanan - Dana Reboisasi		2,347,007	2,347,007	100%
6126 Dana Bagi Hasil Sumber Daya Alam Perikanan		18,130,354,647	18,130,354,647	100%
612611 DBH SDA Perikanan		18,130,354,647	18,130,354,647	100%

Information at the national, provincial, regional/municipal levels is available by year or by account. The information includes:

- Revenue Sharing Funds
  - revenue sharing fund from income tax
  - revenue sharing fund from land and building tax
  - revenue sharing fund from oil resource non-tax revenues
  - revenue sharing fund from natural gas resource non-tax revenue
  - revenue sharing fund from mineral and coal resource non-tax revenue
  - revenue sharing fund from geothermal resource non-tax revenue
  - revenue sharing fund from forestry resource non-tax revenue
  - revenue sharing fund from fishery resource non-tax revenue
  - revenue sharing fund from tobacco excise tax
- Transfer of general allocation fund
  - Transfer of General Allocation Fund
- Special Allocation Fund for Physical Development
  - Special allocation fund for regular development
  - Special allocation fund for regional public infrastructure and assigned development
  - Special allocation fund for affirmative development
- Transfer of special autonomy funds, special fund for the Special Region of Yogyakarta, and regional incentive fund

- Transfer of Special Autonomy Fund of Aceh Province
  - Regional Incentive Fund
- Special Allocation Fund for Non-Physical Development
  - Teacher Allowance Fund (TPG) and Special Allowance for Civil Servant Teachers Assigned at Special Regions
  - Extra Allowance Fund for Civil Servant Teachers
  - School Operational Assistance Fund (BOS)
  - Health Operational Assistance and Family Planning Operational Assistance Funds
  - Capacity Building Funds for Cooperatives, Small and Medium Enterprises, Employment, and Population Management
  - Operational Assistance Fund for Early Childhood Education
- Village Fund
  - Village Fund

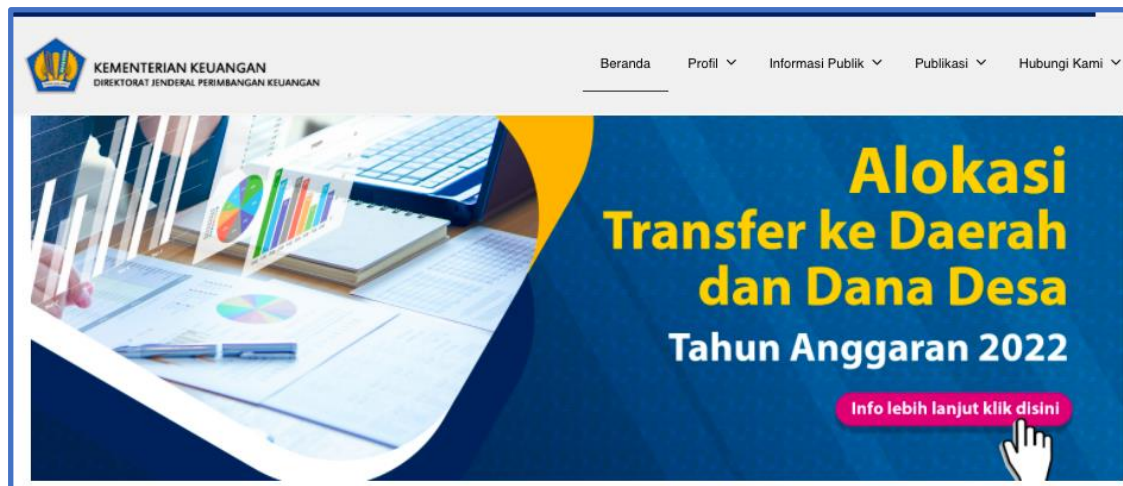
#### **N. Regional Fiscal Information System (SIKD)**

SIKD documents, administers, and processes regional fiscal management data and other relevant data into public information. It also offers materials for decision making in the context of planning, implementing, and reporting on the accountability of regional governments (Article 1 section 3 of Regulation of Minister of Finance Number 74/PMK.07/2016 on Implementation of Regional Fiscal Information System). Regional SIKD are integrated in a National SIKD, which is accessible for the relevant users according to their authority via <http://sikd.djpk.kemenkeu.go.id/NewSIKD/index.jsf>.

Information on transfers to regions and village funds can also be accessed from the website of the Directorate General of Fiscal Balance (DJPK). To demonstrate transparency in the TKDD management, after the funds are determined by the House of Representatives and before a presidential regulation on the management of the funds is issued, DJPK publishes the following year TKDD allocation on their website <http://www.djpk.kemenkeu.go.id>.

