EITI International Secretariat

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Validation of Indonesia

Final assessment of progress in implementing the EITI Standard

EITI International Secretariat
Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

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EITI International Secretariat
Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

Acronyms

AFS	Audited Financial Statements
AHU	Directorate General of General Legal Administration
BPK	Badan Pemeriksa Keuangan (Audit Board of Indonesia)
BPKP	Badan Pengawasan Keuangan dan Pembangunan (Finance and Development Supervisory Agency)
CMEA	Coordinating Ministry of Economic Affairs
CMMI	Coordinating Ministry of Maritime and Investment
DJPK	Directorate General of Fiscal Balance
DMO	Domestic Market Obligation
EITI	Extractive Industries Transparency Initiative
FTP	First Tranche Petroleum
HBA	Harga Batubara Acuan (Coal Reference Price)
IMA	Indonesian Mining Association
IPA	Indonesian Petroleum Association
IPMM	PT Indonesia Papua Metal and Mineral
KBLI	Business classification in Indonesia
KPK	Komisi Pemberantasan Korupsi (Corruption Eradication Commission)
MEMR	Ministry of Energy and Mineral Resources
MODI	Mining One Data Indonesia
MIND ID	Mining Industry Indonesia
MoF	Ministry of Finance
MSG	Multi-Stakeholder Group
PAD	Pendapatan Asli Daerah (Regional Original Revenue)
PGN	Perusahaan Gas Negara (State Gas Company)
PKBL	Program Kemitraan dan Bina Lingkungan (Partnership and Community Development Program)
PLTU	Pembangkit Listrik Tenaga Uap (Steam Power Plant)
PMK	Regulation of the Ministry of Finance
PSC	Production Sharing Contract
PT KAI	PT Kereta Api Indonesia (Indonesian Railways Company)
PTFI	PT Freeport Indonesia
PTVI	PT Vale Indonesia
QFE	Quasi-Fiscal Expenditures
SIMTRAD4	System of Regional and Village Transfers
SOE	State-Owned Enterprise
UNCAC	United Nations Convention Against Corruption

EITI International Secretariat
Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

Executive summary

This final Validation report presents the findings of the International Secretariat's Validation of Indonesia which commenced on January 1, 2024. The draft report was finalised for review by the multi-stakeholder group (MSG) on 2 July 2024. Following comments from the MSG on 1 August 2024, the Validation report was finalised for consideration by the EITI Board. The final assessment concludes that Indonesia has exceeded no EITI Requirements, fully met 11, mostly met 14 and partly met six requirements, with one requirement assessed as not applicable and two as not assessed.

Key achievements

Indonesia has demonstrated leadership in the systematic disclosure of extractive industry data. As part of broader national e-governance and open government reforms, relevant ministries such as the Ministry of Energy and Mineral Resources (MEMR), Ministry of Finance and the Statistics Bureau maintain online open data portals on licenses, corporate details, subnational revenues and the contribution of the extractive sector to various social and environmental indicators. Key State-Owned Enterprises (SOEs) such as PT Pertamina and Mining Industry Indonesia (MIND ID) have also consistently published timely, audited financial statements and annual reports. The MSG has developed the Indonesia EITI Data Portal, a 'digital' EITI report that collates, integrates and discloses data from different government agencies. Mainstreaming EITI disclosures has promoted public access to timely information and helped simplify reporting.

The EITI process continues to provide a platform for identifying and addressing governance risks within Indonesia's extractive sector. To address concerns about contract disclosure violating public information law, the MSG commissioned a study which concluded that there are no legal barriers to publishing extractive contracts. The report recommended a risk assessment to be undertaken before the government may render a document as classified. Consequently, a working group was formed to assess risks and establish mechanisms for publishing these contracts, leading to a published list of active contracts (not the actual contracts) and a roadmap for full disclosure. At the onset of the COVID-19 pandemic, Indonesia EITI adopted a flexible reporting approach that provided citizens with timely disclosures on the impact of the pandemic on the country's extractive production, revenues, employment and subnational revenue allocation.

Indonesia has used the EITI to advance engagement with communities on extractive sector issues. With the uptick in the extraction of transition minerals used in renewable energy technologies, the MSG has been engaging with communities in North Morowali to understand the impacts of the global energy transition on local communities. These engagements have provided a platform for communities to engage on energy transition issues and shed light on concerns over the lack of consultation and information regarding new nickel mines. The MSG has now started forming subnational EITI MSGs and established a focus group to analyse governance risks in the critical minerals supply chain for its battery industry.

EITI International Secretariat
Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

Areas for improvement

- There is scope to advance Indonesia's systematic disclosures in line with the Board-approved partial mainstreaming application. First, building on the findings of the risk assessment, Indonesia should consider developing a clear government policy on contract disclosure to demonstrate commitment to addressing barriers to disclosures. The government should take clear actions on such a policy and the agreed contract disclosure roadmap by disclosing contracts and licenses granted or amended from 1 January 2021. Second, disclosures by government agencies and Indonesia EITI, especially those on the production and export of minerals, the sale of the state's share of oil and gas, revenue collection, and subnational contributions from the entire sector, would benefit from improved comprehensiveness, disaggregation, and reliability. Third, efforts to improve data integration between MEMR and MOF should aim to address legal barriers to allow for the seamless disclosure of comprehensive and disaggregated information on how much the state benefits from individual companies and projects while better answering questions on whether transfers/payments to local governments align with legal/contractual provisions.

- There is scope to improve the level of stakeholder engagement needed to shepherd EITI implementation and enhance its role in public policy and debate. Reinvigorating high-level political commitment and sustaining senior officials' representation on the MSG are among the critical actions needed. A clear mechanism to prioritise and follow up on EITI recommendations will ensure EITI implementation informs national priorities. There is scope for the industry constituency to enhance their full and active engagement in the EITI process, particularly regarding outreach to constituency members beyond the main sector chambers. Despite improved CSO engagement, there has been a decline in the broader environment for civil society participation in extractive issues. Legal instruments have curtailed citizens' willingness to express opinions on extractive issues, leading to fear of restraint and reprisal. The criminalisation of anti-mining and environmental defenders has further restricted public engagement in the sector. Addressing these challenges will be essential to strengthening EITI implementation and ensuring a more inclusive and transparent extractive sector.

EITI International Secretariat
Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

After a government reshuffling, a new regulation restructured the MSG to enhance representation. The government continues to be represented by ten entities, although new departments are now included. Despite dominating in representation (74%, or 26/35), frequent changes in the representation of the designated permanent government department have hindered their substantial contribution to MSG decision-making.

Industry representation is through various chambers, with three additions from the Association for Oil and Gas and Renewable Energy, PT Pertamina, and Mining Industry Indonesia (MIND ID). However, there continues to be no evidence of codified industry nomination procedures. There is limited active participation and engagement on the MSG by the new members. Evidence of wider constituency outreach, especially outside the chambers, remains limited.

CSO representation, participation, and engagement have improved since the last Validation. The constituency is now represented by three members. CSOs have also devolved leadership on thematic expertise among MSG and non-MSG members to enhance active participation beyond the MSG. The constituency has been organising outreach events and thematic workshops, demonstrating ownership of the process during the transition period. The level of engagement at the subnational level continues to remain limited but this assessment recognises that the number of subnational units in the country is a contributing factor to the limited scope of outreach. While the MSG has exercised oversight over the transition from conventional EITI reporting to partial mainstreaming, more work is needed to ensure full, active, and sustained engagement by all constituencies and to enhance meaningful oversight over all aspects of EITI implementation.

Transparency

Government entities routinely disclose information across the extractive sector value chain in Indonesia. The National Legal Documentation and Information Network (JDIHN) portal provides legal frameworks and mining license guidelines, while licensing and contracting information is available on various online platforms. Production and export data are accessible via the MEMR MODI portal and the Statistics Bureau data portal, and subnational transfer information is on MoF’s Simtrad4 portal. State-owned enterprises like PT Pertamina and MIND ID publish timely financial statements and annual reports. The Indonesia EITI Data Portal integrates and discloses data from government agencies.

However, there are gaps in comprehensiveness, disaggregation, accessibility, and reliability. Contracts are not yet published, and beneficial ownership information lacks robust verification. Production values for mining are undisclosed, and volume data are inconsistent. Information about the Artisanal and Small-Scale Mining (ASM) sector is minimal despite its significant workforce. Consistent and credible data on production, reserves, and exports are crucial for transparency in Indonesia's extractive sector.

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Significant changes in state participation have impacted SOEs' disclosure obligations, with major projects and transactions omitted. The MSG did not assess government auditing practices or adopt additional quality assurance for the 2021 Report, leading to uncertainties in the robustness of auditing. Addressing these issues is crucial for EITI implementation in Indonesia, supporting its aim to be a transparent and accountable leader in the global extractive and energy industry.

Outcomes and impact

EITI data in Indonesia has been utilised in research and scientific journals, contributing to debates on ESG awareness and clarifying risks around contract disclosure. The EITI has enhanced community engagement, particularly concerning nickel extraction for renewable energy technologies. Despite progress, stakeholders are concerned about the limited availability of disaggregated data, low awareness, and lack of analytical capacity, especially in remote areas. Challenges include translating EITI implementation into meaningful outcomes, frequent changes in government officials, and the lack of mechanisms to track progress on EITI recommendations. Stakeholder consultations emphasised the need for annual reviews of outcomes and impacts. Prioritising actions that align EITI efforts with national priorities, ensuring consistent MSG participation, and developing tracking mechanisms are essential for achieving broader public benefits.

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Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

Validation scorecard

Component & module	EITI Requirement	Progress	Score	
Outcomes and impact		**Moderate**	**73/100**	
Extra points	Effectiveness and sustainability indicators		1	
Outcomes and impact	Work plan (#1.5)	Fully met	90	↑
	Public debate (#7.1)	Mostly met	60	=
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Mostly met	60	↑
	Outcomes & impact (#7.4)	Mostly met	60	↓
Stakeholder engagement		**Fairly low**	**67.5/100**	
Multi-stakeholder oversight	Government engagement (#1.1)	Mostly met	60	=
	Industry engagement (#1.2)	Mostly met	60	=
	Civil society engagement (#1.3)	Fully met	90	↑
	MSG governance (#1.4)	Mostly met	60	↑
Transparency		**Fairly low**	**63/100**	
Overview of the extractive industries	Exploration data (#3.1)	Fully met	90	=
	Economic contribution (#6.3)	Mostly met	60	=
Legal and fiscal framework	Legal framework (#2.1)	Fully met	90	=
	Contracts (#2.4)	Partly met	30	↓
	Environmental impact (#6.4)	Not assessed	-	-
Licenses	Contract and license allocations (#2.2)	Mostly met	60	=
	License register (#2.3)	Fully met	90	↑
Ownership	Beneficial ownership (#2.5)	Mostly met	60	-
State participation	State participation (#2.6)	Mostly met	60	=
	In-kind revenues (#4.2)	Partly met	30	↓
	SOE transactions (#4.5)	Mostly met	60	=
	SOE quasi-fiscal expenditures (#6.2)	Partly met	30	=
Production and exports	Production data (#3.2)	Fully met	90	↑
	Export data (#3.3)	Fully met	90	↑
Revenue collection	Comprehensiveness (#4.1)	Partly met	30	=
	Barter agreements (#4.3)	Not applicable	-	-
	Transportation revenues (#4.4)	Fully met	90	=
	Disaggregation (#4.7)	Partly met	30	=
	Data timeliness (#4.8)	Fully met	90	=
	Data quality (#4.9)	Mostly met	60	↑
Revenue management	Distribution of revenues (#5.1)	Fully met	90	=
	Revenue management & expenditures (#5.3)	Not applicable	-	-
Subnational contributions	Direct subnational payments (#4.6)	Partly met	30	-
	Subnational transfers (#5.2)	Mostly met	75	↑
	Social and environmental expenditures (#6.1)	Mostly met	60	=
Overall score		**Fairly low**	**68/100**	

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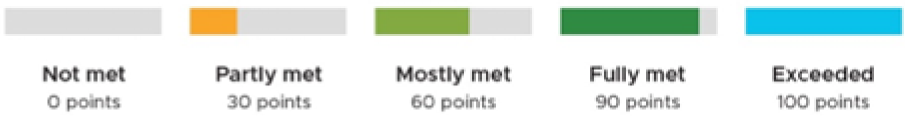
How EITI Validation scores work

Component and overall score

The three components of EITI Validation – "Transparency", "Stakeholder engagement" and "Outcomes and impact" – each receive a score out of 100. The overall score represents an average of the component scores.

Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.



- **Exceeded** (100 points): All aspects of the requirement, including "expected", "encouraged" and "recommended" aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn't apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat's assessment, the situation is described in the assessment.

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1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Indonesia addresses nationally relevant extractive sector challenges and risks.

Objectives for EITI implementation are outlined in the annual work plans of the MSG. The objectives and the underlying activities are well aligned with national priorities for the extractive industries and steps to mainstream EITI implementation in government and company systems. Objectives over the period under review include strengthening active participation across all constituencies in the MSG, contributing to improving investment climate through increased systematic disclosures, contributing to policymaking on areas such as social and environmental expenditures, gender, anti-corruption, critical minerals, and strengthening the capacity of the national secretariat to support the EITI implementation process.

There is evidence that the MSG has agreed steps to go beyond the minimum requirements of the EITI Standard, including through the efforts devoted to partial mainstreaming, in order to make extractive sector transparency an integral and routine feature of the Ministry of Energy and Mineral Resources (MEMR)'s information management system. This has also been an endeavour aligned with the e-governance and open government initiatives taking place in the national context. This has in turn enabled more transparency and accessibility of key information from the extractive sector, including on legal frameworks and license allocations. The MSG has also discussed and generated engagement in other issues relevant for the country, such as the energy transition, environmental, sustainability and governance (ESG) reporting, beneficial ownership transparency, gender, and community engagement.

Independent research has raised questions about the efficacy of the EITI in producing impact. It indicates that the EITI's influence on transparency, accountability, and addressing the impacts of the extractive industry may have been somewhat limited. However, it has also underscored that the EITI increases civil society participation and empowerment in Indonesia'. Stakeholders have underscored that the EITI implementation process will remain relevant only if it is integrated with and supportive of broader national-level reforms and processes. There are still opportunities for the EITI process to be more actively engaged in addressing high corruption risks in the sector, such as involvement of politically exposed persons (PEPs) in licensing and ownership.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

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Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

1.2 Systematic disclosures of extractive industry data

This indicator considers whether extractive sector data is disclosed systematically through routine government and corporate reporting.

Indonesia discloses majority of the information required by the EITI Standard routinely through government portals. Recognising the advanced level of systematic disclosures, the EITI Board accepted Indonesia's request for partial data mainstreaming implementation in October 2022.[1] To supplement and summarise information disclosed by different government agencies, the MSG has developed the Indonesia EITI Data Portal, a 'digital' EITI report that collates, integrates, and discloses data from government agencies. However, there are several gaps in comprehensiveness, disaggregation, accessibility and reliability. While there is no full assessment of systematic disclosures by companies, there is a consensus among the MSG that only a handful of (publicly listed) companies may be systematically disclosing information in line with the EITI Standard. Analysis of systematically disclosed data is summarised above (see Executive summary on transparency) and detailed below (see specific requirement).

To address existing gaps to fully mainstream EITI in government and company systems, the MSG has developed work plans and roadmaps with practical and detailed activities. These action plans are supported technically and financially by the World Bank and overseen by the MSG. With the EITI hosted by the MEMR, relevant information as part of the EITI reporting process is being integrated with existing government. The MSG confirmed that MEMR and MoF systems have recently been integrated to allow for seamless data sharing as part of the 2021 reporting cycle. Implementing the mainstreaming work plan would form a strong foundation for integrating EITI-disaggregated information into national licensing databases, statistical and financial data portals. Key among these are reforms geared towards addressing tax confidentiality, contract disclosure and beneficial ownership data access and use.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

Indonesia's laws generally provide an enabling environment for freedom of association and expression. Communities affected by extractive sector projects are mandated by laws to contribute to decisions regarding these projects. There is documented evidence of CSOs on the MSG organising and/or contributing to public debate on issues related to contracts and corporate-level tax disclosures. Independent research published during the period under review has underscored that the EITI increases civil society participation and empowerment in Indonesia[2]. The MSG, mostly through the CSO constituency, has also made efforts to engage,

[1] https://eiti.org/board-decision/2022-41
[2] https://www.sciencedirect.com/science/article/pii/S2214790X21000502

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Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

build capacity and elevate the concerns of communities affected by extractive projects. The challenges involved in subnational outreach are well documented, providing justification to the limited opportunities for such stakeholders to participate in public decision-making. The MSG has taken steps to establish a Community Complaints Mechanism, which provides a channel for affected communities to voice concerns and report instances of non-compliance within the extractive sector.

The Secretariat did not find breaches of the EITI Civil Society Protocol but has taken note of observations that the broader environment for civic participation has declined since the last Validation. This assessment particularly considered two additional developments. In September 2019, Indonesian civil society organisations implementing the UN Convention Against Corruption (UNCAC) expressed concerns over amendments to Indonesia's anti-corruption agency (KPK) law, fearing they would compromise the agency's independence and effectiveness[3]. The revisions to the law were perceived to be adopted hastily and with limited consultation and transparency[4]. It has also raised alarms as the changes shift the KPK from an independent authority to a government-controlled body overseen by a supervisory board appointed by the President, risking political interference[5]. Stakeholders consulted expressed concerns that these revisions have weakened the powers of the KPK, particularly by adding procedural hurdles that complicate the process of prosecuting cases, thereby reducing its effectiveness and perceived independence.

Also, the passing of the Omnibus Job Creation Law in 2020, among other things, narrowed the definition of 'communities' allowed to make input to Environmental Impact Analysis processes, thereby limiting and restricting civic participation in terms of environmental protection advocacy. A CSO Report on civic space submitted as part of stakeholder consultation for this Validation also lamented about the shortcomings in implementing environmental regulations, particularly highlighting the restricted public access to EIA documents in the energy and mineral sectors, which hampers meaningful public participation in mining licensing policy decisions.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

Indonesia's e-governance reforms have served as a catalyst for improving accessibility of extractive sector data, through the mainstreaming efforts undertaken under the EITI process. The MEMR has spearheaded initiatives to establish a more integrated, mainstreamed, and

[3] https://uncaccoalition.org/uncac-coalition-statement-on-threats-to-the-independence-of-indonesias-corruption-eradication-commission-kpk/

[4] https://thediplomat.com/2019/09/is-indonesia-losing-its-war-on-corruption-under-jokowi/
[5] https://uncaccoalition.org/uncac-coalition-statement-on-threats-to-the-independence-of-indonesias-corruption-eradication-commission-kpk/

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Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

transparent data infrastructure through various online platforms, including licensing portals, e-tender portals, the MEMR (ESDM) One Map, corporate registers, and geospatial portals. While information required by the 2019 EITI Standard had been regularly disclosed through government websites, certain data elements still fell short in terms of comprehensiveness and disaggregation levels. Efforts to address these deficiencies resulted in the development of the EITI Data Portal, which aims to aggregate EITI report data into a unified open data platform, collating disclosures from various government entities. The EITI Data Portal contains systematically disclosed information, further disaggregated. Despite notable progress, not all EITI data has been published in open format. While certain data points, such as licensing and reserves information, are available, gaps persist, such as the comprehensiveness of exploration, production and export data, the publication of contracts, the lack of disaggregated information on the sale of state's share of oil and gas, and the limited quality assurances on revenue collection and subnational contribution. The O&I template also states that the MSG still undergoes issues regarding the disclosure of several types of data, such as tax, CSR data, etc. All these important data are currently not available as open data.

Consultations with the MSG have confirmed that the use of EITI data in Indonesia varies across stakeholders. There are examples of instances where EITI information contributed to public debate, including thematic policy dialogues on EITI data on social and environmental expenditures, ESG, gender, just energy transition, and the impact of the extractive industries. Information gathered through the EITI process in Indonesia has also been used in research and scientific journals. In addition, EITI Indonesia started the process of establishing a sub-national EITI, as a formal forum for transparency discussion in regional areas. Despite a recent increase in awareness and use over recent years, many stakeholders have yet to fully harness the potential of EITI data. The reach of EITI data remains limited for certain stakeholders, particularly those in remote areas. In addition, a notable challenge is the limited analytical capabilities among stakeholders, particularly civil society and local organisations, which hinders their ability to effectively analyse EITI data. Finally, disaggregated data remains constrained in certain domains, compounded by a lack of awareness among stakeholders regarding the potential of data use of EITI information. There are further opportunities for strengthening EITI implementation through more active use of data across issues confirmed as the predominant corruption risks in the extractive sector by stakeholders (involvement of PEPs in licensing and ownership of extractive companies).

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

The MSG has highlighted specific instances of reforms resulting from the EITI process. One notable advancement on extractive-related e-governance reforms has been the establishment of

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Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

the EITI Data Portal. This portal has enabled the public to gain insights into various aspects of the industry, including tax payments, royalties, and benefits extended to communities affected by extraction. Another reform underscored by stakeholders is the establishment of a Community Complaints Mechanism, which provides a channel for affected communities to voice concerns and report instances of non-compliance within the extractive sector. On beneficial ownership transparency, the MEMR's collection of data and cooperation with the Ministry of Law and Human Rights (MLHR) has been acknowledged as the most evolved to date, in comparison with other ministries, including the requirement for companies to submit beneficial ownership information for license applications.

Despite these examples, evidence of a lack of active engagement by high-level government officials in the EITI process continues to raise serious doubts about the potential of meaningfully leveraging EITI implementation for public reforms. Concerns have also been raised on the inability of the EITI process to effect change in key policy areas such as contract transparency.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

EITI International Secretariat
Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / and final assessment	Summary of progress in addressing the EITI Requirement
Work plan (Requirement #1.5) *Fully met*	The International Secretariat's assessment is that Requirement 1.5 is fully met, an improvement since the previous Validation. The annual planning for EITI implementation supports implementation of national priorities for the extractive industries while laying out realistic, costed and time-bound activities that are the outcome of consultations with the broader government, industry and civil society constituencies, in line with the objectives of Requirement 1.5. Adopting a monitoring framework would further support the MSG's efforts to track activities against outcomes. Work plans have been developed for the years 2020, 2022 and 2023. A government reshuffling led to a transition period which resulted in challenges in the publication of work plans in 2019 and 2021. However, the MSG made efforts to improve their work planning process through the procurement of a consultant, which included a wide stakeholder consultation. This resulted in the creation of templates and materials for the work planning process. Objectives over the period under review are linked to the EITI principles and well aligned with national priorities. These include steps to mainstream EITI implementation in government and company systems, strengthening active participation across all constituencies in the MSG, improving investment climate through increased systematic disclosures and contributing to policy-making on areas such as social and environmental expenditures, gender, anti-corruption, critical minerals, Stakeholder consultations confirmed that work plan objectives are aligned with national priorities. All work plans contain a specific strand of work targeted at addressing any capacity constraints identified. Examples of this include technical support for the development of the EITI Data Portal and activities related to engaging communities in a just energy transition, and studies on the critical mineral value chain. All work plans contain specific objectives aimed at strengthening systematic disclosures, including the mapping of data across government systems, the establishment and integration of the EITI portal with the MEMR portal, and inclusion of data related to the partial mainstreaming objectives.

