

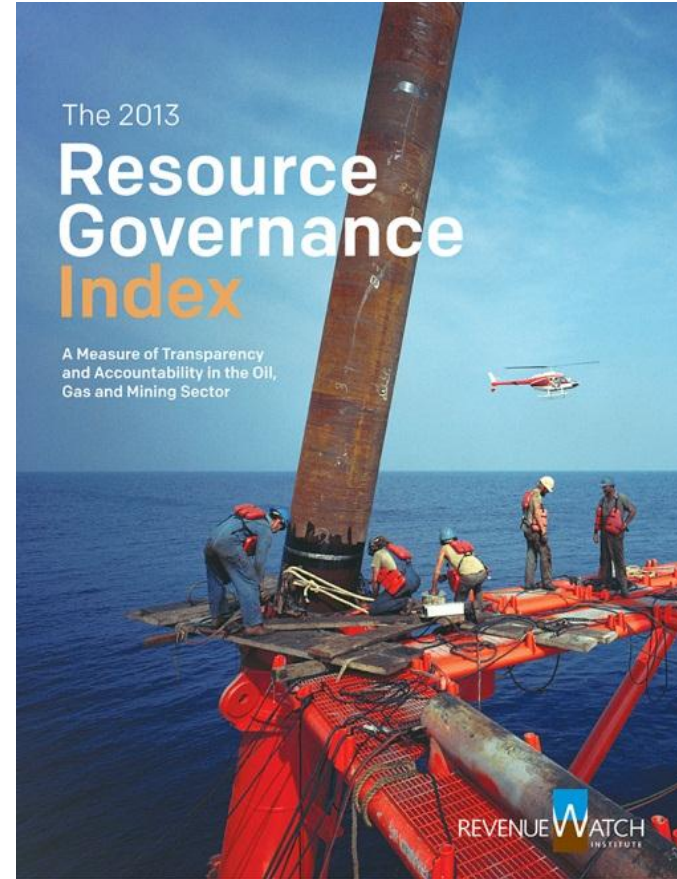
Resource Governance Index : Some implications for Indonesia

What's at stake?

- **Oil, Gas and Mining sectors governance as a *development* challenge**
 - **In resource rich countries:**
 - **Over 1 billion people live on less than \$5 a day**
 - **640 million live on \$2 a day or less**
 - **In 2011, Nigeria's oil revenues alone were 60 percent higher than international aid to all of sub-Saharan Africa.**
- **Governance is the challenge, but also the solution.**
- **The RGI aims to help advance this effort.**

What is the Resource Governance Index?

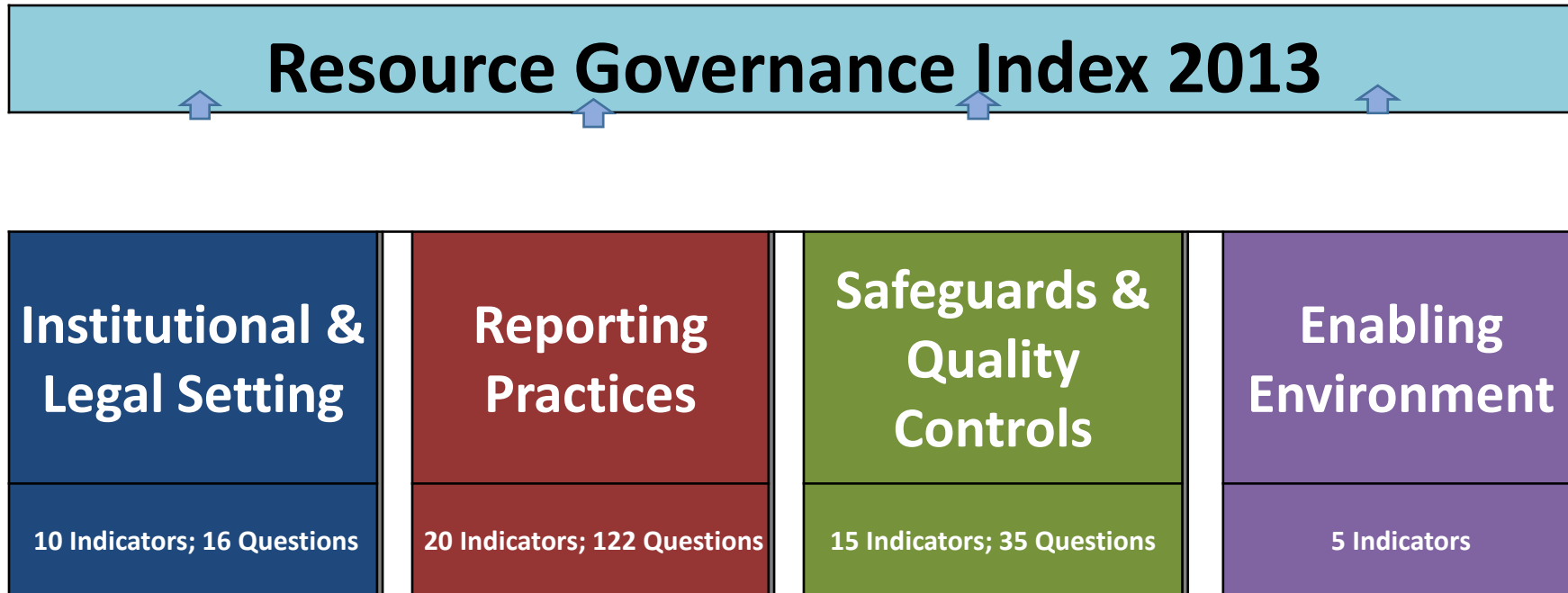
- **A measure of transparency and accountability of the oil, gas and mining sector in 58 countries.**
- **2012 data**
- **173 questions**
- **50 indicators**
- **>100 researchers**