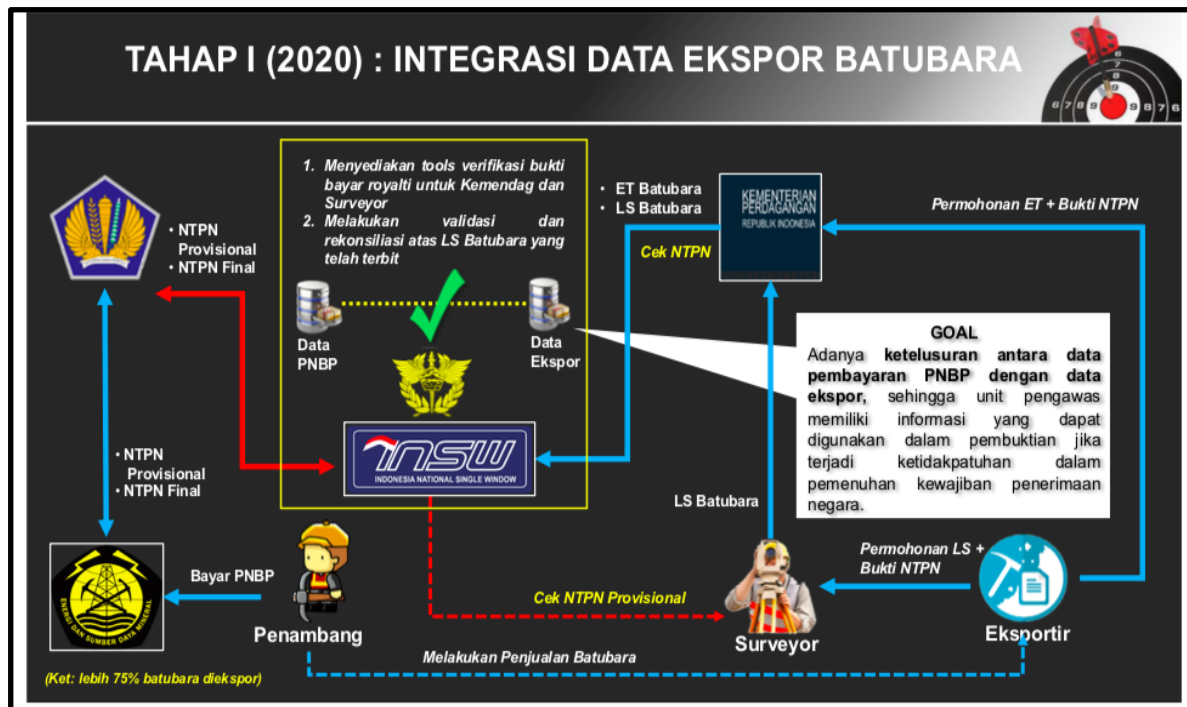
The data in SIKD include:

- regional fiscal data, which among others presents information on Regional Government Budget (APBD) and its monthly realization;
- data from the SIMPATIK application, which includes cash position and expenditure estimates;
- data on national economic recovery in regions, such as data on Covid-19 handling, social safety nets, and economic impacts.

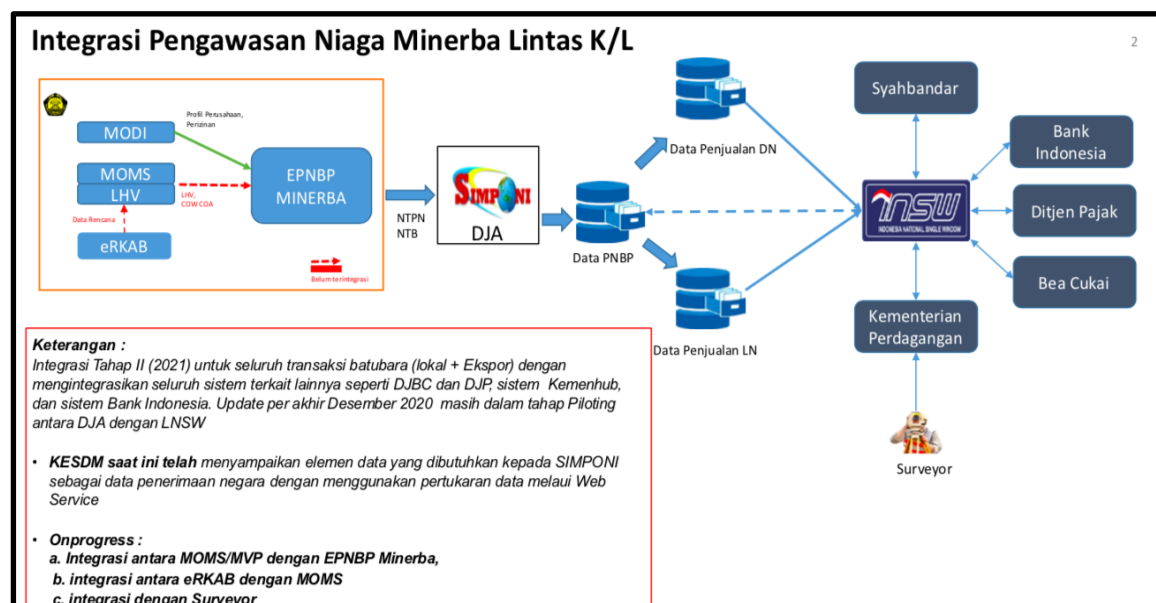


## **O. Cross-Ministerial/Agencies Joint Business Process to Supervise Coal PNBP**

To optimize state revenues, settle differences in coal export data between the Ministry of Trade, the Ministry of EMR, and the Directorate General of Customs and Excise of the Ministry of Finance as well as resolve mismatches between coal volume and quality sold by business actors as the basis for royalties calculation, there needs to be an integrated system to supervision coal sales. Currently, supervision of the commodity is still carried out on a sectoral basis and there is no data sharing between state ministries/agencies that can be used to optimize services and management of the coal sector. For this reason, the Indonesia National Single Window (INSW) is expected to synergize applications across state ministries/agencies so that movement/sales/handover of coal can be recorded accurately. This way, state ministries/agencies can serve, supervise and/or formulate coal policies to improve the governance of natural resources. At the end of December 2020, piloting was still conducted between the Directorate General of Budget and the National Single Window Agency (LNSW).