EITI International Secretariat
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	The 2023 work plan highlighted activities to contribute to multi-stakeholder policy dialogue on the impact at the subnational level, on the use of data. Work plans from previous years state activities related to Forum Group Discussions (FGDs) within the MSG working groups on beneficial ownership and contract transparency, including actions to follow up on results from contract transparency study to address legal obstacles. Plans for implementing recommendations from previous Validations have also been incorporated, including initial follow-ups on recommendations from the previous Validation. Although the work plans subsequent to the prior Validation do not literally mention follow-up to recommendations, clear activities were targeted at solving pending challenges, such as data mainstreaming, publication of licenses and contracts, beneficial ownership disclosures, capacity building on disclosure of SOE information. Work plans for 2020 and 2022 include costings and funding sources, including domestic and external sources of funding and technical assistance. The support from Indonesia's national budget and the World Bank assistance for mainstreaming have not been reflected as funding sources in the 2023 work plan. A timetable for implementation has been included in each work plan. Consultations with stakeholders have highlighted a lack of clarity in terms of following documentation of progress against the work plan. There is no mechanism for tracking or documenting progress, and it is unclear whether timelines have been met. However, stakeholders have confirmed that progress against the work plan is discussed at MSG meetings. With regards to public disclosure, although there is a dedicated site for links to EITI work plans, access to some work plans is currently unavailable on the national EITI website. However, these documents have been obtained by requesting the national secretariat to provide them. There is no written update on progress. The MSG engaged a consultant to undertake a strategic planning session and develop a result-based monitoring and evaluation framework for its future work plans. However, the transition of the EITI between ministries affected the MSG's ability to sustain the use of the new knowledge, tools and framework, therefore, these were not taken up any further. Stakeholders across the different constituencies, including specific government agencies, companies and civil society part of the MSG, have confirmed to be consulted in the work plan design process. This does not appear to have extended to the broader private sector constituency, apart from outreach done through associations. This issue likely stems from broader challenges in industry coordination. However, non-MSG CSOs appear to be involved overall in the EITI process. The CSO constituency indicated that they keep their own work plans, which are adapted to align with the vision and mission outlined by CSO representatives, and harmonised with the initiatives of the national secretariat, integrating seamlessly into the overarching EITI work plan for each year. Stakeholders consulted have confirmed that the process for the development of the work plans is transparent and closely aligned with national priorities, thereby facilitating the subsequent securing of

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	funding from the national budget. Stakeholders also stated that work in relevant policy areas is often mainstreamed into national planning.
Public debate (Requirement #7.1) *Mostly met*	The International Secretariat's assessment is that Requirement 7.1 is mostly met, as in the previous Validation. Stakeholders consulted confirmed that the EITI process has enabled evidence-based public debate on extractive industry governance through active communication of and increased accessibility to relevant data to key stakeholders. However, given the widely decentralised governance structures in Indonesia, further efforts to promote wider use of EITI data, particularly in remote areas, will contribute to achieving the objective. All information related to EITI activities is available on the official website both in Bahasa and English. In 2022, EITI Indonesia contracted a communication consulting firm to support in developing EITI Indonesia's official communication strategy, although the link to the document is not publicly accessible. Constituencies were invited to feed into the strategy – CSOs raised concerns that although the strategy seemed comprehensive, communities had not been included as key audiences and should have their own strategy. The recent launch of the EITI Data Portal enhances accessibility and timeliness of some EITI disclosures, through disaggregation of certain data points from government and company disclosures. This improvement includes more accessible data on the legal and regulatory framework, licenses, exploration and production, state revenue and revenue allocation. Promotion of the EITI Report has targeted key audiences such as parliamentarians, media, policymakers, local communities near extraction sites and wider civil society. Summary documents, including infographics, based on data from the EITI Report, have also been published through the EITI Indonesia website and social media in Bahasa for broader reach to a wider public audience (examples here and here). The MSG shared examples of instances when EITI information contributed to public debate, including the Thematic Policy Dialogue titled "Transparency in the Extractive Industry Through the Publication of Environmental, Social, and Governance (ESG) Aspects of Mining Companies for Sustainable Development" in September 2022. During this dialogue, EITI data, particularly pertaining to social spending and environmental expenditures, emerged as a focal point of discussion, underscoring the significance of leveraging such data to bolster the impact on economic and social development, increasing awareness regarding ESG principles. Information gathered through the EITI process in Indonesia has also been used in research and scientific journals (examples here, here and here). Several events and dialogues have been held in the period under review, including thematic policy dialogues on ESG, gender, just energy transition, and the impact of the extractive industries. The national secretariat has also

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	stated that, during MSG meetings, issues on gender inclusion, indigenous people, access for different groups, have been frequently raised. In addition, EITI Indonesia started the process for formation of a sub-national EITI, as a formal forum of transparency discussion in regional areas, such as North Morowali, home to some of the country's largest nickel deposits. CSOs have raised the concern of lack of access to information by local communities who do not have access to internet. However, projects such as Engaging Communities in a Just Transition, engaging communities in North Morowali on Indonesia's Sulawesi Island, have intended to bridge that gap through in-person outreach. Consultations with the MSG confirmed that the use of EITI data in Indonesia varies across stakeholders. Despite a recent increase in awareness and use over recent years, many stakeholders have yet to fully harness the potential of this data. Several factors contribute to this dynamic: firstly, while EITI data is accessible online, its reach remains limited for certain stakeholders, particularly those in remote areas. Secondly, limited analytical capacity is a challenge among stakeholders, particularly civil society and local organisations, hindering their ability to effectively analyse EITI data. Thirdly, the availability of disaggregated data remains constrained in certain domains, compounded by a lack of awareness among stakeholders regarding EITI and the advantages offered by its data resources. The MSG feedback on the draft Validation report highlights plans to enhance the EITI portal with thematic modules tailored to community needs, emphasising the importance of community involvement in extractive industry transparency efforts.
Data accessibility and open data (Requirement #7.2) *Fully met*	The International Secretariat's assessment is that Requirement 7.2 is fully met. The objective of publication of information in open data and interoperable formats, in order to enable the broader use and analysis of information on the extractive industries, has been achieved, as there is an open data policy, summary data files, and efforts have been made to promote accessibility of information in machine-readable, open data format through the EITI Data Portal. Further efforts are encouraged on the publication of all relevant information in open data and interoperable formats. EITI Indonesia's Open Data Policy, published in November 2018, adequately codifies terms for release, use and reuse. Since then, there have been developments at the national level to advance with e-governance reforms and establish open data systems. Indonesia's Presidential Regulation No. 39 of 2019 established the policy for harmonisation of data collected by all ministries and agencies, to ensure open data and interoperability. The regulation also promotes accuracy, up-to-date information and reliability, in line with the EITI's open data policy. Indonesia's e-governance reforms have served as a catalyst for the mainstreaming efforts undertaken under the EITI process. In the extractive sector, the MEMR has spearheaded initiatives to establish a more integrated,

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	mainstreamed, and transparent data infrastructure through various online platforms, including licensing portals, e-tender portals, the MEMR One Map, corporate registers, and geospatial portals. This shift towards systematic data disclosure aligns with Indonesia's national priorities, which include efforts to improve the investment climate. To harmonise these efforts, the MSG committed to advancing data mainstreaming initiatives, commencing with a feasibility study supported by the World Bank and the EITI International Secretariat. The study involved consultations with relevant government agencies, civil society organisations, and companies to assess the landscape of open data within Indonesia, ascertain the extent of systematic extractive data disclosure, and identify remaining gaps to be addressed within the MSG's data mainstreaming framework. Key findings from the study reveal that while information required by the 2019 EITI Standard had been regularly disclosed through government websites, certain data elements still fell short in terms of comprehensiveness and disaggregation levels. Efforts to address these deficiencies resulted in the development of the EITI Data Portal over the past two years, which aims to aggregate EITI report data into a unified open data platform, collating disclosures from various government entities. Summary data files from each year of the period under review have also been disclosed. The EITI Data Portal contains systematically disclosed information, further disaggregated. Despite notable progress, not all EITI data has been published in an open format in the portal. While certain data points, such as licensing and reserves information, are available, gaps persist, such as the comprehensiveness of exploration, production and export data, the publication of contracts, the lack of disaggregated information on the sale of state's share of oil and gas, and the limited quality assurances on revenue collection and subnational contribution. In the Outcomes and Impact template, the MSG identified gaps in the availability of some EITI data - such as tax, CSR data - in open format. Stakeholders noted that they are engaging with relevant stakeholders (i.e., Ministry of Finance) through several workshops and strategic meetings to open access to this data.
Recommendations from EITI implementation (Requirement #7.3) *Mostly met*	The International Secretariat's assessment is that Requirement 7.3 is mostly met, an improvement since the previous Validation. The MSG has demonstrated evidence of meeting the objective of the requirement by identifying and acting on priority recommendations emerging from EITI implementation. However, the MSG would need to establish a clear mechanism for regularly considering and prioritising action on findings and recommendations from the EITI process to ensure that EITI implementation is a systematic and continuous learning process that contributes to policymaking. EITI Indonesia's efforts in launching the EITI Data Portal were done in a bid to address several of the recommendations made in the previous Validation. Documentation of progress against recommendations in the Outcomes and Impact Template highlights several efforts done towards systematic

	disclosures, and gaps in addressing some issues, including publication of contracts, subnational transfers, disaggregation of subnational transfers, among others. Efforts towards launching the EITI Data Portal were the result of a broader push towards mainstreaming, initially tested through a mainstreaming feasibility study. During the period under review, beyond the creation of the portal, efforts were placed towards clarifying the steps to tackle barriers to contract transparency and beneficial ownership transparency, and promoted activities on anti-corruption, engaging communities in a just energy transition, gender and ESG. These activities evidence efforts towards addressing national natural resource governance challenges and priorities. There seem to be no established formal mechanisms by the MSG for following up on recommendations and discrepancies. This has been confirmed by the National Secretariat. Consultations have however stated that several informal practices for tracking EITI recommendations and addressing non-compliance are in place. These include discussions during MSG meetings, facilitating the identification of priorities and the formulation of strategic follow-up plans. In addition, the MSG affirmed that they actively engaged in collaborative endeavours with government entities to advocate for the implementation of recommendations and ensure alignment with national objectives. Finally, the MSG has confirmed that progress against implementation of recommendations is disseminated to the public through EITI Reports and summary documents. The MSG feedback on the draft Validation report indicates that while procedures for discussing and following up on EITI recommendations are not explicitly outlined in the Handbook and SOP, recommendations aligning with national objectives will be followed up through formal letters to relevant agencies to enhance transparency.
Review the outcomes and impact of EITI implementation (Requirement #7.4) *Mostly met*	The International Secretariat's assessment is that Requirement 7.4 is mostly met, as in the previous Validation. The objective of monitoring and evaluating EITI implementation is mostly met through discussions at MSG meetings. This process has identified instances of concrete reforms that have been advanced through EITI implementation. To fully achieve the objective of ensuring the EITI's own public accountability, the MSG would need to develop systematic approaches to regularly monitor and evaluate the impact of EITI implementation and adopt options to fully consult wider stakeholders in developing progress reports. Consultations with stakeholders have highlighted that, while there is no mechanism for tracking or documenting progress in meeting EITI Requirements, or a narrative account of efforts to strengthen EITI's impact, EITI implementation progress is discussed at MSG meetings. The MSG's Outcomes and Impact Template, in addition to responses provided during consultations, underscored instances of concrete, impactful reforms that have been implemented as a result of the EITI process. One of the

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	significant reforms is the development of the EITI Data Portal, in line with the broader national e-governance reforms. The MSG has argued that, through this portal, members of the public have gained insights into various aspects of the industry, including tax payments, royalties, and the benefits extended to communities impacted by extraction. Another notable reform is the establishment of a Community Complaints Mechanism, providing a channel through which affected communities can voice concerns and report instances of non-compliance within the extractive sector. The MSG's feedback on the draft Validation report confirms that monitoring and evaluation of EITI implementation are conducted during MSG meetings, with results shared publicly via the EITI portal. The feedback outlines plans for the MSG to coordinate with relevant government agencies, especially when aligned with national priority programs.

New corrective actions and recommendations

- To strengthen implementation of Requirement 1.5, Indonesia is encouraged to develop a monitoring mechanism to track progress against the yearly work plan and document the MSG's discussions on achieving progress on annual work plan. The MSG could further strengthen its efforts to improve wider consultations on work plans among all constituencies, especially the industry.
- In accordance with Requirement 7.1, Indonesia should promote wider use of EITI data by developing and implementing strategies to access harder-to-reach communities, and to build capacity of stakeholders to analyse the data.
- To strengthen implementation, Indonesia is encouraged to make systematically disclosed data machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.
- In accordance with Requirement 7.3, Indonesia should develop a formal mechanism for following up on progress against recommendations from previous Validations, EITI Reports and other studies developed through EITI implementation. The MSG is required to act upon lessons learned, to identify, investigate and address any causes of information gaps and discrepancies, and to consider recommendations resulting from EITI implementation.
- In accordance with Requirement 7.4, Indonesia should develop a clear tool for the monitoring and evaluation of the impact of EITI implementation, and to incorporate these findings in annual EITI Reports and annual reviews of impact and outcomes. Discussions in MSG meetings to monitor progress should be clearly and regularly documented. The MSG should adopt options to fully consult wider stakeholders beyond the MSG in the development of such progress reports.

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3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / final assessment	Summary of progress in addressing the EITI Requirement
Government engagement (Requirement #1.1) *Mostly met*	The International Secretariat's assessment is that Requirement 1.1 is mostly met, as in the previous Validation. The government has consistently shown support at the operational level and has successfully led and actively engaged in a transition to systematic disclosures. It has also led on some work streams including on understanding legal barriers to contact transparency and has exhibited efforts to address previous issues about the EITI being siloed. For instance, recent activities have shown more engagement with other ministries outside the MSG such as Stranas PK on corruption matters and Ministry of Law on beneficial ownership. However, the government's ability to fully achieve the objective of active and effective leadership for EITI implementation depends on revitalising high-level political commitment, exercising robust oversight of all EITI implementation, and ensuring active engagement from the Secretary Generals of MEMR, who are nominally the chairs of MSG meetings but have not participated in practice. Since the last Validation, Indonesia EITI transitioned from the Coordinating Ministry of Economic Affairs (CMEA) to the Coordinating Ministry of Maritime and Investment (CMMI) in 2019 before being moved fully to the Ministry of Energy and Mineral Resources (MEMR) and the Ministry of Finance (MoF) (*See Requirement 1.4*) in 2020. In line with the transitional arrangement, MEMR issued a regulation in 2021 and has overseen the EITI since then. Non-government stakeholders consulted pointed that the MoF did not issue a regulation to co-host EITI and had not established a point of contact supporting MEMR on daily EITI implementation until 2023. Further consultation with the MoF revealed that decision was made to avoid legal complications, as MEMR was designated the lead agency responsible for issuing the EITI process decree. The MSG documented additional instances of government commitment, including a meeting between the Minister for Energy and Mineral Resources and the Executive Director of the EITI International Secretariat in September 2023. While acknowledging these signals of support, there is no clearly documented public commitment to EITI implementation since the last Validation.

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	During the period under review, three Secretary Generals of MEMR served as Chair of the MSG but did not attend or chair MSG meetings. Meetings have been chaired by the Advisor to the Secretary General in 2020 and the Head of the Centre for Data and Information Technology since 2023. The current Chair, appointed in August 2023, has attended only one meeting according to meeting minutes available on the EITI website. In the absence of an echelon 1 high-level official actively championing and steering EITI implementation, there is limited evidence to suggest that recommendations from EITI implementation are channelled beyond the MSG to inform cabinet-level national discussions. This is further compounded by the fact that there is no formal mechanism to ensure liaison between MSG members and the broader government constituency as suggested by the MSG's documentation and confirmed through stakeholder consultations. Notwithstanding these concerns regarding high-level leadership, there is evidence to suggest the government is *engaged* in regular EITI implementation such as MSG meetings and reporting which has been enough to sustain implementation. A cursory review of MSG meeting minutes confirms the active meeting contributions by relevant government entities such as MEMR, SKK Migas and CMEA. Meetings minutes from 2022 and 2023 also confirm the leadership of MEMR in shepherding the EITI partial mainstreaming process. MSG members consulted considered that there is a good level of government reporting, with MEMR providing data and facilitating systematic disclosure efforts. However, it is not possible to ascertain the level of seniority of members who attend meetings, given that the titles are not provided in the minutes. Stakeholders consulted noted that the high-level officials nominated to represent government often do not attend meetings and their replacements vary significantly across departments. Stakeholders further noted that, beyond data reporting, the lack of consistency in government representatives, particularly from the MoF, has affected the ability to sustain government contribution on a subject matter over time. There is also evidence to suggest that government engagement in the full scope of EITI implementation requires improvement. The government has not funded substantial activities beyond operational costs, i.e., staff costs and EITI disclosures. The appropriate level of seniority and capacity necessary for the National Secretariat to lead on day-to-day EITI implementation remains limited. According to the MSG's Stakeholder Engagement Template, budgetary support on relevant thematic activities such as systematic disclosure and beneficial ownership has been funded by the World Bank. Although the government signed up for the Opening Extractive Programme in 2021 to expedite beneficial ownership disclosure, there has been limited traction to resolve implementation bottlenecks relating to data integration and verification as the national secretariat faced difficulties in securing the engagement of other staff within the MEMR. Government officials consulted recognised their efforts made to improve data integration between MEMR and MoF, enhancing reporting and disclosure. However, there is limited evidence

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	of efforts to improve data disaggregation, quality, and access since the partial mainstreaming application was approved in October 2022. Government stakeholders highlighted an improvement in accessing tax information since the introduction of reforms that now allows Director-level officials (previously the mandate of Director-General level officials) to approve tax waivers. While acknowledging the progress, tax confidentially continues to remain a challenge to full systematic disclosure and progress to address the short to medium activities outlined in the mainstreaming work plan remains stale. There is no evidence from the MSG documents and stakeholder consultations that the government constituency has a mechanism for actively following up on addressing recommendations emanating from the EITI process. Besides work on systematic disclosure, there is also no evidence of government using, disseminating and promoting information from the EITI disclosures to inform public debate and government reforms. The MSG response to the draft Validation report acknowledges that the limited involvement of senior officials is due to conflicting schedules and recent leadership changes but emphasises that the MEMR remains committed to supporting transparency in Indonesia's extractive sector. CSOs agrees with the CMEA that government support should not be solely measured by physical attendance at meetings but also by the policies enacted to promote transparency. However, the CSOs also recognises that internal agency regulations and a focus on high-level discussions sometimes limit effective government involvement in addressing critical on-ground transparency issues.
Industry engagement (Requirement #1.2) *Mostly met*	The International Secretariat's assessment is that Requirement 1.2 is mostly met, as in the previous Validation. Stakeholders consulted confirmed that industry membership on the MSG has increased since the last Validation. Nonetheless, active participation and wider engagement remain limited. The Secretariat's view is that industry participation and engagement within the MSG continue to mostly fulfil the broader objective of a full, active and effective role in the EITI process. Since the last Validation, industry membership of the MSG has increased. This is in line with the action plan developed by the constituency to address gaps identified in the 2019 Validation. In addition to the existing members, the Indonesia Petroleum Association (IPA), the Indonesia Mining Association (IMA) and the Indonesia Coal Association (Asosiasi Pertambangan Batubara Indonesia, APBI), the constituency is now represented by three new members including the Association for Oil and Gas and Renewable Energy, PT Pertamina and MINDID. Despite the increased representation, actual participation appears to be limited to the previous MSG members, as the MSG's documentation suggests limited attendance and participation by the new members, including Pertamina, which is an EITI supporting company. During consultations, industry members noted the IPA and IMA attend most meetings, and that Pertamina has attended some meetings, albeit with

	different representatives from different departments. Changing representatives have posed limitations on capacity to engage in all issues related to EITI including beneficial ownership or contract disclosure. In light of the adoption of a flexible reporting approach, Indonesia EITI disclosures in recent years did not require reconciliation of company payments with government revenues. However, material companies continue to provide company-disaggregated tax and non-tax revenue data to augment government disclosures. There is a lack of evidence to suggest industry commitment to fully overcome taxpayer confidentiality constraints to enable the government to disclose company-level disaggregated revenue data. Industry stakeholders consulted continue to support the existing practice of applying tax confidentiality waivers rather than advocating for their removal from legislation. Industry members have contributed to the EITI process during the review period. Though the depth and breadth of industry contributions to MSG discussions on relevant issues are unclear from the MSG documents submitted, representatives consulted highlighted substantial inputs to develop new strategic priorities and work plan objectives in 2022-23. Specific areas of contribution included highlighting challenges of aligning their disclosures with the EITI Standard, prioritising efforts to combat corruption, and the significant investment needed to transition to renewable energy by 2025. In addition to contributing to MSG work plans, some members have participated in events organised by CSOs on the MSG. Industry members consulted vaguely referenced their involvement in discussions on contract and beneficial ownership transparency. They also noted efforts to collaborate with the government in advocating for a new oil and gas law addressing energy transition concerns. However, these contributions appear to be limited to a few industry members who attend the MSG. While industry noted their priorities for EITI implementation, including on addressing corruption and ensuring socially responsible operations, there is limited evidence that the constituency has used EITI disclosures to achieve these goals. There is no evidence that industry representatives have convened Focus Group Discussions (FGDs) to spread awareness about EITI implementation to a wider constituency, as outlined in the 2019 Validation action plan. Regarding wider stakeholder consultations, industry stakeholders noted that feedback from regular meetings with chamber members, such as IPA and IMA, forms the basis for input to MSG discussions. For example, discussions within the chamber regarding potential regulatory changes in the mining sector were brought forward to MSG meetings. However, there is little evidence to suggest wider engagement with industry members, especially those outside the scope of the chambers. The constituency acknowledged no barriers to their full, active participation within the MSG. A cursory review of the applicable legal framework suggests an enabling environment for company participation on the MSG, although a

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Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

	sustainable solution has not been adopted to effectively overcome confidentiality clauses in the tax code. The MSG response to the draft Validation report emphasises efforts to ensure broad stakeholder participation in EITI, particularly from the industry. It also notes that while industry involvement in the MSG is stakeholder-driven, efforts to enhance participation has contributed to industry's engagement on work plan creation, data provision, strategic priorities and discussions on contract and beneficial ownership transparency. The response recognises Pertamina's recent involvement as a company member and establishment of a Sustainability Function further support EITI.
Civil society engagement (Requirement #1.3) *Fully met*	The International Secretariat's assessment is that Requirement 1.3 is fully met, an improvement since the previous Validation. Recognising the widely decentralised context of Indonesia, the Secretariat considers that the objective of full, active and effective engagement of civil society in all aspects of the EITI process, including public debate on extractive industry governance, to be fully met. Stakeholders consulted consider that the level of CSO engagement within the EITI has improved in the period under review. This is evident in the constituency's proactive engagement on relevant thematic issues and the prominent role in ensuring continuity during a challenging transitional period. MSG comments on the draft Validation report further highlights examples of CSO engagement in policy discussions and EITI implementation. While the assessment did not conclude on any cases of breaches to the Protocol: Participation of civil society, there are documented concerns of shrinking broader civic space since the previous Validation. Evidence and stakeholder consultations demonstrate the application of legal instruments to arrest, intimidate and criminalise CSOs and citizens in the wider context.[6] While these have been perceived by some CSOs in Indonesia as means of restraint, coercion or reprisal there is insufficient evidence of a pattern of constraints specifically on CSOs engaged in the EITI process. There is one documented case where two activists who have been previously engaged in the EITI process were charged with defamation for alleging in a video that military presence in a province has increased to protect the business interests of a government official in mining. Notwithstanding this case, however, other CSOs within the MSG did not express feeling restricted or inhibited when it comes to their freedom of expression. On balance, therefore, the circumstances in Indonesia do not warrant a conclusion that there is a breach of protocol in the absence of a detectable pattern of oppression and repression against civil society engaged in the EITI process within the meaning of the protocol. This assessment could be likened to Indonesia's previous Validation where a similar example of an isolated case involving a mining activist was not considered as a breach of the protocol because stakeholders did not perceive it as a coordinated campaign by the

[6] https://www.portaldataekstraktif.id/publikasi/laporan-ruang-sipil-dalam-tata-kelola-sektor-industri-ekstraktif

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	government to restraint civic space within the extractive sector. However, the evidence suggests the need for continued monitoring to ensure that new or existing laws do not restrict the freedoms essential for civil society's effective participation and engagement in the EITI and broader public policy debates on natural resource governance. Stakeholders, particularly the government constituency, were invited to share their views on the documented cases. Indonesia's legal framework generally supports the freedoms of association, expression and operation. However, the application of recent and existing laws has raised concerns about their potential to restrict public debate and civil society engagement. The assessment recognises the growing concerns and challenges of shrinking civic space, including cases of digital monitoring, legal threats and arrests. Nonetheless, there is limited evidence to suggest that the practical application of these laws has been systematically targeted and or restricted CSOs engaged in the EITI process, beyond one documented case as previously noted. Civil society representatives on the MSG and beyond have maintained their ability to operate and speak freely on EITI matters without facing direct government interference or reprisal. Civil society participation and engagement have improved since the last Validation. There is ample evidence that CSOs are actively engaged in organising and/or participating in relevant public debates on EITI and relevant natural resource governance issues through participation in MSG meetings, public events, and extensive outreach programs. This engagement on and off the MSG spans across topics of national interest such as energy transition, contract disclosure, and beneficial ownership, indicating a good level of engagement in the design, implementation and follow-up on the EITI process. Civil society actors demonstrate strong intercommunication and cooperation regarding the EITI process. The establishment of communication platforms like WhatsApp groups among CSO representatives and the coordination by Publish What You Pay Indonesia facilitate ongoing dialogue and collective action. Notably, however, cooperation, coordination and the depth of engagement appear to be limited at the subnational level given the limited access to internet and capacity constraints. The MSG has been making efforts to bridge the gap between engagement at the national and regional levels. CSOs have actively used the EITI platform and other public forums to influence policy and decision-making processes related to extractive governance. While their inputs are respected and included in discussions, challenges remain in translating these contributions into concrete policy changes, particularly regarding contract transparency and environmental protections. There is scope to improve the capacity and engagement of CSOs in the more technical aspects of EITI implementation and reporting to enhance their overall engagement in public decision-making. In the MSG's feedback on draft Validation report, the MSG proposed an upgrade on Requirement 1.3 from 'mostly met' (60) to 'mostly met with significant improvements' (75), citing active CSO involvement in enhancing

