



**KEMENTERIAN KOORDINATOR BIDANG PEREKONOMIAN
REPUBLIK INDONESIA**

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**NOTULEN SOSIALISASI LAPORAN EITI 2014 DAN
FGD RENCANA PEMBENTUKAN EITI DAERAH**

Hari/Tanggal : Selasa, 19 September 2017
Waktu : 08:30 – 12.00 WIB
Tempat : Hotel Aston, Jambi

Peserta Rapat : 1. Kemenko Perekonomian: Agus Haryanto
2. Sekretariat EITI: Edi Tedjakusuma, Agus Trianto, Doni Erlangga, Anggi Gartika, Eka Wahyuningsih
3. Dinas ESDM Prov Jambi: Hari Andrian, Anita Wulandari, Aria Sari Dewi, Ebon Riadi, Amril Fadli, Edison, Makhfudi, Ikhsan Lingga, Sigit H
4. Bappeda Prov Jambi: Yedi Sukmayadi, Soni Pratomo
5. BPPRD Kota Jambi: Nyimas Safitri, Defri Yasriza, Agung Hidayat
6. Disperindag Kota Jambi: M. Nuruzzaman
7. BPPRD Kab Kerinci: Asmaldi, Baharudin, Syamsul Amri
8. BPPRD Kab Tanjung Jabung Barat: Dahlan
9. Dispenda Kab Bungo: M. Bambang, Bambang Tedjo
9. PT Kuansing Inti Makmur: Pramudya Irawan
9. Universitas Jambi: Jarot Wiratama, Julia Said, Syafarudin, Widowati
10. Jurnalis: Nurkolis, Mery, Muzakkir, Dedi Irawan, Akbar
11. Bank Dunia: Prasetya Dwi Cahya

A. OPENING

1. Greeting by Head of Extractive Industries of Mining and Coal representing Deputy Assistant of Extractive Industries of Coordinating Ministry for Economic Affairs.

Mr Agus Haryanto representing the Deputy Assistant of Extractive Industries, Mr. Ahmad Bastian Halim opened the meeting and stated that in the implementation of EITI in Indonesia, the EITI Secretariat in preparing the EITI Report that can be fulfilled 100% of samples from oil and gas companies, but from mining and coal companies cannot meet the sample 100%. Currently

covering only about 80-85% of state revenues reported by the company, with the number of companies around 75 - 120 companies imposed must submit EITI reports, so there are still many companies, especially those with IUP permits issued by local authorities, approximately 10,000 IUPs.

In Jambi Province, in the EITI 2014 report, there are 6 oil and gas operators and one mining and coal company which is the EITI reporting entity. All oil and gas companies become EITI reporting entities, while in mining and coal sector only one mining and coal company in Jambi becomes an EITI reporting entity. That is because the reporting entity's limit for a minerals company is a company that pays royalties to the government amounting to 20 billion rupiah or more per year. One company included in the report, although contributing enormously to state revenues, is of course very less compared to the number of Mining Business License (IUP) amounting to 196 and 3 companies Agreement of Coal Mining Concession (PKP2B) in Jambi (data per Oktober 2016).

Based on inputs and suggestions and recommendations from members of the MSG and to better reach the implementation of transparency of extractive industries in the region, it is proposed to establish regional EITI, so that transparency of companies that cannot be reached by EITI Indonesia secretariat can be reached by Regional EITI. It is expected that regional EITI can have a positive impact for improved regional level governance that aims to improve prosperity for the people of the area.

2. Greeting by Head of Energy and Mineral Resources (ESDM) Department of Jambi Province

Head of ESDM Department Jambi, Mr Hari Andrian said that Jambi Province is one of the areas that has many renewable and non-renewable resources. Under the law, natural wealth is managed by the government for the welfare of the people. Non-renewable natural resources in Jambi, for oil and gas are in 7 districts from 11 regencies / cities: Batanghari, Muara Jambi, Tebo, Tanjung Jabung Barat, Sarolangun, Tanjung Jabung Timur and Jambi City. The largest in Tanjung Jabung Barat and in Jambi Contractor (KKKS) cooperation is 21 contractors, the level of oil production around 7.5 million barrels in 2016. Very large for the scope of the Province. For mineral and coal wealth is in 9 districts with 160 Mining Business License (IUP), 28 companies have production operation phase. Coal production in 2016 is 5.6 million tons. There are also 3 PKP2B which 1 company is almost production stage.

The extractive industry transparency initiative (EITI) is motivated by the concerns of some of the world's leading figures on the condition of various developing countries with rich natural resources such as mining, oil and natural gas, but the condition of the community is likely to remain poor, such as the dead proverb in the barn rice. If an EITI regional agreement is to be approved it will be able to be used to bridge between local and central government. Usually the meeting only goes one way, we are only given data in the determination of revenue sharing (DBH) and not given access. With the EITI area we expect a bridge to this and on the one hand the region also has an obligation to work better like licensing. EITI area has been approved in East Kalimantan and South Kalimantan, hopefully Jambi Province will follow. The establishment of EITI Regions can provide a positive multiplayer effect on community perceptions in areas related to the prevention of criminal acts of corruption, narrowing the movement of government officials to corruption.