Why is a measure of resource governance needed?

- **Raise awareness about a major development challenge**
- **Concretize what may be seen as a vague challenge**
- **Enable evidence-based policymaking and advocacy**
- **A diagnostic tool to identify global and country reform priorities**

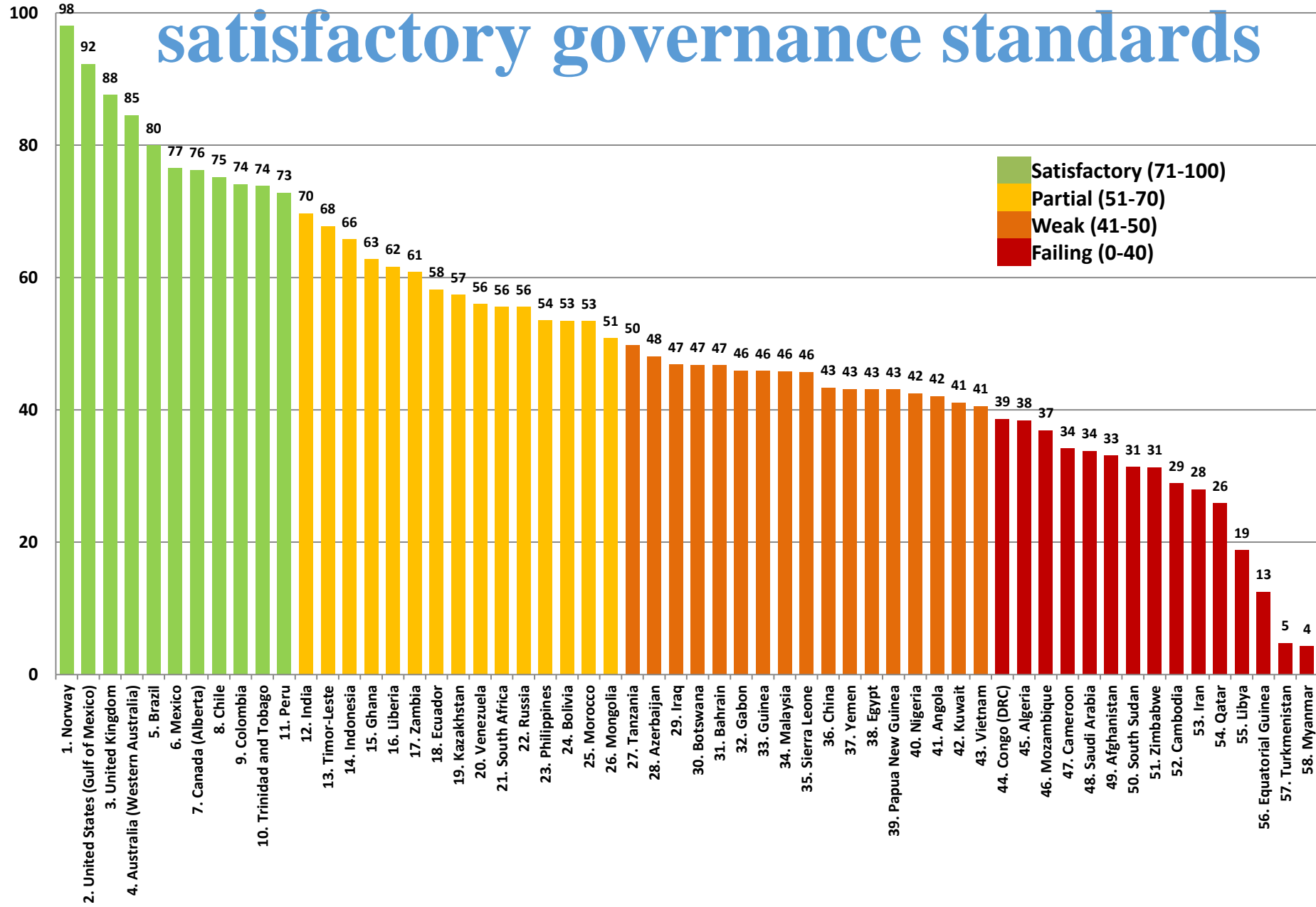
How is the Index built: summary



Index structure

	Institutional & Legal Setting (20%)		Reporting Practices (40%)		Safeguards & Quality Controls (20%)		Enabling Environment (20%)
	10 Indicators		20 Indicators		15 indicators		5 Indicators
	Indicator		Indicator		Indicator		Indicator
1	Freedom of information law	1	Licensing process	1	Checks on licensing process	1	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)
2	Comprehensive sector legislation	2	Contracts	2	Checks on budgetary process	2	Open Budget (IBP Index)
3	EITI participation	3	Environmental and social impact assessments	3	Quality of government reports	3	Government effectiveness (WGI)
4	Independent licensing process	4	Exploration data	4	Government disclosure of conflicts of interest	4	Rule of law (WGI)
5	Environmental and social impact assessments required	5	Production volumes	5	Quality of SOC reports	5	Corruption (TI Corruption Perceptions Index & WGI control of corruption)
6	Clarity in revenue collection	6	Production value	6	SOC reports audited		
7	Comprehensive public sector balance	7	Primary sources of revenue	7	SOC use of international accounting standards		
8	SOC financial reports required	8	Secondary sources of revenue	8	SOC disclosure of conflicts of interest		
9	Fund rules defined in law	9	Subsidies	9	Quality of Fund reports		
10	Subnational transfer rules defined in law	10	Operating company names	10	Fund reports audited		
		11	Comprehensive SOC reports	11	Checks on Fund spending		