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	extractive industry governance, particularly through the promotion of the EITI Data Portal and consistent engagement in MSG meetings. While challenges persist at the regional level, the MSG argues that the significant contributions of CSOs at the national level justify an increased score. In the light of the new evidence and consideration the widely contextualised context of Indonesia, the secretariat's view is that the objective of this requirement has been fully met. Annexe A provides a detailed assessment of Requirement 1.3 and the EITI Civil Society Protocol.
Multi-stakeholder group (Requirement #1.4) *Mostly met*	The International Secretariat's assessment is that Requirement 1.4 is mostly met, an improvement on the previous Validation. Since the last Validation, MSG membership has been refreshed to include relevant entities, industry and CSOs. The MSG has overseen improvement in work planning, facilitated inter-governmental engagement, and enhanced public accessibility to data through their efforts to transition toward systematic disclosures. Nonetheless, the compounded effect of the limited participation by high-level government officials and new industry members, lack of a codified industry nomination process, and relatively limited outreach to non-MSG members poses a significant gap to the effective coordination and engagement of the MSG. It also raises serious risks of commitment and capacity needed to meaningfully oversee and leverage the EITI process for public reforms. Consulted stakeholders recognised the progress made and the opportunities to ensure an effective and active MSG oversight over all aspects of EITI implementation. **Context**: Indonesia's MSG has undergone significant transitions since the last Validation. The EITI was transferred from CMEA to CMMI as part of a broader government reshuffle in 2019. The outset of COVID-19 prompted another transition, with a new Presidential Regulation No. 82/2020 temporarily dissolving the EITI before transferring it to MEMR and MoF. This led to the establishment of a new Secretariat under MEMR's oversight. These transitions resulted in a period of uncertainty between 2020-2021 that affected the MSG's ability to exercise optimal oversight of the EITI process. During this period, only one MSG meeting took place in October 2020 until the new regulation provided a basis for establishing a new MSG. **Composition**: The MSG is currently composed of 35 full members, with government representing 74% (26), industry 17% (6), and CSOs 9% (3). This represents a substantial (by 15) increase in membership since the previous Validation. The MSG members consulted considered the current composition an improvement over previous MSG. The government continues to be represented by 10 entities, although with more representatives per entity. The new regulation provides the legal codification of the process by which government representatives are to be nominated. In practice, government representatives were assigned by their superiors within their organisations. During the period under review, two officials were replaced after their retirement. The breadth of government stakeholders mandated by law to participate in the MSG suggests adequate

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	outreach to engage all relevant government stakeholders prior to the establishment of the MSG. The improvement in industry membership is noted under Requirement 1.2. Though the MSG's template notes the lack of diversity in industry members, the representation by associations across sub-sectors, provides a sufficient representation to adequately contribute to discussions along the extractive and energy sector. Information about the selected representatives has been uploaded and thus demonstrates that companies have appointed their own representatives. There continues to be no clear nomination procedure for industry representatives, raising concerns about the robustness of their selection process. There was no evidence of changes in the industry constituency since the new MSG was formed. CSO representation has also increased since the last Validation from one to three members, as documented under Requirement 1.3. There is evidence of wider outreach and a codified CSO nomination procedure[7]. A list of the 43 CSOs that were registered as voters in the last election process has been publicly disclosed. The codified principle of replacing members with alternate members was applied in 2022 following the resignation of two CSO representatives. **MSG functioning (laws):** According to the MSG's stakeholder engagement template, the Ministerial Decree No. 122.K/HK.02/MEM.S/2021 on Transparency of Government and Local Government Revenue from Extractive industries amended by Ministerial Decree 164.K/HK.02/MEM.S/2021, the Handbook and Standard Operating Procedures (SOP) of MSG Forum and the EITI Indonesia Communication Strategy are the main sources of information providing the MSG's Terms of Reference (Requirement 1.4.b). The Ministerial Decree No. 122.K_HK.02-MEM.S-2021 and the MSG SOP outline the roles of members of MSG which include outreach to non-MSG members, preparation of work plans, determining the scope of reporting, producing, overseeing and disseminating disclosures, coordinating with entities on recommendations and submitting an annual implementation status report to the Minister. These guiding documents also confirm the tenure of MSG members (three years) and the desired and prioritised method for MSG decision-making (consensus). **MSG functioning (practice):** Since its re-establishment after the new decree, there is evidence that the MSG has performed most of its roles. For example, annual work plans have been developed and approved by the MSG for 2021-2024. The MSG has produced three EITI Reports since the last Validation without an Independent Administrator, demonstrating ownership of their reporting process for timelier disclosures. The latest EITI disclosures are published online in a digital open format, allowing for data reuse. At the time of review, there was no evidence of disrespect for any constituency in the

[7] https://pwypindonesia.org/en/selection-of-civil-society-representatives-on-the-international-eiti-board-2023-2026/

	MSG processes or non-adherence to the EITI Association Code of Conduct. Stakeholder engagement did not provide any opinion to suggest otherwise. There is a lack of selected high-level officials and designated permanent individual representatives on the MSG (*see Requirement 1.1*). Stakeholders consulted, along with evidence from the 'Outcomes and Impact' template, confirm that frequent rotation of government and some industry representatives leads to a continuous lack of understanding of the process. This impedes members' ability to contribute to recurring agenda items such as beneficial ownership (BO) and contracts. Consequently, this results in difficulty reaching consensus and making progress on key issues. Stakeholders suggested having at least one constant representative throughout the year to ensure consistency in discussions and provide an opportunity to reflect on progress at the end of the year. Stakeholder consultation noted government outreach to Stranas PK and KPK, and other agencies as part of a focus group to analyse governance risks in the critical minerals supply chain for the battery industry. Representatives from Stranas PK and KPK had limited to no knowledge about the EITI. Industry representatives noted that their inputs to EITI discussions—such as those on energy transition and regulatory changes—are based on regular consultations with chamber members. However, there is limited evidence of sufficient and meaningful outreach beyond the MSG although it was noted that CSOs have organised and engaged several non-MSG stakeholders, including CSOs, government, and industry, in workshops, events, and trainings on key topics such as anti-corruption, energy transition, gender, and contract transparency. The constituency also uses social media (WhatsApp Group) to coordinate with non-MSG members. CSOs have devolved leadership on thematic expertise among MSG and non-MSG members to enhance active participation beyond the MSG. Stakeholders confirmed that decision-making is conducted inclusively, based on consensus. However, there is no clear method of tracking progress except through MSG discussions. The MSG noted engaging a consultant for a strategic planning session and to develop a result-based monitoring and evaluation framework for future work plans. However, the transition of the EITI between ministries, COVID-19, and changes to the MSG affected their ability to sustain the use of new knowledge, tools, and frameworks, and these were not further implemented. **Gender and MSG's Capacity**: There is inadequate information to conclusively assess the gender balance in the MSG due to the consistent replacement by the government constituency. Currently, there are at least 2 out of 35 female MSG members, representing industry and CSOs. MSG members noted the challenge of ensuring gender balance given that selection is based on institutions without reference to specific gender. Based on the Outcomes and Impact template, there is evidence that CSOs have organised and engaged government and industry representatives in a series of seminars, discussions, and thematic events to build their capacities

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	on issues within the scope of EITI activities. While this has contributed to their capacity to carry out duties as MSG members, the Outcomes and Impact template notes that CSOs lack the ability to push certain agenda related to extractive industries, such as environmental damage, corruption, and human rights, into the EITI discussion table. **MSG Membership Changes and Tenure:** Since the new regulation, there have been three documented changes to the MSG: two replacements by the government constituency and two additions and one replacement by the CSO constituency. There is evidence that at least three MSG members have overstayed the three-year term of office. CSOs explained that one member's term was extended due to the pandemic in 2020; this member has since been replaced following the 2022 election. Two long-standing industry members continue to represent the constituency without justification for their extended terms in the Stakeholder Engagement template. Industry stakeholders consulted noted that although other companies and sectors were invited to propose representatives, the constituency unanimously agreed, and the MSG supported the continued representation of the old members. Considering the lack of a clear codified nomination process, constrained industry participation, and relatively limited outreach to non-MSG members, the International Secretariat views the prolonged tenure as an area for improvement. While the decree and SOP do not explicitly address the provision of per diem, it is observed that a modest allowance for accommodation and transportation expenses is offered to members travelling from out of town to attend meetings. The International Secretariat does not consider this a significant concern and invites the MSG to comment on this. **Per diems:** The new regulation and SOP do not explicitly address the provision of per diem. However, it is observed that a modest allowance for accommodation and transportation expenses is offered to members travelling from out of town to attend meetings. The International Secretariat does not consider this a significant concern. In its feedback on the draft Validation report, the MSG acknowledges that EITI discussions are technical, often involving MSG members and high-ranking officials for strategic issues. Despite efforts to engage members outside the MSG, challenges remain in ensuring consistent information distribution and continuity due to frequent personnel changes. Gender balance is still lacking, though the Secretariat promotes inclusivity through seminars. The response notes that Pertamina supports gender equality and active MSG involvement. CSOs expressed concerns that their opinion to improve MSG governance (e.g., the involvement of the Public Information Center of the Ministry of Home Affairs and Central Information Commission) have not yet been realised.
New corrective actions and recommendations	
• In accordance with Requirement 1.1, Indonesia should adopt measures to enhance high-level political engagement and ensure sustained senior officials' representation on the MSG, including attendance and active participation in MSG meetings. The government should establish clear mechanisms to prioritise disseminating and follow up on recommendations	

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emanating from EITI implementation to ensure EITI informs national priorities. The government is also required to provide adequate financial and technical resources for EITI implementation. The government is encouraged to strengthen the national secretariat and ensure there is an appropriate level of seniority and capacity for day-to-day implementation and inter-agency coordination.

- In accordance with Requirement 1.2, Indonesia should ensure companies are fully, actively and effectively engaged in the EITI process. This should include contributing to discussions beyond EITI reporting, such as work plan objectives, raising awareness on issues in the extractives sector, and formulating objectives for EITI implementation in alignment with national priorities. Industry should consider options to enhance use of EITI data to promote public debate while ensuring adequate outreach to constituency members that are not members of the MSG.

- To strengthen implementation of Requirement 1.3 and the Civil Society Protocol, civil society and the MSG is encouraged to identify capacity constraints and take steps to address gaps to sustain civil society's full and active engagement in the EITI process, including in public decision-making. The MSG is encouraged to monitor adherence to the Protocol: Participation of civil society and document its discussions related to any potential shortcomings, as well as activities undertaken to address them. This could include options to protect and strengthen guarantees against threats and or actual acts of intimidation, harassment and persecution for stakeholders expressing themselves on extractive sector issues or engaging in EITI-related activities.

- In accordance with Requirement 1.4, Indonesia should take steps to ensure an effective, well-represented and balanced MSG that exercises active and meaningful oversight over all aspects of EITI implementation. In addition to addressing corrective actions under Requirements 1.1, 1.2 and 1.3, the MSG should ensure all constituencies codify and apply a robust nomination and replacement procedure. All stakeholders – especially the government and industry – should enhance their outreach to wider constituency members and ensure tenure of participation in the MSG is consistently respected. Government representatives in the MSG should hold positions that are senior enough to enable effective MSG engagement and leadership, as well as continuity of discussions and proper follow-up on recommendations. In accordance with Requirement 1.4.a, the MSG and each constituency should consider gender balance in their representation to progress towards gender parity. To strengthen implementation, the MSG is encouraged to consider options to improve the frequency of MSG meetings and enhance inclusive decision-making.

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4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

The EITI Board accepted the Indonesian EITI multi-stakeholder group's request for partial data mainstreaming implementation in October 2022. The assessment of the transparency component included a review of progress made and challenges in addressing the conditions outlined in the Board decision.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

Indonesia provides an overview of exploration activities and the extractive sector's contribution to the economy through systematic disclosures and EITI reporting. Available disclosures ensure public access to relevant data; however, public understanding of the extractive sector could be strengthened by strengthening information on estimates of the informal sector activity, clarifying total government revenues and total exports from the extractive sector.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement	Summary of progress in addressing the EITI Requirement
Exploration (Requirement #3.1) *Fully met*	The International Secretariat's assessment is that Requirement 3.1 is fully met, as in the previous Validation. Stakeholders consulted did not express concerns regarding the achievement of the objective of ensuring public access to an overview of the extractive sector in the country and its potential, including recent, ongoing and planned significant exploration activities. Publicly available data provides sufficient information to ensure public understanding of significant exploration activities. Further efforts to analyse and enhance available systematic disclosures are encouraged to improve transparency of the overview of the extractive industries. The Indonesia EITI Data Portal provides an overview of regulations related to exploration activities for the mining sector, exploration activities in the oil and gas sector, and data on reserves for both sectors. The portal refers to two maps – Georima and Geoportal – that provide further visualisation of the activities in the extractive industries. Additional information is available through a number of portals and publications. For example, SKK Migas annual reports provide an annual overview of significant exploration activities in the oil and gas sector. The mainstreaming feasibility study provides

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	additional relevant links, however, some of them were not functional as per time of this assessment. With regard to encouraged aspects of this requirement, it is unclear if the MSG considered information on other extractive commodities with significant economic potentials, such as sandstone. There is also no coverage of the informal sector activities, including artisanal and small-scale mining (ASM) potentials.
Contribution of the extractive sector to the economy (Requirement #6.3) *Mostly met*	The International Secretariat's assessment is that Requirement 6.3 is mostly met, as in the previous Validation. Available documentation and stakeholder consultations indicated that the objective of this requirement to ensure a public understanding of the extractive industries' contribution to the national economy and the level of natural resource dependency in the economy is mostly met given availability of systematic disclosures of relevant data. However, fully achieving the objective will require further clarity and detailed information on some indicators, such as government revenues, exports and estimates of informal activities. Stakeholders' views aligned with the progress and challenges identified in this assessment. Sourcing data from the Central Statistics Agency (BPS), the 2021 Indonesia EITI Report and the Indonesia EITI Data Portal indicate that the extractive sector contributed 8.98% to the national GDP in 2021. The absolute value is specified in current and constant prices. However, it appears that GDP data for extractive industries also includes the geothermal subsector. The MSG's comments on the draft Validation report note that such separation would require adjustment of existing business classification codes (KBLI). Indonesia EITI reporting does not provide estimates of informal sector activities beyond mentioning the existence of the "People's Mining License". Consulted stakeholders across constituencies highlighted the difficulty of accurately tracking informal sector activities given that these were not registered or monitored by the government. While the 'Transparency' template refers to the BPS website for informal sector data, the International Secretariat could not access and assess any such information given that no specific links were provided. The MSG's comments on the draft Validation report note that data on informal sector activities are available for agricultural and non-agricultural sectors on the BPS portal. The Secretariat's understanding is that estimates of informal sector activity for the extractive sector is not available for the period under review. Based on the 2021 Central Government Financial Report (LKPP) report, the 2021 Indonesia EITI Report suggests that the extractive sector contributed to 8.2% of total state revenues in 2021. Both percentage and the absolute value are provided for "natural resource revenues". EITI reporting also includes tax revenue and non-tax revenues data, though the combined figure appears to differ compared to data on "natural resource revenues". The natural resource income is categorised under the "non-tax state revenues", therefore it's unclear if all relevant revenue streams have been included in this value. It appears that tax data are also included in the report but are provided in

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	different sections throughout the report. The 2021 LKPP report provides further disaggregation by sector, where it appears that "natural resource revenues" include data for forestry, fishery and geothermal subsectors. Stakeholders consulted clarified the basis of calculating revenues for the main revenue streams but did not clarify the uncertainties and discrepancies in the figures disclosed. The lack of clarity of information both EITI disclosures and systematic disclosures by the government falls short in providing a full and clear picture of how much the oil, gas and mining sector contributes to the state revenues. The MSG's comments on the draft Validation report indicate that the total government revenues from the extractive sector were separated between non-tax state revenues (PNBP) and taxes; however, do not appear to provide a total value for 2021. It remains unclear if information available on the Indonesia EITI Data Portal includes data on all companies (including non-material companies) and covers all applicable revenue streams. The 2021 Indonesia EITI Report and the Indonesia EITI Data Portal provide export data per commodity (see Requirement 3.3), however, do not appear to provide total exports of the extractive sector, and its percentage contribution towards total exports of the country. Systematic disclosures by the BPS provide disaggregated information on exports by commodity (HS Code) but do not appear to include the aggregated total exports of the extractive sector. The MSG's comments to the draft Validation report note that total exports can be accessed on the BPS website. However, BPS data appear to provide totals for the whole economy and for some sectors, including the oil and gas sector, but total exports for the extractive sector, including the mining sector. The Indonesia EITI Data Portal provides information on the number of workers in the extractive sector, disaggregated by subsector, company, nationality, gender, and placement for the oil and gas sector. This information is also summarised in the 2021 Indonesia EITI Report. Disaggregated information on occupational level of employees was not located in any of the disclosures (encouraged aspect of Requirement 3.1). However, the disclosures do not include the percentage contribution towards total employment numbers. While the Transparency template suggests the existence of employment data on BPS, LPKK and Baku Saku websites, the International Secretariat could not locate and assess relevant information given that no specific links were provided. The MSG's comments to the draft Validation report note that sectoral employment data can be accessed on the BPS website and provides number of workers in the "Mining and Quarrying" and "Electricity and Gas Supply" categories. It is not clear if employment data are available for the oil sector and whether the "Electricity and Gas Supply" category includes production of oil. EITI reporting provides some information on the key regions/areas where production is concentrated. The 2021 EITI Report mentions that regulations by MEMR designate a number of provinces, regencies and cities as producing regions related to calculating revenue-sharing funds. Systematic disclosures

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	by the MEMR through its Geoportal include several maps that provide data on production and exploration activities. The MSG's comments on the draft Validation report provide further information on various aspects of Requirement 6.3, highlight efforts related to gradual systematic disclosure of data on the contribution of the extractive sector to the economy and argue for increase of the score to "mostly met with considerable improvements". While the Secretariat acknowledges the highlighted efforts, certain technical aspects of Requirement 6.3 remain to be not addressed as detailed above. Thus, the Secretariat considers that the objective remains mostly met in the period under review.
New corrective actions and recommendations	
• To strengthen implementation of Requirement 3.1, Indonesia is encouraged to disclose information on the informal sector and other extractive commodities with significant economic potential. The MSG is also encouraged to summarise exploration activities per fiscal year under review. The government is encouraged to strengthen efforts to systematically disclose the above requirements in line with its commitments under its application for mainstreaming. • In accordance with Requirement 6.3, Indonesia is required to publicly disclose information about the contribution of the extractive industries to the economy, including estimates of informal extractive activity, clarifying total government revenues and total exports from the extractive sector. To strengthen implementation, employment data could be further disaggregated by occupation level. The government is encouraged to strengthen efforts to systematically disclose the above requirements in line with its commitments under its application for mainstreaming.	

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

Indonesia has systematic disclosures of laws and regulations for the extractive sector through government websites. The Indonesia EITI Data Portal contains comprehensive descriptions of these frameworks. Indonesia has made some progress in confirming the lack of legal barriers on contract transparency, through the contract transparency study performed in 2021, which includes a review of actual practice of contract disclosure, and subsequent engagements to advance in this area. However, significant challenges remain, such as the absence of publication of contracts, particularly in light of the conclusion from the contract transparency study, which stated that there are no legal barriers to contract disclosure.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

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EITI Requirement / final assessment	Summary of progress in addressing the EITI Requirement
Legal framework and fiscal regime (Requirement #2.1) *Fully met*	The International Secretariat's assessment is that Requirement 2.1 is fully met, as in the previous Validation. The objective of ensuring public understanding of all aspects of the regulatory framework for the extractive industries is met through systematic disclosure of this information in government systems and the Indonesia EITI Data Portal. The MSG was invited to provide further information regarding the level of fiscal devolution in Indonesia's extractive sector. Laws and regulations are systematically disclosed through the government's official legal portal in Bahasa. Furthermore, the new Indonesia EITI Data Portal contains comprehensive descriptions of legal frameworks for oil and gas, and mineral and coal mining. The EITI Report also contains a clear description and links to relevant legislation. Explanations of the MEMR's organisational structure, different agencies' descriptions and roles can be found on the ministry's website, the EITI Report and the EITI Data Portal. Explanations of the mineral and coal mining, and oil and gas regimes, are available in the EITI Data Portal here and here, respectively. Ongoing reforms in the oil and gas sector have been highlighted in the EITI Report. A broad explanation of the fiscal regimes is available in the EITI Report. Recent reforms in the mining sector have also been highlighted by the EITI Report. EITI disclosures do not document any information regarding the level of fiscal devolution, however, there is a substantial overview of devolved payments (See discussion on Requirement 5.2) to bridge this gap and meet the overall objective of this aspect of the requirement. The EITI Report describes the devolution of licensing powers and outlines significant legislative changes in Indonesia's mineral and coal mining sector. In particular, the report documents the enactment of Law No. 3/2020 which reinstated the central government's authority over the issuance of Mining Business Permits (IUP), a power previously delegated to local authorities. Regarding the fiscal regime for oil and gas, the MSG conveyed the MEMR and the Ministry of Finance (MOF)'s concerted efforts to enhance fiscal terms for the upstream oil and gas sector since 2021. This initiative aimed to reform regulations governing upstream oil and gas contracts to boost production. Requirement 2.1 was identified as one of the key EITI Requirements to be mainstreamed within the partial mainstreaming work plan for Indonesia. Consequently, the EITI Data Portal includes a dedicated module addressing this EITI Requirement. Stakeholders have confirmed that progress has been made to ensure public understanding of the regulatory framework for the extractive industries over the past three years, particularly in terms of the mainstreaming efforts facilitated by the development of the EITI Data Portal and inclusion of the module on the legal framework.

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Contracts (Requirement #2.4) *Partly met*	The International Secretariat's assessment is that Requirement 2.4 is partly met. The MSG has reviewed Indonesia's contract disclosure policy and sustained engagement on this issue. However, the disclosure of all licences and contracts in the extractive sector underpinning extractive activities would be needed to meet the objective of the requirement of ensuring public's understanding of the contractual rights and obligations of extractive companies. The government's contract disclosure policy was thoroughly reviewed in the contract transparency study conducted in 2021, effectively codifying the government's policy on public disclosure of extractive contracts and licenses. Additionally, previous EITI Reports have also addressed these policies. However, neither contracts nor full license documents are disclosed at present. The contract transparency study commissioned by the MSG and conducted in 2021 includes a review of actual practice of contract disclosure and is publicly accessible. This can be deemed as an explanation by the MSG for the deviations, where disclosure practice deviates from legislative or government policy requirements concerning the disclosure of contracts and licenses. The study reveals that Indonesia has made strides in disclosing contract and license information through various web-based platforms, including MoDI, MDR 2.0, and the One Map initiative. The establishment of these information systems demonstrates a commitment to systematic disclosure for this EITI Requirement, in line with the partial mainstreaming work plan. However, the study also highlights significant gaps in the implementation of this EITI Requirement. The contract information in the MoDI and OneMap is very limited, as it only provides three information points contained in contracts, out of over 30 sections and several annexes per contract. In addition, the study confirmed the lack of legal barriers to contract and license disclosure. The study addresses several concerns regarding contract transparency disclosure, particularly focusing on the main legal barriers to disclosure cited by stakeholders: potential infringement of personal information, competitive harm, and the protection of natural resource wealth. The study states that, from a legal perspective, the risk of infringing personal information through the disclosure of contracts and licenses is questionable. Furthermore, a thorough review of the available documents revealed no substantial evidence suggesting that such disclosure would harm personal or proprietary information. Additionally, the study found insufficient evidence to support the notion that disclosing contracts and licenses would result in competitive harm. This finding challenges the argument that transparency in contracts and licenses raises commercial confidentiality concerns. Finally, the argument for withholding information to protect natural resource wealth was also deemed inadequate. The study concluded that, apart from instances where certain resources are legitimately protected for national defence purposes, there is not enough evidence to justify the non-disclosure of contract and license information on the grounds of protecting natural resource wealth.