B. PRESENTATION

1. Overview of EITI

Presented by EITI Secretariat Team Leader, Mr Edi Tedjakusuma from EITI Secretariat.

- EITI (Extractive Industries Transparency Initiatives) is a global standard for promoting transparency and accountability of natural resource management, in particular oil, gas and minerals
- EITI's main objective is to strengthen government and enterprise systems, by encouraging public discussion, understanding and public participation in the management of IE. In each implementing country, EITI is supported by a coalition of government, corporations and civil society (CSO).
- In practice, the EITI Standard is established as a working guide for the implementing countries. EITI Standard 2016 currently enforces EITI implementing member countries to submit Annual Reports.
- Implementation of Standards with improved governance enables governments and communities to obtain more detailed information about extractive industries as well as previously inaccessible information (such as Beneficial Ownership information)
- Since the issuance of Presidential Regulation 26/2010, Indonesia has compiled 4 EITI Reports, covering state revenue data from 2009 to 2014. In each report preparation stipulated materiality threshold of royalty payments by companies, and companies that meet these criteria are required to submit data on royalty payments and the taxes he paid.
- Every year about 100-120 companies enter the materiality threshold criteria. The total state revenue of these firms covers about 80-85 percent of all state revenues from the extractive sector. But in terms of quantities, companies under materiality threshold are very large, estimated at more than 10,000 companies.
- Until 2016, 52 countries have become EITI implementing countries, including Indonesia.
- The benefits of the EITI Report are the transparency and accountability of extractive industry management, ensuring state revenues from extractive industries (reconciliation processes), governance improvements, and supporting sustainable development efforts.

2. Extractive Industries Data Portal

Presented by World Bank Consultant, Mr. Prasetya Dwi Cahya

- Extractive Industries Data Portal becomes a "one-stop -shop" to obtain relevant data, information and analysis on extractive sector and economic and social impacts in Indonesia. The portal is a unifying container of all data in the extractive industry sector. The information and analysis presented in the portal is taken from the EITI Report and other sources such as data from the Ministry of ESDM and data from the Ministry of Finance.
- Portal has a number of advantages because it has a number of menus that will be useful to the public. One interesting menu is the geospatial map. Through this menu, the public can search for extractive industry information by province, company, year of state revenue, and micro and macroeconomic data. The public can also obtain contextual information by referring to macroeconomic data.
- Portal provides facilities for data analysis. This facility will encourage users to perform various types of analysis based on all data available from the EITI report and download the results of the analysis. The portal also provides information about the extractive industry workflow to contribute to the state revenue.

3. Plan of Local EITI Establishment

Presented by EITI Secretariat Team Leader, Mr Edi Tedjakusuma from EITI Secretariat.

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- In practice, the EITI Standard is established as a working guide for the implementing countries. Currently applicable to EITI Standard 2016 which requires EITI implementing member countries to
- benefits of the EITI report: Transparency and Accountability of extractive industry management, Ensure state revenues from extractive industries (reconciliation process), governance improvements (governance), support conservation
- Local Government directly involved in EITI activities (according to Presidential Regulation 26/2010) only 3 provinces: Riau, East Kalimantan and East Java
- The level of participation of extractive industry companies, especially mining and oil has not been optimal (see table). The company required to report only about 100-120 of the largest royalty paying companies, while more than 10,000 others have not been required (due to limited space capacity)
- Access to more information for the EITI Secretariat
- It is difficult for Local Governments to access data / information related to extractive industries for their planning purposes
- The objectives of regional EITI implementation are: Improving cooperation between central government and local government in the effort of state revenue from extractive industries, Facilitating local government to obtain data and information related to extractive industries in their respective areas so that can be used by local government in planning program in area, Encouraging transparency of industrial governance in the region and at the national level.
- Scope of implementation of regional EITI that is: Prepare data and information related to extractive industry company which is under criteria of materiality threshold in each region, data and company information must report (above threshold criteria of materiality) but not yet recorded in EITI report, Complete information related to extractive industry governance not recorded in the EITI report, particularly applicable in each region (direct interest to local government, CSR, etc.), enhancement of central regional synergies in extractive industry information

C. DISCUSSION, RESPONSE AND INPUT

The discussion was hosted by moderator Mrs Anita Wulandari from Energy and Mineral Resources (ESDM) Department of Jambi Province.

1. Mr Syafrudin (Faculty of Economics, University of Jambi). A country or region rich in natural resources but a poor community shows the region / country is not ready to receive investment. That's because because only 30 percent of the labor absorbed, and even then not in a strategic position. For the establishment of EITI Regions, the central government's growing issue does not provide sufficient data for regions such as oil production and Revenue Sharing (DBH) data. Local regulations under which investment has been abolished by Ministry of Home Affairs. There is one area in Jambi receiving only revenue from retribution. So the benefits do not seem so great.
2. Mr Yedi Depoartment of Local Revenue Jambi Province (Bappeda)): Bappeda is very difficult to get data and if there are different. So we keep referring to the CPM that will become the policy reference. This activity will be like "stripping the company," so the data exists. We believe there will be differences in data, if there is a difference will be difficult.