		12	SOC production data	12	Government follows Fund rules		
		13	SOC revenue data	13	Fund disclosure of conflicts of interest		
		14	SOC quasi fiscal activities	14	Quality of subnational transfer reports		
		15	SOC board of directors	15	Government follows subnational transfer rules		
		16	Comprehensive Fund reports				
		17	Fund rules				
		18	Comprehensive subnational transfer reports				
		19	Subnational transfer rules				
		20	Subnational reporting of transfers				

80% of countries do not meet satisfactory governance standards



RGI Results for the 58 countries

Rank	Country	Resource Measured	Composite Score	Institutional and Legal Setting	Reporting Practices	Safeguards and Quality Controls	Enabling Environment
1	Norway	Hydrocarbons	98	100	97	98	98
2	United States (Gulf of Mexico)	Hydrocarbons	92	88	97	89	90
3	United Kingdom	Hydrocarbons	88	79	91	83	93
4	Australia (Western Australia)	Minerals	85	88	87	65	96
5	Brazil	Hydrocarbons	80	81	78	96	66
6	Mexico	Hydrocarbons	77	84	82	81	53
7	Canada (Alberta)	Hydrocarbons	76	67	72	74	96
8	Chile	Minerals	75	77	74	65	87
9	Colombia	Hydrocarbons	74	75	73	91	58
10	Trinidad and Tobago	Hydrocarbons	74	64	83	86	52
11	Peru	Minerals	73	88	83	56	55
12	India	Hydrocarbons	70	60	72	83	61
13	Timor-Leste	Hydrocarbons	68	77	82	70	28
14	Indonesia	Hydrocarbons	66	76	66	75	46
15	Ghana	Minerals	63	79	51	73	59
16	Liberia	Minerals	62	83	62	71	31
17	Zambia	Minerals	61	71	62	72	37
18	Ecuador	Hydrocarbons	58	70	64	65	28
19	Kazakhstan	Hydrocarbons	57	62	58	76	32
20	Venezuela	Hydrocarbons	56	57	69	67	18
21	South Africa	Minerals	56	69	31	75	72
22	Russia	Hydrocarbons	56	57	60	62	39
23	Philippines	Minerals	54	63	54	51	46
24	Bolivia	Hydrocarbons	53	80	47	63	32
25	Morocco	Minerals	53	48	60	56	42
26	Mongolia	Minerals	51	80	39	49	48