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	The regime for public disclosure in Indonesia requires a consequential harm test to be conducted to determine whether the information can be disclosed to the public. As a result of recommendations from the study, in 2021, the MSG conducted a series of discussions applying the consequential harm test. The MSG confirmed through consultations that certain information within contracts and permits — such as general contract clauses related to definitions, dispute mechanisms, environmental obligations, and financial management - is relatively generic and does not contain sensitive information. Therefore, this information could be disclosed. However, the MSG also determined that this information is not required by the public and, as a result, this information does not need to be disclosed. The EITI Report contains the next steps based on the consequential harm test conducted. The Transparency Template also states that data is in the process of being developed for inclusion in MODI, in line with the action points stated in the latest EITI Report. However, the plans and recommendations outlined in these documents and in the partial mainstreaming work plan have not yet been fully implemented, and as a result, actual contract disclosure has not been achieved. Concerns have been raised by CSOs regarding contract transparency. CSOs stated that, although the intent was for the EITI to facilitate open discussions on contract transparency, no action had been taken to ensure public disclosure to date. CSOs also highlighted that the responsibility for public disclosure extends beyond the national secretariat to other government entities, making it more challenging for the secretariat to effect change. The MSG's response to the draft Validation report further emphasises the opinion to keep contracts confidential due to their unique terms and investor privacy concerns. The feedback notes that while these contracts do not contain resource value information that could affect national energy security, they should be exempt from public disclosure in line with the principle of maintaining the sanity of contracts. The MSG plan to regularly updated on the ESDM Geoportal with certain non-sensitive information to maintain transparency.
Environmental impact (Requirement #6.4) *Not assessed*	The Secretariat's assessment is that Requirement 6.4 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Indonesia EITI. The EITI Report highlights the role of the Ministry of Environment and Forestry in supervising policies on environmental impact and conducting environmental impact assessments (AMDAL), as well as outlining companies' environmental responsibilities, such as watershed rehabilitation and carbon emission reduction in the oil and gas sector, and environmental management, reclamation, and post-mining guarantees in mining and coal operations. While not detailed in the EITI Report, the MSG's response provides a link to the formation system for environmental impact studies☐ a list of environmental approvals across all sectors with details such as company names, nature of business or activity, approval numbers, and effective dates. Additionally, the link provides a list of AMDAL policies, encompassing environmental feasibility test policies, required activities or businesses subject to EIA, and environmental

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	management and monitoring compliance. Moreover, the portal offers access to EIA and environmental licenses or permit documents, along with information on environmental management and monitoring procedures. Despite the significance of this information, it has not been incorporated into the narrative section of the portal or other EITI-related documentation. The passing of the Omnibus Job Creation Law in 2020 narrowed the definition of 'communities' allowed to make input to environmental impact assessment processes, thereby limiting and restricting civic participation in terms of environmental protection advocacy. According to the International Centre for Not-for-Profit Law (ICNL), the Omnibus Law also eliminated the Environmental Impact Analysis Assessment Commission, which essentially removes the objection mechanism of EIA issuance that has been used by civil society numerous times in environmental protection efforts. The CSO Report on civic space also lamented about the shortcomings in implementing environmental regulations, particularly highlighting the restricted public access to EIA documents in the energy and mineral sectors, which hampers meaningful public participation in mining licensing policy decisions. Overall, Indonesia EITI has yet to consolidate a comprehensive mapping of rules and regulations aligned with EITI Requirements and sourced from the JDIH website. An overview of the management and monitoring of environmental impacts resulting from extractive industries is also lacking. Additionally, an assessment of regular environmental monitoring procedures, administrative and sanctioning processes of governments, and environmental liabilities, including rehabilitation and remediation programs, remains outstanding, as well as an assessment of concerns for civil society involvement in these matters.

New corrective actions and recommendations

- To strengthen implementation of Requirement 2.1, Indonesia is encouraged to sustain systematic disclosures of information about the legal framework and fiscal regime in the mining and oil and gas sectors, including significant ongoing or planned reforms. Given the frequent legal changes, the MSG may consider producing timely summaries of relevant updates to the legal framework governing the extractive sector. The MSG should consider strengthening its explanation of the level of fiscal devolution in future EITI reports. The government is encouraged to strengthen efforts to systematically disclose this information in line with its commitments under its application for mainstreaming.

- In accordance with Requirement 2.4, Indonesia is required to disclose all contracts and licenses, including annexes, amendments and riders, that have been granted, entered into or amended from 1 January 2021. The MSG is expected to agree and implement the recommendations for disclosing contracts within a clear time frame, addressing any barriers to comprehensive disclosure. Indonesia should ensure public disclosure of an overview of which contracts and licenses are publicly available and which are not, with guidance to access each published document. The government is encouraged to strengthen efforts to systematically disclose this information in line with its commitments under its application for mainstreaming.

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• To strengthen implementation of Requirement 6.4, Indonesia is encouraged to document the rules and practices related to environmental impact management and monitoring. This could include information on any reforms that are planned or underway. Indonesia EITI disclosures could also cover regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes. The government is encouraged to strengthen efforts to systematically disclose this information in line with its commitments under its application for mainstreaming.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

The government has made efforts in the period under review to allow for public access to license and contract awards, information which is provided through the respective portals, with processes for granting licenses and conducting auctions publicly accessible via systematic disclosures or EITI reporting, including technical and financial criteria. However, a methodological assessment of potential deviations from applicable rules is not yet publicly available.

The MEMR has taken substantial measures to develop public registers for mining and coal licenses, as well as oil and gas permits, through systematic disclosures on government portals such as the MEMR Geoportal and the MODI (Minerba) portal. Additionally, significant progress has been achieved in establishing comprehensive registers through the Indonesia EITI Data Portal, in line with the partial mainstreaming efforts and work plan. This portal offers bulk downloadable information for all licenses, regardless of materiality, and includes most details required by the EITI Standard.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / final assessment	Summary of progress in addressing the EITI Requirement
Contract and license allocations (Requirement #2.2) *Mostly met*	The International Secretariat's assessment is that Requirement 2.2 is mostly met. Consulted stakeholders, including the MSG, considered that there has been progress towards achieving the objective of ensuring a public overview of awards and transfers of oil, gas and mining licenses in Indonesia. Nonetheless, there is no publicly available information on the technical and financial criteria used in oil and gas bidding processes as well as an assessment of potential deviations related to awarded licenses/contracts. Following the submission of the draft Validation report to the MSG, additional details were provided to clarify the financial and technical criteria used in evaluating oil and gas bids. In the light of the new information, the Secretariat's assessment is that the objective of this requirement to provide a public overview of awards and transfers of oil, gas and mining licenses, the statutory procedures for license awards and transfers and

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	whether these procedures are followed in practice has been mostly fulfilled. However, the MSG has not conducted an assessment of potential deviations related to awarded licenses or contracts in the mining, oil and gas sectors. Given stakeholders' views and documented cases of corruption risks in the licensing and contracting procedure, further information would be needed to enable stakeholders to exercise oversight on how procedures are followed in practice and to address possible weaknesses in the license allocation process. Regarding license allocations in the mining sector, the disclosure of awards in various portals (Indonesia EITI Data Portal and Minerba One Data Portal) is deemed comprehensive overall. In general, the Minerba One Data portal has been characterised as challenging to navigate for accessing and retrieving bulk information. However, it contains comprehensive coverage of license information. A total of 1590 mineral and coal mining licenses are available in the EITI Data Portal with a start date of 2021. The MSG did not clarify the exact number of mining licenses awarded in the period under review (2021). Technical, financial, and administrative criteria are outlined in MEMR Decree Number 258.K/MB.01/MEM.B/2023, which lays out detailed guidelines for granting mining business license areas and special mining business license areas for metallic minerals and coal. The overall process is explained in the Indonesia EITI Data Portal. There is no mention of deviations or transfers in the EITI Report, and consultations did not provide further insight on this matter. As part of stakeholder consultation, the MSG noted that there had been no transfers in the year under review. It was also noted that there were no material deviations in the practice of granting of mineral and coal mining in 2021. However, there is no evidence that the MSG followed a particular methodology to arrive at that conclusion of a lack of deviations in practice. The MSG also noted during consultations that the MEMR and other government agencies collaborated and reviewed the licensed companies based on the Clear and Clear regulation. 12,000 licenses were assessed under the regulation, following which 6,000 licenses were suspended due to non-compliance. Following the submission of the draft Validation report, the MSG provided comments, clarifying the auction and licensing processes for mining awards and transfers. The comments also clarified that a weighting scheme is applied based on provisions in the MEMR Decree No 258 of 2023 (p.77). It also clarified the legal basis for license transfer, as stipulated in the MEMR Decree No. 221 of 2021. The MSG noted that while some deviations in license issuance still occur, increased transparency through established systems and enhanced supervision, including public complaints, should help reduce these issues. There remain no documented method or results of an assessment of material deviations. The MSG plans to routinely request timely auction data and convey frequent inter-ministerial committee meetings on licensing. Regarding the oil and gas sector, information in the EITI Report and the EITI Data Portal indicates that three contracts were awarded in 2021. The process for auctions is explained both in the EITI Report and in the EITI Data Portal. The information provided in the EITI Report and feedback from MSG members consulted offered guidance on upstream oil and gas investments, summarising

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	the bidding processes, and the typical terms and conditions in PSCs. However, there is no available documentation of the technical and financial criteria used in these bidding processes, and consultations with stakeholders confirmed that there is no public information on this matter. In addition, as with the mineral and coal mining sector, there are no mentions of deviations or transfers in the EITI Report for oil and gas contract awards. There is no explanation of the transfer process in the EITI Report or the EITI Data Portal, and consultations with stakeholders did not shed any light on these matters. Consulted stakeholders expressed appreciation for the improvements in the integration between the MEMR platform and the Online Single Submission (OSS) platform for the license allocation process. According to the MSG, the public can observe the process and participants of the oil and gas rights auction through this portal and the mineral mining sub-sector licensing process through this portal. The MSG has also stated that several stakeholders have welcomed the increased transparency of information regarding bidding rounds and the criteria for the allocation of oil, gas, and mineral mining rights. They have argued that enhanced accessibility to this information is expected to facilitate the participation of civil society and other stakeholders in improving the governance of the extractive industry. Consultations with stakeholders from anti-corruption bodies have raised that the biggest corruption risks in the extractive sector relate to the potential for bribery and collusion in licensing processes. Two recent cases further illustrate these challenges. The first case concerning Mardani H Maming, a former Tanah Bumbu Regent, resulted in his arrest for corruption, given that he was named as allegedly accepting bribes in exchange for authorising a coal mining license transfer. The second case was an alleged bribery case involving Abdul Gani Kasuba, former Governor of North Maluku Province. Although the latter is not tied to the extractive sector (it concerns infrastructure projects), this further illustrates the risks of politically exposed persons and potential for bribery and collusion in licensing processes. Following the submission of the draft Validation report, the MSG provided comments, clarifying the financial and technical criteria used in evaluating the oil and gas bids. These criteria are provided for in detail in the MEMR Regulation No. 35/2021 in Articles 46 (for regular auction of work areas) and 47 (direct offer auctions of work areas). However, the MSG did not clarify whether a weighting scheme is applied in the oil and gas sector. The feedback also clarified the procedure for transfers as per the MEMR Regulation No. 48/2017 (for change of participation interest). However, there remain no documented method or results of an assessment of potential material deviations in the award of oil and gas licenses. The MSG plans to routinely request timely auction data and convey frequent inter-ministerial committee meetings on licensing. The information also includes procedures and grounds for suspending or revoking a contract or license. The MSG agreed to update IEITI disclosures with new information to clarify the auction announcement dates, and coordinate with other working groups for any questions during report preparation.

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Register of licenses (Requirement #2.3) Fully met	The International Secretariat's assessment is that Requirement 2.3 is fully met, an improvement since previous Validation. There have been efforts to advance on public registers for mining and coal licenses as well as oil and gas permits, through systematic disclosures in government portals, such as the MEMR Geoportal and the MODI (Minerba) portal. Further efforts have been made to establish comprehensive registers through the EITI Data Portal, in line with the partial mainstreaming work plan. The EITI Data Portal provides information that can be bulk downloaded for all licenses, irrespective of materiality, and includes all details required by the EITI Standard, bar application dates. The MSG clarified in its feedback on the draft Validation report that oil, gas and mining licenses are awarded through an auction process. As a result, information of start date of the auction process is interpreted as the date of application. Considering this clarification, the Secretariat's view is that the current disclosures fully meet the objective of this requirement to ensure the public accessibility of comprehensive information on property rights related to extractive deposits and projects. Registers for mining and coal licenses as well as oil and gas permits are available on the EITI Data Portal, including the identifier of the license, name of the license holder, commodity, license type, start and end date of contract, province, city, and geomultipolygon reference. The MEMR Geoportal also discloses this information systematically for oil and gas. The MODI (Minerba) portal contains aggregated figures as well as information per individual license holder. A map with coordinates is available in the MEMR Geoportal for oil and gas. Information can be downloaded in bulk and includes the geomultipolygon for each license when exporting the data from the EITI Data Portal. Award and expiry dates are available; however, application dates are not published. Active licenses in the EITI Data Portal for all years (excluding 2022 and 2023) amount to 5230, whereas the EITI Report states 5391. The MODI (Minerba) portal states there were 5483 active licenses as of 31 December 2021. There are 324 active oil and gas licenses in the EITI Data Portal (excluding 2022 and 2023). The EITI Report only contains active licenses for 2020 (184) and 2021 (173). Stakeholders have confirmed that information on licenses is disclosed also for entities not covered by the EITI reporting process. On balance, this assessment considers that despite the noted gaps, the level of publicly disclosed information could be considered sufficient to mostly fulfil the objectives of the requirement. In their comments on the Validation report, the MSG clarified that the registration dates of mining, oil and gas auctions is interpreted as the date of license application, because new licenses in both sectors can only be obtained through an auction process. The clarification included links to the MEMR oil and gas and mining working area e-auctions platforms which provide information about the recent e-tendering schedules, including the auction start date. The IEITI data portal includes the start date for the 2nd oil and gas auction round in 2021 (29/11/21) but not for the 1st oil and gas auction round. Also, there is no information on the mining and coal auction rounds on the IEITI data portal, based on which the start date can be induced. Given that auction rounds are publicly announced, this assessment does not consider the limited disclosures on the

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	IEITI portal a material gap. In the light of this new information, the Secretariat's view is that the current disclosures fully meets the objective of requirement 2.3. on license register.
New corrective actions and recommendations	
• In accordance with Requirement 2.2, Indonesia is required to publish a methodologically robust assessment of any non-trivial deviations between the laws and practice in the awarding and transfer of extractive licenses. To strengthen implementation, Indonesia is encouraged to use EITI reporting to comment on the efficiency and effectiveness of these systems, a description of procedures, actual practices and grounds for renewing, suspending or revoking a contract or license. The government is encouraged to strengthen efforts to systematically disclose this information in line with its commitments under its application for mainstreaming.	

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in full in Validation as of 1 January 2022 as per the framework agreed by the Board in June 2019.[8] The assessment consists of a technical assessment and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5.

In the period under review, Indonesia has established a legal and regulatory framework for the collection and public disclosure of beneficial ownership information. An online register has been established and provides free public access to this information. At present, all mining and oil and gas companies in Indonesia are required to declare beneficial ownership information to the register at the point of registration or when making changes to company details, and the MEMR collects beneficial ownership information of all companies applying for extractive licenses.

The definition of beneficial owner includes thresholds for ownership disclosure, which could benefit from consideration of lower thresholds for high-risk sectors such as the extractives. Requested beneficial ownership information includes most categories required and encouraged by the EITI Standard, but it does not specify reporting obligations for politically exposed persons. Legal ownership information of extractive companies is available for a fee on a separate register. Implementing regulations do not appear to cover reporting obligations for publicly listed companies or state-owned enterprises.

Stakeholder consultations have raised that a total of 40% of companies have reported beneficial ownership information to the Ministry of Law and Human Rights (MLHR). The MEMR has

[8] https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement.

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cooperated with the MLHR to ensure exchange of beneficial ownership data, which now is possible via an application programming interface (API). Sanctions for non-compliance primarily involve administrative measures such as blocking access to the central register or denying licenses.

Assessment of effectiveness

The 2023 FATF Mutual Evaluation Report on Indonesia rates the jurisdiction as largely compliant against Recommendation 24 on Transparency and beneficial ownership of legal persons. It concludes that Indonesia has conducted a thorough risk assessment of the different types of legal persons that can be created, that it has comprehensive regulations to collect beneficial ownership information, and to share this data for law enforcement purposes. The most important deficiency identified was the lack of sanctions to ensure compliance. With regards to Recommendation 25 on beneficial ownership of legal arrangements, the FATF's assessment is that Indonesia is partially compliant, as there is no requirement to ensure trustees of foreign trusts disclose their status in Indonesia when forming a business relationship, and sanctions do not cover all types of trustees of foreign trusts.

With regards to EITI implementation of this Requirement, the MSG has yet to scrutinise the comprehensiveness and reliability of disclosures. Discrepancies between beneficial ownership data maintained by different government agencies have been noted by the national secretariat. In addition, Indonesia has not yet developed a comprehensive verification system, with the primary gap being the MLHR's lack of authority to conduct verification. Stakeholders have confirmed that legislation to enable verification is expected to be passed in mid-2024.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / final assessment	Summary of progress in addressing the EITI Requirement
Beneficial ownership (Requirement #2.5) *Mostly met*	The International Secretariat's assessment is that Requirement 2.5 is mostly met. Indonesia has made significant advances towards the objective of this requirement, which is to enable the public to know who ultimately owns and controls the companies operating in the country's extractive industries, since the previous Validation. The issue of beneficial ownership has been a significant focus of government policy. The groundwork for addressing beneficial ownership was laid out through strategic commitments in the National Strategy for Corruption Prevention 2021-2022 (Stranas PK), the Open Government Partnership National Action Plan 2020-2022 and the EITI beneficial ownership roadmap for 2016-2020. The issuance of Presidential Decree Number 13 of October 2018 mandates the disclosure of beneficial ownership information by all companies and entities registered in Indonesia. However, there are limitations regarding the collection of beneficial ownership

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	information of foreign-owned companies, foreign natural persons, or non-residents. The definition of a beneficial owner under this decree encompasses various forms of control and ownership, with a threshold set at more than 25% for share ownership, voting rights, or profit sharing. Additionally, it includes criteria related to decision-making, control, or benefit. Nominees or intermediaries are not explicitly prohibited from being named as beneficial owners, which might constitute a gap. Entities are required to disclose information such as full name, personal identity details, citizenship status, and the relationship between the corporation and the beneficial owner. However, there is no provision mandating the identification of politically exposed persons among beneficial owners. Implementing regulations do not appear to cover reporting obligations for publicly listed companies or state-owned enterprises. The MSG has not considered how rigorous are the requirements in the stock exchanges referred to and what ownership information is available from the stock exchange filings of the companies within the scope of the disclosures. Compliance with beneficial ownership disclosure is mandatory for company registration, changes to company details, and license applications. The Regulation of the Minister of Law and Human Rights of the Republic of Indonesia, Number 15 of 2019, outlines the procedures for reporting beneficial owners during company formation and mandates annual updates of this information. There are no provisions in the decree regarding information required of publicly listed companies or SOEs. Efforts have been made to drive compliance, with approximately 40% of entities having submitted beneficial ownership data by the latest estimates from consultations with stakeholders. This is an increase from August 2022, when only around 29% (or 665,088 out of 2,269,790 entities) of companies that are required to do so had reported their beneficial owners, which was in turn up from around 8% in 2021. Sanctions for non-compliance primarily involve administrative measures such as blocking access to the central register or denying licenses. Effective compliance mechanisms include the MEMR's refusal to issue a license to companies that have not submitted their BO information as part of the technical and financial criteria for applicants. As of July 2022, beneficial ownership data has been made publicly accessible through the Directorate General of General Legal Administration AHU platform, although the comprehensiveness of this disclosure is not guaranteed. Notably, information on beneficial ownership of license applicants and bidders for mining, coal, oil and gas is collected comprehensively by the MEMR through their own beneficial ownership platform, but is not currently publicly disclosed. The MLHR has signed a memorandum of understanding with at least six ministries to exchange beneficial ownership data. The most effective cooperation to date has been with the MEMR, as an API between the two ministries' portals ensures automatic exchange of beneficial ownership information.

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	The MSG has yet to thoroughly scrutinise the comprehensiveness of disclosures. Discrepancies between beneficial ownership data maintained by different government agencies have been noted, with MEMR having more comprehensive and up-to-date information compared to the MLHR. Indonesia has not yet developed a comprehensive verification system to assure the accuracy of the beneficial ownership information provided. The Presidential Decree of 2018 mandates the submitting company to verify its beneficial ownership by checking the validity of the information with their supporting documents. However, there are planned reforms to further regulate verification as, currently, the MLHR does not possess the mandate to verify the information. Efforts are underway to improve data reliability and accessibility, including the development of verification systems and standardisation of data schemas across government agencies. Consultations with stakeholders have confirmed that there is a planned regulation, to be passed by mid-year in 2024, to provide the MLHR the mandate to verify information. Companies' legal ownership data, which is maintained in a separate MLHR database from the beneficial ownership data, is available for a fee. To obtain this data for an Indonesia-registered company, users have to pay between IDR 50,000 and IDR 500,000 for access. Data on legal owners is currently available on a per-record basis, meaning that users can only download information on one company at a time, rather than being able to access the full dataset, which would allow for greater data use and analysis. The most salient aspects highlighted in stakeholder consultations included the challenge of retrieving information from foreign owners, the lack of verification mechanisms to ensure robust collection of beneficial ownership data, and the lack of reporting of politically exposed persons, which was raised as one of the highest corruption risks with regards to ties to holding extractive licenses. The MSG's comment on the draft Validation report recognises discrepancies in beneficial ownership data, noting that MEMR holds more comprehensive data due to its use in license applications. The use of beneficial ownership data to identify politically exposed persons has not yet been implemented. Additionally, the MSG mentions that revisions to the regulation are being drafted to include sanctions for non-compliance, aimed at improving corporate transparency.
New corrective actions and recommendations	
• In accordance with Requirement 2.5, Indonesia is required to ensure collection of beneficial ownership that includes all potential means of control, including nominees, as well as reporting obligations for PEPs. Indonesia is also required to ensure that the name of the stock exchange has been disclosed and a link included to the stock exchange filings for publicly listed companies, including wholly owned subsidiaries, where they are listed. The MSG is required to perform an assessment of comprehensiveness and reliability of the information collected on beneficial owners and to document plans to overcome identified challenges. Indonesia is required to establish a means for verifying the accuracy of beneficial ownership information	

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collected, and to ensure there are sanctions for lack of compliance. Indonesia should also consider establishing a lower threshold for high-risk sectors such as the extractives.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

Significant changes in the level and scope of state participation have occurred since the last Validation. Notably, PT Pertamina has been transformed into a state-owned holding group in the oil and gas sector. MIND ID is a state-owned holding company in the mining sector. The government has nationalised PT Freeport Indonesia and increased its stake in PT Vale Indonesia although it is the understanding of the Secretariat that this remains as a minority interest. The local government in Papua now owns 10% of PT Freeport Indonesia through PT Indonesia Papua Metal and Mineral (IPMM). These significant changes have had implications on the scope and materiality of EITI disclosures on SOEs.

Challenges remain in achieving full transparency, particularly regarding the terms of state participation in extractive projects and companies. PT Pertamina, MIND ID, and four major subsidiaries have consistently published financial information through audited financial statements. However, the lack of clarity on the actual extent of state participation in the sector - in view of missing information from SOEs that should be included in the scope of reporting - limits public understanding of the full scope of SOE financial transactions. Comprehensive and disaggregated disclosures for significant subsidiaries like PT Freeport Indonesia are needed to fully meet Requirements 2.6 and 4.5. The MSG could analyse SOE audited reports to inform public debate and reforms.