Can EITI data be applicable for policy determination? The three pillars that will be on EITI are government, corporations, CSOs will make different views. The data later obtained can not necessarily be used, if one will be dangerous. To what extent can the data be used?

3. Mr Hidayat (Local Tax Management agency (BPPRD) Jambi): How to formulate a wealth of resources? Because the city area has no resources but the company's offices are in the city.

Response:

- Mr Edi: For Mr Syafrudin, theoretically the cause of the lack of effective natural resources due to poor performance of local governments such as corrupted. For this capacity education in the region is still lacking, so it is necessary to make a plan for improvement of education. For the first 5 years probably not yet, but should be in the future should be better. It should be more articulated by academics and others. This is also a task at the national level not just the regions. The central government has not provided transparent data. Although the calculation is already in a formula, but the paperwork is still not open. That is the demands of regional colleagues. We have made FGDs, but still have to be supported by various approaches to the Ministry of Finance. Transparency must be our culture. Many rules are being taken to increase local revenue, but the number of local regulations sometimes stalls. So, effective regulation is needed to improve the welfare. Universities from the faculty of economics can provide input where effective regulation to use.
 - For Mr Yudi: The data is often different, do not let EITI overlapping. EITI does not create new data, EITI is merely transparent so that all parties can access. In addition, we see accountability with reconciliation. We make sure the data is correct, and if there is a difference we will see what the error is. The data that we get for several years is relatively correct, but it needs to be seen the payment listed is true as it is. Because there are counts in the agreement is it true. But that is beyond the authority of EITI. Later on if there is a regional EITI it is also expected to have such reconciliation, but it has not been discussed. If in EITI there are 3 pillars. In addition to the Government and companies there are also representatives of civil society as a counterweight, although they are sometimes very critical. These 3 pillars are expected to increase transparency such as contract transparency etc.
 - For Mr Anjas: Jambi City has no natural resources but an office in town. This is the case as in FGD revenue sharing (DBH) some time ago about oil wells in Bojonegoro. Even far away cities can be bigger DBHs. What is close to the bad impact is not getting DBH. This should be discussed again to solve it especially with the Ministry of Finance.
1. Mr Iskandar (Sarolangun District Government): I am adding information on regulatory matters concerning revenues to increase local revenue. From the regulation side there is a problem, in the implementation session is also like that. Records conducted by EITI, possibly a small margin, due to the source of the State Cash Receipts. But whether the paid is true, that's the question. So the establishment of EITI is necessary. Coal mine along the road does not seem to match our acceptance results. Indeed there must be a DBH calculation formula should be changed. When there are checks by CPC, reports often change. The most interesting, how many came out and how many were reported. That is the opportunity for corruption. Levies have also been subject to illegal charges. So we expect EITI to see the truth of the tonnage paid with the tax paid. For the direct audit conducted by BPK, not by BPKP.
 2. Mr Bambang (Bungo District): We principally agreed to the establishment of EITI in Jambi. Because we want to get more accurate data. At present the authority has been taken by

Provincial and Central Government. Therefore the data already exists at the center and the province. Therefore, where to report? Secondly, there may be a regulation from the center where the company should be sanctioned if the company does not provide a report. Companies sometimes give reports sometimes not. So sanctions are required for companies that do not report. Actually our coal potential is big, but our royalty is small. Because that is calculated by the company at the time of export and report to the Ministry of ESDM. We only know after in the Ministry of Finance. We do not know the quantity exported.

3. Mr Dahlan (West Tanjung District): We hope the central EITI can present when FGD DBH on DBH Oil and Gas. We want to know the report of how much is absorbed in Jambi province. We ask for the role of EITI to be clear how to share the results.

Response:

- Mr Edi: I think these suggestions are not all we can answer. Indeed everything is still suspicious. But until now has not been proven in a responsible manner. What we are doing is improving governance. We need input to provide feedback about the differences in the field. Later Coordinating Minister will coordinate with related ministries. EITI improves governance with transparency.
- For Mr Bambang: Report of my alleged to the Province because for the District is gone. Or with Technical Implementation Unit (UPT), but still need to find a more efficient way. Law No. 23/2014 has not yet been finalized (for the practices). We must work together to get good results.
- For Mr Dahlan: EITI has no data ongoing at least 1 leg data. Local governments should have ongoing data to counter data from the center. We encourage Local Government to have data to be able to counter data from the center.
- Mr Dahlan: We hope EITI can be present at DBH discussion because there are companies in Jambi that we cannot get data.
- Mr. Iskandar: We have entered to record how many out of the car. But after the Domestic Regulation comes out to revoke the Local Regulation, we cannot do it anymore. Later could be accused of illegal levies. If EITI can data from the company, the data difference will not be so far.
- Mrs. Anita: Please SKK Migas can be included in the team, so we can access the data.

D. CLOSING

Mr Agus Haryanto representing Deputy Assistant of Extractive Industries closed the meeting by thanking the participants. The Provincial Government of Jambi is enthusiastic for the establishment of the Regional EITI. If there is unclear information, they can contact the EITI Secretariat.