The supervision of mineral and coal trade reporting across state ministries/agencies has continued to improve. In 2021, local and export coal transaction systems, such as those at the Directorate General of Customs and Excise and the Directorate General of Taxes, at the Ministry of Transportation, and at Bank Indonesia, were integrated. At the same time, the integration between MOMS, LHV and the e-PNPB Mineral and Coal was in progress. The results of the integration will be synergized with SIMPONI in phase 2.

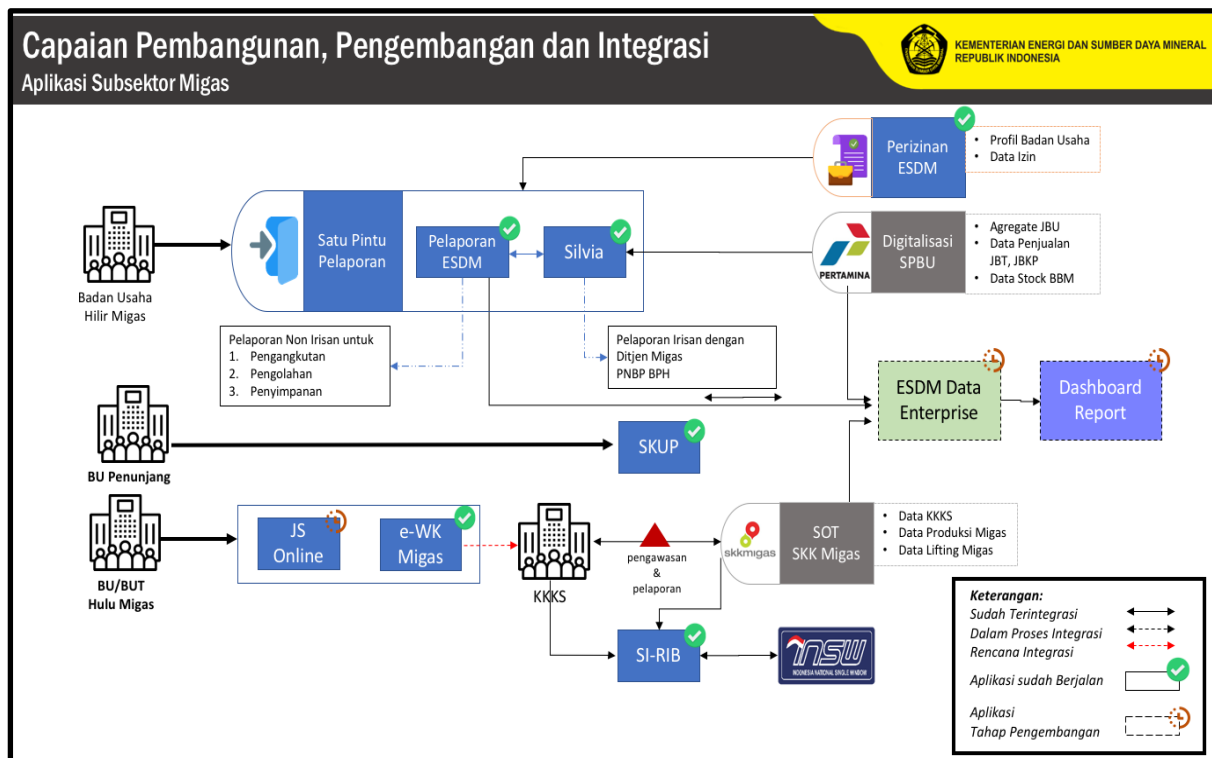


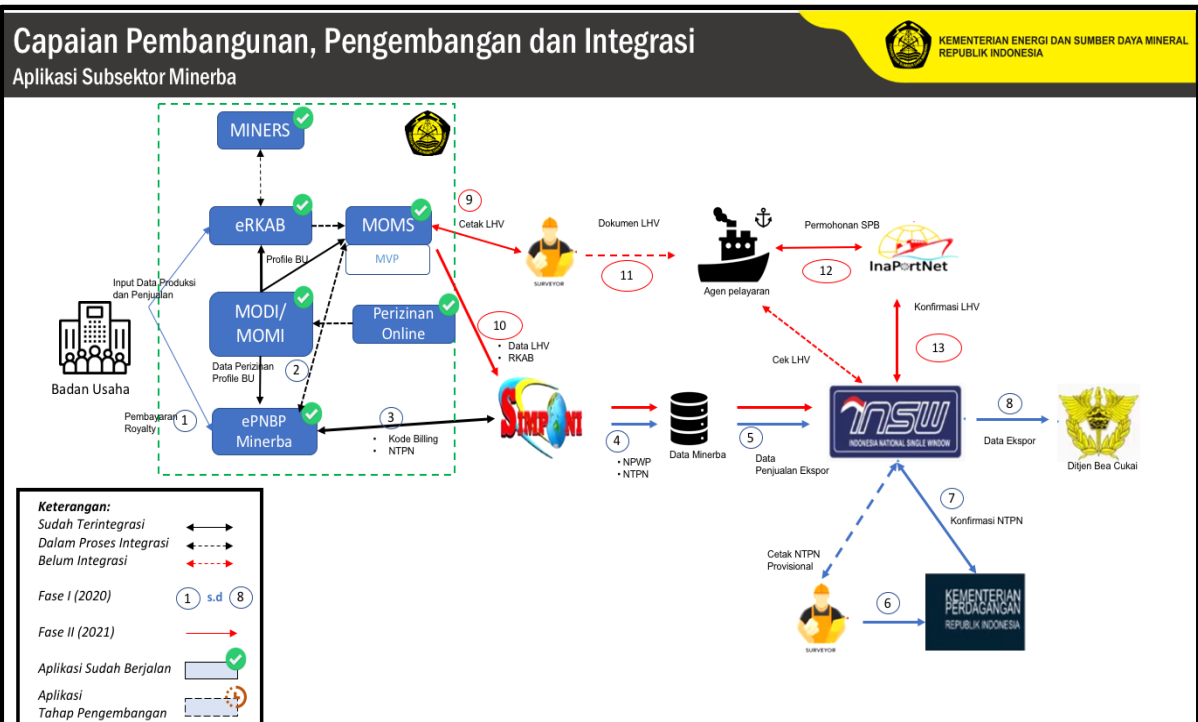
### 8.3.3. Mainstreaming Implementation

In 2018, a number of online applications were launched, such as Mineral and Coal online licensing, MOMI, MODI, MOMS, and e-PNBP. In 2019, new applications were also launched, including eRKAB, Sikembar, EMS, EDW, MVP, SIPP, eRekon, eDBH, Miners Inspector, eLelang, Dashboard MOMS, and Beneficial Ownership (BO), but these were mostly stand-alone applications. Therefore, in 2020, the applications were further developed, and later integrated. Self-service entry by business entities is allowed if there are any changes in the board of directors information, but the central government monitors and evaluates such changes. The self-service entry is aimed at promoting an efficient licensing process.

The development of ESDM Data Enterprise is expected to:

- Realize one data in the EMR sector;
- Provide more accurate and accountable data on the principle of Single Source of Truth (SSOT);
- Provide more updated data;
- Ease presentation of data (tabular, graphic, spatial);
- Clear the way for data producers to access each other's data;
- Optimize the service of external data.