In-kind revenues continue to significantly contribute to national finances and energy needs. However, disclosures have not improved since the last Validation, evident in the lack of disaggregation and comprehensive information on volumes and values lifted and sold by the government. Quasi-fiscal expenditures (QFEs), mainly arising from subsidies, are not fully covered in EITI reporting or systematic disclosures for 2021, despite evidence in two SOEs' financial statements of these types of expenditures. With rising global oil prices and decarbonisation efforts, energy subsidies and compensations to producers have increased, highlighting the need for improved accountability mechanisms.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement	Summary of progress in addressing the EITI Requirement

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State participation (Requirement #2.6) *Mostly met*	The International Secretariat's assessment is that Requirement 2.6 is mostly met, as in the previous Validation. Systematic disclosure of applicable laws and audited financial statements for most of the major SOEs in the extractive sector provide a robust understanding of the rules and practices regarding the ownership and financial relationship between the state and SOEs within the sector. However, available information and stakeholder consultations did not fully clarify the details around the terms guiding state/SOE participation in extractive projects and companies. In addition, the AFSs of one material SOE – PTFI – and other potentially material SOEs are not publicly disclosed. Given the scale of SOE subsidiaries, associates, and JVs in Indonesia, the MSG was invited to reflect on their broader consideration to ensure that significant SOE sub-holding entities are appropriately accounted for in their transparency and accountability efforts. Stakeholders consulted recognise the need for comprehensive disclosures to meet the objective of ensuring an effective mechanism for transparency and accountability for well-governed SOEs in Indonesia. **Materiality of SOEs and issues on comprehensives of disclosures:** Available information does not provide a full scope of the State's participation in the extractive sector. EITI disclosures identify six SOEs in the extractive industries: PT Pertamina (Persero) and PT Perusahaan Gas Negara Tbk (PT PGN) in oil and gas, and PT Indonesia Asahan Aluminum (PT Inalum), PT Aneka Tambang Tbk (PT ANTAM), PT Timah Tbk (PT Timah), and PT Bukit Asam Tbk (PTBA) in mining. The Secretariat's understanding, however, is that additional SOEs could be material for the period under review due to developments in SOE structures between 2017 and 2020. These SOEs have been excluded from EITI reporting, including PTVI, PTFI, IPMM or PT Papua Divestasi Mandiri. As such, detailed information in line with Requirements 2.6 and 4,5 with respect to these SOEs was not included in EITI reporting. The absence of MSG review of material SOEs resulted in lack of clarity on the comprehensiveness of SOE data disclosures. Stakeholders consulted did not provide clarity on the significance of revenue flows and materiality of these SOEs. MSG members and government officials consulted suggested that the same scoping and materiality used in previous EITI Reports were adopted in the year under review. The MSG also noted the importance of considering the responsibilities and authorities between the holding SOEs and subsidiary SOEs. This seems to suggest that the two holding SOEs were considered the main material SOEs by the MSG for the purpose of EITI reporting. The materiality of the numerous other subsidiaries of SOEs remains undefined by the MSG. **Further background - Context of recent legal and ownership changes:** In 2017, PT Indonesia Asahan Aluminium (Inalum) was transformed into a state-owned holding company in mining, with three mining SOEs as subsidiaries. In 2019, PT Pertamina became a holding SOE in oil and gas, with PT PGN as a subsidiary. Public documents suggest MIND ID was separated from Inalum in 2019, and a 2022 regulation established PT Mineral Industri Indonesia (PT MIND ID) as the holding company for mining, with Inalum, PT Aneka Tambang Tbk, PT Bukit Asam

	Tbk, PT Timah Tbk, and PT Freeport Indonesia as subsidiaries[9]. Based on the 2021 AFS, MIND ID and Inalum were the same company, with MIND ID referring to the holding function while Inalum refers to the operation function of the same SOE. PTFI became majority state-owned in 2018 after a divestiture agreement with Freeport McMoRan Inc and JV partners to take 51.23% ownership in PTFI. Government-owned shares include 26.24% by PT Inalum and 25% by PT Indonesia Papua Metal and Mineral (IPMM), a joint venture company in which Inalum holds 60% and the Papua Regional Government holds the remaining 40%. The Papua government's effective 10% share in PTFI, through its 40% stake in IPMM is held by a regional SOE PT Papua Divestasi Mandiri[10]. In 2020, MIND ID also signed a Share Purchase Agreement with Vale Canada Limited and Sumitomo Metal Mining Co., Ltd. for 20% shares in PTVI, meeting PTVI's divestment obligations. As of 2023, the SOE is the majority shareholder of PTVI with a 34% ownership interest[11]. This assessment considers PTFI as a material SOE for the purpose of EITI reporting, given the state's 51% interest. However, since becoming nationalised in 2018, this SOE has not disclosed its AFSs as it did as a private company. Its last AFS was published in 2019. This assessment recognises an opportunity for the MSG to deem PT Papua Divestasi Mandiri as a material company for the purpose of EITI reporting. The central and regional government hold a combined majority share in the company. Revenue accrued from the company may be relatively marginal at the national level, yet substantial to the citizens in the resource-rich region of Papua. There was no available AFS, or disclosures related to the SOE in the year under review. This assessment also recognises an opportunity for the MSG to deem PTVI as material SOEs for EITI reporting. Although PTVI receives government capital injections and generates government revenue through state ownership, the State's share of only 20% in 2021 means it doesn't meet the conventional definition of an SOE. However, considering its significant role and public interest, the MSG could still classify PTVI as an SOE on a qualitative basis. There was no available AFS, or disclosures related to the company in the year under review. **Statutory rules and practices regarding SOEs financial relations with the government**: According to the MSG's Transparency Template, Law Number 19 of 2003, provides relevant information on how various aspects of the financial relationship between SOEs and the government are regulated. Article 4 of the law provide the legal basis of the transfer of capital from the state to the SOEs. Article

[9] https://mind.id/en/pages/history
[10] https://papua.go.id/view-detail-berita-7618/pemprov-papua-pemkab-mimika-sepakati-pendirian-pt-papua-divestasi-mandiri.html
[11] https://mind.id/en/news/tuntaskan-transaksi-mind-id-resmi-jadi-pemegang-saham-terbesar-pt-vale-indonesia-tbk

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	52 of the law regulates SOE financing sources, which indicates sources such as company profits, State Capital Participation (PMN), and loans. Minister of Finance Regulation Number 15/PMK.010/2019 provides the legal basis for dividend payment to the government. Article 43 of the Indonesian Limited Company Law No. 40 of 2007 also covers payments of dividends to the shareholders, including the state. Government Regulation Number 43 of 2014 (State Capital Participation) further regulates the use of funds for reinvestment and business development financing (Article 17). The Minister of State-Owned Enterprises Regulation Number 10 of 2018 provides further basis for SOE financing and investment, including sources and procedures for third-party financing. Indonesian Limited Company Law No. 40 of 2007 provides the basis for retained earnings. Article 42, which focuses on profit utilisation, stipulates that SOEs are obliged to set aside a certain amount of net profit for reserves and operations, with a cap on the reserves at 20% of the SOE's capital. The practices regarding the financial relationship between the government and SOEs are published annually through the AFS of SOEs. The AFSs provide detailed figures on payments and transfers such as capital injection from the government to the SOEs, dividend payments to the government, retained earnings, reinvestment and third-party financing through loans. As noted above, the AFSs are published by two holding SOEs and four major subsidiaries, with consolidated transactions that cover SOE joint ventures and their subsidiaries. However, there was no available information on the practices regarding PT Papua Divestasi Mandiri in the year under review. Some information on PTFI – such as those regarding capital injection from the government and dividend payments to the government in 2021 – are included in PT Inalum's AFS. However, information on whether PTVI retained earnings in 2021, reinvested or secured third-party financing was not disclosed in the MIND ID (Inalum) AFS. **Terms attached to the state and SOE equity stake:** For all SOEs, information about the state and SOE equity in extractive companies and projects is publicly disclosed in SOEs' audited financial statements (AFSs) and or annual reports. This includes information on directly and indirectly owned subsidiaries, associates and joint ventures, years of establishment, the level of ownership, nature of business and total assets. However, the terms attached to the state's equity stake in SOEs and SOE's equity stake in other subsidiaries, JVs and companies are not explicitly provided in detail. For example, the AFS of MIND ID shows that its subsidiary, PT Antam has ownership interests in joint mining entities without any cash contributions ("free carried"). However, transactions in all disclosed AFS – such as share capital payments – suggest that, in most cases, there is a paid equity component. Despite knowing about a paid equity component, it remains unclear to what extent SOEs are responsible for covering expenses throughout different project phases, such as whether they hold full-paid equity, free equity, or carried interest. Also, aside the four SOEs – PT PGN, ANTAM, Timah and Bukit Asam – which systematically disclose AFSs, the consolidated statements by the two holding SOEs do not disaggregate information to the level of subsidiary SOEs who may own interest and equity in

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	projects and companies. There was no available information on the practices regarding PT Papua Divestasi Mandiri in the year under review. **Ownership changes:** As noted above, the AFSs provide information about the changes in the level of government and SOE(s) ownership, including the terms of the transaction and details regarding valuation and revenues. For example, PT Inalum's AFS shows that in 2020, the SOEs proceeded to purchase 20% share in PT Vale Indonesia in line with the 2014 Contract of Work Amendment that obliged PTVI to divest shares to the state in order to extend its contract beyond 2022. The 2021 Annual Report and AFS of MIND ID (PT Inalum) provide information about the valuation of the purchased shares and the value of the transaction[12]. Information available in the published AFSs and EITI Reports include details about loans provided to SOEs (third-party financing), rather than loans offered by the SOE to mining, oil and gas companies operating within the country. Information about the loans to the SOEs, including loan tenor and terms are included in the AFS and summarised in the EITI Report for the two holding companies. The MSG has not compared the loan terms with commercial borrowing/lending terms. The operating and capital expenditures, corporate governance information, board composition, and anti-bribery policies are disclosed in SOEs' AFSs, annual reports, and websites. However, procurement and subcontracting rules and practices do not appear to be systematically disclosed. Stakeholders consulted noted that the recent issuance of the Regulation of the Minister of State-Owned Enterprises Number PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises will further improve transparency of SOEs. Following the submission of the draft Validation report, the MSG provided feedback, emphasising efforts to improve transparency around SOEs in Indonesia's extractive sector. The feedback noted that the obligation to publish AFS lies with publicly listed companies. As such, PT Freeport Indonesia is not obligated to publish its AFS. The feedback further points to the financial report of MIND ID which is already documented in the Validation report. The feedback highlighted the need for collaboration between the Ministry of Energy and Mineral Resources and the Ministry of State-Owned Enterprises to ensure necessary data is disclosed.
Sale of the state's in-kind revenues (Requirement #4.2) *Partly met*	The International Secretariat's assessment is that Requirement 4.2 is partly met, which is a regression since the last Validation. The EITI Report provide data on in-kind volumes of oil received on behalf of the government. The MSG's comment on the draft Validation report provided new information on in-kind oil and gas values disaggregated per revenue type. The current information partly meets the objective of the requirement due to a lack of disclosures related to volumes collected for gas and volumes sold for oil and gas. While stakeholders did not express any views, the available data disclosed lacks comprehensiveness,

[12] https://mind.id/temp/20220629-MINDID-ENG_compressed.pdf See note 4 on share purchase of PTVI.

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	disaggregation and, and quality, thereby hindering public understanding of the traceability of the proceeds from the sale of commodities to the national treasury. EITI disclosures confirmed the non-applicability of in-kind revenues in Indonesia's mining sector, as all state revenues are in the form of cash. With respect to the petroleum sector, EITI disclosures note the existence of two in-kind revenue streams arise from Indonesia's profit-sharing scheme. These include Government Lifting and Crude Oil Revenue (DMO – Domestic Market Obligation. Government lifting, as reflected in EITI Reports combines (and does not disaggregate) two separate revenue streams - First Tranche Petroleum (FTP) and Equity Oil. In terms of disclosures, the Indonesia EITI Data Portal provides information on in-kind revenues. Specifically, the portal provides information about the value of revenues accrued to the State from three in-kind revenue types (DMO, Domestic and Export) from 2014 to 2023 fiscal years[13]. Nonetheless, there are several missing data points, lack of clarity on existing disclosures and gaps that puts into question the timeliness, comprehensiveness, and quality of overall disclosures of in-kind volumes and revenues. First, while the disclosures appear to include the volumes of crude oil and gas received as government in-kind revenues per company, per classification of revenue stream and per year, the data is clear only with respect to DMO. Besides DMO, the actual disclosures on the other in-kind streams labelled in the report as domestic and export do not correspond to the categorisation provided in the contextual report (government lifting). As documented in the previous Validation, the description of actual revenue disclosures may be explained by the flow of funds, either directly to the DG Treasury account (domestically) or through government accounts offshore (exports). Previous reports and Validations had also noted the existence of First Tranche Petroleum (“FTP”) and Equity Oil and Gas as two in-kind revenue streams under the cost-recovery contracts. Both revenue streams appear to be covered under domestic and export sales but are not disaggregated as separate revenue streams as done in previous years. SOE stakeholders confirmed that FTP and equity oil are the legally known revenue streams broadly under government lifting. However, they could not provide a rationale for the limited disaggregated disclosures in the EITI Report. Disaggregation is important here to illustrate royalties from production before deductions (FTP) and in-kind shares of government after deductions (equity oil). This lack of disaggregation hinders an understanding of the value of revenue accruing from specific revenue streams. Second, while the ‘Transparency’ template shows the total volume for oil and gas separately, the data portal only shows volumes of DMO oil (not for gas, or export of oil and gas). Third, there is therefore no information about volumes sold, nor the values of such volumes. Fourth, while the section of the EITI Data Portal appears to be updated in June 2023, the data on per company volumes appears to be only available until 2016. It also remains uncertain if the number of

[13] https://www.portaldataekstraktif.id/portal-data/3-pendapatan-negara/pendapatan-dalam-bentuk-natura-in-kind

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	companies are the comprehensive list of companies involved in the sale of state share of production. Pertamina's AFS provides further details, specifically on the transfer of revenue from the SOE to the government for its share of production and DMO fees received from government for providing crude oil to meet domestic market needs for oil products in accordance with their PSC. As explained in the MSG's 'Transparency' template, the information is based on Pertamina's purchase data lumped with the contractor's share, making it impossible to provide specific figures for government oil sales. The MSG confirmed in the 'Transparency' template that the detailed company and transaction data is still not publicly accessible. With the lack of information on the sales of the state's share of production, there is no disaggregated information on individual sales, products, and prices, selection criteria for buying companies, and related sales agreements. An assessment of the reliability of the sales of the state's share of production by the MSG could not be located. The MSG noted in consultation that detailed data on individual sales, products, and pricing, as well as criteria for selecting purchasing companies and related sales agreements, are not publicly available. According to the MSG, this is because the disclosure of per-company information and sales transactions could compromise the privacy and commercial confidentiality of companies, potentially harming their competitive interests and hindering investment in the extractive sector. Nevertheless, the MSG committed to enhancing transparency and accountability in Indonesia's extractive industry, including on the sale of the state's share of production. Through collaboration with SKK Migas and Pertamina, the MSG noted that steps can be taken to improve access to data on oil and gas production and sales. There is no evidence of swap arrangements or resource-backed loans. There is no evidence that the MSG considered the existence of swap arrangements or resource-backed loans and stakeholders consulted did not express concerns on the same. In their feedback on the draft Validation report, the MSG provided new evidence of disaggregated oil and gas value data, with detailed information on FTP, equity oil and government sections (including DMO). The data, as published on the IEITI data portal, is provided per company from 2018 -2022. The published data continue to lack comprehensive information on volumes received and sold. The information remains not disaggregated by individual buying company and to fully disaggregated to the levels commensurate with the reporting of other payments and revenue streams.
Transactions related to state-owned enterprises (Requirement #4.5) *Mostly met*	The International Secretariat's assessment is that Requirement 4.5 is mostly met, as in the previous Validation. SOEs disclose comprehensive and quality-assured financial transactions through their annual audited financial statements (AFS). The Secretariat's assessment is that the objective to ensure the traceability of payments and transfers involving SOEs is not fully met due to the absence of an audited financial statement that would provide details of the transactions relating to one material SOE. The lack of disclosures on other

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	potentially material SOEs further constraint public understanding of whether revenues accruable to the state are fully transferred to the state/subnational government. Consulted MSG members acknowledged that there is room for improvement, especially regarding the disclosure of information on the government and SOE financial transactions. EITI disclosures suggest the existence of five (5) material SOEs in the extractive sector and provides aggregate financial transactions for only three SOEs. As noted under Requirement 2.6, this assessment considers transactions related to one (PTFI) SOE to be material in the year under review. This assessment further recognises the need for the MSG to consider transactions relating to two-three other companies as material. **Government transfers to SOEs.** The EITI report does not describe government payments to SOEs despite the fact that disclosed AFSs of oil and gas SOEs indicated transfers from government to SOEs. These include subsidy reimbursement and share capital payments from the government to Pertamina. There was no evidence of government transfers to SOEs in the mining sector. In its feedback on the draft Validation report, the MSG provided additional context, explaining that government transfers to SOEs in the mining sector were not observed in 2021, potentially due to government policy priorities and economic conditions following the COVID-19 pandemic. **Company payments to SOEs** The EITI report does not describe disaggregated company payments to SOEs even though disclosed AFS shows that the SOEs collect material revenues on behalf of the state. Such payments include revenues from oil, gas and mineral sales, processing and transportation, payments from subsidiaries to cover income taxes, dividends received from subsidiaries and JVs among others. For example, Pertamina's AFS shows revenues accrued to the SOEs from trade/sales contracts with its customers. MIND ID (Inalum) AFS indicates a dividend receipt from PTFI and other associates in 2021. However, these disclosures are not fully disaggregated to cover the full scope of payments from the numerous SOE subsidiaries, associated and JVs. In its feedback on the draft Validation report, the MSG highlighted that payments from companies to SOEs, such as taxes and dividends, are detailed on the IEITI data portal. However, the available is an aggregated of revenue streams transfers from three SOEs to the government. **SOEs transfers to government** The EITI report does provide a summary of SOEs transfers to the government, indicating an increase in SOE contributions to government revenue in 2021 compared to the previous year. Disclosed AFS provides further details of such transfers. Pertamina's AFS shows transfers/payment to the government. This includes dividends paid in 2021, as well as payments to SKK Migas for Pertamina's overlifting of oil/gas, payments for the sale of government share of gas and repayments of loan principals to government. In the mining sector, the main SOE-related transfer to the government were dividend related. The AFSs of

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	PT Antam, Timah, and Bukit Asam provided information of the value of dividend payments to government in 2021, while Inalum and PGN did not distribute dividends in 2021. Besides these transfers, the AFSs of all SOEs show their contributions to payment streams (tax and non-tax) common to all companies covered under Requirement 4.1. Stakeholders consulted neither questioned nor provided further clarity on the details of transactions in individual AFSs. In its feedback on the draft Validation report, the MSG provided additional context, explaining why some SOEs did not distribute dividends in 2021. These include corporate and government policy implications as well as potential economic factors, investment needs, and debt repayment priorities. The substantial gap identified by this assessment arises from the fact that information on transactions between PTFI, the holding company and the state were not fully disclosed despite having material operations in the extractive sector in the year under review. PTFI stopped publishing annual reports with summaries of their financials after 2019, when it was effectively nationalised. The AFS of PT Inalum provides summarised financial information on PTFI. The data provides information of the government investment in the SOE and profits generated. However, without a full statement of financial position, the data disclosed in the EITI Report and MIND ID AFS is not disaggregated to provide an understanding of the full scope and source of payments collected by the SOE on behalf of the government and whether dividends were transferred to the government in 2021. The AFSs for PTVI, IPMM and PT Papua Divestasi Mandiri were also not publicly accessible despite the potential material operations in the extractive sector in the year under review. The lack of information relating to payments and transfers to/from these SOEs presents further uncertainties about the full scope of SOE transactions in the year under review. Consulted MSG members acknowledged that there is room for improvement, especially regarding the disclosure of information on the government and SOE financial transactions. The EITI summarises the main payments streams from SOEs to the government. Neither the EITI Report nor the Validation templates provided an aggregated figure for the total value of government transfer to SOEs, and revenues collected by SOEs from companies. There is not public information of the MSG's assessment of the comprehensiveness and quality of SOE disclosures. However, the available disclosures appear to be comprehensive and quality-assured, given that all available AFSs were audited in line with international standards, and there were no qualified opinions on any of the disclosed AFS. The Secretariat therefore finds that on balance, the objective of this requirement is mostly fulfilled considering that publicly available AFS of material SOEs shed light on transfers between government and SOEs, thus bridging some of the gaps found in EITI reports.
Quasi-fiscal expenditures (Requirement #6.2) *Partly met*	The International Secretariat's assessment is that Requirement 6.2 is partly met, as in the previous Validation. EITI disclosures continue to lack comprehensive, quality-assured information related to subsidy-related quasi-fiscal expenditures and other types of non-budgetary expenditures. Stakeholder consultations did not shed light on questions regarding quasi-fiscal expenditures. MSG stakeholders consulted confirmed that there were no discussions regarding

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	potential quasi-fiscal expenditures beyond subsidies, such as those related to emergency relief efforts. Evidence suggests that it is likely that there are QFEs in the oil and gas sector that the MSG has not considered and that there is no publicly available information on these potential QFEs. With respect to mining and coal, however, some MSG members noted that there were no QFEs in the year under review as there has been no need for subsidies with the market price constantly being lower than the DMO price. Moreover, EITI disclosures suggest that expenditures under the Partnership and Community Development Program (PKBL) by SOEs cannot be classified as QFEs but as corporate social responsibility. Despite this, the lack of a comprehensive analysis on the full range of potential QFEs where evidence suggests their existence, coupled with the lack of actual disclosure of these QFEs suggest that the broader objective of the requirement to shed light on off-budget expenditures of SOEs is not fulfilled. EITI disclosures include a definition of quasi-fiscal expenditures. However, it adopts a narrow focus on subsidy-related expenditures. The definition provided in the Indonesia EITI Report explains quasi-fiscal activities as those undertaken by state owned banks and companies, and potentially by private sector companies at the governments, where the price charged is less than market rates. It further clarifies that certain mandatory expenditures that must be undertaken by SOEs on behalf of the government – such as Partnership and Community Development Program (PKBL) – do not constitute quasi-fiscal activities. However, this definition does not cover other forms of quasi-fiscal expenditures such as those related to exchange, trade, and financial systems (loans, exchange rate pegging, etc.) and lacks a rationale for this limited scope. In the upstream oil and gas sector, quasi-fiscal expenditures are mainly through subsidies related to the Domestic Market Obligation (DMO). In PSC contracts where Pertamina is the contractor, the DMO oil price is set lower than the market price by a certain percentage after five years of field production. The difference in market and DMO price, borne by Pertamina (as an SOE), can be considered a quasi-fiscal expenditure. A similar principle applies to the mining sector, where subsidies on DMO related to coal supplied by PT Bukit Asam to power plants are considered QFEs. According to the Decrees of the Minister of Energy and Mineral Resources No. 1395 K/30/MEM/2018 and No. 261 K/30/MEM/2019, the reference coal price (HBA) for public interest (sales to power plants) is pegged at USD 70/MT. When the market price exceeds this amount, PT Bukit Asam covers the difference, which is then considered a QFE. EITI disclosures note that since September 2019, the market price has been lower than the DMO price, leading the MSG to argue that there were no QFEs in the mineral and coal sector during the review year[14]. While this argument aligns with public evidence on coal prices, it remains unclear if other mining SOEs, including MIND ID (PT Inalum), undertake any activities that could be termed QFEs. EITI disclosures suggest that expenditures under the

[14] https://www.portaldataekstraktif.id/portal-data/5-pengeluaran-sosial-dan-ekonomi/belanja-kuasi-fiskal

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	Partnership and Community Development Program (PKBL) by SOEs cannot be classified as QFEs but as corporate social responsibility. Stakeholders did not assess the applicability of QFEs in the non-coal mining sector during the review year, especially those unrelated to subsidies. In terms of disclosures, neither EITI nor systematic disclosures provide any information of QFEs in the extractive sector. Pertamina's AFS provides fees received from the government for meeting DMO obligations and subsidy reimbursements receivable in 2021 (Note 8 and 29). It is possible to access global market prices to understand the difference amounting to QFEs in 2021, but there is no evidence that the MSG undertook such analysis. PGN's AFS also suggests the potential for QFEs in the gas sector. Ministerial Decrees No. 134.K/HK.02/MEM.M/2021 and No.135.K/HK.02/MEM.M/2021 required PGN to adjust gas prices in gas sale and purchase agreements with PLN, the electricity and power generation entity. PGN's 2021 financial statements indicate amendments to gas sales and purchase agreements with several customers and suppliers to comply with these decrees, suggesting PGN might shoulder some subsidy costs. However, there is no clarity on whether this has been applied and the transactions underpinning these amendments. In the mining sector, MEMR Decision No. 139.K/HK.02/MEM.B/2021 set the DMO requirement for 2021 at 25% of planned total coal production for electricity and industry fuel. Bukit Asam AFS (Note 31f) indicates the company fulfilled the DMO requirement. Although the AFS suggest coal sales to PLN (see Note 32b), it is not possible to assess the sale price to determine if it was below or above market price. PT Inalum, the parent company of Bukit Asam, provides details about the price formula used, suggesting a selling price of USD 90 per metric ton Free on Board (FOB) Vessel (Note 40t). As documented in the IMF's 2023 Article IV report on Indonesia, expenditures on energy consumer subsidies and compensations to oil, gas, and coal producers have been on the rise in recent years as global oil prices surged and national efforts to decarbonise intensified. This further demonstrates the broader significance of improving accountability mechanisms on such expenditures. Following the submission of the draft Validation report to the MSG, the MSG provided feedback particularly emphasising clarifying its definition of quasi-fiscal expenditures and recent policy changes relevant to understanding such expenditures. Nonetheless, no actual disclosures were provided to address the gaps highlighted in the draft Validation report. The comments noted that the quasi-fiscal calculation for gas cannot yet be calculated due to data availability limitations on market gas reference prices. Regarding coal, EITI disclosures note that since September 2019, the market price has been lower than the DMO price, leading the MSG to argue that there were no QFEs in the mineral and coal sector during the review year. However, the same data seems to suggest that in the year under review (between 2020 and 2021, the market price was actually higher than the DMO price, which suggests a contrary conclusion. Given the lack of clarity on the existence of QFEs for coal, couple with the lack of actual disclosures, this assessment concludes that the objective of the requirement is

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	not fulfilled. As noted in the MSG's feedback, there is the need for further analysis and transparency regarding the financial impact of these expenditures on SOEs such as Pertamina.