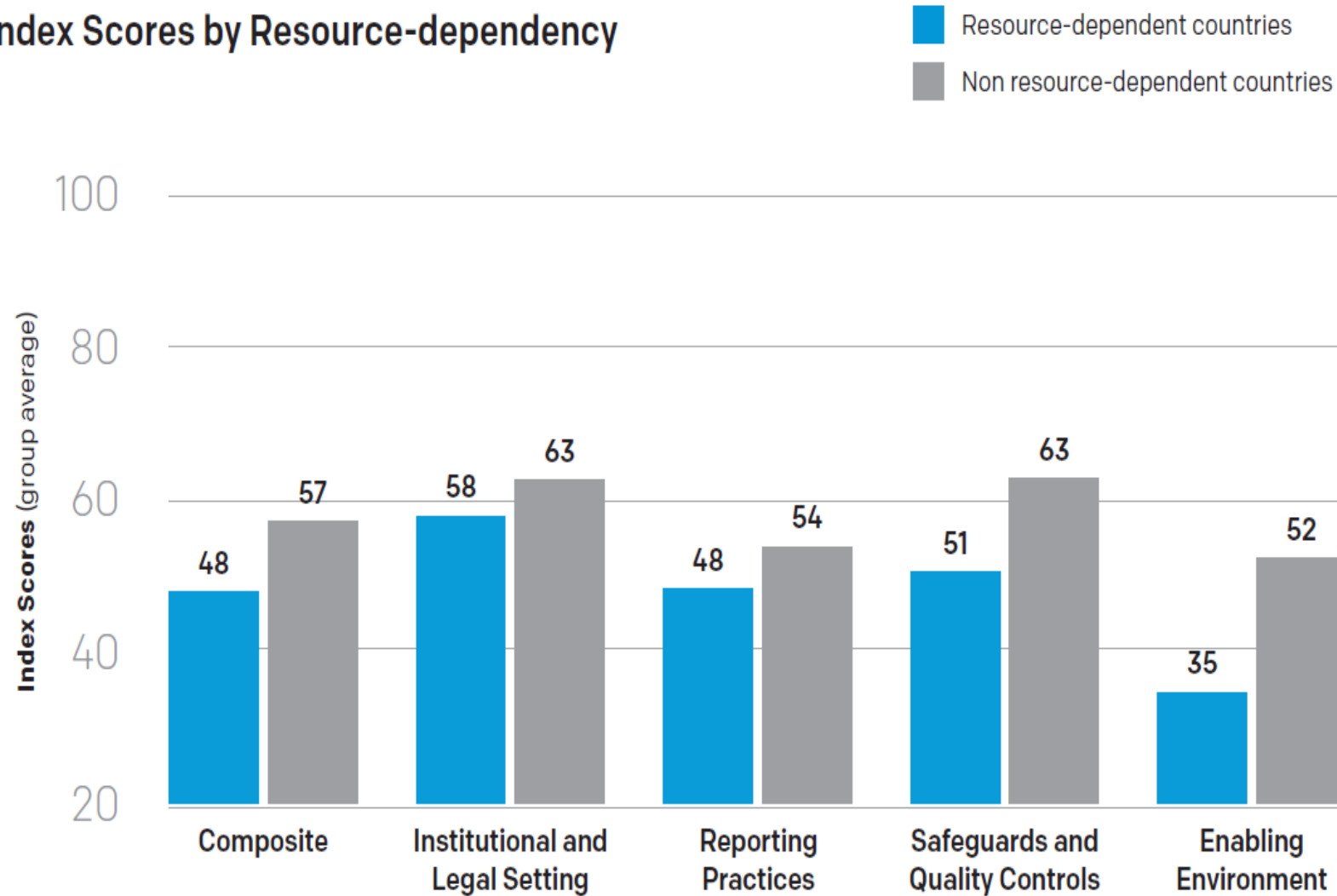
Rank	Country	Resource Measured	Composite Score	Institutional and Legal Setting	Reporting Practices	Safeguards and Quality Controls	Enabling Environment
27	Tanzania	Minerals	50	44	48	68	42
28	Azerbaijan	Hydrocarbons	48	57	54	51	24
29	Iraq	Hydrocarbons	47	57	52	63	9
30	Botswana	Minerals	47	55	28	53	69
31	Bahrain	Hydrocarbons	47	38	40	59	58
32	Gabon	Hydrocarbons	46	60	51	39	28
33	Guinea	Minerals	46	86	45	43	11
34	Malaysia	Hydrocarbons	46	39	45	20	60
35	Sierra Leone	Minerals	46	52	47	59	24
36	China	Hydrocarbons	43	43	46	46	36
37	Yemen	Hydrocarbons	43	57	46	52	16
38	Egypt	Hydrocarbons	43	40	44	48	40
39	Papua New Guinea	Minerals	43	59	34	50	38
40	Nigeria	Hydrocarbons	42	66	38	53	18
41	Angola	Hydrocarbons	42	58	43	52	15
42	Kuwait	Hydrocarbons	41	28	43	36	57
43	Vietnam	Hydrocarbons	41	63	39	31	30
44	Congo (DRC)	Minerals	39	56	45	42	6
45	Algeria	Hydrocarbons	38	57	41	28	26
46	Mozambique	Hydrocarbons	37	58	26	37	37
47	Cameroon	Hydrocarbons	34	63	33	25	17
48	Saudi Arabia	Hydrocarbons	34	30	35	31	38
49	Afghanistan	Minerals	33	63	29	38	8
50	South Sudan	Hydrocarbons	31	80	17	35	8
51	Zimbabwe	Minerals	31	48	23	56	6
52	Cambodia	Hydrocarbons	29	52	13	46	20
53	Iran	Hydrocarbons	28	26	33	26	23
54	Qatar	Hydrocarbons	26	15	14	20	66
55	Libya	Hydrocarbons	19	11	29	15	10
56	Equatorial Guinea	Hydrocarbons	13	27	14	4	4
57	Turkmenistan	Hydrocarbons	5	13	4	0	3
58	Myanmar	Hydrocarbons	4	8	5	2	2