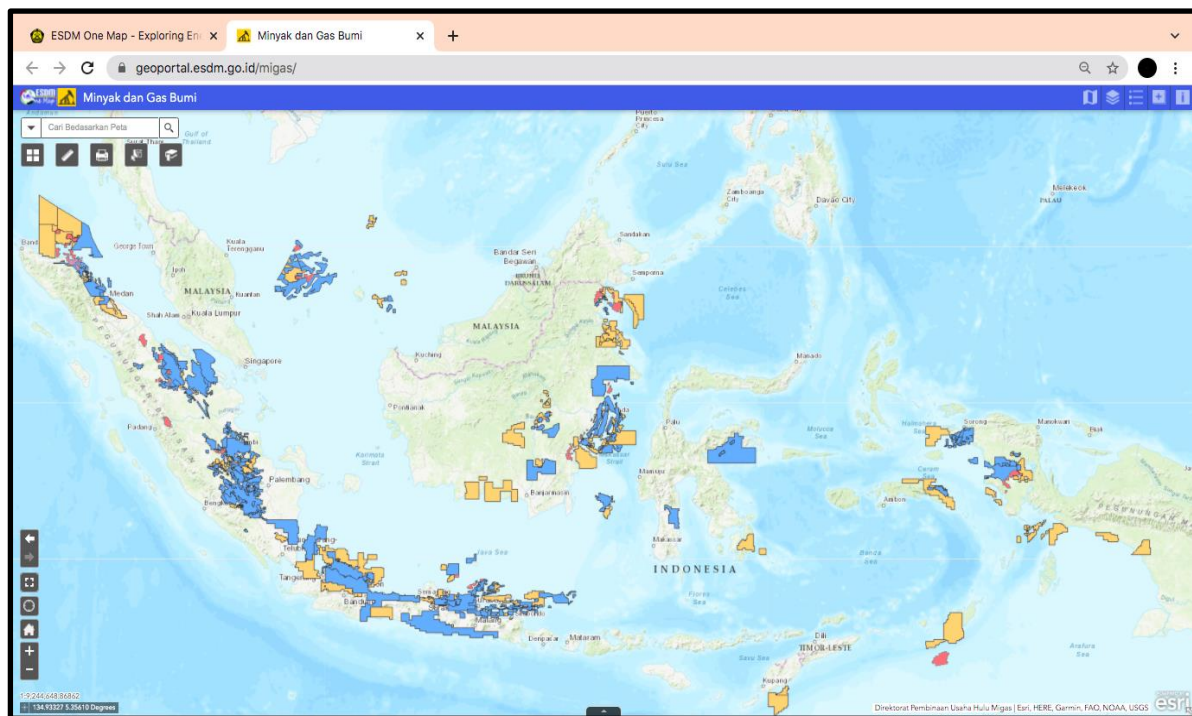
## ESDM One Map

Almost all spatial data in the EMR sector are available on GEOPORTAL ESDM, which is accessible via <https://geoportal.esdm.go.id/>. The GEOPORTAL ESDM offers data on geological potential (minerals, coal, geothermal, solid bitumen, and Coal Bed Methane/CBM), mining business license areas, oil and gas work areas, geothermal work areas, upstream oil and gas (wells, refineries, 2D seismic, and 3D seismic), forest areas, and electricity infrastructure (power plants, substations, transmission networks, and distribution networks). It is also integrated with the spatial data storage of a number of state ministries or agencies, for example the Ministry of the Environment and Forestry; Meteorology, Climatology, and Geophysical Agency (BMKG), Center for Hydro-Oceanography of the Indonesian Navy (Pushidros TNI AL), and Geospatial Information Agency. The geoportal also presents topographic maps, which are regularly updated along with map update by BIG.

The ESDM One Map is a manifestation of the Economic Policy Package Phase 8 and Presidential Regulation No. 9 of 2016 on the Acceleration of the One Map Policy Implementation on a Scale of 1:50,000. At first, the ESDM One Map housed a total of 17 thematic maps of the EMR sector, and these maps complied with the existing standards as well as the compilation and integration process. Based on Decision of Minister of EMR No. 2192 K/03/MEM/2017 on the Appointment of the Energy and Mineral Resources Data and Information Technology Center as the Administrator of Thematic Geospatial Information Network Node for the Energy and Mineral Resources Sector, Pusdatin ESDM has a duty to prepare the work procedures for managing thematic geospatial information as well as provide the infrastructure for managing



spatial data.



Presidential Regulation No. 9 of 2016 on the Acceleration of the One Map Policy Implementation on a Scale of 1:50,000 was amended by Presidential Regulation No. 23 of 2021. The latest presidential regulation contains addition of thematic geospatial information maps of the EMR while updating 17 thematic maps that were previously covered by Presidential Regulation No. 9 of 2016. The thematic maps of the EMR sector are as follows:

1. Map of Indonesian Geothermal Work Areas and Assignment Areas
2. Groundwater Basin Map
3. Liquefaction Vulnerability Map
4. Indonesian Active Faults Map
5. Oil and Gas Fuel Terminals Distribution Map
6. Oil Refinery Locations Distribution Map

#### 8.4. Contract Disclosure

Indonesia is committed to adopting the EITI policy on contract disclosure under EITI Requirement 2.4. In May 2021, EITI International Secretariat issued a EITI Requirement 2.4 Contract Guidance Note.