New corrective actions and recommendations
• In accordance with Requirement 2.6, Indonesia should disclose comprehensive information on the state's participation in the extractive industries. This information should include information of the practices regarding the financial relationship between the government and all material state-owned enterprises, including their subsidiaries and JVs. The information should also describe the terms attached to the state's participation - through SOEs and their subsidiaries - in extractive projects and companies. The MSG should annually assess the changes in the level of ownership and transaction related to SOEs to provide clarity on the materiality of SOEs and ensure comprehensive material disclosures on the same. • In accordance with Requirement 4.2, Indonesia should disclose comprehensive, timely and disaggregated information on the sale of the state's in-kind revenues. The MSG should clarify the full scope and materiality of in-kind revenues and ensure that the volumes and values of in-kind revenues have been disaggregated by payments/revenue streams and where relevant, by individual sale, type of product and price. To strengthen implementation and make disclosures relevant, the MSG may consider efforts to address other disclosure gaps and encouraged aspects of Requirement 4.2, including the product details, selection process for buyers, commensurate buyer disclosures and MSG's review of data reliability. • In accordance with Requirement 4.5, Indonesia should disclose comprehensive and disaggregated information on the transactions related to SOEs. The MSG should clarify the full scope and materiality of SOEs and ensure that comprehensive and disaggregated disclosures of company payments to SOEs and SOE transfers to and from the state, including coverage of SOE subsidiaries and joint ventures. To strengthen implementation, the MSG is encouraged to undertake relevant analysis based on SOEs audited reports to inform public debate and reforms. • In accordance with Requirement 6.2, Indonesia should disclose comprehensive information on quasi-fiscal expenditures undertaken by material extractive SOEs. The MSG should clarify the full scope, definition and materiality of payments and expenditures undertaken by SOEs that could amount to off-budgetary payments/expenditures. This will require undertaken assessments based on prevailing rules and available data to ascertain the materiality and ensure the comprehensive and reliable disclosure of such expenditures is commensurate with budgetary expenditures. The government is encouraged to strengthen efforts to systematically disclose this information in line with its commitments under its application for mainstreaming.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

There are multiple portals providing production and export data for Indonesia's extractive sector. While these portals offer a vast amount of information, there are some inconsistencies between them that could be further clarified to enhance interoperability of available disclosures.

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Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement	Summary of progress in addressing the EITI Requirement
Production (Requirement #3.2) *Fully met*	The International Secretariat's assessment is that Requirement 3.2 is fully met, an improvement since the previous Validation. Available documentation and stakeholder consultations indicated that the objective of ensuring public understanding of extractive commodity production levels and the valuation of extractive commodity output is fully met, following the MSG's clarification of the list of produced commodities, the use of sales value data (rather than production value data) and quality of systematic disclosure of production data. **Mining sector** The 2021 Indonesia EITI Report refers to the Minerba One Data Indonesia (MODI) portal, which provides production volumes for coal, tin metal, nickel pig iron, ferro nickel, matte nickel, gold metal, silver metal, and copper cathode for 2021, with data disclosures available up to early 2024. However, the MODI portal does not appear to provide production values. The MSG's comments on the draft Validation report confirm that MODI portal provides production and sales volumes. The comments also clarified that based on Indonesia's experience over the past decade, sales value data, rather than production values data, are disclosed because of the potential for corruption if considering production values at the time of extraction, which is vulnerable to discrepancies with sales values on the ship. This assessment therefore considers the lack of production value as based on a policy consideration which is consistent with the objective of the requirement to leverage transparency to address production-related issues. The Indonesia EITI Data Portal provides a broader and more disaggregated list of commodities based on the MEMR Online Monitoring System (MOMS) application. For example, it includes such commodities as bauxite and asphalt rock; and more detailed disaggregation by types (ore, concentrate, alloy, etc.) of gold, silver, copper, tin and nickel. Production volumes are available by province and company. While sales values are also available on the Indonesia EITI data portal, the list of commodities in relevant tables appears to be different compared to the list in tables where production volumes are provided. For example, for bauxite production volumes are available but sales values are not disclosed. It is not clear if the MSG discussed whether sales values provide a reliable estimate for production values. The MSG's comments on the draft Validation report clarify that the use of sales value as an effective proxy for production value as documented above. The comments further clarify that information on the Indonesia EITI disaggregated data portal are provided for six main commodities – gold and silver (ore), copper (ore), copper (concentrate), tine (ore), nickel (ore) and bauxite (ore) – which is aligned with the Strategic Plan of the DG of Minerals and Coal for 2020-2024, with other minerals grouped under "other commodities" category.

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	Additionally, the Central Statistics Agency (BPS) of Indonesia provides production volumes for coal, bauxite, gold, tin concentrate, copper concentrate, nickel ore and quarrying. Data across three abovementioned portals appear to differ with regard to the list of commodities produced, level of disaggregation and production volumes. Discrepancies may be attributed to methodological differences, with further research needed to compare data across sources. **Oil and gas sector** Consulted stakeholders referred to the SKK Migas portal as one of the main sources of production data in the oil and gas sector. The portal[15] offers production volumes of oil and per month up to early 2024. Available documentation and stakeholder consultations indicate that these data represent lifting volumes, not production volumes. Consulted stakeholders also indicated that lifting values can be accessed from SKK Migas annual reports, however, it is not clear if these reports were reviewed by the MSG for preparation of EITI reporting. The Indonesia EITI Data Portal provides lifting volumes for oil and condensate, but not gas. Moreover, the portal discloses lifting values for oil and gas, but not condensate, by company and province. The MSG's comments on the draft Validation report clarify that lifting values for condensate are included in the lifting values for oil. Additionally, the BPS discloses production volumes for crude oil and condensate, and natural gas. It is not clear if these data represent production or lifting information. Consulted stakeholders expressed varying views regarding comprehensiveness of production data for the mining and oil and gas sectors and noted that there were some differences in methodologies applied to calculation of production volumes. Analysis of available documentation also indicated that production data for some commodities, for example, cobalt, is not systematically disclosed through relevant portals. The mainstreaming feasibility study mentions that the Indonesian Crude Price (ICP) and price references for mining commodities are regularly published on the MEMR website. However, it is not clear if the MSG considered them for calculation of estimates for production values. Regarding encouraged aspects of this requirement, it is not clear if the MSG considered the reliability of production information and estimates for ASM. The Indonesia EITI Data Portal references sources of data but does not systematically provide specific links that would allow stakeholders to access the source of information. The MSG's comments on the draft Validation report provide further clarifications on the production data and argue for increase of the score to "mostly met with

[15] See Ringkasan Capaian section on the SKK Migas website.

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	considerable improvements". The comments also highlight corruption risks related to disclosing production values, justifying the disclosure and use of sales value. The MSG's comments also noted the discrepancies in production data between export-import figures from BPS and other Technical Ministries/Agencies. They emphasised that the production data reported by MEMR is considered more reliable due to its basis in company reports and its authority over the oil, gas, and mining sectors. The MSG expressed hope that with the implementation of Simbara, these data discrepancies will be resolved, allowing for a unified and authoritative source of production data in the future. In the light of the clarifications, the Secretariat considers that the objective to be fully met in the period under review.
Exports (Requirement #3.3) *Fully met*	The International Secretariat's assessment is that Requirement 3.3 is fully met, which represents an improvement compared to the previous Validation. Available documentation and stakeholder consultations indicated that the objective of ensuring public understanding of extractive commodity export levels and the valuation of extractive commodity exports is fully met, given availability of export volumes and values. **Mining sector** The Central Statistics Agency (BPS) portal provides both export volumes and values by the HS code per month and by destination; data can be downloaded in Excel format. While it is not possible to search by commodity name, spot check of entering The Indonesia EITI Data Portal provides similar information based on the BPS data. The 2021 Indonesia EITI Report provides information only on export values, but it is not clear if export values are provided for all mineral commodities. Consulted stakeholders did not express any concerns regarding comprehensiveness of available data. However, available documentation does not allow to identify the full list of commodities that were exported from Indonesia in 2021. The MSG's comments on the draft Validation report confirm that export data on the BPS website cover all exported mining commodities. **Oil and gas** The BPS portal provides export volumes and values for crude oil, oil product, natural gas. The Indonesia EITI Data Portal provides similar information based on the BPS data. The 2021 Indonesia EITI Report provides information only on export values for oil and gas. The MSG's comments on the draft Validation report confirm that export data on the BPS website cover all exported oil and gas commodities and explains the data collection process. Regarding encouraged aspects of this requirement, it is not clear if the MSG considered the reliability of export information, estimates for ASM and whether estimates conform with international data standards and methodologies for calculating extractive commodity production data. The Indonesia EITI portal references sources of data but does not provide specific links that would allow stakeholders to access the source of information.

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	The MSG's comments on the draft Validation report confirm comprehensiveness of systematically disclosed export data. Thus, the Secretariat considers that the objective is fully met in the period under review.
New corrective actions and recommendations	
• To strengthen implementation of Requirement 3.2, production data could be further disaggregated by project and include sources and the methods for calculating production volumes and values. The government is encouraged to improve comparability and interoperability of systematically disclose data in line with its commitments under its application for mainstreaming. • To strengthen implementation of Requirement 3.3, export data could be further disaggregated by company and/or project and include sources and the methods for calculating export volumes and values. The government is encouraged to improve comparability and interoperability of systematically disclose data in line with its commitments under its application for mainstreaming.	

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

Revenue from the extractive sector contributes substantially to Indonesia's economy, accounting for about 8% of total government revenues in 2021. Indonesia has made progress in systematic disclosures of taxes and revenues since the last Validation. However, challenges with the comprehensiveness and disaggregation of disclosures identified in the previous Validation persist. The 2021 EITI Report, which adopted a flexible reporting approach, primarily sourced financial data from government data, supplemented by company reporting. However, the MSG did not undertake materiality or scoping decisions to inform disclosures for 2021. Some revenue streams, like signature bonuses and license fees, were not clearly disclosed. Stakeholders also confirmed only 72 out of 214 material mining companies submitted their EITI reporting templates for 2021. In the absence of a clear materiality assessment, the report did not fully address the full coverage and comprehensiveness of company and government reporting. A lack of clarity and inconsistencies in available disclosures also cast doubt on the full government revenues from the extractive sector.

Infrastructure provisions and barter arrangements continue to be not applicable in the period under review. Transportation revenues continue to be fully met through systematic disclosures. Disclosure of Indonesia EITI financial data has not yet been disaggregated to levels that ensure its usability for tracking payments at a project level. While financial data were disaggregated by company and revenue stream, corporate income and dividend tax were reported together, and government lifting data were presented in total without disaggregation. While advancing on systematic disclosure, there is a lack of clarity on the full scope of assurances provided by companies and government entities to ensure the reliability of data. Though audits are

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conducted by the Audit Board (BPK) and the Financial and Development Supervisory Agency (BPKP), the MSG has not undertaken an assessment of the scope of the government's auditing practices or adopted a supplementary quality assurance mechanism for its 2021 Report.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement	Summary of progress in addressing the EITI Requirement
Comprehensive disclosure of taxes and revenues (Requirement #4.1) *Partly met*	The International Secretariat's assessment is that Requirement 4.1 is partly met, as in the previous Validation. Available documentation and stakeholder consultations indicate that the objective of ensuring comprehensive disclosures of company payments and government revenues from oil, gas and mining as the basis for detailed public understanding of the contribution of the extractive industries to government revenues is not fulfilled. Despite procedural gaps in determining material revenues, there were no concerns raised by stakeholders on this issue. There are however substantial gaps with respect to comprehensiveness, given the low response rate for mining companies and the lack of clarity on whether government has unilaterally disclosed all revenues received. The MSG agreed to prepare the 2021 EITI Report in a flexible format, without reconciliation of government and company financial data. Based on the Indonesia EITI Data Portal, it appears that financial data were primarily sourced from government data, with additional information, for example, on royalties and land tax, provided by company reporting. The MSG was invited to comment on the approach to reporting applied to the 2021 fiscal year, including on whether the MSG agreed on unilateral disclosures. The MSG's comments on the draft Validation report do not appear to provide further clarification on the approach to reporting applied to the 2021 fiscal year, except for providing an overview of relevant tax and non-tax revenue streams, and an overview of the data disclosure process. The report does not indicate or confirm the MSG's materiality or scoping decisions. At the same time, the Terms of Reference (ToRs) for the 2021 EITI Report indicate that all oil and gas companies contributing to Indonesia's non-tax revenue (PNBP) were considered to be material and a 95% cumulative threshold (target for the coverage of financial data) was set for the mining sector. The MSG's August 2023 meeting minutes note a cumulative threshold of 98% for the oil and gas sector and 95% for the mining sector. Options considered and the rationale for the materiality decisions for selecting material companies do not appear to be documented. Representatives of the mining company constituency confirmed that no significant companies were omitted in the EITI reporting in 2021. The ToRs do not provide further information on the reporting thresholds for selecting material revenue streams. However, consulted stakeholders indicated

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	that approach to the materiality threshold for revenue streams remained the same as for the previous reporting cycles. Indonesia's EITI Data Portal provides an overview of tax and non-tax payments per sector but it is not clear if available data cover all applicable revenue streams, which revenue streams were considered to be material for the 2021 fiscal year and if all of them are described on the portal. For example, available documentation does not appear to comment on signature bonuses and license fees, and their applicability in Indonesia in 2021. At the same time, financial data on signature bonuses appear to be disclosed for 2021 through the Indonesia EITI Data Portal. Available documentation does not appear to comment on whether all relevant companies and government agencies reported. The 2021 EITI Report includes a list of companies that provided EITI reporting, but it is not clear how many companies did not respond to the questionnaire and if such data were available through government disclosures. Consulted stakeholders indicated that all material oil and gas companies and 72 out of 214 material mining companies provided EITI reporting templates for 2021. The 2021 EITI Report provides a list of 73 oil and gas and 73 mining companies that submitted EITI reporting templates. In addition, it is not clear if the government provided aggregate information about the amount of total revenues received from each of the benefit streams agreed in the scope of EITI reporting, including revenues that fall below the agreed materiality threshold. The 'Transparency' template provides several references, including to the Central Government Financial Report (LKPP reporting), however, does not include either specific links or an overview of data available through systematic disclosures. The 2021 Indonesia EITI Report, Indonesia EITI Data Portal and summary data files appear to provide total numbers per sector, but the values do not appear to match across different sources which could be due to differences in calculating the total value The MSG's comments to the draft Validation report partially outline some reasons for differences in information provided through different sources. At the same time, they do not appear to clarify the value of total revenues received from each of the benefit streams agreed in the scope of EITI reporting. Concerning encouraged aspects of this requirement, available documentation does not provide any information on whether companies making material payments to government have publicly disclosed their audited financial statements, or the main items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available. The International Secretariat understands that extractive companies that are publicly listed on the Indonesian Stock Exchange are required to publish their audited financial statements, but there is no evidence of EITI Indonesia reviewing these disclosures with a view to facilitating public access to these documents. The MSG's comments on the draft Validation report provide comprehensive information on tax and non-tax revenue streams. The Secretariat acknowledges these clarifications; however, considers that the objective is not met in the period

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	under review, due to lack of clarity on comprehensiveness of disclosures in 2021.
Infrastructure provisions and barter arrangements (Requirement #4.3) *Not applicable*	The International Secretariat's assessment is that Requirement 4.3 is not applicable in the year under review, as in the previous Validation. Though EITI disclosures are silent on this, the MSG's 'Transparency' template suggested the non-applicability of infrastructure and barter arrangements in the year under review. While there is no public evidence to suggest otherwise, the MSG was invited to comment on the applicability of Requirement 4.3.
Transportation revenues (Requirement #4.4) *Fully met*	The International Secretariat's assessment is that Requirement 4.4 is fully met. EITI disclosures provide details on transport revenues in the mining sector, but not in the oil and gas sector. However, an assessment of Pertamina and PGN's systematically disclosed AFSs, and consultations with stakeholders from Pertamina, did confirm the existence of such revenues in the oil and gas sector in 2021. The International Secretariat did not locate an MSG scoping and materiality assessment of transport revenues. As such, it is unclear whether the MSG considers the omission of oil and gas transport revenues in EITI disclosures a material gap. Following the submission of the draft Validation report, the MSG provided further details to confirm the applicability and materiality of transportation revenue in the period under review. The current disclosures by relevant SOEs and IEITI fulfil the objective of ensuring transparency in government and SOE revenues from the transit of oil, gas and minerals. In the oil and gas sector, systematic disclosure by PGN, through its AFS, indicates that the SOE received USD 12,906,538 from Pertamina for gas transport in 2021 (Note 32). Pertamina's AFS also note subsidiaries (e.g., PGN and PT Transportasi Gas Indonesia) that are involved in the transportation of gas and other fuels, with revenues totalling USD 120,040 in 2021. An assessment of Pertamina and PGN's systematically disclosed AFSs, and consultations with stakeholders from Pertamina, did confirm the existence of such revenues in the oil and gas sector in 2021. The International Secretariat did not locate an MSG scoping and materiality assessment of transport revenues. As such, it is unclear whether the MSG considers the omission of oil and gas transport revenues in EITI disclosures a material gap. In the mining sector, the 2021 annual reports of Indonesian Railway Companies (PT Kereta Api Indonesia (KAI)) and PT Bukit Asam detail significant coal transportation revenues paid to and collected by PT KAI, a government-owned railway company. EITI disclosures provide further details, noting that PT KAI reported a significant increase in coal transportation volumes and revenues in 2021. In 2021, coal volumes transported surged to 38,358,972 tons, marking a 17.72% increase from 2020 volumes. This growth partly due to PT Bukit Asam reported 7% increase in coal transport volume in 2021 to 25.42 million tons, up from 23.80 million tons in 2020. Financially, coal transportation revenue rose from IDR 5.132 trillion in 2020 to IDR 6.181 trillion (appx USD 300-400 m) in 2021.

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	Note 31 of Bukit Asam's AFS provides disaggregated data on the transport revenues. It confirms two distinct agreements regarding the delivery of coal from Tanjung Enim to Tarahan and from Tanjung Enim to Kertapati. While the link to PT KAI's AFS was not functional at the time of review, details of their receipts and payments by Bukit Asam are provided in the IEITI portal which confirms Rp 6.180.811.096 as fees paid for coal transport by PT Bukit Asam. The AFS of Bukit Asam provides additional information including the legal basis of the transport arrangement, definition, actual rates and the SOEs involved. Although PT KAI is not an extractive sector company, it does collect substantial revenues on behalf of the government for a mineral commodity, making such revenues material. Though the disclosures are comprehensive and disaggregated, there are no documented MSG reliability checks. Nonetheless, given that Bukit Asam's AFS was audited by an independent auditor applying international standards and concluding without a qualified opinion, the assessment considers the disclosures reliable. In the transparency template, the MSG documents plan to integrate PT KAI, PT Pertamina, PGN and Pertagas Annual/Financial Report data into its online. Following the submission of the draft validation report, the MSG provided further information on transport revenues for the oil and gas sector on its IEITI data portal. In addition to context information, the new disclosures include revenues collected by Pertamina and PGN in relation to oil ang gas transport. However, the figures are inconsistent. For example, while the chart in the IEITI data portal suggest that that PGN received USD 198 m for gas transmission, the text on the same page suggests a substantially lower revenue of USD 6 m. [16] As noted above, given that Pertamina, PGN and Pertagas annual statements are publicly disclosed, disaggregated and quality assured, this assessment does not consider the discrepancies to be a material gap. Considering the MSG's coverage of transport revenue in both oil, gas and mining sectors, the secretariat's view is that the objective of this requirement has been fully met.
Level of disaggregation (Requirement #4.7) *Partly met*	The International Secretariat's assessment is that Requirement 4.7 is partly met, as in the previous Validation. Available documentation and stakeholder consultations indicate that the objective of ensuring disaggregation in public disclosures of company payments and government revenues from oil, gas and mining is not met, given opportunities to further improve reporting by revenue stream, clarify which revenue streams are levied on the project level and analyse the level of disaggregation of the systematically disclosed data. The 2021 EITI Report and [Indonesia's EITI Data Portal](#) provide financial data disaggregated by company and revenue stream. However, the comprehensiveness of such disclosures could be strengthened (see *Requirement 4.1*). The previous Validation identified that corporate income and dividend tax were reported together, despite being separate revenue streams. Additionally, government lifting data was presented in total, without differentiating between

[16] EITI Indonesia - Revenue from Transportation (portaldataekstraktif.id)

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	First Tranche Petroleum (FTP) and equity oil and gas. There is no clear indication of progress made on disaggregating these specific data points. EITI reporting does not appear to provide an explicit definition of a project and clarification of which revenue streams are levied at the project level. Additionally, the existence of significantly interconnected extractive agreements remains unclear. However, Law No. 22/2001 (Article 13) restricts each oil and gas company to a single working area which consequently means that oil and gas sector data are de facto disclosed on a project level. At the same time, available documentation and stakeholder consultations suggest that mining companies can hold multiple mining agreements. The mainstreaming feasibility study includes a list of the revenue streams that are levied at a project level, although it is not clear if this list has been reviewed for the 2021 EITI reporting. Stakeholder consultations indicated that the MSG did not discuss project-level disclosures for the fiscal year under review. The MSG's comments on the draft Validation report note that the MSG is expected to discuss project-level disclosures and ensure that financial data are disaggregated by each project in cases where payments are collected at the project level. The Secretariat welcomes these planned efforts but considers that the objective is not fulfilled in the period under review.
Data timeliness (Requirement #4.8) *Fully met*	The International Secretariat's assessment is that Requirement 4.8 is fully met, as in the previous Validation. Available documentation indicates that the objective of ensuring that public disclosures of company payments and government revenues from oil, gas and mining are sufficiently timely is fully met. While consulted stakeholders noted opportunities for further strengthening publication timelines, no strong concerns about delays in data disclosures were expressed. The 2021 EITI Report was published in 2023, which satisfies the criteria that data must be no older than the second to last complete accounting period. However, the 2019-2020 EITI Report was published with some delay, even if still in line with the reporting extensions approved by the EITI Board. In October 2022, the EITI Board approved Indonesia's request for partial data mainstreaming implementation which included a work plan of gradual transition to systematic disclosures. Progress on the mainstreaming work plan is documented under each EITI Requirement in the submitted Transparency template. However, the regularity of monitoring the mainstreaming work plan implementation remains unclear. Consulted stakeholders acknowledged some delays due to the complexity of systematic disclosures but did not voice any strong views on data timeliness. Notably, analysis of available portals reveals that some data for the 2023 fiscal year (e.g., on subnational transfers) is already publicly available.
Data quality and assurance (Requirement #4.9)	The International Secretariat's assessment is that Requirement 4.9 is mostly met. Available documentation indicates that appropriate measures exist to ensure the reliability of disclosures of company payments and government revenues from oil, gas and mining. The Secretariat did not find an indication that these findings have significantly declined through the years. Consulted

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Mostly met	stakeholders acknowledged the work conducted by the Audit Board (BPK) and the Financial and Development Supervisory Agency (BPKP) but did not express any particular views on the objective of this requirement and agreed procedures to address data quality and assurance of EITI reporting. The MSG's comments on the draft Validation report further clarify the existing data quality and assurance practices but do not appear to comment on the data quality and assurance mechanism applied to the 2021 fiscal year. Despite the lack of clarity on which assurances were agreed by the MSG, external evidence such as the 2017 PEFA (Public Expenditure and Financial Accountability) Report indicate that all financial reports of all central government agencies in Indonesia are audited using national audit standards consistent with ISSAIs (International standards of Supreme Audits Institutions). In 2017, Indonesia obtained an A score (the highest score) on this dimension based on the PEFA assessment. With respect to company reporting, Indonesia's mainstreaming feasibility study suggest that most material companies are subject to regular external audits following the Indonesian Public Accountant Professional Standards (SPAPs). From 2014 onwards, International Standard on Auditing (ISAs) were adopted as SPAPs for all companies which are subject to external audits. Nonetheless, there are gaps with respect to the MSG's internal procedures in relation to this requirement. Available documentation offers limited information on the MSG-approved procedures to address data quality and assurance and whether the payments and revenues disclosed are subject to credible, independent audit, applying international auditing standards. Conducting these discussions on data quality could provide additional assurances on EITI data with consideration for specific revenue streams. Despite this internal procedural gap, however, the Secretariat's assessment is that considering the existing data quality assurances adopted by BPK which conforms to international standards, the overall objective of this requirement is mostly fulfilled. The MSG's comments to the draft Validation report note that the data submitted by the government is audited by the Audit Board and included in government performance reports, with quarterly reconciliation mechanisms between the central and regional levels for relevant revenue streams. It is also noted that the data submitted by companies is audited by independent auditors. The MSG discussed these practices as part of the application for partial mainstreaming. The Secretariat recognises that Indonesia has robust audit practices for government entities and large extractives companies. The MSG's comments on the draft Validation report note that the MSG is planning to discuss the audit mechanisms and quality assurance applied to the 2021 EITI reporting and provide an assessment of the reliability of the disclosed data. Therefore, the Secretariat considers that the objective of this requirement is mostly met, noting that there was. no clear documentation of mechanisms applied to the 2021 EITI reporting and lack of information on the assessment of reliability of disclosed data.
New corrective actions and recommendations	

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- In accordance with Requirement 4.1, Indonesia should establish clear thresholds for identifying material revenue streams. Indonesia should ensure that all revenue streams considered material are publicly listed and described, including the rationale for excluding certain revenue streams, where applicable. The MSG must demonstrate that no company making material payments to government has been exempted from disclosure and that government disclosures are comprehensive. The MSG should note any gaps in reporting by material entities, including an assessment of the impact on the comprehensiveness of disclosures. The government is required to provide aggregate information about the amount of total revenues received from each of the benefit streams agreed in the scope of EITI implementation, including revenues that fall below agreed materiality thresholds.