■ Satisfactory
 ■ Weak
 ■ Partial
 ■ Failing

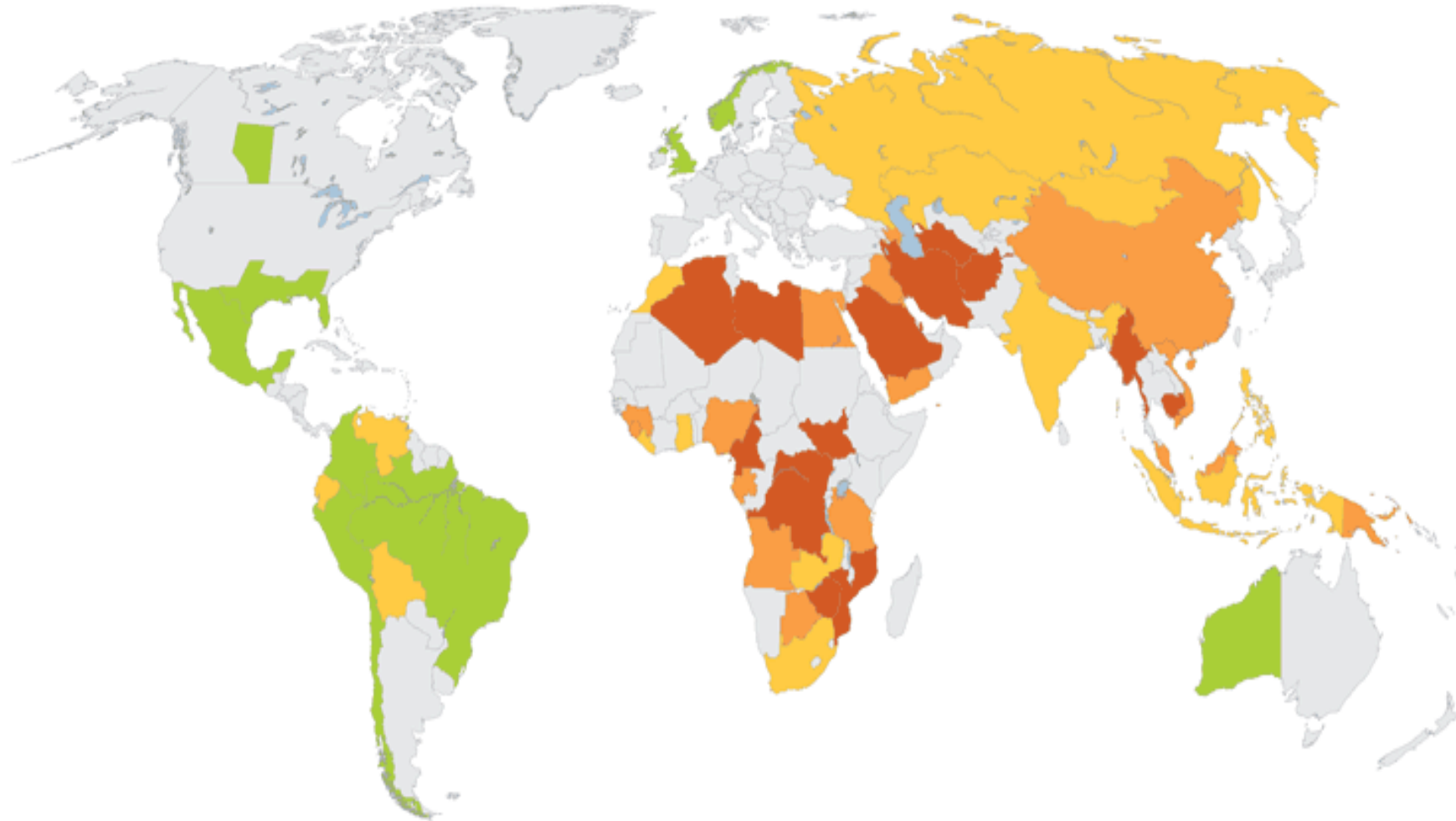
Notes: (1) Resource-rich countries, as defined by the IMF, appear in *italics*.