The Guidance Note sets out 5 technical steps to comply with EITI Requirement 2.4 for contract disclosure, as follows:

1. Discuss the objectives of contract disclosure and agree on a contract disclosure action plan;

2. Engage stakeholders and carry out capacity building;
3. Identify and publish a list of active contracts;
4. Be aware of the current status of contract disclosure and develop a plan to resolve challenges to contract disclosure; and
5. Carry out comprehensive contract disclosure.

The Indonesian government has implemented the 5 steps gradually, among others, by identifying and publishing a list of active contracts, compiling a report which identifies challenges to contract disclosure, and communicating with stakeholders.

### **Active Contracts Identification and Publication**

To identify and publish active contracts, the Indonesian government launched the website Mineral and Coal One Data Indonesia (MODI)<sup>3</sup> that specifically presents mining contracts information. As of December 18, 2021, the site contains 5.391 licenses data.

In the oil and gas subsector, as many as 65 Production Contracts and 112 Exploration Contracts<sup>4</sup> are published on the geoportal esdm.<sup>5</sup>

### **Contracts Disclosure Status and Challenges**

The status of contracts disclosure can be classified by the subsectors, namely the mineral and coal as well as the oil and gas subsectors.

In the mineral and coal subsector, contracts are exempt from disclosure, with the following considerations: (i). contract disclosure raises issues about intellectual property rights and business competition; (ii). it will also reveal Indonesia's natural wealth; and (iii). it runs the risk of litigation due to violation of confidentiality clause as set out in extractive industries contracts.

In the oil and gas subsector, a Consequence Testing process is in progress. Thus, oil and gas contracts are not yet determined exempt or public information.

Besides the legal challenges, the Indonesian Mining Association highlighted the issue about operational risks. Contract disclosure may potentially hamper mine operations. For example, illegal mining may be carried out in mining areas, or the general public perception of mining contract provisions are distorted because they do not understand these provisions.

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<sup>3</sup> <https://modi.esdm.go.id/>

<sup>4</sup> <https://www.skkmigas.go.id/contact/kkks-produksi>; <https://www.skkmigas.go.id/contact/kkks-eksplorasi>

<sup>5</sup> <https://geoportal.esdm.go.id/migas/>



Against this backdrop, the Multistakeholder Group (MSG) Forum agreed to conduct consequence testing and identify any potential risks from disclosing extractive industries contracts, as discussed in the following section.