- To strengthen implementation of Requirement 4.3, Indonesia is encouraged to regularly monitor extractive sectors agreements and to ensure comprehensive disclosure of material infrastructure provisions and barter arrangements and their implementation, where applicable.

- To strengthen implementation of Requirement 4.4, the MSG is encouraged to act on its plans to integrate PT KAI, PT Pertamina, PGN and Pertagas Annual/Financial Report data into its online portal.

- In accordance with Requirement 4.7, Indonesia should ensure that financial data are disaggregated by individual company, government entity, revenue stream and individual project, where such payments are levied at a project level. The MSG is encouraged to analyse the existing practice of project-level tax administration and consider options for data collection on a project level.

- To strengthen implementation of Requirement 4.8, Indonesia is encouraged to conduct regular review of progress on strengthening systematic disclosure of extractive data, in accordance with the MSG's commitments towards partial mainstreaming in its application to the EITI Board.

- In accordance with Requirement 4.9, the MSG required to agree a procedure to address data quality and assurance to complement existing data quality assurance procedures and based on the pathway agreed by the EITI Board for partial mainstreaming. The MSG should provide an assessment of the data quality and reliability for the fiscal year under reporting.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

Indonesia provides an overview of revenue allocations, enabling stakeholders to understand how revenues are recorded in the national budget. However, EITI implementation could further address any allocations to the subnation level to ensure their traceability. The MSG is also encouraged to enhance public oversight of the management of extractive revenues.

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Progress by requirement and corrective actions

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EITI Requirement	Summary of progress in addressing the EITI Requirement
Distribution of extractive industry revenues (Requirement #5.1) *Fully met*	The International Secretariat's assessment is that Requirement 5.1 is fully met, as in the previous Validation. Available documentation and stakeholder consultations indicated that the objective of ensuring the traceability of extractive revenues to the national budget and ensure the same level of transparency and accountability for extractive revenues that are not recorded in the national budget is fully met. This assessment, however, is without prejudice to the assessment of partly met under Requirement 6.2 which cover potential off-budget expenditures. The Secretariat deems it necessary to assess these requirements separately while recognising their links. EITI reporting and the mainstreaming feasibility study outline that all revenues collected from oil, gas and mining companies are recorded in the national budget. Such extractive revenues are disclosed through Central Government Financial Report (LKPP) and State budget (APBN) reports which are available for public access. However, some information is presented in an aggregated format. Consulted stakeholders indicated that a share of PDRD payments goes directly to local government entities and is not overseen by the central government. There appear to be no revenue streams that are not recorded either in the national or local government budgets. The allocation of revenues to extra-budgetary entities, such as development or sovereign wealth funds, appears to be not applicable in Indonesia in 2021. With regard to encouraged aspects of this requirement, the mainstreaming feasibility study notes that the applicable revenue classification system is published on the MoF website (Standard Chart of Accounts). EITI reporting does not appear to provide references to any national revenue classification systems or international data standards.
Revenue management and expenditures (Requirement #5.3) *Not assessed*	The International Secretariat's assessment is that Requirement 5.3 remains not assessed, given that several encouraged aspects of this requirement remain to be addressed by Indonesia EITI. The mainstreaming feasibility study outlines some information on revenue management and expenditures. For example, it is noted that extractive revenues are not earmarked for specific programmes but could be earmarked for geographic regions. However, only limited information on this requirement has been submitted in documentation for 2021.
New corrective actions and recommendations	

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- To strengthen implementation of Requirement 5.1, Indonesia is encouraged to document a clear description of the distribution of revenues. The MSG is encouraged to document all applicable national revenue classification systems or international data standards.
- To strengthen implementation of Requirement 5.3, Indonesia is encouraged to further clarify a description of the country's budget and audit processes and links to publicly available information about budgeting and expenditure and disclose any further information related to the budget cycle, production and commodity price assumptions and revenue sustainability, resource dependence, and revenue forecasting.

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

The past two decades of decentralisation reforms have impacted the level of subnational transfers and direct subnational payments in the extractive industries. Available documentation and publicly accessible data provide insights into applicable legal and regulatory framework as well as actual practices. However, there remain opportunities for clarifying applicable revenue streams, the scope of EITI reporting with regard to subnational contributions, data disaggregation and data collection process.

With regard to social and environmental contributions, while some data are disclosed through EITI reporting and annual company reports, further clarification of applicable mandatory and discretionary social and environmental contributions could strengthen public understanding of extractive companies' social and environmental contributions.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement	Summary of progress in addressing the EITI Requirement
Subnational payments (Requirement #4.6) *Partly met*	The International Secretariat's assessment is that Requirement 4.6 is partly met. This requirement was considered as not applicable in the previous Validation. However, available documentation suggests that regional taxes and regional retributions (PDRD) exist in some subnational units, and some aggregated data specific to the extractive sector has been disclosed on the Indonesia EITI Data Portal. Considering the importance of shedding light on how communities' benefit from the extractive sector in Indonesia, the lack of MSG's consideration of this issue suggests that the objective of this requirement which is to enable stakeholders to gain an understanding of direct payments to subnational entities is not met.

	Available documentation (for example, the book "Two Decades of Fiscal Decentralization Implementation in Indonesia") note that subnational government entities are allowed to attract local own-source revenues (PAD) which consist of regional taxes and regional retributions (PDRD), revenues from segregated regional asset management and other legitimate PAD. The Indonesia EITI Data Portal and the 2021 EITI Report provide aggregated values for PDRD for each extractive sector. While consulted stakeholders across constituencies noted that PDRD payments were relatively small in 2021, no clear confirmation and/or documentation of applicability and materiality of relevant revenue streams are available for the period under review. The MSG's comments on the draft Validation report note that the MSG has not established a threshold for PDRD yet. Based on available documentation and stakeholder consultations, regional taxes and retributions (PDRD) are governed by Law No. 28/2009 and company commitments to local governments. PDRD appear to include a broad range of different types of taxes and are paid through the central government or directly to local government in case of the oil and gas sector and directly to local governments in case of the mining sector. Based on available documentation, the "assume and discharge" approach is applied to the PSCs in the oil and gas sector that were signed before 2010 and such PDRD payments are paid through the central government. For PSCs in the oil and gas sector signed after the 2010 legislative amendment, PDRD payments are directed to local governments. It is not clear which types of taxes under PDRD are considered to be generated and applicable to the extractive sector. The MSG's comments on the draft Validation report confirm that in cases where oil and gas contracts were signed after the 2010 was issued and where the "assume and discharge" approach does not apply, PDRD payments are paid directly to the local government entities and can be considered as a cost recovery component. It is also noted that PDRD data are not disaggregated by industry. The Indonesia EITI Data Portal and the 2021 Indonesia EITI Report provide aggregated values for the direct PDRD payments to local governments in 2021 based on the company reporting: • IDR 52bn (USD 3.6m) and USD 29,000 for the oil and gas sector. • IDR 1.89tn (USD 132.1m) and USD 48.38m for the mining sector. The Secretariat's understanding is that PDRD consists of many revenue streams but there is insufficient information in the public domain to understand if any individual revenue streams under PDRD are material. Available data are not disaggregated by company and receiving local government. The Annexes to the 2021 EITI Report provide per-company data, although it appear to be disclosed only for subnational transfers for the oil and gas sector. There appears to be no information on the comprehensiveness of presented data in the 2021 EITI Report. Additionally, EITI reporting provides a link to the Ministry of Finance (MoF) website (DJPK/DG of Fiscal Balance) which includes information on PAD

	payments. While data are available for each province, there is no clear disaggregation by company and its unclear which PAD payments were generated from the extractive industries. The MSG's comments on the draft Validation report offer additional details regarding regional taxes, including PDRD payments. While the Secretariat acknowledges this input, it considers that the objective of this requirement remains not met for the period under review, due to insufficient data on the materiality of subnational payments and opportunities to strengthen data disaggregation.
Subnational transfers (Requirement #5.2) *Mostly met with considerable improvements*	The International Secretariat's assessment is that Requirement 5.2 is mostly met, with considerable improvements compared to the previous Validation. Available documentation and stakeholder consultations indicate that the objective of enabling stakeholders at the local level to assess whether the transfer and management of subnational transfers of extractive revenues are in line with statutory entitlements is mostly met, given opportunities to clarify the materiality of subnational transfers and how planned/budgeted transfer amounts are derived from the revenue-sharing formula alongside strengthening data disaggregation for applicable revenue streams. Available documentation references the revenue sharing fund (DBH) as the main subnational transfer mechanism that was applicable to the extractive industries in Indonesia in 2021. While scoping and materiality definitions for subnational transfers do not appear to be clearly documented, the Secretariat's understanding is that other types of subnational transfer mechanisms, such as special allocation fund (DAK), general allocation fund (DAU) and regional incentive fund (DID), are not specific to the extractive industries and therefore not covered by Requirement 5.2. This has been confirmed in stakeholder consultations. The Indonesia EITI Data Portal provides information on relevant definitions, legal basis, revenue-sharing formula and relevant data, with a reference to the SIMTRAD4 portal of the Directorate General of Financial Balance (DJPK) under the Ministry of Finance (MoF). While the legal basis is explained and includes references to applicable laws, links to the full text of applicable laws are not provided. The Indonesia EITI Data Portal integrates data from the DJPK website, with ongoing technical updates at the time of this Validation. Relevant data appear to be also available through the main DJPK page under the "Allocation and realisation of transfers to regional and village fund" section. The DJPK portal includes information on the general distribution policy for the 2020 fiscal year, allocation and realisation for the current year (up to May 2024 per time of this assessment) and historical data. It also appears that the DJPK website provides links to full texts of relevant legislation (see, for example, here). It appears that the DJPK website includes amounts that were supposed to be allocated and actual allocations, with limited discrepancies. Consulted civil society stakeholders indicated challenges with public understanding of the revenue-sharing formula and limited capacity to check if the budgeted/planned

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	amount was calculated in accordance with applicable legislation. The MSG's comments on the draft Validation report clarify that the DBH formula was regulated by the MoF Regulation (PMK) No. 139 of 2019 and PMK No. 121 of 2022. The MSG's comments also detail how reconciliation of data are conducted, including regular consultations with regions and discussions on over- and underpayments. The 2021 Indonesia EITI Report confirms the findings of the previous Validation that there is a second form of subnational transfers of extractive revenues in practice, in the oil and gas sector. As confirmed in the previous Validation, oil and gas companies operating under PSCs awarded prior to 2010 make all payments to the national government, with DG Budget then required to transfer a share of the local taxes (PDRD) collected at the national level from those oil and gas companies to subnational governments, under the "assume and discharge" system (see *Requirement 4.6*). However, the 2021 EITI Report provides only a lump sum figure for the total value of PDRD payments collected from oil and gas companies operating under pre-2010 PSCs and transferred by DG Budget to subnational governments (IDR 91.4bn, around USD 5.8m) in 2021, but does not disaggregate this figure by recipient subnational government. As in the previous Validation, the EITI Report also does not provide the results of the MSG's review of any differences between the value of PDRD transferred under the "assume and discharge model" on the one hand, and the value of such transfers according to the revenue sharing formula on the other hand. Concerning encouraged disclosures, it is not clear if the MSG agreed a procedure for addressing data quality in accordance with Requirement 4.9. It is also unclear whether it discussed if material discretionary or ad hoc transfers between national and subnational government were applicable, nor considered providing further information on how extractive revenues earmarked for specific programmes or investments at the subnational level were managed, and actual disbursements. The Secretariat acknowledges further information on DBH mechanism, however, considers that the objective of this requirement remains mostly met for the period under review, due to insufficient data on the full scope of subnational transfers and opportunities to strengthen disclosures on PDRD payments.
Social and environmental expenditures (Requirement #6.1) *Mostly met*	The International Secretariat's assessment is that Requirement 6.1 is mostly met, which represents an improvement compared to the previous Validation. Available documentation and stakeholder consultations indicate that the objective of enabling public understanding of extractive companies' social and environmental contributions and provide a basis for assessing extractive companies' compliance with relevant legal and contractual obligations is mostly met, given opportunities for clarifying which social expenditures and environmental payments material, ensuring more disaggregated disclosures and providing information on beneficiaries of such transfers. **Social expenditures**

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	Available documentation indicates that corporate social responsibility (CSR) expenditures are required for extractive companies which are regulated by a number of laws, depending on the company type and sector. Usually, such CSR expenditures are carried out through Community Development and Empowerment Programs (PPM). Relevant laws and regulations are specified in the 2021 EITI Report, Indonesia mainstreaming feasibility study and on the Indonesia EITI Data Portal. However, it appears that relevant legislation does not specify the exact minimum amounts to be paid or recipients of social expenditures, except for noting the 4% maximum ceiling of the previous year's net profit after tax for SOEs. EITI reporting notes that CSR expenditures are voluntary given that the exact amounts are not regulated. The International Secretariat's understanding is that social expenditures could still be considered mandatory given the existence of legislation requiring extractive companies to carry out such expenditures (for example, Article 74 of Law No. 40/2007 for limited-liability companies). Overall, the agreed scope of reporting, applicability and materiality of social expenditures do not appear to be clearly documented for 2021. Some data on CSR expenditures are available through annual company reporting of larger companies, however, this information is not disclosed comprehensively and systematically by all extractive companies. Some information appears to also be presented through annual reporting of relevant governmental agencies but provided links did not appear to work per time of this assessment. The Indonesia EITI Data Portal provides information on social and environmental expenditures per company for 2021. For the mining sector, relevant data are aggregated for social and environmental expenditures and presented for 67 companies. For the oil and gas sector, social and environmental expenditures are disaggregated, however, it is not clear how many companies have reported this information. Available disclosures do not appear to comment on whether any social expenditures were paid to third parties, including names of beneficiaries, and/or provided in kind. **Environmental payments** According to EITI reporting, environmental payments appear to be applicable in 2021. However, it is not clear if all of them are part of the CSR obligations or if there are other applicable regulations to such payments. For example, some rules are codified under the Environmental Partnership Program (PKBL) but it is unclear how this program relates to the environmental pillar under Community Development and Empowerment Programs (PPM). EITI reporting does not clearly comment on whether such payments are all made to government agencies and the nature of such contributions (cash or in-kind). Some consulted stakeholders noted that environmental payments for reclamation and post-mining activities are paid to an off-budget fund. Similar to social expenditures, available documentation does not clearly document if environmental payments are mandatory or voluntary. On the Indonesia EITI Data Portal, relevant data are aggregated for social and environmental expenditures and presented for 67 companies in the mining

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	sector. For the oil and gas sector, social and environmental expenditures are disaggregated, however, it is not clear how many companies have reported this information. Available disclosures do not appear to comment on the exitance of environmental expenditures to third parties and whether any environmental payments are provided in kind. The MSG's comments on the draft Validation report provide additional context regarding applicable legislation and regulations. While the Secretariat notes this input, it considers that the objective of this requirement remains mostly met for the period under review, due to insufficient data on applicability and materiality of social expenditures and environmental payments, as well as opportunities for enhanced data disaggregation.

New corrective actions and recommendations

- In accordance with Requirement 4.6, Indonesia should assess the applicability and materiality of direct subnational payments and clarify and disclose relevant material revenue streams. All material direct subnational payments should be fully disclosed with appropriate attention to data quality.

- In accordance with Requirement 5.2, Indonesia should assess the materiality of subnational transfers and clarify relevant material revenue streams. For all material subnational transfers, Indonesia should disclose the specific formula for calculating subnational transfers to subnational entities, any material subnational transfers and any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity. The MSG is encouraged to strengthen the ongoing efforts to further clarify how planned/budgeted transfer amounts were derived from the revenue-sharing formula.

- In accordance with Requirement 6.1, Indonesia should assess the materiality of mandatory social expenditures and environmental payments and ensure public disclosure of relevant revenue streams. Information must be sufficiently disaggregated, including by type of payment (distinguishing cash and in-kind). Additionally, any non-government (third-party) beneficiaries of mandatory social expenditures should be disclosed, where applicable. The MSG is encouraged to consider if discretionary social and/or environmental expenditures are material and disclose such contributions.

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Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the country page of the EITI webpage for Indonesia.

History of EITI implementation

The history of implementation is accessible on the country page of the EITI webpage for Indonesia.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.[17] The Validation Guide provides detailed guidance on assessing EITI Requirements, while the more detailed Validation procedure include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team include Gay Ordenes, Technical Director and Sarah Hayton while the Validation team was comprised of Edwin Wuadom Warden, Olesia Tolochko and Lucia Cirimello. The internal review for quality assurance was conducted by Bade Balde, Alex Gordy, and Gay Ordenes.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page here.

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation

The Validation of Indonesia commenced on 1 January 2024. A public call for stakeholder views was issued on 2 October 2023. Stakeholder consultations were held virtually between March 2024 to May 2024. The draft Validation report was finalised on 2 July 2024. Following comments

[17] See https://eiti.org/validation

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from the MSG expected on 30 July 2024, the Validation report will be finalised for consideration by the EITI Board.

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Resources

- Validation data collection file – Stakeholder engagement
- Validation data collection file – Transparency
- Validation data collection file – Outcomes and impact

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Annexe A: Assessment of Requirement 1.3 on civil society engagement

Methodology

Due to concerns expressed by stakeholders related to the enabling environment for civil society engagement in the EITI, the International Secretariat's Validation team has conducted a detailed assessment of Indonesia's adherence to the EITI Protocol: Participation of civil society.[18]

The assessment follows the Validation Guide, which defines guiding questions and related evidence that should be considered in cases where there are concerns about potential breaches of the civil society protocol.[19] For contextual purposes, the Validation provides an overview of the broader enabling environment for civil society participation in country's extractive sector. The assessment seeks to establish whether legal or practical restrictions related to the broader enabling environment have in practice restricted civil society engagement in the EITI in the period under review. It focuses on the areas where there are concerns regarding adherence with the civil society protocol.

A call for stakeholder views on progress in EITI implementation was launched in October 2023, in accordance with the Validation procedure. The assessment draws on the information provided in responses to that call for views, the Stakeholder engagement file, stakeholder consultations and further documentation of the state of civil society in Indonesia's extractive sector submitted to the International Secretariat by Civil Society Representatives & Alternate Members of the MSG.

Overview of broader environment for civil society engagement

The Indonesian civil society space has evolved significantly over time. The 1945 Constitution (amended in 2002) provides an overarching guarantee for fundamental human rights, including the freedom of association (Article 28), freedom of expression (Article 28E section (3)), and the right to information (Article 28F). However, there been a multitude of relevant national laws and regulations affecting civil society.

The context of civic space in Indonesia since 2019 has been marked by both challenges and complexities, influenced by legislative frameworks, governmental actions, and the resilience of civil society organisations (CSOs). From its early roots in the colonial era, through the restrictive period under the Suharto regime, the current era has been marked by fluctuating levels of freedom and regulation. The post-Suharto era beginning from 1998 marked a significant shift, ushering in an era of constitutional amendments and greater protections for freedoms of association and expression. This period saw the introduction of laws that offered more space for civil society activities, culminating in the ratification of the International Covenant on Civil and Political Rights (ICCPR) in 2005.

[18] https://eiti.org/document/eiti-protocol-participation-of-civil-society.
[19] https://eiti.org/document/2021-eiti-validation-guide.

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Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org

The Societal Organisations or Ormas Law No 17 of 2013 still imposed controls over civil society, including the prohibition of activities deemed against the state ideology and excessive bureaucratic controls over international CSOs. In 2017, the government adopted the Perppu Ormas that amended the Ormas Law. The 2017 Perppu Ormas further simplified the government's ability to dissolve CSOs, bypassing judicial oversight.

Since 2019, there has been a noticeable regression in Indonesia's civic space, exacerbated during the COVID-19 pandemic that saw the government implement strict controls that impacted civil society operations. On the positive side, the growth of digital platforms has provided new avenues for civic engagement and advocacy. However, these platforms also face government surveillance and control, limiting their effectiveness as open forums for dialogue and dissent.

Indonesia's civic space has been rated as obstructed by Civicus Monitor during the period under review[20], the same rating as in the previous Validation. The rating is informed by ongoing concerns including the arrest, harassment and criminalisation of human rights defenders and journalists as well as physical and digital attacks, the use of the defamation laws to silence online dissent and excessive use of force by the police during protests, especially in the province of Papua. Reporters Without Borders has rated Indonesia's media landscape as difficult[21]. While the rating remains the same since the last validation, the country scored 51 points in 2024, placing 111/180 in the 2024 World Press Freedom Index, dropping three places compared to 2023. Indonesia is rated Partly Free by Freedom House' Freedom in the World 2024 index, scoring 57/100 on the Global Freedom Score and 47/100 on the Internet Freedom Score[22]. Maintaining the same score as in previous year, the rating highlights significant challenges, including systemic corruption, discrimination and violence against minority groups, conflict in Papua, and the politicised use of defamation and blasphemy laws. Based on the above, international observers and local civil society groups have consistently called for reforms to enhance civic freedoms and reduce government overreach in civil society activities.

While some of these cases are related to the extractive sector, the extent of their impact on stakeholders' ability to engage within the extractive sector is not clear. CSOs on and off the MSG submitted a report on the state of civic space in the Indonesia extractive sector specific as part of this Validation[23]. The report describes the situation of civic space in Indonesia with a focus on several provinces rich in natural resources such as Riau, East Kalimantan, Yogyakarta, West Nusa Tenggara, Central Sulawesi, and at the national level. The report details digital attacks, physical violence, and legal harassment by the government, particularly those working in sensitive areas like human rights and anti-corruption. The situation is documented as being particularly dire in regions like Papua, where activists face higher risks of violence. Additionally,

[20] https://monitor.civicus.org/country/indonesia/

[21] https://rsf.org/en/classement/2024/asia-pacific

[22] https://freedomhouse.org/country/indonesia

[23] The report was first submitted to the International Secretariat during consultation phase after being disseminated publicly by CSO members on the MSG together with the Indonesia EITI in February 2024[23]. It was later published by the MSG on their EITI Data Portal in May 2024[23].

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there are concerns about the recent laws which have and could further restrict freedoms of expression, association, and peaceful assembly.

Expression

This aspect of the protocol assesses whether civil society representatives are able to engage in public debate related to the EITI process and express opinions about the EITI process without restraint, coercion or reprisal.

There is evidence to suggest CSO representatives on the MSG are actively engaged and express themselves freely and publicly on critical issues in the period under review. Documents submitted by the MSG such as MSG meeting minutes and summaries from public events [24]., demonstrate how CSOs are discussing and expressing views within the MSG and during public events on contract disclosure, production data deficiencies and transparency in the transition to a greener economy. During consultations, CSO representatives on the MSG confirmed that their ability to express themselves has improved both in formal discussions at the MSG and at public events, in part due to the new government regulations that mandate CSO representatives on the EITI. This has fostered a sense of equality among CSO representatives, giving them an equal footing with government and industry participants. CSOs on the MSG noted that they consider their freedom to express opinion on the MSG as a "privilege." However, those outside the MSG observe that the challenges lie beyond the EITI platform, where the broader civic space that is diminishing. In the MSG Stakeholder Engagement template[25], CSOs on the MSG supported the assertion and expressed concerns about the shrinking civic space on issues regarding the extractive sector.