Transparency is missing where it is needed most

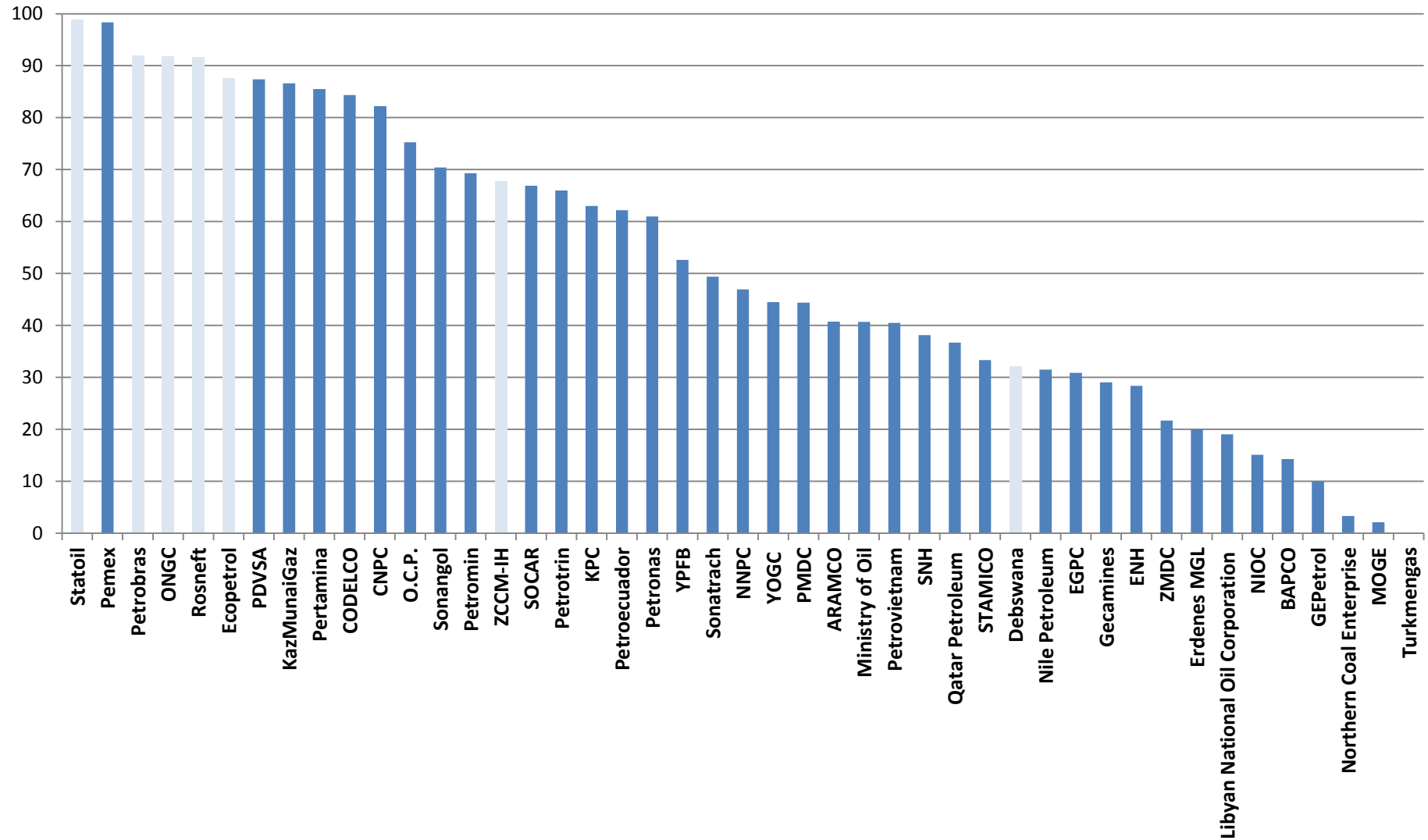
Index Scores by Resource-dependency