### **Active Communication and Stakeholders Engagement**

Active communication with stakeholders was established through a series of stakeholder engagement events under the Multistakeholder Group (MSG) Forum held on November 9, 2021. During this forum, stakeholders agreed on the steps to be taken to ensure contract disclosure, among others, by conducting a Consequence Testing Simulation of contract disclosure jointly with components of the MSG in early 2022.

The Simulation is a mandate from the freedom of information legal regime, in particular the provisions of Article 3 of Government Regulation Number 61 of 2010 on the Implementation of Law Number 14 of 2008 on Openness of Public Information in conjunction with Regulation of the Information Commission Number 1 of 2017 on Classification of Public Information. Additionally, the Simulation is aimed at identifying operational and business risks for companies as well as any risk mitigation strategies that are available. The risk mitigation strategies will be reflected in the agreed methods to deliver information. The results of the Consequence Testing Simulation will be passed on to Information and Documentation Management Officers (PPID) of the Ministry of EMR for them to use when making decisions about disclosing extractive contracts information.



**MINISTRY OF ENERGY AND MINERAL RESOURCES  
REPUBLIC OF INDONESIA**

**REPORT OF EITI INDONESIA 2019 - 2020  
APPENDIX  
OIL & GAS AND MINERAL & COAL  
COMPANY DATA REPORTING  
(FLEXIBLE REPORT)**

**3**



**KEMENTERIAN ENERGI DAN SUMBER DAYA MINERAL  
REPUBLIK INDONESIA**

JALAN MEDAN MERDEKA SELATAN NO.18 JAKARTA 10110

TROMOL POS: 1344/JKT 10013 TELEPON: (021) 3804242 (9 SALURAN) FAXIMILE: (021) 3507210 e-mail: setien@esdm.go.id

Nomor : B-936/DI.02/SJN.D/2021

9 Agustus 202

Sifat : Segera

Lampiran : Satu berkas

Perihal : Pengisian Formulir Laporan EITI Indonesia Ke-9 (Sektor Migas)

Yang terhormat,  
Pimpinan KKKS dan Mitra KKKS  
(daftar terlampir)  
di Tempat

Dalam rangka implementasi Peraturan Presiden Nomor: 82 tahun 2020 tentang Komite Penanganan Covid 19 dan Pemulihan Ekonomi Nasional yang mengamanatkan Pelaksanaan Transparansi Pendapatan Negara dan Pendapatan Daerah yang diperoleh dari Industri Ekstraktif dilaksanakan oleh Kementerian ESDM dan Kementerian Keuangan, dibutuhkan pelaporan EITI Indonesia ke-9 yang akan dipublikasikan pada akhir tahun 2021 sebagai salah satu persyaratan pelaksanaan *Standard Extractive Industries Transparency Indonesia (EITI)*.

Berkenaan dengan hal tersebut, *Forum Multi Stakeholder Group (MSG)* EITI telah menyusun formulir pelaporan EITI untuk dapat diisi oleh para perusahaan minyak dan gas yang mencakup tahun fiskal 2019-2020. Oleh karena itu, kami mohon dukungan Saudara untuk dapat mengisi formulir pelaporan secara lengkap (dalam bentuk excel, tidak terprotect untuk memudahkan database) yang dapat diakses pada (<https://bit.ly/3lraLgd>) paling lambat tanggal 31 Agustus 2021, melalui:

**Kepala Pusat Data dan Teknologi Informasi,  
KESDMSelaku Pelaksana Sekretariat EITI  
email: [pelaporaneiti@esdm.go.id](mailto:pelaporaneiti@esdm.go.id) ; [sekretariat-eiti@esdm.go.id](mailto:sekretariat-eiti@esdm.go.id)**

Atas perhatian dan kerja sama Saudara, kami ucapkan terima kasih.

Sekretaris Jenderal,  
Selaku Ketua Forum MSG



Ditandatangani secara elektronik  
Ego Syahrial

Tembusan:

1. Direktur Jenderal Minyak dan Gas Bumi, KESDM selaku Anggota Forum MSG
2. Kepala SKK Migas selaku Anggota Forum MSG
3. Direktur Eksekutif Indonesia Petroleum Association selaku Anggota Forum MSG



**KEMENTERIAN ENERGI DAN SUMBER DAYA MINERAL**

**REPUBLIK INDONESIA**

JALAN MEDAN MERDEKA SELATAN NO.18 JAKARTA 10110

TROMOL POS: 1344/JKT 10013 TELEPON: (021) 3804242 (9 SALURAN) FAXIMILE: (021) 3507210 e-mail: setjen@esdm.go.id

Nomor : B-935/DI.02/SJN.D/2021

9 Agustus 2021

Sifat : Segera  
Lampiran : Satu berkas  
Perihal : Pengisian Formulir Laporan EITI Indonesia Ke-9 (Sektor Minerba)

Yang terhormat,  
Presiden Direktur/Direktur Utama Pemegang IUP/IUPK/KK/PKP2B  
(daftar terlampir)  
di Tempat

Dalam rangka implementasi Peraturan Presiden Nomor: 82 tahun 2020 tentang Komite Penanganan Covid 19 dan Pemulihan Ekonomi Nasional yang mengamanatkan Pelaksanaan Transparansi Pendapatan Negara dan Pendapatan Daerah yang diperoleh dari Industri Ekstraktif dilaksanakan oleh Kementerian ESDM dan Kementerian Keuangan, dibutuhkan pelaporan EITI Indonesia ke-9 yang akan dipublikasikan pada akhir tahun 2021 sebagai salah satu persyaratan pelaksanaan *Standard Extractive Industries Transparency Indonesia (EITI)*.