On the wider environment, Indonesia's laws provide an enabling environment for freedom of expression. According to a 2022 UN Report on Human Rights[26], the guarantees and protection of the freedom of opinion and expression are enshrined in the Indonesian Constitution Article 28E paragraph (3), Law No. 39/1999 on Human Rights, Law No. 9/1998 on the Freedom of Expressing Opinion in Public, and Law No. 11/2008 on EIT Law. However, the application of laws - both existing and recent laws - by state authorities has been criticised to restrict civic space/freedom of expression, including on issues related to extractive sector governance[27]. The 2018 EITI Validation of Indonesia noted concerns about Law No. 11 of 2008 regarding Electronic Information and Transactions (EIT/ITE) and the Law on Intelligence No. 17 of 2011. Both laws raised concerns among activists due to the potential to be used to hinder the freedom of expression and association. At the time, it was noted that while there were reports of these provisions being interpreted strictly to prohibit public assemblies, none of these were linked to extractive activities or EITI implementation. Since then, revisions aimed at addressing public

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[24] Encouraging Government and Companies to Implement EITI Standard 2023 in the Extractive Sector, EITI Indonesia CSO Urges Transparency of Oil and Gas Production Data of Each Related Stakeholder and CSO EITI Indonesia Urges Transparency of Oil and Gas Production Data of All Stakeholders

[25] EITI Indonesia - EITI Validation 2024 (portaldataekstraktif.id)
[26] https://www.upr-info.org/en/review/indonesia
[27] https://www.icnl.org/resources/civic-freedom-monitor/indonesia#

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concerns with the ITE were announced by Parliament in December 2023 but fell short of stakeholders' expectations regarding vague wording and severe penalties for violations[28].

During the period under review, there is evidence that the ITE has been applied to inhibit freedom of expression on extractive sector issues. As part of documentation submitted, civil society representatives documented cases and provided statistics of shrinking civic space in the extractive sector, providing details on at least one case. They cited the lawsuit against activists Haris Azhar and Fatia Maulidiyanti by Coordinating Minister of Maritime and Investment Affairs Luhut Binsar Panjaitan for alleged slander. The two were sued for discussing on a TV show a report on top officials and retired military generals' involvement in mining businesses that implicated Luhut's ownership of mines in Papua, contravening legal bans on government officials owning extractive interest as well as his company - PT Toba Sejahtera - increasing military presence and human rights violations in Papua[29]. The two were charged with defamation under the ITE Law and also faced secondary fake news and defamation charges under the Criminal Code for their allegations that the current military operation in Papua was actually meant to protect mining businesses in the easternmost province. The Criminal Code was also recently passed on 6 December 2022, containing provisions – e.g., Article 192 on treason and 263-4 on fake news - that critics suggest can seriously violate international human rights standards. Both were acquitted of all charges by an East Jakarta District Court in January 2024[30].

It is important to note that Haris Azhar is founder of Lokataru Foundation, an organisation that engages in the EITI process. Nurcholis Hidayat, a co-founder of Lokatarus who represented Mr Azhar in this case, served as an alternate CSO representative on MSG EITI Indonesia between 2017-2022[31]. At the EITI Board meeting in Ukraine in 2019, Nurkholis Hidayat highlighted the need for project-by-project level and commodity trading transparency, which is crucial to encourage accountability and support citizens ability to dissect various issues such as PT Freeport's divestment.[32] CSOs consulted noted that Mr Azhar has engaged on several EITI public events.

While specific reference of these cases to the EITI remains unclear, evidence in the CSO report suggests that some of these legal actions involve citizens and CSOs engaging in extractive sector issues. A 2023 Auriga report noted 133 Strategic Lawsuit Against Public Participation (SLAPP) cases from 2014-2023, mostly in energy and mining (60), followed by plantation (34), and forestry (14). The assessment took note of several other cases and data on the shrinking space for CSOs as provided in the CSO report and other public available information. However, this

[28] https://www.giga-hamburg.de/en/publications/giga-focus/the-rise-of-digital-repression-in-indonesia-under-joko-widodo

[29] https://jakartaglobe.id/news/two-rights-activists-indicted-of-defaming-minister-luhut
[30] https://thediplomat.com/2024/01/indonesian-court-acquits-two-prominent-rights-defenders-of-defamation/
[31] https://eiti.org/sites/default/files/attachments/1-current_-_2019-2022_eiti_members_registry-15_05_2021.pdf
[32] https://pwypindonesia.org/en/civil-society-escort-the-eiti-decisions-that-require-companies-to-disclose-the-contract-and-permit-data-environmental-financial-obligation-and-integration-of-gender-equity-and-justice-in-extractive/

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assessment could not establish a clear link to the EITI process. For example, the International Centre for Not-for-Profit Law (ICNL), documents increase in arrests and intimidation since the passing of the Omnibus Job Creation Law in 2020. The Omnibus law was passed to create jobs and raise investment by, among other things, reducing regulatory requirements for business permits and land acquisition processes. According to ICNL, the government has utilised a 'Communication approach' through the National Police and State Intelligence Agency to silence civil society critics of the Omnibus Law, employing tactics like apprehending students and disrupting discussions. Information from the CSO Report on civic space noted that, for instance, on 5 November 2020, two individuals - Wisnu Juliansyah and Firman - were arrested while protesting against Omnibus Law in front of the Regional Representative Council (DPRD) in East Kalimantan, an oil, gas and coal rich region[33]. Another case in point occurred on 9 October 2020, involving journalists covering a student protest against the omnibus law in Samarinda who were assaulted, intimidated, and temporarily detained by a city police officer, highlighting a pattern of repressive responses to protest [34]. The CSO report did not clarify whether the individuals involved were engaged in the EITI process and or whether these protests were clearly related to extractive sector issues.

Stakeholder consultations and available public evidence also suggest rising digital repression in recent years. A report by Amnesty International in 2022 noted that the problems arising from the implementation of the ITE Law have been exacerbated by the establishment of the government "Virtual Police" (Polisi Virtual). The report notes that in February 2021, a dedicated division within the Indonesian National Police tasked with reducing the number of prosecutions under the EIT Law by monitoring social media posts and "educating and informing" the individual or organisation responsible for the offending post—such as false or misleading information and advising them to remove it forthwith. According to the report, the Virtual Police has however been viewed as a form of cyber surveillance, making people afraid of voicing their opinions, leading in turn to self-censorship. The Southeast Asia Freedom of Expression Network (2023) also reports a surge in digital attacks with cases rising from 147 in 2020 to 302 in 2022[35], notably targeting civil society activists and journalists. A CSO representative consulted described with an example how digital attacks, such as the hacking of WhatsApp accounts has been an increasing challenge faced by CSOs, including those dealing with natural resource issues. However, the responses did not directly attribute the cause of the attacks to specific government entities. CSO representatives outside the MSG did not express any opinion on the same.

The CSO report provided further information to suggest that the application of the above laws to criminalise, arrest and prosecute is having an impact on citizens and CSOs ability to express themselves. The CSO report referenced a survey conducted by the Indonesian Political Indicators

[33] https://news.detik.com/berita/d-5243434/bawa-senjata-tajam-saat-demo-omnibus-law-mahasiswa-di-kaltim-diamankan/2

[34] https://banjarmasin.apahabar.com/post/demo-tolak-omnibus-law-di-kaltim-aji-kecam-kekerasan-terhadap-5-jurnalis-l7bby6cm

[35] https://mega.nz/file/Z8MgTSyC#10J4DDEofRbXqisCfKfe2H-hsU6Wth_L4Jkt6XkMIs8

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in 2022 which revealed that 62.9% of Indonesian citizens were increasingly apprehensive about voicing their opinions[36]. Amnesty International's report notes a chilling effect and possible self-censorship due to heightened surveillance and legal threats. CSOs stakeholders on and outside the MSG who were consulted confirmed these cases, expressed concerns about the shrinking space and highlighted similar impact it has had on their ability to express themselves. One CSO representative outside the MSG noted that though they do not self-censor, there have become cautious in taking precautionary measures to mitigate against criminalisation and digital attacks. However, the extent of the direct impact of these concerns on CSOs engaged in the EITI process remains unclear.

The International Secretariat's assessment is that there is no evidence to suggest breaches to the civil society protocol on expression. While there are concerns regarding the shrinking broader civic space, civil society representatives on the MSG have demonstrated the existence of a viable platform to express themselves on critical issues within the EITI process. This assessment recognises the defamation case involving a CSO actor involved in the EITI. Beyond this case, available public evidence is not conclusive on a pattern of government-engineered repression on CSOs actors substantially engaged in the EITI and or on extractive sector issues. The period under review has seen CSOs on and off the MSG significantly engaged in substantial public debates on EITI and nationally relevant topics such as energy transition, contract disclosure beneficial ownership and anti-corruption.

Operation

This aspect of the protocol assesses whether civil society representatives are able to operate freely in relation to the EITI process.

Indonesia's laws generally provide an enabling environment for freedom of operation. As documented above, Indonesia's civil society, who have operated since the colonial times, have seen less significant operational restrictions in the post-Suharto era. Governed by Law No. 17 of 2013, associations and foundations operate freely with no mandatory fees to set up and operate a CSO group. This law categorises CSOs into those with legal entity status (Foundations and Associations) and those without. Legal entity status is granted automatically by the Ministry of Law and Human Rights, streamlining registration. However, according to ICNL, CSOs face additional operational guidelines and are closely supervised by the Ministry of Home Affairs. There are also complex procedures for foreign organisations seeking to register and operate in Indonesia. CSOs can receive foreign funding, albeit with government approval[37]. The government may dissolve a CSO that conducts any activities that disturb security and order; receives donations from foreign institutions without the Government's consent; or provides assistance to foreign institutions that may "harm the nation."

In their stakeholder engagement document, the MSG note that CSOs are able to operate freely in relation to EITI. As documented above, CSOs engaged in the EITI process appear to be able to

[36] https://nasional.tempo.co/read/1580168/survei-indikator-politik-indonesia-629-persen-rakyat-semakin-takut-berpendapat
[37] https://www.icnl.org/resources/civic-freedom-monitor/indonesia#glance

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organise meetings and fund public discussions on extractive sector issues. Evidence from the procedure and practice of selecting members to represent CSOs appear to be independent of government influence. The operations of PWYP, the main convener of CSOs on the MSG, is funding largely by foreign partners[38].

Stakeholder consultations and MSG documentation did not provide any evidence of cases of hinderances to operate involving CSOs engaged in the EITI process and or extractive sector issues. There is also no indication that the government delays in approving activities or that there exists state controlled CSOs that may constrain independent organisations from engaging effectively in the EITI process. As noted above, there is some evidence of digital monitoring, harassment and failure by the government to fully address threats against CSOs freedom of expression, and by extension, ability to fully operate. While recognising these concerns, the assessment did not identify evidence of a pattern of government-engineered repression on the operations of CSOs engaged in the EITI process.

The International Secretariat's assessment is that there is no evidence to suggest breaches to the EITI protocol: Participation of civil society on operation. CSOs confirm their ability to operate freely on EITI issues. There is no systematic evidence that regulatory and administrative requirements (on registration, funding, government approval, etc) are abused or applied unfairly in a way that restrict CSOs' ability to operate freely in relation to the EITI process.

Association

This aspect of the protocol assesses whether civil society representatives are able to communicate and cooperate with each other regarding the EITI process.

Indonesia's laws generally provide an enabling environment for freedom of association, notably through Law No. 17 of 2013 on Societal Organisations. However, the period under review also saw amendments to mining laws in 2020. Article 162 of the 2020 amendments to the mining law states that "anyone who hinders or disturbs mining activities by permit holders who have met the requirements … may be punished with a maximum prison term of one year and maximum fines of 100 million rupiah (USD7,000)"[39]. According to reports by local media outlets, of the 53 people subjected to criminal charges for opposing mining companies in 2021, at least 10 were charged with violating Article 162. CSOs consulted provided further details in the CSO Report on civic space. The report noted that Kontras – an Indonesian human right organisation focusing on documenting cases of missing persons and victims of violence - reported 25 criminalisation cases against activists who advocated for environmental rights throughout 2021. In 2022, Amnesty International reported that in Indonesia, environmental and land defenders, including indigenous groups, were frequently criminalised for hindering business interests. From 2019 to May 2022, there were 172 victims from 37 documented attacks against these defenders. Human Rights Watch has documented several instances where Article 192 of the Criminal Code

[38] https://pwypindonesia.org/en/donors/
[39] https://news.mongabay.com/2022/02/in-indonesia-a-devious-policy-silences-opposition-to-mining-activists-say/#:~:text=Article%20162%20states%20that%20%E2%80%9Canyone,million%20rupiah%20%5B%247%2C000%5D.%E2%80%9D

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which criminalises treason, has been used to arrest peaceful activists in Indonesia's resource rich West Papua provinces[40].

According to the self-assessment submitted by MSG, civil society involved in the EITI process communicate and cooperate effectively through representatives on the MSG, as well as during public event, workshops and outreach activities. The nomination process for selecting CSO representatives and further evidence of CSO association within the context of the MSG is outlined under Requirement 1.4. Beyond the EITI MSG, most CSOs engaged in natural resource governance, including those representing subnational regions and communities, form part of the umbrella Publish What You Pay Indonesia[41]. PWYP coordinates facilitates wider CSO input into EITI workplans and reports. However, as noted above, there are capacity and resource challenges regarding their ability to fully and actively canvass views from CSOs at the subnational level. Stakeholders consulted also raised the concern regarding CSO and community association at the subnational level, especially where there is limited access to internet. To address these challenges, there has been an ongoing MSG-led project on Engaging Communities in a Just Transition, which has intended to bridge that gap through in-person outreach and support in setting in subnational MSGs.

The International Secretariat's assessment is that there is no evidence to suggest breaches to the civil society protocol on association. There is adequate evidence to suggest that CSOs engaged in the EITI process are able to associate and engage in the EITI process. While recognising the challenges faced by environmental defenders, this assessment did not identify any evidence of a pattern of government measures to impede the association of CSOs engaged in the EITI process. Efforts are ongoing to ensure improve cooperating and communicating between national and subnational level action.

Engagement

This aspect of the protocol assesses whether civil society representatives are able to be fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process.

As part of the corrective actions from the last Validation, the civil society constituency was required to draft an action plan to address corrective action regarding engagement with broader constituency within three months from the Board decision. The constituency was also tasked to regularly monitor the progress of implementing the action plan by providing regular reports to the EITI Secretariat. There was no evidence of such action plan or follow ups. The inaction appears to be largely due to the outset of Covid-19 pandemic few months after the outcome of the Validation was announced. Nonetheless, there is evidence that CSOs have taken action to address the corrective actions.

In their 'Stakeholder engagement' template, CSO representatives on the MSG noted that they are able to engage freely in relation to EITI. CSOs have three seats on the MSG, represented by the

[40] https://www.hrw.org/news/2022/08/15/indonesia-free-imprisoned-papua-activists

[41] https://pwypindonesia.org/en/members-and-partners/

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Indonesia Centre for Environmental Law, Forum Komunikasi Pemuka Masyarakat Riau and Solidaritas Masyarakat untuk Transparansi (Somasi NTB). In addition, there are three alternate representatives and a PWYP Indonesia National Secretariat supporting the CSO MSG members. Following the selection of new members in 2022, PWYP Indonesia established a WhatsApp Group with members from CSO EITI, alternate, and PWYP Indonesia National Secretariat for coordination and conducting on-line meetings with the wider constituency. Thematic leadership – including on contracts, beneficial ownership, anticorruption, energy transition, local budget, gender - has been devolved across CSO members on and off the MSG to enhance coordinate and incentive engagement. CSOs have organised and engaged several non-MSG stakeholders, including CSOs, government, and industry, in workshops, events, and trainings on key topics such as anti-corruption, energy transition, gender, and contract transparency in the period under review.

As noted in other sections of this assessment, there is evidence of an active CSO engagement on different dimensions of EITI implementation including reporting, work planning, outreach and community engagement. Minutes of the MSG meetings suggest that the constituency has been advocating for the inclusion of the midstream and downstream extractive sector into EITI reporting given the developments in Indonesia's energy and extractives sector. Development partners consulted praised the meaningful level of CSO engagement, noting how the constituency demonstrated ownership of EITI by demanding accountability/progress during the transition period when EITI implementation was in limbo. As was the case in previous Validations, evidence from MSG meetings suggest a good level of engagement by CSOs on EITI matters, including on topics deemed relatively controversial, i.e., contract disclosure, tax confidentiality and shrinking civic space. The breath of issues covered in CSOs workshops and events suggest there is growing capacity and funding to participate meaningfully in the EITI process. However, such opportunities to attend workshops, access sufficient information, resources, and coordination to support meaningful and effective interventions in EITI activities appears to be limited at the subnational level. As noted above, there are ongoing efforts to address the capacity and agency gaps between national and subnational actors.

There is no evidence to suggest obstacles have been put in place which hinder or prevent civil society participation and engagement on the MSG. CSOs MSG members consulted noted that their views are not always considered by the government. However, there did not suggest that their input are in any way marginalised. The International Secretariat's assessment is that there no evidence to suggest breaches to the civil society protocol on engagement.

Public decision-making

This aspect of the protocol assesses whether civil society representatives are able to speak freely on transparency and natural resource governance issues and ensure that the EITI contributes to public debate.

Recent legal developments have been criticised for restricting participation on decision making. The passing of the Omnibus Job Creation Law in 2020, among other things, narrowed the definition of 'communities' allowed to make input to Environmental Impact Analysis processes, thereby limiting and restricting civic participation in terms of environmental protection advocacy.

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According to the International Centre for Not-for-Profit Law (ICNL), the Omnibus Law also eliminates the Environmental Impact Analysis Assessment Commission, which essentially removes the objection mechanism of EIA issuance that has been used by civil society numerous times in environmental protection efforts. The CSO report on civic space also lamented about the shortcomings in implementing environmental regulations, particularly highlighting the restricted public access to EIA documents in the energy and mineral sectors, which hampers meaningful public participation in mining licensing policy decisions.

The MSG additionally noted practical barriers to full access to public debate and policy reforms. In their 'Stakeholder engagement' template, the MSG suggest that at the national level, CSO representatives have fully engaged in public debate using EITI data and platforms. However, as noted above, local level CSOs have not been able to engage with MSG effectively since the MSG forum has not been established at the sub-national level. While this relates to provisions of the EITI protocol: Participation of civil society related to association, it has bearings on the ability of local CSOs to access and inform public reforms and decision-making process through the EITI platform. There ongoing efforts, including the project on Engaging Communities in a Just Transition, where CSOs and the MSG have played a role in bridging this gap through in-person outreach and support in establishing subnational MSGs.

Since the last Validation, CSOs continue to be recognised as partners for government on national development issues. The MSG presented several evidence where government and CSOs have effectively engaged in the government's decision-making processes including on matters relating to extractive sector governance such as systematic disclosure of sector data[42], anticorruption[43] and just transition[44]. However, they also noted during stakeholder consultation that their inputs on the MSG, while respected, are not often led to actual policy decisions. The CSO report particularly highlighted the lack of policy reforms on contract disclosure despite years of CSO input and efforts. As noted above, there is evidence that CSO are able to use the EITI process and their own platforms to promote public debate on EITI issues and about natural resource governance through analysis, advocacy, media engagement, public events, workshops and conferences[45].

The International Secretariat's assessment is that there is no evidence to suggest breaches to the civil society protocol on access to public decision making. While recognising challenges posed by the applying, or otherwise, of regulations, the assessment did not identify a systematic pattern of government-led efforts to curtail CSOs ability to use EITI data and platforms to inform public decision making. There is adequate evidence of CSOs engaging on public debate and making efforts to inform policies through the EITI process.

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[42] EITI Indonesia Organizes 2nd Extractive Data Portal Consultation with Producing Governments, Community Representatives, and Academics
[43] PWYP Knowledge Forum: The Role of EITI in Supporting Anti-Corruption Agenda
[44] Training: Strengthening the Role of CSOs in Promoting Just Energy Transition through EITI Implementation in Central Sulawesi and Workshop EITI Institutionalization at Local Level Supporting Just Energy Transition in North Morowali Regency
[45] https://pwypindonesia.org/en/category/activities/

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Assessment of civil society engagement

The International Secretariat's assessment is that Requirement 1.3 is fully met, an improvement since the previous Validation. Recognising the widely decentralised context of Indonesia, the Secretariat considers that the objective of full, active and effective engagement of civil society in all aspects of the EITI process, including public debate on extractive industry governance, to be fully met. Stakeholders consulted consider that the level of CSO engagement within the EITI has improved in the period under review. This is evident in the constituency's proactive engagement on relevant thematic issues and the prominent role in ensuring continuity during a challenging transitional period. MSG comments on the draft Validation report further highlights examples of CSO engagement in policy discussions and EITI implementation.

While the assessment did not conclude on any cases of breaches to the Protocol: Participation of civil society, there are documented concerns of shrinking broader civic space since the previous Validation. Evidence and stakeholder consultations demonstrate the application of legal instruments to arrest, intimidate and criminalise CSOs and citizens in the wider context. While these have been perceived by some CSOs in Indonesia as means of restraint, coercion or reprisal there is insufficient evidence of a pattern of constraints specifically on CSOs engaged in the EITI process. There is one documented case where two activists who have been previously engaged in the EITI process were charged with defamation for alleging in a video that military presence in a province has increased to protect the business interests of a government official in mining. Notwithstanding this case, however, other CSOs within the MSG did not express feeling restricted or inhibited when it comes to their freedom of expression.

On balance, therefore, the circumstances in Indonesia do not warrant a conclusion that there is a breach of protocol in the absence of a detectable pattern of oppression and repression against civil society engaged in the EITI process within the meaning of the protocol. This assessment could be likened to Indonesia's previous Validation where a similar example of an isolated case involving a mining activist was not considered as a breach of the protocol because stakeholders did not perceive it as a coordinated campaign by the government to restraint civic space within the extractive sector. However, the evidence suggests the need for continued monitoring to ensure that new or existing laws do not restrict the freedoms essential for civil society's effective participation and engagement in the EITI and broader public policy debates on natural resource governance. Stakeholders, particularly the government constituency, were invited to share their views on the documented cases.

Indonesia's legal framework generally supports the freedoms of association, expression and operation. However, the application of recent and existing laws has raised concerns about their potential to restrict public debate and civil society engagement. The assessment recognises the growing concerns and challenges of shrinking civic space, including cases of digital monitoring, legal threats and arrests. Nonetheless, there is limited evidence to suggest that the practical application of these laws has been systematically targeted and or restricted CSOs engaged in the EITI process, beyond one documented case as previously noted. Civil society representatives on the MSG and beyond have maintained their ability to operate and speak freely on EITI matters without facing direct government interference or reprisal.

Civil society participation and engagement have improved since the last Validation. There is ample evidence that CSOs are actively engaged in organising and/or participating in relevant public debates on EITI and relevant natural resource governance issues through participation in MSG meetings, public events, and extensive outreach programs. This engagement on and off the MSG spans across topics of national interest such as energy transition, contract disclosure, and beneficial ownership, indicating a good level of engagement in the design, implementation and follow-up on the EITI process. Civil society actors demonstrate strong intercommunication and cooperation regarding the EITI process. The establishment of communication platforms like WhatsApp groups among CSO representatives and the coordination by Publish What You Pay Indonesia facilitate ongoing dialogue and collective action.

Notably, however, cooperation, coordination and the depth of engagement appear to be limited at the subnational level given the limited access to internet and capacity constraints. The MSG has been making efforts to bridge the gap between engagement at the national and regional levels. CSOs have actively used the EITI platform and other public forums to influence policy and decision-making processes related to extractive governance. While their inputs are respected and included in discussions, challenges remain in translating these contributions into concrete policy changes, particularly regarding contract transparency and environmental protections. There is scope to improve the capacity and engagement of CSOs in the more technical aspects of EITI implementation and reporting to enhance their overall engagement in public decision-making.

In the MSG's feedback on draft Validation report, the MSG proposed an upgrade on Requirement 1.3 from 'mostly met' (60) to 'mostly met with significant improvements' (75), citing active CSO involvement in enhancing extractive industry governance, particularly through the promotion of the EITI Data Portal and consistent engagement in MSG meetings. While challenges persist at the regional level, the MSG argues that the significant contributions of CSOs at the national level justify an increased score. In the light of the new evidence and consideration the widely contextualised context of Indonesia, the secretariat's view is that the objective of this requirement has been fully met.

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Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
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