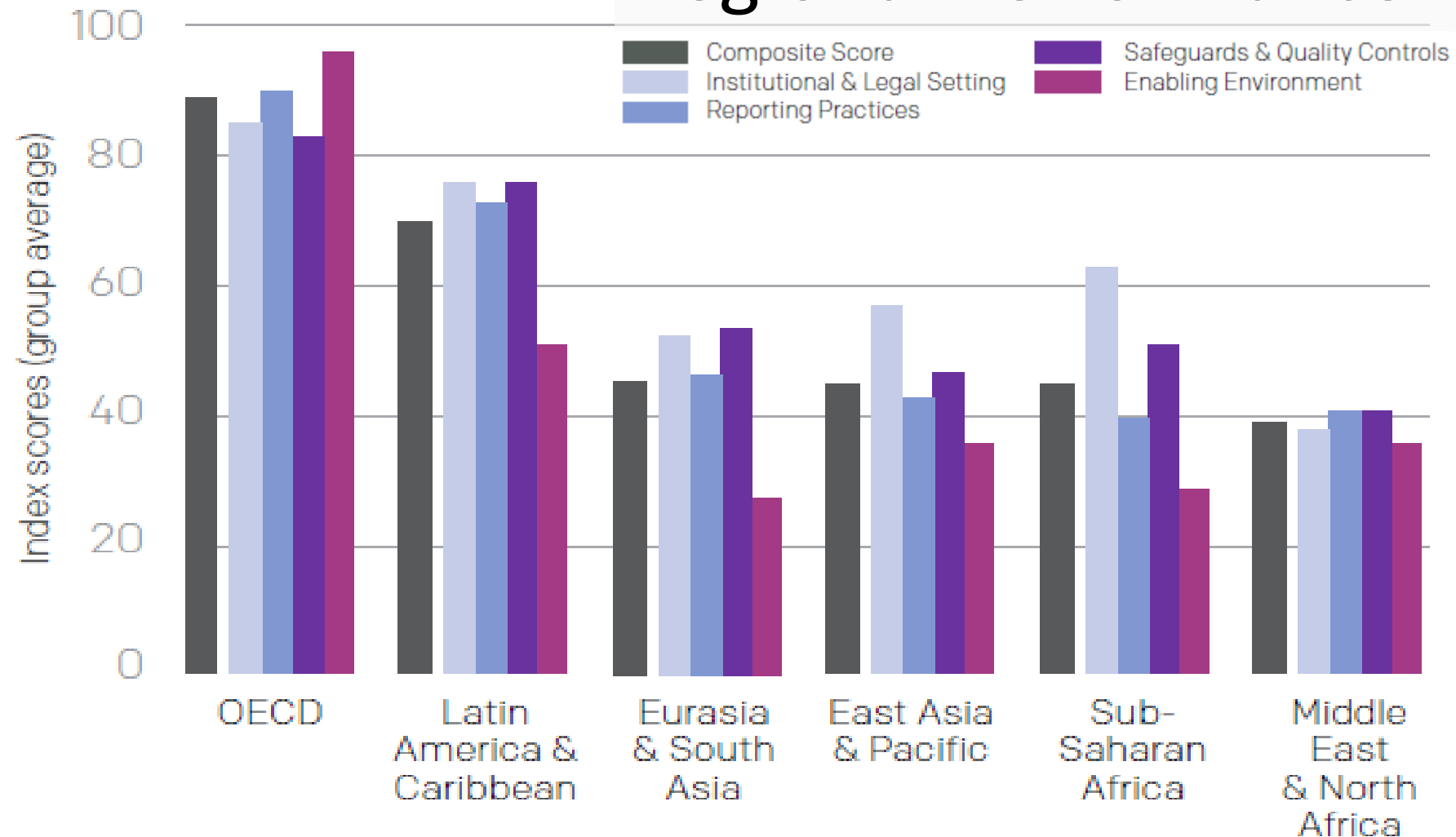
Satisfactory performance is possible in diverse contexts