Berkenaan dengan hal tersebut, *Forum Multi Stakeholder Group (MSG)* EITI telah menyusun formulir pelaporan EITI untuk dapat diisi oleh para perusahaan mineral dan batubara yang mencakup tahun fiskal 2019-2020. Oleh karena itu, kami mohon dukungan Saudara untuk dapat mengisi formulir pelaporan secara lengkap (dalam bentuk excel, tidak terprotect untuk memudahkan database) yang dapat diakses pada (<https://bit.ly/3AbthqM>) paling lambat tanggal 31 Agustus 2021, melalui:

**Kepala Pusat Data dan Teknologi Informasi, KESDM**  
**Selaku Pelaksana Sekretariat EITI**  
**email: [pelaporaneiti@esdm.go.id](mailto:pelaporaneiti@esdm.go.id) ; [sekretariat-eiti@esdm.go.id](mailto:sekretariat-eiti@esdm.go.id)**

Atas perhatian dan kerja sama Saudara, kami ucapkan terima kasih.

Sekretaris Jenderal, Selaku  
Ketua Forum MSG



Ditandatangani secara elektronik  
Ego Syahrial

Tembusan:

1. Direktur Jenderal Mineral dan Batubara, KESDM selaku Anggota Forum MSG
2. Direktur Eksekutif Asosiasi Pertambangan Batubara Indonesia selaku Anggota Forum MSG
3. Direktur Eksekutif *Indonesia Mining Association* selaku Anggota Forum MSG

**Lampiran surat**

Nomor : B-936/DI.02/SJN.D/2021  
Tanggal : 9 Agustus 2021

List of Oil and Gas Company Data EITI Reporting  
<https://bit.ly/3lcDVYa>

No	Nama Perusahaan	No	Nama Perusahaan
1	Bahtera Daya Makmur, PT	45	Pertamina Hulu Energi Kampar, PT
2	BP Berau Ltd.	46	Pertamina Hulu Energi North Sumatera Offshore, PT
3	BP Muturi Holding B.V	47	Pertamina Hulu Energi North Sumatera Offshore, PT
4	BP Wiriagar Ltd.	48	Pertamina Hulu Energi NSB, PT
5	BUT Eni Muara Bakau B.V.	49	Pertamina Hulu Energi Nsb, PT
6	BUT Indonesia Natural Gas Resources Muturi, Inc	50	Pertamina Hulu Energi Ogan Komering, PT
7	BUT Nippon Oil Exploration (Berau) Ltd.	51	Pertamina Hulu Energi Ogan Komering, PT
8	BUT PC Madura Ltd.	52	Pertamina Hulu Energi ONWJ, PT
9	Chevron Makassar Ltd.	53	Pertamina Hulu Energi Oses, PT
10	Chevron Pacific Indonesia, PT	54	Pertamina Hulu Energi OSES, PT
11	Chevron Rapak Ltd.	55	Pertamina Hulu Energi Raja Tempirai
12	CITIC Seram Energy Limited	56	Pertamina Hulu Energi Raja Tempirai
13	Conocophillips (Grissik) Ltd.	57	Pertamina Hulu Energi Randugunting, PT
14	Eni East Sepinggan Limited	58	Pertamina Hulu Energi Siak
15	Eni Krueng Mane Limited	59	Pertamina Hulu Energi Siak
16	Exxonmobil Cepu Limited	60	Pertamina Hulu Energi Tuban East Java, PT
17	Husky - Cnooc Madura Limited	61	Pertamina Hulu Energi West Madura Offshore, PT
18	Inpex Masela, Ltd..	62	Pertamina Hulu Kalimantan Timur, PT
19	Jindi South Jambi B. Co Limited	63	Pertamina Hulu Kalimantan Timur, PT
20	Job Pertamina - Medco E&P Tomori Sulawesi, PT	64	Pertamina Hulu Mahakam, PT
21	Job Pertamina-Medco E&P Simenggaris	65	Pertamina Hulu Mahakam, PT
22	Kangean Energy Indonesia, Ltd.	66	Pertamina Hulu Sanga Sanga, PT
23	Medco Daya Energi Nusantara, PT	67	Pertamina Hulu Sanga Sanga, PT
24	Medco Daya Makmur, PT	68	Petrochina International Bangko Ltd.
25	Medco Daya Natuna, PT	69	Petrochina International Bangko Ltd.
26	Medco E&P Bengara, PT	70	Petrochina International Bangko Ltd.
27	Medco E&P Indonesia, PT	71	Petrochina International Jabung Ltd.
28	Medco E&P Lematang, PT	72	PHE Nunukan Company
29	Medco E&P Malaka, PT	73	PHE Nunukan Company
30	Medco E&P Natuna, Ltd.	74	Premier Oil Natuna Sea B.V
31	Medco E&P Rimau, PT	75	Premier Oil Natuna Sea B.V
32	Medco E&P Tarakan, PT	76	Repsol Sakakemang B.V
33	Montd'Or Oil Tungkal, Ltd..	77	Rizki Bukit Barisan Energi, PT
34	Montd'Or Salawati, Ltd.	78	Saka Energi Muriah Ltd.
35	Novus Nominees PTy Ltd.	79	Saka Indonesia Pangkah Ltd.
36	Novus Petroleum Canada (Kakap) Limited	80	Sarana Pembangunan Riau Langgak, PT
37	Novus UK (Kakap) Limited	81	Seleraya Merangin Dua, PT
38	PC Ketapang II Ltd.	82	Singapore Petroleum Sampang Ltd..