State-owned companies in 45 countries

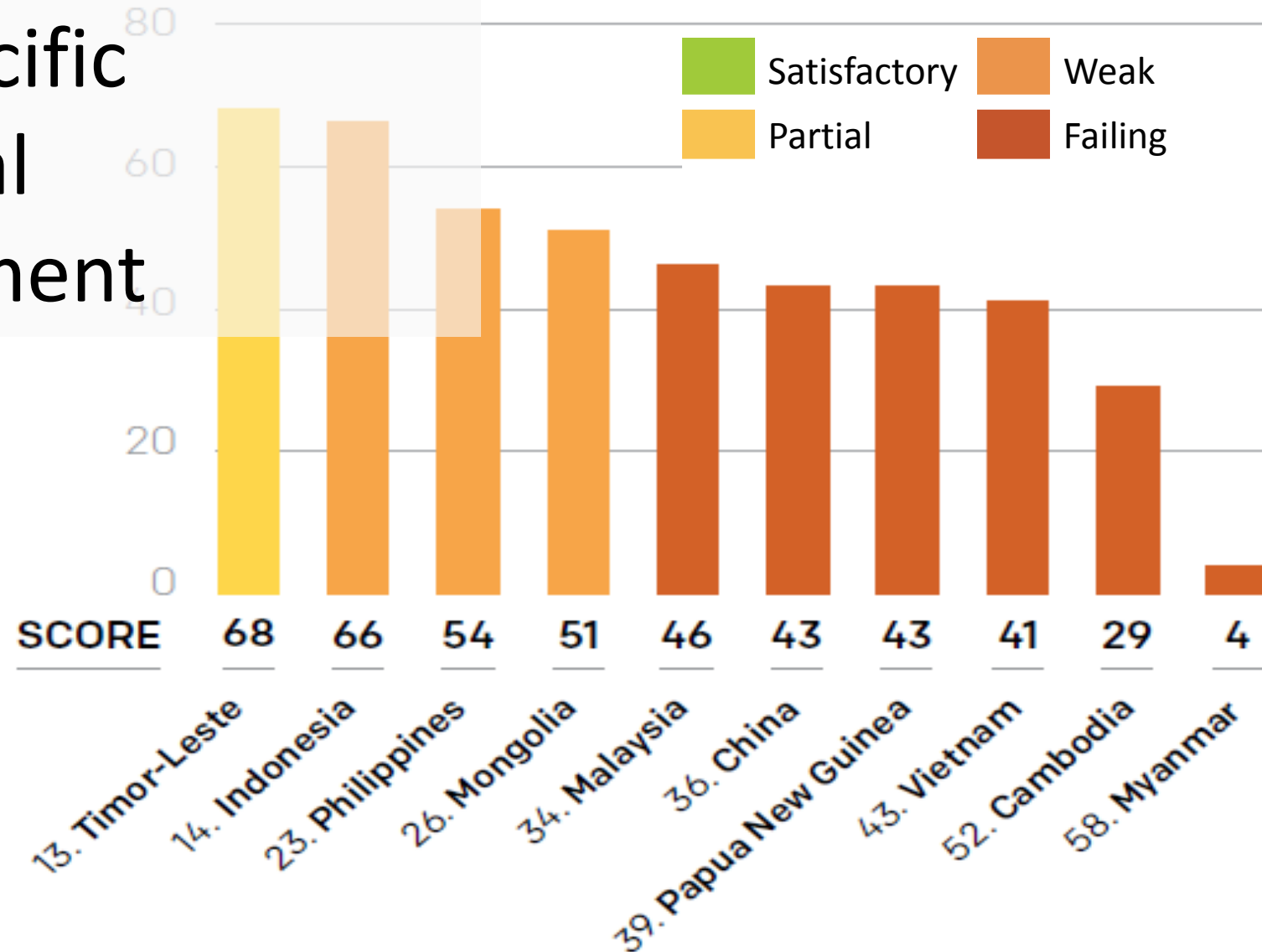


2013 Resource Governance Index Regional Performance



2013 Resource Governance Index

Asia-Pacific Regional Assessment



2013 Resource Governance Index Indonesia Assessment

<http://www.revenuewatch.org/countries/asia-pacific/indonesia/overview>



Rank (out of 58)		Score (out of 100)
14	COMPOSITE SCORE	66
16	Institutional & Legal Setting	76
15	Reporting Practices	66
11	Safeguards & Quality Controls	75
21	Enabling Environment	46

Further...

Weaknesses

- Indonesia's "partial" score of 66 reflects comprehensive reporting on a number of indicators, but a lack of contract transparency and insufficient disclosure of subnational transfers of resource revenues.
- Indonesia received a "weak" score of 46, the product of especially low rankings for the rule of law and corruption control.

Strengths

- Indonesia's "satisfactory" score of 76 is due to comprehensive legislation and a competitive licensing process.
- With significant audit requirements and government monitoring, but uneven quality of government reports, Indonesia earned a "satisfactory" score of 75.

Policy Implications

Improve the 'enabling environment' : accountability and democracy, government effectiveness, rule of law, and corruption control

Consistent implementation of EITI – further disclosures :
licensing and contracts,
production data, social and environmental data, subsidies, oil, gas and mineral sales, etc.

Consistent legal frameworks (oil, gas and mining)

Thank you

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