No	Nama Perusahaan	No	Nama Perusahaan
39	Pearl Oil (Sebuku), Ltd. / Mubadala Petroleum Indonesia	83	Star Energy (Kakap) Ltd.
40	Pertamina EP Cepu Adk, PT	84	Tately N.V.
41	Pertamina EP, PT	85	Texcal Mahato Ep Limited
42	Pertamina Hulu Energi Jambi Merang, PT	86	Tiarabumi Petroleum, PT.
43	Pertamina Hulu Energi Jambi Merang, PT	87	Triangle Pase Inc
44	Pertamina Hulu Energi Kampar, PT	88	Zaratex N.V

## Lampiran surat

Nomor : B-935/DI.02/SJN.D/2021

Tanggal : 9 Agustus 2021

List of Mineral and Coal  
Company Data EITI Reporting <https://bit.ly/3i95HKz>

No	Nama Perusahaan	No	Nama Perusahaan
1	ADARO INDONESIA, PT	28	KITADIN, PT (EMBALUT)
2	ADIMITRA BARATAMA NUSANTARA, PT	29	KUTAI ENERGI, PT
3	ANTANG GUNUNG MERATUS, PT	30	LAHAI COAL, PT
4	ARUTMIN INDONESIA, PT	31	LANNA HARITA INDONESIA, PT
5	ASMIN BARA BRONANG, PT	32	LASKAR SEMESTA ALAM, PT
6	BARA TABANG, PT	33	MAHAKAM SUMBER JAYA, PT
7	BARAMULTI SUKSESSARANA, PT	34	MANDIRI INTIPERKASA, PT
8	BARAMUTIARA PRIMA, PT	35	MARUNDA GRAHA MINERAL, PT
9	BERAU COAL, PT	36	MEGAPRIMA PERSADA
10	BHARINTO EKATAMA, PT	37	MIFA BERSAUDARA, PT
11	BHUMI RANTAU ENERGI, PT	38	MITRABARA ADIPERDANA Tbk, PT
12	BORNEO INDOBARA, PT	39	MUARA ALAM SEJAHTERA, PT
13	BUKIT ASAM PERSERO TBK, PT	40	MULTI HARAPAN UTAMA, PT
14	DUTA TAMBANG REKAYASA, PT	41	MULTI SARANA AVINDO, PT
15	DUTADHARMA UTAMA, PT	42	MULTI TAMBANGJAYA UTAMA, PT
16	FIRMAN KETAUN PERKASA, PT	43	PERKASA INAKERTA, PT
17	FREEPORT INDONESIA, PT	44	PRIMA MULIA SARANA SEJAHTERA, PT
18	INDOMINCO MANDIRI, PT	45	SAGO PRIMA PRATAMA, PT
19	INSANI BARAPERKASA, PT	46	SANTAN BATUBARA, PT
20	J RESOURCES BOLAANG MONGONDOW, PT	47	SINGLURUS PRATAMA, PT
21	JORONG BARUTAMA GREYTON, PT	48	SUPRABARI MAPANINDO MINERAL, PT
22	KALIMANTAN ENERGI LESTARI, PT	49	TAMBANG DAMAI, PT
23	KALTIM PRIMA COAL, PT	50	TEGUH SINAR ABADI, PT
24	KARYA BUMI BARATAMA, PT	51	TIMAH (PERSERO) TBK, PT
25	KARTIKA SELABUMI MINING, PT	52	TUNAS INTI ABADI, PT
26	KENDILO COAL INDONESIA, PT	53	TRUBAINDO COAL MINING, PT
27	KIDECO JAYA AGUNG, PT		





# **REPORT OF EITI INDONESIA 2019 - 2020**

The Extractive Industries Transparency Initiative (EITI) is a global standard for transparency in the oil and gas, mineral and coal for extractive sectors in order to create transparency and accountability as manifestation of good governance practices, that are providing information transparency to public for strengthening the system and increasing trust in both government and related companies.

[www.esdm.go.id](http://www.esdm.go.id)

**MINISTRY OF ENERGY AND MINERAL RESOURCES**  
REPUBLIC OF INDONESIA